

# SAVING FOR CHANGE

## GROUP FORMATION GUIDE

*A Manual to Guide Animators in the Formation of Savings Groups*

Version 2.0

Based on the Oral Record Keeping System for West Africa

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## **Group Formation Guide**

### **Meeting 1: Promotion**

## Group Formation Guide

### Meeting 1: Promotion Illustration

**OBJECTIVES:**

By the end of this session, participants will have:

1. Drawn an illustration of traditional savings practices
2. Compared the features of traditional savings practices and a savings group

**TIME:**

45 minutes

**PREPARATION/MATERIALS:**

1. Clear a surface on the ground and find a stick or other object for drawing OR bring blank flip chart paper and markers (2 colors).
2. Make sure you have adequate space to make an illustration such that all can see it.

**STEPS****1. Discussion of traditional savings practices – 10 minutes**

*Organize the participants into pairs. Ask them to discuss the following question with their partner:*

- **How do you usually save money?**

*After 5 minutes, invite volunteers to share their ideas with everyone.*

**2. Drawing traditional savings practices – 10 minutes**

*Ask for a volunteer from the village to create an illustration of how they usually save money by drawing in the dirt. Ask the volunteer to show two things about each savings practice: first, how the money is saved and second, how the money is accessed.*

*Ask the volunteer to explain her drawing. Make sure the volunteer explains how the money is saved and how the money is accessed.*

*Ask the others if they have anything to add to the explanation.*

*Ask if there are other ways that people save money in the village. If so, ask for a volunteer to draw it and ask for explanations from the volunteer and others.*

*Continue to ask questions until it is clear how money is currently being saved.*

## Group Formation Guide Promotion Illustration

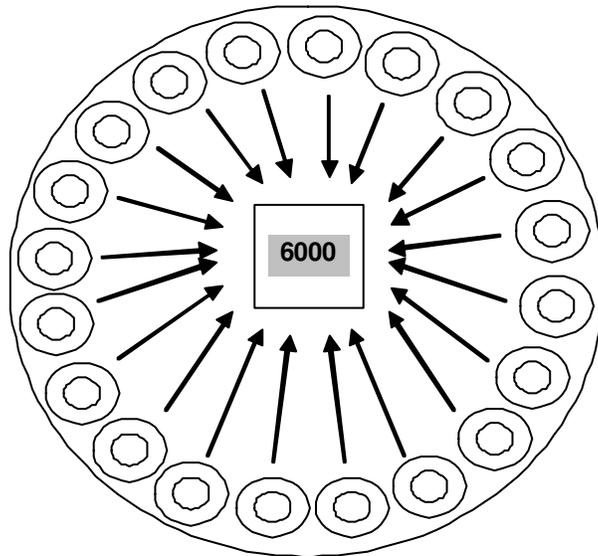
### 3. Drawing a Savings Group – 10 minutes

Create an illustration of a savings group by drawing in the dirt and explaining in a way that the women will understand. Use the following process and illustration as a guide.

I will draw a savings group.

#### A. Saving in a Meeting

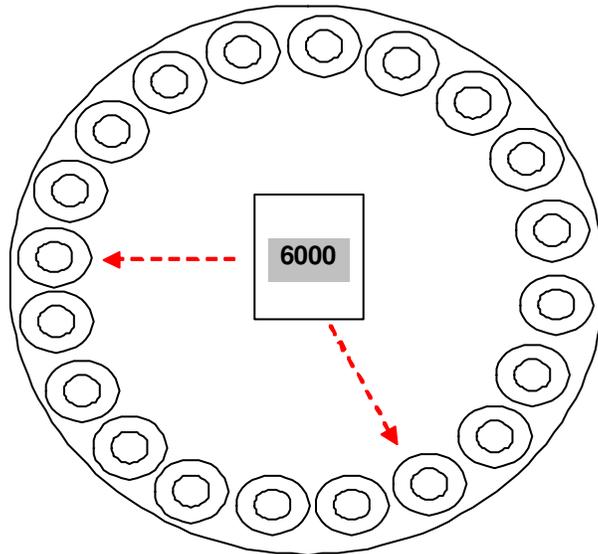
- Here is the group. (Draw a big circle.)
- This group has 20 members. (Draw small circles within the big circle.)
- Here are the members saving together in a meeting. (Draw arrows from each member into the center.) Each member saves 300. Together they collect 6,000. (Draw a square in the center and write 6,000 on it.)



#### B. Lending in the Same Meeting

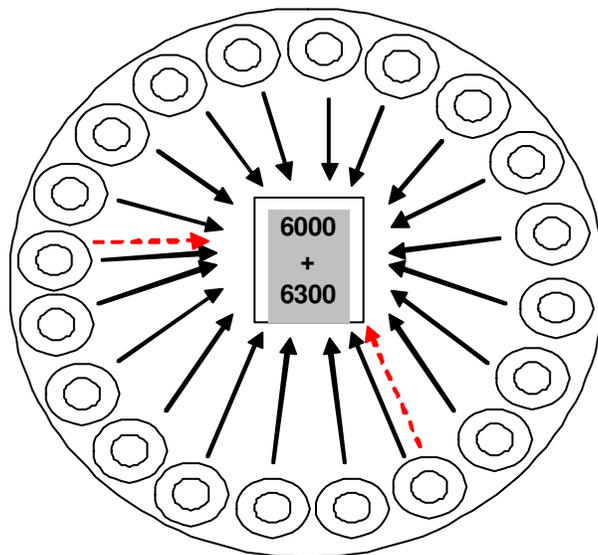
- Two members want to take a loan. They tell the group their ideas. One wants to buy some soap to sell at her shop in the village. The other wants to borrow to pay for transport to a bigger market town where she can sell some karite that she has made.
- The members all discuss these loan requests. They think that both the women who want to borrow will be able to make a profit, so they decide to loan them the money.
- Here are the two members receiving their loans. (Draw arrows from the square to two group members.)

## Group Formation Guide Promotion Illustration



### C. Saving and Repaying Loans in the Next Meeting

- **Now here is the next meeting.** (Draw the big and little circles.)
- **Here are the women saving.** (Draw arrows from each member into the center. Draw a square at the center and write 6,000 in it.)
- **Here are the women who borrowed paying back their loans with interest.** (Draw arrows from the two members who borrowed to the square. If possible, make these two arrows look different from the others. Write + 6,300 in the square.)



Ask participants:

- **What questions do you have?**

## **Group Formation Guide Promotion Illustration**

### **4. Comparison of savings practices and a savings group – 15 minutes**

*Form the women into small groups of 4.*

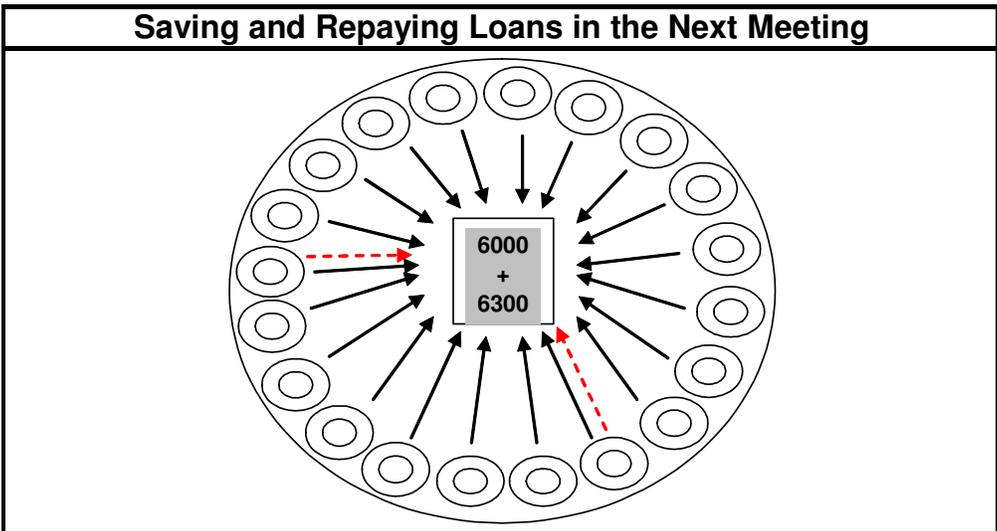
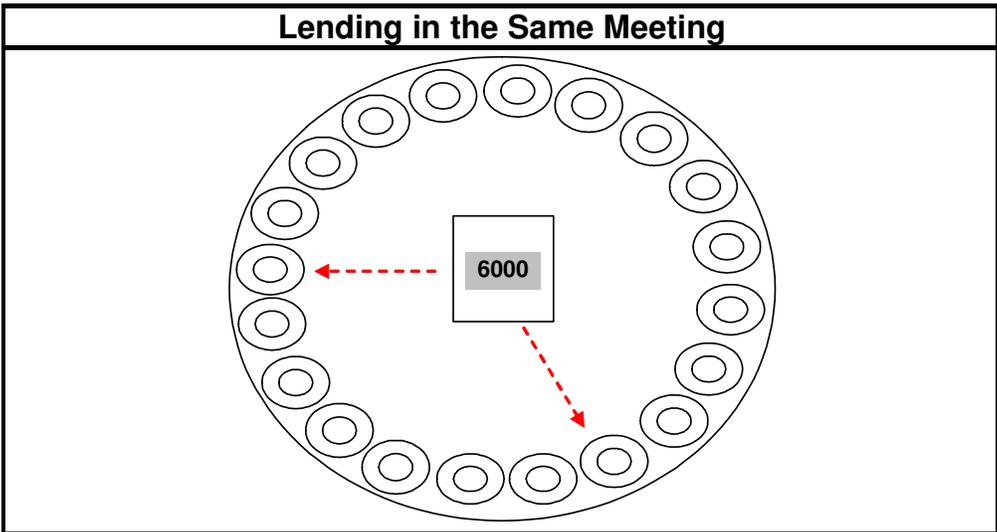
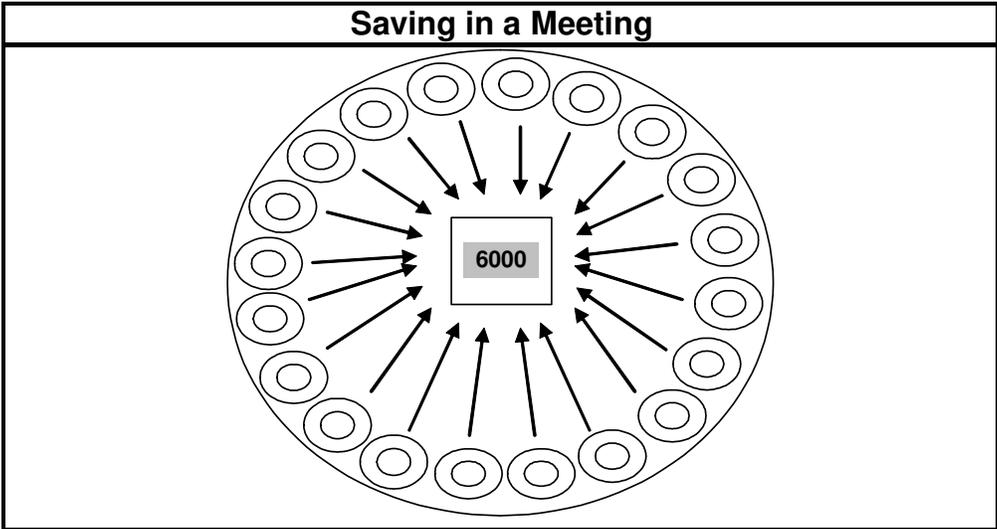
*Ask them to discuss the following question:*

- **What is the difference between your ways of savings and a saving group?**

*After 5 minutes, invite volunteers to share their ideas with everyone.*

*Facilitate a lively discussion.*

# Illustration of a Savings Group



## Group Formation Guide

### Meeting 1: Promotion Learning Conversation

**OBJECTIVES:**

By the end of this session, participants will have:

1. Discussed savings groups
2. Raised questions about savings groups
3. Decided whether they would like to join a savings group

**TIME:**

32 minutes

**PREPARATION/MATERIALS:**

1. Read the stories ahead of time.

### STEPS

#### 1. Tell the stories – 5 minutes

**Story One:** A group of women recently decided to become a savings group to achieve their dreams. They make many decisions to form their group. They choose officers, how often to meet, how much to save, who can borrow, and how much interest to charge. They are happy because their animator is helping them discuss all these things. It is very important to the women that they keep their savings safe. They put it in a locked box and put it in the house of a trusted group member. When their meetings begin, they check that same amount of money is still in the box. They are confident that if they manage their money well, they will be able to achieve their dreams.

*It is now one year later.*

**Story Two:** The women have now been part of a savings group for more than one year. During the first year, they learned how to make loans to members with their savings and to pay them back with interest. At the end of the year, each member could see that interest had made the money grow. The animator helped them learn many new things throughout the year about managing their group and keeping better records. Now they are confident that they can manage the group on their own, and they are excited to help train new groups and join with other groups to learn more new things.

#### 2. Paired discussion and debrief – 10 minutes

*Organize the group into pairs and ask them the following question:*

- **What do you think about this story?**

*Give them 5 minutes to discuss.*

*Ask for a few responses and facilitate a lively discussion.*

**Group Formation Guide  
Promotion Learning Conversation**

**3. Small group discussion and debrief – 15 minutes**

*Organize the large group into small groups of 4 and ask them the following question:*

- **Based on what we learned from these stories, what questions do you have about savings groups?**

*Give them 5 minutes to discuss.*

*Ask for a few responses and facilitate a lively discussion.*

**4. Commitment – 2 minutes**

*Ask them the following question:*

- **Who would like to be part of a savings group?**

*Ask women to raise their hands.*

*Then, tell them:*

**Now, you have to organize yourselves into groups of 10 to 20 members. I will return to visit the groups that you have organized. Once you are organized, we will set up a meeting to start training the group.**

*Thank them for their time and end the session.*

## Community Interactions – Tips to Remember

- 1) First, organize a meeting with all village leaders, including the village chief and any other respected person in the village about the program and its objectives to get their support.
- 2) Inform the village members in advance about the date and location of the meeting.
- 3) Reach the village an hour prior to start of the initial meeting. Go around and gather the people for the meeting. This tip applies to the first interaction only. For future meetings, the villagers should gather on their own.
- 4) Introduce yourself and the organization that you are representing. Explain the purpose of your organization.
- 5) Be prepared to answer questions using stories and examples. If possible, bring a member of a savings group from a nearby village to talk to the people about her experience and to help explain how savings groups work.
- 6) Make sure that it is clear that the program does not have any 'grants' or 'gifts' to give them, but that it is going to help them learn how to better help themselves.
- 7) Make sure that it is clear that savings groups are comprised of groups of people formed on a **voluntary** basis who meet regularly to save and lend to each other and who are willing to manage the affairs of their group by themselves within around 12 months.
- 8) Tell villagers that many savings groups also take up issues in the community depending on their interest and address them to the best of their abilities, and provide a few relevant examples of this.
- 9) Be familiar with the answers to these and any other frequently asked questions:

➤ **Are you giving us a loan or grant?**

No. We are not giving any loan or grant to you. We are only going to help you learn to help yourselves better. For example:

- I can either leave after giving you a fruit today or I can teach you how to climb a tree; or
- I can give you a fish today or I can teach you how to fish.

➤ **What are the benefits of forming a savings group?**

Savings groups have helped people around the world in a variety of ways by improving their financial situation through providing a way to save money, to meet goals and to borrow small amounts to meet needs and improve income. Savings groups can also help to solve relevant community issues like alcoholism, gambling, illiteracy, malaria and so on.

➤ **What is amount that we have to save at a time?**

All of you who are part of the savings group will decide how much you want to save.

➤ **What happens to a member's savings if he or she wants to leave the group?**

This situation can arise at two times. One is at the end of the first year when the total savings are calculated and those who want to leave are given their share of savings

and interest. Also, new members who want to join are included. The second, which only happens rarely, is when a member has a situation that forces her to leave in the middle of the year. In this case too, she or he will get her or his savings back in full.

➤ **Who decides whether a member will get a loan?**

The group discusses each loan and decides together the amount of the loan that will be approved. In case the available funds are less than the demand for loans, the group will also have to decide which loans have the highest priority.

➤ **What is the maximum loan a member can get?**

The group decides the maximum loan a member is eligible for. Normally, groups allow members to borrow no more than 3-4 times the amount each member has saved.

➤ **What is the rate of interest that we have to pay on the loan?**

The group decides the interest rate at which borrowers shall repay on the loan.

10) Remember to thank the people for their time.

11) It is a good idea to remain in the village for some time after formal sessions are over. This will give the more shy villagers an opportunity to clarify their doubts and queries.

## **Group Formation Guide**

### **Meeting 2: Prepare the Group**

- ❑ Discuss different ways of savings
- ❑ Discuss the advantages of saving in a group
- ❑ Register savings group members
- ❑ Review phases of group development and animator visits
- ❑ Schedule meetings

## Group Formation Guide

### Meeting 2: Advantages of Saving in a Group

**OBJECTIVES:**

By the end of this session, participants will have:

1. Identified risks of saving in only one way
2. Identified advantages of saving in a group

**TIME:**

32 minutes

**PREPARATION/MATERIALS:**

1. Clear a surface on the ground and find a stick or other object for drawing
2. Read the stories ahead of time

**STEPS****1. Introduction – 2 minutes**

*Tell the group:*

**In the last meeting, we talked about various ways you save traditionally and also saw learnt how a savings groups works. Today, we shall learn more about how savings groups are helpful and register members who want to form a savings group. Listen to these stories.**

**2. Telling the stories – 5 minutes**

**Djenebou's Story:** Djenebou lives in a small village. Someone once came to her village to promote saving her money in a group. Her friend said to her, "Why do we need to save our money in a group? We already save at home." Djenebou decided not to join the group. But she had a goal of buying some chickens. So, she tried hard to save on her own by putting any extra money she had in a secret place at home. Several months later, Djenebou was out working all day. When she came home, she decided to count her savings to see how much more she had to save to buy some chickens. When she looked for the money, it was gone. She doesn't know what happened to it. Maybe it was stolen or spent by someone in the family. Now she doesn't have any savings and will have to start all over again. She is very sad.

**Aiche's Story:** Aiche is Djenebou's neighbor. Aiche saves by keeping a little cash at home and buying a goat when she has more money. Aiche decided to join the saving group. Each member saved only a little, but the fund grew and members could take small loans. Several months later, Aiche borrowed money to buy some chickens. Soon after, one of her goats got sick and died. But, she is not that worried since she can take another loan from the group. She is glad she decided to save money in the group.

**Group Formation Guide**  
**Advantages of Saving in a Group**

**3. Paired discussion and debrief – 8 minutes**

*Organize the group into pairs and ask them the following question:*

- **What do you think about these stories?**

*Give them 5 minutes to discuss.*

*Ask for a few responses and facilitate a lively discussion.*

**4. Small group discussion and debrief – 15 minutes**

*Organize the large group into small groups of 3 or 4 and ask them the following question:*

- **Based on what we learned from the stories, what will you do?**

*Give them 5 minutes to discuss.*

*Ask for a few responses and facilitate a lively discussion*

**5. Commitment – 2 minutes**

*Ask them the following question:*

- **Who here will commit to trying some of the new ideas we discussed?**

*Ask for responses and thank the participants for their contribution.*

## Group Formation Guide

### Meeting 2: Member Registration and Phases of Group Development

**OBJECTIVES:**

By the end of this session, participants will have:

1. Registered the names of persons who want to form a savings group
2. Reviewed the phases of group development and schedule of visits for the animator
3. Established a schedule for group meetings

**TIME:**

1 hour

**PREPARATION/MATERIALS:**

1. Member Registration Form
2. Phases of Development for an Oral Record Keeping Group

**STEPS****1. Welcome and introductions – 15 minutes**

*Greet the group.*

*Explain:*

**The objective of this meeting is to register members of the savings group.**

*For each member that wants to join, ask them to name other members of the group and explain why they chose these people to participate in their group. Ask a few questions until you are confident that the group members know each other well and have agreed to join together in a savings group.*

Note to Animator: If people do not seem to know each other well or do not seem to have a general understanding of the program, then they have not spent enough time selecting group members. If the group is not ready to move forward, attempt to determine how you can clarify issues and help support their process of selecting members. Then, end the meeting to give them more time to get organized and arrange for a return visit.

**2. Register the savings group members – 30 minutes**

*Ask each member to come forward and state their name. Write each name on the Membership Form.*

**3. Review the phases of group development and animator visit schedule – 15 minutes**

*Using the Phases of Development for an Oral Record Keeping Group Handout following as a guide, review the phases of group development.*

## Group Formation Guide Group Preparation

*Explain the timing of animator visits over the phases of group development.*

### 4. Determine the day and time of regular group meetings – 15 minutes

*Ensure that the schedule for group meetings is convenient for the members and for you, given the other groups you will train.*

*Ask the members to pledge the following in a loud voice:*

- **I will attend all the meetings of the group.**
- **I will save at every meeting.**

### Membership Form

<b>Village Name:</b>	<b>Date:</b>
<b>Member Names:</b>	
1.	
2.	
3.	
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24.	
25.	

**Group Formation Guide  
Management Committee Election**

**Phases of Development for an Oral Record Keeping Group**

<b>Phases of Group Development</b>	<b>Expected Length of Phase</b>	<b>Frequency of Animator Visits</b>	<b>Activities</b>
<b>PHASE I</b> <b>Training Phase</b>	Three Months	Weekly	<input type="checkbox"/> Organization and training of group <input type="checkbox"/> Savings <input type="checkbox"/> Initiation of small loans
<b>PHASE II</b> <b>Monitoring Phase</b>	Three Months	Every two weeks	<input type="checkbox"/> Training and mentoring of group <input type="checkbox"/> Savings <input type="checkbox"/> Loans
<b>PHASE III</b> <b>Maturing Phase</b>	Six Months	Monthly	<input type="checkbox"/> Mentoring of group <input type="checkbox"/> Savings <input type="checkbox"/> Loans <input type="checkbox"/> Malaria learning sessions
<b>GRADUATION</b>	Continuing	Quarterly	<input type="checkbox"/> Savings <input type="checkbox"/> Loans <input type="checkbox"/> Distribution of fund (10-12 months) <input type="checkbox"/> Group helps to train other groups

## **Group Formation Guide**

### **Meeting 3: Organize the Group**

- ❑ Finalize the membership list
- ❑ Describe the events of a regular savings group meeting
- ❑ Assign roles and responsibilities
- ❑ Elect Officers

## Group Formation Guide

### Meeting 3: Group Organization

**OBJECTIVES:**

By the end of this session, participants will have:

1. Corrected the list of members
2. Reflected on the importance of savings group meetings
3. Raised questions on the format of a savings group meeting

**TIME:**

30 minutes

**PREPARATION/MATERIALS:**

1. Membership Form – filled out

**STEPS****1. Welcome the members and take attendance – 15 minutes**

*Welcome the group.*

*Remind the members that this is the first meeting to assist the group to get organized.*

*Take attendance using the Membership Form from the previous meeting. If the group members have changed, register changes and corrections on the form.*

**2. Describe the events of a savings group meeting – 15 minutes**

*Explain to the group:*

**Savings group meetings are very important. They provide the opportunity for group members to:**

- **Save money**
- **Obtain and repay loans**
- **Exchange ideas and learn about savings group management, business and financial management practices, and other topics**
- **Freely discuss the problems you face in trying new ideas**
- **Give each other encouragement and support.**

**The meetings also offer the opportunity for participants to build self-confidence and decision-making and management skills. Every member has the opportunity to voice her opinions and take leadership roles in a variety of instances. In fact all savings group members are responsible for knowing the group's rules and for remembering financial transactions. Everyone needs to be active, pay attention, and help the group make wise decisions. These practices make a savings group strong and successful.**

## Group Formation Guide Group Organization

*Ask members:*

- **What questions do you have?**

*Tell members:*

**The order of the meeting and the role and responsibilities of each member will become clearer once the regular meetings have begun.**

## Group Formation Guide

### Meeting 3: Roles and Responsibilities

**OBJECTIVES:**

By the end of this session, participants will have:

1. Discussed roles and responsibilities of the group members
2. Reflected on the roles and responsibilities of group members
3. Assigned roles and responsibilities

**TIME:**

1 hour

**PREPARATION/MATERIALS:**

1. Roles and Responsibilities for an Oral Record Keeping Group

**STEPS**

Note to Animator: The sheet entitled Roles and Responsibilities for an Oral Record Keeping Group presents the responsibilities of all the roles described in this session in summary form. It can be used as reference after you have internalized the process of this session.

**1. Role and responsibilities of the Member – 10 minutes**

*Tell members:*

**For the savings group to work well, every member has to play a role. We will discuss and assign the following roles today: that of the Member, the Helper, the Cash Box Holder, the Key Holder, the Cashier and the President.**

*Explain to the members:*

**We will outline the responsibilities of each role. I will ask you to identify the characteristics required to handle the duties of the position.**

*Begin by telling the members:*

**The responsibilities of all Members include:**

- **Attend every meeting and make savings contribution**
- **Make loan payments on time**
- **Participate actively in discussions**
- **Remember her own transactions**
- **Remember transactions for your partner**

*Ask the members:*

- **Who will repeat the responsibilities of a Member?**

*Ask for a few responses.*

*Have all members raise their hands and repeat the following:*

## Group Formation Guide

**I will do my very best to fulfill all my responsibilities as a Member in this group.**

### 2. Helper and Member Game – 15 minutes

*Have members form a circle.*

*Explain to members:*

**In addition to being a Member, each of you has another role in relation to each other. The person to your left is your Helper. This person helps you remember your upcoming financial transactions with the group. The person to your right is your Member. You help to remember the upcoming financial transactions with the group for your Member. When I point to you, and say “Helper” or “Member,” you must tell me the names of each. If you cannot, I will take your place.**

*Animator will stand in the center. Animator will approach any person in the circle, point to her or him and say either, “Helper” or “Member.” The person pointed to must correctly provide the name. If she is correct, the animator quickly moves on to another person until someone makes a mistake. When a mistake is made, the animator will take her spot in the circle, and the one who made the mistake will move to the center and repeat the game. Continue playing until all are able to easily and correctly identify the roles.*

### 3. Role and responsibilities of the Helper – 10 minutes

*Tell the members:*

**The responsibilities of all Helpers include all the responsibilities of being a Member plus the following:**

- **Remember all the details for her Partner**
- **Announce all the fines, savings and loan details for her Partner**

*Ask the members:*

- **Who will repeat the responsibilities of a Helper?**

*Ask for a few responses.*

*Have all members raise their hands and repeat the following:*

**I will do my very best to fulfill all my responsibilities as a Helper in this group.**

### 4. Roles and responsibilities of the Cash Box Holder, Key Holder, Cashier and President – 30 minutes

*Explain to the members:*

**There are a few more roles that the whole savings group must select persons to fulfill – the Cash Box Holder, the Key Holder, the Cashier and the President.**

## Group Formation Guide

To select the most qualified person for each job, it is important to discuss the responsibilities of each of these roles and to consider important characteristics of each role before selecting a person to fill it.

*Tell the group:*

**The responsibilities of the Cash Box Holder include:**

- **Keep the cash box between the meetings**
- **Bring the cash box to the meetings**

*Ask the members:*

- **Who will repeat the responsibilities of a Cash Box Holder?**

*Ask for a few responses.*

*Tell the group:*

**The responsibilities of the Key Holders include:**

- **Keep the keys of the cash box in between meetings**
- **Bring the key of the cash box to the meeting**

*Ask the members:*

- **Who will repeat the responsibilities of a Key Holder?**

*Ask for a few responses.*

*Tell the group:*

**The responsibilities of the Cashier include:**

- **Unlock the cash box at the beginning of the meeting**
- **Count the money at the beginning of each meeting**
- **Announce the beginning amount to the group**

*Ask the members:*

- **Who will repeat the responsibilities of a Cashier?**

*Ask for a few responses and facilitate a lively discussion.*

*Tell the group:*

**The responsibilities of the President include:**

- **Represent the group to outsiders and non-members**
- **Manage the meetings and ensure participation**
- **Call the members' names for the group's financial operations**
- **Remember the transactions of the group**
- **Ensure that all the financial operations occur in front of the group**
- **Ensure that the Internal Regulations are respected**

*Ask the members:*

- **Who will repeat the responsibilities of a President?**

## Group Formation Guide

*Ask for a few responses.*

### **5. Assign Cash Box Holder, Key Holders, Cashier and President Roles – 30 minutes**

#### **a. Nominate**

*After the responsibilities and characteristics have been discussed, ask members to nominate persons to fulfill the roles of Cash Box Holder, Key Holders (2), Cashier and President.*

#### **b. Select the President**

*Ask the participants to nominate candidates for President from among the members already nominated. If more than two persons are nominated, you might consider taking a first vote to narrow the number to two choices.*

*Then arrange for the following things:*

- *Two pots or boxes of different colors*
- *One stone for each member*
- *A curtain*

*Each contestant will have one color and each member can only vote for one nominee for each role.*

*Have the members go behind the curtain and drop their stone in the pot for the member they want to select as President. The pots or boxes should be covered so that no member can see the number of stones in a box before putting in her stone.*

*Once all members have finished putting their stones in the pots, count the stones in front of the whole group.*

*The winner will be applauded and asked to come forward to take over the remainder of the selection process (with assistance from the animator, as needed).*

#### **c. Select the Cashier, Key Holders (2) and Cash Box Holder**

*The selection should continue following the same process for the Cashier, Key Holders (2) and Cash Box Holder.*

#### **d. Commitment**

*Ask the newly selected President, Cashier, Key Holders and Cash Box Holder to stand together in front of the group.*

*One by one, have each repeat the following:*

## Group Formation Guide

**I will do my very best to fulfill all my responsibilities as a (name of role) for this group.**

*Then have the whole group repeat in unison the following:*

**We will all do our very best to fulfill all our roles and responsibilities as members of this savings group.**

*Thank the group.*

## **Roles and Responsibilities for an Oral Record Keeping Group**

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### **The President**

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- To remember the history of the group and represent the group to outsiders and non-members as a spokesperson
  - To remember the operations of the group (savings, lending, learning, etc.)
  - To call the meetings
  - To open meetings, announce items for discussion and close meetings
  - To call the members' names for the group's financial operations
  - To ensure that all the financial operations occur in front of the group
  - To lead discussions
  - To maintain order
  - To motivate members to participate in decision-making
  - To ensure that the internal regulations are respected
  - To find solutions to conflicts between the participants
- 

### **The Cashier**

---

- To unlock the cash box at the beginning of the meeting
  - To collect and disburse money
  - To count and announce all movements of funds in and out of the cash box
  - To backup the President when necessary
- 

### **The Key Holder**

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- To keep the key of the cash box between the meetings
  - To bring the key to the meetings
- 

### **The Cash Box Holder**

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- To keep the cash box between the meetings
  - To bring the cash box to the meetings
- 

### **The Member**

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- To remember all the Internal Regulations of the group
  - To announce the final amount in the cash box from the last meeting at the beginning of a meeting
  - To attend meetings regularly
  - To make savings and loan payments in time
  - To announce the amount and payment details
  - To participate actively in discussions
  - To remember the closing amount at each meeting
  - To remember her transactions and make payments
- 

### **The Helper**

---

- To remember all the details for her member
  - To announce all the fines, savings and loan details for her member
-

- To attend meetings regularly

## **Group Formation Guide**

### **Meeting 4: Begin Setting Internal Regulations**

- ❑ Introduce the Internal Regulations
- ❑ Name the group
- ❑ Establish the financial and social goals of the group
- ❑ Set the number of members
- ❑ Recite and remember decisions for the Internal Regulations

## Group Formation Guide

### Meeting 4: Name and Goals of Group

**OBJECTIVES:**

By the end of this session, participants will have:

1. Been introduced to the Internal Regulations
2. Decided on a name for their group
3. Discussed a successful and an unsuccessful savings group
4. Discussed financial and non-financial goals for a savings group
5. Established goals for the savings group
6. Recited and remembered their decisions for the Internal Regulations

**TIME:**

45 minutes

**PREPARATION/MATERIALS:**

1. Internal Regulations for an Oral Record Keeping Group
2. Read the stories ahead of time.

**STEPS**

Note to Animator: The Internal Regulations will be introduced in this meeting. The group has to decide on some of the Internal Regulations at every meeting and then remember and recite them for all future meetings. It is a good idea for you to note down their decisions in the Internal Regulations form. This process will continue for the next several meetings.

**1. Introduction of Internal Regulations – 5 minutes**

*Explain to the group:*

**Today we shall learn about Internal Regulations. The Internal Regulations are a set of rules that the group will use to manage the group more efficiently. These rules are created by the group. They are very useful to solve disputes if they arise. We shall be filling in some rules every meeting after thinking about the issues that affect every rule. For the next several meetings, you will listen to some stories and then decide about what you want to do for your group. At the end of every meeting, the decision made by your group will be recorded in the Internal Regulations for your group.**

## Group Formation Guide Name and Goals of Group

### 1. Name the savings group – 10 minutes

*Tell members:*

**Now we will select a name for the savings group.**

- **What are the names you want to suggest for your savings group?**

*Keep a list of the proposed names. Once all of the suggestions have been offered, repeat all the names.*

*Ask:*

- **What comments or clarifications do you have on any of the names suggested?**

*Call for a vote. Ask for a show of hands. Announce the winning name and have all members repeat the following in a loud voice, stating their decision in place of the word in parentheses:*

**“We are a Savings Group. Our group name is (name).”**

*Tell the group:*

**Remember what you just said. You will repeat this at the beginning of every meeting.**

### 2. Set group goals – 30 minutes

*Tell members:*

**We are here to help one another increase our incomes and improve our life skills so our families and communities can improve their lives. To make this happen we want our group to be successful.**

**The two groups organized themselves one year ago. Listen to stories of what happened to each one.**

Group A decided that each member will save **300** at each meeting during the planting season and **500** at each meeting during the harvest season. Soon they began using the fund to make loans to one another. At every meeting after saving and repaying loans, they lent out almost all the group’s money. They always discussed in detail how much each member would be able to repay and only gave her that amount. The members used their loans to improve their income generating activities. They charged interest on each loan so they earned income for the group. The interest income was used to make more loans, sometimes to help members with emergencies.

Group B did not meet regularly. Some members saved and some did not. Some of the savings was lent to the same two or three members at each meeting. The rest

## **Group Formation Guide Name and Goals of Group**

of the savings was kept with the President. Sometimes the loans were not repaid, but the group continued to lend when the more powerful members wanted loans. Often the loans were given to someone else outside the group for personal reasons. After some time the members of the group lost hope. Many did not attend meetings. There was little savings left at the end of the year.

*Ask members in plenary:*

- **What happened to group A and group B?**

*Ask for a number of responses and facilitate a lively discussion.*

*Ask members to turn to their neighbor and discuss:*

- **Which group do you prefer and why?**

*Ask for a number of responses and facilitate a lively discussion.*

*Tell participants:*

**Now let us decide what will be the goals of our own group. These goals will describe why we want to set up a savings group.**

*Ask the following in plenary:*

- **What is one example of a financial goal?**
- **What is one example of a social goal?**

*Clarify the difference between financial and non-financial goals as necessary.*

*Organize members into small groups of four.*

*Tell the small groups:*

**Name some goals for the whole group. Name financial and social goals for improving the well being of the group and the community.**

*Give the groups 5 minutes for the discussion.*

*Ask participants:*

- **What are the financial goals you discussed?**

*Ask for a number of responses and facilitate a lively discussion.*

*Ask participants:*

- **What are the social goals you discussed?**

*Ask for a number of responses and facilitate a lively discussion.*

## **Group Formation Guide Name and Goals of Group**

*Ask the group:*

➤ **What goals would you like your group to have?**

*Facilitate a discussion until the group comes to a consensus about a few goals for their group.*

*Have all members repeat the following in a loud voice, stating their decisions in place of the words in parentheses:*

**“We are a Savings Group. Our group name is (name). Our group goals are (goals).”**

*Tell the group:*

**Remember what you just said. You will repeat this at the beginning of every meeting.**

*Tell the group:*

**You have just made decisions as part of your group’s Internal Regulations.**

*Thank the group members.*

## Group Formation Guide

### Meeting 4: Number of Members

**OBJECTIVES:**

By the end of this session, participants will have:

1. Reflected on the impact of the number of members for their group
2. Discussed the impact of the size of the membership for their group
3. Decided on the number of members for their group
4. Recited and remembered their decision for the Internal Regulations

**TIME:**

30 minutes

**PREPARATION/MATERIALS:**

1. Internal Regulations for an Oral Record Keeping Group
2. Read the story ahead of time.

**STEPS****1. Tell the story – 5 minutes**

X is a small rural village. The women in the village are forming a savings group. They are deciding on the rules to include in their internal regulations. Their first task is to decide how many members will be in their group. If they decide to limit the group to a small number of members, their funds will not grow quickly. But, if they raise the limit to include many members, it will become difficult to manage the group activities. They are wondering what to do.

**2. Paired discussion and debrief – 10 minutes**

*Organize the participants into pairs and ask them the following question:*

- **What advice do you have for the group?**

*Give them 5 minutes to discuss.*

*Ask for a few responses and facilitate a lively discussion.*

**3. Small group discussion and debrief – 10 minutes**

*Organize the participants into groups of three to four and give them the following question:*

- **Based on what we discussed, what would you do for your group?**

*Give them five minutes to discuss. Then ask for responses.*

## Group Formation Guide Number of Members

### 4. Commitment – 5 minutes

*Ask the following question:*

- **What number of members will your group have?**

*Ask for responses and facilitate a discussion until the group has arrived at a consensus.*

*Have all members repeat the following in a loud voice, stating their decisions in place of the words in parentheses, in a loud voice:*

**“We are a Savings Group. Our group name is (name). Our group goals are (goals). We have (number) members in our group.”**

*Tell the group:*

**Remember what you just said. You will repeat this at the beginning of every meeting.**

*Tell the group:*

**Today, you made important decisions as part of the Internal Regulations. We shall discuss more issues and make decisions in the next several meetings and will remember and repeat each rule that you have decided together. This will help you work more efficiently as a group.**

*Thank the participants for their contribution.*

## Internal Regulations for an Oral Record Keeping Group

1. We are a Savings Group. Our group name is \_\_\_\_\_.  
Our group goals are:  
  
\_\_\_\_\_  
  
\_\_\_\_\_
2. We have (number) members in our group.
3. We will attend meetings regularly.
4. Those who do not attend a meeting will pay a fine of (amount).
5. We will save (amount) per (period) per member.
6. Those who do not save at a meeting will pay a fine of (amount).
7. We will charge (number)% interest per month on loans.
8. We will repay loans monthly.
9. Those who do not make a monthly loan payment will pay a fine of (amount).
10. We will distribute our entire group fund after (number) months.

## **Group Formation Guide**

### **Meeting 5: Discuss Attendance and Set Savings Goals**

- ❑ Discuss the importance of regular attendance
- ❑ Establish a policy on fining for not attending
- ❑ Explain the implications of amount of savings on the group fund
- ❑ Decide how much to save
- ❑ Establish a policy on fining for not saving
- ❑ Recite and remember decisions for the Internal Regulations

## Group Formation Guide

### Meeting 5: Attendance

**OBJECTIVES:**

By the end of this session, participants will have:

1. Discussed the importance of regular attendance
2. Committed to regular attendance
3. Decided on a rule for fines for not attending
4. Recited and remembered their decision for the Internal Regulations

**TIME:**

45 minutes

**PREPARATION/MATERIALS:**

1. Internal Regulations for an Oral Record Keeping Group
2. Read the stories ahead of time.

**STEPS****1. Tell the stories – 5 minutes**

Group A was very excited about having a savings group. At the beginning everything went very well. Then some members missed several meetings in a row. The President found it difficult to run meetings when everyone was not there. Because of the missing members, those who did come began to get confused about who her Helper and who her Member was. In addition, some Helpers had so many missed transactions to remember that they began to forget. The President is afraid that the group may split up.

Group B started their group at the same time as Group A. They realize how important regular attendance is to having a strong group, so they decided to charge a small fine whenever a member misses a meeting. This encourages all members to be present at every meeting. The President runs each meeting smoothly, and the Helpers are able to remember the transactions of their Members. The group is excited that their savings is growing, that more members are taking loans, and that their group is strong.

**2. Paired discussion and debrief – 10 minutes**

*Organize the group into pairs and ask them the following question:*

➤ **What do you think about these stories?**

*Allow 5 minutes for discussion.*

*Ask for a few responses and facilitate a lively discussion.*

## Group Formation Guide Attendance

### 3. Small group discussion and debrief – 10 minutes

*Organize the group into small groups and ask them the following question:*

- **Based on what we learned from these stories, what are you going to do as a group?**

*Allow 5 minutes for discussion.*

*Ask for a few responses and facilitate a lively discussion.*

### 4. Commitment – 5 minutes

*Invite the members to sit as one group. Ask:*

- **Do all of you commit to implementing what we learned today?**

*Tell the group:*

**One way that many groups encourage regular attendance is to charge a small fine to members who do not attend a meeting.**

*Ask the group:*

- **What amount of fine do you want to charge a member who has missed a meeting?**

*Ask for responses and facilitate a discussion until the group has arrived at a consensus.*

*Have all members repeat the following in a loud voice, stating their decisions in place of the words in parentheses, in a loud voice:*

**“We are a Savings Group. Our group name is (name).**

**Our group goals are (goals).**

**We have (number) members in our group.**

**We will attend meetings regularly. Those who do not attend a meeting will pay a fine of (amount).”**

*Tell the group:*

**Remember what you just said. You will repeat this at the beginning of every meeting.**

*Thank the group members.*

## Group Formation Guide

### Meeting 5: Savings Goals

#### **OBJECTIVES:**

By the end of this session, participants will have:

1. Discussed their personal dreams
2. Discussed ways to achieve their dreams
3. Discussed the various options of saving to achieve their dreams
4. Committed to saving at a particular level that would help them realize their dreams
5. Committed to saving regularly
6. Decided on a rule for fines for not saving
7. Recited and remembered their decision for the Internal Regulations

#### **TIME:**

45 minutes

#### **PREPARATION/MATERIALS:**

1. Internal Regulations for an Oral Record Keeping Group
2. Read the stories ahead of time.
3. Gather enough small leaves or stones for each participant to have 3.

## **STEPS**

### **1. Tell the stories – 5 minutes**

*Tell participants:*

**We have discussed the group's goals. Now let us discuss personal goals. Listen to the stories.**

**Mariame** has no plans. She wakes early, works all day **in the field**, takes care of her family and then goes to sleep. She thinks it is silly to dream about the future because she finds it difficult to feed her children two meals each day. She thinks it is better not to dream so that she is not disappointed.

**Fatoumata** also wakes early, works all day **in the field** and takes care of her family. But, she also saves **300** each **week** with her savings group. She saves a handful of **rice** each day that she keeps safe and sells at the end of every **week**. She uses this money to make her **weekly** savings contribution to the group. **Fatoumata** dreams that one day her baby daughter will be able to attend secondary school. She knows that she will have to use a lot of money to pay for school expenses but she is certain that this dream will come true if she sets her mind to it.

### **2. First paired discussion and debrief – 10 minutes**

*Organize the group into pairs and ask them the following question:*

- **Which story do you like best? Why?**

*Allow 5 minutes for discussion.*

## **Group Formation Guide Savings Goals**

*Ask for a few responses and facilitate a lively discussion.*

### **3. Second paired discussion and debrief – 15 minutes**

*Give every member 3 leaves (or stones). Then explain the following:*

**Each of us has dreams for ourselves and for our family. Please find a partner and sit facing her. Share with your partner your answer to this question.**

- **What are 3 dreams YOU have for a happy future?**

**Use one leaf (or stone) to represent each of your dreams.**

*Give the partners 5 minutes to discuss together. Walk around and ensure that each member is sharing 2 or 3 dreams.*

*Ask participants:*

- **Who will share her 3 dreams for a happy future? Show us one leaf (or stone) for each dream you tell.**

*Give four or five members an opportunity to share.*

*Tell the group:*

**Thank you for sharing your dreams.**

### **4. Commitment – 15 minutes**

*Invite the members to sit as one group. Ask:*

- **What do you need to do to make your dreams happen?**

*Give four or five members an opportunity to share.*

*Say the following.*

**Some ways to reach our dreams are to**

- **manage money well;**
- **save; and**
- **help each other.**

**Using savings is one way to meet our dreams.**

*Ask:*

- **How much do you want to save at every group meeting to realize your dreams?**

## **Group Formation Guide Savings Goals**

*Ask for responses and facilitate a discussion until the group has arrived at a consensus. Make sure the group decides on the amount.*

*Tell the group:*

**In order to have money for lending and to be fair to everyone when the group fund is distributed, it is very important that every member contributes her savings amount at every meeting. One way that many groups encourage saving at every meeting is to charge a small fine to members who contribute their savings late.**

*Ask the group:*

- **What amount of fine do you want to charge a member who contributes her savings late?**

*Note the decision down under point 6 in the Internal Regulations.*

*Have all members repeat the following in a loud voice, stating their decisions in place of the words in parentheses, in a loud voice:*

**“We are a Savings Group. Our group name is (name).**

**Our group goals are (goals).**

**We have (number) members in our group.**

**We will attend meetings regularly. Those who do not attend a meeting will pay a fine of (amount).**

**We will save (amount) per (period) per member.**

**Those who do not save at a meeting will pay a fine of (amount).”**

*Tell the group:*

**Remember what you just said. You will repeat this at the beginning of every meeting. We will begin saving at the next meeting. Please remember to bring the amount you decided to save to the next meeting.**

*Thank the group members.*

## **Group Formation Guide**

### **Meeting 6: Keep Oral Records and Begin Saving**

- ❑ Learn the rules of the oral record keeping system
- ❑ Review roles for remembering transactions
- ❑ Perform the steps of a weekly saving meeting
- ❑ Begin saving

## Group Formation Guide

### Meeting 6: Oral Record Keeping Training – Saving Meeting

**OBJECTIVES:**

By the end of this session, participants will have:

1. Reviewed the rules of the Oral Record Keeping System
2. Reviewed the roles of the Helper and the Member
3. Performed the steps of a weekly saving meeting
4. Begun saving

**TIME:**

90 minutes

**PREPARATION/MATERIALS:**

1. Oral Record Keeping System
2. Oral Record Keeping System Steps for a Saving Meeting

**STEPS****1. Review the rules of the Oral Record Keeping System – 15 minutes**

*Using the sheet titled Oral Record Keeping System, explain the rules of the system to the group.*

**2. Review remembering roles – 15 minutes**

*Repeat the Helper and Member game (see the Roles and Responsibilities session) to remind the members how to tell who their Helper is.*

*Ask the group to choose a place to sit. Remind them that they will need to sit beside the same two persons at every meeting.*

*Go around the circle one by one and ask each person:*

⇒ **Who is your Helper who will help you remember your transactions?**

*Go around the circle once more, one by one, and ask each person:*

⇒ **Who is the Member that you will help remember transactions for?**

*Using the sheet titled Oral Record Keeping System, remind the group of the roles that Helpers, Members, the President and the Cashier play in remembering transactions.*

**3. Perform the steps of a weekly saving meeting – 60 minutes**

*Tell the group:*

**Now we will begin to collect savings based on your decisions and to keep oral records.**

**Group Formation Guide**  
**Oral Record Keeping Training – Saving Meeting**

*Using the sheet titled Oral Record Keeping System Steps for a Saving Meeting, guide the group through the meeting.*

*Ask the group:*

⇒ **Do you have any questions on the process of keeping oral records for saving meetings?**

*Answer any questions the group has.*

*Tell the group:*

**We will continue practicing this process at every meeting until you feel confident to perform all the steps on your own.**

**Thank you for your attentiveness and good work today.**

## Oral Record Keeping System

### Rules:

- Every member will save the same amount.
- The interest rate will be 5 or 10% per month.
- The repayment method will be monthly payments for interest with the principal paid at the end of the loan period.
- The loan period will not be longer than six months.
- One member can have only one outstanding loan at any time.
- Meetings for loan disbursement and loan repayment will be at a monthly frequency.
- Someone from the group will keep the cash box with them between the meetings.
- Total distribution of group funds after one year is mandatory.
- All members sit in a semi-circle.
- All members sit in the same order for all meetings.

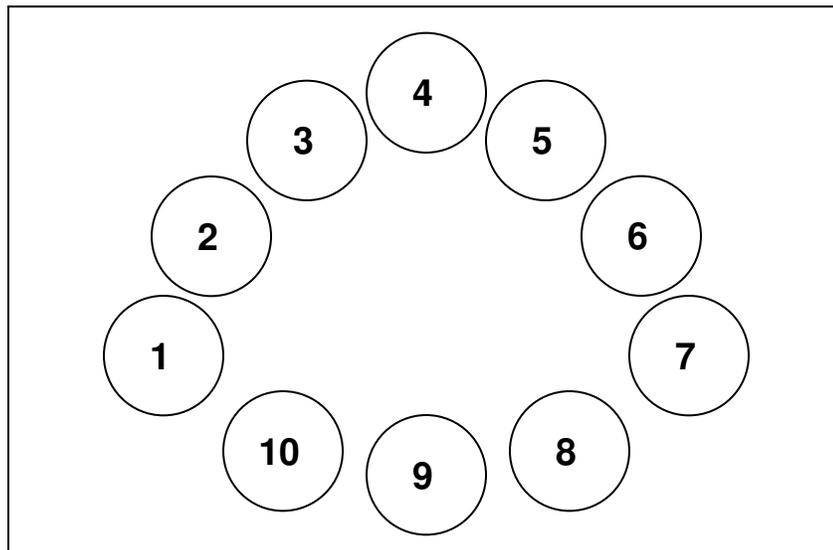
### Notes on roles for remembering:

A Helper is the person who sits at the Member's left hand side (refer to the diagram below). A Helper is supposed to help remember all the details for the Member for whom she is responsible.

Every member is a Helper for some other member.

If the Helper is absent at a meeting then the Member has to remember her transactions and make payments.

If both the Helper and the Member are absent, the President and Cashier have to remember for future meetings.



For example, in the above picture, 2 is the Helper for 1, 3 is the Helper for 2, 4 is the helper for 3 and so on and 1 is the Helper for 10.

## Oral Record Keeping Steps for a Saving Meeting

### A. Recite the Internal Regulations

1. The President asks all the members to recite aloud all the Internal Regulations of the group.
2. The members announce the Internal Regulations.

### B. Take attendance

3. The President announces members' names one by one from left to right in the order in which they are sitting to take attendance.
4. Members say "**Yes**" when their names are announced.
5. If the member is not present, the President asks the Helper of the absent member to remember it for future meetings.

### C. Open the cash box

6. The Cash Box Holder hands over the cash box to the Cashier.
7. The Key Holder hands over the key to the Cashier.
8. The Cashier opens the box.

### D. Remember and count the beginning amount in the cash box

(NOTE: The beginning amount in the cash box will be the final amount from the last meeting.)

9. The President asks all the members to announce the amount they remember as the final amount from the last meeting.
10. The members announce the amount.
11. The Cashier counts the money in the cash box and announces it to the members.
12. If the amounts are same, the meeting goes as planned.
13. If the amounts are not same then the Cashier does a recount to see if there had been an error in counting.
14. The meeting continues only when the amount of money in the cash box is same as what members remember as the final amount from the last meeting. If the two amounts do not match, then the group has to discuss and decide what to do.

### E. Collect fines from the previous meeting

15. The President asks all Helpers who were asked to remember any fines in the previous meeting to raise their hands. The President announces the Helpers' names one by one from left to right in the order in which they are sitting and asks them to announce fines owed.
16. When a Helper announces that her member is supposed to pay a fine in this meeting, then the President announces the name of the member.
17. The member whose name is announced comes forward and announces to the group: "**I have paid a fine of (amount)**" and pays the fine to the Cashier.
18. The Cashier announces the amount and puts the money in the cash box.
19. If the member does not pay the money, then the group has to discuss and decide what to do.
20. The President then asks the Helper of the member who did not pay the fine to remember this decision for future meetings.
21. The President moves on and announces the name of the next Helper who raised her hand.
22. The same process is followed for all the Helpers who raised their hands.

23. The President asks all members whose Helpers are absent and who were supposed to pay a fine in this meeting to make the payment.
24. The members who have to pay fines come forward one by one and announce to the group:  
“**I have paid a fine of (amount)**” and pay the fine to the Cashier.
25. The Cashier announces the amount and puts the money in the cash box.

#### **F. Save**

26. The President announces members’ names one by one from left to right in the order in which they are sitting.
27. The member whose name is announced comes forward and announces to the group:  
“**I save (amount)**” and pays the savings to the Cashier.
28. The Cashier announces the amount and puts the money into the cash box.
29. If any member does not bring her savings amount, apply the rule as per the Internal Regulations.
30. The President then asks the Helper of the member who did not bring her savings amount to remember it for future meetings.

#### **H. Announce fines incurred in this meeting**

31. The President announces the names of the members who will have to pay fines in the next meeting.
32. The President tells the Helper of the member who has to pay the fine to remember that for future meetings.
33. The President tells the members whose Helpers are absent and who have to pay a fine to remember that for future meetings.

#### **L. Count and remember the final amount in the cash box**

34. The President counts the amount of money in the cash box.
35. The President announces the amount to the group.
36. The group repeats the amount in a loud voice.
37. The President asks all the members to remember the amount for the next meeting.

#### **M. Close the cash box**

38. The President locks the box.
39. The President gives the key to the Key Holder.
40. The President gives the cash box to the Cash Box Holder.
41. The President thanks all the members and closes the meeting.

## **Group Formation Guide**

### **Meeting 7: Discuss Fund Utilization and Loan Appraisal**

- ❑ Examine the implications of utilizing the group fund through lending
- ❑ Discuss the benefits of diversification in making loans
- ❑ Consider the implications of loan default on the group fund

## Group Formation Guide

### Meeting 7: Fund Utilization

**OBJECTIVES:**

By the end of this session, participants will have:

1. Discussed the benefits of loaning a higher portion of their fund
2. Discussed options to grow their fund
3. Committed to implementing one of the options

**TIME:**

30 minutes

**PREPARATION/MATERIALS:**

1. Read the stories ahead of time

**STEPS****1. Tell the stories – 5 minutes**

Fifteen women in Village X decide to form a savings group and decide that each member will save 300 a month. They charge 5 per 100 as interest. They lend only half of their group fund and the other half remains idle. After one year, the group distributes the group fund. They find that each member has earned 540 in interest.

Another group of 15 women in the same village have also decided to come together to form a savings group. The members also decided that each member shall save 300 a month. They charge 5 per 100 as interest. They want their group fund to increase quickly. So, they always lend out most of their group fund. At the end of the year they find that each member has earned 1040 in interest. They are happy that their practice of lending out most of their group fund has helped all of them earn more money.

**2. Paired discussion and debrief – 8 minutes**

*Organize the group into pairs and ask them the following question:*

- **What do you think about these stories?**

*Give them 5 minutes to discuss.*

*Ask for a few responses and facilitate a lively discussion.*

## **Group Formation Guide Fund Utilization**

### **3. Small group discussion and debrief – 15 minutes**

*Organize the large group into small groups of 3 or 4 and ask them the following question:*

- **Based on what we learned from the stories, what are you going to do as a group?**

*Give them 5 minutes to discuss.*

*Ask for a few responses and facilitate a lively discussion*

### **4. Commitment – 2 minutes**

*Ask them the following question:*

- **Do all of you commit to implementing what we learned today?**

*Ask for responses and thank the participants for their contribution.*

## Group Formation Guide

### Meeting 7: Loan Appraisal

**OBJECTIVES:**

By the end of this session, participants will have:

1. Discussed the process of loan appraisal
2. Discussed the benefits of diversification in making loans
3. Discussed the implications of loan default on the group fund

**TIME:**

30 minutes

**PREPARATION/MATERIALS:**

1. Read the stories ahead of time

**STEPS****1. Tell the stories – 5 minutes**

Group A in Village X is a savings group that has started giving out loans to members. At one meeting, they had the option to make either 3 small loans or 1 big loan. But they do not discuss how much loan any particular member should receive. They just give the loan to any member who asks for a loan. So, they chose to lend all of the money to one of the group leaders for a business idea that most members were uncertain about. Now the loan is due, but the leader had many problems with her business and cannot repay. Other members want to borrow, but there is not enough money in the group fund.

Group B in the same village also had the same options. The members could lend all of their funds to their group leader or give out 3 small loans. They decided that it was too risky to give all of their funds to one member, even if she is their leader. So, they made the 3 small loans instead of the big one. Also, they discuss about each member's ability to repay and give them only loan amounts that the group feels each one can repay. The members have since paid back and now the money has been lent to other members and the group leader. The group members are happy that their fund is growing and they are earning interest on their savings.

**2. Paired discussion and debrief – 8 minutes**

*Organize the group into pairs and ask them the following question:*

- **What advice do you have for these women?**

*Give them 5 minutes to discuss.*

*Ask for a few responses and facilitate a lively discussion.*

## **Group Formation Guide Loan Appraisal**

### **3. Small group discussion and debrief – 15 minutes**

*Organize the large group into small groups of 3 or 4 and ask them the following question:*

- **Based on what we learned from the stories, what are you going to do as a group when there is not enough money to give loans to all applicants?**

*Give them 5 minutes to discuss.*

*Ask for a few responses and facilitate a lively discussion*

### **4. Commitment – 2 minutes**

*Ask the group:*

- **Do all of you commit to implementing what we learned today?**

*Thank the group members.*

## **Group Formation Guide**

### **Meeting 8: Set Lending Policies**

- ❑ Establish lending policies relating to interest rate and fines for late payments
- ❑ Recite and remember decisions for the Internal Regulations

## Group Formation Guide

### Meeting 8: Lending Policies

#### **OBJECTIVES:**

By the end of this session, participants will have:

1. Assessed the implications of different lending policies, including interest rates and fines for late payments
2. Decided on the lending policies for their group
3. Recited and remembered their decision for the Internal Regulations

#### **TIME:**

60 minutes

#### **PREPARATION/MATERIALS:**

1. Read the stories ahead of time

#### **STEPS**

##### **1. Tell the stories and discuss the stories in pairs – 15 minutes**

The women in Village X decided to form a savings group called A. They want to increase their group fund as quickly as possible. They hold a meeting to discuss the interest rate on loans. The moneylender in the village charges 200 per month for every 1000 borrowed. The women do not want to charge as much as the moneylender, because some members will not be able to repay loans with high interest and the group might lose some of its savings. If they decide on 10 per month for every 1000 borrowed, then the fund will not grow very fast. So, they decide to charge 50 per 1000 borrowed on loans that they will make to group members.

*Ask members to turn to their neighbor and discuss:*

- **What do you think about this group's lending policy?**

*Ask for a number of responses and facilitate a lively discussion.*

##### **2. Small group discussion and debrief – 30 minutes**

*Organize the large group into small groups of 3 or 4 and ask them the following question:*

- **Based on what we learned from the stories, what do you think are the advantages and disadvantages of charging 5% or 10% interest?**

*Give them 5 minutes to discuss.*

*Ask for a few responses and facilitate a lively discussion.*

## Group Formation Guide Lending Policies

### 3. Decision – 15 minutes

*Ask them the following question:*

- **What interest rate will your group charge on loans?**

*Ask for responses and facilitate a discussion until the group has arrived at a consensus.*

*Ask them the following question:*

- **What fine will your group charge for late loan payments?**

*Have all members repeat the following in a loud voice, stating their decisions in place of the words in parentheses, in a loud voice:*

**“We are a Savings Group. Our group name is (name).**

**Our group goals are (goals).**

**We have (number) members in our group.**

**We will attend meetings regularly. Those who do not attend a meeting will pay a fine of (amount).**

**We will save (amount) per (period) per member.**

**Those who do not save at a meeting will pay a fine of (amount).**

**We will charge (number)% interest per month on loans.**

**We will repay loans monthly. Those who do not make a monthly loan payment will pay a fine of (amount).”**

*Tell the group:*

**Remember what you just said. You will continue to repeat this at the beginning of every meeting. Next meeting we will discuss and complete the Internal Regulations.**

*Thank the group.*

## **Group Formation Guide**

### **Meeting 9: Begin Lending and Discuss Distribution**

- ❑ Review the rules of the oral record keeping system
- ❑ Perform the steps of a monthly saving and lending meeting
- ❑ Begin lending
- ❑ Discussed distribution of the group fund

## Group Formation Guide

### Meeting 9: Oral Record Keeping Training – Monthly Saving and Lending Meeting

#### OBJECTIVES:

By the end of this session, participants will have:

1. Reviewed the rules of the Oral Record Keeping System
2. Performed the steps of a monthly saving and lending meeting
3. Begun lending

#### TIME:

90 minutes

#### PREPARATION/MATERIALS:

1. Oral Record Keeping System (see the Oral Record Keeping System Training – Saving Meeting session)
2. Oral Record Keeping System Steps for a Monthly Saving and Lending Meeting
3. Sample Interest per Month

### STEPS

#### 1. Review the rules of the Oral Record Keeping System – 15 minutes

*Using the sheet titled Oral Record Keeping System (see the Oral Record Keeping System Training – Saving Meeting session), review the rules of the system with the group.*

#### 2. Perform the steps of a monthly saving and lending meeting – 75 minutes

*Tell the group:*

**Now we will begin to lend based on your decisions and continue to keep oral records.**

*Using the sheet titled Oral Record Keeping System Steps for a Monthly Saving and Lending Meeting, guide the group through the meeting.*

*When lending begins, if members have a question about calculating interest on loans, show any literate members the Sample Interest per Month chart.*

*Ask the group:*

- ⇒ **Do you have any questions on the process of keeping oral records for a saving and lending meeting?**

*Answer any questions the group has.*

*Tell the group:*

**We will continue practicing the oral record keeping process at every meeting until you feel confident to perform all the steps on your own. Thank you for your attentiveness and good work today.**

## Oral Record Keeping Steps for a Monthly Saving and Lending Meeting

### A. Recite the Internal Regulations

1. The President asks all the members to recite aloud all the Internal Regulations of the group.
2. The members announce the Internal Regulations.

### B. Take attendance

3. The President announces members' names one by one from left to right in the order in which they are sitting to take attendance.
4. Members say "**Yes**" when their names are announced.
5. If the member is not present, the President asks the Helper of the absent member to remember it for future meetings.

### C. Open the cash box

6. The Cash Box Holder hands over the Cash box to the Cashier.
7. The Key Holder hands over the key to the Cashier.
8. The Cashier opens the box.

### D. Remember and count the beginning amount in the cash box

(NOTE: The beginning amount in the cash box will be the final amount from the last meeting.)

9. The President asks all the members to announce the amount they remember as the final amount from the last meeting.
10. The members announce the amount.
11. The Cashier counts the money in the cash box and announces it to the members.
12. If the amounts are same, the meeting goes as planned.
13. If the amounts are not same then the Cashier does a recount to see if there had been an error in counting.
14. The meeting continues only when the amount of money in the cash box is same as what members remember as the final amount from the last meeting. If the two amounts do not match, then the group has to discuss and decide what to do.

### E. Collect fines from the previous meeting

15. The President asks all Helpers who were asked to remember any fines in the previous meeting to raise their hands. The President announces the Helpers' names one by one from left to right in the order in which they are sitting and asks them to announce fines owed.
16. When a Helper announces that her member is supposed to pay a fine in this meeting, then the President announces the name of the member.
17. The member whose name is announced comes forward and announces to the group: "**I have paid a fine of (amount)**" and pays the fine to the Cashier.
18. The Cashier announces the amount and puts the money in the cash box.
19. If the member does not pay the money, then the group has to discuss and decide what to do.
20. The President then asks the Helper of the member who did not pay the fine to remember this decision for future meetings.
21. The President moves on and announces the name of the next Helper who raised her hand.
22. The same process is followed for all the Helpers who raised their hands.

23. The President asks all members whose Helpers are absent and who were supposed to pay a fine in this meeting to make the payment.
24. The members who have to pay fines come forward one by one and announce to the group:  
“**I have paid a fine of (amount)**” and pay the fine to the Cashier.
25. The Cashier announces the amount and puts the money in the cash box.

#### **F. Save**

26. The President announces members’ names one by one from left to right in the order in which they are sitting.
27. The member whose name is announced comes forward and announces to the group:  
“**I save (amount)**” and pays the savings to the Cashier.
28. The Cashier announces the amount and puts the money into the cash box.
29. If any member does not bring her savings amount, apply the rule as per the Internal Regulations.
30. The President then asks the Helper of the member who did not bring her savings amount to remember it for future meetings.

#### **G. Make loan payments**

31. The President announces Helpers’ names one by one from left to right in the order in which they are sitting and asks each one of them if her member is supposed to make a loan payment (principal or interest) this meeting.
32. If the member sitting next to the Helper does not have an outstanding loan, then the Helper will announce: “**(Name of member) does not have a loan.**”
33. As each Helper’s name is announced, the Helper announces to the group: “**(Name of member) took a loan of (principal amount) for (number of months). She has to pay (interest amount) interest. This is her (number) payment.”**

*IF THE PAYMENT IS NOT THE LAST PAYMENT (follow steps from 34 to 37 and then go to step 44):*

34. The President announces the name of the member who has to make the loan payment.
35. The member whose name is announced comes forward and announces:  
“**I have paid (interest amount) in interest. Next meeting will be my (number) payment**” and pays the interest amount to the Cashier.
36. The Cashier announces the amount and puts the money into the cash box.
37. The President asks the Helper of the member who has made a loan payment to remember this for future meetings.

*IF THE PAYMENT IS THE LAST PAYMENT (follow steps from 38 onwards):*

38. The President announces the name of the member who has to make the loan payment
39. The member whose name is announced comes forward and announces:  
“**I have paid (interest amount) in interest and (principal amount) in principal**” and pays the interest and principal amount to the Cashier.
40. The Cashier counts and ensures that the principal is also repaid with the interest payment.
41. The Cashier announces the amount and puts the money into the cash box.
42. The member announces to the group:  
“**I have repaid my loan in full.**”
43. The President asks the Helper of the member who has repaid the loan to remember this for future meetings.

44. If a member is not able to make a loan payment (of interest or principal), apply the rule as per the Internal Regulations.
45. Once the group makes a decision, the President asks the Helper of the member who was not able to repay the loan to remember it for future meetings.
46. The President asks all members whose Helpers are absent and who were supposed to make a loan payment (principal or interest) in this meeting to make the payment.
47. The members make the payment in the prescribed manner. *Repeat steps beginning at 33.*

#### **H. Announce fines incurred in this meeting**

48. The President announces the names of the members who will have to pay fines in the next meeting.
49. The President tells the Helper of the member who has to pay the fine to remember that for future meetings.
50. The President tells the members whose Helpers are absent and who have to pay a fine to remember that for future meetings.

#### **I. Count the cash and announce the amount**

51. The Cashier counts the total amount of cash in the cash box to announce the amount available for loans to the group.

#### **J. Apply for and appraise loans**

52. The President asks all the members who need a loan to raise their hands.
53. The President then asks each member who raised her hand to announce her request to the group.
54. Each member who raised her hand announces to the group how much money she needs, for how long and what she is going to do with the loan.
55. The same process is followed for all the members who indicated that they needed a loan.
56. The members discuss and decide which members will get loans and for what amount and for what length of time.

#### **K. Approve and disburse loans**

57. The President announces the names of the members whose loan applications were approved one by one.
58. The member whose name is announced comes forward and collects the money from the Cashier.
59. The Cashier announces the amount and hands over the money to the member.
60. The Cashier tells the member the amount of interest that she has to pay every month.  
*Note: If the rate in the Internal Regulations is 10%, the amount of interest is calculated by removing the last zero from the loan amount. If the interest rate in the Internal Regulations is 5%, the amount of interest is calculated by removing the last zero from the loan amount and then dividing that in half.*
61. The member who received the loan announces to the group: **"I have taken a loan of (principal amount) for (number of months). I will pay (interest amount) interest every month."**
62. The President asks the Helper of the member who received the loan to announce and remember the following for future meetings:  
**"(Name of member) has a loan of (principal amount) for (number of months). She has to pay (interest amount) interest. Next meeting will be her first payment."**

63. The same process is followed for all the members whose loan applications were approved.

**L. Count and remember the final amount in the cash box**

64. The President counts the amount of money in the cash box.

65. The President announces the amount to the group.

66. All the members repeat the amount together in a loud voice.

67. The President asks all the members to remember the amount for the next meeting.

**M. Close the cash box**

68. The President locks the box.

69. The President gives the keys to the two Key Holders.

70. The President gives the Cash box to the Cash Box Holder.

71. The President thanks all the members and closes the meeting.

**Sample Interest Per Month**

<b>Loan Amount</b>	<b>Interest Rate</b>	
	<b>5%</b>	<b>10%</b>
<i>500</i>	<i>25</i>	<i>50</i>
<i>1,000</i>	<i>50</i>	<i>100</i>
<i>1,500</i>	<i>75</i>	<i>150</i>
<i>2,000</i>	<i>100</i>	<i>200</i>
<i>2,500</i>	<i>125</i>	<i>250</i>
<i>3,000</i>	<i>150</i>	<i>300</i>
<i>3,500</i>	<i>175</i>	<i>350</i>
<i>4,000</i>	<i>200</i>	<i>400</i>
<i>4,500</i>	<i>225</i>	<i>450</i>
<i>5,000</i>	<i>250</i>	<i>500</i>
<i>6,000</i>	<i>300</i>	<i>600</i>
<i>7,000</i>	<i>350</i>	<i>700</i>
<i>8,000</i>	<i>400</i>	<i>800</i>
<i>9,000</i>	<i>450</i>	<i>900</i>
<i>10,000</i>	<i>500</i>	<i>1,000</i>
<i>11,000</i>	<i>550</i>	<i>1,100</i>
<i>12,000</i>	<i>600</i>	<i>1,200</i>
<i>13,000</i>	<i>650</i>	<i>1,300</i>
<i>14,000</i>	<i>700</i>	<i>1,400</i>
<i>15,000</i>	<i>750</i>	<i>1,500</i>
<i>16,000</i>	<i>800</i>	<i>1,600</i>
<i>17,000</i>	<i>850</i>	<i>1,700</i>
<i>18,000</i>	<i>900</i>	<i>1,800</i>
<i>19,000</i>	<i>950</i>	<i>1,900</i>
<i>20,000</i>	<i>1,000</i>	<i>2,000</i>
<i>21,000</i>	<i>1,050</i>	<i>2,100</i>
<i>22,000</i>	<i>1,100</i>	<i>2,200</i>
<i>23,000</i>	<i>1,150</i>	<i>2,300</i>
<i>24,000</i>	<i>1,200</i>	<i>2,400</i>
<i>25,000</i>	<i>1,250</i>	<i>2,500</i>

## Meeting 10: Distribution

### **OBJECTIVES:**

By the end of this session, participants will have:

1. Discussed distribution of the group fund
2. Recited and remembered all of the Internal Regulations

### **TIME:**

30 minutes

### **PREPARATION/MATERIALS:**

1. Read the story ahead of time

## **STEPS**

### **1. Telling the story – 5 minutes**

Some women in Village X decided to form a savings group that they named A. After 12 months of saving and lending together, they called a special meeting. At that meeting they collected all outstanding fines, loan payments and savings. Then they counted the total of their group fund. They gave every member an equal portion of the group fund. The women were happy because each got back her savings plus her share of the interest on the loans the women had taken out all year. There was a very small amount remaining after each had received her portion, so they decided to buy a snack to celebrate their success.

### **2. Paired discussion and debrief – 8 minutes**

*Organize the group into pairs and ask them the following question:*

- **What do you think about this story?**

*Give them 5 minutes to discuss.*

*Ask for a few responses and facilitate a lively discussion.*

### 3. Small group discussion and debrief – 15 minutes

*Organize the large group into small groups of 3 or 4 and ask them the following question:*

- **Based on what we learned from the stories, what do you think are the advantages of distribution?**

*Give them 5 minutes to discuss.*

*Ask for a few responses and facilitate a lively discussion.*

### 4. Decision – 2 minutes

*Ask them the following question:*

- **When will your group distribute its funds (after how many months)?**

*Ask for responses and facilitate a discussion until the group has arrived at a consensus about when they will distribute.*

*Have all members repeat the following in a loud voice, stating their decisions in place of the words in parentheses, in a loud voice:*

**“We are a Savings Group. Our group name is (name).**

**Our group goals are (goals).**

**We have (number) members in our group.**

**We will attend meetings regularly. Those who do not attend a meeting will pay a fine of (amount).**

**We will save (amount) per (period) per member.**

**Those who do not save at a meeting will pay a fine of (amount).**

**We will charge (number)% interest per month on loans.**

**We will repay loans monthly. Those who do not make a monthly loan payment will pay a fine of (amount).**

**We will distribute our entire group fund after (number) months.”**

*Tell the group:*

**Congratulations on completing your Internal Regulations and on learning everything you need to know to have a strong and successful savings group! I will continue to meet with you to help you and remind how to run your group. I am confident that you will soon be able to do everything on your own. You have worked very hard and learned many new things. Congratulations!**

*Thank the group members.*