

Self-help Savings Groups



Social Entrepreneur's Training Guide



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Introduction for the Social Entrepreneur



Congratulations on being selected as a Social Entrepreneur to train and support Self-help Savings Groups. Self-help Savings Groups are the oldest form of what are now being referred to in the microfinance industry as Savings Groups. There are now over 20 million people in Savings Groups worldwide, of which nearly 15 million are in Africa. Savings Groups are changing the face of microfinance and, for the first time, bringing sustainable financial services to the rural poor. Savings Loan Groups (what the Self-help Savings groups are based on) are the most numerous of the various Savings Groups models.

Self-help Savings Groups will succeed only through your efforts: *you are at the heart of the programme.*

The Social Entrepreneur starts by working directly to create Self-help Savings Groups and, managed by African Honey Bee, takes on a training caseload of the first 20 Self-help Savings Groups. The Social Entrepreneur is given this responsibility because the first Self-help Savings Groups created in a community will set an example and it is important that they should be successful and operate in the correct way. Where good Self-help Savings Groups have been created, we have seen large numbers of new Self-help Savings Groups springing up and copying what the foundation Self-help Savings Groups are doing. Thus, ensuring that the Self-help Savings Groups you create are of very high quality is vital if spontaneous replication is to continue. *That is why it is more important to focus on the quality of these first Self-help Savings Groups than it is to create a large number.*

As a Social Entrepreneur, you need to establish family producer groups who can supply you agricultural produce (e.g. honey, eggs, chicken meat, vegetables and fruit) which you can process and sell to markets. In order to do this in an orderly fashion, and to help you with logistics, you need to set up Self-help Savings groups and train and enable members and their families to:

- Save money (i.e. invest in their own groups)
- Lend money as a group to members for starting income generating activities
- Pay you a stipend to cover your expenses for the first year
- Pay you for the saving kit
- Learn from you simple “businesses in a box” income generation ideas
- Access low cost inputs through you (e.g. beehive flatpacks (materials for building a hive), chicken feed, day old chickens, vegetable seeds etc.)
- Access market through you
- Share in value chain profits through you (to remain loyal to you)

The results of your efforts will be permanent, and you will find the work satisfying. Good luck.

1 What are Self-help Savings Groups?

A Self-help Savings Group is a group of 10 - 25 people who save together and take small loans from those savings. The activities of the Self-help Savings Group run in 'cycles' of about one year, after which their money is shared out in proportion to what they have saved.

Self-help Savings Groups are trained by Social Entrepreneurs who receive fees from the Self-help Savings Groups for the training. Group coordinators can assist Social Entrepreneurs. They are members of Self-help Savings Groups who are identified as having the skills to train and establish other Self-help Savings Groups. Group Coordinators will earn a share of the income from sales of agricultural produce for their contribution..

Self-help Savings Groups are member-managed. Social Entrepreneurs and Group coordinators will train members, but never manage the Self-help Savings Group, write in the savings and loan books, remove the groups' records or touch money belonging to the members.

The first cycle of a Self-help Savings Group is a training and supervision cycle lasting at least 9 months, but ideally 12 months. During the first cycle, the Self-help Savings Groups will meet monthly.

Loans can only be used for income generation activities. Other savings groups exist for distress related relief.

Members save through the purchase of between 1 – 5 shares every meeting, which is invested in a Loan Fund. The share-value is decided by the Self-help Savings Group at the start of each cycle. At each meeting all members have the right to buy between 1-5 shares. The share value cannot change during the cycle.

Self-help Savings Groups will decide on what interest to charge.

All members have the right to borrow up to a maximum of 3 times the value of their shares.

Loans are taken whenever there is sufficient money in the Loan Fund, at any meeting.

Loans are repaid in total over a period of 3 months. The borrower is free to pay in whatever amounts s/he wishes at each loan meeting but must repay the total sum owing within 3 months.

All Self-help Savings Group transactions are performed at meetings in front of all the members. To ensure that transactions do not take place outside Self-help Savings Group meetings, cash and savings and loan books are locked in a cash box secured with three padlocks. The three keys are held by three members, none of whom is a member of the Management Committee.

Theft of boxes by outsiders is very rare, but members must take responsibility for security.

All members have an individual savings and loan book. Share-purchases are recorded in the first half of the savings and loan book using a rubber stamp. Loans are recorded in the back of the savings and loan book. Loan Fund balances are noted by the Record-keeper in a notebook and memorised by all members at each meeting.

Savings and loan books remain locked in the box between meetings. This is very important, to prevent unauthorised alterations.

The Self-help Savings Group has a five-person Management Committee, elected for one cycle. Self-help Savings Groups develop a Constitution. Each member has one vote in electing the Management Committee and developing the Constitution.

Every member has an equal voice in the election of a Management Committee and the development of a constitution.

At the end of every annual cycle, all loans must have been repaid, interest paid, and the Loan Fund is shared out. Each member then receives his or her pay-out according to the number of shares purchased.

2 Schedule of operations

Self-help Savings Groups are trained by Social Entrepreneurs over a period of a year according to the schedule below.

Preparatory phase: This provides general information to prospective Self-help Savings Group members and may include African Honey Bee's Self-selection.

Intensive phase: 3 days in the first month and thereafter 1 day at the end of each training workshop each month.

Development phase: 1 day each month for the first few months and one final share-out meeting visit.

Maturity phase: 1 day when necessary and one final share-out meeting visit.

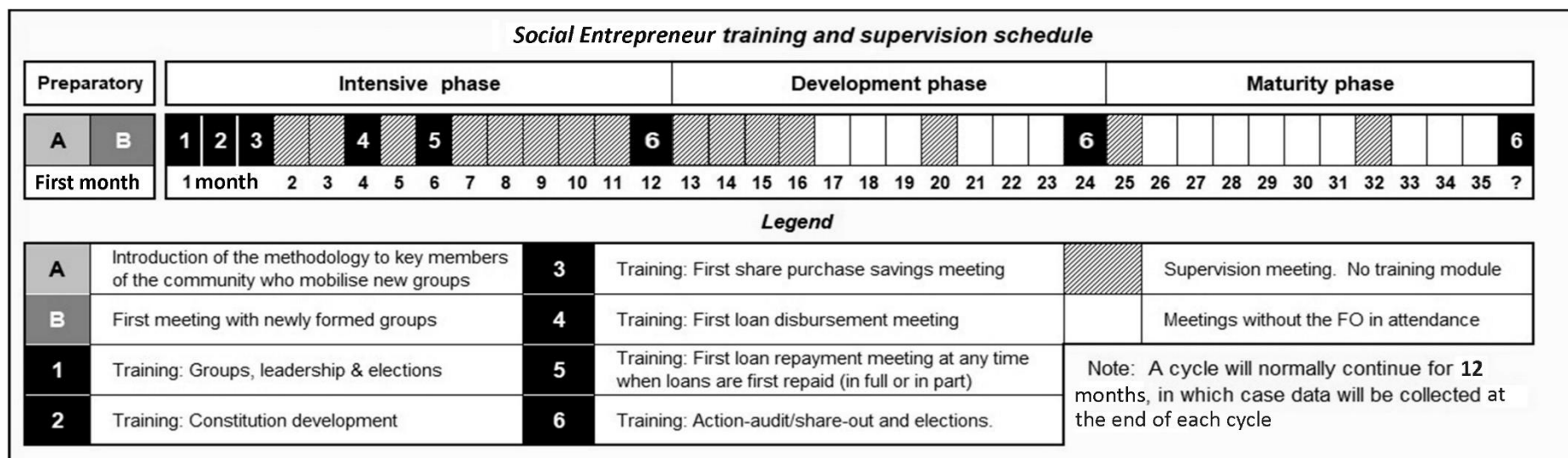


Figure 1: Self-help Savings Group training and supervision schedule

Note: The Social Entrepreneur may adjust the frequency of visits, usually in cases where s/he thinks the Self-help Savings Group needs extra assistance. Note: *A cycle is normally 12 months, but should never be less than 9 months*

During the intensive phase visits are very frequent and the Social Entrepreneur takes on an active teaching role in all meetings, in order to guide the meeting procedures. After the Self-help Savings Group is confident and doesn't make many mistakes, the Social Entrepreneur adopts a passive role in which s/he observes but does not teach, getting involved only when procedures or record-keeping need correction. In the maturity phase the Social Entrepreneur visits only once every two months. This is to confirm that, as the Self-help Savings Group approaches the end of the annual cycle, it is working effectively and efficiently.

3 Preparatory meetings

The Preparatory Phase has two purposes:

- To mobilise influential people in a community who facilitate the formation of groups that want to learn about Self-help Savings Groups. Self-selection.
- To talk to potential Self-help Savings Groups and encourage them to undertake formal training. Table 1 below lays out the order in which these meetings take place and the content.

Table 1: Preparatory Meetings

<i>Type of meeting</i>	<p align="center"><u>Meeting A</u></p> <p align="center"><i>Social Entrepreneur introduces concept to key members of the community</i></p>	<p align="center"><u>Meeting B</u></p> <p align="center"><i>First meeting of Social Entrepreneur with newly formed groups</i></p>
<i>Content</i>	<ul style="list-style-type: none"> • How the methodology works • How interested individuals can form new Self-help savings Groups • Self-selection 	<ul style="list-style-type: none"> • Step-by-step description of how Self-help savings Group works • Qualities of good members • Self-help Savings Group and Social Entrepreneur obligations • Training schedule
<i>Comments</i>	<ul style="list-style-type: none"> • This may involve boards of local social institutions, Council members, Traditional leaders, schools etc. 	<ul style="list-style-type: none"> • Attended only by people who are committed to joining a Self-help Savings Group and who show this by having formed themselves into a group.

Meeting A: Introduction of Village Savings and Loan methodology to key members of the community

To create interest within the community, the Social Entrepreneur will contact influential people. Examples are:

- Board members of social organisations
- Council members
- Traditional leaders
- Respected individuals, sometimes located just by 'knocking on doors'

What to explain:

First, *keep it simple*. You are only trying to explain the basic features so that you can get the support of these people. The details will become clearer in the next meeting with potential groups. Make sure you cover the following points:

- The purpose is to create community-managed savings and loan groups, called Self-help Savings Groups that belong to their members.
- Self-help Savings Group members will be taught to save regularly, to take loans from these savings, and to share-out the savings and profits each year according to each person's contributions.
- All of the funds used to provide loans to the members come from the members' own efforts. The programme does not provide any money to Self-help Savings Groups for lending to its members.
- The group manages itself and makes its own rules.
- The size of the Self-help Savings Group must not be less than 10 members and not more than 25.
- Training and supervision takes approximately 12 months. After this, the Self-help Savings Group is independent and continues to operate without any more help, although the Social Entrepreneur will continue to be available for advice and support.
- Self-help Savings Groups will be provided with a metal box that has three locks on it and which contains all of the materials needed. This box cannot be opened between meetings.
- Groups charge interest (called a service charge) on loans made by members.
- The Social Entrepreneur is only there to teach them the system. Members will manage their activities themselves, and the Social Entrepreneur will never:
 - handle the Self-help Savings Group's money
 - write in the Self-help Savings Group's records
 - take the cash box away or ask for a loan or a gift
- The Social Entrepreneur receives a predetermined fee (usually a percentage of savings e.g. if shares are ZAR 50, the Social Entrepreneur could receive ZAR 5 per share transaction) from the Self-help Savings Groups for the training and support until the group is able to operate independently.
- The members of the proposed Self-help Savings Group choose where and when the meetings are to be held.

The Social Entrepreneur then says that s/he will return to the community at an agreed time to see if people are interested and will then make training arrangements. Those who are interested must form groups of between 10 - 25 members before Meeting B. Self-selection methodology can be used. The Social Entrepreneur stresses the following before closing the meeting:

- Members must know and trust each other.
- Leaders of a Savings Group are not elected until after training begins, even if the people who want to be trained are already in a group for other activities. This is because the qualifications needed in leaders of a savings group may be different to those needed for other activities.

Meeting B: First meeting with potential Groups

This meeting is only attended by people who are interested (or attended the self-selection workshop) to be in a Self-help Savings Group and who have already gathered in groups of 10 - 25 people, who know and trust each other.

What to explain:

The Social Entrepreneur describes the basic features of a Self-help Savings Group:

- A Self-help Savings Group is created so that people can save, borrow and start a Social Fund to help members who wish to start income generating activities.
- A Self-help Savings Group operates in one-year cycles, at the end of which all of the loans are paid back and everyone receives back everything they have saved, plus any profits the group may have made.
- A Self-help Savings Group allows all members to buy between 1-5 shares each month. The price of a share is decided by the members.
- The money collected from the purchase of shares is used to provide loans to members, which are repaid over a period of not more than 3 months.
- Members are self-selected and the Self-help Savings Group is managed by its members, who elect a Management Committee.
- There are annual elections to the Management Committee.
- Every Self-help Savings Group has a written Constitution and clear rules, which are agreed to by all of the members.
- Members must attend all meetings and buy at least 1 share each meeting.
- Self-help Savings Groups can impose fines for such things as lateness or forgetting the rules of the Self-help Savings Group.
- Groups will charge interest (called a service charge) on loans. However, a service charge is not like interest, because the money raised from service charges is given back to the members at the end of the one-year cycle.
- All of the Self-help Savings Group's cash is kept in a box with three locks, and the keys are kept by three different members of the Self-help Savings Group, who are not part of the management committee.
- The box can only be opened in meetings, so all transactions are done in front of all of the members.
- Record-keeping is based on simple savings and loan books provided to each member, in which their savings and loans are recorded.
- The savings and loan books are locked in the box between meetings to prevent anyone changing the entries.
- The box and its contents will be supplied by the Social Entrepreneur and paid off by the group members.
- The Social Entrepreneur receives a predetermined fee from the Self-help Savings Groups for the training and support until the group is independent.
- After the first cycle of one year the Self-help Savings Group continues to operate independently without any external support for savings activities.
- During the training period the Self-help Savings Group will meet monthly, and the Social Entrepreneur will visit monthly in the first cycle and then when necessary in further cycles.

The Social Entrepreneur explains that there are 6 training modules:

- Members, leadership and elections
- Development of group Constitution
- First savings meeting
- First loan meeting
- First loan repayment
- Action-audit/share-out

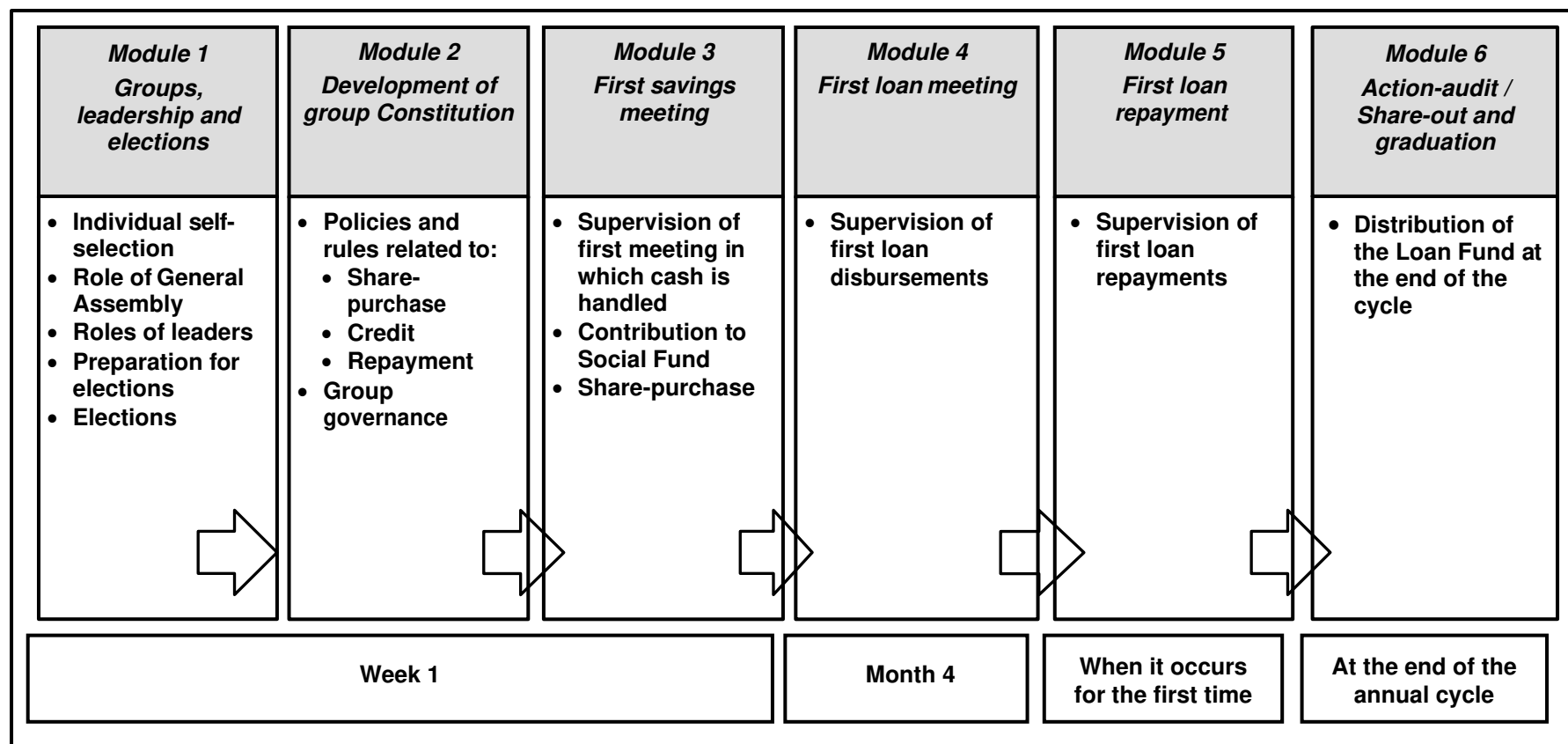
Members must be aware of the qualities that are needed in a member. So, the Social Entrepreneur reviews these and suggests that anyone who is not able to meet these standards should probably not join. Good members will:

- know each other and be from a similar economic background
- live walking distance from where the meetings will be held
- have a reputation for honesty and reliability
- be able to attend all meetings
- attend all meetings on time
- follow all rules
- have a cooperative personality: someone who is known to create conflict should probably not join
- be able to buy at least one share each meeting
- be able to repay loans on time within 3 months

The Social Entrepreneur and the new Self-help Savings Groups arrange a time and a place for the first training

4 Training modules 1 - 6

Table 2: Diagram of training schedule



Module 1: Groups, leadership and elections

Purpose of the meeting

The Social Entrepreneur explains that the purpose of the meeting is to give the Self-help Savings Group a name and to elect a Management Committee who will lead the group for a period of one year. S/he explains that elections are held every year and the next elections in one year's time will also be facilitated by the Social Entrepreneur.

Individual self-selection

The Social Entrepreneur again reminds the members of the qualities of a good member.

Elections

- The group chooses a name for the Self-help Savings Group
- The Social Entrepreneur explains:
 - The Management Committee consists of five people: Chairperson, Record-keeper, Box-keeper and two Money-counters
 - The Management Committee serves for one year, after which elections are held. Even if the Self-help Savings Group is happy with its committee it must hold elections
 - The Management Committee is elected by the members, who can also dismiss it (or any individual officer) for poor performance
- S/he then reviews the qualities needed for each position and the work that each person chosen needs to do, using the tables below:

Table 3: Qualities and responsibilities of the Self-help Savings Group Chairperson

Qualities	Responsibilities
<ul style="list-style-type: none">• Respected• Confident and calm when speaking in front of others• Treats everyone equally• Listens to others and asks for opinions• Organised• Always on time	<ul style="list-style-type: none">• To call the meetings to order, announce the agenda and lead discussions• To ensure that the meetings follow proper procedure and that the Constitution is followed and respected• To maintain discipline and charge fines as needed• To facilitate discussions and to ensure that everyone's views are listened to• To resolve conflicts• To act as contact person for outsiders who may want to be informed about the group

Table 4: Qualities and responsibilities of the Self-help Savings Group Record-keeper

Qualities	Responsibilities
<ul style="list-style-type: none">• Good arithmetic skills• Literate• Writes neatly• Has a reputation for trustworthiness• Always on time• Willing to work extra hours to train with the Social Entrepreneur if needed	<ul style="list-style-type: none">• Ensures that all transactions for the Share-purchase and lending take place according to procedure, and that all rules are followed• Makes all savings and loan book and notebook entries for shares and loans• Reads the Social Fund and Loan Fund cash balances out loud at every meeting

Table 5: Qualities and responsibilities of the Self-help Savings Group Box-keeper

Qualities	Responsibilities
<ul style="list-style-type: none"> • Trustworthy • From a household that has a good reputation (no one in that household should be considered unreliable) • Lives in a house with good security • Always on time • Good arithmetic skills • Literate 	<ul style="list-style-type: none"> • Keeps the Self-help Savings Group box safe in between meetings • Ensures that s/he is accompanied to/from meetings as necessary • Brings the box to the meetings on time • Stands in for the Record-keeper when the Record-keeper is absent • Assists the Record-keeper as needed to record savings and loan repayment cash movement

Table 6: Qualities and responsibilities of the two Self-help Savings Group Money-counters

Qualities	Responsibilities
<ul style="list-style-type: none"> • Able to count quickly and accurately • Trustworthy • Calm and organised • Always on time 	<ul style="list-style-type: none"> • Receives and pays out all money to members • Counts and announces all amounts paid to and received from members • Informs the Record-keeper of the correct amount to be recorded in the savings and loan books

The Social Entrepreneur then organises the election of the officials, starting with the Chairperson. S/he uses the standard procedures shown in Annex 1.

The Social Entrepreneur tells the members that although they have elected their Management Committee, they need to appoint three people, to be called *Key-holders*, who will keep the keys, so that the box can only be opened in meetings. They can be identified by discussion using the following criteria:

- They must not be members of the Management Committee
- They should not be members of the same family
- They should be members who can be relied upon to attend and will always be on time

Module 2: A Self-help Savings Group Constitution

Social Entrepreneur preparation for the meeting

Before going to this meeting, the Social Entrepreneur goes to Annex 2 and makes a copy of the blank Constitution form. The Social Entrepreneur takes this with him/her to the meeting.

The blank Constitution form in Annex 2 allows the Social Entrepreneur to write down Self-help Savings Group decisions. Part of it is already fixed, because experience has shown that some things should be common to all Self-help Savings Groups. Decisions that the Self-help Savings Group needs to make for itself are shown as underlined spaces.

Purpose of the meeting

The Social Entrepreneur says that the purpose of the meeting is:

- to develop a set of rules concerning how the members of the Self-help Savings Group will save by buying shares, how they will take out loans and pay them back, and how they will operate their Social Fund.

- to decide how the Self-help Savings Group will govern itself.

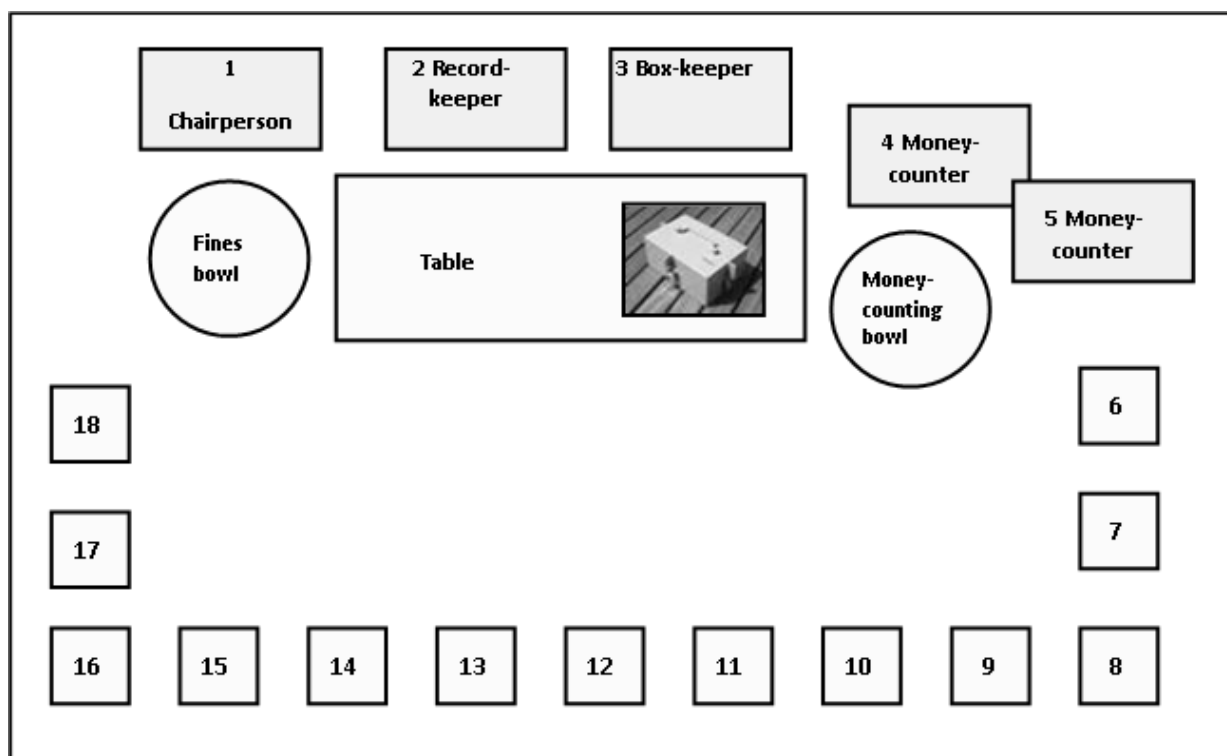
Seating arrangements

The diagram below shows how members are seated in a meeting. This arrangement is used because:

- it allows all members to see clearly what is happening.
- it ensures that transactions are carried out in the same order, which keeps things easy to manage.

The diagram shows a Self-help Savings Group with 18 members. The number can be bigger or smaller.

Figure 2: Layout of meeting place: Self-help Savings Group with 18 members



Safety of Self-help Savings Group funds

The Social Entrepreneur hands over the Self-help Savings Group kit (Annex 3) and gives the keys to the Key-holders. The Key-holders are given all of the keys for their lock. No keys are held by anyone else. The safety of the kit will be the responsibility of the Box-keeper. S/he must carry it to every meeting of the Self-help Savings Group.



Self-help Savings Groups must use lockable boxes. The reason for using three locks is to keep member money and records safe and just as important, to make sure that transactions cannot take place privately outside meetings. If a group is unwilling to use a box, the Social Entrepreneur should refuse to train them.

Preparing the Constitution: Services offered by the Self-help Savings Group

Using the blank Constitution form from Annex 2, the Social Entrepreneur starts off by discussing the services that will be offered by the Self-help Savings Group to its members. These are:

- Share-purchase (savings)
- Lending
- Income generation training
- Access to business start-up inputs
- Access to markets when production reaches a critical mass

Share-purchase rules

The Social Entrepreneur says that members save in a Self-help Savings Group by buying shares. At each meeting, each member has the opportunity to buy between 1 to 5 shares. S/he asks what the value of a share should be. S/he then explains that:

- if the amount is too big if the poorest member will have trouble regularly saving at least one share.
- If the amount is too small it may frustrate the better-off members who want to save more.

The amount that is finally decided should be something that everyone can afford to pay at every meeting throughout the cycle and that satisfies their needs for savings. The amount cannot be changed during the cycle but can be changed in the next cycle.

Lending rules

The Social Entrepreneur says that members can save, borrow and repay their loans every month.

The Self-help Savings Group is then asked what their priorities for loans will be. The Social Entrepreneur explains that this is to help avoid disputes when there is not enough money in the Loan Fund to satisfy people's needs. The members must decide which loans will receive the highest priority, the next highest priority and the lowest.

The Social Entrepreneur says that members should not take out loans that they cannot repay easily.

The Social Entrepreneur says that the amount borrowed by any member cannot be more than three times their savings. This ensures that the loans are not too risky and encourages savings.

The members are told that the maximum loan duration should not be more than 3 months, but can be less.

The Social Entrepreneur explains that the groups have to decide what the service charge will be, as a percentage of the whole loan, for the whole 3 months. Service charge tables are shown in Annex 5, which the Social Entrepreneur can use to facilitate a discussion as to what rate the group will use. The tables show charges for one month, two months or three months. The service charge will be added to the loan amount and the borrower will have to pay back the total within the agreed-on time period.

Preparing the Constitution: How the Self-help Savings Group will govern itself

The Social Entrepreneur goes through the blank Constitution form, item by item and helps the members to reach agreement on each clause. The Social Entrepreneur then helps them to fill in the blank spaces.

The final step is for the Record-keeper to read the entire Constitution and the Social Entrepreneur tells the Chairperson that she should read it out loud to all of the members at least once every 3 months, just to make sure that everyone is reminded of the rules. Some groups give each member a rule to remember and the Chairperson can ask them to repeat their rule at the beginning of each meeting and fine them if they don't remember it.

Once the Constitution form is filled and read to the members, all the members will then sign the Constitution to show that they agree.

Developing the Constitution is the most important training and it should not be rushed or treated superficially. It tells the Self-help Savings Group how it will do its work and what the services offered to members will be. If this is rushed, the Self-help Savings Group will not be stable and secure.

Experience has shown that sometimes this session can take two meetings to finish, and that is OK. It shows that members have thought about and discussed their rules in detail. If it takes half an hour and many sections are ignored, this shows that it wasn't taken seriously.

Module 3: First savings meeting

The Social Entrepreneur tells the members that this meeting will be the first chance they have to buy shares and that s/he will guide them through the steps. The Social Entrepreneur explains again that the first loan meeting will not occur for another month, after which loans can be taken at every meeting.

The Social Entrepreneur then explains that from now on s/he is only there to support the Management Committee, which is now in charge of all meetings, which must be guided by the Constitution.

The Social Entrepreneur refers to Annex 4 to be sure about how Social Fund and savings records are kept. **Do NOT fill out any records without reference to Annex 4.**

Table 7: Procedures for first savings meeting

Meeting step	First savings meeting – Procedures
1 Meeting opening	<ul style="list-style-type: none"> • The Chairperson calls the meeting to order • The Chairperson tells the Record-keeper to perform a roll call, in which each member is counted off in order of seating and assigned a number. • The Key-holders are called on to open the box, which remains in front of the Box-keeper, and the materials are taken out and placed in front of the Record-keeper • The fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting • The Record-keeper calls each member in number order to the front and gives them their number card and tells them that they must always bring it with them to all meetings • The Record-keeper writes their name and number on a savings and loan book but does not give the savings and loan book to the member
2 Share-purchase/savings	<ul style="list-style-type: none"> • The Chairperson tells the Record-keeper to conduct the Share-purchase/savings activities • The Record-keeper calls each member to the front by their number • Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their savings and loan book to the Record- keeper • The Money-counters count the money saved by each member, place it in the money-counting bowl and announce the amount and the number of shares that have been purchased by the member • The Record-keeper stamps the correct number of shares into the savings and loan book and crosses out any unused blocks • The member then checks that the number of new stamps in the savings and loan book is correct: the savings and loan book remains with the Record-keeper for the rest of the meeting • Once all the members have made their contributions, the Record-keeper then tells the Money-counters to combine the money in the fines bowl and the money-counting bowl and to count it • The Money-counters then count the money and announce the total to the group • Once the total has been announced to the group, the Record-keeper then tells the Money-counters to count out the agreed upon stipend for the Social Entrepreneur and the repayment for the savings kit, and then pays the Social Entrepreneur • The Money-counters then count the money and announce the total to the group • The Record-keeper then tells the Group that this money constitutes

	<p>their Loan Fund, but that no loans will be given until 4 savings meetings have been completed, after which loans will be available at every meeting</p> <ul style="list-style-type: none"> • The Record keeper records this amount in the 'Cash in the Loan Fund' section in the notebook • The Money-counters place the Loan Fund in its draw-string bag and put it in the cash box
<p>3 Closing balances</p>	<ul style="list-style-type: none"> • The Chairperson takes the notebook from the Record-keeper and announces the total amount in the Social Fund, instructing all members to memorise it for the next meeting • The Chairperson announces the total of the Loan Fund once again, and instructs all members to memorise it for the next meeting • The Chairperson then asks the Key-holders to lock the box
<p>4 Closing</p>	<ul style="list-style-type: none"> • The Chairperson invites members to discuss any other subject that may be of interest • The Chairperson announces the date and time of the next meeting • Once discussion is complete, the Chairperson closes the meeting

The Record-keeper enters Social Fund and Loan Fund data in the notebook at the end of every meeting.

Table 8: Weekly Record of Balances - Example

<i>Date</i>	<i>Cash in Social Fund bag</i>	<i>Cash in Loan Fund bag</i>
<i>04/01/2022</i>	<i>ZAR 2,600</i>	<i>ZAR 14,600</i>

Note: Please click on or enter the URL below in your browser to view a short video that shows how a well-trained Self-help Savings Group conducts its normal savings activities
<https://vimeocom/132692474>

This video shows savings procedures in AKF Tanzania's Boresha Maisha project

Module 4: First loan meeting

Purpose of the meeting

This takes place 3 months after the first savings meeting and is the first time that members can borrow. The Social Entrepreneur refers to Annex 4 to be sure about how Social Fund, savings and loan records are kept. **Do NOT fill out any records without reference to Annex 4.**

Table 9: Procedures for first loan meeting

Meeting step	First Loan Meeting – Procedures
1 Meeting opening	<ul style="list-style-type: none"> • The Chairperson calls the meeting to order • The Chairperson tells the Record-keeper to perform a roll call, by member number • The Key-holders are called on to open the box, which remains in front of the Box-keeper, and the materials are taken out and placed in front of the Record-keeper • The fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting
2 Share-purchase/savings	<ul style="list-style-type: none"> • The Chairperson tells the Record-keeper to conduct the Share-purchase/savings activities • The Record-keeper asks the members to recall the balance of the Loan Fund from the previous meeting • The Money-counters then remove the Loan Fund from its bag and count it, announcing the amount to the members • Once it is agreed that the amount remembered and the amount counted are the same, the money is placed in the money-counting bowl • The Chairperson announces that members will now buy shares • The Record-keeper calls each member to the front by their number • Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their savings and loan book to the Record- keeper • The Money-counters count the money saved by each member, place it in the money-counting bowl and announce the amount and the number of shares that have been purchased by the member • The Record-keeper stamps the correct number of shares into the savings and loan book and crosses out any unused blocks • The member then checks that the number of new stamps in the savings and loan book is correct: the savings and loan book remains with the Record-keeper for the rest of the meeting • Once all the members have made their contributions, the Chairperson then tells the Money-counters to combine the money in the fines bowl and the money-counting bowl and to count it • The Money-counters then count the money and announce the total to the group • Once the total has been announced to the group, the Record-keeper then tells the Money-counters to count out the agreed upon stipend for the Social Entrepreneur and the repayment for the savings kit, and then pays the Social Entrepreneur • The Money-counters then count the money and the announce the total to the Group • The Record-keeper then tells the Group that this is the money available for lending in this meeting

3 Loan taking	<ul style="list-style-type: none"> • The Chairperson invites loan requests, reminding members of the maximum loan term (3 months) and maximum loan amount (3 times the value of a member's savings) • Members needing loans make their requests, stating 1. How much they need, 2. the purpose of the loan, 3. how long they need it for • The Record-keeper checks in the savings and loan books of the members requesting a loan, to see that the member has saved at least 1/3 of the amount they want to borrow. If they have not saved enough they must reduce the amount of their request • The Record-keeper calculates the total value of the loans requested • If the total requested is more than the money available in the Loan Fund (the money in the money-counting bowl), the Self-help Savings Group must discuss adjustments to the loan amounts, guided by the rules of the Constitution until all members are in agreement • The Record-keeper calls each borrower forward in order of their number • The Record-keeper enters the 'Date of loan disbursement' and the 'Date by which the loan must be repaid' at the top of the page • Using the service charge tables (see Annex 5), the Record-keeper calculates the service charge payable for the whole loan period of 1, 2 or 3 months. • The Record-keeper totals the loan amount and the service charge and enters this in the 'Total due' box, telling the member that they must repay this amount, at any time before the date shown in the savings and loan book as the 'Date by which the loan must be repaid' • The Record-keeper tells the Money-counters to give the borrower the loan amount • The borrower counts the money, and signs the savings and loan book • The Record-keeper tells the borrower to announce the total amount due and by what date it will be repaid • This process is repeated until all loans have been issued • The Record-keeper tells the Money-counters to count the money remaining in the money-counting bowl and announce it to the members • The Record-keeper records this amount in the 'Cash in the Loan Fund' page in the notebook • The Record-keeper says that this is the current value of their Loan Fund • The Money-counters then put the Loan Fund in its draw-string bag and return it to the cash box
4 Closing balances	<ul style="list-style-type: none"> • The Chairperson takes the notebook from the Record-keeper and announces the total amount in the Social Fund, instructing all members to memorise it for the next meeting • The Chairperson announces the total of the Loan Fund once again, and instructs all members to memorise it for the next meeting • The Chairperson then asks the Key-holders to lock the box
5 Closing	<ul style="list-style-type: none"> • The Chairperson invites members to discuss any other subject that may be of interest • The Chairperson announces the date and time of the next meeting • Once discussion is complete, the Chairperson closes the meeting

Note: For the visits between Training 4 and Training 5 when loans are being taken the Social Entrepreneur should use this table.

Module 5: First loan repayment meeting

Purpose of the meeting

This meeting takes place at any time a member wants to make a loan repayment. In any meeting after the first loan disbursements have been made. The Social Entrepreneur tells the members that this meeting will be the first time that the Association will receive loan repayments.

The Social Entrepreneur refers to Annex 4 to be sure about how Social Fund, savings and loan records are kept. **Do NOT fill out any records without reference to Annex 4.**

Table 10: Procedures for a loan meeting with first loan repayments

Meeting step	Loan Meeting with First Loan Repayments – Procedures
1 Meeting Opening	<ul style="list-style-type: none"> • The Chairperson calls the meeting to order • The Chairperson tells the Record-keeper to perform a roll call, by member number • The Key-holders are called on to open the box, which remains in front of the Box-keeper, and the materials are taken out and placed in front of the Record-keeper • The fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting
2 Share-purchase/savings	<ul style="list-style-type: none"> • The Chairperson tells the Record-keeper to conduct the Share-purchase/savings activities • The Record-keeper asks the members to recall the balance of the Loan Fund from the previous meeting • The Money-counters then remove the Loan Fund from its bag and count it, announcing the amount to the members • Once it is agreed that the amount remembered and the amount counted are the same, the money is placed in the money-counting bowl • The Chairperson announces that members will now buy shares • The Record-keeper calls each member to the front by their number • Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their savings and loan book to the Record-keeper • The Money-counters count the money saved by each member, place it in the money-counting bowl and announce the amount and the number of shares that have been purchased by the member • The Record-keeper stamps the correct number of shares into the savings and loan book and crosses out any unused blocks • The member then checks that the number of new stamps in the savings and loan book is correct: the savings and loan book remains with the Record-keeper for the rest of the meeting • Once all the members have made their contributions, the Chairperson then tells the Money-counters to combine the money in the fines bowl and the money-counting bowl and to count it • The Money-counters then count the money and announce the

	<p>total to the group</p> <ul style="list-style-type: none"> • Once the total has been announced to the group, the Record-keeper then tells the Money-counters to count out the agreed upon stipend for the Social Entrepreneur and the repayment for the savings kit, and then pays the Social Entrepreneur • The Money-counters then count the money and the announce the total to the Group • The Record-keeper then tells the Group that this is the money available for lending in this meeting
<p>3 Loan repayment</p>	<ul style="list-style-type: none"> • The Chairperson tells the Record-keeper to conduct loan repayment activities • By referring to each member's savings and loan books, the Record-keeper identifies the borrowers and the amounts due • Each borrower is asked if they will make a payment in the meeting and, if so, the money is given to the Money-counters who announce the amount and place it in the money-counting bowl • The Record-keeper enters the payment amount in the borrower's savings and loan book in the 'Paid' box • The Record-keeper then calculates the remaining balance due and enters it in the 'Balance' box in the savings and loan book • The borrower then signs in the space provided • If the remaining balance due is zero, the Record-keeper signs the savings and loan book and says that the loan is repaid, cancelling the loan with a diagonal red line drawn through the entire page • The Chairperson then tells the Money-counters to combine the cash in the money-counting bowl and the fines-bowl and to count it • The Record-keeper then tells the Self-help Savings Group that this is the money available for lending in this meeting
<p>4 Loan taking</p>	<ul style="list-style-type: none"> • The Chairperson invites loan requests, reminding members of the maximum loan term (3 months) and maximum loan amount (3 times the value of a member's savings) • Members needing loans make their requests, stating 1. How much they need, 2. the purpose of the loan, 3. how long they need it for • The Record-keeper checks in the savings and loan books of the members requesting a loan, to see that the member has saved at least 1/3 of the amount they want to borrow. If they have not saved enough they must reduce the amount of their request • The Record-keeper calculates the total value of the loans requested • If the total requested is more than the money available in the Loan Fund (the money in the money-counting bowl), the Self-help Savings Group must discuss adjustments to the loan amounts, guided by the rules of the Constitution until all members are in agreement • The Record-keeper calls each borrower forward in order of their number • The Record-keeper enters the 'Date of loan disbursement' and the 'Date by which the loan must be repaid' at the top of the page • Using the service charge tables (see Annex 5), the Record-keeper calculates the service charge payable for the whole loan period of 1, 2 or 3 months. In the case of groups that do not wish to charge interest, the Record-keeper enters a zero • The Record-keeper totals the loan amount and the service charge (if any) and enters this in the 'Total due' box, telling the member that they must repay this amount, at any time before the date shown in the savings and loan book as the 'Date by which the loan must be repaid' • The Record-keeper tells the Money-counters to give the borrower the loan amount • The borrower counts the money, and signs the savings and loan book

	<ul style="list-style-type: none"> • The Record-keeper tells the borrower to announce the total amount due and by what date it will be repaid • This process is repeated until all loans have been issued • The Record-keeper tells the Money-counters to count the money remaining in the money-counting bowl and announce it to the members • The Record-keeper records this amount in the 'Cash in the Loan Fund' page in the notebook • The Record-keeper says that this is the current value of their Loan Fund • The Money-counters then put the Loan Fund in its draw-string bag and return it to the cash box
5 Closing balances	<ul style="list-style-type: none"> • The Chairperson takes the notebook from the Record-keeper and announces the total amount in the Social Fund, instructing all members to memorise it for the next meeting • The Chairperson announces the total of the Loan Fund once again, and instructs all members to memorise it for the next meeting • The Chairperson then asks the Key-holders to lock the box
6 Closing	<ul style="list-style-type: none"> • The Chairperson invites members to discuss any other subject that may be of interest • The Chairperson announces the date and time of the next meeting • Once discussion is complete, the Chairperson closes the meeting

In all meetings from now on, the Social Entrepreneur uses Table 10 as a procedures guide.

Module 6: Share-out/action-audit and graduation

Where the amount available for share-out is more (owing to interest income and fines, or if the group has made a profit on buying and selling commodities), or less than what members have saved (such as if a member could not pay back his or her loan in full, or if there were other expenses) then the procedures in Table 11 must be followed.

Table 11: Procedures for share-out at the end of the cycle

Meeting step	Share-out procedures
1 Share-out	<ul style="list-style-type: none"> • The Social Fund is counted, the amount announced and put away. It does not get shared out • If any member has not completed their loan repayments, the amount owing is recovered by cancelling the number of shares in his/her savings and loan book that equals the value of the amount owing • The Money-counters count the money in the Loan Fund • While the Money-counters are counting, the Record-keeper takes the savings and loan books and counts the total number of shares of the Self-help Savings Group • Once the Money-counters are finished, the Record-keeper uses the calculator to divide the total cash in the Loan Fund by the total number of shares. This determines the value of a single share. It should be written down to three decimal places (for example, ZAR 984) • Next, the Record-keeper multiplies the number of shares in each savings and loan book by the value of one share. S/he then announces the number of shares and the amount payable to the member, <u>rounding down by the smallest cash unit of ZAR</u>. S/he then asks the Money-counters to count out the amount and place it in each member's savings and loan book, which is set aside • The Record-keeper then cancels all of each member's shares by drawing a large cross on each page of the savings and loan book on which there are share stamps • <u>All savings and loan books are treated in the same way before anyone receives any money</u>. Once the process is complete, there will be a small amount of money remaining due to rounding down, but there should not be a shortfall. If there is a shortfall, the process is repeated until the amounts are correct. Any small amount remaining is used as seed capital in the Loan Fund for the next cycle • All members are given their savings and loan books with all the money. <u>It is very important that every member's money is placed in their hand</u>

2 Preparation for the next cycle

- Any member who wishes to leave the Self-help Savings Group should do so
- New members can now be allowed to join, if all remaining members agree
- The continuing members now decide on the share price for the next cycle
- If the Self-help Savings Group wishes to establish seed capital to initiate the next cycle, they should now do so. All members may contribute whatever amount they wish, and it can be more than 5 shares on this one occasion, denominated in the new share value
- The number of shares is recorded in the savings and loan book of each member, in the 'Starting NUMBER OF SHARES ' box
- When all of the members who want to contribute seed capital have done so, the Money-counters count the seed capital and place it in the Loan Fund bag in the cash-box and the amount is recorded by the Record-keeper in the notebook
- The Chairperson announces the amount and explains that this is the balance of the Loan Fund to start the next cycle
- The box is now locked and the old cycle is now formally ended
- The Social Entrepreneur then explains to the Self-help Savings Group that in their next meeting, they must hold elections and then revise their Constitution, which new members must sign. S/he then offers to attend the next meeting to assist with elections and the Constitution

Annex 1: Election procedures

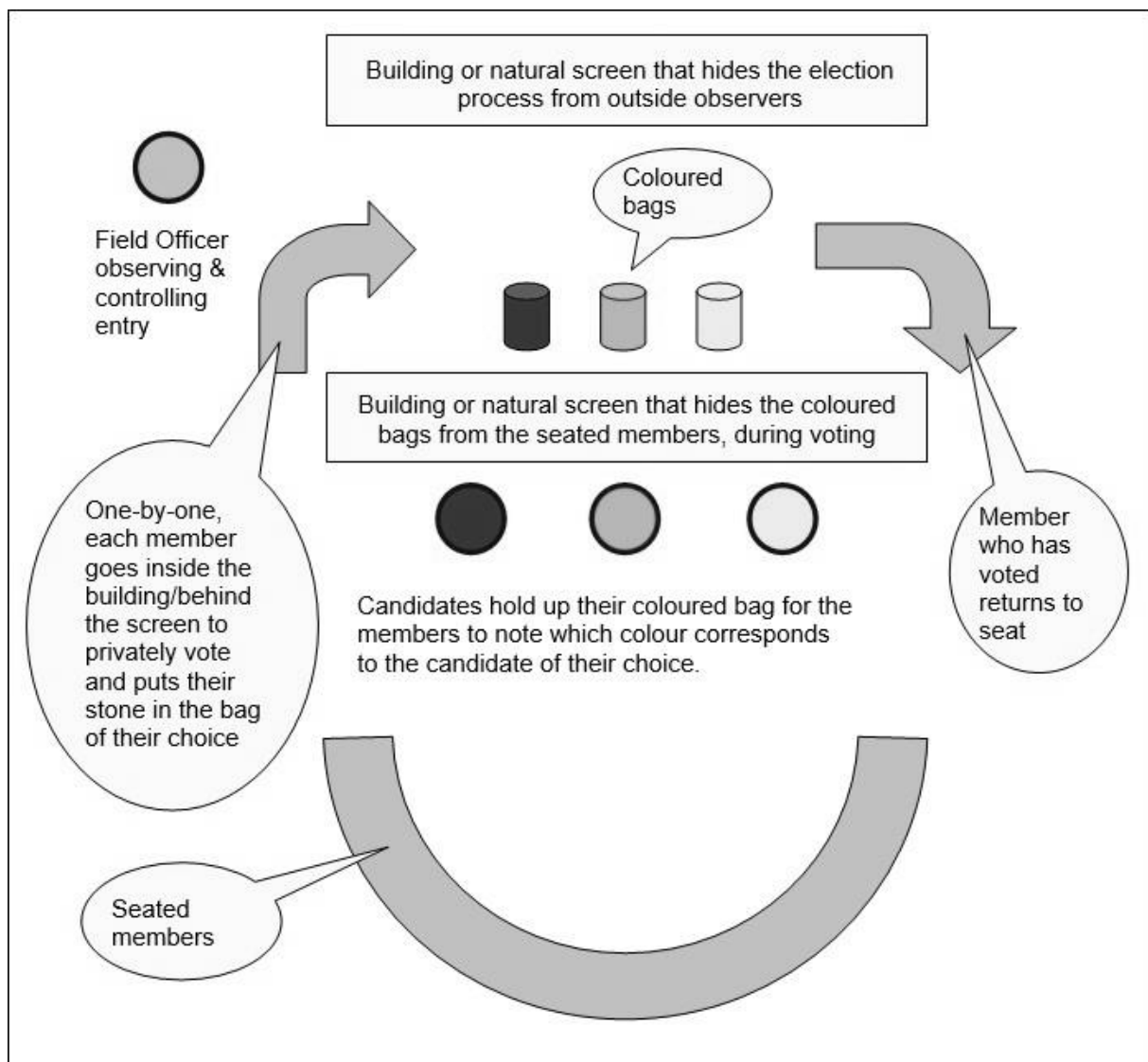
The Social Entrepreneur prepares the members for the election and explains the process (see Figure 4, below). S/he brings three bags to the Self-help Savings Group meeting, each in a different colour, s/he also provides one small stone for each member.

Each of up to three candidates (for each position) is given a coloured bag and everyone is asked to note the colour corresponding with the member they want to vote for. The coloured bags are placed behind a screen (or inside a building) some distance from the gathering and sheltered from view of members and passers-by. Each member in turn goes behind the screen (or into the building) and, hidden from the members but under the eye of the Social Entrepreneur, deposits a token in the coloured bag of his/her choice.

When all of the members have voted, the Social Entrepreneur counts out the votes in front of the members by removing the stones from each bag. S/he ensures that no additional stones have been put in the bags – the total should equal the number of members voting.

At the end of the elections, the Social Entrepreneur explains that in the next cycle, the Social Entrepreneur can be called to facilitate the election, or it can be facilitated by a trusted member who does not stand for election and is trusted to be neutral.

Figure 4: Diagram of election procedures



Annex 2: Constitution framework

Part 1: Self-help Savings Group governance

1 BASIC INFORMATION ON THE Self-help Savings Group

- Name of the Self-help Savings Group _____
- Address: _____
- The Self-help Savings Group was formed on (date): _____

2 OBJECTIVE OF THE Self-help Savings Group

- The purpose of the Self-help Savings Group is to be an independent, sustainable provider of savings, credit and social support to its members

3 WHO MAY BE A MEMBER OF THE Self-help Savings Group?

- Lower age limit _____
- Gender _____
- Residence _____
- Other common circumstances _____

4 COMPOSITION OF THE MANAGEMENT COMMITTEE

- Chairperson
- Record-keeper
- Box-keeper
- 2 Money-counters

5 ELECTION PROCEDURES

- Elections must be held at the beginning of each new cycle, or annually, whichever is sooner
- The minimum number of people that must stand for each position is 2
- The minimum number of members who must be present to hold an election is: _____
- The election procedure will use a system that allows everyone's vote to be secret
- A candidate for any position must be proposed by another member and cannot nominate themselves

6 REMOVAL OF OFFICERS FROM THEIR POSITION BETWEEN ELECTIONS

- Any member of the Association may, at any time, request a vote of no confidence against a member of the Management Committee
- The Committee member must resign if the majority of members vote to remove him/her
- An election is required to fill the vacant position

7 MEETINGS

- To buy shares the Self-help Savings Group will meet every month
- Shares will be bought at every meeting
- Loans may also be disbursed and repaid at every meeting after the first loan disbursement in the 4th week of a cycle
- The Self-help Savings Group will conduct a share-out every year in which members will receive all of their savings and any profit the group may have made

8 MEMBERS LEAVING THE Self-help Savings Group

If a member leaves before the cycle is finished, the money they have used to purchase shares may be returned to them, minus any loan balance, fines that they owe and outstanding payments to the Social Entrepreneur

9 EXPULSION FROM THE Self-help Savings Group

The reasons for which a person should be expelled from the Self-help Savings Group are:

10 FINES

The following table lists the fines that will be charged

Reason for the fine	Amount
Failure to attend a meeting without sending word	
Late to a meeting	
Not remembering Self-help Savings Group rules	
Forgetting a key to the box	
Chatting through the proceedings	
Not remembering balances from the preceding meeting	
Failure of a member of the Management Committee to perform their duties	
% of the loan balance due, payable monthly in case of late payment	

11 AMENDMENTS TO THE CONSTITUTION

- 2/3 of the members must agree before the Constitution can be changed
- Any member can propose an amendment to the Constitution after _____ months

Part 2: Services offered by the Self-help Savings Group

1 SAVINGS

- Members may buy 1 – 5 shares in each meeting
- The purchase price of a share will be: _____
- Members may contribute an equal agreed-upon amount *at the start of every future cycle* to speed up the growth of the loan portfolio. *Only at this moment in the cycle*, the number of start-up shares are allowed to be more than 5 shares per member

2 LENDING

- The maximum amount that anyone can borrow is three times the value of their savings
- A loan may be taken for one, two or three months only
- The service charge on a loan will be 5% per month. This is added as a total for the requested length of the loan term (1, 2 or 3 months)
- A member must repay a loan before s/he can take another
- If a member dies and has a loan remaining unpaid, it will be treated as follows:

- The highest priority for loans will be given for: _____
- The second highest priority for loans will be given for: _____
- The third highest priority for loans will be given for: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____	Signature: _____
Name: _____	Signature: _____
Name: _____	Signature: _____
Name: _____	Signature: _____
Name: _____	Signature: _____
Name: _____	Signature: _____
Name: _____	Signature: _____
Name: _____	Signature: _____
Name: _____	Signature: _____
Name: _____	Signature: _____
Name: _____	Signature: _____

Annex 3: The Kit

The kit consists of:

- Strong, well-made lockable metal cash box, able to be closed with 3 locks
- Three good quality padlocks (this is very important), each with two keys
- 25 member number-cards
- 25 savings and loan books
- Notebook
- Rubber stamp for marking shares
- Ink pad and spare bottle of ink
- Ruler
- Two ball point pens: one black or blue, the other red
- Good quality calculator
- 1 plastic bowl about 25-30 cm in diameter and 12 cm deep (for money-counting)
- 1 fabric money-bags, with draw strings for the Loan Fund



Annex 4: Use of savings and loan books

Savings

Self-help Savings Group members save by buying shares, stamped in the front section of the savings and loan book.

Figure 5: savings and loan book with 11 shares stamped in

Single share value		<u>R 100</u>	
Starting NUMBER OF SHARES			0
Shares bought per meeting			
→	→	→	→
→	→	→	→
→	→	→	→
→	→	→	→
→	→	→	→
Ending NUMBER OF SHARES			

Explanation: The illustration shows that there have been five meetings and that the member has bought eleven shares

When members make their contribution, the Record-keeper stamps in each savings and loan book the number of shares they have bought and the member confirms that the amount is correct.

On each line, the unused spaces are marked through with crossed diagonal lines to prevent fraudulent entry of shares at a later date.

The value of shares purchased is $11 \times \text{ZAR } 100 = \text{ZAR } 1,100$

Figure 6: savings and loan book showing the sale of three shares

Single share value		<u>R 100</u>	
Starting NUMBER OF SHARES			0
Shares bought per meeting			
→	→	→	→
→	→	→	→
→	→	→	→
→	→	→	→
→	→	→	→
→	→	→	→
→	→	→	→
Ending NUMBER OF SHARES			

Explanation: Two meetings later, in the seventh meeting of the cycle, this member was unable to save. To show that s/he did not save anything at this meeting, the row for meeting 7 is cancelled by the Record-keeper, with crossed diagonal lines, in blue ink. The Record-keeper would also fill in a line with crosses if a member is not present and does not send money with another member.

Figure 7: Situation at the end of 13 meetings

Single share value		<i>R 100</i>	
Starting NUMBER OF SHARES			0
Shares bought per meeting			
→			
→	→		
→	→	→	
→	→	→	
→	→		
→			
→	→		
→	→	→	
→	→	→	→
→	→		
→	→		
→			
Ending NUMBER OF SHARES			28

Explanation: Figure 7 shows what the savings and loan book looks like when a page is filled. By the 12th meeting (the book contains 12 lines, to cover a quarter of a year), the member had purchased a total of 28 shares.

This figure is added to the number of shares at the beginning of the page (in this case zero) and entered into the cell "Ending number of shares." On the next page, this figure will be reported in the cell "Starting NUMBER OF SHARES."

Note: Do NOT enter the cash value of shares in the Starting NUMBER OF SHARES" and "Ending NUMBER OF SHARES" boxes, but only the number of shares bought."

Figure 7 displays the total number of shares owned by the member at the end of the period. The result is cumulative and will be different at the end of each page.

Figure 8: Situation at the end of the cycle, after share-out

Single share value		<i>R 100</i>	
Starting NUMBER OF SHARES			0
Shares bought per meeting			
→			
→	→		
→	→	→	
→	→	→	
→	→		
→			
→	→		
→	→	→	
→	→	→	→
→	→		
→	→		
→			
Ending NUMBER OF SHARES			28

Explanation: Figure 8 shows what the savings and loan book looks like at the end of a cycle.

The large red 'X' indicates that the share-out is completed and the member has received back her money.

Loans

Loans are recorded in the back of the savings and loan book. Note: each loan occupies a full page

Figure 9: Member loan record (1)

Loans			
Date of loan disbursement		12/10/17	
Date by which the loan must be repaid		12/1/18	
Date	Item	Amount	Signature
12/10	Loan amount	800	Monica
	Service charge	120	
	Total due	920	
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		

Explanation: The example on the left is a loan given to Monica. She borrows ZAR 800. At the top of the page, the date the loan is disbursed is shown and also the date by which the loan must be fully repaid. This helps the Record-keeper and the member to know if a loan is being paid back late. All the Record-keeper needs to do is to put the same date, three months later than the date of loan disbursement (i.e. they just need to change the month).

The Record-keeper then enters the amount of the service charge (ZAR 120, or 5% a month) and then adds the loan amount and the Service charge together, entering ZAR 920 in the 'total due' box.

Note: Tables that help the Record-keeper to calculate service charges are shown in Annex 5.

Monica signs this to show that she understands that she now owes a total of ZAR 920 and must pay it back by the due date.

Loans			
Date of loan disbursement		12/10/17	
Date by which the loan must be repaid		12/1/18	
Date	Item	Amount	Signature
12/10	Loan amount	800	Monica
	Service charge	120	
	Total due	920	
26/10	Paid	200	Monica
	Balance	720	
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		

Figure 10: Member loan record (2)

Explanation: Entries after this are only shown if the member pays back part or all of the loan. In this case, in a meeting on 26-10 -17 Monica paid ZAR 200, leaving a balance of ZAR 720.

Figure 11: Member loan record (3)

Loans			
Date of loan disbursement		12/10/17	
Date by which the loan must be repaid		12/1/18	
Date	Item	Amount	Signature
12/10	Loan amount	800	Monica
	Service charge	120	
	Total due	920	
26/10	Paid	200	Monica
	Balance	720	
9/11	Paid	50	Monica
	Balance	670	
14/12	Paid	100	Monica
	Balance	570	
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		

Explanation: Monica pays a further ZAR 50 on the 9th November and ZAR 100 on the 14th December, reducing the balance to ZAR 570. In meetings where she made no payment no entries are made.

Figure 12: Member loan record (4)

Loans			
Date of loan disbursement		12/10/17	
Date by which the loan must be repaid		12/1/18	
Date	Item	Amount	Signature
12/10	Loan amount	800	Monica
	Service charge	120	
	Total due	920	
26/10	Paid	200	Monica
	Balance	720	
9/11	Paid	50	Monica
	Balance	670	
14/12	Paid	100	Monica
	Balance	570	
5/1	Paid	570	Helen
	Balance	0	
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		

Explanation: Figure 12 on the left shows that at the next meeting, Monica pays the full amount owing. The Record-keeper (Helen) enters ZAR 570 in the 'Paid' row, enters a '0' in the Loan balance row and then signs the entry.

Once the loan is fully paid, the Record-keeper draws a red line through the whole loan record. This indicates that the loan has been completely repaid. Note that the red line covers the whole page, so that each loan is registered on its own page. The extra lines are available in the case that a member pays in small, more frequent amounts.

If the member pays in more than 8 instalments, the loan record can continue on the next page, but ignoring the 'Service charge cell.

Fines

Loans are recorded in the back of the savings and loan book. Note: each loan occupies a full page

Figure 13: Fine record (1)

Fines owing		
Fines owing at start of cycle		0
Fine amount	Paid	Balance
50	0	50
	50	0
200	50	150
	150	0
100	0	100
	100	0
Fines owing at the end of cycle		0

Explanation: Figure 13 on the left shows a record of Monica's fines and that she paid her fines resulting in a total of ZAR 0 at the end of the cycles.

Annex 5: Calculating a Service charge

Figures 14,15 and 16 below are charts that allow the Record-keeper to calculate the amount of the service charge that a member must pay on their loan.

Figure 14 shows the amount of service fees to be applied (based on the loan amount and interest rate applied) for three-month loans. Figure 15 shows the service patterns for two-month loans; Figure 16 shows the amount of service fees for one-month loans.

Figure 14: Calculating a three-month service charge

Amount	5%	10%	15%
R 50	R 3	R 5	R 8
R 100	R 5	R 10	R 15
R 150	R 8	R 15	R 23
R 200	R 10	R 20	R 30
R 250	R 13	R 25	R 38
R 300	R 15	R 30	R 45
R 350	R 18	R 35	R 53
R 400	R 20	R 40	R 60
R 450	R 23	R 45	R 68
R 500	R 25	R 50	R 75
R 550	R 28	R 55	R 83
R 600	R 30	R 60	R 90
R 650	R 33	R 65	R 98
R 700	R 35	R 70	R 105
R 750	R 38	R 75	R 113
R 800	R 40	R 80	R 120
R 850	R 43	R 85	R 128
R 900	R 45	R 90	R 135
R 950	R 48	R 95	R 143
R 1 000	R 50	R 100	R 150
R 2 000	R 100	R 200	R 300
R 3 000	R 150	R 300	R 450

The monthly service charge is indicated as a percentage in the top row. The lines below show the actual amount that will be charged for a *three-month* loan at the selected monthly service charge.

Note: In almost all cases, the loan term is three months and therefore Figure 14 will be the most used. For the sake of simplicity, programmes may decide to adopt the three-month period only. If loans are granted for less than three months, Figures 15 and 16 should be used. The recording of data should be strictly supervised by the Social Entrepreneur. Loans must be granted only for one, two or three months if a service charge is applied – it is too complicated to calculate a service charge for periods shorter than a month.

Figure 15: Calculating a two-month service charge

Amount	5%	10%	15%
R 50	R 3	R 5	R 8
R 100	R 5	R 10	R 15
R 150	R 8	R 15	R 23
R 200	R 10	R 20	R 30
R 250	R 13	R 25	R 38
R 300	R 15	R 30	R 45
R 350	R 18	R 35	R 53
R 400	R 20	R 40	R 60
R 450	R 23	R 45	R 68
R 500	R 25	R 50	R 75
R 550	R 28	R 55	R 83
R 600	R 30	R 60	R 90
R 650	R 33	R 65	R 98
R 700	R 35	R 70	R 105
R 750	R 38	R 75	R 113
R 800	R 40	R 80	R 120
R 850	R 43	R 85	R 128
R 900	R 45	R 90	R 135
R 950	R 48	R 95	R 143
R 1 000	R 50	R 100	R 150
R 2 000	R 100	R 200	R 300
R 3 000	R 150	R 300	R 450

The monthly service charge is indicated as a percentage in the top row. The lines below show the actual amount that will be charged for a *two-month loan* at the selected monthly service charge.

Figure 16: Calculating a one-month service charge

Amount	5%	10%	15%
R 50	R 3	R 5	R 8
R 100	R 5	R 10	R 15
R 150	R 8	R 15	R 23
R 200	R 10	R 20	R 30
R 250	R 13	R 25	R 38
R 300	R 15	R 30	R 45
R 350	R 18	R 35	R 53
R 400	R 20	R 40	R 60
R 450	R 23	R 45	R 68
R 500	R 25	R 50	R 75
R 550	R 28	R 55	R 83
R 600	R 30	R 60	R 90
R 650	R 33	R 65	R 98
R 700	R 35	R 70	R 105
R 750	R 38	R 75	R 113
R 800	R 40	R 80	R 120
R 850	R 43	R 85	R 128
R 900	R 45	R 90	R 135
R 950	R 48	R 95	R 143
R 1 000	R 50	R 100	R 150
R 2 000	R 100	R 200	R 300
R 3 000	R 150	R 300	R 450

The monthly service charge is indicated as a percentage in the top row. The lines below show the actual amount that will be charged for a one-month loan at the selected monthly service charge.

Annex 6: What to do if the loan is paid back early or late

Early repayment

If a member is repaying a loan early, the Savings Groups should return a part of the interest. However, this can be complicated, when parts of a month have to be calculated. To keep it simple, it is easier to pay 1/3 of interest if they repay the loan at least one month before the agreed deadline. This is not exactly accurate, but it is a simple way to estimate the amount to be returned and it encourages early repayment.

Late repayment

If a member repays their loan late, they must be fined for late payment. A fixed percentage of the loan amount is charged as a late penalty for every month or part of a month spent in arrears (meaning that if a member is overdue by as little as one month, they must still pay the full fine). This provision should normally be included in the "Fines" section of the By-Laws as shown in section 10 of the Constitution template in Annex 2 on page 30.