

SAVINGS & INTERNAL LENDING COMMUNITIES (SILC)  
**Field Agent Guide**

by marc bavois

VERSION 5.1.1S



SHARIA-COMPLIANT

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## PREFACE AND ACKNOWLEDGEMENTS

The Savings and Internal Lending Communities (SILC) Field Agent (FA) Guide Sharia-compliant Version 5.1S is the agency's first widely circulated version of the guide based on a version of the SILC methodology that is fully compliant with the Sharia (Islamic Law). It is grounded in the experience of pilot deployments in Mauritania and Sudan. As such, it is suitable for programming with Muslim populations that previously were unwilling to participate in SILC groups, or did so against their religious values.

Sharia-compliant microfinance, including savings-led programs, such as SILC, is the provision of financial services for low-income populations in conformity to Islamic financing principles as identified under the Sharia. Contrary to the *debt-based* conventional microfinance, Islamic microfinance is *asset-based* and recognizes that money is not an earning asset in and of itself, since money has no intrinsic worth. In other words, it is prohibited (haram) to provide or receive any fixed, predetermined rate of return on financial transactions. Profits and returns should be based on tangible assets or discrete, identifiable services, as opposed to the value of money. For this reason, Islamic microfinance principles provide for a more favorable and accessible financial service structure for the most vulnerable and disadvantaged populations served by the CRS SILC methodology. The ultimate goal of Islamic microfinance principles is to ensure growth with equity for social welfare and justice.

As such, in this version of SILC the interest payments (*riba*) and penalties on loans have been eliminated. The loan policy allows (but does not obligate) groups to charge a flat loan processing fee (uniform for all loans, irrespective of amount or duration) to compensate for the group's efforts to mobilize and manage member savings and make them available for borrowing. Borrowers are only responsible for repaying the loan principal. Borrowers whose loan use is profitable may choose to voluntarily give an additional amount to the group as a show of gratitude, following the precepts of *qard hasan* lending. In some contexts, groups may make collective *murabaha* purchases, whereby a group buys goods in bulk and sells them to members on credit with a pre-agreed mark-up, simultaneously allowing members to acquire household goods at a discount and generating profit for the group. Collectively, these policies and practices allow group members to benefit from cash loans, conveniently access needed supplies, and still earn a return on their savings – without violating their religious obligations and values.

In addition to the loan and social funds, groups are encouraged to operate a third fund for members to make charitable Sadaqa contributions. This fund allows the group to make more substantial donations in its own name to address community-level needs, and adds a spiritual dimension to the benefits of group membership.

This guide is based on SILC FA Guide Version 5.1, released in 2019, which features 'inclusive saturation' methodologies that deliberately emphasize community-wide participation, using systematic approaches to work with all populations, while respecting the member self-selection principles and processes.

We would like to acknowledge the effort of the following people, who have contributed to this version of the manual, as follows:

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## ACRONYMS

ASCA	Accumulating Savings and Credit Association
CARE	Cooperative for Help and Relief Everywhere
CRS	Catholic Relief Services
FA	Field Agent
GRF	Group Registration Form
ISS	Individual Self-Screening
MFI	Microfinance Institution
MIS	Management Information System
MMD	<i>Mata Masu Dubara</i> (Hausa for “Women on the Move”)
NGO	Non-Governmental Organization
PSP	Private Service Provider
ROSCA	Rotating Savings and Credit Association
SAVIX	Savings Groups Information Exchange
Sh	Shilling
SILC	Savings and Internal Lending Communities
VSLA	Village Savings and Loan Association

## PART 1: INTRODUCTION TO THE FIELD AGENT GUIDE

Savings and Internal Lending Communities (SILC) are a type of community-based savings groups promoted by Catholic Relief Services (CRS) and its partners to strengthen the livelihoods of the people we serve. SILCs build on traditional savings practices and benefit from the accumulated experience of savings group practitioners around the world. In order to scale up SILCs, CRS and its partners help recruit and train community-based field agents/private service providers who promote SILC programs, train SILC members, and supervise SILCs for a set period of time. After this time, SILCs operate on their own.

### 1.1 Purpose of the Guide and Users

The Field Agent Guide is intended to ensure that all SILC programs—implemented by field agents/private service providers and supported by CRS and its partners—meet a high standard of quality.<sup>1</sup> It does this by providing guidance for selected and trained field agents/private service providers to lead, deliver, and effectively manage all 3 periods within the SILC cycle. While some aspects of the SILC methodology or delivery strategy may be adapted to specific countries and contexts, the Field Agent Guide serves as a standardized starting point that presents best practices and standards. This ensures that programs that follow this Guide will have strong results.

Field agents, and those who train and supervise field agents, are the main intended users of this Guide. CRS SILC program managers and local implementing partners will use the Guide as a resource to train field agents. Field agent supervisors will use the Guide as a resource during on-the-job coaching. Field agents will use the Guide as their primary tool and as a reference in all stages of their work with SILCs. In the future, field agents will use the Guide to train peer field agents.

### 1.2 Content of the Guide

The Field Agent Guide includes 5 sections.

**Table 1: Field Agent Guide Sections**

Section	Purpose or Description
Part 1: Introduction to the Field Agent Guide	<ul style="list-style-type: none"><li>• Introduces Field Agent Guide elements</li><li>• Describes Field Agent Guide structure and conventions</li></ul>
Part 2: Review of SILC Methodology	<ul style="list-style-type: none"><li>• Provides SILC methodology overview</li><li>• Introduces the field agent special role</li></ul>
Part 3: SILC Implementation Manual	<ul style="list-style-type: none"><li>• Describes a typical SILC roll-out schedule</li><li>• Helps field agents prepare for successful facilitation</li><li>• Presents 2 written-out meetings held to introduce SILC to communities</li><li>• Presents a set of training sessions for SILC groups, including 9 modules with achievement-based objectives, learning tasks, steps, and facilitator notes</li></ul>

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<sup>1</sup> The generic name “field agent” will be used throughout the Guide. The Guide can also be used for programs that have introduced the Private Service Provider (PSP) implementation model whereby a PSP is defined as a certified field agent.

Section	Purpose or Description
Part 4: Record-Keeping Forms	<ul style="list-style-type: none"> <li>Presents the central ledger-based record-keeping system for SILC</li> </ul>
Part 5: Data Collection Forms	<ul style="list-style-type: none"> <li>Presents the forms that field agents must use to collect Savings Groups Information Exchange (SAVIX) data on a regular basis</li> </ul>

### 1.3 How to Use the Guide

The Field Agent Guide is ready to use. The training methods it contains are proven and take into consideration the capabilities of field agents and the populations CRS serves. Many examples and records used in the Guide come from field experiences and real cases. Names and other information have been changed for privacy.

The Guide uses a generic currency called “shillings,” with amounts that are realistic in the context of Kenyan SILCs. Each program, however, should use country-specific currencies and amounts appropriate to the local context. CRS also makes available a version of this Guide that contains detailed instructions on local adaptation (names and examples in stories, monetary amounts, etc.). Document A lists the technical terms used in this Guide, for which it is important to identify local-language equivalents in order to effectively communicate the correct concepts.

The core of the Field Agent Guide is the Preparatory Meetings (A and B) and the Training Modules (1–9). Each Meeting or Module is similarly structured and formatted, and includes the following:

- **A set of learning objectives** to describe what the training (or meeting) participants will do during the session.
- **A sequence of numbered steps** to give clear guidelines to the facilitator on what to say and do. Each step includes 1 or more learning tasks.
- **Special writing conventions** to help the facilitator.
  - normal font = instructions for the facilitator (should not be read to participants)
  - *italics font* = information and directions the facilitator should say to the participants
  - arrows (►) and *italics* = questions the facilitator should ask as written
  - (note:) = additional information or prompts
  - [answer:] = suggested or anticipated answer
  - \_\_\_\_ [idea] = participant ideas or decisions that need to be repeated
- **Boxes with blue background** that contain stories or quizzes to read to participants.
- Some modules include **Hadith boxes with green background**, divided in three parts:
  - The hadith in English
  - The hadith in Arabic
  - An application of the hadith to the SILC concepts being discussed

Tables 2 and 3 give an overview of the 2 preparatory meetings and the 9 training modules.

- Meeting A can be delivered as many times as needed in order to ensure local leader support for the program.
- Meeting B can be delivered as many times as needed in order to mobilize community members to participate in SILC.
- Modules 1–8 are delivered when the group is starting its first cycle.
- Module 9 is delivered at the end of the first cycle, during the share-out meeting.

**Table 2: Overview of Meetings**

Name of Meeting	Objectives
Meeting A: SILC Presentation to Community Leaders	<ol style="list-style-type: none"> <li>1. Leaders will identify how the Sharia-compliant SILC program benefits all community members, including the poor and people with disabilities.</li> <li>2. Leaders will discuss how SILC training will be delivered in the community.</li> <li>3. The SILC facilitator(s) will gather information regarding the community and its suitability for SILC programming.</li> <li>4. Leaders will give their permission for the SILC project to operate in their area.</li> <li>5. Community leaders will schedule 1 or more community-wide promotion meetings.</li> </ol>
Meeting B: SILC Presentation to Community Members	<ol style="list-style-type: none"> <li>1. Participants will compare their current saving and borrowing practices to the services of a SILC group that is compliant with Sharia.</li> <li>2. Participants will discuss how SILC groups are managed and trained.</li> <li>3. Participants will decide whether they want to begin the SILC training process.</li> </ol>

**Table 3: Overview of Modules**

Name of Module	Objectives
Module 1: Individual Self Screening	<ol style="list-style-type: none"> <li>1. Examine the definition and importance of individual self-screening.</li> <li>2. Identify personal qualities relevant to SILC membership.</li> <li>3. Self-screen (reflect on their personal qualities).</li> <li>4. Decide on participation in SILC.</li> </ol>
Module 2: Groups, Group Formation, and Governance	<ol style="list-style-type: none"> <li>1. Define conditions and characteristics of active, empowered, and sustainable groups and the responsibilities of their members.</li> <li>2. Decide the membership of their SILC group.</li> <li>3. Review governance of SILC groups.</li> <li>4. Contrast roles and responsibilities of the SILC General Assembly and Management Committee.</li> </ol>
Module 3: Member Responsibilities, Management Committee, and Elections	<ol style="list-style-type: none"> <li>1. Identify the responsibilities of all members, and their importance.</li> <li>2. Review responsibilities and define qualities of SILC Management Committee leaders.</li> <li>3. Agree on fair and democratic election procedures.</li> <li>4. Elect Management Committee leaders with desired qualities and capacities.</li> <li>5. Choose a name for their SILC group.</li> </ol>
Module 4: SILC Constitution, Savings, and Safety of Group Assets	<ol style="list-style-type: none"> <li>1. Review the importance of a written Constitution and its use.</li> <li>2. Document decisions made in previous meetings.</li> <li>3. Determine target and maximum savings members will make to the SILC.</li> <li>4. Decide how and when to acquire SILC equipment.</li> </ol>

Name of Module	Objectives
Module 5: Main Fund Policies and Social Fund Policies	<ol style="list-style-type: none"> <li>1. Set policies and procedures related to Main Fund management.</li> <li>2. Set policies and procedures related to Social Fund management.</li> </ol>
Module 6: Sadaqa Fund Policies, Meetings and Constitution Finalization	<ol style="list-style-type: none"> <li>1. Set policies and procedures related to (optional) Sadaqa Fund management.</li> <li>2. Set policies related to meeting attendance.</li> <li>3. Set policies related to members leaving the group</li> <li>4. Finalize their SILC Constitution.</li> <li>5. Agree on how to share and use the SILC Constitution.</li> </ol>
Module 7: Written Record-Keeping and SILC Meeting Procedures I	<ol style="list-style-type: none"> <li>1. Review the purpose and benefits of maintaining complete and accurate records.</li> <li>2. Review the steps and sequence of conducting an efficient SILC meeting.</li> <li>3. Conduct a savings meeting with transactions.</li> <li>4. Fill in selected sections of the SILC Ledger Book.</li> <li>5. Evaluate how they conducted the SILC meeting.</li> </ol>
Module 8: Written Record-Keeping and SILC Meeting Procedures II	<ol style="list-style-type: none"> <li>1. Conduct a savings meeting with transactions.</li> <li>2. Fill in selected sections of the SILC Ledger Book.</li> <li>3. Identify helpful group behaviors.</li> <li>4. Preview procedures for end-of-cycle share-out.</li> <li>5. Review key elements of the SILC Constitution.</li> <li>6. Celebrate the end of training.</li> </ol>
Module 9: Share-Out Meeting	<ol style="list-style-type: none"> <li>1. Decide what to do with the remaining Sadaqa Fund.</li> <li>2. Decide what to do with their remaining Social Fund.</li> <li>3. Request the Secretary to calculate member savings and earnings.</li> <li>4. Receive their savings and earnings for the cycle.</li> <li>5. Analyze the cycle's financial performance.</li> <li>6. Decide when and how to analyze their completed cycle.</li> </ol>

### Why Are Learning Tasks Important?

The FA SILC Guide relies on “Learning tasks” – an approach to andragogy that gives learners an opportunity to actively engage with the material being presented. In the guide, learning tasks are presented in an integrated and carefully sequenced order. The facilitator introduces new information in a way that invites learners to reflect and act on this information – asking questions as often as stating facts.

A key objective of learning tasks is to promote dialogue between the facilitator (the field agent) and the participants (SILC group members); it also promotes dialogue among participants. Since people tend to forget when they passively listen, this hands-on, analytical approach will help them learn and retain the material, and ultimately have greater ownership over their decisions.

Using learning tasks reflects CRS’ belief that SILC group members (a) come to the training with important experience and life skills, (b) have the capacity to learn, and (c) learn better when they are actively engaged with the content. Learning tasks require that facilitators have respectful attitudes toward learners and actively listen to their ideas.

## PART 2: REVIEW OF SILC METHODOLOGY

### 2.1 SILC Background

SILCs are a type of community-based Accumulating Savings and Credit Association (ASCA). SILCs build on an ASCA model developed by CARE in Niger (the “Mata Masu Dubara” or “Women on the Move” Project, often referred to as MMD), and incorporate several CRS-specific adaptations and innovations.

ASCAs themselves are improvements on traditional merry-go-rounds, or Rotating Credit and Savings Associations (ROSCAs) that are prevalent in many communities around the world. While traditional ROSCAs provide their members with an extremely simple and transparent way to build useful lump sums, and as a result can form and spread without external assistance, they have limitations. Accumulated savings are not always available for each member at a useful time and do not grow over time. ROSCAs easily break down from lack of member commitment.

A SILC, like other ASCAs, is a self-selected group of people who pool their money into a fund, from which members can borrow. The money is paid back in full, allowing the fund to keep growing. These saving and borrowing activities take place during a cycle of pre-determined length (typically 8–12 months). At the end of each cycle each member gets his or her savings back in full, and members share the group profit equally. Members are free to use the distributed lump sum as they wish, including reinvestment for another cycle. SILCs also contribute to a secondary fund that is set aside for member emergencies.

SILCs are usually more attractive to participants than ROSCAs. This is because SILCs offer profit on member savings and provide formalized mutual assistance. They also provide borrowers access to loans in useful and varying amounts, usually in excess of the borrower’s savings, at times that are convenient to the borrower and for varying lengths of time. The savings, mutual assistance, and loan capabilities of SILCs are beneficial for small, short-term financial needs such as household cash-flow smoothing, income-generating activities, social obligations and emergencies. Members no longer have to borrow from a money lender, take an expensive advance from a supplier, or rely on relatives. This increases members’ social security. In addition, the end-of-cycle lump-sum is available at the same pre-determined time for all members, oftentimes for major holiday or agricultural needs.

SILCs, however, are not as widespread as ROSCAs because they are more complex to manage and require a record-keeping system. For this reason, CRS plays an important role in promoting SILCs in order to strengthen people’s livelihoods. SILC builds on people’s knowledge and experience of ROSCAs, helping communities create sustainable and profitable ASCAs.

### 2.2 How SILCs that Comply with Sharia Work

These are the key principles and practices governing SILCs that comply with Sharia.

- **The basic principle of SILC is that a group of self-selected people come together for material, spiritual and social benefit, using the SILC to save money, which is the source of loan capital from which they can borrow.** The main *purpose* of a SILC is to provide savings, simple loans, and insurance to community members who do not have access to formal-sector financial services, either because the services are not available or because they cannot access them.

- **SILCs are autonomous and self-managing.** This principle is fundamental and cannot be compromised, because a SILC's goal is institutional and financial independence.<sup>2</sup> This does not mean that the SILC cannot borrow from a microfinance institution (MFI) or other agency. However, any relationship that reduces the SILC's ability to control its own affairs should be approached very cautiously. Sharia-compliant SILCs should only be linked to institutions that follow Islamic financial principles.
- **SILC groups have between 15 and 30 members.** The members are self-selected and usually from the adult population. In Africa, CRS SILC experience is that groups larger than 30 are less cohesive, meetings take too long, and the job of the Management Committee is made more difficult. On the other hand, small groups provide less useful financial intermediation for their members, and can make programs more expensive to operate. Larger groups tend to form in settled communities. Smaller groups may be more appropriate in areas with few people, or where the level of trust is low (such as refugee camps or urban slums). In some countries children have formed SILCs (for example, children orphaned by AIDS in Zimbabwe). Membership is open to both women and men. In mixed-sex SILCs, at least 2 of the 3 key Management Committee positions—Chairperson, Secretary, and Treasurer—should be female. Members who hold public office (such as chiefs, Members of Parliament, or other administrative officials) are not eligible for committee positions, although they may give advice.
- **SILCs are made up by a General Assembly and a Management Committee.** The General Assembly is the supreme body that elects and gives authority to the Management Committee. Each member of the General Assembly has only 1 vote. The Management Committee of a SILC consists of 7 people elected from among the General Assembly, including a Chairperson, Secretary, Treasurer, Money Counter, and 3 Key Holders. Committee members are subject to annual re-election at the start of a new cycle. They may be removed at special meetings.
- **SILCs agree on a set of rules, or a Constitution, to guide their activities.** A SILC Constitution provides a framework for governance, dispute resolution, and disciplinary action, and it specifies how the group's Main Fund and Social Fund will be managed.
- **SILCs meet on a regular basis, at intervals they select.** During the first cycle, meetings should be weekly or every 2 weeks so the group can begin to build strong habits and become independent. Weekly meetings require more time, but make it easier to mobilize the small amount of savings required. Groups may continue this pattern or choose another regular meeting pattern (perhaps monthly meetings) after the first cycle ends and they graduate. Monthly meetings are specifically discouraged in the first cycle.
- **All transactions are carried out at meetings in front of the SILC to ensure transparency and accountability.** This ensures that all members are able to witness who has saved and who has not, who has borrowed and who has repaid, and can decide on appropriate actions. To ensure that transactions do not take place outside SILC meetings, unused funds and group records are kept in a lockable cash box between meetings. This prevents unauthorized cash movement and the risk of misused funds or tampered records by the Treasurer. In communities with high levels of insecurity, a heavy-duty canvas bag that can be easily hidden is better than a large metal Cash Box. Ultimately, groups are

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<sup>2</sup> Linking successful, newly-independent SILCS to the formal sector is a matter of debate. First and foremost, efforts should focus on setting up independent SILCs. In this way, if linkages to formal-sector lenders prove difficult, the SILCs can fall back on their own strengths. Creating linkages to the formal sector is long, costly, and only practical with high-level political will and material commitment. SILCs' most precious asset is their independence and self-confidence.

responsible for keeping their assets safe. Only the Sadaqa contributions are made anonymously (privately); however, the total contributed is counted, announced and recorded in full view of the entire group.

- **At every meeting, SILC members have an opportunity to save into a group fund.** The SILC decides on a target amount each member should try to save at every meeting. The target amount is set at level that allows the poorest members to save regularly and reliably. Members who are able are allowed to save more when they have the resources. This maximizes the amount they save over a cycle. At the start of a new cycle, and with unanimous consent of the members, the value of the target savings can be increased or decreased.
- **The SILCs set loan terms.** During the first cycle, loan terms are usually 3 months or less. 1-month loan terms will limit the types of activities in which members can invest. This may change in subsequent cycles. In places where economic activities revolve around agriculture, longer loan terms may be needed—up to 6 months. Generally, loans should not exceed 6 months because it ties up capital that other members may want to borrow. Groups can decide whether to charge a loan processing fee to compensate for the group's efforts to mobilize and manage member savings and make them available for borrowing. If a group charges a loan processing fee, it must be uniform for all loans, irrespective of size, duration and purpose. If the amount of the fee varies according to the loan, it is no longer Sharia-compliant.
- **The size of a loan available to a member is typically limited to the total value of his/her savings.** The SILC may decide that the amount a member can borrow may be no more than a multiple of the total face value of their savings. This prevents the risk that a member borrows far more than they have saved, is overwhelmed by too much credit and potentially absconds. At the same time, it is important that the maximum amount that a member can borrow is in excess of his/her savings, to encourage true financial intermediation.
- **Loan principal repayments are made when due, or earlier as the borrower wishes.** The period of loan repayment may vary as the SILC decides, but the full amount of the principal sum loaned to the member must be reimbursed at this time, or earlier. If the borrower makes a late payment beyond the end of the agreed loan period, the group decides how to handle the situation.
- **Borrowers can choose to voluntarily give an additional amount beyond their loan repayment.** This corresponds to the customary practice of returning a borrowed item with a small gift. This is entirely at the discretion of the borrower. The amount is added to the Main Fund.
- **Groups may use the Main Fund to make *Murabaha* purchases.** The group buys items in bulk and disburses them to members who repay them with a pre-agreed mark-up. This allows members to acquire household goods at a discount, and generates profit for the group.
- **SILCs establish a Social Fund to cover unpredictable expenses.** The SILC must agree on a regular, fixed contribution, with everyone contributing the same amount. The Social Fund may address issues such as emergency assistance, educational costs for orphans, funeral expenses, etc. The Social Fund is not meant to grow and is thus set at a level to cover costs. The group should anticipate depletion of the Social Fund, and plan for its replenishment. The Social Fund cannot be included in the end-of-cycle share-out. It must not be mixed with the Main Fund and must be physically separated from other cash in the Cash Box or pouch. Anyone needing support from the Social Fund makes his or her request publicly to the SILC. Approval of a Social Fund benefit rests with the General

Assembly and may be immediately disbursed. Benefits are provided for purposes that are agreed to by the SILC, as noted in its Constitution.

- **All SILCs keep records.** Some SILCs keep written accounts while others depend on memory. These records ensure groups track individual savings (the basis for sharing out), member debts to the group (which must be recovered), and cash balances from one meeting to the next.
- **Groups may decide to establish a charitable Sadaqa fund.** This is separate from the Main Fund and Social Fund. Members have an opportunity to make an anonymous Sadaqa contribution at every meeting. The group decides collectively when and how to make charitable Sadaqa donations from this fund, for example to support institutions or needy individuals in the community.
- **The cycle of savings and lending is time bound. Members agree to save and to borrow as they wish from the accumulated savings of the SILC for a set period of time (between 8–12 months), called an operating cycle.** At the end of this period the accumulated savings are returned to members, and loan processing fees, any additional amounts paid by borrowers, and earnings from other economic activities undertaken by the SILC<sup>3</sup> are shared-out equally, with each member getting one portion. Liquidation avoids the risk of a large, unused surplus of funds that may be at risk of theft. It also eliminates complex record-keeping. Liquidation of funds at the end of the cycle increases group enthusiasm and motivation. Those who do not wish to continue as members may leave at this time and new members may be invited to join. SILCs may also decide to reinvest a part of their Main Fund in order to have a useful level of loan disbursement at the start of the next cycle.

## 2.3 Field Agent Roles and Responsibilities

Field agents have an important role as facilitators. This means field agents help structure groups and their activities to reach a specific objective—in this case, a well-functioning SILC. Facilitators transform individuals into effective SILCs by organizing, communicating, and paying attention to how the group members work together. Facilitators create an environment of respect and safety, encourage active listening, and help groups plan and monitor activities.

Field agents help ensure the success of the SILC. They help participants understand their own self-interest in joining a SILC. Field agents build awareness and confidence among SILC members so that they adopt the system, keep it within their control, and work independently.

Field agent responsibilities also include regularly reporting on the performance of the groups they have trained and are monitoring.

## 2.4 Working with SILC Members

In all meetings, training sessions, and monitoring visits, field agents must create a safe and relaxed atmosphere. They must be prepared to deal with issues that may affect participation, such as

- timidity or fear of speaking in public

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<sup>3</sup> These economic activities may include buying and storing a few bags of grain or sugar for later sale, or buying a stock of wool that members can access for the individual knitting activities. SILC does not encourage group-managed economic activities because they are prone to failure and are a common cause of dispute.

- lack of experience in working with a group
- gender repression
- distrust of those in power
- feelings of powerlessness
- conflicts of interests
- domination by powerful group members

Field agents can gain the confidence of the participants by showing respect, being reliable, on-time, and prepared. They can encourage participants' active involvement by (a) using small groups so that more people feel safe to share their ideas, (b) inviting quiet participants to speak, and (c) asking open questions.

In the preparatory period, field agents must help participants understand that, united, they are stronger and more capable of resolving their problems than they are individually. Local proverbs and sayings can illustrate this idea.

In the training and early monitoring periods, field agents help the participants manage the SILC themselves, by training, coaching, and encouraging participants to

- plan and organize
- make decisions
- take responsibility
- manage procedures
- maintain written records

In the monitoring period, field agents observe how well the group is working. They find creative and culturally-acceptable ways to help participants resolve conflicts of interest and interpersonal conflicts.

### 3.1 SILC Implementation Schedule

- **Preparatory Period:** during this period, field agents—supported by partners—introduce SILC in communities and raise awareness of the program’s goals, methods, and opportunities. The preparatory period includes meetings needed before a field agent starts to train a SILC.
- **Training Period:** during this period, SILC members learn and put into use all SILC policies, procedures, and practices. The training period includes modules facilitated by field agents and self-selected SILC members.
- **Monitoring Period:** during this period, field agents visit SILC groups to follow and support their operations, until they become independent. This period is divided into 3 phases—an intensive phase, a development phase, and a maturity phase. The field agent reduces the frequency of visits to groups from phase to phase.

Table 4 shows the frequency of field agent visits and SILC group meetings, from the introduction of SILC into a new community until a group's first share-out. The first two rows show the 3 Periods: preparatory, training, and monitoring, with the monitoring period further divided into 3 phases: intensive, development, and maturity. The third row shows field agent visits to the community and/or a group. The fourth row shows SILC group meetings (at weekly intervals). The last row indicates the typical duration for each period or phase.

### Schedule of Meetings, Trainings and Visits

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This meeting and visit schedule is simply an example. Field agents and groups can adapt it according to what works best. All schedules, however, should promote SILC independence. Field agent visits must become less frequent and the field agent's role must become less direct and more supportive.

In the training period, the 8 first modules can take from 2–8 weeks to deliver. This depends on

- how often SILC groups can meet (daily or weekly; however, groups should not meet more often than weekly once they begin saving in Module 7)
- how long the groups can meet for each module (2 or more hours per day)
- the best pace for SILC members to learn, practice, and understand

Field agents should let the SILC members pick a schedule (start and end time) that suits their needs. At the same time, they must monitor SILC members' learning and understanding—not just delivery of the modules. Depending on the group, field agents may deliver modules at a slower or faster pace. They may decide to repeat a step or learning task if needed, and should always use their judgment and work with SILC members to decide on the best schedule for training.

In the monitoring period, best practice is for first-cycle SILCs to meet weekly, as this helps the group master the methodology more quickly, and helps the field agent reduce the frequency of monitoring visits sooner. However, meeting frequency can adjust to local customs and preferences. Some SILCs in moderate-density rural and peri-urban areas may prefer to meet weekly. People in high-density urban areas may prefer to meet every 2 weeks due to time-consuming economic activities. People in low-density rural areas may also prefer to meet every 2 weeks because of the length of time to walk to meetings. Since most projects operate within communities that have similar social and economic characteristics, people can agree on the best meeting schedule as long as it is at least every 2 weeks.

Another best practice is for groups to save at every meeting, but only conduct lending and repayment activities every 4 weeks (referred to colloquially as “monthly”). This spacing of lending meetings reduces the length of time spent in meetings, allows savings contributions to accumulate into a useful amount for borrowing, prevents “borrowing sub-groups” from forming, simplifies record-keeping, permits moderately-frequent access to loans, and makes it easier for field agents to focus monitoring and support are more complex. The use of the Social Fund for emergency loans or grants takes care of unexpected and urgent needs, during weekly meetings or even in between.

### **3.2 Preparing to Facilitate Meetings and Training Modules**

Your sessions will be more successful if you carefully plan and prepare. Answering the questions below will help.

1. How many members are coming?
2. Where should the session be held? Is this place convenient for participants?
3. What local leaders or authorities (if any) need to be informed?
4. How will all participants sit comfortably? Are mats or chairs needed? If so, how many?
5. What information needs to be communicated to participants ahead of time? Are participants clear on the training dates and time?
6. Have I identified and gathered all needed training materials for each module?

Closer to the training date, it is essential to carefully review the training modules. Rehearse the training module the night before. Practice giving clear instructions, asking open questions

and giving short mini-lectures. Review Document A to ensure you convey technical concepts correctly in local language.

Monitor and evaluate each training module during and immediately after delivering it. You can do this in 3 ways.

1. Observe participant reactions. Are they enthusiastic? Or are they tired and yawning?
2. Ask participants these questions at the end of the modules.
  - ▶ *What did you like best today and why?*
  - ▶ *What would you suggest to improve our next meeting?*
3. Self-assess your performance. Identify what went well and what difficulties or problems you experienced. Think about what you can do better next time.

## Document A: Local terms for technical words

To ensure concepts are communicated **effectively and consistently** to groups, fill the table below with the appropriate words or phrases in the languages spoken by groups in the project area.

Theme	English		
Titles and labels	Savings and Internal Lending Community		
	Field Agent		
	Private Service Provider		
	fee <i>[paid to PSP]</i>		
	Sharia-compliant		
Group and positions	group		
	member		
	General Assembly		
	Management Committee		
	Chairperson		
	Secretary		
	Treasurer		
	Money Counter		
Rules	Key Holder		
	Constitution		
	rule		
	policy		
	penalty		
Cycle, meetings, share-out	fine		
	cycle		
	meeting		
	meeting parts		
	meeting steps		
	diagram		
	share-out		
	profit		
Funds	loss		
	Main Fund		
	Social Fund		
	Sadaqa Fund		
	balance		
	opening balance		
Savings	closing balance		
	flexible savings		
	target savings amount		
	maximum savings amount		

Theme	English		
Loans	loan		
	principal		
	interest		
	loan processing fee		
	<i>balal</i>		
	additional amount		
Group purchases	group purchase		
	markup		
Social Fund	contribution		
	grant		
Sadaqa	contribution		
	donation		
Records	Ledger Book		
	Register <i>[attendance section]</i>		
	Ledger		
	Cashbook		

### 3.3 Preparatory Period: Presenting SILC to Communities

#### Meeting A: SILC Presentation to Community Leaders

**Total Time Needed: 60 minutes (1 hour)**

#### Objectives for Meeting A

1. Leaders will identify how the Sharia-compliant SILC program benefits all community members, including the poor and people with disabilities.<sup>4</sup>
2. Leaders will discuss how SILC training will be delivered in the community.
3. The SILC facilitator(s) will gather information regarding the community and its suitability for SILC programming.
4. Leaders will give their permission for the SILC project to operate in their area.
5. Community leaders will commit to scheduling 1 or more promotion meetings with appropriate community members.

#### Facilitator's Note

This meeting can be held several times with the leaders of different administrative levels. Start by holding meetings at regional or district levels as needed and then progress to the village/community level. Rather than bringing all stakeholders together, hold several, smaller meetings that focus on leaders of a particular administrative level. For example, you may wish to hold 1 meeting with leaders from several districts and then another meeting with leaders from a particular village or community.

The most important meetings are those held at the village/community level. These meetings **must** be facilitated by the field agent assigned to that area, with support from his/her supervisor and project management. This is vital to establish the field agent's credibility in the community.

#### Materials Needed

- Pen and paper to take notes

#### Preparation

- Schedule a meeting with area leaders. These include elected, traditional, religious, and opinion leaders who know the communities well and can organize community-wide meetings.
- Invite leaders or representatives of organizations or programs that already have identified and/or already work with poorer community members, or with people living with disabilities.
- Review the "Frequently Asked Questions" immediately after Meeting A.

#### Step A.1 Introductions (10 minutes)

**Method:** Short presentations

**A.1.1** Introduce yourself and your organization. Briefly mention other projects your organization has implemented in the community.

**A.1.2** Ask the leaders to briefly introduce themselves.

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<sup>4</sup> Depending on the area and project objectives, specific populations can include forcibly-displaced people and people living with or affected by HIV.

- A.1.3** Tell the leaders that the purpose of the visit is to (a) explain the Sharia-compliant SILC program, and (b) get their permission to start SILC activities in their area. If the SILC program is operating in neighboring communities, say when the program started and how many groups have been formed. If neighboring communities are implementing SILC (or another form of savings groups) with interest payments, make clear that you will explain how your methodology is different. Explain that leaders' support was key to the successful launch of the SILC program in those communities.

## **Step A.2    How SILC Works and Its Benefits (30 minutes)**

**Methods:**    Open questions and mini-lectures

**A.2.1** Tell the leaders:

- *Before I explain how saving and borrowing works in the SILC program, I would like to understand how people in this community are already saving and borrowing.*

Ask the following questions in order. Allow several answers to each question before moving to the next:

- ▶ *Where do people in this community borrow money?*

(Note: probe for formal borrowing such as banks, Microfinance Institutions, Savings and Credit Cooperatives, and for informal borrowing—such as borrowing from relatives or moneylenders, taking goods on credit)

- ▶ *How easy and how fast is it to borrow from these sources? What are the conditions for borrowing from these sources?*

- ▶ *How do people in this community save?*

(Note: probe for formal savings such as Savings and Credit Cooperatives and for informal savings such as ROSCAs, in-kind savings, and using money guards)

- ▶ *If people save in these ways, how do they get their money back, when they need it?*

Thank the leaders for sharing their experience from this community.

**A.2.2** Explain to the leaders how SILC works.

- *SILC stands for Saving and Internal Lending Communities.*
- *A SILC is a group of 15–30 self-selected people who decide they want to save together. Both women and men can join.*
- *Everyone in the community can belong to a SILC group and benefit from their participation.*
- *People can join a group whether they are poor or well-off and can save a little or a lot.*
- *Groups are open to people of different religions and backgrounds.*
- *People with disabilities can either start a group or join an existing one.*
- *Each group elects leaders and writes a Constitution to guide their work.*

- *The group meets weekly and members are encouraged to save at every meeting, even if it is a small amount. “One grain of sand at a time, an ant builds a hill bigger than itself.”*
- *The savings are pooled into a group fund. Members can borrow from that group fund, and commit to repaying the amount in full.*
- *When a member repays a loan she has the option of giving an additional amount of her choosing, as a show of gratitude to the group.*
- *Groups also create a second, smaller fund for emergencies.*
- *A group may decide to create a third fund to collect Sadaqa contributions from members, which it will use to make more substantial donations.*
- *Between meetings, the group’s money is kept in a locked box by 1 group member, while other members have the keys to the box. The box is very safe and can only be opened during meetings. The group’s money is never given to the field agent or other staff.*
- *After about 1 year, the group divides all of its funds, and members get back all of their savings, with additional profit. The group then starts another 1-year cycle of saving and lending.*
- *Groups make all decisions themselves. They decide how they will operate their group, who their leaders will be, how much they will save, and how they will make loans.*
- *My role as a field agent is to help the group (a) decide its rules wisely and (b) conduct well-run meetings.*
- *At first I will work closely with the group so it can learn, but over time I will attend meetings less often, as the groups become able to manage on their own.*
- *After the first cycle the group will operate independently, but I will still be available if they require support from time to time.*
- *The project does NOT give or loan money to the group. The project only provides training. All the money comes from member savings. This way, many more groups can benefit from the project, and groups can be self-reliant.*

Ask leaders:

- *What questions do you have about SILC?*

**A.2.3** Ask the following questions in order. Allow several answers to each question before moving to the next. If the leaders state wrong information about SILC in their answers, politely correct them.

- *What are the differences between SILC and how people currently save and borrow in this community?*
- *How do you believe the community will benefit from SILC?*
- *What are your concerns about the SILC project?*

**A.2.4** Summarize by explaining the benefits of joining SILC groups.

- *Members save regularly in a safe place.*
- *Members can borrow for purposes they choose.*
- *Members can access funds that help them deal with emergencies.*
- *Members have an additional way to practice Sadaqa.*
- *Members get their savings back, at a useful time they agree on. Groups earn a profit and give it back to members.*
- *Members build stronger ties with one another, and help each other out in times of need.*
- *Members come together for material, spiritual and social benefits.*
- *Members gain self-confidence, self-respect, and self-reliance.*
- *Everyone in the community can join a SILC group. SILC can help everyone— young and old, poor or better off.*

**A.2.5** Conclude by asking the leaders:

- ▶ *Do you have any questions about how SILC works?*
- ▶ *Do you have questions about how SILC benefits community members?*

Answer any questions (see the “Frequently Asked Questions” Appendix).

### **Step A.3 Introducing SILC to the Community (10 minutes)**

**Methods:** Mini-lecture and open questions

(Note: This step can be facilitated by the field agent or by his/her supervisor or manager. It is currently written in the “voice” to be facilitated by the field agent.)

**A.3.1** Explain to the leaders how SILC will be introduced in the community. Share the following information:

- *I have been trained in the SILC methodology. I work with a supervisor and an entire team.*
- *I start my work in communities by telling community members about the opportunity to participate in SILC.*
- *I then organize interested community members into groups of 15–30 members. I train these groups over a few weeks and then monitor their work for about 1 year.*
- *Currently I am supported by \_\_\_\_ (partner name) and they pay me to work with the first group in the community. As a result, the first group does not have to pay me for the training.*
- *In less than 1 year, I will be certified as a Private Service Provider to validate my expertise. Once I am certified as a Private Service Provider, the project will no longer pay me, and all the new groups I train will be expected to pay me an affordable fee.*
- *I will need the income from group fees to continue my work. I will be a resource to this community and other communities in the area.*

- *This approach is working in many areas in \_\_\_\_\_ (area or country).*

**A.3.2** Ask the leaders the following questions in order. Allow several answers to each question before moving to the next. If the leaders state wrong information about SILC during their answers, politely correct them.

- ▶ *What questions do you have about how SILC is introduced to the community?*

*As I mentioned previously, we are convinced that everyone can join SILC and benefit, including poorer community members. We have seen cases where the poorest are not included in SILC groups, and we feel it is necessary to talk with them specifically and directly about SILC.*

- ▶ *What is the best way for us to reach the poorest community members and explain SILC to them?*
- ▶ *Which organizations or programs in this community already work with vulnerable and marginalized households? Who are the contact people or representatives for these organizations?*
- ▶ *What do you believe will make my work successful in this community?*
- ▶ *What do you believe will be challenging for me in this community?*

#### **Step A.4 Permission to Implement SILC (10 minutes)**

**Methods:** Mini-lecture and open questions

**A.4.1** Tell the leaders:

*Before I can work here, I need your permission.*

- ▶ *Do you authorize me to start SILC groups in this community?*

*\_\_\_\_ (partner name) and I will regularly consult with you, and report to you on the project's performance. Your support is critical to the project's success.*

**A.4.2** Once the leaders have given their permission for the project to proceed, ask them to organize 1 or more community meetings where you will be invited to explain SILC to the community. Explain the following criteria for the community meeting(s):

- The leaders can invite you to attend an existing meeting or organize a special meeting. In either case, you need to speak for at least 1 hour.
- The leaders should gather participants and also attend the meeting to introduce and support you.
- The meetings are open to any woman or man in the community, regardless of wealth or occupation. No one should feel they are too poor for SILC.
- The meeting will not be very effective if there are too many people in attendance. If there are more than 100 people, several community meetings should be held so each meeting does not have too many participants.
- The meeting place should be easy to access, including for people with disabilities, and should have seating for all participants.

Agree with the leaders on the meeting time(s) and venue(s), and the amount of time you will be given to speak.

**A.4.3** Conclude by asking the leaders if they have any questions, feedback or concerns.

Thank them for their attendance and support. Exchange contact information with them.

## Document B: Frequently Asked Questions by Community Leaders or Members

### Will the project give the groups grants or matching funds?

*No. In SILC, all the funds come from members, first in the form of savings, and then as loan repayments. This helps groups be more self-reliant. It allows the project to create many more SILC groups than if it gave money to each group.*

### Will the project lend the groups money?

*The project does not give loans and does not recommend that groups borrow, particularly in their first cycle. This can put group savings at risk. Individual members are free to take external loans for themselves outside of group activities.*

### Will the project give groups a Cash Box?

*Each group must purchase its own Cash Box, using its own funds. The field agent will help link groups to local providers of Cash Boxes and other equipment.*

### Why should groups pay for Private Service Provider (PSP) services?

*The project only supports the field agent for a certain period. Once the field agent is certified as a PSP and is no longer supported by the program, the community must pay to receive ongoing SILC services.*

### What happens if members do not repay SILC loans?

*The members decide together what should happen to members who do not repay their loans. Typically, members repay in order to continue belonging to the group.*

### Do members pay interest on loans?

*No, the members do not pay any interest on loans. However, there is generally a small loan processing fee that is not related to the loan amount or duration. Members are only required to repay the amount they borrowed. However, a member may choose to give an additional amount, as a show of gratitude to the group.*

### Is there a penalty fee for late payment of a loan?

*SILC does not mandate a penalty fee for late loans; however, by not paying on time the member prevents other members from getting their turn to borrow, which interrupts the development they should achieve. Each group decides how to discourage late repayment, and how to deal with these situations.*

## Box 1: Bukhari: Book 3: Volume 41: Hadith 572

Narrated Abu Huraira:

*The Prophet said, "Whoever takes the money of the people with the intention of repaying it, Allah will repay it on his behalf, and whoever takes it in order to spoil it, then Allah will spoil him."*

عن أبي هريرة رضي الله عنه، عن النبي صلى الله عليه وسلم (من أخذ أموال الناس يريد أداؤها أدى الله عنه، ومن أخذ يريد إتلافها أتلفه الله). كتاب في الإستقراض وأداء الديون – باب من أخذ أموال الناس يريد أداؤها أو إتلافها - مختصر صحيح البخاري

*The application of this Hadith to SILC is that if members borrow from the groups with the intention of using it to develop themselves and to repay it in full at the agreed loan duration, then Allah (SWT) will help those members to profit from the loan and be able to repay on time and in full.*

*However, if SILC members borrow from the group with bad intentions about the loan use and do not intend to repay, then Allah (SWT) will not only spoil the reward the members would have gotten from the use of the loan but also all other things that they do.*

### **Is the profit gained at the end of the SILC cycle halal or haram?**

*It is halal. First, profit cannot be predicted or even guaranteed at the end of each cycle. Second, any additional income only comes from fines, the loan processing fee (if any), and any optional amount given by borrowers.*

### **What is the difference between Sharia-compliant SILC and conventional SILC?**

*In Sharia-compliant SILC, members are only required to repay the amount borrowed. Some borrowers can choose to voluntarily give an additional amount, and choose the amount themselves. In conventional SILC, the group decides on an interest rate and every borrower is required to pay a monthly interest charge for as long as the loan is outstanding.*

### **Isn't this additional amount simply a disguised way of charging interest?**

*No, it is not. The additional amount is not a group requirement, and is the individual decision of each borrower. Some borrowers choose to not give anything additional. Interest is a group policy that applies to every borrower, and must be paid.*

### **Box 2: Bukhari 6: Book 3: Volume 41: Hadith 579**

Narrated Jabir bin Abdullah:

*I went to the Prophet while he was in the Mosque. (Mis'ar thinks that Jabir went in the forenoon.) After the Prophet told me to pray two Rakat, he repaid me the debt he owed me and gave me an extra amount.*

حَدَّثَنَا خَلَادٌ، حَدَّثَنَا مِسْعَرٌ، حَدَّثَنَا مُحَارِبُ بْنُ دَثَارٍ، عَنْ جَابِرِ بْنِ عَبْدِ اللَّهِ - رَضِيَ اللَّهُ عَنْهُمَا - قَالَ أَتَيْتُ النَّبِيَّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ وَهُوَ فِي الْمَسْجِدِ - قَالَ مِسْعَرٌ أَرَاهُ قَالَ ضَحَى - فَقَالَ " صَلِّ رَكْعَتَيْنِ ". وَكَانَ لِي عَلَيْهِ دَيْنٌ فَقَضَانِي وَزَادَنِي. كَتَابَ فِي الْإِسْتِقْرَاضِ.

*The application of this Hadith to SILC is that when you make good use of a loan intended for your development, it is reasonable when paying back the loan to voluntarily give an additional amount to the group above the amount received, as a show of gratitude.*

### **Isn't the loan processing fee simply a disguised way of charging interest?**

*No, it is not. The loan processing fee is decided by the group, and is the same for big and small loans, short and long duration. It is paid in cash before loan disbursement, to compensate for the group's efforts to mobilize and manage member savings and make them available for borrowing.*

### **How can the group achieve profit if it is not charging members interest on loans?**

*There is no interest charged on loans, however every borrower pays a small, flat processing fee for each loan taken. In addition, borrowers can voluntarily choose to give an additional amount when making loan repayments. Most groups earn income from fines charged to*

*members who break the rules. Finally, some groups make investments apart from individual loans to members. Together, these income sources make up the group's cycle profit.*

### **Why do groups have to stop after one cycle?**

*Groups do not stop after one cycle. Rather, the group gathers and shares out all its money among members. This is an opportunity to verify the money is being managed transparently and to evaluate how the group is functioning. The group can change its membership, re-elect leaders, and change its rules. Most groups keep functioning, cycle after cycle, for many years.*

### **Do groups have to start over from nothing in the second cycle?**

*Many groups choose to start the second cycle with initial lump-sum investments by members so they can start borrowing immediately. Typically, members save more per meeting during the second cycle.*

### **How can poor households save enough to participate in SILC groups?**

*Each SILC group decides how much members should try and save at every meeting. To decide on the amount, the group takes into account the capacity of each member. In every community there are groups that include vulnerable households. "One grain of sand at a time, an ant builds a hill bigger than itself."*

### **What happens if a member cannot save at every meeting?**

*SILC does not penalize members who are not able to save at every meeting. Each member should try and save at least the target savings amount. If they can only bring a smaller amount (or nothing) for a given week, they should still attend the meeting. "One grain of sand at a time, an ant builds a hill bigger than itself."*

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## Meeting B: SILC Presentation to Community Members

**Total Time Needed: 80 minutes (1 hour and 20 minutes)**

### Objectives for Meeting B

In Meeting B, participants will:

1. Compare their current saving and borrowing practices to the services of a SILC group that is compliant with Sharia
2. Discuss how SILC groups are managed and trained
3. Decide whether they want to begin the SILC training process

### Facilitator's Note

This meeting can be held several times in the community in order to reach as many community members as possible. To ensure active participation, it is best to hold the meeting with no more than 100 people.

If more than 30 people are present, you can divide them into smaller groups for the bean illustration (Step B.2) if there are several facilitators. If you are alone, you can invite participants to act out the members of Umoja group.

### Materials Needed

- A large piece of paper (flip chart size) and a pen or marker
- 165 large beans, bottle caps, or stones
- A SILC Constitution framework

### Preparation

- Remind community leaders to attend the meeting so they can introduce you.
- If SILC already operates in a neighboring community, invite SILC group leaders to the meeting.
- Review the “Frequently Asked Questions” (at the end of Meeting A).
- In Step 2, use amounts that are reflective of low-income households in the community so they can see themselves easily participating in SILC.

## Step B.1 Introductions (15 minutes)

**Method:** Short presentations

**B.1.1** Introduce yourself and your organization. Mention other community projects your organization has already supported.

**B.1.2** Thank all the participants for taking the time to attend the meeting. If it is feasible, ask the participants to introduce themselves.

**B.1.3** Share with participants the following information:

- The purpose of the meeting is explain about an approach of saving and lending groups, called SILC (Saving and Internal Lending Communities), that you are introducing to the community.

- Millions of people all over Africa are participating in SILC programs.
- If the SILC project is already operating in neighboring communities, name the communities, and how many members participate.

## Step B.2 Community Saving, Borrowing, and SILC (45 minutes)

**Methods:** Open questions, illustration (with beans or people, depending on the number of participants) and small-group discussion

### B.2.1 Tell the participants:

*Before I explain how SILC works, I would like to find out more about how people in this community currently save and borrow.*

Ask the following questions in order. Allow several answers to each question before moving to the next.

- ▶ *How do people in this community save money?*

(Note: if participants say that they are too poor to save, ask them if they spend all the income they receive that same day, before sleeping. Point out that keeping money at home, storing grain, raising animals, and participating in merry-go-rounds/ROSCAs are forms of savings).

- ▶ *If you save in these ways, how do you get your money back when you need it?*

- ▶ *Where do people in this community borrow money?*

(Note: delaying payment for purchases and borrowing from relatives are forms of credit.)

- ▶ *How easy and how fast is it to borrow from these sources? What are the conditions for borrowing from these sources?*

**B.2.2** Ask all participants to gather around you so they can see your illustration on the ground. Explain to participants how SILC works by (a) telling them the information in Table 5, Column 1 (explanation) below and (b) illustrating the information using a drawing and beans in Table 1, Column 2 (diagram) below. You can either use a large piece of paper or draw on the ground.

**Table 5: Illustration of How SILC Works**

Explanation	Diagram
<i>A SILC is a group of 15–30 self-selecting community members. Both women and men can join. In this example, group Umoja has 20 members.</i>	Draw 20 small circles, each about 5 centimeters in diameter, arranged in a circle. Each small circle represents a member, and the large circle represents the seating arrangement of a SILC group.

Explanation	Diagram
<p><i>The group meets every week and each member has an opportunity to save at every meeting. In Umoja, each member tries to save at least 20 shillings per week. 1 bean represents 10 shillings. In this case, 16 members save 20 shillings, 3 members are able to save only 10 shillings, and 1 member is not able to save this week, but still attends the meeting.</i></p> <p>► <i>How much have the members saved together this week? [answer: 350 shillings]</i></p> <p><i>The savings are pooled into a group fund, called the Main Fund. After a few meetings of saving, members will be able to borrow from the accumulated fund.</i></p>	<p>Place 2 beans inside the circles of 16 members, 1 bean inside the circles of 3 members, and no bean inside the circle of a member (keep these 4 members side-by-side, to facilitate the next steps). Then move the beans, member-by-member, into the center of the group. There should be 35 beans in the center for the first savings meeting.</p>
<p><i>In SILC, groups also constitute a separate, smaller fund, called the Social Fund, which gives money to members to pay for certain emergencies. In this example, each member contributes 10 shillings in the meeting, except for the member who did not save, and is also not able to contribute to the Social Fund for this week.</i></p> <p>► <i>How much have the members contributed together? [answer: 190 shillings]</i></p>	<p>Place 1 bean inside each member's circle except for the member who did not save that week. Then move the beans, member by member, into the center of the group, in a different pile. There should be 19 beans in this pile.</p>
<p><i>One member receives 50 shillings as a grant, since a close relative died.</i></p> <p>► <i>How much remains in the Social Fund, in case someone else has an emergency? [answer: 140 shillings]</i></p>	<p>Move 5 beans of the Social Fund toward one member (someone who did not receive a loan). 14 beans remain in the Social Fund pile.</p>
<p><i>Finally, there is a third fund that allows the group to practice Sadaqa. At every meeting, members have an opportunity to make a Sadaqa contribution which is voluntary and confidential. In this case, several members make Sadaqa contributions in varying amounts. The contributions will accumulate until the group decides on a charitable way to use the money.</i></p>	<p>Place 9 beans in a new pile in the center of the circle, without showing which members they come from.</p>
<p><i>All the group's transactions (saving, taking and repaying loans, and accessing the emergency fund) happen during group meetings in front of the members. The Sadaqa donations, however, are confidential.</i></p>	<p>Emphasize that everything has happened inside of the circle.</p>

Explanation	Diagram
<i>Between meetings, the group's money is kept in a locked Cash Box, kept by 1 group member, while other members have the keys to the Cash Box. The Cash Box is very safe and can only be opened during meetings.</i>	Draw a square divided in 3 to represent the Cash Box outside of the circle, next to one of the members. Draw 3 padlocks on the sides of the Cash Box. Put the 35 beans (Main Fund), the 14 beans (Social Fund) and the 9 beans (Sadaqa Fund) into the square, in the 3 "compartments" of the Cash Box.
<i>The next week, the group meets again. It starts by verifying the amount in the Main Fund, the Social Fund and the Sadaqa Fund.</i>	Move the 35 beans (Main Fund), the 14 beans (Social Fund) and the 9 beans (Sadaqa Fund) into the center of the circle, in separate piles.
<p><i>Each member has an opportunity to save at this meeting. The member who was not able to save last week saves 20 shillings this week. Among the 3 members who saved 10 shillings last week, 2 save 20 shillings this week and the 3rd saves 10 shillings. 2 members are able to save 30 shillings each. The other 14 members save 20 shillings each.</i></p> <p>► <i>How much have the members saved together this week? [answer: 410 shillings]</i></p> <p>► <i>How much is there now in the fund in total? [answer: 760 shillings]</i></p>	<p>Place:</p> <ul style="list-style-type: none"> <li>• 2 beans inside the circle of the member who did not save the previous week</li> <li>• 2 beans inside the circle of 2 members who had saved 1 bean the previous week</li> <li>• 1 bean inside the circle of the other member who had saved 1 bean the previous week</li> <li>• 3 beans inside the circle of 2 other members</li> <li>• 2 beans inside the circles of each of the remaining 14 members</li> </ul> <p>Then move the beans, member-by-member, into the center of the group. There should be an additional 41 beans, bringing the total in the Main Fund to 76 beans.</p>
<p><i>Members can now borrow from that group fund. Borrowers must pay a fixed loan processing fee, which is the same for all borrowers, regardless of the loan amount. In this case, the loan processing fee is 10 shillings.</i></p> <p>► <i>If two members borrow, how much is added to the Main Fund? [answer: 20 shillings]</i></p> <p>► <i>How much is there now in the fund in total? [answer: 780 shillings]</i></p>	<p>Place 1 bean next to each borrower. Move the 2 beans toward the Main Fund pile.</p> <p>The total is now 78 beans.</p>
<p><i>One member borrows 200 shillings, and another member borrows 100 shillings.</i></p> <p>► <i>How much remains in the Main Fund? [answer: 480 shillings]</i></p>	Move 20 beans toward one member and 10 beans toward another member (48 beans remain in the center).
<i>Borrowers are required to repay the loan amount in full (and only that amount),</i>	Move the 20 beans and the 10 beans back to the center, joining the other beans.

Explanation	Diagram
<p><i>A borrower may choose to give an additional amount to the group, as a show of gratitude to the group. It is a personal decision whether to give an additional amount, and how much to give. The money becomes available for other members to borrow and benefit.</i></p> <p><i>In this case, one borrower gives an additional 10 shillings, while the other borrower does not give anything.</i></p>	<p>Add 1 bean to the member who borrowed 20 beans, and move it to the center, joining the other beans. There should be a total of 79 beans.</p>
<p><i>In this second meeting, members contribute to the Social Fund. The member who was not able to contribute last week contributes for both weeks in order to catch up. The other members contribute for this week.</i></p> <p>► <i>How much have the members contributed together?</i> [answer: 210 shillings]</p>	<p>Place 2 beans inside the circle of the member who did not contribute the previous week, and 1 bean inside the circle of the other members. Then move the beans, member-by-member, to the center of the group (a total of 21 beans), into the Social Fund pile. There should be a total of 35 beans in this pile.</p>
<p><i>In this second meetings, members again have an opportunity to make contributions to the Sadaqa Fund. This week, different members do so.</i></p>	<p>Put an additional 16 beans into the Sadaqa pile. There should be a total of 25 beans in this pile.</p>
<p><i>At any time, the group can decide to use its Sadaqa fund to make a charitable donation in the name of the group.</i></p> <p><i>In this case, the group decides to make a donation to help buy new benches for the school.</i></p>	<p>Remove all 25 beans from the Sadaqa pile.</p>
<p><i>After about 1 year of saving and borrowing, the group's money has grown through regular savings, loan processing fees, additional amounts given by borrowers, fines, and any other group income.</i></p>	<p>Add 21 more beans to the Main Fund in the Cash Box, then bring all the Main Fund beans back to the center (total: 100 beans).</p>
<p><i>The group divides all of its Main Fund money, and members get back their savings in full, with an equal share of the group profit.</i></p>	<p>Move the following beans toward each member, representing savings (a total of 80 beans):</p> <ul style="list-style-type: none"> <li>• 10 members receive 3 beans each</li> <li>• 3 members receive 4 beans each</li> <li>• 4 members receive 5 beans each</li> <li>• 3 members receive 6 beans each</li> </ul> <p>Then move 1 bean toward each member, representing profit.</p>
<p><i>The group then starts another 1-year cycle of saving and lending.</i></p>	<p>Do not show savings for the next cycle.</p>

**B.2.3** Divide participants into small groups. Ask half of the groups to discuss the first question, and the other half to discuss the second question.

- ▶ *What are the differences between the ways people in this community currently save and the way people in a SILC group save?*
- ▶ *What are the differences between the ways people in this community currently borrow and the way people in a SILC group borrow?*

Give the small groups 10 minutes for discussion, then invite a few groups to share their responses. In the summary, ensure the following points are discussed. In SILC:

- members have a regular and easy way to save money
- each group decides a target savings amount that each member tries to save at each meeting
- members can save a smaller amount when they have less money available
- members who are not able to save at all in a given week are still welcome to participate in the meeting, and will have another opportunity at the next meeting
- members can save a larger amount when they have more money available
- money is safely kept in a locked box that cannot be opened outside of meetings
- members can access loans quickly and without paperwork
- borrowers do not have to pay interest on loans
- some borrowers voluntarily choose to give an additional amount when they repay their loans, to show their gratitude to the group. Whether and how much to give is up to each borrower
- members' savings earn profit after 1 year
- money is shared out at a time that is chosen by members to be useful to them all
- SILC has a separate fund that gives out money to members for certain types of emergencies
- members have an additional way to practice Sadaqa through the group
- Overall, SILC members enjoy material, spiritual and social benefits

**B.2.4** Ask participants for their questions (see the “Frequently Asked Questions” in the Appendix). If the leaders of neighboring SILC groups are present, they can also answer questions and share their experience.

### **Step B.3    SILC Group Management and Training (10 minutes)**

**Method:**     Mini-lecture

**B.3.1**    Using the information in Table 6, tell the participants:

*In order for their SILC group to be successful, members must do 2 things.*

**Table 6: Successful Management of SILC Groups**

Explanation	Illustration or Diagram
<i><b>Write a Constitution</b>, with rules on how much to save, what the loan processing fee is, how the Social Fund will be used, and what penalties to apply to members who do not follow the rules.</i>	Show members a copy of the Constitution.
<i><b>Elect a Management Committee</b> who will help enforce the Constitution and run the meetings. The Management Committee has the following positions, elected from the general membership:</i> <ul style="list-style-type: none"> <li><i>Chairperson, who leads group meetings</i></li> <li><i>Secretary, who keeps records of the group's financial activities</i></li> <li><i>Treasurer, who keeps the locked Cash Box between meetings</i></li> <li><i>Money Counter, who counts the money during the meeting</i></li> <li><i>3 Key Holders, who keep keys to the locked Cash Box between meetings</i></li> </ul>	As you mention the positions, write the appropriate letter (C, S, T, MC, KH) in one of the circles in the diagram. When you mention the Treasurer, make sure you write T for the member next to the "Cash Box."

**B.3.2** Tell the participants:

- As you see, SILC group members make rules, enforce them, and run group meetings themselves. My role as a field agent is to help you decide on your rules and teach you how to run meetings. At first I will be working with you every time you meet. Then I will come less often as you begin to master the SILC methodology. Eventually you will no longer need me to work with you, and you will be independent.*
- Currently I am supported by \_\_\_\_ (partner name) and they pay me to work with the first group in the community. As a result, the first group does not have to pay me for the training.*
- In less than 1 year, I will be certified as a Private Service Provider (PSP) to validate my expertise.*
- Once I am certified as a PSP, the project will no longer pay me, and all the new groups I train will be expected to pay me an affordable fee.*
- I will need the income from group fees to continue my work. I will be a resource to this community and other communities around the area.*

**B.3.3** Answer questions about how SILC groups are managed and trained.**Step B.4 Preparing for Group Training (10 minutes)****Methods:** Large-group discussion**B.4.1** Tell participants:

- For those of you who are interested in forming a SILC group, here is how I am going to work with you.*
- I will train you in 8 sessions, which will take 4–8 weeks, depending on group member availability.*

- *The success of the SILC depends on active participation by all members. Active participation means attending all the training meetings as well as regular meetings.*
- *Each group will need to get a Cash Box and the following items—3 good quality padlocks, record-keeping book, ruler, calculator, pen, 4 plastic bowls, and a small box for sadaqa contributions. You do not need to get these right away.*

Ask the participants to plan a date, time, and meeting place for their first training. The meeting place should be quiet and sheltered from rain and sun. You may wish to organize meetings close to specific neighborhoods or sub-communities. Share your contact information with the participants.

**B.4.2** Once you have agreed on the next meeting, thank the participants and close the meeting.

## 3.4 Training Modules

### Module 1: Individual Self-Screening (ISS)

**Total Time Needed: 105 minutes (1 hour and 45 minutes)**

#### Objectives for Module 1

In Module 1, participants will:

1. Examine the definition and importance of individual self-screening
2. Identify personal qualities relevant to SILC membership
3. Self-screen (reflect on their personal qualities)
4. Decide on participation in SILC

#### Materials Needed

- Mats or benches for participants to sit
- A sack of beans (20 beans or stones for each participant)

#### Step 1.1 Participant Welcome (10 minutes)

**Method:** Presentations

- 1.1.1 Warmly greet and welcome participants.
- 1.1.2 Ask that participants sit in a circle facing each other.
- 1.1.3 Introduce yourself, explain the purpose of the training (to organize SILC groups, help them make decisions on how to manage their group, and teach them how to run saving and lending meetings).
- 1.1.4 Invite participants to briefly introduce themselves. Go around the circle and ask people to state their name and where they live.
- 1.1.5 Ask if there are any questions about the today's meeting, the overall training, schedule, time, or other issue.

#### Step 1.2 Recap the Community Meeting (15 minutes)

**Methods:** Open questions, paired groups, and mini-lecture

- 1.2.1 Tell participants:  
*Recall the community meeting held on \_\_\_\_ (date) when we shared information about the SILC program. With a neighbor, discuss what **you** think was the most important point made in that meeting on how SILC groups work, and explain **why** you think this is so important. You will share your answers with others in a few minutes.*
- 1.2.2 Give groups 3–5 minutes to discuss. Then invite each pair (or a few pairs if the group is large) to share their ideas. Thank them.
- 1.2.3 Building on the participants' ideas, emphasize these key points. Tell participants:
  - *In SILC, members develop individually and help the other members develop as well, materially, spiritually and socially.*
  - *SILC groups allow members to save and borrow money.*

- *SILC groups respect Sharia principles.*
- *Members earn profit on their savings, and get this money after about 1 year.*
- *Groups maintain a separate fund for member emergencies.*
- *Groups maintain a fund for Sadaqa donations to help the community.*
- *SILC groups have written rules and are self-managed.*
- *All community members can join SILC, whether they are poor or well-off; whether they can save a little or a lot.*
- *As a field agent, I will train the group until it can operate independently.*

### **Step 1.3 Session Objectives (5 minutes)**

**Method:** Reading aloud

#### **1.3.1 Tell participants:**

*In today's meeting, you will:*

- *talk about what individual-self screening is, and why it is important in SILC*
- *identify which personal qualities are important for SILC members, including a commitment to material, spiritual and social development*
- *reflect on your own personal qualities*
- *decide whether or not you want to participate in SILC at this time*

### **Step 1.4 The Importance of Individual Self-Screening (20 minutes)**

**Methods:** Story, open questions, and mini-lecture

#### **1.4.1 Tell participants:**

*Everyone is here today because they are interested in SILC. Participating in SILC is a very serious matter, and you must reflect whether you are ready for SILC at this time. This personal reflection is what we call Individual Self-Screening. In order for you to understand Individual Self-Screening better, let me tell you a story about a project that was implemented in another village.*

#### **1.4.2 Tell the story in Box 3, using the dramatic voice of a story-teller.**

### **Box 3: The Miyanga Microfinance Program**

*A new microfinance program was introduced in the village of Miyanga. Mercy Kamau, the field agent, told the community to form groups of 20 people. Mercy simply told them that groups should include people who would be "good members" (without further explanation), and were comfortable working together.*

*Participants were very enthusiastic and excited about the microfinance program. In their eagerness, they rapidly organized themselves into the groups and quickly began to save and receive loans. However, after a few months, the groups had problems. In one group, some members stopped coming to the group meetings, saying they were very busy and didn't have enough time, or that they lived too far away. Some of the members had taken loans because "everyone else was doing it" and were unable to repay. When they organized a special meeting to discuss these problems, the members were unwilling to even listen to one*

*another's ideas. Mercy became alarmed about the performance of her groups and wondered what might have gone wrong.*

**1.4.3** Ask participants these questions, one at a time, and in this order. For each question, listen to a few answers and then move to the next question.

- ▶ *What happened in Miyanga and why?*
- ▶ *What do you think should be done to prevent these kinds of situations from happening?*

**1.4.4** Tell participants the information below. Link this information to their answers to 1.4.3 above.

- *Many programs who organize groups often do not spend enough time (a) helping individuals know themselves and their qualities and (b) identifying how these qualities affect their ability to participate in groups. When people do not spend the time to self-screen, it results in the problems you identified from this story and from your own experiences. If the group does not function well, its members do not benefit and they waste their time in meetings.*
- *Now we will take time to learn more about individual self-screening. After that you will screen yourselves, as individuals, before deciding to become a SILC group member.*

## **Step 1.5 Three Kinds of Individual Qualities (30 minutes)**

**Methods:** Small groups, and large-group discussion

**1.5.1** Tell participants:

*In the Miyanga story we just heard, groups fell apart. As you noted, some reasons have to do with individual qualities of its members, for example:*

- *traits or values (lack of responsibility, not following through, and impatience)*
- *the inability to participate in a group (inability to listen to one another and cooperate, living too far from the group)*
- *social and economic situation (not having enough time to attend meetings)*

*We will now discuss these 3 kinds of individual qualities in more detail.*

**1.5.2** Ask participants to form 3 small groups.

- Tell the 1st group they will consider **traits and values** that are important for SILC members.
- Tell the 2nd group they will consider people's **ability to participate in a group**.
- Tell the 3rd group they will consider issues related to people's **social and economic situation**.

**1.5.3** Ask each group:

*List all the individual qualities in your assigned category that are important for membership in a SILC group. For example, the group considering traits and values might say "honesty." The group considering participation in a group might say "ability to listen." The group considering social and economic situation might*

say “ability to save some money.” Prepare to share your answers for your assigned category with all the other groups.

**1.5.4** Let groups discuss for about 5 minutes.

**1.5.5** Invite each group in turn to share their answers. Compare their answers to Table 7. After each group shares its list of qualities, ask others:

► *Does anyone want to add an idea or ask a question to this group?*

Then move to the next group.

**1.5.6** Table 7 is a master list of individual qualities for you as a facilitator. Use the list (a) to track each group’s answers, (b) as a prompt, in case the group gets stuck, and/or (c) as a reference, in case the group does not list an important individual quality. If a group lists a quality in a different category than the table suggests, do not correct them. If a group lists a quality that would not be inclusive (for example, needing to already have a business), lead a group discussion on how this might exclude vulnerable people.

**Table 7: Master List of Individual Qualities Relevant to SILC Membership**

Traits and Values	Ability to Participate in a Group	Social and Economic Situation
<ul style="list-style-type: none"> <li>Trustworthiness</li> <li>Honesty</li> <li>Responsibility</li> <li>Discipline</li> <li>Patience</li> <li>Fairness</li> <li>Commitment to the development of self and others</li> </ul>	<ul style="list-style-type: none"> <li>Willingness to attend meetings regularly</li> <li>Living a reasonable distance from meeting venue</li> <li>Willing to share information, knowledge, and resources</li> <li>Open to other people’s ideas and approachable</li> <li>Willingness to speak in a group</li> <li>Ability to listen</li> </ul>	<ul style="list-style-type: none"> <li>Family or kin support to participate in a SILC group</li> <li>Available time to spend in group meetings</li> <li>Ability to save some money, regularly or not</li> </ul>
(Add answers from small groups if different from above)	(Add answers from small groups if different from above)	(Add answers from small groups if different from above)

**1.5.7** Ask participants:

► *What questions do you have about the qualities needed for SILC?*

## Step 1.6 Individual Self-Screening (20 minutes)

**Method:** Self-assessment

**1.6.1** Tell participants:

*We will now do an exercise for you to self-screen according to the individual qualities we just discussed. Remember, we are talking about **you** only, not about your neighbor, not about other people you want to work within your SILC group. We begin individual self-screening with questions you will answer for yourself. After the session ends, you can continue reflecting on your answers to these questions that will help you decide whether SILC is right for you. Consider these questions as a start.*

- 1.6.2 Ask each participant in the circle to turn around, so s/he is facing outward and is not looking at the other participants.
- 1.6.3 Pass out 20 beans to each participant. Ask participants to take the beans in one hand. (Note: use more beans than questions so that participant has more privacy.)
- 1.6.4 Tell participants:
 

*I will ask you some questions about your individual qualities. If you can answer yes, transfer 1 bean to your other hand. If you answer no, or you are not sure, do not transfer a bean (if necessary, ask participants to shut their eyes for more privacy).*
- 1.6.5 Ask participants the 16 questions in Box 4, giving them some time between questions to make a decision on their answer.

#### **Box 4: Yes/No Questions for Individual Self-Screening**

1. *Are you interested in developing yourself and in helping others develop?*
2. *Are you responsible enough to join a SILC?*
3. *Are you honest enough to join a SILC?*
4. *Are you trustworthy enough to join a SILC?*
5. *Are you disciplined and patient enough to join a SILC?*
6. *Can you be fair toward others?*
7. *Do you have enough time to attend group meetings?*
8. *Are you willing to attend group meetings regularly?*
9. *Do you live a reasonable distance from the group meeting venue?*
10. *Are you comfortable speaking up in a group?*
11. *Are you willing to share information and knowledge with others in a group?*
12. *Can you listen carefully while others speak?*
13. *Are you capable of considering ideas you might disagree with?*
14. *Are you willing to always respect group decisions?*
15. *Will you be able to save money for SILC, even if it is not always regularly?*
16. *Will your family or kin support you to join a SILC?*

- 1.6.6 Invite participants to open their eyes, count the number of beans they have transferred to their other hand, and then put all beans back into a pile, before turning around to re-join the large group.
- 1.6.7 Tell participants:
 

*As I said earlier, please continue to reflect on your answers to these questions before you make a decision to join SILC. There may be people who can tell already that they are ready to start. There may be people who are not sure if they can save enough, and who wonder if they will be able to attend meetings. Remember we said it is not mandatory to save at every meeting, and that meetings should be short and scheduled*

*to the convenience of all members. There may be people who decide not to participate in SILC at this time. They can make this decision privately and no one should think poorly of them. This decision must be an individual choice.*

*Forcing someone who doesn't feel they are ready to join a group can lead to problems, so do not force yourself or anyone else to join a SILC group at this time. There will be other groups formed over time in this community, so you can choose to join later.*

## **Step 1.7 Summary and Conclusion (5 minutes)**

### **1.7.1 Ask participants:**

- ▶ *What are your questions on anything we discussed during this meeting?*

### **1.7.2 Agree on the date, time, and place of the next meeting. Tell participants that the topic of the next meeting is: Groups, Group Formation, and Governance.**

### **1.7.3 Quickly evaluate the meeting. Ask the participants:**

- ▶ *What did you like best today and why?*
- ▶ *What would you suggest to improve our next meeting?*

### **1.7.4 Thank participants and close the meeting.**

## Module 2: Groups, Group Formation, and Governance

**Total Time Needed: 100 minutes (1 hour and 40 minutes)**

### Objectives for Module 2

In Module 2, participants will:

1. Define conditions and characteristics of active, empowered, and sustainable groups and the responsibilities of their members
2. Decide the membership of their SILC group
3. Review governance of SILC groups
4. Contrast roles and responsibilities of the SILC General Assembly and Management Committee

### Facilitator's Note

This module is written assuming that the number of participants is equivalent to 1 SILC group (15–30 people). If there are enough participants present for 2 or more groups, use Step 2.5 to invite participants to physically move and form separate groups of appropriate size, in which all members wish to work together.

If you are working with 1 group only, and if members wish, it is possible to combine Modules 2 and 3 into one sitting to finish the training modules more quickly. You must ensure that there is enough time to do each step carefully, without rushing, and to hold fair and transparent elections for the Management Committee. Do NOT let the group select the Management Committee outside of a training meeting, since they might simply appoint customary leaders without proper elections.

### Materials Needed

- Bag, sack, or basket with about 20 local objects you have gathered (leaf, nail, pen, match, spoon, bowl, stone, etc.)
- Pen
- One or more Registration Forms (depending on the number of participants)

### Step 2.1 Recap Module 1 (15 minutes)

**Methods:** Open questions, paired groups, and mini-lecture

#### 2.1.1 Ask participants:

*With a neighbor, discuss what **you** think was the most important point made in the last meeting and explain **why** you think this is so important. You will share your answers to this question in the large group in a few minutes.*

#### 2.1.2 After giving groups 3–5 minutes to discuss, invite each pair (or a few pairs if the group is large) to share their ideas and thank them.

#### 2.1.3 Building on the group's ideas, emphasize these key points and tell participants:

- *Individual Self Screening is very important in SILC, since the individual is central to the functioning of the group.*

- *Individual Self Screening studies individual qualities in 3 categories: (a) traits and values, (b) the ability to participate in a group, and (c) social and economic situation.*
- *Taking the time to individually self-screen helps ensure the success of SILC groups.*

**2.1.4** Congratulate the participants on having conducted Individual Self Screening and having decided they have the qualities to participate in a SILC group.

## **Step 2.2 Session Objectives (5 minutes)**

**Method:** Reading aloud

**2.2.1** Tell participants:

*In today's meeting, you will*

- *talk about how to have an active, empowered, and sustainable group*
- *decide the membership of your SILC group*
- *review how SILC groups are governed*
- *discuss how the Management Committee relates to the group*

## **Step 2.3 Objects in a Bag (10 minutes)**

**Method:** Reading Game

**2.3.1** Ask participants to gather around you. Spill the 20 objects onto a mat or the ground.

**2.3.2** Ask participants to name the objects one-by-one, as you pick each object up and put it back into the bag (ensure that people cannot see the objects once they are placed into the bag).

**2.3.3** Ask for 1 volunteer. Ask this person to name every object contained in the bag. Tell the rest of the group to remain silent. Insist that no one must talk or prompt the volunteer. (Note: It may help to write down for yourself what the volunteer says so that s/he does not repeat.)

**2.3.4** When the volunteer cannot remember any more, ask other participants to now help name the rest of the objects. Inevitably, the volunteer will not be able to name all objects while the larger group will be able to help name nearly all objects.

**2.3.5** Ask the volunteer:

- ▶ *How did it feel when you tried to remember all the objects? What happened?*
- ▶ *How did it feel when the group helped you remember all the objects? What happened?*

**2.3.6** Ask the large group:

- ▶ *What does this exercise tell us about working together in a group?*

**2.3.7** Summarize the lessons from this exercise. These may include:

- the importance of working together

- many heads are better than one
- a group can reach a goal by working together

## Step 2.4 Successful Groups (30 minutes)

**Methods:** Paired groups, appreciative inquiry, and mini-lecture

### 2.4.1 Tell participants:

*Individually, take a minute to think about groups that you belong to—either now or in the past. Pick the best group you belong to—the group that is or was most successful.*

### 2.4.2 Tell participants:

*Turn to the person next to you and discuss the following question—what made (or makes) this group so successful? Afterwards, you will share your responses in the large group.*

### 2.4.3 Let the pairs discuss for about 5 minutes.

### 2.4.4 Ask a few paired groups to share the factors they identified that made the group so successful.

### 2.4.5 Then read the information from Table 8, explaining that these are examples of factors that explain the success of groups. The 3rd column highlights factors particular to SILC groups. Be sure to link the information in Table 8 to answers from the paired groups.

**Table 8: What Makes Groups Successful?**

Groups	Participants	SILC
1. Successful groups have members with helpful and appropriate individual qualities.	<p>Members are:</p> <ul style="list-style-type: none"> <li>• honest and trustworthy</li> <li>• considerate and respectful of others</li> <li>• patient and good listeners</li> <li>• not afraid to talk or express their opinion</li> <li>• hard-working</li> <li>• capable of participating in the group (time, funds, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• In SILC, members have individually self-assessed their own individual qualities, and their readiness to join.</li> <li>• You did this self-assessment during the last meeting.</li> </ul>
2. Successful groups are formed using a certain process.	<ul style="list-style-type: none"> <li>• Members are able to freely chose other members based on past experience of working together and helping each other</li> <li>• Members trust each other</li> <li>• No one is forced to join</li> <li>• Members have a clear, agreed-upon objective</li> <li>• The group has a reasonable size for the activities it will undertake</li> </ul>	<ul style="list-style-type: none"> <li>• In SILC, individuals select other members who share the same qualities.</li> <li>• In SILC, group members decide themselves who should join their group. No group is forced to accept a member by an outsider or local leader.</li> <li>• SILC groups have 15–30 members, in order to manage meetings effectively.</li> </ul>

Groups	Participants	SILC
3. Successful groups have responsible members.	<i>Members:</i> <ul style="list-style-type: none"> <li>• have time to attend meetings regularly</li> <li>• are punctual</li> <li>• actively participate</li> <li>• are well-informed</li> <li>• pay dues on time</li> <li>• manage funds properly</li> </ul>	<ul style="list-style-type: none"> <li>• In SILC, members are trained to know and perform their responsibilities.</li> <li>• There may be fines when members do not uphold their responsibilities.</li> </ul>
4. Successful groups have capable leaders.	<i>Leaders:</i> <ul style="list-style-type: none"> <li>• are respected and reliable</li> <li>• are dynamic</li> <li>• are fair</li> <li>• are strong but not autocratic</li> <li>• are well-organized</li> <li>• are able to help the group reach consensus</li> </ul>	<ul style="list-style-type: none"> <li>• In SILC, group members select their own leaders from among the membership.</li> <li>• In SILC, group leaders are carefully trained to perform their duties.</li> <li>• Group leaders may be replaced if they are not performing their duties.</li> </ul>
5. Successful groups have clear rules and follow them.	<ul style="list-style-type: none"> <li>• Members help define the rules</li> <li>• Members all know the rules</li> <li>• Members and leaders respect rules set by the group</li> </ul>	<ul style="list-style-type: none"> <li>• SILC groups develop a written Constitution.</li> <li>• The Constitution applies equally to all members, including the Management Committee.</li> </ul>

**2.4.6** Ask if there are any comments or questions about the factors of successful groups.

**2.4.7** Tell participants:

*When SILC groups are organized without paying attention to the factors we just discussed, this can lead to disagreements and tensions that will cause the group to fall apart. The next steps will help you form groups that can successfully practice SILC methods.*

## **Step 2.5 Group Formation and SILC Member Registration (15 minutes)**

**Method:** Voluntary registration

**2.5.1** Tell participants:

- *Now that you have each decided to participate in SILC and have reflected on the characteristics of good groups, you need to validate the membership of your group.*
- *Remember that a SILC group should have 15–30 members.*
- *You should form a group with people you trust and that you want to work with on a regular basis, for an entire year.*
- *Remember that members can freely choose who they want to form a group with. No one should be forced to join a particular group.*

- 2.5.2 Ask each participant to state their name, and write down the names of the members on a Registration Form. Read back the list of names and ask participants to raise their hands if they agree that all the people listed should form a SILC together. If all participants raise their hand, thank them. If not everyone raises their hand, work with them to decide on changes or corrections. Once the list of members is finalized, congratulate the members on forming their SILC group (repeat the process if there are multiple groups).

## Step 2.6 SILC Governance Overview (20 minutes)

**Methods:** Analogy, mini-lecture, and quiz

- 2.6.1 Ask all participants to sit together to conclude the meeting. Introduce this step by telling participants:

*There are 2 bodies in SILC groups: (a) the General Assembly and (b) the Management Committee. I will now introduce the roles and responsibilities of these 2 bodies and the Constitution that governs their decisions and actions.*

- 2.6.2 Tell participants to think about the government/elected officials, and voters in their country (or their locality). Ask them the following questions:

- ▶ *Who leads the country and manages its resources?* [Answer: Elected Officials]
- ▶ *Who selects the elected officials?* [Answer: Voters]

Say:

*As you just said, leaders are elected by voters. Once leaders are elected, they must respect several rules and laws that define how the country is managed. These laws represent a country's Constitution.*

- ▶ *What can happen if the elected officials are not leading and managing properly?* [Answer: Voters can get rid of the elected officials through elections, as per the country's Constitution. Point out that there are legal and illegal ways (for example, coups) of replacing elected officials.]

- 2.6.3 Tell participants:

- *SILCs are governed in ways that are very similar to what we just discussed.*
- *All SILCs have a **written Constitution** that describes what the SILC wants to do (its purpose and objectives), how it will be governed, how the people who govern it will be elected, and what their powers will be. It also includes other rules. You will develop your Constitution step-by-step. In a future meeting, we will help you study your Constitution more in detail and finalize it.*
- *The SILC's **General Assembly** is similar to a country's voters. All members of the SILC are members of the General Assembly. All SILC members can vote (1 person = 1 vote).*
- *The SILC's **Management Committee** is similar to a country's government. Composed of a Chairperson, Secretary, Treasurer, Money Counter, and Key Holders, the Management Committee is elected by the General Assembly. All members of the SILC (the General Assembly) have the right to run for a Management Committee position.*

- *The Management Committee is **accountable** to the General Assembly. Not only does the General Assembly elect the Management Committee, the General Assembly can also dismiss and replace the Management Committee if they do not do their job properly.*
- *The General Assembly is responsible for setting the rules and regulations of the SILC in a written **Constitution**. The Management Committee is empowered by the General Assembly to enforce these rules.*
- *If the Constitution's rules are not respected, the General Assembly can choose to organize a **special meeting** to discuss the problems and take decisions to correct the problems. Again, this can include replacement of Management Committee members if the General Assembly deems they are not doing their job properly.*

**2.6.4** Check for understanding of the above information by asking these quick true or false questions of the participants. If someone answers a question incorrectly, ask others if they agree or disagree. Let them self-correct, rather than saying “you are wrong.” Ensure that participants clearly understand why the answer is either true or false.

- ▶ *The Management Committee is elected by the General Assembly. [True]*
- ▶ *The Management Committee members are part of the General Assembly. [True]*
- ▶ *Only elders can be elected to the Management Committee. [False]*
- ▶ *The Management Committee decides the rules for the General Assembly to follow. [False]*
- ▶ *The Management Committee can change the SILC Constitution. [False]*
- ▶ *The General Assembly can dismiss and replace the Management Committee. [True]*
- ▶ *Management Committee leaders cannot vote. [False]*

## **Step 2.7 Summary and Conclusion (5 minutes)**

**2.7.1** Ask participants:

- ▶ *What are your questions on anything we discussed during this meeting?*

**2.7.2** Agree with the group on the date, time, and place of the next meeting. Tell participants that the topic of the next meeting is: Member Responsibilities, Management Committee, and Elections. (Note: if there are multiple groups, the rest of the training modules will be delivered to each group separately, **not** during joint sessions.

**2.7.3** Quickly evaluate the meeting. Ask the participants:

- ▶ *What did you like best today and why?*
- ▶ *What would you suggest to improve our next meeting?*

**2.7.4** Thank participants and close the meeting.

## Document C: SILC Member Registration Form

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## Module 3: Member Responsibilities, Management Committee, and Elections

**Total Time Needed: 155 minutes (2 hours and 35 minutes)**

### Objectives for Module 3

In Module 3, participants will:

1. Identify the responsibilities of all members, and their importance
2. Review responsibilities and define qualities of SILC Management Committee leaders
3. Agree on fair and democratic election procedures
4. Elect Management Committee leaders with desired qualities and capacities
5. Choose a name for their SILC group

### Materials Needed

- 5 different colored boxes with lids (each lid with a small hole or slit)
- One small stone or bean for each participant to vote. Note that stones or beans must fit through the slit in the box lid.

### Step 3.1 Recap Module 2 (15 minutes)

**Methods:** Open questions, paired groups, and mini-lecture

#### 3.1.1 Ask participants:

*With a neighbor, discuss what **you** think was the most important point made in the last meeting and explain **why** you think this is so important. You will share your answers to this question in the large group in a few minutes.*

#### 3.1.2 After giving groups 3–5 minutes to discuss, invite each pair (or a few pairs if the group is large) to share their ideas and thank them.

#### 3.1.3 Building on the group's ideas, emphasize these key points and tell participants:

- *Like any other group, SILC groups are successful when members of the group have individually self-assessed their own qualities, select other group members with these same qualities, decide themselves who should join their group, take their responsibilities seriously, elect capable leaders, and know their Constitution. These factors are **especially** important in SILC as SILCs involve members' money.*
- *All SILCs have a **written Constitution**.*
- *All members of the SILC are members of the General Assembly. All SILC members can vote (1 person = 1 vote).*
- *The SILC's **Management Committee** is composed of a Chairperson, Secretary, Treasurer, Money Counter, and Key Holders.*
- *The Management Committee is **accountable** to the General Assembly. The General Assembly is responsible for setting the rules and regulations of the SILC in a written **Constitution**. The Management Committee is empowered by the General Assembly to enforce these rules.*

### Step 3.2 Session Objectives (5 minutes)

**Method:** Reading aloud

#### 3.2.1 Tell participants:

*In today's meeting, you will*

- *discuss your responsibilities as SILC group members*
- *review the positions on the Management Committee, and the responsibilities and qualities for each position*
- *elect your Management Committee leaders*
- *choose a name for your SILC group*

### Step 3.3 Member Responsibilities (30 minutes)

**Methods:** Large group, small groups, and brainstorm

#### 3.3.1 Invite participants to think back to previous meetings and especially the last meeting when they discussed the General Assembly and the Management Committee. Ask participants in the large group:

- *What are the responsibilities of all members in a SILC group?*

Let participants answer the question. It is likely that they will mention responsibilities 2 and 3 from Box 5. Once participants finish answering, use the list in Box 5 to arrive at a final list of 7 responsibilities.

#### Box 5: 7 Main Responsibilities of All Members in a SILC Group

1. Elect the Management Committee and monitor their activities.
2. Develop the group Constitution, and amend it when needed.
3. Attend all meetings.
4. Speak up during meetings and contribute to group decisions.
5. Save regularly and contribute to the Social Fund regularly.
6. Repay on time, when they borrow.
7. Develop oneself and help other members develop, materially, spiritually and socially.

#### 3.3.2 Divide participants into 7 groups. Assign 1 of the above responsibilities to each group. Ask each group to discuss what could happen if members do not uphold their responsibilities.

#### 3.3.3 After 5 minutes, invite each group to report on its work. Invite the other participants to add information as needed. Use the information in Table 9 to complete participant answers.

**Table 9: Importance of SILC Member Responsibilities**

Member Responsibility	If Members Do Not Uphold This Responsibility
Elect the management committee and monitor their activities	<ul style="list-style-type: none"> <li>The leaders might not represent the members, or work for their benefit</li> <li>Leaders might abuse their positions</li> </ul>
Develop the SILC Constitution; amend it when needed	<ul style="list-style-type: none"> <li>The group will not have rules to guide its operations</li> <li>The group rules will not serve member interests</li> </ul>
Attend all meetings	Members will not know what is happening in their group and will not participate in decision-making, in particular how funds are used
Speak up during meetings and contribute to group decisions	Members might not benefit from group decisions
Save regularly and contribute to the Social Fund regularly	<ul style="list-style-type: none"> <li>The Main Fund will not grow</li> <li>There might not be funds available in case of emergencies</li> </ul>
Repay on time, when they borrow	<ul style="list-style-type: none"> <li>The Main Fund will not grow</li> <li>Other members will not be able to borrow</li> </ul>
Develop oneself and help other members develop, materially, spiritually and socially.	<ul style="list-style-type: none"> <li>The member will end up worse off from participating in SILC</li> <li>If some members are left behind in their development it can create conflict with the other members</li> <li>If members don't get assistance when it is needed they may not be able to fulfill their obligations to the group</li> </ul>

### Step 3.4 Management Committee Responsibilities and Qualities (30 minutes)

**Methods:** Small groups and brainstorm

#### 3.4.1 Tell participants:

*In a SILC Group, the Management Committee has 7 positions: a Chairperson, Secretary, Treasurer, Money Counter, and 3 Key Holders. All of these positions are elected. In this step, you will review the responsibilities of the Chairperson, Secretary, Treasurer, Money Counter, and Key Holders, and then define what qualities are needed by the person who will carry out these responsibilities.*

#### 3.4.2 Divide the group into five small groups. Tell participants that Group 1 will focus on the SILC Chairperson; Group 2 on the SILC Secretary; Group 3 on the SILC Treasurer; Group 4 on the Money Counter; and Group 5 on the Key Holders.

#### 3.4.3 Read through the assigned tasks for the groups. Ensure everyone can hear the responsibilities for all members (give groups about 10 minutes to work on their task).

- Listen to the responsibilities of your assigned Management Committee leader (Chairperson, Secretary, Treasurer, Money Counter or Key Holder).*

- (Note: read through Table 10 below, columns 1 and 2 “Type of Leader” and “Responsibilities.”)
- *Brainstorm a list of **qualities** needed by your assigned leader to carry out those responsibilities properly.*
  - (Note: at this time, do NOT share the information from Table 10, column 3 “Qualities.”)
- *Prepare to share your answers for your assigned leader with the large group.*

**Table 10: Master List of Management Committee Leader Responsibilities and Qualities**

Leader	Responsibilities	Qualities
Group 1: SILC Chairperson	<ul style="list-style-type: none"> <li>• Lead meetings and ensure that they follow the proper procedures</li> <li>• Ensure that the Constitution is followed and respected</li> <li>• Maintain discipline and assign fines as needed</li> <li>• Facilitate discussions and make sure that everyone’s views are heard</li> <li>• Facilitate solutions to conflicts between participants</li> <li>• Represent the SILC to outsiders and nonmembers</li> </ul>	<ul style="list-style-type: none"> <li>• Respected</li> <li>• A model of integrity</li> <li>• Fair and capable of being neutral</li> <li>• Dynamic but not overbearing</li> <li>• Tactful and diplomatic</li> <li>• Listens to others and takes their opinions into account</li> <li>• Patient</li> <li>• Organized</li> <li>• At ease speaking in front of others</li> <li>• Capable of summarizing the views of many people</li> </ul>
Group 2: SILC Secretary	<ul style="list-style-type: none"> <li>• Record all financial transactions in Record Book</li> <li>• Summarize the financial state of SILC affairs at every meeting</li> <li>• Take minutes of meetings, if required</li> <li>• Assist the field agent to update his or her records during monitoring visits</li> </ul>	<ul style="list-style-type: none"> <li>• Able to read, write, and use numbers; capable of maintaining the SILC accounts</li> <li>• Trustworthy</li> <li>• Reliable</li> <li>• Organized</li> </ul>
Group 3: SILC Treasurer	<ul style="list-style-type: none"> <li>• Keep the locked cash box containing cash and group records between meetings and brings the cash box to every meeting</li> <li>• Count and announce meeting totals and balances</li> <li>• Disburse loans and Social Fund payouts</li> </ul>	<ul style="list-style-type: none"> <li>• Trustworthy</li> <li>• A model of integrity and discretion</li> <li>• Lives in a secure house</li> <li>• Reliable and responsible</li> <li>• Able to count money</li> <li>• Careful and accurate</li> <li>• Calm and organized</li> </ul>

Leader	Responsibilities	Qualities
Group 4: SILC Money Counter	<ul style="list-style-type: none"> <li>• Confirm and announce all member transactions</li> <li>• Count and announce meeting totals and balances</li> <li>• Disburse loans and Social Fund payouts</li> </ul>	<ul style="list-style-type: none"> <li>• Trustworthy</li> <li>• Able to count money</li> <li>• Careful and accurate</li> <li>• Calm and organized</li> </ul>
Group 5: SILC Key Holders	<ul style="list-style-type: none"> <li>• Keep the key to 1 padlock between meetings and bring the key to every meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Trustworthy</li> <li>• Reliable and responsible</li> <li>• Organized</li> <li>• Always available when needed</li> </ul>

**3.4.4** Invite each group to share the qualities they defined as important, given their assigned leader's responsibilities.

**3.4.5** After each group shares, ask the other participants if they would like to comment or ask a question. Use Table 10, column 3 "Qualities" as a master list. If participants fail to mention a very important quality, you can now suggest it as another idea. Tell participants that an important quality for **all** Management Committee is punctuality: if they are late to meetings, the meeting cannot start.

**3.4.6** End this step by summarizing as follows. Tell participants:

*From what everyone has said, while one person may be a good Treasurer, the same person may not be a good Chairperson. While some qualities are the same for all leaders, different qualities are also needed for the different positions. It is important to remember that when electing your Management Committee leaders.*

### Step 3.5 Holding Elections (1 hour)

**Methods:** Large-group discussion, mini-lecture, and decision-making

**3.5.1** Ask participants:

- *What makes for a fair and successful election in your experience?*

Let all participants who wish to speak share their ideas. Ideas may include use of secret balloting, presence of election monitors, holding elections at set intervals, etc.

**3.5.2** Tell participants:

*Management Committee leader elections also apply these good election procedures. These are the principles of elections in SILC.*

- *Elections are held at the beginning of every cycle. Terms for elected officials last the entire cycle.*
- *For the elections to have credibility, at least 2/3 of the registered members must be present. In your current case, this means that at least [X] members must be present.*
- *All voting is done by secret ballot, meaning that no one else will know who you voted for. This means that people can choose freely and not be influenced by what others think. There is no voting by show of hands.*

- *Elections are systematically held at the beginning of every new cycle. This is an opportunity for members to change leaders regularly, but they can also vote to keep leaders who perform well.*
- *Before then, during a cycle, if a Management Committee leader needs to be replaced, or is not performing his or her duties, members may call for a special election.*

**3.5.3** Explain the nomination process to members:

- *Members can nominate themselves, or be nominated by another member.*
- *Every nomination must be seconded by a second member.*
- *If a member is nominated, that member is free to accept or refuse the nomination. If the person does not wish to be considered for the position, he or she can refuse and should not be pressured.*
- *You must nominate at least 2 people for each position. This way, members have a real choice of leaders.*
- *In SILC groups with both men and women, at least 2 of the following 3 Management Committee positions (Chairperson, Secretary, and Treasurer) must be female, unless no woman can perform the position's duties.*

**3.5.4** Agree with the group on the selection of an election monitor (either yourself, or an invited community member).

**3.5.5** Explain to the group how secret balloting works. Show the group the different colored boxes. Tell participants:

*Each candidate is represented by 1 color box. The boxes have a small hole in the lid. To vote for a candidate, you will place a stone in the box of your choice. This will be done in secret (point to the tree or bush at a distance that you have designated as a voting point). Only the election monitor will see you vote and no other member will know who you voted for.*

**3.5.6** Assist the group to nominate at least 2 candidates for the position of Chairperson. Clearly indicate to the group members which box is assigned to each candidate.

**3.5.7** Hold the election for the Chairperson as follows.

- Give each person a small stone.
- Each person in turn goes to the boxes. Hidden from members, but under the eye of the election monitor, s/he deposits the stone in the box of his or her choice.
- When all members have voted, the election monitor confirms that the number of stones in all boxes is equal to the number of voters and declares one person the winner.

**3.5.8** Repeat the nomination and election process for the positions of Secretary, Treasurer, Money Counter, and Key Holders (3 or more members must be nominated for the Key Holder positions, and the voting for the 3 Key Holders happens at one time. The 3 members with the most votes are elected Key Holders.) Note that members who have already been elected to Management Committee positions also vote.

**3.5.9** After the members of the Management Committee have been elected, ask each of them to stand and repeat:

- “I will fulfill my responsibilities as **Chairperson** of this SILC group.”
- “I will fulfill my responsibilities as **Secretary** of this SILC group.”
- “I will fulfill my responsibilities as **Treasurer** of this SILC group.”
- “I will fulfill my responsibilities as **Money Counter** of this SILC group.”
- “I will fulfill my responsibilities as **Key Holder** of this SILC group.”

Invite the other members to applaud their Management Committee.

### Step 3.6 Group Name (10 minutes)

**Methods:** Brainstorm and decision-making

**3.6.1** Use Table 11 to help members decide their group name. Ask for ideas in a brainstorm (everyone can suggest ideas that are not critiqued or discussed).

**Table 11: Choosing a SILC Group Name**

Topic	Information to Share	Question for Decision-making
<i>You are now going to decide your group name</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li>• <i>Your group name should be relevant for your activities</i></li> <li>• <i>Your group name can reflect where you live or meet</i></li> <li>• <i>Your group name can reflect what you believe in</i></li> </ul>	<p>► <i>What group name would you like for your SILC group?</i></p>

**3.6.2** Once members have suggested a number of options for the group name, help the Chairperson facilitate a discussion and help the group come to consensus on a group name. If necessary, have members vote by show of hands.

**3.6.3** Congratulate the group on choosing their group name.

### Step 3.7 Summary and Conclusion (5 minutes)

**3.7.1** Ask participants:

- *What are your questions on anything we discussed during this meeting?*

**3.7.2** Agree on the date, time, and place of the next meeting. Tell participants that the topic of the next meeting is: Constitution, Savings, and Safety of Group Assets.

**3.7.3** Quickly evaluate the meeting. Ask the participants:

- *What did you like best today and why?*
- *What would you suggest to improve our next meeting?*

**3.7.4** Thank participants and close the meeting.

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## Module 4: SILC Constitution, Savings Policies, and Safety of Assets

**Total Time Needed: 175 minutes (2 hours and 55 minutes)**

### Objectives for Module 4

In Module 4, participants will:

1. Review the importance of a written Constitution and its use
2. Document decisions made in previous meetings
3. Determine target and maximum savings members will make to the SILC
4. Decide how and when to acquire SILC equipment

### Materials Needed

- SILC Constitution Template
- Pen
- One medium-size stone, one small stone and one large stone (about 5 times larger than the medium-size stone)

### Preparation

Identify local vendors and costs of SILC equipment

#### Step 4.1 Recap Module 2 (15 minutes)

**Methods:** Open questions, paired groups, and mini-lecture

##### 4.1.1 Ask participants:

*With a neighbor, discuss what **you** think was the most important point made in the last meeting and explain **why** you think this is so important. You will share your answers to this question in the large group in a few minutes.*

##### 4.1.2 After giving groups 3–5 minutes to discuss, invite each pair (or a few pairs if the group is large) to share their ideas and thank them.

##### 4.1.3 Building on the group's ideas, emphasize these key points and tell participants:

- *The 7 responsibilities of every member of a SILC group are:*
  1. *Elect the Management Committee and monitor their activities.*
  2. *Develop the group Constitution, and amend it when needed.*
  3. *Attend all meetings.*
  4. *Speak up during meetings and contribute to group decisions.*
  5. *Save regularly and contribute to the Social Fund regularly.*
  6. *Repay on time, when they borrow.*
  7. *Develop oneself and help other members develop, materially, spiritually and socially.*
- *If members do not uphold their responsibilities, the group will not function well, or will not serve its members well.*

- The SILC's **Management Committee** is composed of a Chairperson, Secretary, Treasurer, Money Counter, and Key Holders.
- The Management Committee is elected by the General Assembly by secret ballot. The Management Committee will be newly elected at the beginning of each cycle, but can be changed before then.
- The Management Committee is **accountable** to the General Assembly. The General Assembly is responsible for setting the rules and regulations of the SILC in a written **Constitution**. The Management Committee is empowered by the General Assembly to enforce these rules.

#### Step 4.2 Session Objectives (5 minutes)

**Method:** Reading aloud

##### 4.2.1 Tell participants:

*In today's meeting you will*

- *discuss the importance of having a group Constitution, and how you will use it*
- *begin to write your Constitution*
- *decide how much members will save at every meeting*
- *decide how to keep your group's money safe*

#### Step 4.3 Constitution: Importance and Use (45 minutes)

**Methods:** Stories, open questions, mini-lecture, and Constitution Template

##### 4.3.1 Tell the story in Box 6 to participants.

#### Box 6 : The Amkeni SILC Group

*The Amkeni SILC group in Machakos began their SILC training with their field agent, Mr. Kioko. They were very eager to start saving and borrowing. After electing the Management Committee and deciding on a savings amount, they began their financial activities without completing their training with Mr. Kioko, and without finalizing their Constitution. This was because the group members thought that they were mature individuals. As such, they believed they could manage the group meetings themselves and tackle issues as they arose.*

*But, the Amkeni SILC quickly developed problems. 2 members missed several meetings in a row without telling anyone, and the other members decided the 2 should be fined for every meeting they had missed. When the 2 members finally came to a group meeting, they argued no one had told them they would be fined, and they refused to pay it. Members began quarreling, and the Chairperson struggled to maintain order. Then, one member who had borrowed a large amount of money declared he could not repay, and should be given another 2 months to come up with the money, since he was a member in good standing. Other members disagreed and threatened to not repay their loans either. Some members demanded that the group refund all their money, since it was not being managed properly. The Management Committee was concerned that the group would fall apart and wondered if they should call back Mr. Kioko.*

Now, ask these questions, taking several responses before moving to the next one.

- ▶ *What happened to the Amkeni group, and why?* [Answer: the group was not able to solve problems because it did not have a Constitution, and did not have rules to deal with problems that arose.]
- ▶ *What could have prevented this from happening?*
- ▶ *What should the group do now?*

**4.3.2** Tell the story in Box 7 to participants.

### **Box 7: The Upendo SILC Group**

*The next time Mr. Kioko trained a SILC group in Machakos, he ensured they finished their training and completed their Constitution. The Upendo SILC Group completed its Constitution and the Secretary copied it in the back of their Ledger Book. They began saving and lending activities. Things went well until the 5th month. At this time, a few problems emerged among 3 of the members: George, Mary, and Margaret.*

*George got very busy with his business and started coming late to meetings. He asked the group to forgive the fine as this was a valid reason for him to come late. Mary began asking the Secretary to let her cousin join the group, even though she was well below the age limit set in their Constitution. Margaret came to the meeting begging for social funds to finance his child's naming ceremony, which fell outside of the agreed-upon types of emergencies for the Social Fund.*

*The group members spent a long time discussing these cases, without coming to a resolution. Finally, the Chairperson turned to the written Constitution to remind everyone of the rules and policies. However, George, Mary, and Margaret argued that their cases were exceptional, giving many reasons why, and pleading for understanding from the group that these were all "one-time exceptions." George and Margaret then suggested that the Constitution be amended. The group members started getting confused.*

Now, ask these questions, allowing several answers before moving to the next one.

- ▶ *What happened to the Upendo group and why?* [Answer: group members did not respect the rules in the Constitution, and did not consult the Constitution when there were problems. Some members thought they should get exceptions.]
- ▶ *What could have prevented this from happening?*
- ▶ *What should the group do now?*

**4.3.3** Remind participants of the information shared in Module 2 about the SILC Constitution.

- *All SILCs have a **written Constitution** that describes what the SILC's purpose, how it will be governed, and how the people who govern it will be elected or removed.*
- *The SILC Constitution includes other rules and policies for SILC membership and activities (for example, Social Fund, savings and lending, and share-out). It describes what happens (for example, fines, or expulsion) when members do not comply with rules and policies.*
- *Remember the roles of the Management Committee and the General Assembly around the development, amendment, and enforcement of the Constitution that we*

*discussed earlier. The General Assembly creates and can modify the Constitution if it is incomplete or ineffective. The Management Committee leaders enforce the Constitution only after it is written and approved.*

**4.3.4** Tell the participants:

*You made several decisions in the last meeting, which the Secretary will record today. As you make other decisions and rules today and in the next meetings, the Secretary will also record them, until you have a complete SILC Constitution that guides your group.*

**4.3.5** Give the Secretary the SILC Constitution Template, and go through Sections 1, 2, 3, and 4, reading and completing each item one-by-one. For items already decided in the previous meeting, ask members to recall the decision (use your notes from this meeting to assist them), and help the Secretary write them down. For items not already decided (such as membership criteria), facilitate a discussion among the members to reach decisions, and help the Secretary write them down. Involve the Chairperson to help the group come to consensus. Show the filled-out sections to members.

#### **Step 4.4     Group Savings Policy (30 minutes)**

**Methods:** Mini-lecture, large-group discussion, paired groups, agreement, and Constitution Template

**4.4.1** Remind participants of the meeting during which the SILC methodology was introduced. Tell them:

- *As you recall from this meeting, savings are the engine of SILC. Every amount that members deposit is carefully recorded, since it will be returned to them at the end of the year. At every meeting, the savings from all members are pooled together into a fund called the “Main Fund.” This money is available for borrowing, and members who take loans must repay them in full. At the end of the cycle (after about 1 year), every member gets all their savings back, with the addition of profit. This represents a large amount of money which members can use any way they want.*
- *Therefore, saving in SILC helps members in 2 ways. First, it allows members to quickly and easily access credit when they need it. Second, it allows members to build up a large amount of savings (much larger than they could achieve by saving at home) which they can get at a time they decide themselves.*

**4.4.2** Tell participants:

*We will now discuss how we can make it easy for you to save on a regular basis.*

Ask participants:

- *How easy would it be for you to bring Sh300 in 1 month? [They will probably say it is hard.]*
- *How easy would it be for you to bring Sh10 tomorrow? [They will probably say it is easy.]*

**4.4.3** Tell participants:

- *Sh10 per day during 1 month is equivalent to Sh300. However, as you can see, it is often more difficult to mobilize a large amount over a longer period of time.*
- *If you try to accumulate money at home over a longer period of time and then deposit it as savings, the money might have been used for something else.*
- *That is why SILC groups meet every week, and give members a weekly opportunity to save.*
- *Your SILC group will now decide how much each member can save at a meeting.*

**4.4.4** Organize participants into pairs. Use Table 12 to help them discuss their minimum savings amount, using the medium-size, large and small stones.

**Table 12: Deciding on Target Savings Amount**

Topic	Information to Share	Question for Decision-making
<i>You are now going to choose the target savings amount per member for your group.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li>• <i>Any amount you are able to save is useful—you will not spend it needlessly, and you will get it back at share-out.</i></li> <li>• <i>“One grain of sand at a time, an ant builds a hill bigger than itself.”</i></li> <li>• <i>To help members acquire this savings habit, the group will set a <b>target savings amount</b>. Each member should try and save at least this amount at every meeting.</i></li> <li>• <i>This [medium-size] stone represents the target savings amount.</i></li> <li>• <i>The target savings amount needs to be set based on the savings capacity of the different members. You must ensure that all the members in the group can meet it.</i></li> <li>• <i>When a member is not able to bring the target savings amount, that is not a problem.</i></li> <li>• <i>Saving less than the target savings amount is allowed. Whatever amount that member can contribute is useful.</i></li> <li>• <i>This [small] stone represents a smaller savings deposit.</i></li> <li>• <i>When a member cannot save for that week, that is also allowed, and that member should still come to the meeting.</i></li> <li>• <i>However, members are encouraged to save more than the target savings whenever they can, so they can build up more savings for themselves. This also makes more money available for lending.</i></li> <li>• <i>This [large] stone represents a larger savings deposit.</i></li> <li>• <i>There is a maximum amount a member can save in a meeting. This prevents some members from dominating the group.</i></li> <li>• <i>The maximum amount a member can save at each meeting is 5 times the target savings amount.</i></li> </ul>	<p>► <i>What is an amount that you, as an individual, can comfortably save at every meeting?</i></p>

After 3 minutes, invite pairs to share their answers. If the suggested target savings amounts are very different, encourage them to reach a consensus closer to the lower amounts, to ensure that more vulnerable members can easily participate. Remind them that members with more means will be able to save up to the maximum amount (5 times the target savings amount). Once the group has reached a decision, restate it to the group.

**4.4.5** Ask the Secretary to record all decisions about savings in Section 8 of the SILC Constitution Template.

**4.4.6** Explain to members what will happen if a member is not able to save the target savings amount of \_\_\_\_\_ [TARGET] in a given meeting:

- *Every member should plan to bring at least [TARGET] at every meeting—and more if you are able.*
- *If a member is not able to bring [TARGET], it is not a problem.*
- *Members are allowed to bring savings that are smaller than [TARGET], for example [1/2 THE TARGET AMOUNT]—any saving is good for each member and for the group.*
- *In very difficult situations, you might not even be able to save that week—but you should still come to the meeting.*

#### **Step 4.5 Safety of Group Funds. Scenarios (60 minutes)**

**Methods:** Story, open questions, mini-lecture, small groups, and agreement

**4.5.1** Tell participants:

*You have just decided how much you will save at every meeting. You will begin saving in a few meetings, once you have made decisions regarding how to manage your funds. We will now discuss how to safeguard your cash and other group materials, such as records, between meetings. I will tell you several stories about how to keep money safe, and then we will discuss them. This will help you make decisions on how to keep your money safe.*

Tell the stories in Boxes below. Each box highlights a scenario that can happen in regard to the risks facing the group money and the treasurer.

**4.5.2** Tell the following story.

#### **Box 8: The Bidii SILC Group**

*The members of the Bidii SILC entrusted the group's money and records to the Treasurer, who was a very honest woman. She took the money and records home in her handbag. She came to each meeting on time with the records and the remaining Main Fund—which was a small amount of cash. After 6 months, however, the Main Fund began to get quite large and the Treasurer found she had to manage Sh100,000. She kept this sum hidden in her house. One day, her husband took Sh5,000, which he returned before the next meeting. Then he took Sh20,000 and spent all of it with his friends. The Treasurer hoped desperately to recover the funds, and decided against her better judgment to alter the SILC records in hopes of gaining some time. When she came to the next meeting, the Secretary saw the altered records, and accused the Treasurer of stealing. The Treasurer broke down in tears and confessed what had happened. The General Assembly decided to elect another Treasurer and then began arguing about how to prevent such a thing from happening again.*

**4.5.3** Ask participants these questions, one at a time. Take several answers before going to the next question:

- ▶ *In this story, what risks did the SILC group take in safeguarding their money?*  
[Answer: the money and the records were not kept in a locked box, and were easily accessible to the Treasurer and her family members.]

*Keeping group funds and group records in a locked Cash Box is a standard approach in SILC. Not only does it keep the money safe, it also prevents anyone from using them in between meetings. The Treasurer is responsible for keeping the Cash Box between meetings and bringing it back to meetings, untouched. But as you know, several things could still happen: a fire at the Treasurer's home, a robbery at the house, even an attack when moving to and from a meeting. Therefore, it is important to be careful, and always to be discreet and not share information outside of the group membership. Here are some things groups have done:*

- *The Treasurer finds a safe hiding place inside the home, and does not tell anyone about it, not even family members.*
- *Group members do not tell non-members, including their spouses, in which house the Cash Box is kept.*
- *The Treasurer can carry the Cash Box in a bag or cloth to hide it.*
- *Some groups hold their meetings at the house where the Cash Box is kept, so it does not need to travel.*

**4.5.4** Conclude by telling the group:

*It is important to keep funds and records in a locked Cash Box so it is not used wrongly or stolen. It is important to be very careful with the box.*

**4.5.5** Tell the following story in Box 9.

### **Box 9: Twaweza SILC Group**

*Twaweza SILC group was the first SILC group in the village. They often had money left in the Cash Box in between meetings. It became known in the village who the Treasurer was, and the group was concerned that her house might become the target of thieves. The group wanted the Cash Box to be kept elsewhere, to confuse thieves.*

*First, they considered asking the Treasurer to give it to a non-member for safe-keeping, but decided that it was too big a risk to let a non-member know about their activities.*

*Second, they approached the school to ask them to keep the box. The principal refused, saying that if every group in the village did that, so many Cash Boxes in a single place would present a big target for thieves. Also, he did not want to take responsibility for a locked box without knowing how much money was in it.*

*Then, the group asked their field agent, John, to keep the box for them. He refused, reminding them he has signed a code of conduct prohibiting him from keeping or even touching group funds.*

*So in the end, the group decided to rotate the box between members. At every meeting, they selected one of the members present (but not a group official) to keep the Cash Box for the week. That member was responsible for returning the box for the next meeting.*

- 4.5.6** Ask participants these questions, one at a time. Take several answers before going to the next question:

*In this story, what risks did the SILC group face in safeguarding their money?*

[Answer: They were concerned about the risk of theft. Entrusting the Cash Box to an outside person only widens the risk. Entrusting the Cash Box to an institution can concentrate the risk of theft, and the institution might not accept responsibility. Entrusting the Cash Box to the trainer increases the risk for the trainer, since the trainer has signed a code of conduct. ]

- *What do you think of the different strategies that the group considered?*
- *Which strategy or strategies do you think would work for your group?*

- 4.5.7** Conclude by telling the group:

*A locked Cash Box is the best way to keep money safe. If you feel it is risky for the Treasurer to keep the Cash Box at home every week, the group is responsible for finding ways of protecting its Cash Box. Be very discreet with the box. Never share information about its location outside of the group. Be clear about which member is responsible for holding the box, at all times.*

- 4.5.8** Tell the following story in Box 10.

#### **Box 10: Amani SILC Group**

*Amani Women group is a first cycle SILC group. Most members were saving up to pay secondary school fees for their children.*

*A few months before they were to share out and get their savings back, the amount of money in the cash box reached Sh175,000. The group then decided that for safety, the Cash Box should be empty at the end of every meeting. They created a rule that required members to borrow every time there was a balance. Members complained that they had nowhere to invest the money, so they just took the money and kept it at home so they would be able to return it. Some protested they had to pay loan processing fees on money they hadn't used, or even wanted to take. Other members were unable to return the money, since it had gone missing from their home. With school fees approaching, the members were afraid they might not be able to make their payments on time.*

- 4.5.9** Ask participants these questions, one at a time. Take several answers before going to the next question:

- *In this story, what risks did the SILC group take in keeping their money safe?*  
[Answer: the group made members borrow from the group funds, against their will. It was not clear the money would be well-used or kept safe.]
- *What would you recommend that Amani women group do instead to keep its money safe?*

- 4.5.10** Conclude by telling the group:

*Keeping the Cash Box empty through forced borrowing is not a good solution. It creates a burden on all the members who now have to manage the money, and the money is exposed to theft in several locations. In the event of default, funds will not be available when they are needed.*

- 4.5.11** Tell participants:

*Through the stories and discussions, you have seen that group funds can be kept safe from theft and from misuse by using a locked Cash Box, and being discreet about who keeps it, and where. However, if there comes a time in the future when you strongly feel the Cash Box is no longer safe, there is the option of using an account to keep group funds between meetings. However, there are costs and some complications involved with using an account, and there are new risks involved.*

#### **4.5.12 Ask participants:**

*In this community, where could your group open an account? Think of the different banks that have branches or agents here or close by, as well as mobile money options.*

Help the group identify viable, close options. Note that they are not being requested to make a decision or a choice now.

#### **4.5.13 Tell participants:**

*You would not simply give the group money to the treasurer to hold, loose. Instead, the money is given to the Treasurer in a locked Cash Box. That way, the money is only accessible when the entire group is present. In the same way, you should not simply deposit the group money into the account of one member, because then that person can do what s/he wants with the money. If you decide later you want to use an account, here are the implications for your group:*

- *You will need to open an account under the group's name. For this, you will need some documentation about your group, you will need to fill out some forms, there might be costs for opening the account, and you will need to go to a specific location for account opening.*
- *Depositing money into your group account and withdrawing money will incur costs—maybe fees for the bank or the agent, and also the cost of sending 1 or more members for the transactions. You will need to decide, as a group, how to pay for these costs.*
- *In addition to cost, there is physical risk involved in moving with money. You might find the branch closed, or the agent could have no float, in which case you would have even more cost and risk to return another time.*
- *At the time of share-out, you might be withdrawing a large amount of money from the account. Will you bring all this money back to the group to share-out, which is risky, or will all the members go to the withdrawal location, which is costly?*

*Ultimately your group will need to do a cost-benefit analysis before deciding to open an account, looking at feasibility, costs, and risks. If you decide at a later time to open a group account, I will support you.*

*For now, the best option is keeping the group funds in a locked Cash Box, and managing it well.*

### **Step 4.6 Acquiring Group Equipment (15 minutes)**

**Methods:** Reading aloud, large-group discussion, and agreement

#### **4.6.1 Tell participants:**

*SILC groups use the following equipment to manage and safeguard the group's money:*

- *record keeping journal to record all transactions and balances*
- *pen*
- *ruler*
- *calculator (or a member's telephone)*
- *5 bowls used to keep money organized during meetings*
- *3 bags to separate the 3 funds in the Cash Box*
- *strong Cash Box with 3 locks and keys*

**4.6.2** Use Table 13 to help participants come to consensus about how to acquire group equipment. Work with the large group, asking 1 question at a time.

**Table 13: Acquiring Group Equipment**

Topic	Information to Share	Questions for Decision-making
<i>You are now going to decide <b>how</b> you will raise money to purchase group equipment</i>	<i>Here are some things to consider:</i> <ul style="list-style-type: none"> <li>• <i>The group can raise a lump sum or small contributions over time</i></li> <li>• <i>The group can decide to have a joining fee</i></li> <li>• <i>Indicate the price of locally-available equipment</i></li> </ul>	<ul style="list-style-type: none"> <li>► <i>How will you raise the money to purchase group equipment?</i></li> </ul>
<i>You are now going to decide <b>where and when</b> to purchase group equipment</i>	<i>Here are some things to consider:</i> <ul style="list-style-type: none"> <li>• <i>Cash boxes can be bought locally; the cash box must be big enough to hold all of the group tools, including the Ledger Book</i></li> <li>• <i>The equipment should be of good quality to avoid wasting group money (strong box and locks; quality calculator)</i></li> </ul>	<ul style="list-style-type: none"> <li>► <i>Where are you going to purchase your group equipment?</i></li> <li>► <i>When are you going to purchase your group equipment?</i></li> </ul>

**4.6.3** Assist the Chairperson to carry out the group discussion and come to agreement on decisions. Once the group reaches an agreement, restate the decisions taken.

#### **Step 4.7 Summary and Conclusion (5 minutes)**

**4.7.1** Ask participants:

- *What are your questions on anything we discussed during this meeting?*

**4.7.2** Agree on the date, time, and place of the next meeting. Tell them the topic of the next meeting is: Main Fund Policies and Social Fund Policies.

**4.7.3** Quickly evaluate the meeting. Ask participants:

- *What did you like best today and why?*
- *What would you suggest to improve our next meeting?*

**4.7.4** Thank participants and close the meeting.

## Document D: SILC Constitution Template

### 1. BASIC INFORMATION ON THE SILC

Name of the SILC: \_\_\_\_\_

Address: \_\_\_\_\_

The SILC was formed on (date the group members registered): \_\_\_\_\_

The reason for the SILC to exist is to provide savings, loans, and emergency fund services to its members, so that they can achieve both individual and group development.

### 2. MEMBERSHIP CRITERIA

Lower age limit: \_\_\_\_\_

Gender: \_\_\_\_\_

Residence: \_\_\_\_\_

Other criteria: \_\_\_\_\_

### 3. COMPOSITION OF THE MANAGEMENT COMMITTEE

Chairperson

Secretary

Treasurer

Money Counter

Key Holder 1

Key Holder 2

Key Holder 3

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

### 4. ELECTION PROCEDURES

- Elections will be held at the beginning of every cycle
- The minimum number of members who must be present to hold an election is: \_\_\_\_\_
- A member must be seconded by another member before becoming a candidate
- At least 2 members must stand for each position
- All elections will use secret ballots for voting

### 5. REPLACEMENT OF MANAGEMENT COMMITTEE MEMBERS BETWEEN ELECTIONS

Any member of the General Assembly can call for a vote of no confidence in a member of the Management Committee. The vote can be held if the minimum numbers of members, stipulated in Section 4, is present. If the vote is passed by a majority of the voting members, the member must step down from the Management Committee and another member must be elected to the same position.

### 6. MEETINGS

- Members must attend every meeting. Acceptable reasons for missing meetings without penalty are: \_\_\_\_\_
- Savings meetings occur every week. Meetings with lending and repaying occur every 4th week.
- The SILC shares out this cycle's assets in (month and year): \_\_\_\_\_

## 7. MEMBERS LEAVING THE SILC

- If a member leaves the SILC before the end of the cycle, the SILC will calculate how much they must be paid using the following principle: \_\_\_\_\_
- The reasons for which a person should be expelled from the SILC are: \_\_\_\_\_
- If a member is expelled from the SILC, the SILC will calculate how much they must be paid using the following principle: \_\_\_\_\_
- If a member dies the SILC will calculate how much money should be given to their family using the following principle: \_\_\_\_\_

## 8. SAVINGS POLICIES

- The target amount that a member will try to save at every meeting is: Sh \_\_\_\_\_
- The maximum amount that can be saved at each meeting is: Sh \_\_\_\_\_

## 9. MAIN FUND POLICIES

- A member can only have 1 loan at a time
- Members can borrow up to \_\_\_\_\_ times the amount they have saved in the cycle
- When a loan is approved the borrower pays a Sh \_\_ processing fee before it is disbursed.
- The maximum length of loans (in months) is: \_\_\_\_\_
- When a member does not repay a loan on time the following principles will apply: \_\_\_\_\_
- When a member does not repay a loan by the end of the cycle the following principles will apply: \_\_\_\_\_

## 10. SOCIAL FUND POLICIES

- The contribution to the Social Fund at every meeting will be: Sh \_\_\_\_\_
- The Social Fund will be used for the following reasons, with the following payout amounts:

Social Fund Payout	Grant Amount

## 11. SADAQA FUND POLICIES

- Every member has an opportunity (but not an obligation) to make a Sadaqa contribution at every meeting. Non-members may also contribute.
- Sadaqa contributions are anonymous. Group totals are counted and announced.
- The General Assembly decides when and how to make donations in the name of the group from the Sadaqa Fund.

## 12. FINES

The following table lists the fines that will be charged for offenses committed by members.

Offense	Fine Amount
Absence from a meeting for personal reasons (apart from acceptable reasons listed in Section 6)	
Late to meetings	
Disrupting meetings (chatting, phone, etc.)	
Showing disrespect to members of the General Assembly	

## 13. CHANGES TO THE CONSTITUTION

The number of members who must agree before the Constitution can be changed is: \_\_\_\_\_



## Module 5: Main Fund Policies and Social Fund Policies

**Total Time Needed: 165 minutes (2 hours and 45 minutes)**

### Objectives for Module 5

In Module 5, participants will:

1. Set policies and procedures related to Main Fund management
2. Set policies and procedures related to Social Fund management

### Materials Needed

- Constitution template from previous session

### Facilitator's Notes

In this and subsequent modules, the amount a borrower can give in addition to loan repayment is referred to as Balal. This is the word used in Mauritania when an individual borrows something, and returns it with a small voluntary gift to show gratitude. Examples include returning a cart with hay for the animal, returning a vehicle with petrol in its tank, and returning a cooking pot with a little food. Throughout, replace the word Balal as needed with a local word that is already used in daily life, and that expresses the same idea.

#### Step 5.1 Recap Module 4 (15 minutes)

**Methods:** Open questions, paired groups, and mini-lecture

**5.1.1** Ask participants:

- ▶ *With a neighbor, discuss what **you** think was the most important point made in the last meeting and explain **why** you think this is so important. You will share your answers to this question in the large group in a few minutes.*

**5.1.2** After giving groups 3–5 minutes to discuss, invite each pair (or a few pairs if the group is large) to share their ideas and thank them.

**5.1.3** Building on the group's ideas, remind the group of the decisions they took in the last meeting on policies and procedures related to savings, and how they will acquire SILC tools.

#### Step 5.2 Session Objectives (5 minutes)

**Method:** Reading aloud

**5.2.1** Tell participants:

*In today's meeting you will*

- *make decisions on how to manage your Main Fund*
- *make decisions on how to manage your Social Fund*

#### Step 5.3 Main Fund (30 minutes)

**Methods:** Large-group discussion, story, paired groups, small groups, mini-lectures, and Constitution Template

### 5.3.1 Tell participants:

*As we discussed in the last meeting, members of SILC groups save money regularly, and that money is available for members to borrow, under conditions that members decide. We will now discuss for which purposes loans will be given to members of this SILC group.*

### 5.3.2 Ask participants:

- *For what purposes will you want to borrow in the SILC group?*

Encourage many responses, from several members. Write down their answers for yourself. Then select 2 loan purposes the participants mentioned, and ask the questions below. The 1st should be a profit-making purpose, such as business or farming, the 2nd for a useful purpose that does not generate income, such as school fees or housing improvement.

- *If a member borrows for \_\_\_\_ [purpose that earns profit, such as business or farming] will the activity generate enough income to repay on time??*
- *If a member borrows for \_\_\_\_ [useful purpose that does generate income, such as school fees], will this investment generate income to repay on time?*

### 5.3.3 Tell participants:

*Listen to the following story about Zablon. You will then answer a question about this story with a partner.*

Tell the story in Box 11.

#### Box 11: Zablon's Loan

*Zablon is a farmer in the village of Ralang. It is September and he has 3 bags of maize left in his store. School fees for his children are now due, so Zablon is thinking about selling his maize to pay for the school fees. Right before he sells the maize, a SILC is organized in Ralang and he becomes one of the first members. Zablon then asks for a loan so that he can pay his children's school fees. This will allow him to continue to store the maize for a month, by which time its value will increase by 50%, allowing him to pay back the loan, and have some money left over. However, the SILC group tells Zablon he cannot have a loan to pay school fees because it is not a "productive purpose."*

### 5.3.4 Ask this question to the paired groups to discuss:

- *Do you think Zablon's loan request to the SILC should be approved or not? Explain why.*

### 5.3.5 Give pairs 5 minutes to discuss, then invite a few pairs to share their answers, and thank them. Tell the participants:

*Even though Zablon is not intending to invest his loan in a business, and wants to use it to pay school fees, he will be able to repay in full because he is able to manage his household money well. He plans on delaying selling his maize in order to make a profit. SILC members can take loans for a variety of reasons. What is **most important** is that a member taking a loan has a clear plan for repaying their loan.*

*In order to ensure that loans can be repaid, they are not given automatically to members. Each loan application will state the amount, purpose, and length of time. The General Assembly will discuss the merits of each loan application.*

### 5.3.6 Tell participants:

*Now we will discuss decisions for the management of your Main Fund. These decisions will be written in your SILC Constitution.*

Use Table 14 to help participants come to agreement on Main Fund management. Take one set of questions (by rows) at a time before moving to the next row.

**Table 14: Main Fund Management**

Topic	Information to Share	Questions for Decision-making
<i>You are now going to decide the size of loans.</i>	<i>Here are some things to consider:</i> <ul style="list-style-type: none"><li><i>In the first cycle, members may not borrow more than 3 times their personal savings. This prevents the member from taking on too much debt. It also reduces the risk that someone borrows too much money relative to what they have saved—and then cannot repay.</i></li><li><i>The group may decide a lower limit than 3 times their personal savings, but members should be allowed to borrow more than their cumulative savings, since that is an important benefit of SILC.</i></li></ul>	► <i>Should loan amounts be limited to 2 times or 3 times a member's personal savings? Why?</i>
<i>You are now going to decide the duration for loans.</i>	<i>Here are some things to consider:</i> <ul style="list-style-type: none"><li><i>When loans are short-term, many people in the group get a chance to borrow.</i></li><li><i>However, many activities require loans that are longer than 1 month, such as for gardening or animal fattening.</i></li><li><i>SILC groups in the first cycle may not have loans longer than 3 months, as this helps protect the group's assets. Groups may have longer loans starting in the second cycle.</i></li></ul>	► <i>Should the maximum duration for loans be 1 month, 2 months, or 3 months? Why?</i>

### 5.3.7 Help the Chairperson carry out a discussion and come to agreement. Clearly restate the decisions the group took. Ask the Secretary to record the decisions in the Main Fund Policies Section of the SILC Constitution Template.

## Step 5.4 Setting the Loan Processing Fee (20 minutes)

**Methods:** Mini-lecture, and Constitution Template

### 5.4.1 Tell participants:

*In SILC, members can decide that their group should have a loan processing fee, and include this in their constitution. The processing fee covers the work the group does to make money available to the borrower. This includes mobilizing and managing member savings, analyzing the loan requests, and recording the loan disbursements and repayments. However, some groups decide not to include a loan processing fee in their constitution. Both options are acceptable.*

*The loan processing fee is a fixed amount decided by the group, for the entire cycle. It is the same amount for a small or a large loan. It is the same for a short or a long loan. It is the same for all loan purposes. The loan processing fee is paid by every borrower before receiving the loan, and gets added to the Main Fund. This makes more money available for others to borrow. At the end of the cycle, this will be part of group profit.*

**5.4.2** Use Table 15 to help participants decide whether to have a loan processing fee.

**Table 15: Deciding whether to have a Loan Processing fee**

Topic	Information to Share	Question for Decision-making
<i>You are now going to decide if your group will have a loan processing fee.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>It is up to each group to decide whether to have a loan processing fee</i></li> <li><i>The fee is meant to cover all the work the group does to make the money available</i></li> <li><i>The fees paid by borrowers will be added to the Main Fund</i></li> <li><i>All fees become profit at the end of the cycle</i></li> </ul>	<p>► <i>Do you want your group to have a loan processing fee? Why or why not?</i></p> <p>►</p>

Assist the group in discussing and coming to agreement. If the group chooses to have a loan processing fee, go to Step 5.4.3. If not, ask the Secretary to cross out the mention of a loan processing fee in the Main Fund Policies section of the SILC Constitution Template.

**5.4.3** Divide participants into three small groups. Use Table 16 to help participants come to agreement on the amount of the loan processing fee.

**Table 16: Choosing the Group's Loan Processing fee**

Topic	Information to Share	Question for Decision-making
<i>You are now going to choose your group's loan processing fee.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>The amount of the fee must be fixed (a single amount) and applies to all loans (small or large; short or long; any purpose)</i></li> <li><i>Charging different fees based on loan size or duration is the same as charging interest (riba)</i></li> <li><i>The amount of the fee should be set such that it is affordable to every borrower in the group, even when taking a small loan</i></li> <li><i>All fees will be part of group profit at the end of the cycle</i></li> </ul>	<p>► <i>What fixed loan processing fee do you suggest to charge on all loans?</i></p>

Invite small groups to share their answers. Assist the group to discuss and come to agreement. Clearly restate the decision the group took. Ask the Secretary to record the group's loan processing fee in the Main Fund Policies Section of the SILC Constitution Template.

## Step 5.5 Giving an Additional Amount with Loan Repayment (20 minutes)

**Methods:** Hadith, story, large-group discussion

**5.5.1** Read the following hadith, and its application to SILC:

### Box 12: Bukhari 6: Book 3: Volume 41: Hadith 579

Narrated Jabir bin Abdullah:

*I went to the Prophet while he was in the Mosque. (Mis'ar thinks that Jabir went in the forenoon.) After the Prophet told me to pray two Rakat, he repaid me the debt he owed me and gave me an extra amount.*

حَدَّثَنَا خَالِدٌ، حَدَّثَنَا مِسْعَرٌ، حَدَّثَنَا مُحَارِبُ بْنُ دَثَارٍ، عَنْ جَابِرِ بْنِ عَبْدِ اللَّهِ - رَضِيَ اللَّهُ عَنْهُمَا - قَالَ أَتَيْتُ النَّبِيَّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ وَهُوَ فِي الْمَسْجِدِ - قَالَ مِسْعَرٌ أَرَاهُ قَالَ ضَحَى - فَقَالَ " صَلِّ رَكْعَتَيْنِ " . وَكَانَ لِي عَلَيْهِ دَيْنٌ فَقَضَانِي وَزَادَنِي. كِتَابُ فِي الْإِسْتِقْرَاضِ.

*The application of this Hadith to SILC is that when you make good use of a loan intended for your development, it is reasonable when paying back the loan to voluntarily give an additional amount to the group above the amount received, as a show of gratitude.*

Tell participants:

*In SILC, borrowers are required to repay their loans in full, and only that amount. However, some borrowers may decide to give an additional amount along with their loan repayment, as a show of gratitude. Each borrower chooses whether to give an additional amount and how much to give. This is similar to the customary practice of BALAL, where a person who borrows an item (such as a cart and donkey) may return it with a small gift (such as hay for the donkey) to show gratitude to the lender for the opportunity to use the item. The gift is not agreed or communicated ahead of time, and is entirely the decision of the borrower.*

**5.5.2** Tell participants:

*There are good practices in SILC groups for when borrowers give balal with loan repayments.*

Tell the story in Box 13.

### Box 13: The Story of 3 Borrowers

*In the el Humira group, one member, Amina, took a loan of Sh2,000 to buy fish and ice, to be repaid after 2 months. She had very high sales and was able to buy and sell fish several times. After 1 month, she made a payment of Sh1,000. She saw how much profit she had made, and decided to give some of it to the group as balal, in order to show her appreciation to the group for the opportunity to operate the business. One month later, she made her final loan payment of Sh1,000, and again gave balal.*

*Another member, Fati, took a loan of Sh1,500 for school expenses, to be repaid after 2 months. She paid Sh500 after 1 month, but did not give balal since she did not have extra money available. The next month, she paid the remaining Sh1,000 to clear her loan, and this time she was able to give balal, in appreciation for how the group helped her to pay the school expenses on time.*

*Another member, Malik, took a loan of Sh3,000 to buy fertilizer for his maize plot, to be repaid after 3 months. Unfortunately, the harvest was poor and he was only able to earn the amount he had invested. As a result, while he was able to repay the Sh3,000 on time, he was not in a position to give balal to the group.*

**5.5.3** Ask the large group to answer these questions. Ask the questions one at a time and allow several responses before moving to the next question.

- ▶ *What happened in the case of each borrower?*
- ▶ *What explains the differences in balal practices between the 3 borrowers?*

**5.5.4** Summarize by making the following points:

- *Any borrower who is in a position to give balal can do so, but there is never an obligation nor a set amount*
- *It is appropriate to make a bigger balal gift when the usage of the loan resulted in better results*
- *Ultimately, the decision on whether to give balal, and how much to give, is personal. There is no rule, nor automatic system.*
- *Any balal amount given is added to the Main Fund, becomes available for lending, and will be part of group profit at the end of the cycle.*

## **Step 5.6 Handling Late Repayments and Defaults (20 minutes)**

**Methods:** Large-group discussion, hadith, small-group discussion, Constitution template, and story

**5.6.1** Tell participants:

*In SILC, borrowers commit to repay their loan by a certain date. They can make several installments or repay all at once. What is important is that the loan is paid in full by the agreed date.*

- ▶ *What is the impact on the group if a borrower does not repay the loan in full by the due date?*
  - *[Other members do not get an opportunity to borrow]*
  - *[The group is inconvenienced]*
  - *[The group may hesitate to lend to that member in future]*
  - *[If the member does not pay at all, the group may lose money]*

Read the following hadith, and its application to SILC:

### **Box 14: Bukhari: Book 3: Volume 41: Hadith 572**

Narrated Abu Huraira:

*The Prophet said, "Whoever takes the money of the people with the intention of repaying it, Allah will repay it on his behalf, and whoever takes it in order to spoil it, then Allah will spoil him."*

عن أبي هريرة رضي الله عنه، عن النبي صلى الله عليه وسلم (من أخذ أموال الناس يريد أداها أدى الله عنه، ومن أخذ يريد إتلافها أتلفه الله). كتاب في الإستقراض وأداء الديون – باب من أخذ أموال الناس يريد أداها أو إتلافها - مختصر صحيح البخاري

*The application of this Hadith to SILC is that if members borrow from the groups with the intention of using it to develop themselves and to repay it in full at the agreed loan duration, then Allah (SWT) will help those members to profit from the loan and be able to repay on time and in full.*

*However, if SILC members borrow from the group with bad intentions about the loan use and do not intend to repay, then Allah (SWT) will not only spoil the reward the members would have gotten from the use of the loan but also all other things that they do.*

**5.6.2** Invite participants to get back into their small groups. Use Table 17 to help participants decide how to handle late repayments and defaults. Ask the question to small groups to discuss for about 5 minutes. Ask 1 row at a time.

**Table 17: Handling Late Repayments and Defaults**

Topic	Information to Share	Questions for Decision-making
<i>You are now going to decide what to do if a member does not repay a loan by the due date.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>Deciding ahead of time what to do in case of late repayment makes the consequences of late repayment clear to borrowers, encourages good use of loans, and prevents arguments in the future.</i></li> <li><i>If a borrower is late, the group should find out the reasons and take them into account</i></li> <li><i>Making a borrower pay extra money because they have gone beyond the agreed repayment due date is haram – neither fines nor additional loan processing fees are acceptable in Islamic law.</i></li> </ul>	<p>► <i>When a member does not repay a loan by the due date, what should the group do?</i></p>
<i>You are now going to decide what to do if a member does not repay a loan by the end of a cycle.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>If loans are not repaid at the end of the cycle, it will be difficult to conduct the share-out.</i></li> <li><i>Since members can borrow more than they have saved, their personal savings might not cover the outstanding amount on their loans.</i></li> </ul>	<p>► <i>When a member does not repay a loan by the end of the cycle, what should the group do?</i></p>

**5.6.3** After each row, invite small groups to share their answers. Assist the group in discussing and coming to agreement. Clearly restate the decision the group took. Ask the Secretary to record the group decision in the Main Fund Policies Section of the SILC Constitution Template,. Encourage the group to consult with the local religious scholar or imam as necessary, to ensure the steps they have chosen are compliant with Sharia.

**5.6.4** Tell participants:

*Congratulations on deciding how to manage your Main Fund. If you make loans wisely and members repay on time, your Main Fund will grow rapidly and members will earn profit at the end of the cycle. Now, listen to this story about a SILC group that wanted to earn as much profit as possible from giving loans.*

Tell the story in Box 15.

## Box 15: The Garissa SILC

*A SILC group in Garissa was eager to increase its Main Fund and earn as much profit as possible. The members studied their records and saw that the group's money was only partially being used. They made a rule that every member needed to borrow at least once during the cycle. They began pushing members to take loans if there was any cash left in the Main Fund, even if it wasn't clear how members would repay. After a few months, some members were unable to make their loan repayment. Some members had to sell household items to repay loans they had not wanted to take. Some members had strained relationships at home and had to leave the SILC group. As a result, the Main Fund did not grow as planned.*

**5.6.5** Ask the large group to answer these questions. Ask the questions one at a time and allow several responses before moving to the next question.

- ▶ *If you were the field agent for this group, what would you advise them to do?*
- ▶ *What is the lesson learned for your own SILC?*

**5.6.6** Summarize by telling participants:

- *We strongly recommend not loaning “everything all of the time to earn as much profit as possible.”*
- *Do a thorough loan analysis and consider the repayment ability of each borrower.*
- *Consider that members who do not borrow are helping the group, since their savings are available for others to borrow.*
- *Also, we discourage lending to non-members due to risk. Remember, non-members are not bound by the SILC Constitution, so if they default, it will be very difficult to recover the money. If a non-member wants a loan and fits the criteria for membership, consider inviting this person to join the SILC group.*
- *Finally, do not borrow on behalf of someone else (another member, or a non-member). If you borrow for another member and that person does not pay back the money, you are responsible for the loan since you are the one who signed for it in the Ledger.*

## Step 5.7 Group Purchasing (10 minutes)

**Methods:** Mini-lecture, open questions,

**5.7.1** Tell participants:

*As we have discussed, SILC allows members to borrow, and to use the money to pay for services (like paying laborers to clear a field) or to buy things (like household items).*

*Another way for the SILC members to buy items is to make a list of what all the members need, take money from the Main Fund, and have at least 2 group representatives purchase these items in bulk, from a place where they can get a good price. Each member is then given the items they ordered, and has to pay the group back, in cash, at a later date as set by the group.*

*Doing so allows members to get goods easily and conveniently, and less expensively than if each member had purchased the items on her own, locally. Some groups choose to charge each member a small markup on the amount they owe the group, which increases the group profit. Other groups only ask the members to repay the purchase price, and they benefit from the convenience and lower price.*

**5.7.2** Ask participants these questions, one at a time, and in this order. For each question, take a few answers and then move to the next one.

- ▶ *What types of items would it be useful to purchase this way? What items are difficult to find locally?, What items are more expensive locally, than in more distant markets?*
- ▶ *Where specifically could the group acquire these items cheaply and conveniently?*

Explain to the group that after they have saved for a few months, if not all the money has been used for individual loans to members, the group can consider group purchasing. Tell participants that when they make their first group purchase, you will help them keep accurate records of the use of group money, and the repayment of each member.

## **Step 5.8 Social Fund (40 minutes)**

**Methods:** Story, open questions, mini-lecture, and Constitution Template

**5.8.1** Tell participants that you will now discuss the SILC group's Social Fund. Tell the story in Box 16.

### **Box 16: Halima's Need for Money**

*Halima was a member of Umoja SILC Group. Members of Umoja were very active, and frequently most of the Main Fund was loaned to members. One day, Halima's daughter, Amina, became sick with malaria. Halima first tried to treat her with plants, but the sickness got worse. Halima did not have enough money to pay for transport to town and for clinic fees. Her neighbors would not help. At the next meeting of the SILC group, Halima wanted to borrow money for transport and clinic fees, but there was not enough money to help her. Halima feared for Amina's life as she became sicker.*

**5.8.2** Ask participants these questions, one at a time, and in this order. For each question, take a few answers and then move to the next one.

- ▶ *What happened to Halima and why?*
- ▶ *What would have prevented this situation from happening?*

**5.8.3** Tell participants the information below. Link this information to their responses to the above questions.

*In SILC there is a fund, separate from the Main Fund, called the Social Fund, to help members who have emergencies or who face unhappy events. Money from the Social Fund is used to make non-repayable grants to assist SILC members for these types of events:*

- *sickness or injury (medicine, doctor visits, hospital bills)*
- *funerals and burials*
- *disasters (such as a house burning down)*
- *other purposes as defined by the group*

*The Social Fund is treated separately from the Main Fund. The money for the Social Fund is always kept separate from other money to ensure there is enough to make a payout. This is especially important because most of the time the events are unpredictable.*

**5.8.4** Tell participants:

*Your group must make decisions on the management of the Social Fund including contributions to this fund and the conditions of use. I will share the questions you need to*

answer and give you some examples from other SILC groups. Then the Secretary will record your decisions on the SILC Constitution Template.

- 5.8.5** Use Table 18 to help participants come to agreement on the Social Fund management. Ask questions to the large group and take one set of questions (by rows) at a time before moving to the next row.

**Table 18: Social Fund Management**

Topic	Information to Share	Questions for Decision-making
<i>You are now going to decide how the Social Fund can be used.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>Some needs should not be supported by the Social Fund (for example, if members have a clear way to repay). In those cases members should access the Main Fund.</i></li> <li><i>Most groups have payouts for emergencies and unhappy events such as death, sickness, and disasters.</i></li> </ul>	<ul style="list-style-type: none"> <li>► <i>What kinds of needs will be supported by social funds? Why?</i></li> <li>► <i>Whose needs will be covered (members, immediate family, extended family, etc.)?</i></li> </ul>
<i>You are now going to decide how much to contribute to the Social Fund.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>Group members make Social Fund contributions at every meeting.</i></li> <li><i>Because emergencies and unhappy events are not predictable, many groups decide to make the Social Fund contribution about 10% of the target savings amount.</i></li> <li><i>After around 6 months, SILC groups can monitor the Social Fund balance to see if contributions need adjusting up or down.</i></li> <li><i>If the Social Fund grows large and has enough money to cover typical needs, the Social Fund contributions may be suspended until the amount of money in the Social Fund reduces. This is similar to storing water in a bucket to be ready to put out kitchen fires. Once the bucket is full, stop adding water until it is needed again.</i></li> </ul>	<ul style="list-style-type: none"> <li>► <i>How much will each member contribute per meeting to the Social Fund?</i></li> </ul>
<i>You are now going to decide on the level of Social Fund payouts for your group.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>The Social Fund can be viewed as a form of solidarity between members—it is not always possible, or necessary, to entirely cover a member's need.</i></li> <li><i>The group may choose different payouts depending on which family member is affected.</i></li> </ul>	<p><i>(For each event)</i></p> <ul style="list-style-type: none"> <li>► <i>How much is payable?</i></li> </ul>

- 5.8.6** Assist the large group to discuss and come to agreement. Clearly restate the decision the group took. Ask the Secretary to record its decisions in the Social Fund Policies Section of the SILC Constitution Template.

## **5.9 Summary and Conclusion (5 minutes)**

- 5.9.1** Ask participants:

► *What are your questions on anything we discussed during this meeting?*

- 5.9.2** Agree with the group on the date, time, and place of the next meeting. Tell participants that the topic of the next meeting is: Sadaqa Fund Policies, Meetings and Constitution Finalization.

- 5.9.3** Quickly evaluate the meeting. Ask the participants:

► *What did you like best today and why?*

► *What would you suggest to improve our next meeting?*

- 5.9.4** Thank participants and close the meeting.

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## Module 6: Sadaqa Fund Policies, Meetings and Constitution Finalization

**Total Time Needed: 150 minutes (2 hours 30 minutes)**

### Objectives for Module 6

In Module 6, participants will:

1. Set policies and procedures related to (optional) Sadaqa Fund management
2. Set policies related to meeting attendance
3. Set policies related to members leaving the group
4. Finalize their SILC Constitution
5. Agree on how to share and use the Constitution

### Materials Needed

- SILC Constitution Template from earlier sessions
- Pen

### Step 6.1 Recap Module 5 (15 minutes)

**Methods:** Open questions, paired groups, and mini-lecture

**6.1.1** Ask participants:

*With a neighbor, discuss what **you** think was the most important point made in the last meeting and explain **why** you think this is so important. You will share your answers with others in a few minutes.*

**6.1.2** Give groups 3–5 minutes to discuss. Then invite each pair (or a few pairs if the group is large) to share their ideas. Thank them.

**6.1.3** Building on the participants' ideas, remind them of the decisions they took in the last meeting on (a) Main Fund management, (b) loan processing fee, (c) group purchases, and (d) Social Fund management. Emphasize that the ability to borrow is an important benefit of SILC, but the group should not try to “lend all the money all the time” to increase profit, since that can lead to forced borrowing, inability to repay, and loss of funds.

### Step 6.2 Session Objectives (5 minutes)

**Method:** Reading aloud

**6.2.1** Tell participants:

*In today's meeting, you will*

- *Decide whether to have a Sadaqa fund, and how to manage it*
- *decide how to encourage members to attend meetings, on time*
- *decide what to do if members leave the group*
- *finalize your SILC Constitution*
- *agree on how to share and use the SILC Constitution*

### Step 6.3 Sadaqa Fund (30 minutes)

**Methods:** Hadith, mini-lecture, story, large-discussion and Constitution Template

**6.3.1** Read the following hadith, and its application to SILC:

**Box 17: Malik: Book 58: Hadith 58.1.1**

*Malik related to me from Yahya ibn Said from Abu'l-Hubab Said ibn Yasar that the Messenger of Allah, may Allah bless him and grant him peace, said, "Whoever gives Sadaqa from good earning - and Allah only accepts the good - it is as if he placed it in the palm of the Merciful to raise it, as one of you raises his foal or young camel until it is like the mountain.*

مالك عن يحيى بن سعيد ( الأنصاري ) عن أبي الحباب ( - بضم الحاء المهملة ، وموحدين مخففا - ) ( سعد بن يسار ) - بتحتية ، ومهملة خفيفة - مرسلًا عند يحيى وأكثر الرواة ، وأسند معن ، وابن بكير عن مالك عن يحيى عن أبي الحباب : ( أن رسول الله - صلى الله عليه وسلم - قال : من تصدق بصدقة من كسب طيب ) ، أي مكسوب ، والمراد ما هو أعم من تعاطي التكسب ، أو حصول المكسوب بغير تعاط كال ميراث ، وكأنه ذكر الكسب لأنه الغالب في تحصيل المال ، والمراد بالطيب : الحلال لأنه صفة كسب ، قال القرطبي : أصل الطيب المستلذ بالطبع ، ثم أطلق على المطلوب بالشرع ، وهو الحلال ، قال ابن عبد البر : المحض أو المتشابه به ؛ لأنه في حيز الحلال على أشبه الأقوال للأدلة .

ولا يقبل الله إلا طيبا ( جملة معترضة بين الشرط والجزاء ، التقدير ما قبله وفي رواية للبخاري : " ولا يصعد إلى الله إلا الطيب " ، أي الحلال ، أو المتشابه لا الحرام .

*The application of this Hadith to SILC is that members are able to give Sadaqa through the group, and the pooling of member contributions will increase the reward from Allah (SWT) to the members.*

**6.3.2** Tell participants:

*You will now discuss if your group wants to have a third fund that will receive Sadaqa donations from members, which can then be used to help others in the community. Having a Sadaqa fund is optional, and if you choose to have one, it will be managed separately from the Main Fund and the Social Fund.*

*Having a Sadaqa fund provides an additional opportunity for group members to meet their social and spiritual obligations in the community, beyond the Sadaqa they practice individually in their daily lives. By pooling their Sadaqa contributions and accumulating them over time, members together can make larger donations, and do more good in the community.*

**6.3.3** Tell participants that you will now discuss the outcomes of having a Sadaqa fund in the group. Tell the story in Box 18.

**Box 18: The Sadaqa Fund Supports the Water Pump**

*The pump in Gelo village has broken down, making the borehole unusable. As a result, women and children have to walk long distances to fetch water, and there isn't enough water for all the animals. Community members are asked to contribute money to pay for spare parts to repair the pump, but only a small amount was raised this way. . During the weekly SILC meeting, a member suggests that the group use money from the Sadaqa fund to contribute for the repairs. With the group donation, it is now possible to purchase the spare parts and repair the water pump.. The group is invited to the ceremony for the re-opening of the water pump, and is thanked for their contribution.*

Now, ask this question, probing to get several answers. Suggest answers not mentioned by members, and ask for reactions.

- *Who benefited from the sadaqa donation for the water pump, and how?*
  - *[The entire community, as the borehole became usable again]*

- *[Women and children, as they no longer needed to walk long distances to fetch water]*
- *[Households with animals, as they were able to provide them with enough water]*
- *[The group, since it was able to support the community]*
- *[The group, since its reputation in the community will increase]*

*[Group members, since they will be rewarded in the afterlife for providing water to the community. The Messenger of Allah (SWT) was asked, “Which charity is best?” He replied, “[Providing] water. (Abu Dawud)]*

*Here are some other ways groups have used their Sadaqa fund:*

- *Contributions to the mosque*
- *Contributions to community facilities (e.g. schools)*
- *Contributions to community infrastructure (e.g. well, borehole and pump)*
- *Responses to emergencies (e.g. natural disasters, fire)*
- *Support to needy individuals and families*

**6.3.4** Use Table 19 to help participants decide whether their group should have a Sadaqa Fund.

**Table 19: Deciding Whether to Have a Sadaqa Fund**

Topic	Information to Share	Question for Decision-making
<i>You are now going to decide if your group will have a Sadaqa fund.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li>• <i>It is up to each group to decide whether to have a Sadaqa fund.</i></li> <li>• <i>At every meeting, there is an opportunity for members to make Sadaqa contributions, but it is never mandatory.</i></li> <li>• <i>Contribution amounts are not fixed, and are up to the individual</i></li> <li>• <i>Non-members (for example, friends and relatives) are allowed to contribute to the group’s Sadaqa fund.</i></li> <li>• <i>Individual contributions are always confidential and are not tracked.</i></li> <li>• <i>The total contributions for the meeting are counted, announced and recorded separately from the other group funds.</i></li> <li>• <i>The Sadaqa fund is kept in a separate bag in the Cashbox.</i></li> <li>• <i>The General Assembly decides when and how to make Sadaqa donations in the name of the group.</i></li> </ul>	<p>► <i>Do you want your group to have a Sadaqa fund? Why or why not?</i></p>

Assist the group to discuss and come to agreement. If the group chooses to have a Sadaqa fund, help the group validate or adjust the Sadaqa Fund Policies section of the SILC Constitution Template. If the group chooses not to have a Sadaqa fund, ask the Secretary to cross out that section of the SILC Constitution Template.

## Step 6.4 Meetings and Cycles (20 minutes)

**Methods:** Small groups, agreement, and Constitution Template

### 6.4.1 Tell participants:

*Starting with the next meeting, you will begin your financial activities. In SILC, groups in their first cycle meet weekly to save and to make contributions to their Social Fund. These meetings can be as short as 30 minutes. Meetings when members take and repay loans can last more than 1 hour, therefore those only happen once a month (every 4 weeks). This also makes it easier to keep track of loans and loan payments. After you finish 3 savings meetings, members who are interested can request a loan starting in the 4th meeting.*

### 6.4.2 Tell participants: *To ensure that all of your meetings are efficient, you will now make several decisions.*

Use Table 20 to help participants make decisions on meeting attendance and on their share-out date. Have them discuss 1 set of questions at a time.

**Table 20: Meetings and Share-Out**

Topic	Information to Share	Questions for Decision-making
<i>You are now going to decide rules around attendance.</i>	<i>Here are some things to consider:</i> <ul style="list-style-type: none"><li><i>Regular attendance is a responsibility of all members. This ensures all members know what is happening to group funds, and can participate in decision-making.</i></li><li><i>Members should attend meetings even if they cannot save or make Social Fund contributions that week.</i></li><li><i>Many SILC groups assign fines for members who are absent from meetings, in order to promote attendance.</i></li></ul>	<ul style="list-style-type: none"><li>► <i>What should the penalty be for missing a meeting?</i></li><li>► <i>What are acceptable reasons for missing a meeting, without penalty?</i></li></ul>
<i>You are now going to decide rules around being on time to meetings.</i>	<i>Here are some things to consider:</i> <ul style="list-style-type: none"><li><i>If members are late to meetings, it can delay those who are on time, and can make record-keeping difficult.</i></li><li><i>Many SILC groups assign fines for being late to meetings, in order to encourage members to be on time.</i></li></ul>	<ul style="list-style-type: none"><li>► <i>What should the penalty be for being late to a meeting?</i></li></ul>

Topic	Information to Share	Questions for Decision-making
<i>You are now going to decide when to share out your Main Fund for the first cycle.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>Share-out happens at the end of the cycle: all the loans have been paid back, and members get back all their savings plus an equal share of the group profit. They can use this money freely and do not have to pay it back.</i></li> <li><i>Groups should therefore schedule their first share-out at a time when all or most of the members will need a large amount of money, for example, for agricultural expenses, or for spending for a big holiday.</i></li> <li><i>The first cycle of a group should not be too short, to ensure that the group can master the SILC methodology, and that members save amounts that are big enough to meet their needs</i></li> <li><i>The first cycle of a group should not be too long either, since sharing out allows groups to change membership, the management committee, and the rules of the group, for the second cycle.</i></li> <li><i>Therefore, your group needs to select a month between ____ [name the month 8 months in the future] and ____ [name the month 14 months in the future] for sharing out.</i></li> <li><i>Sharing out does <b>not</b> mean that the group breaks up. Some groups start their second cycle immediately—they operate continuously. Other groups rest for a few months if members are busy with agricultural activities, and start again after a few months—they have annual cycles of 9 or 10 months.</i></li> <li><i>Sharing the money does not mean the group must start again from nothing. Many groups allow members to reinvest some of what they receive at share-out to start their next cycle.</i></li> </ul>	<p>► <i>In which <b>month</b> do you want to share-out (the exact date in the month can be decided closer to the share-out month).</i></p>

**6.4.3** Assist the large group to discuss and come to agreement. Ensure the month the group selects is between 8 and 14 months in the future. Clearly restate the decisions the group took. Ask the Secretary to record the decisions on the SILC Constitution Template.

## **Step 6.5 Member Departures (20 minutes)**

**Methods:** Mini-lecture, consensus, and Constitution Template

### 6.5.1 Tell participants:

*Every member in the group is going to save in the SILC, and will get this money back at share-out. However, there could be cases in which a member leaves the group before the end of the cycle. You should plan now how you will deal with these possible situations, rather than wait until the moment arrives. One option is that another person replaces the departing member by paying him/her their accumulated amount in savings deposited with the group. However, the group should not accept just any person simply to maintain the membership or keep funds in the group. Any prospective member must be approved by the other members and agree to respect the group's Constitution and procedures. In case there is no replacement member, you are going to discuss how to deal with the departure of a member.*

### 6.5.2 Use Table 21 to help participants make decisions on how to handle member departures. Have them discuss 1 set of questions at a time.

**Table 21: Meetings and Share-out**

Topic	Information to Share	Questions for Decision-making
<i>You are now going to decide what to do in case a member leaves before the end of the cycle.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>A member could leave as a personal decision, or might have no choice (for example, gets married and must leave the community).</i></li> <li><i>The member has saved and would normally get this savings and profit back at share-out.</i></li> <li><i>If the member's savings remain in the group, s/he will not be able to determine how funds are used, and the group will have to return the savings later.</i></li> <li><i>The amount of profit the group might have at share-out is unknown at the time the member leaves.</i></li> <li><i>Many groups which are able to return the member savings immediately do so at the time the member leaves.</i></li> </ul>	<ul style="list-style-type: none"> <li>► <i>What should happen to the amount the member saved?</i></li> <li>► <i>Should the member receive any amount of profit (at the time of departure, or at share-out)?</i></li> <li>► <i>What should be done with any property the group owns at the time?</i></li> </ul>
<i>You are now going to decide acceptable reasons for the group to remove a member from the group.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>SILCs exist to help members and every effort should be made to support participation and resolve any conflicts between members.</i></li> <li><i>At the same time, members in the group must agree to work together, and there could be situations where a member should be removed to allow the rest of the group to function well.</i></li> </ul>	<ul style="list-style-type: none"> <li>► <i>What are acceptable reasons for the group to remove a member?</i></li> </ul>

Topic	Information to Share	Questions for Decision-making
<i>You are now going to decide what to do in case a member is removed from the group.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>• Expulsion means that a member is forced to leave by the group—even though it might be the result of their behavior or faults, it is not their choice.</i></li> <li><i>• It is a good idea for the group to completely end its relationship with the member so there are no outstanding claims.</i></li> </ul>	<ul style="list-style-type: none"> <li>► <i>What should happen to the amount the member saved?</i></li> <li>► <i>Should the member receive any amount of profit (at the time of departure, or at share-out)?</i></li> <li>► <i>What should be done with any property the group owns at the time?</i></li> </ul>
<i>You are going to decide what to do in case a member dies during the cycle.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>• Every one of us is human. We hope it never happens, but a member might die during the cycle.</i></li> <li><i>• The member will have savings with the group, and might have a loan outstanding or unpaid fines.</i></li> </ul>	<ul style="list-style-type: none"> <li>► <i>What should be done regarding the member's debts to the group?</i></li> <li>► <i>What funds should be given to the member's family?</i></li> </ul>

**6.5.3** Assist the large group to discuss and come to agreement. Clearly restate the decision the group took. Ask the Secretary to record its decisions in the Members Leaving the SILC Section of the SILC Constitution Template.

## **Step 6.6 Finalizing the Constitution (40 minutes)**

**Methods:** Mini-lecture, large-group discussion, Constitution Template

**6.6.1** Tell participants:

*Over the last few meetings and today, you have made many decisions that will help you have a successful SILC Group. All your decisions were written on a Constitution Template. Now you will confirm your decisions and finalize the Constitution, and all members will sign or make their mark on the final version of the Constitution. This means you are promising as a group to respect and put into practice what is written. Keep in mind that the Constitution can be changed in the future, using a process you all agree on.*

**6.6.2** Ask the Secretary to read the entire Constitution in full and in order. At each point, verify member understanding and ask them to confirm the decisions. If necessary, facilitate the discussions around any proposed change, and ensure the Secretary clearly writes down the final decision.

**6.6.3** Tell participants:

*The Constitution exists so that the group works well, and serves its members well. Remember that one of the member responsibilities is to develop the Constitution, and change it if needed. Later in the cycle, you might find that some of the rules are not working well for your group. In that case, rather than ignore the rule or make exceptions, is it better to formally*

*makes changes to the Constitution. However, this is not a decision to take lightly. Therefore, you need to agree on a process if you need to change your Constitution.*

- 6.6.4** Use Table 22 to help participants make decisions on how to make future changes to their Constitution.

**Table 22: Constitution Changes**

Topic	Information to Share	Question for Decision-making
<i>You are now going to decide how many members must agree to change your Constitution in the middle of a cycle.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>If too few members must agree on a change, it will not truly represent the desires of the membership.</i></li> <li><i>If all members must agree on a change, it becomes possible for a single member to prevent a needed change.</i></li> <li><i>Remember that the entire Constitution is reviewed at the beginning of each cycle. The required number of members we are discussing now only applies to changes during a cycle.</i></li> </ul>	<p>► <i>How many members (what proportion) should agree to change the Constitution in the middle of a cycle?</i></p>

- 6.6.5** Assist the large group to discuss and come to agreement. Clearly restate the decision the group took. Ask the Secretary to record its decisions in the Constitution Amendment Section of the SILC Constitution Template.

Once the Constitution is finalized, ask the Secretary to write the names of all the group members, and have each member sign or make their mark on the Constitution. Management Committee members should also sign by their names on the first page to formally accept their extra responsibilities.

## **Step 6.7 Sharing and Using the Constitution (15 minutes)**

**Methods:** Mini-lecture, small groups, large-group discussion, and agreement

- 6.7.1** Tell participants:

*When you discussed the story of the 2 SILC groups in Machakos (in Module 4), the importance of sharing, internalizing, and using the Constitution became clear. (Summarize any other relevant points from the earlier discussion.)*

- 6.7.2** Tell participants:

*You will now decide what your SILC group will do to make sure that your Constitution is well-understood and used regularly.*

- 6.7.3** Use Table 23 to help participants come to agreement on how to share, internalize, and use the Constitution. Put participants in small groups to discuss the question for decision-making.

**Table 23: Using the SILC Group Constitution**

Topic	Information to Share	Question for Decision-making
<i>You are now going to decide how to share, internalize, and use your Constitution.</i>	<p><i>Here are some things to consider. Some groups have done the following:</i></p> <ul style="list-style-type: none"> <li><i>Keep a copy of the Constitution in the Cash Box.</i></li> <li><i>Write the Constitution in the Ledger Book.</i></li> <li><i>Assign group members different parts of the Constitution to memorize and recite at meetings. These group members will help enforce their assigned parts when the need arises.</i></li> <li><i>Read the Constitution to the group from time to time, such as weekly, monthly, or quarterly.</i></li> <li><i>Make photocopies of the Constitution for each member.</i></li> </ul>	<p>► <i>What will you do to share, internalize, and use your Constitution?</i></p>

- 6.7.4** Invite small groups to share their answers. Assist the large group to discuss and come to consensus. Clearly restate the decisions the group took. Encourage members to implement these decisions.

### **Step 6.8 Summary and Conclusion (5 minutes)**

- 6.8.1** Tell participants:

*Now that you have finalized and signed the Constitution, the elected Management Committee members can now enforce it. The Constitution now gives these leaders the power to carry out their tasks.*

- 6.8.2** Ask participants:

► *What are your questions on anything we discussed during this meeting?*

- 6.8.3** Tell the group that they will need to bring their Social Fund contribution and their savings contribution (at least the minimum savings amount, but no more than the maximum savings amount) to the next meeting. The group **must also bring** their SILC tools (the Record Book, ruler, and pen are mandatory, in order to start record-keeping). During the next meeting, they will discuss written record-keeping, begin record-keeping, and conduct a meeting during which they will carry out Social Fund and savings activities.

- 6.8.4** Agree on the date, time, and place of the next meeting. Tell participants that the topic of the next meeting is: Written Record-Keeping and Meeting Procedures I.

- 6.8.5** Quickly evaluate the meeting. Ask participants:

► *What did you like best today and why?*

► *What would you suggest to improve our next meeting?*

- 6.8.6** Thank participants and close the meeting.

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## Module 7: Written Record-Keeping and Meeting Procedures I

**Total Time Needed: 155 minutes (2 hours and 35 minutes)**

### Objectives for Module 7

In Module 7, participants will:

1. Review the purpose and benefits of maintaining complete and accurate records
2. Review the steps and sequence of conducting an efficient SILC meeting
3. Conduct a savings meeting with transactions
4. Fill in selected sections of the SILC ledger book
5. Evaluate how they conducted the SILC meeting

### Materials Needed

- Razor blade or scissors to cut the book
- Ruler
- Pen
- The SILC group's Constitution
- SILC group members must bring the Social Fund contribution and the savings amount they agreed on
- The SILC group must bring a Ledger Book (Note: you should have one ready in case they do not bring it)

### Preparation

- Before the meeting starts, sit with the Management Committee and show the Secretary how to cut the Ledger Book and create the sections and headers.
- Guide to the number of pages per section: Register (7 pages), Social Fund Ledger (8 pages), Savings Ledger (16 pages), Social Fund Payout Ledger (5 pages), Fines Due Ledger (5 pages), Loan Ledger (20 pages), Group Purchases Ledger (10 pages), Social Fund Cashbook (8 pages), Main Fund Cashbook (12 pages), Sadaqa Fund Cashbook (6 pages), and Notes (5 pages).

### Step 7.1 Recap Module 6 (15 minutes)

**Methods:** Open questions, paired groups, and mini-lecture

#### 7.1.1 Ask participants:

*With a neighbor, discuss what **you** think was the most important point made in the last meeting and explain **why** you think this is so important. You will share your answers to this question in the large group in a few minutes.*

#### 7.1.2 After giving groups 3–5 minutes to discuss, invite each pair (or a few pairs if the group is large) to share their ideas and thank them.

#### 7.1.3 Building on the group's ideas, remind participants of key decisions they took to finalize their Constitution and what they agreed on about sharing and using the Constitution.

## Step 7.2 Session Objectives (5 minutes)

**Method:** Reading aloud

### 7.2.1 Tell participants:

*In today's meeting, you will*

- *review the importance of keeping complete and accurate written records for your group*
- *review the steps of SILC meetings*
- *conduct a savings meeting*
- *complete your group records*
- *evaluate the meeting*

## Step 7.3 SILC Record-keeping Purpose and Benefits (10 minutes)

**Method:** Game

### 7.3.1 Ensure participants are seated in a continuous circle, with the management committee leaders in the following order: Chairperson, Secretary, Treasurer, Money Counter, and Key Holders. Tell them:

*We are going to play a telephone game. I am going to whisper an important message to the first person, who will then whisper it to the second person and so on and so forth. The last person will tell us the message.*

### 7.3.2 Whisper this message to the first person:

*At our last SILC meeting, George and Angeline were absent. Pamela received a Social Fund grant of Sh250 to buy medicine for her daughter. Everyone saved Sh100 and we now have a total of Sh2,400 shillings in the Main Fund.*

### 7.3.3 Let each individual whisper the message to the next person and then invite the last person to tell the whole group what message he or she heard. Inevitably, it will be different than the original message.

### 7.3.4 Now read the original message. Ask these questions:

- ▶ *What happened to the message?*
- ▶ *Why did the information get distorted?*
- ▶ *How could we have preserved the information?*

### 7.3.5 Link the lessons from the telephone game to the importance of keeping **written records** for the SILC group. Tell participants:

*Written records are a good way to manage lots of information. They allow transparent management of group members' attendance, savings, loans, and fines. That way, there can be no disagreement about how much a member has saved, and which members owe money to the group. The written records of a SILC group are kept in a book called the SILC Ledger Book.*

## Step 7.4 Preparing the Ledger Book (10 minutes)

**Methods:** Mini-lecture, demonstration, and coaching

### 7.4.1 Tell participants:

*The Ledger Book was prepared with a ruler and pen. No special printing was needed. The Ledger Book is divided into these sections (show the sections to the group members):*

- *Register*
- *Social Fund Ledger*
- *Savings Ledger*
- *Social Fund Payout Ledger*
- *Fines Due Ledger*
- *Loan Ledger*
- *Group Purchases Ledger*
- *Social Fund Cashbook*
- *Main Fund Cashbook*
- *Sadaqa Fund Cashbook*
- *Notes*

### 7.4.2 Explain to participants:

*Since all members are expected to attend meetings and make Social Fund and savings contributions, your names must be written in the Ledger Book in a way that helps to easily record the information. The names will be written in the order in which you are seated today, therefore you will need to sit in the same order at each meeting, for the operations to go smoothly.*

### 7.4.3 Help the Secretary record the names of all members in the front of the Ledger Book, starting with the Chairperson, then following the order of the members as they are seated (Secretary, Treasurer, etc.). Below all the names, in the last row of the page, have the Secretary write “Totals.”

### 7.4.4 Tell participants:

*Now that your Management Committee is elected, your SILC Constitution is completed, and your Ledger Book is ready, we will start SILC activities together. In this way, the Secretary learns how to fill out the Ledger Book by doing it for your SILC group. I will coach and support you. As time goes along, we will learn how to do an entire SILC meeting.*

## Step 7.5 Conducting a SILC Meeting (20 minutes)

**Methods:** Story, open questions, and mini-lecture

### 7.5.1 Tell participants that you will now discuss ways to efficiently conduct meetings. Tell the story in Box 19.

## Box 19 : A Disorganized Group

*Members of the Furaha SILC group arrived for their weekly meeting. The setting was outside, with no shade, and no place to sit. The members started to complain because they were uncomfortable. The Chairperson arrived late and did not greet people correctly. Then, one of the Key Holders realized he had forgotten his key at home, and hurried to get it. This delayed the meeting some more.*

*The Chairperson had members contribute to the Social Fund without verifying the opening balance. When the Management Committee and the Treasurer put all the money together to make Social Fund payouts, the amount did not agree with the Secretary's calculations, and the group took a long time to solve the mistake.*

*Next, the Chairperson said members could make requests for loans from the Main Fund. Members protested that they should first save and repay loans, in order to have more funds to lend out.*

*After the Cash Box had been locked and given to the Treasurer, the Chairperson remembered that the fines for absent members had not been recorded, and the Cash Box had to be opened again.*

**7.5.2** Ask participants these questions, one at a time, allowing several answers before moving to the next question:

- ▶ *What happened to Furaha group and why?* [Answers: last-minute planning, holding the meeting in a place where people are physically uncomfortable, not doing activities in the proper order, etc.]
- ▶ *What could be done to improve the next SILC meeting?*

**7.5.3** Explain the following:

*Like any other well-organized meeting, a SILC meeting takes some planning. The Management Committee should make sure the meeting area is comfortable (shaded, quiet, etc.) and that there is a place for everyone to sit. All Management Committee leaders should be well prepared and arrive before the other members so that the meeting starts on time and runs smoothly. SILC meetings are done in 17 parts. These parts must be done in a specific order to avoid the problems you identified in Furaha group. It is the role of the Chairperson to guide the group through the meeting.*

## Step 7.6 Conduct a Savings Meeting: Overview (5 minutes)

**Methods:** Coaching, practice, and feedback

### Facilitator's Note

During the meeting, if any member is to be fined according the group's Constitution, ensure the group recognizes this, and fines the member. If the member can pay immediately, they should put the money into the fines bowl and nothing needs to be written down. If the member cannot pay, the fine will be due the next meeting and should be recorded in the Fines Due Ledger. Show the Secretary how to record the fine due, and ask the Secretary to circulate the Ledger Book among the members, open to the Fines Due Ledger. Help the members identify the fine due.

### 7.6.1 Tell participants:

*Now we will learn through practice to conduct a real savings meeting where the Secretary will fill in the Ledger Book. I will begin by coaching the Management Committee who will then conduct the savings meeting. Afterwards you will evaluate how the meeting went, so that we can applaud your successes and learn from any mistakes. We will not conduct all 17 parts of a SILC meeting since not all of them are relevant in your first meeting. Over time we will build up to all 17 meeting parts. So, today you contribute to the social fund, save and contribute to the Sadaqa fund, and verify closing balances.*

### 7.6.2 Tell the Management Committee and the members that you will help them work through each part of the meeting step-by-step.

## Step 7.7 Part 1: Meeting Opening (15 minutes)

**Methods:** Guide, show, and questions

### 7.7.1 Use the information in Table 24 to coach the group on Part 1: Meeting Opening.

- Guide the Management Committee on how to undertake the steps in the first row (Guide). Tell them exactly what to do, step-by-step, and how to do it. Stop and correct them if they do not follow the steps exactly right. Sit next to the Secretary and help him/her record the information in the Ledger Book. Verify all calculations.
- After these steps, show the relevant sections of the Ledger Book as indicated in the second row (Show).<sup>5</sup>
- Ask members if they have any questions about the steps they have just completed (3rd row Questions).

**Table 24: Coaching on Part 1—Meeting Opening.<sup>6</sup>**

Guide	Steps 1, 3, 4
Show	<ul style="list-style-type: none"><li>• Circulate the Ledger Book among the group members, open to the Register page.</li><li>• Help each member find her/his name and her/his attendance mark for the meeting.</li><li>• Explain the different attendance marks.</li></ul>
Question	Congratulate the Management Committee and the group members on conducting the Meeting Opening part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

<sup>5</sup> The purpose of showing the Ledger Book is to help members understand how the information is structured, and to be able to find their own information. Only show the Ledger Book when the group starts using a new section, or when a new situation is encountered. Do not have the Secretary show the Ledger Book at every meeting, since it will take too much time, or not be done carefully.

<sup>6</sup> Modules 7 and 8 and Document G provide detailed information on the steps of the SILC meeting. Starting with Table 25, the steps in the “Guide” section mirror the numbers and items included in the “Complete Meeting Steps.” Please note that any skips in numbers under the guide sections in modules 7 and 8 and Document G are intentional.

## Step 7.8    Parts 3, 4 and 5: Social Fund Transactions (20 minutes)

**Methods:**    Guide, show and questions

**7.8.1**    Use the information in Table 25 to coach the group on Part 3: Social Fund Contributions.

**Table 25: Coaching on Part 3—Social Fund Contributions**

Guide	Steps 10, 11, 12
Show	<ul style="list-style-type: none"><li>• After all the members have made their Social Fund contributions, circulate the Ledger Book among the group members, open to the Social Fund Ledger page.</li><li>• Help each member find her/his name and her/his Social Fund contribution.</li><li>• Also help each member find the total Social Fund contribution for the meeting.</li></ul>
Question	Ask if there are any questions.

**7.8.2**    Use the information in Table 26 to coach the group on Part 4: Social Fund Payouts.

**Table 26: Coaching on Part 4—Social Fund Payouts**

Guide	Steps 14, 15, 16, 17, 18
Show	<ul style="list-style-type: none"><li>• If there were any Social Fund payouts, circulate the Social Fund Payout Ledger and help each member understand the payout information.</li><li>• Show members that the total payouts for the day are also recorded in the Social Fund Cashbook.</li></ul>
Question	Ask if there are any questions.

**7.8.3**    Use the information in Table 27 to coach the group on Part 5: Verification of Social Fund Closing Balance.

**Table 27: Coaching on Part 5—Verification of Social Fund Closing Balance**

<b>Guide</b>	Steps 19, 20, 21
<b>Show</b>	Help every member identify the Social Fund balance in the Social Fund Cashbook.
<b>Question</b>	Congratulate the Management Committee and the group members on conducting the Social Fund Transaction parts of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

**Step 7.9      Part 8: Savings (15 minutes)**

**Methods:**      Guide, show and questions

**7.9.1**      Use the information in Tables 28 and 29 to coach the group on Part 9: Savings. Work on one section at a time.

**Table 1828 Coaching on Part 8—Savings**

<b>Guide</b>	Steps 28, 29, 30
<b>Show</b>	<ul style="list-style-type: none"> <li>• After all the members have made their savings contributions, circulate the Ledger Book among the group members, open to the Savings Ledger.</li> <li>• Help each member find her/his name and her/his savings deposit.</li> </ul>
<b>Question</b>	Ask if there are any questions.

**Table 29: Coaching on Part 8—Savings, continued**

<b>Guide</b>	Steps 31, 32, 35
<b>Show</b>	<ul style="list-style-type: none"> <li>• After the Secretary has calculated the meeting totals and balanced the Cashbook, circulate the Ledger Book among the group members.</li> <li>• Help each member verify that the meeting's total savings deposits are the same as what appears in the meeting totals and in the Cashbook.</li> </ul>
<b>Question</b>	Congratulate the Management Committee and the group members on conducting the Savings part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

## 7.10 Part 12: Verification of Main Fund Closing Balance (10 minutes)

**Methods:** Guide, show and questions

**7.10.1** Use the information in Table 30 to coach the group on Part 12: Verification of Main Fund Closing Balance.

**Table 30: Coaching on Part 12—Verification of Main Fund Closing Balance**

Guide	Steps 54, 55, 56, 57
Show	<ul style="list-style-type: none"><li>• After all the cash is counted and the balance is reconciled, circulate the Ledger Book among the group members, open to the Cashbook.</li><li>• If any fines were paid that day, help members see how they are recorded as a Cash-In.</li><li>• Help each member verify that the last balance in the Cashbook is the amount left in the Cash Box.</li></ul>
Question	Congratulate the Management Committee and the group members on conducting the Verification of Main Fund Closing Balance part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

## Step 7.11 Parts 14 and 16: Sadaqa Fund Transactions (10 minutes)

**Methods:** Guide, show and questions

**7.11.1** Use the information in Table 31 to coach the group on Part 14: Sadaqa Fund Contributions.

**Table 31: Coaching on Part 14—Sadaqa Fund Contributions**

Guide	Steps 63, 64, 65
Show	<ul style="list-style-type: none"><li>• After members who wished to have made Sadaqa contributions, circulate the Ledger Book among the group members, open to the Sadaqa Fund Cashbook page.</li><li>• Help each member find the total Sadaqa Fund contributions for the meeting.</li></ul>
Question	Ask if there are any questions.

**7.11.2** Use the information in Table 32 to coach the group on Part 16: Verification of Sadaqa Fund Closing Balance.

**Table 32: Coaching on Part 16—Verification of Sadaqa Fund Closing Balance**

<b>Guide</b>	Steps 71, 72, 73
<b>Show</b>	Help every member identify the Sadaqa Fund balance in the Sadaqa Fund Cashbook.
<b>Question</b>	Congratulate the Management Committee and the group members on conducting the Sadaqa Fund Transaction parts of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, so as not to forget any step.

**Step 7.12 Part 17: Meeting Close (5 minutes)**

**Methods:** Guide, show and questions

**7.12.1** Use the information in Table 33 to coach the group on Part 17: Meeting Close.

**Table 33: Coaching on Part 17—Meeting Close**

<b>Guide</b>	Steps 74, 75, 76, 77, 78, 79, 80, 81
<b>Show</b>	<ul style="list-style-type: none"> <li>• Circulate the Ledger Book among the group members, open to the Register.</li> <li>• Help group members identify the final attendance marks.</li> <li>• Circulate the Ledger Book, open to the Fines Due section, and help members identify members who owe fines at the next meeting.</li> </ul>
<b>Question</b>	Congratulate the group for closing their SILC meeting through all the steps and encourage them to continue following the same procedures.

**Step 7.13 Evaluate the Savings Meeting (10 minutes)**

**Method:** Guided evaluation

**7.13.1** Help the Management Committee to self-evaluate. Ask them:

- ▶ *How do you think the meeting went?*
- ▶ *What would you suggest to improve the next meeting and why?*

**7.13.2** After the Management Committee leaders share their ideas, invite the General Assembly to evaluate the meeting. Ask them:

- ▶ *How well did this meeting reflect the principles and rules of the SILC Constitution?*
- ▶ *What would you suggest could be done to improve the next meeting and why?*

**7.13.3** Share any observations or comments you had about the:

- Meeting procedures
- Record-keeping
- Application of SILC Constitution rules

#### **Step 7.14 Summary and Conclusion (5 minutes)**

**7.14.1** Ask participants:

- ▶ *What are your questions on anything we discussed during this meeting?*

**7.14.2** Agree with the group on the date, time, and place of the next meeting. Tell participants that the topic of the next meeting is: Written Record-keeping and SILC Meeting Procedures II.

**7.14.3** Quickly evaluate the meeting. Ask the participants:

- ▶ *What did you like best today and why?*
- ▶ *What would you suggest to improve our next meeting?*

**7.14.4** Thank participants and close the meeting.

## Document E: Complete Meeting Steps

The 17 parts of a regular meeting are:

1. Meeting Opening	10. Group Equipment Expenses
2. Verification of Social Fund Opening Balance	11. Loan Disbursements ( <i>only in loan meetings</i> )
3. Social Fund Contributions	12. Verification of Main Fund Closing Balance
4. Social Fund Payouts	13. Verification of Sadaqa Fund Opening Balance
5. Verification of Social Fund Closing Balance	14. Sadaqa Fund Contributions
6. Verification of Main Fund Opening Balance	15. Sadaqa Fund Donations
7. Verification of Outstanding Fines	16. Verification of Sadaqa Fund Closing Balance
8. Savings	17. Meeting Closure
9. Repayment of Loans ( <i>only in loan meetings</i> )	

### Part 1—Meeting Opening

1. The Chairperson formally opens the meeting and develops the Meeting Agenda.
2. The Key Holders unlock and open the Cash Box.
3. The Money Counter places the Fines Bowl and the Sadaqa Bowl outside of the group circle, on opposite sides.
4. The Secretary reads the names of the members one by one, and marks the Register (present ✓, absent X, excused E). If a member arrives after attendance has been taken, the Secretary modifies the member's status by circling the X mark ("late") or the E mark ("excused lateness").

### Part 2—Verification of Social Fund Opening Balance

5. The Chairperson asks the members to recall the Social Fund balance from the previous meeting.
6. Members recall the closing balance from the previous meeting.
7. The Secretary announces the Social Fund balance recorded in the Social Fund Cashbook.
8. The Money Counter and the Treasurer count and announce the amount in the Social Fund Bag.
9. The cash must be the same as the members' recollection and the amount written in the Register. Any difference must be reconciled to the satisfaction of the General Assembly before continuing the meeting.

### **Part 3—Social Fund Contributions**

10. The Secretary reads the names of the members one by one. Each member in turn announces his/her Social Fund contribution amount and gives it to the Money Counter, who confirms the amount and places it in the Social Fund Bowl. The Secretary records each Social Fund contribution in the Social Fund Ledger.
11. After all members have contributed, the Money Counter and the Treasurer count the total cash collected and announce the amount to the group.
12. The Secretary confirms the amount with his/her calculations, records it in the Social Fund Ledger and balances the Social Fund Cashbook.

### **Part 4—Social Fund Payouts**

13. The Money Counter and the Treasurer combine the previous meeting's Social Fund balance with the meeting's collections, count, and announce the total to the group. The Secretary confirms this with his/her calculations and announces the available cash in the Social Fund.
14. The Chairperson asks if anyone needs support from the Social Fund.
15. Members present their requests to the General Assembly.
16. The General Assembly discusses these requests, following the rules of their group Constitution.
17. The Treasurer and Money Counter count and give cash for approved requests to the members. The Secretary records each Social Fund payout in the Social Fund Payout Ledger, and the members sign.
18. The Secretary records the total Social Fund disbursements in the Social Fund Cashbook in the "Cash-Out" column.

### **Part 5—Verification of Social Fund Closing Balance**

19. The Money Counter and the Treasurer count and announce the total amount remaining in the Social Fund.
20. The Secretary confirms this amount with his/her calculations and announces the closing cash balance in the Social Fund. The Chairperson asks the members to remember the Social Fund balance for the next meeting.
21. The cash for the Social Fund is placed in a separate bag and put into the Cash Box.  
(Note: The Social Fund cash is never mixed with other cash and must not be disbursed as normal loans. This is to ensure that Social Funds are available when emergencies arise.)

### **Part 6—Verification of Main Fund Opening Balance**

22. The Chairperson asks the members to recall the Main Fund balance from the previous meeting.
23. Members recall the closing balance from the previous meeting.
24. The Secretary announces the Main Fund balance recorded in the Main Fund Cashbook.
25. The Money Counter and the Treasurer count and announce the amount in the Main Fund Bag. The cash must be the same as the members' recollection and the amount written in the Main Fund Cashbook. Any difference must be reconciled to the satisfaction of the General Assembly before continuing the meeting.

## **Part 7—Verification of Outstanding Fines**

26. The Secretary looks at the Fines Due Ledger and announces which members owe fines, and how much.
27. Members with outstanding fines announce and pay fines to the Money Counter who verifies the amount, announces it to the group, and places it in the Fines Bowl. The Secretary records in the Fines Due Ledger that the fines have been paid.  
(Note: throughout the meeting, members who are fined should pay immediately into the Fines Bowl. The Secretary does **not** record those amounts in the Fines Due Ledger. However, if the member cannot pay the fine that day, the fine amount is recorded in the Fines Due Ledger and will be verified at the next meeting.)

## **Part 8—Savings**

28. The Chairperson says “SILC! Save a little, or a lot. SILC! Save every time you can. SILC! You will be amazed how your money grows” and all members repeat.
29. The Secretary reads the names of the members one by one. Each member in turn announces his/her savings deposit and gives it to the Money Counter, who confirms the amount and places it in the Savings Bowl.
30. The Secretary records and announces each member’s savings deposit in the Savings Ledger.
31. After all members have saved, the Money Counter and the Treasurer count and announce the total amount saved.
32. The Secretary adds up the meeting’s savings deposits to make sure it is the same as the amount announced, and records the total amount saved in the Savings Ledger. The Secretary records the total savings collected in the Main Fund Cashbook in the “Cash-In” column, and balances the Main Fund Cashbook.
33. The Secretary calculates, records and announces each member’s total savings.
34. The Secretary calculates and announces the group’s cumulative savings, and records it in the Savings Ledger.
35. The Chairperson says “Let us recognize all those who saved today; those who saved a little, because they added to their total savings; and those who came today but were not able to save, since they will have another chance to save at the next meeting.”

## **Part 9—Repayment of Loans (*this part only occurs in Loan Meetings*)**

36. The Secretary looks at the Loan Ledger to see which members have outstanding loans, and announces the total amount due by each member.
37. Each borrower announces his/her payment and gives it to the Money Counter, who verifies the amount and puts the money in the Loan Repayment Bowl.
38. The Secretary enters the payment into the Loan Ledger, calculates, records, and announces the member’s new amount due.
39. If a borrower chooses to give balal, s/he gives it to the Money Counter, who puts the money in the Balal Bowl.
40. After all the loan payments have been made, the Money Counter and the Treasurer count and announce the money in the Loan Repayment Bowl.
41. The Secretary adds up the meeting’s repayments to make sure it is the same as the amount announced, records the total loan repayments in the Main Fund Cashbook in the “Cash-In” column, and balances the Main Fund Cashbook.
42. The Money Counter and the Treasurer count and announce the money in the Balal Bowl.
43. The Secretary records the total balal gifts in the Main Fund Cashbook in the “Cash-In” column, and balances the Main Fund Cashbook.

### **Part 10—Group Equipment Expenses**

44. If there will be group expenses before the next meeting, the Treasurer gives money to the member who will handle the expenses. The Secretary records the expenses in the Main Fund Cashbook in the “Cash-Out” column, and balances the Main Fund Cashbook.  
(Any change will be recorded in the Main Fund Cashbook in the “Cash-In” column.)

### **Part 11—Loan Disbursements (*this part only occurs during Loan Meetings*)**

45. The Money Counter and the Treasurer combine all the Main Fund cash (previous meeting’s Main Fund balance, savings deposits, loan repayments, balal gifts—NOT Social Fund cash), count, and announce the available cash balance.
46. The Secretary confirms the amount from the Main Fund Cashbook.
47. The Chairperson asks members to submit their requests for loans (all loan requests must mention the amount, purpose, and duration).
48. The General Assembly discusses loan requests according to the criteria in the group’s Constitution and decides which loans are approved.
49. The Secretary announces the name of each borrower, the amount to be borrowed, and the due date. The borrower gives the loan processing fee to the Money Counter, who puts the money in the Processing Fee Bowl. The Money Counter and the Treasurer count out the loan amount and hand it to the borrower, who then counts the money.
50. The Secretary records the loan details in the Loan Ledger, the loan processing fee paid, and each borrower signs their name beside the loan amount.
51. After all loans are disbursed, the Money Counter and the Treasurer count and announce the money in the Processing Fee Bowl.
52. The Secretary records the total amount of loan processing fees in the Main Fund Cashbook in the “Cash-In” column, and balances the Main Fund Cashbook.
53. The Secretary calculates and records the total amount disbursed in the Main Fund Cashbook in the “Cash-Out” column, and balances the Main Fund Cashbook. The number of loans disbursed is written in the “Description” column.

### **Part 12—Verification of Main Fund Closing Balance**

54. The Money Counter and the Treasurer count and announce all the money in the Fines Bowl.
55. The Secretary records this amount in the Main Fund Cashbook in the “Cash-In” column, and balances the Main Fund Cashbook.
56. The Money Counter and the Treasurer combine all the Main Fund cash (previous meeting’s Main Fund balance, savings deposits, loan repayments, balal gifts, loan processing fees, fines payments—NOT Social Fund cash), count, and announce the available cash balance.
57. The Secretary reports if the Main Fund Cashbook balance matches the cash on hand announced by the Money Counter and the Treasurer. Any difference must be reconciled to the satisfaction of the General Assembly before closing the meeting. The Chairperson asks the members to remember the Main Fund balance for the next meeting.

### **Part 13—Verification of Sadaqa Fund Opening Balance**

58. The Chairperson asks the members to recall the Sadaqa Fund balance from the previous meeting.
59. Members recall the Sadaqa Fund balance from the previous meeting.
60. The Secretary announces the Sadaqa Fund balance recorded in the Sadaqa Fund Cashbook.
61. The Money Counter and the Treasurer count and announce the amount in the Sadaqa Fund Bag.

62. The cash must be the same as the members' recollection and the amount written in the Register. Any difference must be reconciled to the satisfaction of the General Assembly before continuing the meeting.

#### **Part 14—Sadaqa Fund Contributions**

63. Members who have not yet contributed to the Sadaqa Fund in the meeting have the opportunity to do so.
64. The Money Counter and the Treasurer count the total cash collected and announce the amount to the group.
65. The Secretary records the amount collected in the Sadaqa Fund Cashbook in the "Cash-In" column, and balances the Sadaqa Fund Cashbook.

#### **Part 15—Sadaqa Fund Donations**

66. The Money Counter and the Treasurer combine the previous meeting's sadaqa balance with the meeting's collections, count, and announce the total to the group. The Secretary confirms this with his/her calculations and announces the available cash in the sadaqa fund.
67. The Chairperson asks if the group wishes to make a donation from the Sadaqa Fund.
68. Members put forward their ideas and the General Assembly makes a decision.
69. The Treasurer and Money Counter count and give cash for approved expenses to the Chairperson.
70. The Secretary records the disbursement in the Sadaqa Fund Cashbook.

#### **Part 16—Verification of Sadaqa Fund Closing Balance**

71. The Money Counter and the Treasurer count and announce the total amount remaining in the Sadaqa Fund.
72. The Secretary confirms this amount with his/her calculations and announces the closing cash balance in the Sadaqa Fund. The Chairperson asks the members to remember the Sadaqa Fund balance for the next meeting.
73. The cash for the Sadaqa Fund is placed in a separate bag and put into the Cash Box.  
(Note: The Sadaqa Fund cash is never mixed with the other funds, since it is meant to be used outside of the group)

#### **Part 17—Meeting Close**

74. The Secretary adds up the total number of members present (including members who were late) and records it in the Register.
75. The Secretary records fines for absent members in the Fines Due Ledger.
76. The Secretary puts the SILC Ledger Book in the Cash Box, together with the Main Fund cash, the Social Fund cash, and the Sadaqa Fund cash (each in its own bag).
77. The Chairperson keeps the empty Sadaqa Box to bring at the next meeting.
78. The Key Holders lock the Cash Box and the Treasurer takes the locked Cash Box.
79. The Chairperson asks SILC members to talk about items under any other business and guides the discussion.
80. The Chairperson announces the date of the next meeting and asks for members to agree and confirm it.
81. The Chairperson declares that the meeting is over and people are free to leave.

(Note: the following meeting steps are added to meeting parts 9, 10 and 11 in the event of group purchases. The meeting parts are shown here in the chronological order of a meeting. In practice, the parts occur in separate meetings: ordering (part 10P), then disbursement of items (part 11P), then repayment (part 9P), in that order.)

### **Part 9P—Repayment of Group Purchases**

- a. The Secretary consults the Group Purchases Ledger and announces the amounts owed by each member.
- b. Each member announces his/her payment and gives it to the Money Counter, who verifies the amount and puts the money in the Purchase Repayment Bowl.
- c. The Secretary enters the payment into the Group Purchases Ledger, calculates, records, and announces the member's new amount due.
- d. After all the purchase repayments have been made, the Money Counter and the Treasurer count and announce the money in the Purchase Repayment Bowl.
- e. The Secretary adds up the meeting's repayments to make sure it is the same as the amount announced, records the total purchase repayments in the Main Fund Cashbook in the "Cash-In" column, and balances the Main Fund Cashbook.

### **Part 10P—Order for Group Purchase**

- f. The Chairperson asks members to indicate which items they want to order through the group.
- g. The Secretary writes a list of the items each member wants to purchase.
- h. The group establishes how much the total purchase will cost. If transaction costs are covered from the Main Fund, they must be added to the total purchase amount.
- i. The Money Counter and the Treasurer count out the total amount, and give it to the group representative(s) who will make the purchase.
- j. The Secretary records the amount(s) in the Main Fund Cashbook in the "Cash-Out" column, and balances the Main Fund Cashbook.

### **Part 11P—Disbursement of Member Purchases**

- k. The group representative(s) bring the purchased items, and any balance of funds is added to the Main Fund and recorded in the Main Fund Cashbook in the "Cash-In" Column.
- l. The Chairperson facilitates a discussion to decide how much the markup should be on the different items.
- m. The Secretary records on one page from the Group Purchases Ledger the items taken by each member, the total amount owed by each member (price of the items plus any markup), and each member signs to acknowledge receipt of items and amount owed.

## Module 8: Written Record-Keeping and Meeting Procedures II

**Total Time Needed: 210 minutes (3 hours and 30 minutes)**

### Objectives for Module 8

In Module 8, participants will:

1. Conduct a savings meeting with transactions
2. Fill in selected sections of the SILC Ledger Book
3. Identify helpful group behaviors
4. Preview procedures for end-of-cycle share-out
5. Review key elements of the SILC Constitution
6. Celebrate the end of training

### Materials Needed

- Meeting Steps Diagram
- SILC Ledger Book
- SILC Constitution
- Beans for scoring a game

### Step 8.1 Recap Module 7 (15 minutes)

**Methods:** Open questions, paired groups, and mini-lecture

**8.1.1** Ask participants:

*With a neighbor, discuss what **you** think was the most important point made in the last meeting and explain **why** you think this is so important. You will share your answers to this question in the large group in a few minutes.*

**8.1.2** After giving groups 3–5 minutes to discuss, invite each pair (or a few pairs if the group is large) to share their ideas and thank them.

**8.1.3** Building on the group's ideas, emphasize these key points and tell participants:

*As you remember, SILC meetings are done in 17 parts, carried out in a logical order so that meetings run smoothly. The 17 parts are Opening, Verification of Social Fund Opening Balance, Social Fund Contributions, Social Fund Payouts, Verification of Social Fund Closing Balance, Verification of Main Fund Opening Balance, Payment of Outstanding Fines, Savings, Repayment of Loans, Payment of Expenses, Loan Disbursements, Verification of Main Fund Closing Balance, Verification of Sadaqa Fund Opening Balance, Sadaqa Contributions, Sadaqa Donations, Verification of Sadaqa Fund Closing Balance, and Meeting Closure.*

### Step 8.2 Session Objectives (5 minutes)

**Method:** Reading aloud

**8.2.1** Tell participants:

*In today's meeting you will*

- *conduct another savings meeting*
- *discuss how you can work together as a group*
- *review your Constitution*
- *celebrate the end of the training*

### **Step 8.3      Conduct a Savings Meeting: Overview (5 minutes)**

**Methods:** Coaching, practice, and feedback

#### **Facilitator's Notes**

Even though the group has already completed 1 savings meeting, it is important to continue coaching them. The Ledger Book should still be circulated among the members for this meeting so they can understand the record-keeping system. In the future, it will not be necessary to circulate the Ledger Book at every meeting, since this would make the meetings very long.

Some meeting parts, such as Group Expenses, might not occur in this meeting. In that case, do not coach the members through the steps. Instead, wait until a real case occurs and then coach the Management Committee and the group on how to handle the situation.

#### **8.3.1    Tell participants:**

*Now we will conduct another real savings meeting where the Secretary will fill in the Ledger Book. This time, we will add more parts. "Practice makes perfect," so it is important to practice savings meetings several times. In fact, after this meeting we will have 1 more savings meeting before your first lending meeting. I will continue to coach the Management Committee. Today, you will add verifying opening balances for each fund*

#### **8.3.2    Give the Chairperson the Meeting Parts diagram. Explain to the group that this will help the Chairperson ensure that all parts of the meeting are done, in the correct order.**

### **Step 8.4      Part 1: Meeting Opening (10 minutes)**

**Methods:** Diagram, guide, show, and questions

#### **8.4.1    Use the information in Table 34 to coach the group on Part 1: Meeting Opening.**

- Explain the meaning of the diagram to the Chairperson using the first row
- Guide the Management Committee on how to undertake the steps in the second row (Guide). Tell them exactly what to do, step-by-step, and how to do it. Stop and correct them if they do not follow the steps exactly right. Sit next to the Secretary and help him/her record the information in the Ledger Book. Verify all calculations.
- After these steps, show the relevant sections of the Ledger Book as indicated in the third row (Show).<sup>7</sup>

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<sup>7</sup> The purpose of showing the Ledger Book is to help members understand how the information is structured, and to be able to find their own information. Only show the Ledger Book when the group starts using a new section, or when a new situation is encountered. Do not have the Secretary show the Ledger Book at every meeting, as it will take too much time, or not be done carefully.

- Ask members if they have any questions about the steps they have just completed in the fourth row (Questions).

**Table 34: Coaching on Part 1—Meeting Opening**

<b>Diagram</b>	The meeting opening is represented in the diagram by: <ul style="list-style-type: none"> <li>• A Cash Box with an open padlock</li> <li>• Attendance marks</li> </ul>
<b>Guide</b>	Steps 1, 2, 3, 4
<b>Show</b>	<ul style="list-style-type: none"> <li>• Circulate the Ledger Book among the group members, open to the Register page.</li> <li>• Help each member find her/his name and her/his attendance mark for the meeting.</li> <li>• Explain the different attendance marks.</li> </ul>
<b>Question</b>	Congratulate the Management Committee and the group members on conducting the Meeting Opening part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

**Step 8.5      Parts 2, 3, 4, and 5: Social Fund Transactions (30 minutes)**

**Methods:**      Diagram, guide, show, and questions

**8.5.1**      Use the information in Table 35 to coach the group on Part 2: Verification of Social Fund Opening Balance.

**Table 35: Coaching on Part 2—Verification of Social Fund Opening Balance**

<b>Diagram</b>	In the diagram, the Social Fund is represented by the small bag. All the Social Fund transactions are shown on the second row, from left to right. Opening Balance verification is represented in the diagram by: <ul style="list-style-type: none"> <li>• members remembering the amount, which must be equal to—</li> <li>• what is written in the group records, which must be equal to—</li> <li>• the amount that is counted physically.</li> </ul>
<b>Guide</b>	Steps 5, 6, 7, 8, 9
<b>Show</b>	After the opening balance has been verified, circulate the Ledger Book, open to the Social Fund Cashbook, and help members find the opening balance.
<b>Question</b>	Ask if there are any questions.

**8.5.2**      Use the information in Table 36 to coach the group on Part 3: Social Fund Contributions.

**Table 36: Coaching on Part 3—Social Fund Contributions**

<b>Diagram</b>	Social Fund contributions are represented in the diagram by 3 coins side-by-side, going INTO the Social Fund Bag. This is because every member makes the same contribution.
<b>Guide</b>	Steps 10, 11, 12
<b>Show</b>	<ul style="list-style-type: none"> <li>• After all the members have made their Social Fund contributions, circulate the Ledger Book among the group members, open to the Social Fund Ledger page.</li> <li>• Help each member find her/his name and her/his Social Fund contribution.</li> <li>• Also help each member find the total Social Fund contribution for the meeting.</li> </ul>
<b>Question</b>	Ask if there are any questions.

**8.5.3** Use the information in Table 37 to coach the group on Part 4: Social Fund Payouts.

**Table 37: Coaching on Part 4—Social Fund Payouts**

<b>Diagram</b>	In the diagram, Social Fund payouts are represented by a member with a single bill, which is coming FROM the Social Fund bag.
<b>Guide</b>	Steps 13, 14, 15, 16, 17, 18
<b>Show</b>	<ul style="list-style-type: none"> <li>• If there were any Social Fund payouts, circulate the Ledger Book among the members, open to the Social Fund Payout Ledger.</li> <li>• Help each member understand the payout information.</li> </ul>
<b>Question</b>	Ask if there are any questions.

**8.5.4** Use the information in Table 38 to coach the group on Part 5: Verification of Social Fund Closing Balance.

**Table 38: Coaching on Part 5—Verification of Social Fund Closing Balance**

<b>Diagram</b>	<p>Closing Balance verification is represented in the diagram with the same symbols as opening balance verification, but in REVERSE ORDER:</p> <ul style="list-style-type: none"> <li>• the amount that is counted physically, which must be equal to—</li> <li>• what is written in the group records, which must be equal to—</li> <li>• what members remember for the next meeting</li> </ul>
<b>Guide</b>	Steps 19, 20, 21
<b>Show</b>	Help every member identify the Social Fund balance.
<b>Question</b>	Congratulate the Management Committee and the group members on conducting the Social Fund transaction part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

**Step 8.6 Part 6: Verification of Main Fund Opening Balance (10 minutes)**

**Methods:** Diagram, guide, show, and questions

**8.6.1** Use the information in Table 39 to coach the group on Part 6: Verification of Main Fund Opening Balance.

**Table 39: Coaching on Part 6—Verification of Main Fund Opening Balance**

<b>Diagram</b>	<p>In the diagram, the Main Fund is represented by the larger bag. All the Main Fund transactions are shown on the 3rd row, from left to right. Opening Balance verification is represented in the diagram in the same way:</p> <ul style="list-style-type: none"> <li>• members remember the amount, which must be equal to—</li> <li>• what is written in the group records, which must be equal to—</li> <li>• the amount that is counted physically.</li> </ul>
<b>Guide</b>	Steps 22, 23, 24, 25
<b>Show</b>	<ul style="list-style-type: none"> <li>• After all the cash is counted and the balance is reconciled, circulate the Ledger Book among the group members, open to the Cashbook.</li> <li>• Help each member to verify that the last balance in the Cashbook is the amount that is in the Cash Box.</li> </ul>
<b>Question</b>	Congratulate the Management Committee and the group members on conducting the Main Fund Opening Balance part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

## Step 8.7 Part 7: Verification of Outstanding Fines (10 minutes)

**Methods:** Diagram, guide, show, and questions

**8.7.1** Use the information in Table 40 to coach the group on Part 7: Verification of Outstanding Fines.

**Table 40: Coaching on Part 7—Verification of Outstanding Fines**

Diagram	In the diagram, the verification of outstanding fines is represented by a big exclamation point.
Guide	Steps 26, 27
Show	<ul style="list-style-type: none"><li>• If any fines were due, circulate the Ledger Book among the group members, open to the Fines Due Ledger.</li><li>• Help members understand how the fines are recorded.</li></ul>
Question	Congratulate the Management Committee and the group members on conducting the Outstanding Fines part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

## Step 8.8 Part 8: Savings (20 minutes)

**Methods:** Diagram, guide, show, and questions

**8.8.1** Use the information in Table 41 to coach the group on Part 8: Savings.

**Table 41: Coaching on Part 8—Savings**

Diagram	Savings deposits are represented in the diagram by 3 piles of coins of different heights, going INTO the Social Fund bag. This is because members can deposit different amounts.
Guide	Steps 28, 29, 30, 31, 32, 33, 34, 35
Show	<ul style="list-style-type: none"><li>• After all the members have made their savings deposits, circulate the Ledger Book among the group members, open to the Savings Ledger.</li><li>• Help each member find her/his name and her/his savings deposit and savings total.</li><li>• Help each member verify that the meeting's total savings deposits are the same as what appears in the Cashbook, and look for the group's cumulative savings in the Savings Ledger.</li></ul>
Question	Congratulate the Management Committee and the group members on conducting the Savings part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

## **Step 8.9      Part 10: Group Equipment Expenses (10 minutes)**

**Methods:**      Diagram, guide, show, and questions

**8.9.1**      Use the information in Table 42 to coach the group on Part 10: Group Equipment Expenses.

**Table 42: Coaching on Part 10—Group Equipment Expenses**

<b>Diagram</b>	Group equipment expenses are represented in the diagram by some money COMING FROM the Main Fund to pay for a ruler and a pencil.
<b>Guide</b>	Step 44
<b>Show</b>	<ul style="list-style-type: none"><li>• If any cash has been disbursed, circulate the Ledger Book among the group members, open to the Main Fund Cashbook.</li><li>• Help each member identify the amount used for expenses.</li></ul>
<b>Question</b>	Congratulate the Management Committee and the group members on conducting the Group Equipment Expenses part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

## **Step 8.10      Part 12: Verification of Main Fund Closing Balance (10 minutes)**

**Methods**

Diagram, guide, show, and questions

**8.10.1**      Use the information in Table 43 to coach the group on Part 12: Verification of Main Fund Closing Balance.

**Table 43: Coaching on Part 12—Verification of Main Fund Closing Balance**

<b>Diagram</b>	Closing Balance verification is represented in the diagram in the same way: <ul style="list-style-type: none"><li>• the amount that is counted physically, which must be equal to—</li><li>• what is written in the group records, which must be equal to—</li><li>• what members remember for the next meeting.</li></ul>
<b>Guide</b>	Steps 54, 55, 56, 57
<b>Show</b>	<ul style="list-style-type: none"><li>• After all the cash is counted and the balance is reconciled, circulate the Ledger Book among the group members, open to the Cashbook.</li><li>• Help each member verify that the last balance in the Cashbook is the amount left in the Cash Box.</li></ul>
<b>Question</b>	Congratulate the Management Committee and the group members on conducting the Verification of Main Fund Closing Balance part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

**Step 8.11 Parts 13, 14, 15, and 16: Sadaqa Fund Transactions (20 minutes)**

**Methods:** Diagram, guide, show and questions

**8.11.1** Use the information in Table 44 to coach the group on Part 13: Verification of Sadaqa Fund Opening Balance.

**Table 44: Coaching on Part 14—Verification of Sadaqa Fund Opening Balance**

<b>Diagram</b>	In the diagram, the Sadaqa Fund is represented by the smallest bag. All the Sadaqa Fund transactions are shown on the last row, from left to right. Opening Balance verification is represented in the diagram by: <ul style="list-style-type: none"><li>• members remembering the amount, which must be equal to—</li><li>• what is written in the group records, which must be equal to—</li><li>• the amount that is counted physically.</li></ul>
<b>Guide</b>	Steps 58, 59, 60, 61, 62
<b>Show</b>	<ul style="list-style-type: none"><li>• After the opening balance has been verified, circulate the Ledger Book, open to the Sadaqa Fund Cashbook, and help members find the opening balance.</li></ul>
<b>Question</b>	Ask if there are any questions.

**8.11.2** Use the information in Table 45 to coach the group on Part 14: Sadaqa Fund Contributions.

**Table 45: Coaching on Part 14—Sadaqa Fund Contributions**

<b>Diagram</b>	Sadaqa contributions are represented in the diagram by 2 piles of coins of different heights, going INTO the Sadaqa Fund bag. This is because members can contribute different amounts, but not all members are obliged to contribute.
<b>Guide</b>	Steps 63, 64, 65
<b>Show</b>	<ul style="list-style-type: none"><li>• After members who wish to have made Sadaqa contributions, circulate the Ledger Book among the group members, open to the Sadaqa Fund Cashbook page.</li><li>• Help each member find the total Sadaqa Fund contributions for the meeting.</li></ul>
<b>Question</b>	Ask if there are any questions.

**8.11.3** Use the information in Table 46 to coach the group on Part 15: Sadaqa Fund Donations.

**Table 46: Coaching on Part 15—Sadaqa Fund Donations**

<b>Diagram</b>	Sadaqa Fund donations are represented in the diagram by some money COMING FROM the Sadaqa Fund and going to a building, since the Sadaqa Fund can be used to support community institutions.
<b>Guide</b>	Steps 66, 67, 68, 69, 70
<b>Show</b>	<ul style="list-style-type: none"> <li>• If any cash has been disbursed, circulate the Ledger Book among the group members, open to the Sadaqa Fund Cashbook.</li> <li>• Help each member identify the amount used for donations.</li> </ul>
<b>Question</b>	Ask if there are any questions.

**8.11.4** Use the information in Table 47 to coach the group on Part 16: Verification of Sadaqa Fund Closing Balance.

**Table 47: Coaching on Part 16—Verification of Sadaqa Fund Closing Balance**

<b>Diagram</b>	<p>Closing Balance verification is represented in the diagram in the same way:</p> <ul style="list-style-type: none"> <li>• the amount that is counted physically, which must be equal to—</li> <li>• what is written in the group records, which must be equal to—</li> <li>• what members remember for the next meeting.</li> </ul>
<b>Guide</b>	Steps 71, 72, 73
<b>Show</b>	Help every member identify the Sadaqa Fund balance in the Sadaqa Fund Cashbook.
<b>Question</b>	Congratulate the Management Committee and the group members on conducting the Social Fund Transaction parts of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, so as not to forget any step.

## **Step 8.12    Part 17: Meeting Close (5 minutes)**

**Methods:**    Diagram, guide, show, and questions

**8.12.1** Use the information in Table 48 to coach the group on Part 17: Meeting Close.

**Table 1948 Coaching on Part 17—Meeting Close**

<b>Diagram</b>	The meeting close is represented in the diagram by a Cash Box with a locked padlock.
<b>Guide</b>	Steps 74, 75, 76, 77, 78, 79, 80, 81
<b>Show</b>	<ul style="list-style-type: none"> <li>• Circulate the Ledger Book among the group members, open to the Register.</li> <li>• Help group members identify the final attendance marks.</li> <li>• Circulate the Ledger Book among the group members, open to the Fines Due section, and help members identify those who owe fines for being absent.</li> </ul>
<b>Question</b>	Congratulate the group for closing their SILC meeting through all the steps procedurally and encourage them to continue following the same procedures.

**Step 8.13 Working Together as a Group (15 minutes)**

**Methods:** Analogy and open questions

**8.13.1** Tell participants:

*You have now conducted 2 savings meetings, and completed the group's record-keeping. These are 2 critical skills your group must master. As you begin meeting regularly as a group without my presence, everyone will play a role to ensure that the group works well together.*

**8.13.2** Ask participants to think about their national football (soccer) team. Name some of the players and their different responsibilities (captain, goalie, defense, midfield, and offense). (Note: if this analogy is unknown or poorly understood use instead a local, traditional organization that accomplishes work together). Tell them:

- *Different positions have different responsibilities.*
- *The captain leads and coordinates all individuals and sub-groups on the team but all members have an important role to play.*
- *For the team to score goals and win, every member of the team must do their best and work together well—everyone must respect and appreciate each other.*
- *When the team wins the game, all members win.*

**8.13.3** Ask participants the following questions and encourage them to cite a specific individual. Let several participants answer each question.

- ▶ *In this training, who contributed to our group working together well?*
- ▶ *What did this person do?*

**8.13.4** Congratulate group members who were named as contributing to the group working together as an effective team to reach a goal.

## Step 8.14 Preview of End-of-Cycle Share-Out (15 minutes)

**Methods:** Mini-lecture and demonstration

### 8.14.1 Tell participants:

*As you recall, the end-of-cycle share-out for your SILC group will happen in [name month that has been selected by the group]. At that time we will do the share-out steps together, just as we have done for savings contributions and loan procedures. For now, let us preview the preparation for the end-of-cycle share-out and some of the major activities. One important point is that the SILC group must not give out any new loans that cannot be repaid **at or before** this final meeting. Let me give you a few examples.*

- ▶ *Your maximum SILC loan duration is \_\_\_\_ [number of months], and your share-out is in \_\_\_\_ [month]. What is the last month in which a member can receive a [longest duration] loan?*
- ▶ *What is the last month in which a member can receive a 1-month loan?*

### 8.14.2 Tell participants:

*End-of-cycle share-outs follow these broad steps.*

- *After making sure that every member has paid what they owe the group, the SILC group counts the total amount in each of its funds.*
- *The group decides what to do with what remains in the Social Fund—many groups keep part or all of the Social Fund for the next cycle, so they don't start with an empty Social Fund.*
- *The Main Fund is divided entirely among members. Every member will receive what they saved during the cycle, plus an equal share of the cycle profit.*
- *Members can choose to reinvest part or all of their share-out money to start the second cycle.*

### 8.14.3 Ask participants:

- ▶ *What are your questions about share-out?*

## Step 8.15 SILC Constitution Quiz (20 minutes)

**Method:** Game

**8.15.1** You will be the score keeper. Use beans or stones on the ground to keep score so that all participants can see. Separate the SILC group into 2 teams.

**8.15.2** Tell participants that each team will be asked a question in turn. Each team will get the same number of questions. If the answer is correct, the team scores 1 point. If the answer is incorrect, the other team can try and answer it correctly, and if they succeed, they will score the point. Warn teams that if members interrupt or argue with you, you will subtract 1 point.

**8.15.3** Ask if there are any questions about the game.

**8.15.4** Box 20 includes the game's questions. Ask these questions following the order below. All answers are found in their SILC Constitution. If neither team gets the right answer, read it from their SILC Constitution.

#### **Box 20: Review Game Questions**

1. What is the name of your SILC group?
2. How much is the fine for missing a meeting?
3. How often does your group meet?
4. Management Committee elections are held every \_\_\_\_ [fill in the blank]
5. What amount does each member contribute to the Social Fund every meeting?
6. Name 3 emergency situations for which a member could request Social Fund pay-outs.
7. What is your group's target savings contribution?
8. What is your group's maximum savings contribution?
9. How often do you disburse loans?
10. How much is your loan processing fee?
11. What is the fine for being late to a meeting?
12. What is the maximum duration of a loan?

**8.15.5** Add up the points for each team and congratulate the winning team.

**8.15.6** Congratulate both teams for correct answers. Re-emphasize the importance of sharing and internalizing the SILC Constitution so that all know the procedures and rules.

#### **Step 8.16 Celebrate the End of Training (10 minutes)**

**Method:** To be determined by the field agent and Management Committee

**8.16.1** Conduct a short ceremony that is appropriate to the local culture and gracefully closes the training. The ceremony may involve a few speeches or songs.

**8.16.2** Congratulate the SILC group for their work during the training.

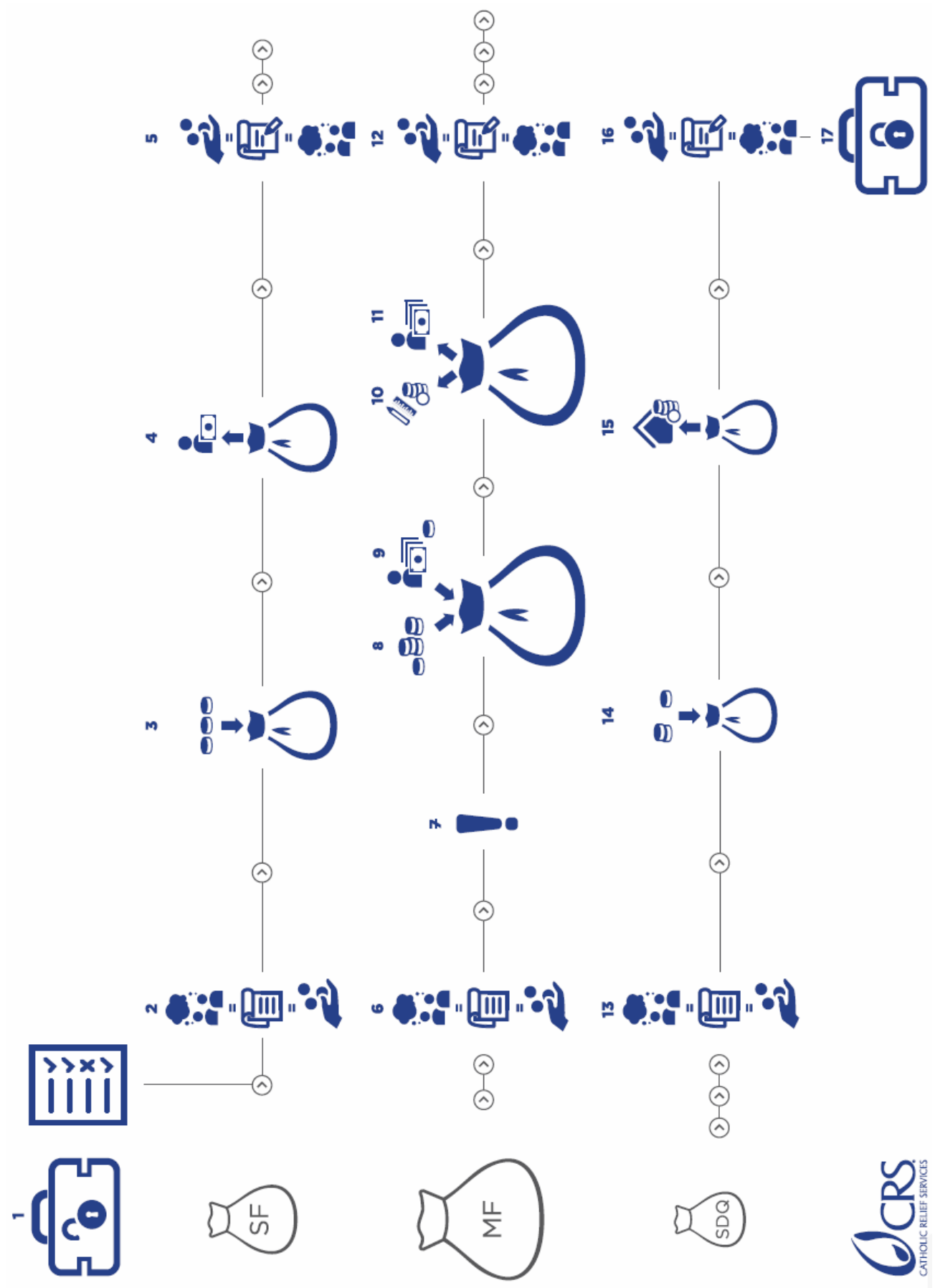
**8.16.3** Evaluate the training.

**8.16.4** Briefly remind participants of the monitoring period which now begins. Clarify your schedule of visits to the SILC over the 3 phases: intensive, development, and maturity.

**8.16.5** Communicate the date and time for your first monitoring visit.

**8.16.6** Thank the SILC members and close the meeting.

## Document F: Meeting Parts Diagram



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## Document G: First Loan Disbursements and Loan Repayments

### Facilitator's Notes

SILC groups that meet weekly have 3 savings meetings, followed by a lending meeting. Lending meetings give members the opportunity to borrow from the Main Fund, and are the times when members must make loan payments.

Use the steps below to coach members through their first actual loan disbursements and loan repayments.

**Methods:** Mini-lecture and discussion, and Diagram, guide, show, and questions

Before the first loan requests, lead a discussion regarding environmentally-responsible business activities.

Tell members:

- *Many of you will be borrowing to invest in business activities—activities that will make enough profit for you to repay the loan in full, and still have money left over for to reinvest in the business and support yourselves.*
- ▶ *What are some of the business activities you are thinking of investing in?*
- *Earning money to support our families is important. However, whenever we engage in a business activity, we should also consider whether it has a negative impact on other people, animals, and plants around us, or whether it has a negative impact on the soil, water, and air we all depend on.*
- Use Table 49 to explain how some types of business activities can have negative impacts.

**Table 49: Negative Impacts from Business Activities**

Negative Impact	Business Activity Example
Make people sick	Using pesticides without taking precautions to protect human health and the environment
Lead to soil erosion or reduce soil fertility over time	Practicing slash and burn to clear new farmland
Contaminate the water (either rivers or groundwater)	Keeping livestock too close to sources of drinking water or where people live
Pollute the air	Burning trash in a trash collection business
Significantly reduce or completely eliminate an entire type of plant, tree, or animal	Cutting down trees for charcoal making, firewood, and timber in a way that depletes trees and forest resources

- ▶ *Among the business activities you mentioned, which ones would likely have a negative impact on people or the environment? [take answers and encourage discussion]*
- ▶ *What are some alternative business activities that are safer? [take answers, encourage discussion, and propose alternatives]*
- ▶ *Think about the negative effects that a business activity such as you have mentioned can have on the people in your village and the water or air that you use and breathe. Would you want to start or continue a business activity that causes harm?*

*For the continued prosperity of the entire community, you need to avoid business activities that have negative effects and instead identify ones that do not have negative effects. We can discuss how you might lead your activities in a safer manner.*

## Loan Disbursement

Use the information in Table 50 to coach the group on Part 11: Loan Disbursement.

**Table 50: Coaching on Part 11—Loan Disbursements** *(this part only occurs during Loan Meetings)*

Diagram	In the diagram, loan disbursements are represented by a member with several bills, which are coming FROM the Main Fund Bag.
Guide	Steps 45, 46, 47, 48, 49, 50, 51, 52, 53
Show	<ul style="list-style-type: none"> <li>• After loans have been disbursed, circulate the Ledger Book among the group members, open to the Loan Ledger and to the Main Fund Cashbook.</li> <li>• Help members identify the loan purpose, amount and processing fee.</li> <li>• Help members identify the total amount loaned out recorded as “Cash-Out” in the Main Fund Cashbook.</li> <li>• Help members identify that the loan processing fees that were collected are recorded as “Cash-In” in the Main Fund Cashbook.</li> </ul>
Question	Congratulate the Management Committee and the group members on conducting the Loan Disbursement part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

## Loan Repayment

Use the information in Table 51 to coach the group on Part 9: Repayment of Loans.

**Table 51: Coaching on Part 9—Repayment of Loans** *(this part only occurs during Loan Meetings)*

Diagram	In the diagram, loan repayments are represented by a member with several bills and one coin, which go INTO the Main Fund Bag. The bills represent the principal, while the coin represents an additional amount (balal) voluntarily given by the borrower.
Guide	Steps 36, 37, 38, 39, 40, 41, 42, 43
Show	<ul style="list-style-type: none"> <li>• Circulate the Ledger Book among the members, open to the Loan Ledger and to the Main Fund Cashbook.</li> <li>• Help members identify transactions and balances.</li> <li>• Help members identify the total cash-in.</li> </ul>
Question	Congratulate the Management Committee and the group members on conducting the Repayment of Loans part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

## Document H: Group Purchasing

### Facilitator's Notes

In addition to individual cash loans to members for any purpose they choose, groups can make group purchases, using money from the Main Fund.

Groups may decide to make group purchases on the basis of the information provided in Module 5. If a group has not considered group purchasing after 2 months of saving, you can remind them of the opportunity, in particular if you notice any of the following conditions:

- not all the Main Fund is used for individual lending
- the members live in a remote area, a long and/or costly trip away from a significant market
- some members have taken loans to purchase items from distant markets for personal consumption
- most or all group members have a need for identical items at a specific moment

Use the steps below explain the opportunity in more detail, and to coach interested groups through their first grouped orders, disbursement of items, and repayment of loans.

**Methods:** Mini-lecture, decisions, and Diagram, guide, show, and questions

Remind members of the opportunity to engage in group purchasing using money from the Main Fund, highlighting any of the situations mentioned above if they apply to this group.

- *Besides giving individual cash loans, SILC can help members acquire goods easily and conveniently, and pay for them at a later date.*
  - *To do so, the group makes a list of the different items that members need, takes money from the Main Fund, and has at least 2 group representatives purchase these items all at once, from a place where they can get a good price.*
  - *Each member is then given the items they ordered, and has to pay the group back, in cash, at a later date.*
  - *All members can order the same thing, for example fabric.*
  - *But members can order different things: some can order mats or soap, while others order plastic chairs.*
  - *Not every single member needs to participate in the purchase.*
  - *Doing a group purchase can save on the cost of transport or delivery every member would have faced, and should result in a lower price due to the large amount purchased at once.*
  - *The group can ask members to only pay back the purchase price, or can charge borrowers a mark-up that is agreed ahead of time. This mark-up is allowed under Islamic law, and compensates the work done by the group to make the goods available to members with delayed payment.*
- *What questions do you have about how to do group purchasing?*

The first time the group does a group purchase, use Table 52 to help the members decide how they finance the transaction practically.

**Table 52: Financing the group purchase transaction**

Topic	Information to Share	Question for Decision-making
<i>You are now going to decide how to pay for the transaction costs.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>If there are costs involved in acquiring the items (transport, delivery, refreshments for the buyers), the group has to find the money to pay for the costs.</i></li> <li><i>One option is to take the money from the Main Fund. This amount should be added to the total due at repayment, or this will reduce the amount of profit at the end of the cycle, including for members who do not participate in the purchase.</i></li> <li><i>Another option is to raise an extra contribution from the members who are participating in the group purchase.</i></li> <li><i>Any amount not used for the purchase should be returned to the Main Fund, since it will not be practical to divide it among the members.</i></li> <li><i>Taking money from the Social Fund to pay for these costs is not recommended, as it reduces the amount available for emergencies.</i></li> </ul>	<p>► <i>How will you pay for the transaction costs of acquiring the items?</i></p>
<i>You are now going to decide whether to charge members a markup on group purchasing (an amount in addition to the purchase price).</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>If the group has paid transaction costs from the Main Fund, these can be covered by the markup.</i></li> <li><i>Having a markup beyond the total costs will increase the amount of profit available at share-out.</i></li> <li><i>Carefully choosing the markup can ensure the price paid by the member is still less than she would have paid for a local, individual purchase.</i></li> <li><i>The markup is determined once the items have been purchased and brought back to the group, after all the costs incurred during the purchase are known, and before distributing them to members.</i></li> <li><i>Some groups choose not to have a markup. This makes the items inexpensive to members, but if costs are not covered, this will reduce group profit.</i></li> </ul>	<p>► <i>Do you want to charge a markup on the group purchase? Why or why not?</i></p>

*Congratulations on deciding how to finance your group purchase. You do not need to do it the same way for every group purchase – it can depend on what you buy, where you buy it from, and how many members participate.*

## Order for Group Purchase

Use the information in Table 53 to coach the group on Part 10P: Order for Group Purchase.

**Table 53: Coaching on Part 10P—Order for Group Purchase**

<b>Diagram</b>	Not represented in the diagram.
<b>Guide</b>	Steps f, g, h, i, j
<b>Show</b>	<ul style="list-style-type: none"> <li>• After the purchase money has been given to the group representatives, circulate the Ledger Book among the group members, open to the Main Fund Cashbook.</li> <li>• Help members identify the total amount disbursed recorded as “Cash-Out” in the Main Fund Cashbook.</li> </ul>
<b>Question</b>	Congratulate the Management Committee and the group members on conducting the Order for Group Purchase part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

## Disbursement of Items

Use the information in Table 54 to coach the group on Part 11P: Disbursement of Member Purchases.

**Table 54: Coaching on Part 11P—Disbursement of Member Purchases**

<b>Diagram</b>	Not represented in the diagram.
<b>Guide</b>	Steps k, l, m
<b>Show</b>	<ul style="list-style-type: none"> <li>• Circulate the Ledger Book among the members, open to the Group Purchases Ledger</li> <li>• Help members identify the items they have received and the total amount they owe.</li> </ul>
<b>Question</b>	Congratulate the Management Committee and the group members on conducting the Disbursement of Member Purchases part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

## Repayment of Group Purchases

Use the information in Table 55 to coach the group on Part 9P: Repayment of Group Purchases.

**Table 55: Coaching on Part 9P—Repayment of Group Purchases**

<b>Diagram</b>	In the diagram, loan repayments are represented by a member with several bills and one coin, which go INTO the Main Fund Bag. The bills represent the amount repaid by the borrower, inclusive of a mark-up.
<b>Guide</b>	Steps a, b, c, d, e
<b>Show</b>	<ul style="list-style-type: none"><li>• Circulate the Ledger Book among the members, open to the Group Purchases Ledger and to the Main Fund Cashbook.</li><li>• Help members identify transactions and balances in the Group Purchases Ledger.</li><li>• Help members identify the total cash-in in the Main Fund Cashbook.</li></ul>
<b>Question</b>	Congratulate the Management Committee and the group members on conducting the Repayment of Group Purchases part of the meeting. Ask if members have any questions about the meeting steps. Remind them that they should always follow exactly the same procedure, in order to not forget any step.

## Module 9: Share-Out Meeting

**Total Time Needed: 145 minutes (2 hours 25 minutes)**

### Objectives for Module 9

In Module 9, participants will:

1. Decide what to do with the remaining Sadaqa Fund
2. Decide what to do with their remaining Social Fund
3. Request the Secretary to calculate member savings and earnings
4. Receive their savings and earnings for the cycle
5. Analyze the cycle's financial performance
6. Decide when and how to analyze their completed cycle

### Materials Needed

- Share-Out Form
- Calculator

### Facilitator's Note

- In order to be ready to conduct share-out, groups should schedule their last Social Fund and savings transactions prior to the share-out meeting.
- Groups should also ensure all members have repaid their loans and cleared any outstanding fines. If they have not, the group will use the member's savings to clear the debts. In that case, the member's individual savings total will be reduced.

#### Step 9.1 Session Objectives (5 minutes)

**Method:** Reading along

**9.1.1** Tell participants:

*In today's meeting, you will*

- *Decide what to do with what remains in the Sadaqa Fund*
- *decide what to do with your remaining Social Fund money*
- *calculate and receive your earnings for the cycle*
- *discuss your earnings*
- *decide when and how to analyze the cycle*

#### Step 9.2 Meeting Opening (15 minutes)

**Method:** Coaching

**9.2.1** Make sure the group begins by taking attendance and verifying the balances in the Sadaqa Fund, the Social Fund and the Main Fund. Make sure any differences are resolved to members' satisfaction before continuing the meeting.

### Step 9.3 Sadaqa Fund Utilization (10 minutes)

**Methods:** Open questions and large-group discussion

**9.3.1** Ask the members the following questions.

- ▶ *How much money is there currently in your Sadaqa Fund?*
- ▶ *What did you use the Sadaqa Fund for, during the cycle?*

If the group has not made any Sadaqa donation during the cycle, ask them to consider it now, such that the cycle benefits both members through contributing and the community through receiving the donation.

- ▶ *Is there an opportunity right now to make a Sadaqa donation, using some or all of the money that would fill a need in the community?*

Help the group reach a decision.

Any remaining funds will be rolled over to the next cycle.

**9.3.2** If the group keeps a portion of the Sadaqa Fund for the next cycle, have the Money Counter and Treasurer count and put that amount back in the Sadaqa Fund Bag.

### Step 9.4 Social Fund Carry-Over to the Next Cycle (30 minutes)

**Methods:** Open questions and large-group discussion

**9.4.1** Ask the members the following questions. If a member gives an incorrect answer, let the group agree on the correct answer.

- ▶ *How much money is there currently in your Social Fund?*
- ▶ *What did you use the Social Fund for, during the cycle?*
- ▶ *What is the largest amount you had to pay out in one meeting (for one or several requests)?*
- ▶ *Were there times when there wasn't enough money in the Social Fund to satisfy all valid demands? What did you do in those situations?*

**9.4.2** Use Table 56 to help members decide what to do with their Social Fund balance. Ask the question for decision-making to small groups.

**Table 56: Decisions on Social Fund Carryovers**

Topic	Information to Share	Question for Decision-making
<i>You are now going to decide what to do with the money left in your Social Fund.</i>	<i>Here are some things to consider:</i> <ul style="list-style-type: none"><li>• <i>If the group shares out all of its Social Fund money, it might not be able to help members in the first few weeks or months of the new cycle.</i></li><li>• <i>Many groups choose to keep a reasonable amount in the Social Fund for the next cycle in order to immediately meet social needs.</i></li><li>• <i>Any money not kept in the Social Fund the next cycle will be shared out equally among members.</i></li></ul>	▶ <i>How much of the Social Fund do you want to keep for the next cycle? Why?</i>

- 9.4.3 Help the Chairperson lead a discussion with all members so that the group comes to an agreement.
- 9.4.4 If the group keeps a portion of the Social Fund for the next cycle, have the Money Counter and Treasurer count and put that amount back in the Social Fund Bag.
- 9.4.5 Then, ask the Money Counter and Treasurer to count the money from the Social Fund that is **not** being carried over, and set it aside. Ask the Secretary to calculate each person's Social Fund share-out: the amount not being carried over, divided by the number of members. If the amount is difficult to give to each member because there is not enough change, round down the amount each member will receive. Once each member has received their Social Fund share-out, add any remaining money to the Social Fund being carried over to the next cycle.

## Step 9.5 Calculate Member Savings and Earnings (45 minutes)

**Methods:** Coaching, calculations, and open questions

- 9.5.1 Show the Share-Out Form to the members, and explain that it will be used to figure out how much money each member will receive. Give the Secretary the Share-Out Form and ask him/her to write information about the group and the cycle in the top row, and to write each member's name in the first column. Ask the Secretary to read out from the Savings Register the amount saved by each member during the cycle (before any end-of-cycle reduction), and to write it in the Share-out Form's "Individual Cumulative Savings" column.
- 9.5.2 If a member owes the group money (loan not fully repaid or unpaid fine), that member's savings will be used to offset his or her debt to the group. Deduct the amount due from the member's savings. Write in the Fines Due Ledger or the Loan Ledger that the debts have been cleared. **Do not make entries in the Main Fund Cashbook, since no money has been added to the Main Fund.**  
  
(Note: If the savings are not sufficient to cover a member's debt completely, the member should find a way to bring cash to the group to clear the debt and allow a clean share-out. If necessary, the member can borrow from someone (including another member) in order to allow the share-out to proceed.)
- 9.5.3 Ask the Secretary to fill out the "Individual Final Savings" column. This is either the reduced savings amount (in case it was adjusted to clear a debt to the group) or the same as the cumulative savings (in case it was not adjusted). Ask the Secretary to calculate and announce the Total Final Savings, and write it twice on the Share-Out Form: in the "Totals" line of the Final Savings Column, and in the second row of the Profit Calculation section.
- 9.5.4 Ask the Money Counter and the Treasurer to count and announce the total amount in the Main Fund. Ask the Secretary to write the amount in the first row of the Profit Calculation section.
- 9.5.5 Show the Secretary how to calculate the cycle profit or loss: LF cash – savings. Ask the Secretary to write the cycle profit or loss in the third row of the Profit Calculation section. If it is a loss, write it as a negative number, for example -1,250.
- 9.5.6 Determine the number of members who will share the cycle profit (or loss) equally. If the group profit is less than it should be, due to one member's actions (for example, that member defaulted on a loan, or was careless in the management of a group asset),

the cycle profit will be shared by all members EXCEPT that member (typically, that member's savings will already have been reduced to 0 to compensate for the loss). If the group profit is what it should be, or if a loss is not directly attributable to any specific member(s), the cycle profit or loss will be shared by all members. Ask the Secretary to write the number of members sharing the profit or loss in the fourth row of the Profit Calculation section.

- 9.5.7 Show the secretary how to calculate the profit/loss per member, using a calculator: profit or loss, divided by the number of members sharing it. Ask the secretary to write the profit/loss per member in the last row of the Profit Calculation section. If it is a loss, write as a negative number, for example -18.
- 9.5.8 Show the Secretary how to calculate, announce and record each member's individual share, using a calculator. The formula is: Individual final savings plus profit per member = Individual share. If the group has a loss, the operation is individual savings – loss per member = individual share. If a member is not sharing the profit (individually responsible for lower-than-expected profit) that person will only receive his/her final savings.
- 9.5.9 Circulate the completed Share-Out Form among the members, showing them how the calculation was done. Show that each member has received their final cycle savings amount, plus an equal share of the group's profit (or: minus an equal share of the loss).
- 9.5.10 Identify members whose individual share-outs are difficult to pay out, because it is difficult to make small changes. Ask the group to agree on a rounding-down procedure, for example, to the closest 5 shillings (or 10 shillings). This means that each member will forego at most 4 (or 9 shillings).
- 9.5.11 Show the Secretary how to round down every member's share-out, and record the amount in the "individual share—rounded down" column. Have the Secretary calculate and record the "total" for that column, to confirm it is not more than the available Main Fund cash.
- 9.5.12 If a member still owes the group money after a savings deduction, write the amount in the "amount owed to group" column. Ask the Secretary to read out each member's name, their final savings (after adjustment), how much they are getting as individual share-out (rounded down), and any amount they still owe the group. Ask the Treasurer to give each member their share-out money. Each member should count their share-out money, and sign the Share-out Form to confirm receipt. After each member has taken their share-out money, ask the Chairperson, Secretary, Money Counter, and Treasurer to sign the Share-out Form.
- 9.5.13 Ask the Money Counter and Treasurer to count and announce how much money is remaining in the Main Fund. Lead a group discussion on how to use the money.

## **Step 9.6 Assessment of Completed Cycle and Preparation for Next Cycle (20 minutes)**

**Methods:** Open questions and large-group decision

- 9.6.1 Ask the members the following questions. Take several answers for each question:

- ▶ *Why did members get back more money than they had saved during the cycle?* [Answer: the “extra” money is profit from loan application fees, voluntary additional amounts, fines, and other income.]
- ▶ *What can you do in the next cycle to increase your profit?* [Answers: the group can earn more profit if it lends out more of its Main Fund, and ensures members repay on time, and if members make additional amounts.]

### 9.6.2 Tell participants:

*Now that you have shared out, you should decide when to start the next cycle.*

Use Table 57 to help members make this decision.

**Table 57: Deciding When to Start the Next Cycle**

Topic	Information to Share	Question for Decision-making
<i>You are now going to decide when to start your next cycle.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li>• <i>You can either start in the next few weeks (in which case you should pick a date), or wait a longer period, for example, until after major agricultural activities when everyone is available again (in which case you should pick a month, and later select a specific date).</i></li> <li>• <i>This is an opportunity for new members to join and for others to leave, and for changing the group rules if you wish.</i></li> <li>• <i>Your Constitution calls for holding new Management Committee elections.</i></li> <li>• <i>I will be available to help you have a good start to your new cycle.</i></li> </ul>	<p>▶ <i>When do you want to begin your new cycle?</i></p>

**9.6.3** Help the Chairperson lead a discussion with all members so that the group comes to an agreement.

**9.6.4** Use Table 58 to help members make a decision on reinvestment. Ask small groups to discuss the questions in column 3.

**Table 58: Deciding on Reinvestment**

Topic	Information to Share	Questions for Decision-making
<i>You are now going to decide how much to reinvest for the next cycle.</i>	<p><i>Here are some things to consider:</i></p> <ul style="list-style-type: none"> <li><i>If members do not invest money in the SILC to start the second cycle, there will be little money in the first few weeks for making loans.</i></li> <li><i>The beginning of the cycle is the only time when some members can invest more than 5 times the minimum savings.</i></li> <li><i>You can either reinvest today and keep the money in the Cash Box, or at the first meeting in the next cycle.</i></li> </ul>	<ul style="list-style-type: none"> <li>► <i>When should members invest for the second cycle? Why?</i></li> <li>► <i>How much can each member invest to begin the second cycle?</i></li> </ul>

**9.6.5** Help the Chairperson direct a discussion so that groups come to an agreement.

**9.6.6** If some members are reinvesting for the second cycle, ensure the Secretary records their individual investments in the Savings Register as “initial savings balance,” and the total amount in the Cashbook as “member investment” in the “Cash-In” column.

### **Step 9.7 Meeting Closure (20 minutes)**

**Method:** Coaching

**9.7.1** If the group is carrying any cash balance forward to the next cycle (Sadaqa Fund, Social Fund, or Main Fund), have the Money Counter and Treasurer count and announce the balances. The Secretary confirms that the amounts agree with her/his records. Any differences should be resolved to the satisfaction of the members before finishing. The Chairperson asks the members to remember the balances for the next meeting. The Key Holders lock the Cash Box, and the Treasurer takes the locked Cash Box.

**9.7.2** Congratulate the group members on having successfully completed their first cycle.

## PART 4: SILC RECORD-KEEPING STRUCTURE

## Instructions for Filling out SILC Ledgers

- SILC records are kept in a single book that stays with the group. The group Secretary prepares the book at the beginning of the cycle by creating the sections with scissors or a razor, and writing the headings in pen.
- Prepare the following number of pages per ledger to last for a 1-year cycle: Register (7 pages), Social Fund Ledger (8 pages), Savings Ledger (16 pages), Social Fund Payout Ledger (5 pages), Fines Due Ledger (5 pages), Loan Ledger (20 pages), Social Fund Cashbook (8 pages), Main Fund Cashbook (12 pages), Sadaqa Fund Cashbook (8 pages), and Notes (5 pages).
- All entries in the Ledgers should be made in pen, never in pencil. If mistakes are made, they should be neatly crossed out. Do not use corrector fluid.
- On each page in this Annex, the numbering system guides the reader through the sections of each ledger so it is easily understood. During meetings however, the Secretary will need to go back and forth between Ledgers (for example, information is recorded in the Social Fund Payout Ledger before completing entries in the Social Fund Cashbook). The Meeting Steps show the correct order in which to fill in Ledgers.
- To help understand the Annex, information recorded in later meetings is in different font colors for the Social Fund Payout Ledger, Fines Due Ledger, and Loan Ledger.

**2.** Cut out a vertical strip from all the pages **in the first 3 ledgers only** (Register, Social Fund Ledger, and Savings Ledger) so that the names of members written on the first page carry through to all the pages.

Leave all other ledgers in one piece, since the entire width of the page is needed.

[illegible]

**1.** Count the number of pages that are needed for the first ledger. Write the name of the ledger as a tab heading, and cut out a horizontal strip for all the pages in that ledger. Repeat for each ledger.

[illegible]

4.1 Register

		REGISTER										SF LEDGER	SAVINGS	SF PAYOUT LEDGER	FINES DUE	LOAN LEDGER	GROUP PURCHASES	SF CASHBOOK	MF CASHBOOK	SADAQA CASHBOOK	NOTES
#	Member																				
1																					
2																					
3																					
4																					
5																					
6																					
7																					
8																					
9																					
10																					
11																					
12																					
13																					
14																					
15																					
Totals																					

## Instructions for filling out the Register

**1.** Number the members of the group on the inside of the cover page.

**2.** Write the names of each member on the inside of the cover page.

**3.** Write the date of the meeting.

**4.** Write:  
 ✓ present  
 X absent  
 E excused absence  
 ⊗ late arrival (circle the X when the member arrives)

**5.** At the end of the meeting, add the number of ✓ and ⊗ to calculate the number of members present.

#	Member	2/1/18	9/1/18	16/1/18
1	Irene Akinyi	✓	✓	✓
2	Maureen Wanjiku	✓	⊗	✓
3	Christine Kwamboka	✓	✓	✓
4	Josephat Govedi	✓	✓	✓
5	Timothy Mutua	X	✓	✓
6	Tom Okoth	⊗	✓	✓
7	Alice Mueni	⊗	✓	✓
8	Violet Cherono	E	✓	✓
9	Jenipher Onyango	✓	✓	✓
10	Henry Omusuli	X	X	✓
11	George Charo	✓	✓	✓
12	Joash Kamau	✓	E	✓
13	Michael Onyancha	✓	✓	✓
14	Albert Mwendwa	✓	✓	✓
15	David Cheriot	✓	✓	✓
	<b>Totals</b>	<b>12</b>	<b>13</b>	<b>15</b>

## 4.2 Social Fund Ledger

[illegible]

## Instructions for Filling out the Social Fund Ledger

**1.** The numbers and names of the members show from the Register, since the page is cut out.

**2.** Write the date of the meeting.

**3.** Write the amount that each member contributes to the Social Fund.

**4.** If a member does not contribute to the Social Fund, cross out the cell.

**5.** If a member is making up for past meetings, the total amount is recorded in the week when the member brings the money.

#	Member	2/1/18	9/1/18	16/1/18
1	Irene Akinyi	5	5	5
2	Maureen Wanjiku	5	5	5
3	Christine Kwamboka	5	5	5
4	Josephat Govedi	5	5	5
5	Timothy Mutua		10	5
6	Tom Okoth	5	5	5
7	Alice Mueni		10	5
8	Violet Cherono		10	5
9	Jenipher Onyango	5	5	5
10	Henry Omusuli			15
11	George Charo	5		10
12	Joash Kamau	5		10
13	Michael Onyancha	5	5	5
14	Albert Mwendwa	5	5	5
15	David Cheriot	5	5	5
	<b>Totals</b>	<b>55</b>	<b>75</b>	<b>95</b>

**6.** Add the Social Fund contributions, and carry to Social Fund Cashbook.

### 4.3 Savings Ledger

[illegible]

## Instructions for Filling out the Savings Ledger

**1.** The numbers and names of the members show from the Register, since the page is cut out.

**2.** On the first page of the savings ledger, write in the first column the first savings deposit for the cycle (this could be a lump-sum investment in higher cycles).  
On the next pages of the savings ledger, carry each member's savings balance from the previous page's last total savings column.

**3.** Write the date of the meeting.

**4.** Write each member's savings deposit (no more than the maximum savings allowed per meeting).

**5.** If a member does not save during the meeting, cross out the cell.

**6.** Calculate and write down the new savings balance for each member.

#	Member	2/1/18	9/1/18	16/1/18
		First savings	+ savings = total savings	+ savings = total savings
1	Irene Akinyi	20	20	40
2	Maureen Wanjiku	20	30	50
3	Christine Kwamboka	40	40	80
4	Josephat Govedi	50	20	70
5	Timothy Mutua	<del>50</del>	60	60
6	Tom Okoth	80	100	180
7	Alice Mueni	50	40	90
8	Violet Cherono	<del>50</del>	10	10
9	Jenipher Onyango	20	30	50
10	Henry Omusuli	<del>50</del>	<del>50</del>	0
11	George Charo	80	20	100
12	Joash Kamau	100	<del>50</del>	100
13	Michael Onyancha	100	100	200
14	Albert Mwendwa	<del>50</del>	50	50
15	David Cheriot	20	20	40
Totals		580	540	1,120

**7.** Add all the members' savings for the meeting and also enter it into the Main Fund Cashbook.

**8.** Calculate cumulative group savings, which is: previous group savings + total members' savings for the meeting.

(Note: Cumulative group savings is an accounting figure and means "the total savings over a certain time period." The amount cannot be counted physically in most meetings, because the money is circulating.)

#### 4.4 Social Fund Payout Ledger

[illegible]

## Instructions for Filling out the Social Fund Payout Ledger

1. Write the name of the member.
2. Write the purpose of the Social Fund payout.
3. Write the date the money was given to the member.
4. The member signs after receiving the money.

SF PAYOUT LEDGER	FINES DUE	LOAN LEDGER	GROUP PURCHASES	SF CASHBOOK	MF CASHBOOK	SADAQA CASHBOOK	NOTES
Name	Purpose			date given	member signature	Payout	
Josephat Govedi	burial			9/1/18	Jos	50	
David Cherlot	medicine			9/1/18	David	50	

5. Write the amount paid out.  
The total amount paid out to the members in each meeting is also entered into the Social Fund Cashbook.

## 4.5 Fines Due Ledger

[illegible]

## Instructions for Filling out the Fines Due Ledger

(Note: this ledger is only used to track fines that are not paid at the time they are assigned; fines paid during the meeting when they are assigned do **not** need to be recorded here.)

**1.** Write the name of the member who will owe a fine the next meeting.

**2.** Describe the reason for the fine.

FINES DUE	LOAN LEDGER	GROUP PURCHASES	SF CASHBOOK	MF CASHBOOK	SADAQA CASHBOOK	NOTES
Member	Description			Due	Paid	
Timothy Mutua	absent			25	25	
Tom Okoth	late			10	10	
Henry Omusuli	absent			25	25	
Maureen Wanjiku	late			10	10	
Henry Omusuli	absent			25	25	

**3.** Write the amount due.

**4.** When the member pays the fine, write the amount paid.

(Note: Information from the Fines Due Ledger is **not** carried to the Main Fund Cashbook. The amount of **cash counted in the Fines Bowl** is what is recorded in the Main Fund Cashbook.)

## 4.6 Loan Ledger

[illegible]

## Instructions for Filling out the Loan Ledger

(Note: leave 5 rows for every loan disbursed, so that payments over several months can be recorded in the same place. Once a loan has been repaid in full, cross it out to show the loan is no longer due.)

**1.** Member's name.

**2.** Write the purpose of the loan.

**3.** Write the date the loan is disbursed

**4.** Write the date the loan is due.

**5.** Write the processing fee paid by the member\*.

**6.** Member signs after receiving the money.

						LOAN LEDGER	GROUP PURCHASES	SF CASHBOOK	MF CASHBOOK	SADAQA CASHBOOK	NOTES
Name	Purpose	Date given	Date due	Processing fee	Signature	Balance	- Amount Paid	= Balance	Payment date		
Jenepher Onyango	business	23/1/18	20/3/18	25	Jen	300					

**7.** Write the amount disbursed (the total amount of all the loans disbursed to members in each meeting is also written in the Main Fund Cashbook)\*\*.

**8.** In the next loan meeting, write the amount the member repaid (the total amount repaid by members in each meeting is also written in the Main Fund Cashbook).

**9.** Write the payment date.

Balance	- Amount Paid	= Balance	Payment date
300	150	150	20/2/18
150	150	0	20/3/18

**10.** Calculate the new balance and also write it on the next line.

**11.** When the member finishes repaying the loan, write 0 as balance and cross out the loan to show it is no longer due.

\* The member should pay the processing fee before receiving the loan. In the event the member cannot pay the processing fee, write 0 for the processing fee, and add the amount to the opening balance.

\*\* If the processing fee was added to the opening balance, only the disbursed amount should be carried to the Main Fund Cashbook.

## 4.7 Group Purchases Ledger

[illegible]

## Instructions for Filling Out the Group Purchases Ledger

**1.** Write the names of all the members who participated in the purchase.

**2.** Write the date the items are disbursed to members (not the day they list their order).

**3.** Write the date the items must be paid back.

	GROUP PURCHASES	SF CASHBOOK	MF CASHBOOK	SADAQA CASHBOOK	NOTES
<b>Date Disbursed:</b>		30/1/18		<b>Date due:</b>	27/2/18
<b>Member</b>	<b>Items</b>	<b>Due</b>	<b>Paid</b>		
Irene Akinyi	5 plastic chairs	225	225		
Christine Kwamboka	10 plastic chairs	450	450		
Tom Okoth	5 plastic chairs	225			
Alice Mueni	1 mat and 3 cooking pots	85	85		
Violet Cherono	2 cooking pots	65	65		

**4.** Write the details of the items received by each member.

**5.** Write the amount owed by each member, inclusive of markup.

**6.** Write the amount repaid by each member. (the total amount repaid by members in each meeting is also written in the Main Fund Cashbook).

## 4.8 Social Fund Cashbook

[illegible]

## Instructions for Filling out the Social Fund Cashbook

**1.** Write the date.

**2.** Write the description of each Cash-In transaction to the Social Fund:

- Social Fund contributions (amount comes from Social Fund Ledger)

**3.** Write the amount of the Cash-In transaction.

**4.** Calculate the balance after each Cash-In entry.

	SF CASHBOOK	MF CASHBOOK	SADAQA CASHBOOK	NOTES
Date	Description	Cash In ↓	Cash Out ↑	Balance =
2/1/18	SF contributions	55		55
9/1/18	SF contributions	75		130
	SF payouts (2)		100	30
16/1/18	SF contributions	95		125
23/1/18	SF contributions	75		200
30/1/18	SF contributions	75		275
6/2/18	SF contributions	75		350

**7.** Calculate the balance after each Cash-Out entry.

**6.** Write the amount of the Cash-Out transaction.

**5.** Write the description of each Cash-Out transaction from the Social Fund:

- Payouts (from the Social Fund Payout Ledger)

**8.** The ending balance must match the amount of Cash-In the Social Fund bag (at the end of the meeting, and at the beginning of the next meeting).

#### 4.9 Main Fund Cashbook

[illegible]

## Instructions for Filling out the Main Fund Cashbook

1. Write the date.

2. Write the description of each Cash-In transaction to the Main Fund:

- Savings (amount comes from Savings Ledger)
- Loan processing fees (amount comes from the Loan Ledger)
- Loan repayment (amount comes from the Loan Ledger)
- Balal gifts (amount comes from the Balal Bowl)
- Fines (amount comes from the Fines Bowl)
- Item repayment (amount comes from the Group Purchases Ledger)

3. Write the amount of the Cash-In transaction.

4. Calculate the balance after each Cash-In entry.

Date	Description	Cash In ↓	Cash Out ↑	=
2/1/18	Savings	580		580
	finer	10		590
9/1/18	Savings	540		1,130
	finer	35		1,165
16/1/18	Savings	560		1,725
	buy equipment (padlocks)		200	1,525
	finer	70		1,595
23/1/18	Savings	590		2,185
	loan processing fees	75		2,260
	loan disbursement (3)		900	1,360
	group purchase (5 members)		920	440
	transport for group purchase		50	390
30/1/18	Savings	580		970
6/2/18	Savings	480		1,450
13/2/18	Savings	520		1,970
20/2/18	Savings	520		2,490
	loan repayment	500		2,990
	balal gift	40		3,030
27/2/18	Savings	520		3,550
	item repayment	825		4,375

7. Calculate the balance after each Cash-Out entry.

5. Write the description of each Cash-Out transaction from the Main Fund:

- Loans disbursed (total amount comes from the Loan Ledger; write the number of loans given out)
- Group expenses
- Group purchases

6. Write the amount of the Cash-Out transaction.

8. The ending balance must match the amount of cash in the Main Fund bag (at the end of the meeting, and at the beginning of the next meeting).

#### 4.10 Sadaqa Fund Cashbook

[illegible]

## Instructions for Filling out the Sadaqa Fund Cashbook

**1.** Write the date.

**2.** Write the description of each Cash-In transaction to the Sadaqa Fund:

- Sadaqa contributions (amount comes from the Sadaqa box)

**3.** Write the amount of the Cash-In transaction.

**4.** Calculate the balance after each Cash-In entry.

**5.** Write the description of each Cash-Out transaction from the Sadaqa Fund:

- Sadaqa donations

**6.** Write the amount of the Cash-Out transaction.

**7.** Calculate the balance after each Cash-Out entry.

**8.** The ending balance must match the amount of cash in the Sadaqa Fund bag (at the end of the meeting, and at the beginning of the next meeting).

SADAQA CASHBOOK				NOTES
Date	Description	Cash In ↓	Cash Out ↑	Balance =
2/1/18	Sadaqa Contributions	25		25
9/1/18	Sadaqa Contributions	105		130
23/1/18	Sadaqa Contributions	55		185
30/1/18	Sadaqa Contributions	60		245
	Sadaqa donation		200	45
6/2/18	Sadaqa Contributions	80		125

## 4.11 Share-Out Form

(Note: The Share-Out Form can be created in the back of the Ledger Book, or on a separate piece of paper.)

Group Name		SAVIX #	Cycle	Cycle start date	Shareout date	Meeting frequency	Target savings amount
Mbr #	Member Name	Individual Cumul. Savings	Individual Final (adj.) Savings	Profit Calculation	Individual share	Individual share (rounded down)	Amount owed to group
1				<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> Main Fund Cash  - Savings  = Profit/Loss  ÷ No. Members  = Profit/Loss per member </div>	=		
2					=		
3					=		
4					=		
5					=		
6					=		
7					=		
8					=		
9					=		
10					=		
11					=		
12					=		
13					=		
14					=		
15					=		
<b>Totals:</b>							

Chairperson Signature: \_\_\_\_\_ Moneycounter Signature: \_\_\_\_\_  
Secretary Signature: \_\_\_\_\_ Treasurer Signature: \_\_\_\_\_

## Instructions for Filling out the Share-Out Form

(Note: The Share-Out Form should be created specifically for the share-out meeting.)

**8.** Number the members of the group.

**1.** Group name.

**2.** Group number assigned in SAVIX.

**3.** Cycle the group has just completed.

**4.** Date of first savings for the cycle.

**5.** Date the group is sharing out.

**6.** Meeting frequency during cycle (weekly, biweekly, etc.)

**7.** Target savings per member chosen by the group.

**9.** Write the name of each member.

**10.** Write the cumulative savings balance for each member (carry from the last page of the Savings Ledger).

**11.** Write the final savings balance for each member (either the cumulative savings, or savings reduced to offset an outstanding debt to the group, or 0 if the savings was used in its entirety).

**12.** Add the final savings balances to get the total final savings, and carry the number to the middle column.

**13.** Write the total cash available in the Main Fund.

**14.** Calculate and write the cycle profit (or loss).  
Cycle profit = total Main Fund cash minus total final savings.

**15.** Write the number of members who will be sharing the profit.

**16.** Calculate member profit.  
Member profit = cycle profit divided by members receiving profit.

**17.** Calculate each member's individual share.  
Individual share = individual final savings + member profit.

**18.** Round down each member's share to a convenient amount (for example, round down 1,289 to 1,280, and 6,445 to 6,440).

**19.** Add the individual shares, rounded down (this number cannot be more than total cash).

**20.** Write any amount still owed to the group, after savings reduction.

**21.** Each member signs for the money they receive or to acknowledge any amount they still owe the group.

**22.** The Management Committee signs after everyone has received their money.

Group Name	SAVIX #	Cycle	Cycle start date	Shareout date	Meeting frequency	Target saving amount
Upendo	17	1	2/1/18	20/11/18	weekly	20

Mbr #	Member Name	Individual Cumul. Savings	Individual Final (adj.) Savings	Profit Calculation	Individual share	Individual share (rounded down)	Amount owed to group	Signature
1	Irene Akinyi	1,000	1,000	<b>Main Fund Cash</b> 52,210 <b>- Savings</b> 40,505 <b>= Profit/Loss</b> 11,705 <b>÷ No. Members</b> 14 <b>= Profit/Loss per member</b> 836	= 1,836	1,830	0	Irene
2	Maureen Wanjiku	1,350	1,350		= 2,186	2,180	0	Maureen
3	Christine Kwamboka	1,200	0		= 0	0	550	Christine
4	Josephat Govedi	4,500	2,900		= 3,736	3,730	0	Josephat
5	Timothy Mutua	4,375	4,375		= 5,211	5,210	0	Timothy
6	Tom Okoth	5,000	5,000	= 5,836	5,830	0	Tom	
7	Alice Mueni	1,000	1,000	= 1,836	1,830	0	Alice	
8	Violet Cherono	2,380	2,380	= 3,216	3,210	0	Violet	
9	Jenipher Onyango	2,350	2,350	= 3,186	3,180	0	Jenipher	
10	Henry Omusuli	3,200	3,200	= 4,036	4,030	0	Henry	
11	George Charo	4,100	4,100	= 4,936	4,930	0	George	
12	Joash Kamau	2,900	2,900	= 3,736	3,730	0	Joash	
13	Michael Onyancha	3,000	3,000	= 3,836	3,830	0	Michael	
14	Albert Mwendwa	4,500	4,500	= 5,336	5,330	0	Albert	
15	David Cherbet	2,450	2,450	= 3,286	3,280	0	David	
<b>Totals:</b>			40,505			52,130	550	

Chairperson Signature: D. Cheriot

Secretary Signature: Irene Akinyi

Money counter Signature: Josephat

Treasurer Signature: Violet

## **PART 5: DATA COLLECTION FORMS**

These forms must be filled out by the field agent (or PSP) who is training and monitoring the group. It is submitted to their supervisor who reviews them for accuracy. They are then entered into the SAVIX Management Information System (MIS) that allows program managers to track program performance and provide feedback to field agents' performance.

### **5.1 Group Registration Form**

The Group Registration Form (GRF) is filled in once when a group is first trained, following Module 3. The supervisor must validate the existence of the group in person. The GRF must not be entered into SAVIX until the first Data Collection Form that shows financial activity for the group is available.

## GROUP REGISTRATION FORM FOR NEW SILC GROUP

(Fill out once, after Module 3)

Form submitted by (name and code) \_\_\_\_\_

Date of submission \_\_\_\_\_

#	Item	Field Data
1	Group name	
2	Group formed by ( <i>name of trainer</i> )	
3	Date when group was formed ( <i>completed Module 3</i> )	
4	Number of members at the time of group formation ( <i>after Module 3</i> )	
5	Latitude	
6	Longitude	

Supervisor who validated the group's existence (name and code) \_\_\_\_\_

Date of validation \_\_\_\_\_

Date group created in the SAVIX \_\_\_\_\_

Data Clerk initials \_\_\_\_\_

Group number assigned by the SAVIX \_\_\_\_\_

## **5.2 Data Collection Form**

The Data Collection Form is filled out monthly by field agents or quarterly by PSPs for every group they are training or provide services to. The data must be collected at a group meeting in collaboration with the group Secretary.

# SILC DATA COLLECTION FORM

Group Name / Number: \_\_\_\_\_

CYCLE DATA											
1	Cycle (for example, 1, 2 or 3)										
2	Date savings started this cycle										
3	Group Status at start of the cycle (circle)				Supervised	Self-managed					
4	Registered members when savings started this cycle										
5	Savings reinvested at start of higher cycle (more than normal savings)										
6	Purchase price of group property (start of cycle)										
MEETING DATA											
7	Date of Data Collection										
8	No. of registered members now										
9	No. of registered women now										
10	No. of members attending this meeting										
11	Number of dropouts this cycle (cumulative)										
12	Value of savings this cycle										
13	Value of loans outstanding										
14	No. of loans outstanding										
15	Value of loan write-off this cycle (cumulative)										
16	Main Fund cash in box										
17	Bank Balance										
18	Balance in Social Fund and other funds										
19	Purchase price of group property held now										
20	Value of external debts										
21	Dividends paid this cycle										
22	End-of-cycle share-out meeting? (circle yes or no)				Yes	No					
PROJECT DATA											
23	Village										
24	Contact telephone number of SILC group										
25	Meeting frequency (circle the meeting frequency)				weekly	biweekly	monthly	other			
26	Meeting day (circle the meeting day)				Mo	Tu	We	Th	Fr	Sa	Su
27	Target savings (per member per meeting)										
28	Sadaqa Fund balance										
29	Planned share-out date (Month / Year)										
30	Amount paid to PSP this period										
31	Cumulative Sadaqa Fund donations		(only record once per cycle, at share-out)								
32	Cumulative Balal paid by borrowers										
33	Total number of loans disbursed in cycle										
34	Total value of loans disbursed in cycle										
35	Total number of borrowers in cycle										
A	16 (cash) + 13 (loans) + 19 (property now) + 17 (bank balance)										
B	12 (savings) + 6 (property start of cycle) + 20 (debts)										
				A – B=							

Agent: \_\_\_\_\_

Supervisor: \_\_\_\_\_

#	Value of Loans Outstanding
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	
29	
30	
Tot.	

Supervisor	Data Entry