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VSLA MECHANICS

VSLA Summit

Labaadi Beach Hotel, Accra.

Photo credit: RING



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OUTLINE

- Brief Background of VSLAs
- Phases of VSLA implementation: *preparatory, Training and supervision and strengthening.*
- VSLA Kit
- Relevance of VSLAs to rural communities



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BACKGROUND: VILLAGE SAVINGS & LOAN ASSOCIATIONS (VSLA)

- VSLA is a self-selected group of 15 – 25 people whose capacity is built into member based and member-managed informal financial institution to mobilize savings and take small loans.
- The VSLA model was first introduced by CARE in Niger in 1991. Since then, many other developmental organizations (Plan, Oxfam, CRS, World Vision, USAID etc) have adopted it as a livelihood intervention.
- Since its introduction in 2002 in Ghana, it's implementation is now wide spread, yet without any legal regime.
- The stages of VSLA implementation is what known as **VSLA Mechanics** *(source RING's VSLA team)*.

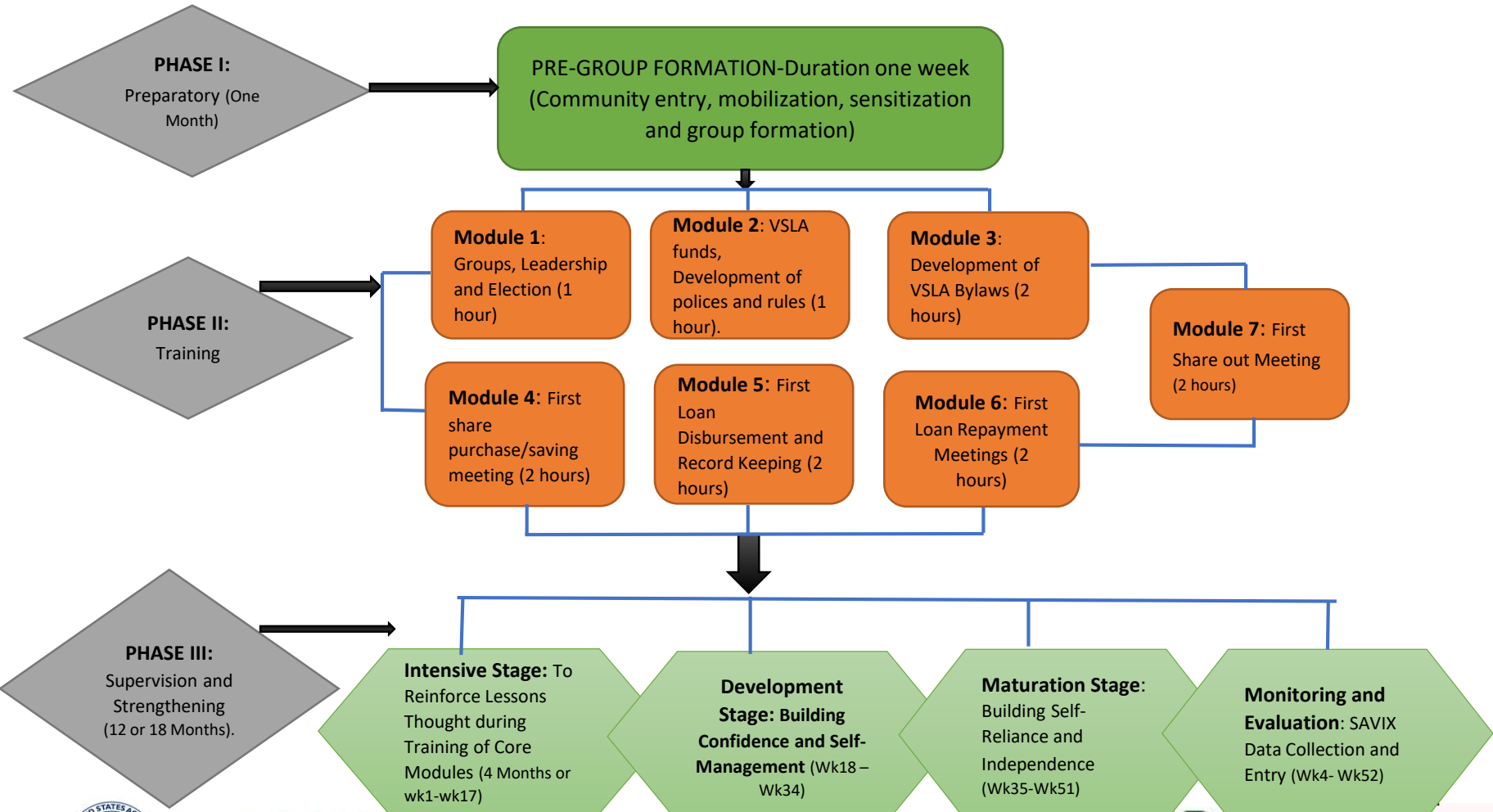


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VSLA MECHANICS: PHASES OF IMPLEMENTATION





PHASE ONE: PREPARATORY STAGE (1-2 WKS)

The preparatory phase begins with identifying target communities. Key results that must be achieved at this phase include:

- *obtaining consent of the traditional authorities or opinion leaders of the community,*
- *getting community members sensitized on the VSLA methodology and*
- *potential VSLA(s) identified through self-selection.*
- *VSLA formed and ready for core VSLA training.*





PHASE II: TRAINING (1 – 52 WK)

This consists of delivering training of the “Seven Core modules”

- **Module 1:** Groups, Leadership and Election (Governance).
- **Module 2:** VSLA funds, Development of polices and rules.
- **Module 3:** Development of VSLA Byelaws.
- **Module 4:** Share purchase/saving meeting.
- **Module 5:** Loan Disbursement and Record Keeping.
- **Module 6:** Loan Repayment Meetings.
- **Module 7:** Share out Meeting.





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PHASE III: SUPERVISION AND STRENGTHENING (12 MONTHS).

- **Intensive Stage:** To reinforce lessons taught during training of Core Modules as group now learns in actual practice (*Week 1- Week 17*).
- **Development Stage:** Building confidence and self- management (*Week 18 – Week 34*).
- **Maturation Stage:** Building self-reliance and independence. For project needs, the field officer can visit monthly to track VSLA performance data for management reporting (*Week 35 – Week 51*).
- **Monitoring and Evaluation:** SAVIX Data Collection and Entry (Wk4- Wk52). A total of 21 visits



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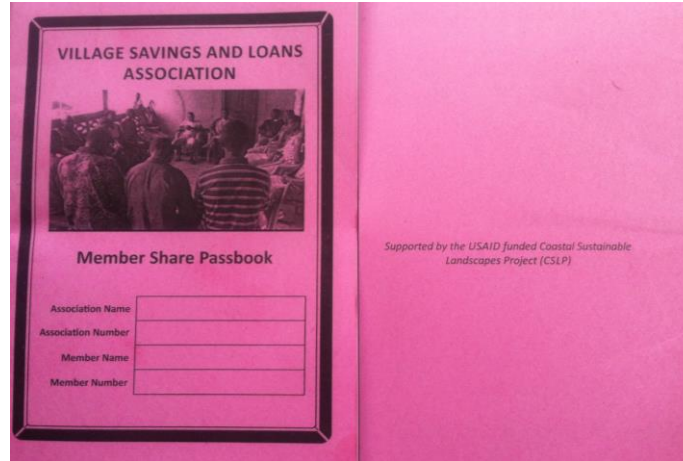




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VSLA KIT CONTENT



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RELEVANCE OF VSLA TO RURAL COMMUNITIES

- Opportunity to save and borrow at flexible terms and make profits on savings.
- Satisfies the need of the poor.
- Benefit from the social fund
- Helping build self respect and confidence
- Flexibility to continue to use other banking services



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