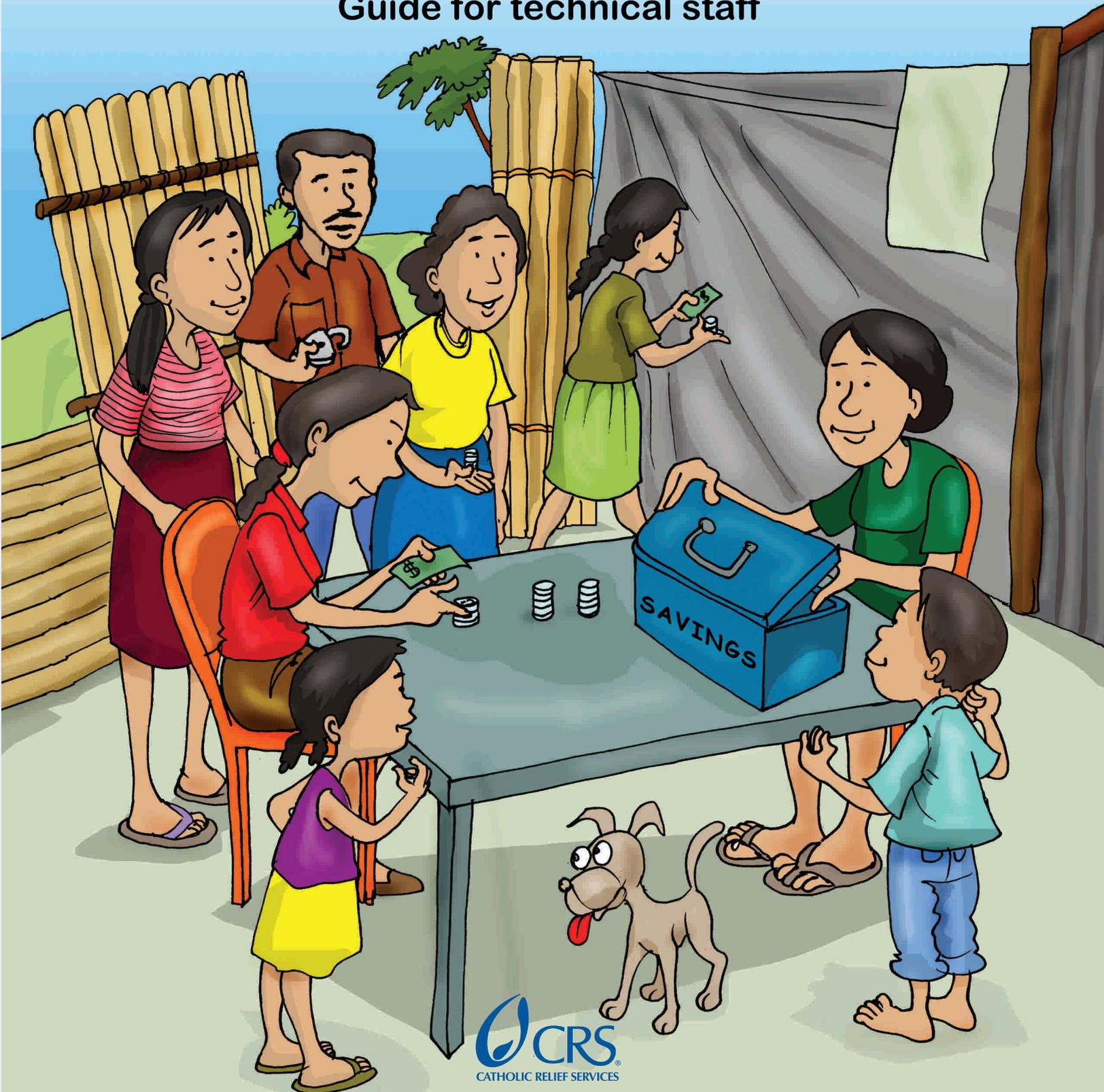


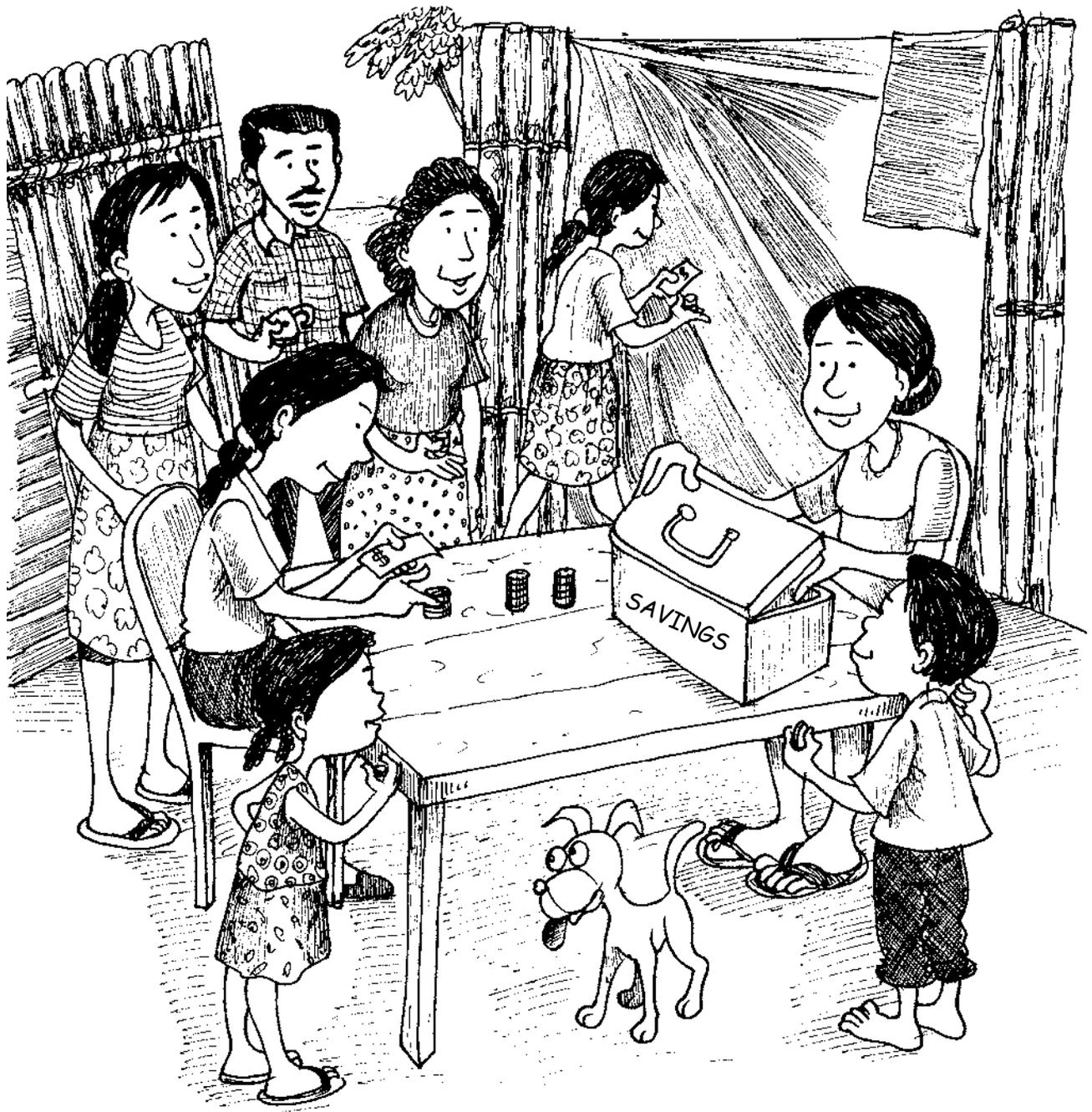
# Savings - Led Microfinance

Community savings and loan group organization  
Guide for technical staff



# Savings - Led Microfinance

Community savings and loan group organization  
Guide for technical staff



## Savings - Led Microfinance

© Catholic Relief Services (CRS)

### **First edition:**

2009

**Based on existing guides from  
CRS, FAO and Oxfam América**

### **Text:**

Mabel Guevara  
CRS/El Salvador and  
Catalino Miculax  
CRS/Guatemala

### **Review team:**

Gaye Burpee, CRS/LACRO  
José Ángel Cruz, CRS/El Salvador  
Melita Sawyer, CRS/Baltimore  
Kim Wilson, Tufts University

### **Design and layout:**

Equipo Maíz

### **Printing:**

Equipo Maíz

**ISBN: 978-99961-41-01-0**

The total or partial reproduction of  
this document is permitted, as long  
as the source is cited.

Reproduction is not permitted for  
commercial purposes.

### **Financed by:**

Howard G. Buffett Foundation  
Decatur, Illinois USA

**Catholic Relief Services  
Latin America & Caribbean  
Regional Office**

**Diagonal 6 11-97, Zona 10  
Guatemala Ciudad 01010  
P.O. Box 739-01901  
Guatemala**

# Index

	<i>Pág.</i>
<i>Introduction</i>	3
<i>Principles</i>	4
<i>Savings - led Microfinance</i>	6
<b>1. Promotion</b>	9
<b>2. Group formation</b>	17
<b>3. Technical support and accompaniment</b>	27
<b>4. Graduation of the savings and loan groups</b>	30
<b>5. Monitoring and evaluation</b>	31
<b>6. Special considerations</b>	31
<b>7. Bibliography</b>	32

# Introduction

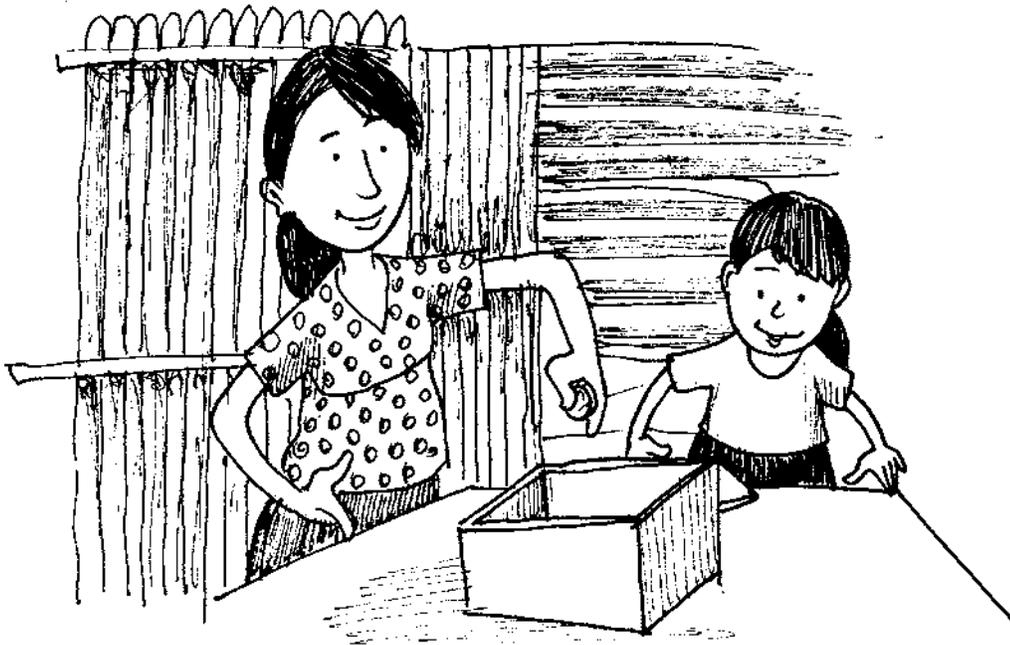
This guide presents the basic steps for implementing the savings and loan group methodology as part of the 5 basic skill sets within the Agricultural for Basic Needs Project (A4N). The guide has been developed based on the knowledge and experiences generated in Africa, Asia, Haiti and pilot projects in Guatemala, Honduras, El Salvador and Nicaragua. Women and youth are the key actors for this skill set and its contribution to improving production and income for rural families.

This guide focuses on five basic competencies for savings groups:

1. Saving regularly
2. Responsible use of loans
3. Saving for emergencies
4. Forming and managing community groups
5. Basic leadership for women

The methodology consists in the formation of savings and loans groups, starting primarily with women. It also strengthens the skills of communities to manage their finances at the same time that their financial resources are growing.

***Let's learn to save and organize ourselves to work together in solidarity!***



# Principles

*The savings component in the communities is implemented in accordance with important principles, such as:*

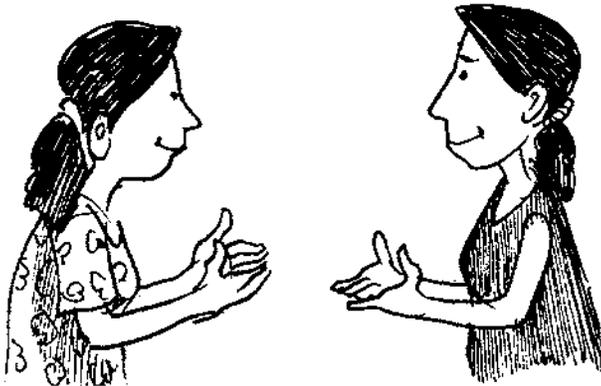
## Preferential option for the poor

In every economic, political and social decision, importance should be given to the needs of the poor and vulnerable. When this is done, the whole community is strengthened, because the helplessness of any member affects the rest of the society. In our society, women find themselves in a disadvantageous situation and their attention is a priority in this methodology.



## Solidarity

We are all part of one human family, whichever our national, racial, religious, economic or ideological differences. In a more and more interconnected world, to love our fellow human beings acquires concrete meaning.



## Rights and Responsibilities

Every person has basic rights and responsibilities that flow from our human dignity and that belong to us as human beings regardless of any social or political structure. For example, we have the right to a dignified life and personal security. Our responsibilities include protecting the environment so that future generations can also have a dignified life.

Community leadership will play a fundamental role in making sure that development initiatives have sustainable results. For this reason, the A4N partner organizations should not carry out functions that can be managed more effectively by people closer to the problem and with better comprehension of the issues: communities and groups.



## The Social Nature of Humanity



All of us are social by nature and are called to live in community with others -- our full human potential isn't realized in solitude, but in community with others.

Within these relationships, the savings and loan methodology give all people that wish to participate the same opportunity, without distinction of age, gender, religion, race or political opinion.

## Gender

The methodology promotes the integration of families in ways that allow them to speak freely about sensitive topics, such as the use of family finances and how men and women relate. Originally this methodology was designed for women with the purpose of making a space to save and talk about topics they have in common.

We need to start with groups of women to strengthen their access to financial resources, their self-esteem and their experience as leaders. This way they can contribute more fully to the project and their communities.

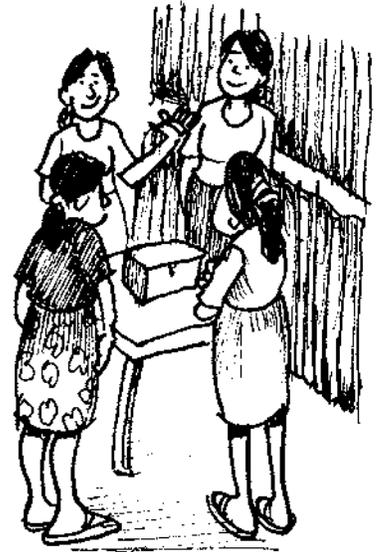
With the implementation in the communities, the interest of men, youth and children was discovered. As you gain more experience, we recommend working with adults in separate groups and with youth and children in groups with both genders. This will allow the adults to have the space they need while the groups with younger members learn how to coexist fruitfully from a young age.



## Replication

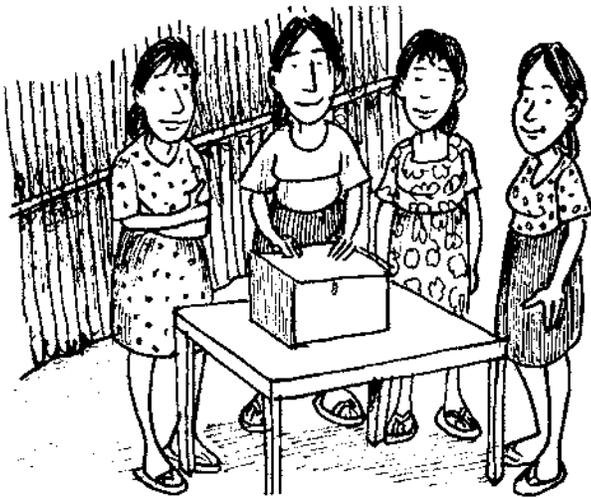
The savings process should lead to a natural response in the formation of new groups, without any direct participation of the entity that promotes the methodology. To replicate is to share learning to benefit new families and communities. From the outset, the promoter and groups should begin with a vision that encourages and prepares each member with the skills necessary to form new groups.

To support replication, it is important for groups to use local materials so that they don't become dependent on the promoter or the entity promoting the methodology.



## Sustainability:

The focus on sustainability aims to guarantee that the participants have long-term objectives and have internalized the methodology. The promoter and the group should be clear from the beginning that external support will be provided only for a limited time. Sustainability of savings groups will depend on having developed a savings culture, responsibility in the use of loans, that members identify with the group's mission and that they are operating independently.



# Savings - Led Microfinance

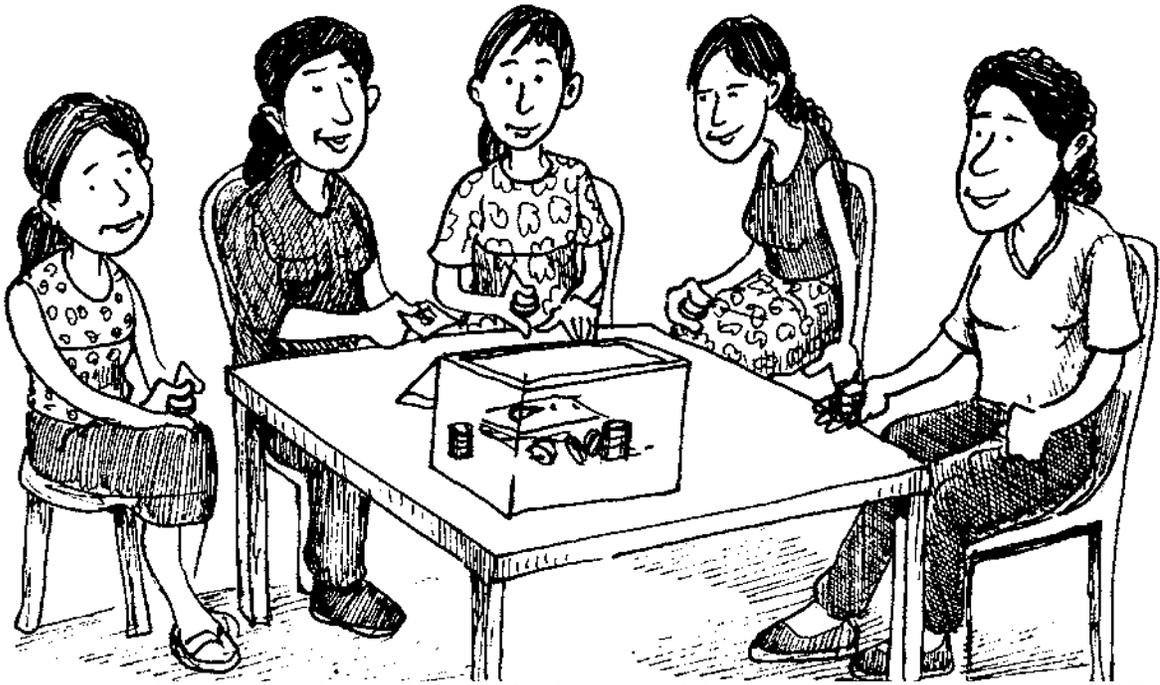
*Group members get together based on common interests to satisfy a need. Rules are established by the members themselves, including mechanisms to manage savings and loans as well as rules about pay-out of the savings and earnings.*

*The purpose of savings-led microfinance is to demonstrate how the ability to save regularly is a first step toward loaning and borrowing responsibly, confronting crises, building microenterprises and creating financial independence.*



## What is a savings group?

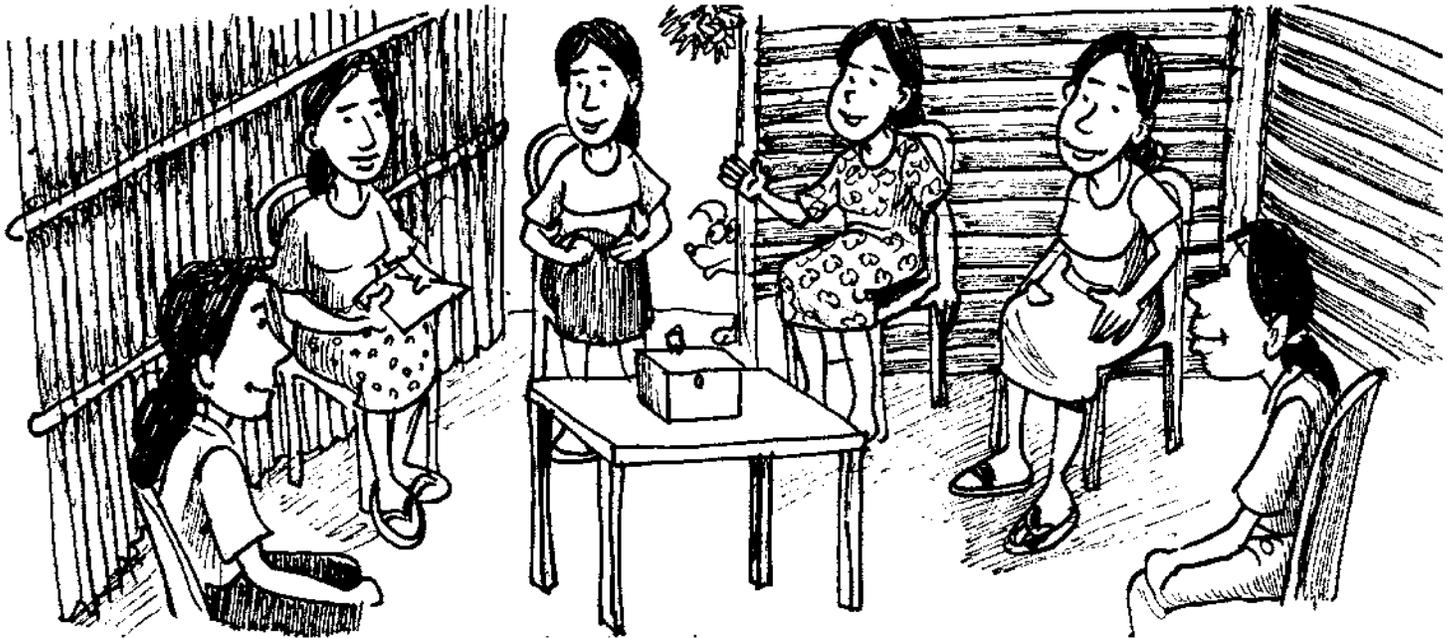
It's a self-selected group of approximately 7 – 20 people with the common objective of saving each week or two weeks. Members pool their money in a common fund from which they can ask for loans, according to the rules that they develop for participation, fellowship, contributions and benefits. After several months of savings, the groups can introduce lending. Additionally, groups can create a fund for emergencies, to which everyone contributes and can access in the case of an emergency. Financial transactions take place in the presence of all members and according to the decisions made by the entire group in order to guarantee transparent record-keeping. The Leadership Committee only assumes the role of administering the fund.



This guarantees that the members witness who has saved, borrowed and who hasn't, as well as how much is left in the group's cash box. To assure that transactions do not take place outside of the group meetings, the group uses a cash box with a padlock. This also prevents cash from being removed without authorization and the risk that registers are tampered with.



All the groups have controls. Some keep written records while others depend on the process of memorization. They get together periodically at intervals chosen by their members – this could be weekly or every two weeks.



The group forms a General Assembly, which is its highest governing body. The General Assembly elects a Leadership Committee and determines the rules that will become the group's Constitution. The Constitution provides the framework for fund administration, conflict resolution and disciplinary measures. It also specifies the terms and conditions of the savings and loans and how the emergency fund will operate.

### Why savings and loan groups?

- Because the financial needs and savings capacity of rural families come in small quantities and vary over time
- It's a simple, agile and independent organizational system that helps to generate resources for emergencies, productive investments and other important uses for families
- It makes resources available at the community level that people can access in case of death in the family, sickness or natural disasters
- The group helps to build self-esteem, self-confidence and self-sufficiency
- The groups provides spaces to educate families about savings, income generation and community development
- Groups build solidarity, mutual support and a social network on which new initiatives can be constructed



# 1 Promotion

*Promotion of savings-led microfinance should be clear and simple and integrate the principal actors in the community.*



The methodology is a key tool to help people change their lives, not only to organize for saving and lending. It provides opportunities for members to help each other, serves to empower poor women and their families living on less than two dollars a day or families with economic resources who haven't developed a savings habit. It is helpful to meet with groups that are already organized in the communities; these can initiate savings groups or can help guide you to find other interested community members.

## 1.1 Steps to promote savings groups in the community

### 1.1.1 Getting to know the zone

Before beginning promotion, it is helpful to get to know the community to understand where the families get their income, the number of members per family, strong points and challenges the community is facing. That way, when you talk to the people about savings, you can use concrete examples.

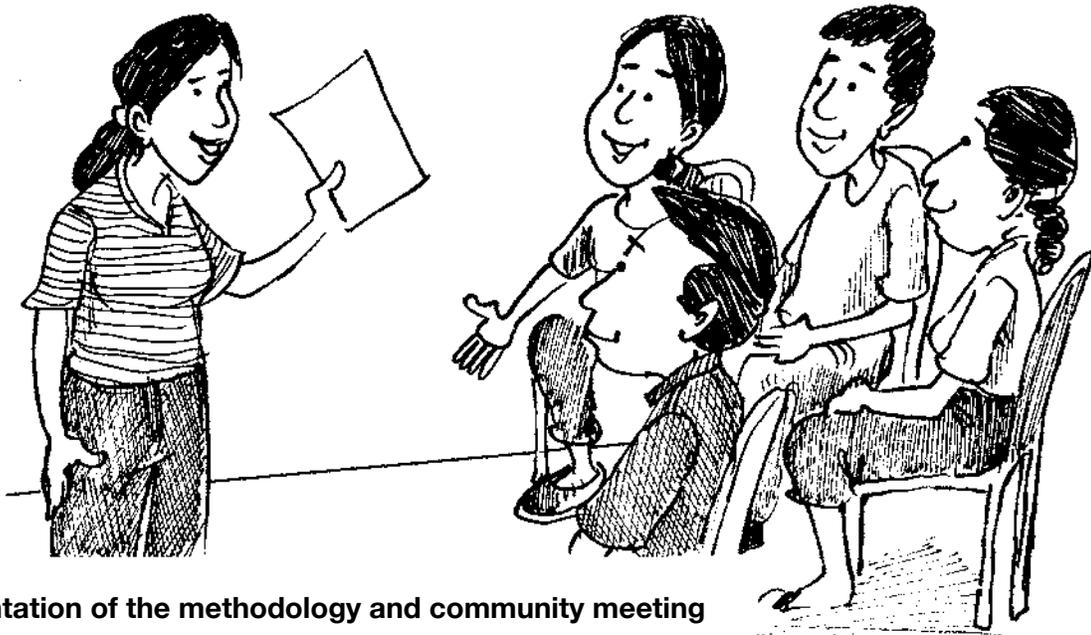
Prepare yourself. Identify both male and female leaders that can help you contact the largest number of people possible to promote the methodology. Present the objectives clearly (savings generated from the activities that families are already carrying out).



***In the majority of cases, the institution should hire a woman to promote savings groups because an objective of the project is to help reinforce women's skills.***

### 1.1.2 Meeting with community leaders

During the meeting, clarify that the project promotes learning for all family members. Neither money nor gifts will be given for participation, but members will benefit from organization, saving and by having access to loans.



### 1.1.3 Presentation of the methodology and community meeting

Arrive before the scheduled meeting time and take advantage of this time to talk with some of those gathered about what's been happening in the community. This helps to create an environment of trust, which is really important for group formation.



Begin the meeting by making reference to the organization you represent. Mention that the project will not give money or materials. The primary objective is to teach the participants a form of group savings and loans to collect funds which can be used for each person's family, in activities such as the purchase of school notebooks, uniforms, shoes, and clothing, to cover expenses during emergencies or to finance their own business. The objective is to "Save for the Future."

## Advantages of being in a savings and loan group:

- Members have common interests and a clear shared objective
- Members trust each other and are responsible
- Groups involve all the members of a community that are interested
- People from any income level and age can participate. The methodology works better when people with similar economic conditions form a group because the members have to agree on the minimum amount of money to save
- Members have regular meetings, make decisions together and develop their own rules



### Let's discuss: What is saving?

To save means to spend less today so that we have money to cover our needs in the future, such as an emergency, a family need or a family dream.

You can talk to the group about the traditional forms of savings.

For example, you could ask:

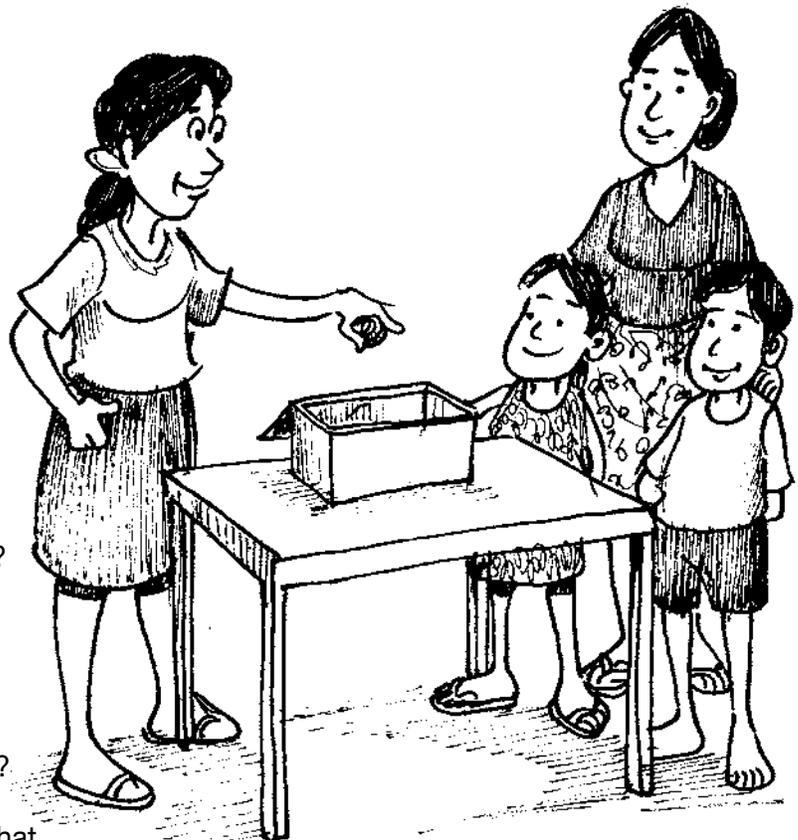
How many people in the group save?

How many have borrowed?

Where do they save?

How many people have a cell phone?

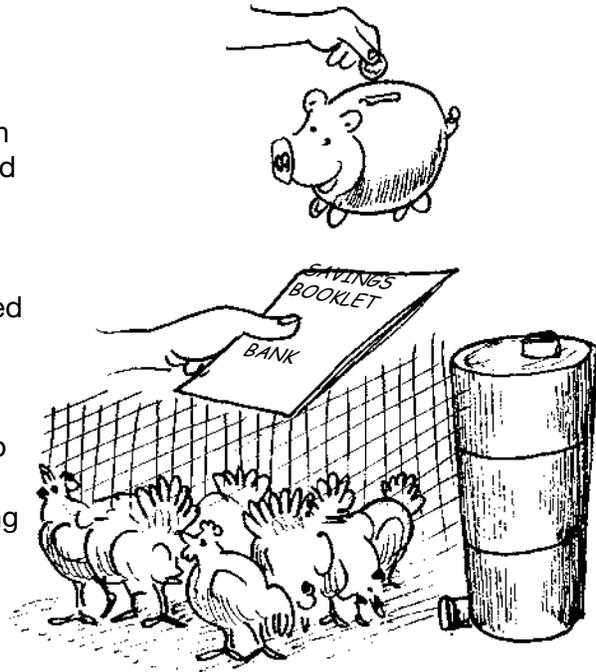
Would it be possible to save part of that money?



## How do people save?

How much do you spend on the cell phone?

- At home, depositing small amounts in a piggy bank, under the mattress, burying it, or other such ways. The problem is that someone might find and take it. There is also the temptation of spending it on things that aren't essential.
- Banks will take deposits, but they are often located at a distance in the city and they often charge interest or fees on the amounts deposited.
- In-kind savings through grains and animals is also a common practice, with the plan of selling when prices are better. But this has the risk of not having the cash available when you need it.



### Now the loans

#### What are loans for?

We take loans when we use other people's money to cover an emergency need or to make a purchase. The ways in which we take loans or borrow have different advantages and disadvantages.

**Banks:** make loans to people that have guarantees<sup>1</sup>. The banks are usually in the cities and you need to borrow large amounts.

**Local lenders:** these are also sometimes called loan sharks since they often charge very high interest rates.

Ask questions and listen attentively to all of the answers and reply with, "you think...I think that what you are saying is important."

<sup>1</sup>. An asset that has a higher value than the loan. If the person fails to pay at the bank, it is sold and the loaned amount is recovered.

## How do the savings and loan groups work?

Groups of 7 to 20 members are formed. These can be groups of women, men, youth or children. However, the first groups in the community should be women. Primarily women's groups should be supported in the first six months to help demonstrate to them that they have something important to contribute to their families and their communities. After six months, men's groups can be formed. Groups meet in a specific place each week or every two weeks, saving the minimum amount that members establish. The group has a box with two keys, which will be opened only during the meeting, in the presence of all of the members. The group should have a constitution and select a leadership committee, including a president, treasurer, secretary, two money counters and two key holders. The person responsible for the cash box (the Treasurer) should never keep the keys. This helps to guarantee transparency in managing the fund.



### 1.1.4 Selection of promoters or field agents

In a general meeting of the community, communicate to the participants that they will need to have a promoter trained to support them in the organization and functioning of their groups. The community should select the promoters, according to the following criteria:

- Should know how to read and write (at least a minimum level)
- Should belong to the community
- Should have time available



## 1.2 Selection and training of promoters or field agents

The promoter is trained as a facilitator of processes, never to directly carry out group functions. She should work to build group member capacities, giving them tools and registers to manage meetings, savings and loans. She should emphasize supporting the groups to become autonomous, capable to manage themselves and promote economic activities for individual group members or as groups. After a period of learning how to save and loan, the group may introduce additional activities to benefit its families or the community and learn about new topics.

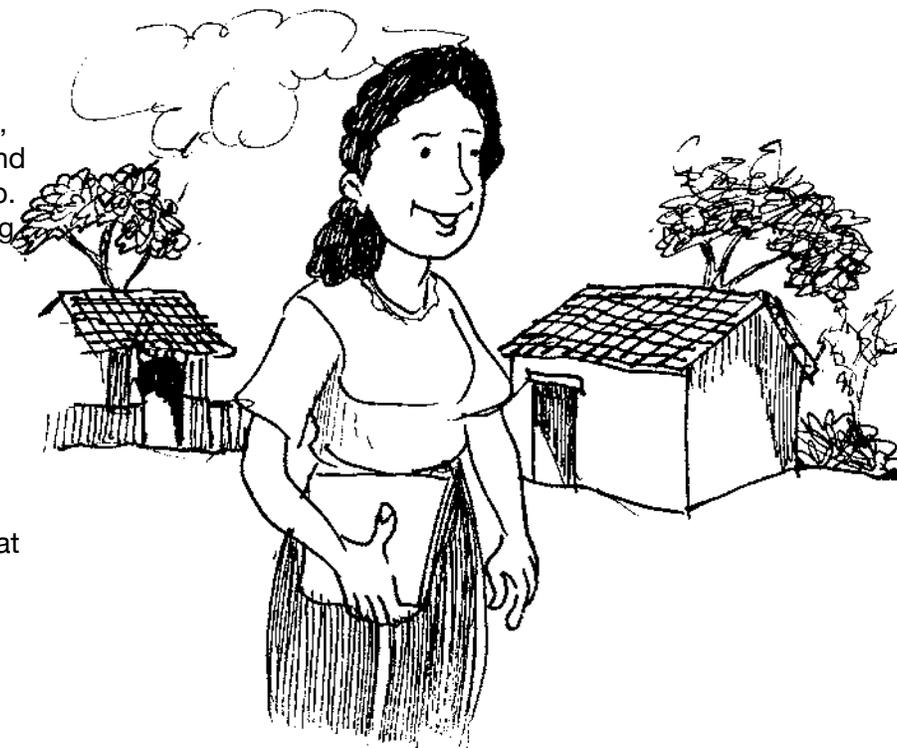




### How long do promoters accompany groups?

Promoters begin to work as soon as they graduate. Their work in the communities comes to an end little by little, depending on the progress and comprehension of each group. Those groups that are working well will be less visited than those that have difficulties.

Generally, the time will vary between 10 to 12 months before a group is declared “autonomous”. After that, it’s important for the promoter to visit sporadically to assure that the groups continue working.



## Activities of the promoter:

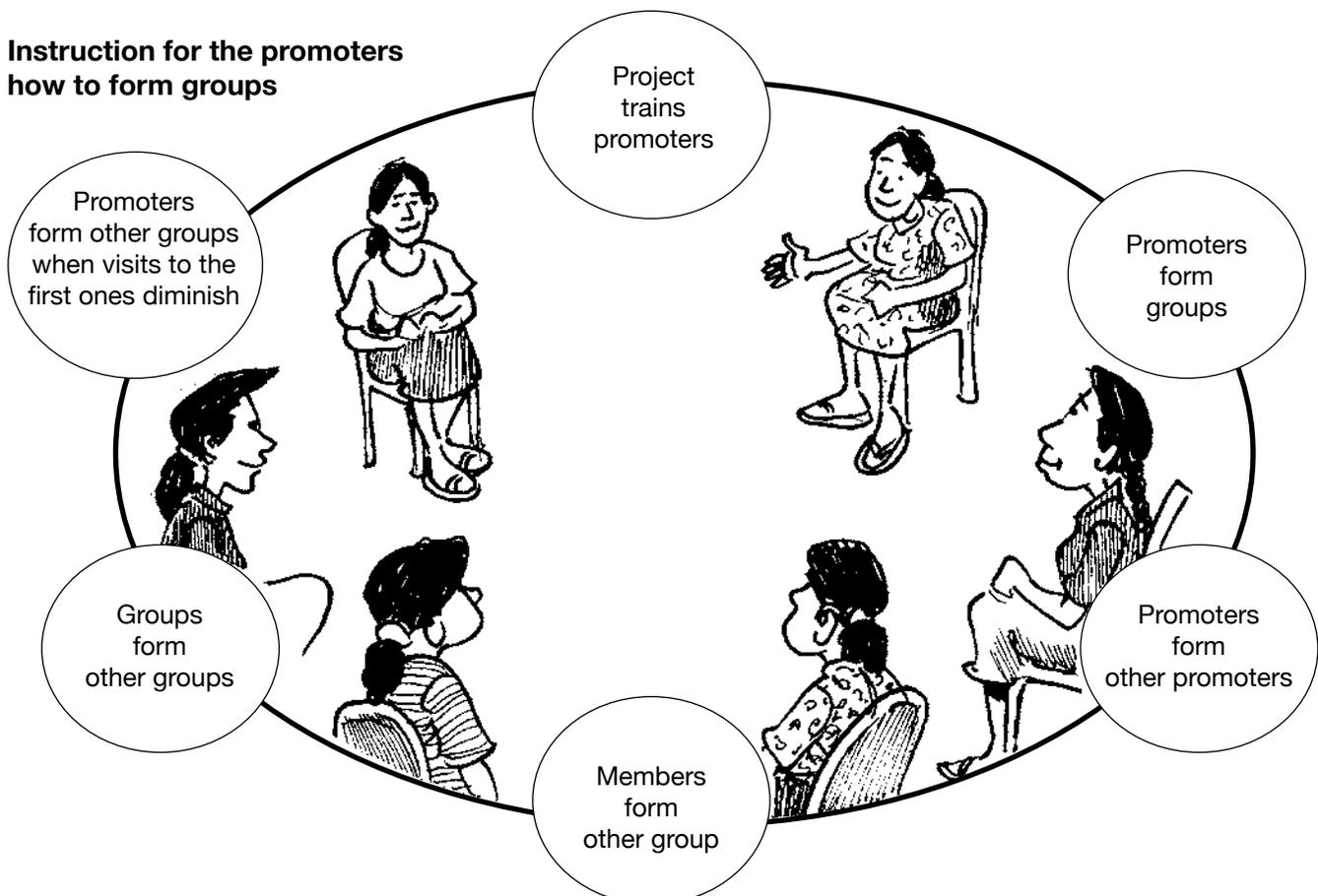
- Visit homes to motivate members or promote savings groups
- Attend group meetings frequently
- Provide advice to the leadership committee
- DON'T permit that a few participants control the meeting. Promote the participation of everyone
- Accompany the group, if necessary, when it carries out different activities in addition to savings and loans
- Follow up on innovative ideas
- Provide necessary information regarding group progress



## Give other topics:

Depending on group interest, discussions on additional topics can be held. For example: literacy, self-esteem, motivation, loan models, health, vegetable gardens, among others. Discussions can be led by the promoter, or help can be sought from an expert. They should not last more than 30 minutes to avoid interrupting the savings and loan meeting process.

## Instruction for the promoters how to form groups



# 2 Group formation

*Group formation is the central piece of the work that the promoter will do in the community. This section provides technical staff with details about how this promotion should take place.*

The promoter will meet with women, men and youth interested in participating in savings group and work with them to define how they will organize. Remember that they should focus on women in their first six months and then they can expand to men's and mixed groups, as well as work with youth and children. Once the groups are formed, the promoters the promoter explains the principle elements of the methodology and the steps to take to develop the group's constitution.



## 2.1 Meeting with groups in each community

**Objective:** Identify the advantage of saving and making decisions as a group

The participants should analyze the advantages of saving in groups. The best way to do this is reflecting on short true stories. Participants can also tell their own stories.

### Reflection on ways to save

#### Story 1.

*Estela is a woman who lives with her husband and two grandchildren. She is always worried about having money and is saving 25 cent coins in a money box hidden between the clothes in a big box. She does this so that her grandchildren won't find it. She saves frequently and once she realized that the money box weighted less. The days went by, until she commented it with the lady at the store who told her that the grandson always arrives to buy candy, curiously paying with 25 cent coins. Estela concluded that the money box weighed less, because her grandson had taken the coins.*



## Story 2.

Andrea lives in a community far from the city. She belongs to a savings group and she meets every Saturday to save. Her grandchildren also attend and are very happy, because in December they will have the money they are saving. Andrea is a very intelligent woman, even though she never went to school. She is the treasurer of the group and counts the money very well.

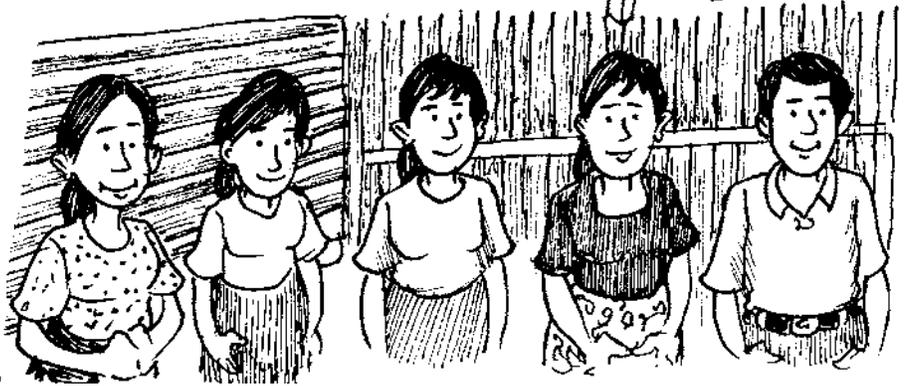
## Questions for reflection

- What is the difference between saving at home and with the savings group?
- Where is the money more secure?
- With which model is leaderships promoted?
- Should all the members be allowed to participate in making decisions?



## Remember:

By organizing groups, we promote responsibility, order and new leaders. For this reason, the members should elect the leadership committee. The only requirement to be elected is to be a member of the group. We recommend that people who are part of the board or leadership committee of another organization or group don't become part of the committee of the savings group, because they already have a lot of responsibilities. It's not a requirement to know how to read and write.

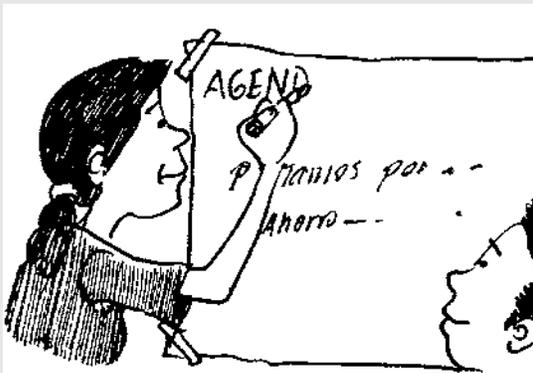


## Role of the Leadership Committee

It's not a requirement to know how to read and write for the participants in the leadership committee. There are methods of memorization to help people who don't read and write to manage the savings.

### President

- Starts the meeting, establishing an agenda
- Asks the secretary for the savings and loan report
- Opens the savings collection
- Opens the loan collection



### Key holders (2)

- One keeps the key for the box and the other a padlock
- They open and close the box in the meeting



### Secretary

- Records information in the registry book of the group
- Calls each member to save
- Makes notes of the fines and emergency fund
- Says how much each person has saved
- Reports the balance of savings and loans to the group



### Treasurer

- Takes care of the cash box by taking it home or keeping it in a safe place



### Money counters

- Count the money when the box is opened
- Each member of the group gives the the money as she is called
- They count the savings and then the loan payments
- They always count the money out loud



### Exercise: Importance of the Constitution



**The Village group:** The members of the group The Village have begun to establish their internal rules after the training of the promoters. Everybody attended the meetings and took part actively in the discussions. They decided when to meet, how much they would save, the maximum and minimum number of members, how they would grant loans, and other important norms for the good functioning of the group. The group developed the constitution with the rules, and the members memorized them. These rules helped to solve conflicts and to promote the solidarity among the members.

**Bridge group:** In this group, two or three people dominated the discussion about the internal rules. These people decided to gather aside from the general meetings to form the rules, limiting the participation of the other members. A constitution was not developed and the rules seemed to vary from member to member, which created disagreements. As a result, many members left the group and an environment of distrust existed among those who stayed.

#### Questions for the group:

Which group do you prefer? Why? Why does the group need to establish internal rules?

Why is it important that all the members help to develop the rules and know them well? Which are some of the internal rules the group should have?

### 2.1.2. Definition of basic controls

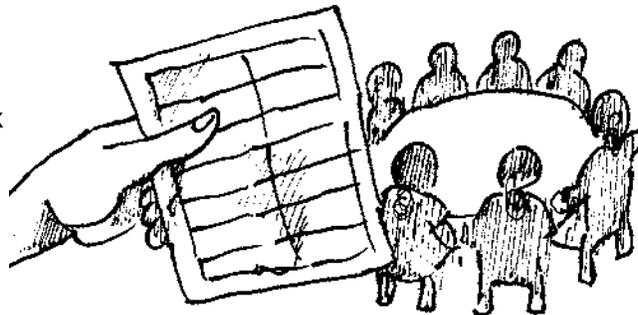
Transparency is a value to be built at every meeting. It's necessary that all members get involved in each transaction: savings, loans, other income, fines and emergency funds. Various basic control systems have been designed. The system is based on memorization for people who can't read or write, booklets with figures and a balance at the end of the meeting. The appropriate system depends on the level of trust and literacy existing within the group.



## 2.2. Acquisition of the kit

A kit of materials is given to each group formed. To preserve the kit, the materials should be kept in the box after each meeting.

To avoid the problem that groups not formed by the project do not have access to the complete kit, consider the possibility that the original group help the new groups to acquire appropriate local materials.



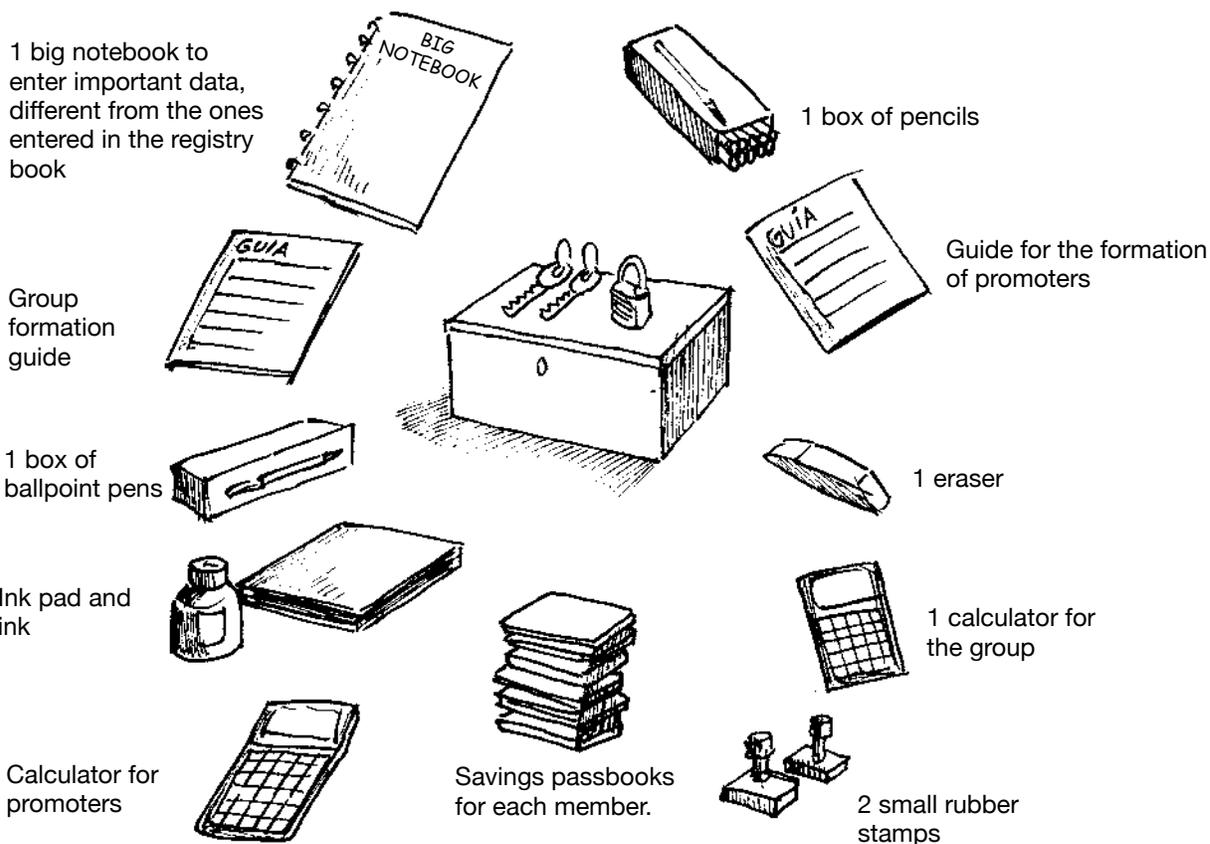
### The kit of materials will contain the following:

1 metal or wooden box with two or three keys  
Minimum size: 20 cm. wide, 30 cm. long and 15 cm. high.

A padlock should be incorporated onto the box in such a way, that two keys are necessary to open it. A calculator, the register book and the notebooks should remain in the box, if decided by the group.

**Registry control:** Notebooks with figures for people that can't read, notebooks with numbers and the balance of the meetings (The group decides which control to use. The ideal is that each one makes these with resources available in the community). The booklet is designed for controls during one year of all movements related to savings and loan. The promoter will teach the group's secretary the use of the booklets with the balance of the meetings.

For small groups or groups formed without a promoter, only a box with a padlock can be used, and a registry system drawn up by the group.



## 2.3 Initiation of savings and loans

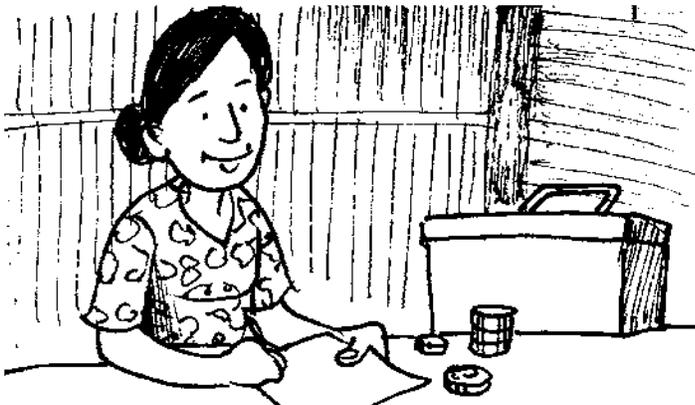
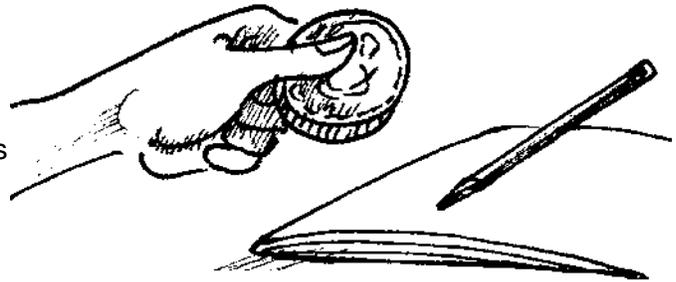
### 2.3.1. Savings

Once the groups elaborate the constitution, the participants should be clear about the objective of the savings, for example: Maria saves to buy school materials in January. Corina saves for Christmas dinner. Estela to buy uniforms for her children. There are a variety of motives. Meetings should be participatory and dynamic.



Each group establishes the amounts to be saved, a minimum and voluntary saving can be included. For example:

**Minimum saving:** This is a minimum amount of savings for everybody for a time period, meaning that Amanda should save at least 25 cents for a period, as should all her colleagues in the group.



**Voluntary savings:** If the group wants, it can allow members to save more than the established minimum: for example a member could give the 25 cents minimum and 50 cents voluntary saving. The annotation in the registry book is the same, the only difference is the amount.

### 2.3.2. Loans

The main rule in this case is that loans are granted among the members of the group with the objectives of minimizing risks of keeping cash in the box and allowing the group to earn from the loans through an interest rate. All the members of the group establish the rate.

Example: Marisela belongs to the group of “Dreaming Women”. She needs a loan of \$ 10.00 to open a small store; she presents it to the group who decide to grant the loan payable in 2 months at an interest rate of 5%. In the first month she will pay \$ 5.00 as capital and \$ 0.50 cents as interest, for a total of \$ 5.50. The second month ends with a payment for the same amount.



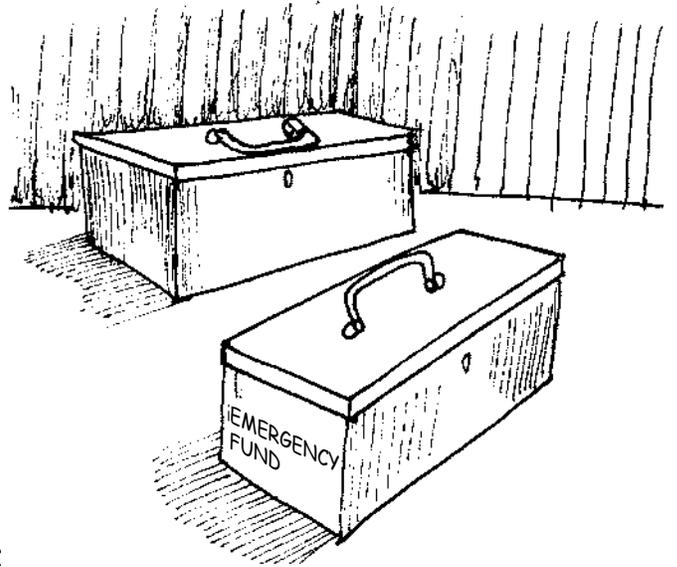
#### Advantages of loans in the savings group

- Easy access; going to a bank means giving guarantees that members often don't have and it takes several days to grant amounts which are often larger than what group members can handle.
- It limits the risk of becoming over-indebted. By being part of a community group, there is a moral commitment; small amounts can be requested and after paying, another loan can be requested.
- No risk is incurred by giving money to people outside the group. It should be lent to members of the group only, guaranteeing the security of everyone's saving.
- It increases the funds. The more loans are given the more money will be available to the group through the interest; these increase the savings fund of each member. The groups that win out are those that maintain more than 60% of the savings total in loans.



### 2.3.3. Emergency Funds

The group can decide to create an emergency fund (or not). The emergency fund can fulfill a series of purposes: assistance in case of emergency, education expenses for orphans, funeral expenses, etc., and the group decides how it is used. To organize this, it's important to understand that the fund is established to cover expenses that cannot be predicted with certainty. So, it is foreseeable that the fund will be used up and will need replacement. In consequence, this must not be mixed with the loan funds. It must be physically separated from the other cash money in the box.



### 2.3.4. Fines

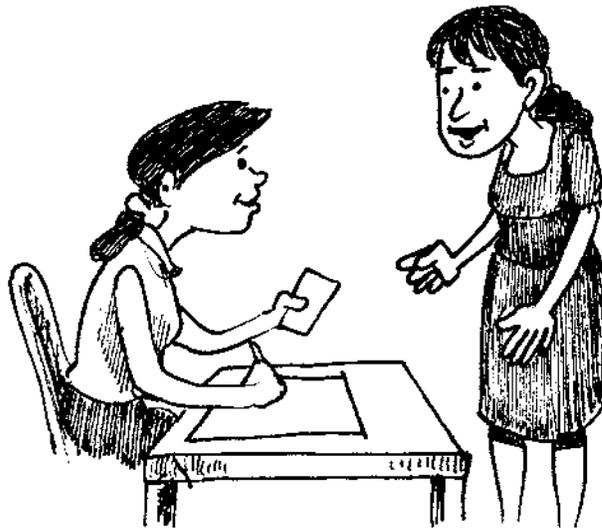
The fines are established for when the rules are broken. This could be because of variety of reasons: not complying with the minimum saving, not attending the meetings, arriving late to the meeting, etc. The amount of fines is established by the group. It could be 10 or 20 cents, for example. In the register it's not noted for the person that pays it because the function of the fine is to cover group expenses. For example, to buy pens, make photocopies of the registers or a light snack on special days.

## 2.4. Distribution of savings, fines and interest

Every 2 or 3 years the group makes the decision to distribute part or all their savings. Some people may withdraw all their savings, while others withdraw only part. It's important to be clear that in the case of groups that haven't granted loans or carried out activities to increase the savings fund of the group, each member will receive exactly the same amount that she has saved.



If there is money from the fines left over after the group expenses have been covered, this can also be distributed. The group will decide how to distribute interest and other income.

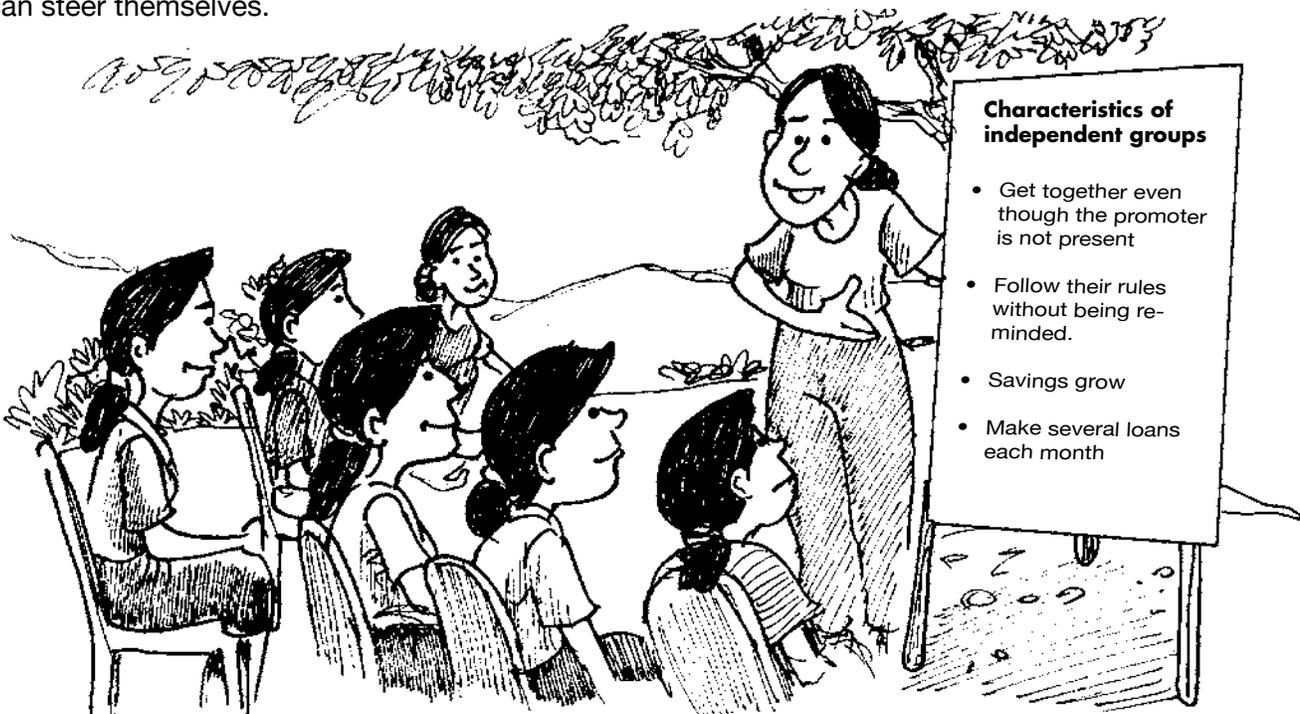


The distribution of the money should be announced 15 days before the meeting.

At the time of the distribution, there must not be any money out on loan in order to avoid confusion in the distribution.

#### 2.4.1. Withdrawal of the promoters

While some groups are in the monitoring phase or have graduated, the promoter begins forming new groups in the community or nearby locations, giving support during the different phases, until they can steer themselves.



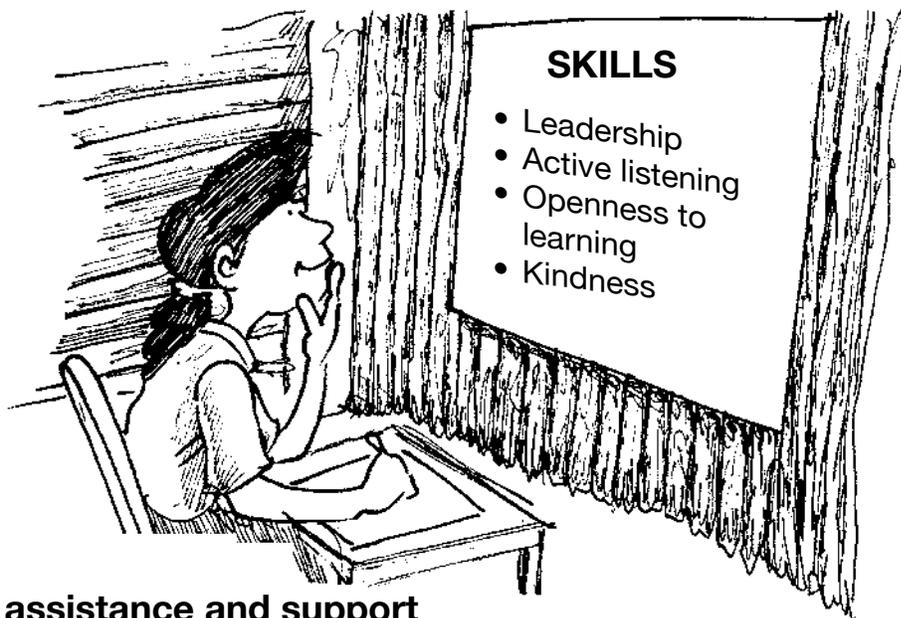
#### Characteristics of independent groups

- Get together even though the promoter is not present
- Follow their rules without being reminded.
- Savings grow
- Make several loans each month

# 3 Technical Assistance and Support (promoters and groups)

*The initial training of the promoter covers “ideal” situations with the methodology and group management. In reality, especially at the beginning, the groups present situations that require attention to find solutions. That is why it is necessary to monitor, advise and train the promoter to be able to carry out the job efficiently, to encourage harmony and development of the group.*

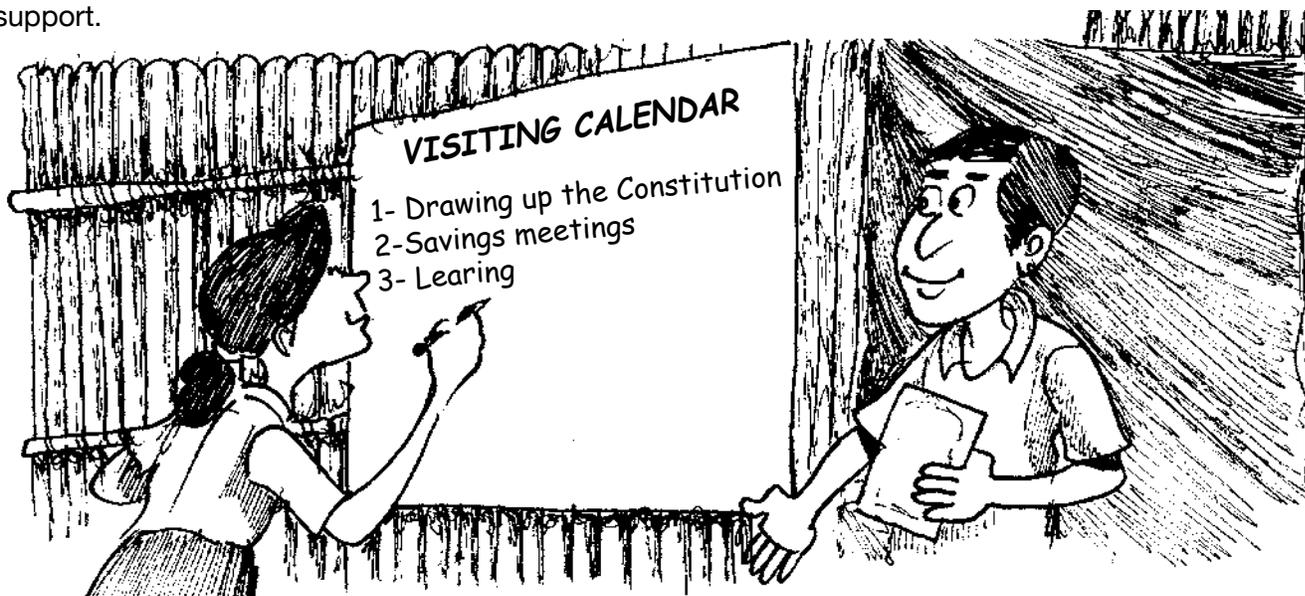
It's important to identify promoter's strengths and weaknesses to design strengthening plan. Topics such as leadership, gender, organization, group management, and others, are important to improve performance.



## 3.1. Steps for technical assistance and support

### 3.1.1. Draw up a calendar for visits among the promoters and technicians

During the first months, the promoter attends each group meeting. After that she begins to leave the group so they can learn how to manage their own meetings. During the first six months it's important to accompany the promoters of the group frequently. A joint visiting schedule will help to assure this support.



### 3.1.2. Support visits (groups and promoters)

The savings and loan group assumes full responsibility for carrying out the meetings, with the promoter acting as a guide for the members; she responds to all inquiries but lets the person occupying the presidency guide the meetings actively.



Should there be any problems, the situation must be examined in detail and discussed with the participants to find the best solution.

The promoter must ask about the group and consult the registers periodically to uncover any possible problems.



#### Reflections to detect problems:

- Do the participants attend the meetings when she is not present?
- Are the savings deposits regular?
- Is the constitution respected (for example: payment of fines)?
- Does the leadership committee fulfill its function?
- Is there confusion regarding disbursement and payment of the loans?
- Are the written registers and/or memorization processes worked out correctly and is the secretary rendering a detailed report about the state of the cash box?
- Are there any disagreements that are causing difficulties?
- Do they need technical support?
- If so, what kind of support?



After each visit the weak points should be analyzed and discussed with the participants in such a way that they can address the problems. If necessary, additional training can be scheduled.

### 3.1.3. Elaboration of reports

At the end of each meeting that she attends, the promoter gathers the information generated by the group, including details of what has occurred in the meetings she didn't attend: active members at the day of the visit, desertions, date of cycle initiation, amounts of the savings at the meeting, money in the box, money in the emergency fund, quantity of active loans, new loans, amount distributed, among others. This report is sent to the implementing institution for its monitoring.

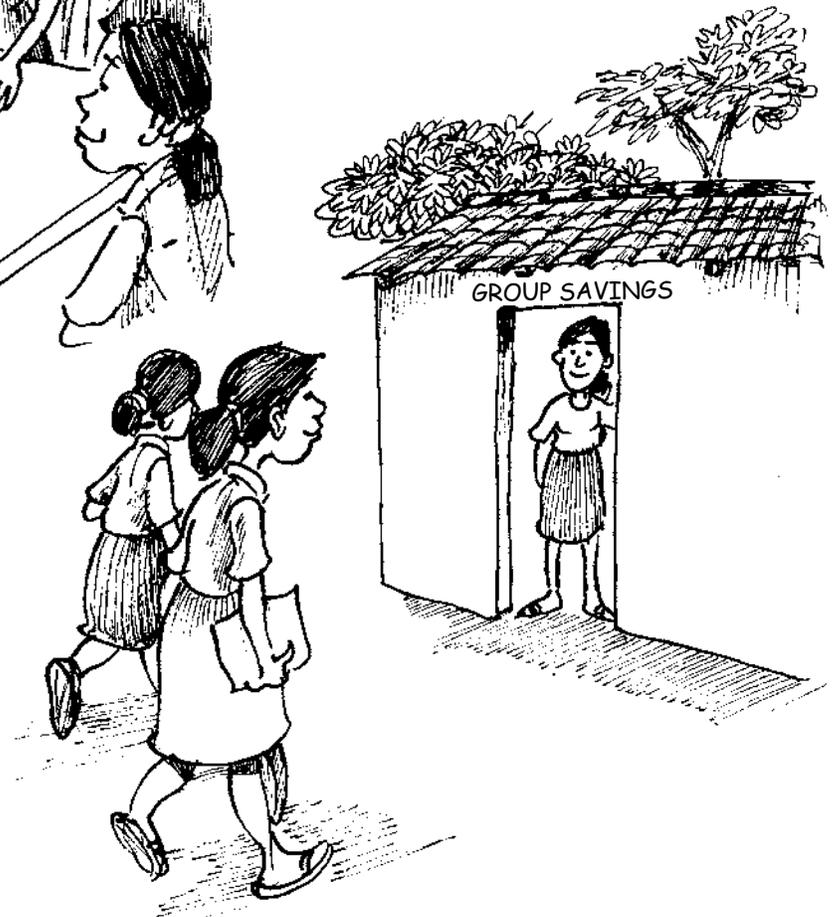


### 3.1.4. Periodic evaluations

Aspects to evaluate include: participation level of the members, meeting procedures, compliance with rules, procedures, savings conditions, loans, accuracy and use of the registers.

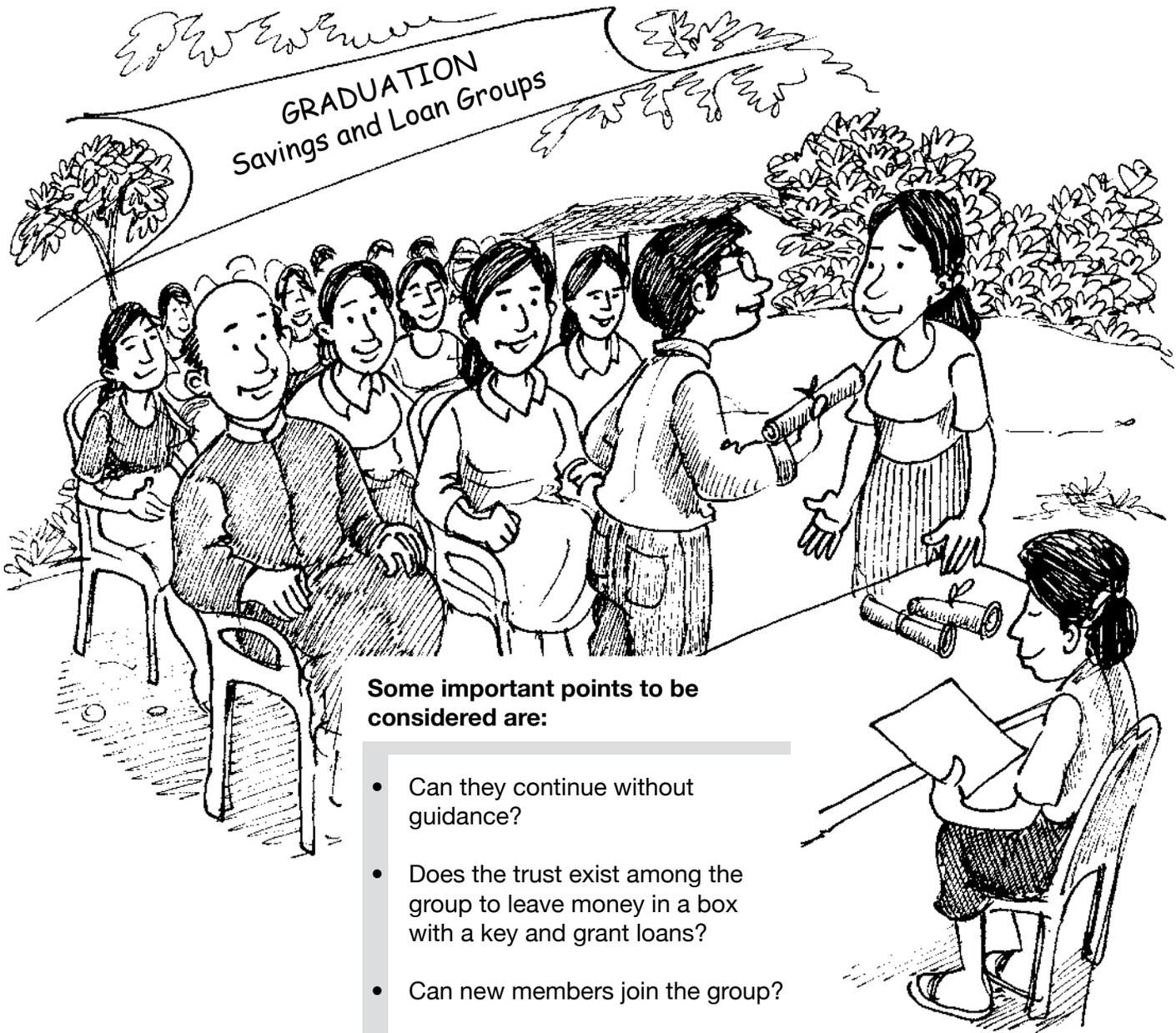
### 3.1.5. Group exchanges

Exchanges can be carried out among promoters or among members of groups. Many people think that the poor can't save; visiting formed groups helps change this idea. Furthermore, many groups and promoters confront the same challenges and exchanges help to share solutions.



# 4 Graduation of savings and loan groups

Some groups find it important to hold a public event, where local actors participate, such as: the mayor, parish priest, NGOs who work in the zone and other community leaders. This serves to culminate the group organization process and demonstrate the group's capacity to continue.

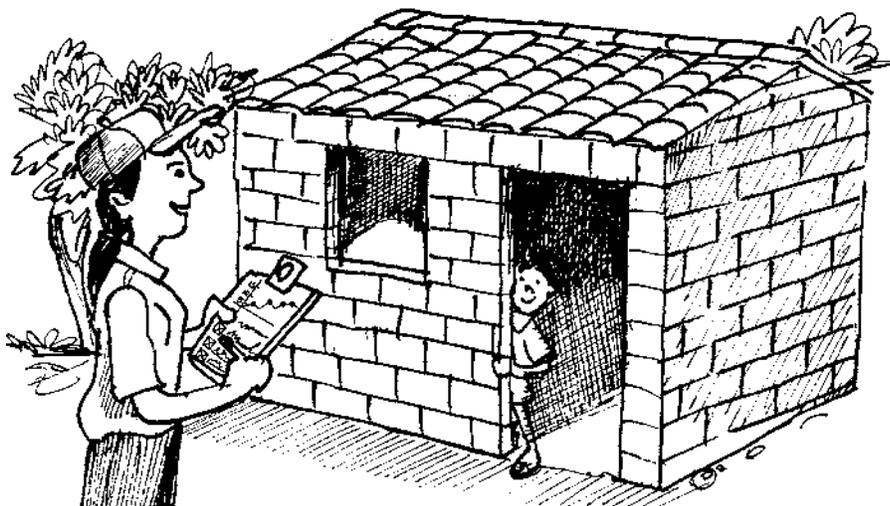


**Some important points to be considered are:**

- Can they continue without guidance?
- Does the trust exist among the group to leave money in a box with a key and grant loans?
- Can new members join the group?
- Do they have the skills to encourage saving and loans among other people?

## 5 Monitoring and evaluation

*At the beginning of the project, a base line or a characterization of the group should be established, identifying poverty indicators which will allow project implementation to emphasize the needs of the community, as well as to establish targets for number of groups per partner, number of groups per promoter, number of members, participating men and women, number of loans granted, desertion rate as well as other information deemed necessary by each implementing agency.*



It's important to implement a monitoring system to permit adjustments during implementation and control of growth in members as well as with community funds. The technicians and promoters are in charge of adding information to the system to generate monthly reports of the situation of the groups.

Implementing partners can develop their own tools to support monitoring and evaluation. During this phase of the project, data-gathering is important. But in the future it will be more important to know how sustainable groups are and how they strengthen other development activities in the community.

## 6 Special considerations

*In some cases the methodology functions in a different way in urban zones. We do not recommend that the box be exposed on the streets or public transportation. The members of the group must agree on a safe place to leave the box, for example the institution that accompanies them, the church, or municipality.*



# 7 Bibliography

- Allen H., Waterfield Ch., Vanmeenen G. 2006. Internal Savings and Loan Communities version 2.0. CRS. 161 p.
- Catholic Relief Services 2008, Learning Conversations: Savings groups.
- Catholic Relief Services 1998. Guiding Principles
- Food and Agriculture Organization (FAO), 1994. The Group Promoters Resource Book: a practical guide to building rural self-help groups.
- Oxfam America 2007, Group Formation Guide.



A large, light blue logo featuring a stylized leaf-like shape on the left and the letters "CRS" in a serif font on the right, followed by a registered trademark symbol (®).