

# Village Savings and Lending Association (VSLA)



## TRAINER'S MANUAL

Regional Economic Development (RED):  
Green Belt, Siem Reap Province Kingdom of Cambodia

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Prepared by: Mr. Leng Chhay, Community-Managed Saving Group Consultant

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## GOAL

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By the end of the period (about 12 months), villagers will have established their Village Saving and Lending Association (VSLA), and be able to run and manage it by themselves.

## About this Manual

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Village Saving and Lending Association (VSLA) is a community self-managed saving scheme. This approach requires a Trainer/Coach to play a supporting role in establishing the association and developing capacity of community members to manage it on their own.

This manual is produced for **Saving Group Trainer/Coach** of the program “Regional Economic Development (RED) - Green Belt, Siem Reap Province” of Royal Government of Cambodia, which supported by GIZ Germany. It contains steps with basic processes for Trainer/Coach to support villagers to establish a saving and loan scheme, which will be managed by community.

The author acknowledges that VSLA is a worldwide applied model, and this is a customized one, adapted to the Cambodian context based on the country's specific circumstances. The capacity level of the Trainer/ Coach recruited under above-mentioned program was also taken into account. Thus, the manual intends to be a basic and simple one.

The manual contains **process** (specific activities for trainer to be undertaken) of each step, and a number of **boxes** (content and tools) to explain activities in the process. Samples of by-laws and operational policies of the association are shown at the end of this document.

To ensure the effectiveness in establishing VSLA and capacity development, it is strongly recommended that Trainer/Coach should develop and use a range of creative pictures for presentation and training to villagers.

The author has tested this manual with five saving groups in Pouk district, Siem Reap province, Cambodia, and the two Trainers recruited by RED-Green Belt program are applying it with new saving groups in other places. The author still considers this manual as a living document that needs further testing and revision. If you have used it and wish to provide further comments or feedback.

## Role and Tasks of Trainer/Coach

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The role of the Trainer/Coach is to support the establishment of VSLA and provide capacity development support for the whole cycle so that villagers will be able to run VSLA independently in the next cycle.

### Specific Tasks of the Trainer/Coach:

- Build awareness and understanding of VSLA approach
  - Introduce and explain VSLA approach to local authorities, key persons, villagers and other local stakeholders;
- Coach VSLA Coordination Committee and members in all implementing steps;
  - Facilitate group formation and Coordination Committee election
  - Facilitate the development of by-laws and operational policies
  - Coach the group during specific transaction meetings: saving deposit, loan disbursement, loan repayment, annual assembly meeting;
- Develop capacity of Coordination Committee and members on:
  - How to manage a meeting
  - Record-keeping
  - Other related subjects and issues
- Encourage participation and build ownership of local people
  - Encourage all members to save regularly
  - Encourage all members to attend meetings on time and actively involve in discussions and decision-making;
  - Encourage members to manage their own association, and not to depend on the Trainer/Coach;
  - Ensure Coordination Committee take responsibilities and behaves democratically



## STEP 1: CONTACT AND CONSULTATIONS

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### Objectives:

By the end of the session:

- Village key persons will be consulted on VSLA approach
- Local authorities will provide permission in establishing VSLA, and express collaboration

**Times:** 2-3 meetings (1 hour each)

**Participants:** Meeting 1: Village chief, village key persons/informants  
Meeting 2/3: Commune chief; district governor

**Materials:** Prepared VSLA key points on a piece of paper

## STEP 2: VSLA ORIENTATION

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### Objectives:

By the end of the session, villagers will have:

- Understanding of VSLA approach
- Decided whether they want to form a VSLA in their village

**Time:** 2-3 hours

**Participants:** Villagers (potential members): 10-30 people  
(Village and commune chief can be also invited)

**Materials:** 3-4 prepared flipcharts (with pictures, key words);  
Cash box (3 keys), bags, passbook, stamp, ink, calculator, and a ruler

## STEP 3: ASSOCIATION FORMATION

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### Objectives:

By the end of the session, villagers will have:

- Agreed to form themselves into a VSLA
- Elected Coordination Committee members for their association

**Times:** 3-4 hours

**Participants:** All potential members or interested people

**Materials:** Prepared flipcharts (membership criteria, responsibilities of Committee)  
Blank paper; a box, small piece papers; marker, flipcharts

## STEP 4: RULES DEVELOPMENT

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### OBJECTIVES

By the end of the session, VSLA members will have:

- Understanding of by-laws, policies and their rationale
- Developed and jointly approved the association by-laws and key operational policies
- Decided on share price, interest rate, and amount of social fund for the first cycle

**Note:** *The main purposes are:*

1. *To jointly develop the association by-laws and 3 operational policies; AND*
2. *To make members remembers (understand) the newly developed rules*

**Times:** 9 hours: divided into 3 meetings (half day each)  
Meeting 1 & 2 – develop rules  
Meeting 3 – approve the rules; set share price, interest rate and social fund

**Participants:** All members of new formed VSLA

**Materials:** Prepared flipcharts (pictures); blank flipcharts; markers; white board / stand

## STEP 5: CAPACITY DEVELOPMENT

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### **Objectives:**

By the end of the session, Coordination Committee (CC) members will have understanding of:

- How to manage a meeting for saving and loan activities
- Record keeping for VSLA

*The meeting for share purchase and loan disbursement will be conducted by the CC in step 6 and 7. However, the CC needs to be trained by the Coach before these meetings.*

**Times:** 4-5 hours (1 day);

**Participants:** CC members (and some key members)

**Materials:** Prepared flipcharts; blank flipcharts; markers;

### **Note:**

At the same day, Coach should call all members to come to check and verify the By-laws and key policies developed in the last meeting (this would take about 2 hours). Then, the following sessions will be conducted with CC members.

## STEP 6: FIRST SAVING MEETING

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### **OBJECTIVES**

By the end of the meeting:

- Members will have contributed to social funds for the first time
- Members will have bought shares for the first time
- Coordination Committee (CC) will have conducted first meeting and implemented first record keeping

**Times:** 3-4 hours (half day)

**Participants:** All members (including CC members)

**Materials:** All VSLA materials (in the kit)

## STEP 7: FIRST LOAN DISBURSEMENT MEETING

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### **OBJECTIVES**

By the end of the meeting:

- The association will have further collected social funds
- Members will have further purchased shares (saving)
- Association will have provided loans to some members at first time

**Times:** 3-4 hours (half day)

**Participants:** All members (including CC members)

**Materials:** All VSLA materials (in the kit)

## STEP 8: FIRST LOAN REPAYMENT MEETING

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### OBJECTIVES

By the end of the meeting:

- Members will have further contributed to social funds and bought more shares
- Borrowers will start to repay the loans taken in the previous meeting
- New borrowers will take out some new loans

**Times:** 3-4 hours (half day)

**Participants:** All members (including CC members)

**Materials:** All VSLA materials (in the kit)

## STEP 9: REFLECTION AND SUPPORT

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### OBJECTIVES

By the end of the session, CC members will have:

- Reflected on successes, challenges, and their level of confidence in managing VSLA
- Identified further support/training needed from trainer/coach
- Learned how to prepare General Assembly Meeting

*(PS: This session can be conducted a few months after step 8)*

**Times:** 3-6 hours (half to one day depending on needs)

**Participants:** CC members, some key members

**Materials:** All VSLA materials (in the kit)

## STEP 10: GENERAL ASSEMBLY MEETING

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### OBJECTIVES

By the end of the meeting, the association will have:

- Reported on total association assets (cash balance, social funds)
- Making amendments to by-laws and policies (if any)
- Shared out the benefits to members
- Planned for next cycle

**Times:** ½ day to 1 full day (depending on the group size and capacity of committee)

**Participants:** All members (some local authorities can be invited)

**Materials:** VSLA materials; By-laws & policies; blank flipcharts, markers