**VSLA Methodology Principles**

1. Saving and Credit Groups are autonomous and self-managing.
   1. NO MONEY INCENTIVE
   2. RCRC Field Staff: Guide and support. All decisions must be made by the group.
2. Every Group has a written Constitution and clear rules.
3. Every Group has a Management Committee, which can be changed at any time.
4. SCGs are made up of 10 to 24 self-selected members.
5. Membership is open to women and men (depending on program set-up) at least three of the five elected committee members are female.
6. Members save money through the purchase of 1 to 5 shares.
7. The value of a share is set by the group at a level that allows members to buy at least one share at every meeting.
8. Savings are invested in a loan fund from which members can borrow, repaying with an added service charge. All members have the right to borrow up to a maximum of 3 times the value of their shares. The group decides the percentage rate of the service charge, which can range from 1 percent to 10 percent. All loans are repaid over a period of not more than 3 months.
9. Groups create a social fund through an additional contribution of equal size. The social fund, kept separate from the loan fund, provides small grants for emergency assistance such as funeral expenses.
10. Saving Group meet weekly during the first cycle. The frequency can change to every two or four weeks in later cycles, if members so desire.
11. All transactions are carried out at meetings in front of all the members of the Saving Group to ensure transparency and accountability.
12. All members have a passbook to track individual savings and loan information. Groups that have literate members have a central register for aggregated group level information.
13. All of the Group’s cash is kept in a box with three locks that can only be opened in meetings when all of the Key-holders are present.
14. The Saving Cycle is time-bound. At the end of an agreed period (between 9 and 12 months), the accumulated savings plus earned interests (from loans) plus fines are shared out proportionally to the amount that each member has saved throughout the cycle.
15. After the share-out, members who do not want to stay in the group may leave and new members may be invited to join. When a new cycle begins, members can agree to change rules and regulations in their constitution.

**KEYS TO SUCCESS**

* **Trust:** Group saving not only requires that all members adhere to and respect a set of rules but that they trust each other. If they don’t, benefits will quickly disappear. Trust is built by showing commitment and discipline.
* **Living nearby:** People who live near each other are more likely to have similar problems and needs. They also tend to know more about each other and who is trustworthy and who is not. Also, the closer people live to each other, the easier it will be for them to meet on a regular basis.
* **A common bond:** The more similar each member’s interests, goals, backgrounds and incomes are, the less likely members are to get into conflicts and arguments and the more likely they are to make quicker decisions that satisfy most members’ concerns.
* **A clear saving objective:**  The group can choose a common goal, such as saving to buy fertilizer for all members, or each member of the group can choose his/her own savings objective, depending on his/her priority and capacity.
* **RCRC Field Staff:** in charge of promoting and training new groups. These are individuals who stand out as natural motivators, are able to facilitate disciplined meetings, have demonstrated literacy and numeracy, and have expressed a strong desire to train saving group members. They are key to success.