

Village Saving and Loan Groups in Sustainable Cotton Project

Final Report to We Effect

**By Kristina Boman
June 2021**

Acknowledgements

This work was commissioned by We Effect as support to the Sustainable Cotton for Women and Youth Empowerment in Southern Africa project financed by Sida and implemented by We Effect and partner organisations in Southern Africa. The partner organisations AICC in Malawi, FONPA in Mozambique, ZFU in Zimbabwe have all contributed to the work through undertaking national assessments. National assessments were also made by Zambia Land Alliance and MUSCCO in Malawi. We Effect staff have also contributed to the report as have other organisations like CARE, CRS, Plan International and Savenet. The consultant would like to thank all these organisations and the persons who participated in the study. Simultaneously it is important to highlight that the conclusions and recommendations expressed in this report are that of the consultant.

LIST OF ACRONYMS	1
EXECUTIVE SUMMARY	2
1. INTRODUCTION	1
1.1. PURPOSE OF THE STUDY.....	1
1.2. METHODOLOGY.....	1
1.3. SCOPE OF THE REPORT	2
2. FINDINGS ON METHODS FOR SAVING AND LOAN GROUPS	3
2.1. ANALYSIS OF THE METHODS: VSLA MODEL MALAWI, FONPA'S AND WE EFFECT ZIMBABWE.....	4
2.1.1. <i>VSLA Field Officer Manual used by MUSCCO and WE EFFECT Malawi</i>	5
2.1.2. <i>Conclusions on the MUSCCO and We Effect Malawi VSLA manual</i>	7
2.1.3. <i>FONPA Manual de Poupanca e Crédito</i>	7
2.1.4. <i>Conclusions and recommendations method for FONPA</i>	8
2.1.5. <i>The We Effect Savings for Investment study circle material</i>	8
2.2. CONCLUSIONS AND RECOMMENDATIONS ON METHOD FOR SAVING & LOAN IN THE COTTON PROJECT	10
3. FINDINGS FROM NATIONAL SELF-ASSESSMENTS	11
3.0.1. <i>Recommendations on national assessments</i>	11
3.1. THE GROUP COMPOSITION AND THEIR SAVINGS AND LOANS.....	12
3.2. REASONS FOR AND BENEFITS OF PARTICIPATING IN SAVING AND LOAN GROUP	13
3.3. ORGANISATION AND FINANCIAL MANAGEMENT OF SAVING AND LOAN GROUPS	14
3.4. IMPROVEMENT OF THE METHODS FOR SAVING AND LOAN GROUPS	15
3.4.1. <i>Conclusions and recommendations</i>	16
4. FINDINGS ON IMPORTANT METHODOLOGICAL CONSIDERATIONS	17
4.1. SAVING AND LOAN GROUPS WITHIN THE SUSTAINABLE COTTON PROJECT	17
4.1.1. <i>Conclusions and recommendations</i>	18
4.2. MONITORING OF GROUPS	19
4.2.1. <i>Conclusions and recommendations</i>	20
4.3. ADDITIONAL TRAINING TOPICS FOR SAVING AND LOAN GROUPS.....	21
4.3.1. <i>Conclusions and recommendations</i>	24
4.4. LINKING SAVING GROUPS TO EXTERNAL ORGANISATIONS.....	25
4.4.1 <i>Conclusions and recommendations</i>	27
4.5. COVID HAS AFFECTED THE GROUPS AND THEIR MEMBERS	27
4.5.1. <i>Conclusions and recommendations</i>	27
4.6. ORGANISATION AND STAFFING TO IMPLEMENT A VSLA	28
4.6.1. <i>Conclusion and recommendations</i>	29
4.7. CAPACITY DEVELOPMENT OF VSLA IN THE COTTON PROJECT	31
4.7.1. <i>Conclusions and recommendations</i>	32
ANNEX 1. TERMS OF REFERENCE ANALYSIS OF SAVING AND LOAN GROUPS MODELS	33
ANNEX 2 LIST OF PERSONS INTERVIEWED	36
ANNEX 3 COMPARATIVE ANALYSIS OF METHODS FOR SAVING AND LOAN GROUPS	38
ANNEX 4: ANALYSIS OF METHODS AND KEY CRITERIA	43
ANNEX 5 RESULTS NATIONAL SELF-ASSESSMENTS	50

LIST OF ACRONYMS

AICC	African Institute of Corporate Citizenship
VSLA	Village Saving and Loan Association
VSLF	Village Saving and Loan Federation
ISAL	Internal Savings and Lending
CLP	Chaars Livelihoods Programme
CRS	Catholic Relief Services
OSAWE	Own Savings for Assets and Wealth Creation
SILC	Saving and internal lending communities
FONPA	Mozambique National Forum of Cotton Producers
SACCO	Savings and Credit Cooperative
Sida	Swedish International Development Cooperation Agency
ZCGA	Zambia Cotton Ginners Association
ZFU	Zimbabwe Farmers Union

EXECUTIVE SUMMARY

The Sustainable Cotton for Women and Youth Empowerment in Southern Africa project (the Project) was designed by We Effect and partner organisations. The Project is financed by Sida and implemented for four years in Malawi, Mozambique, Zambia and Zimbabwe by We Effect and its partner organisations: Mozambique National Forum of Cotton Producers (FONPA), African Institute of Corporate Citizenship (AICC), Zimbabwe Farmers Union (ZFU) and Zambia Cotton Ginners Association (ZCGA) working in collaboration with other key actors in the cotton value chains. The Project's specific objective is: "women, men and youth cotton farmers have increased incomes and sustainable livelihoods in targeted communities of Malawi, Mozambique, Zambia and Zimbabwe through the creation of 55,000 decent jobs".

One of the Project's foreseen activities is the formation of village saving and loan groups. The consultant Kristina Boman from Toliman AB was contracted by We Effect to analyse and recommend methods for saving and loan groups for the Project. The consultancy was undertaken from February to May 2021 and involved close participation by the partner organisations in order to collect information but foremost to achieve a learning process around methods to form saving and loan groups. Under the guidance of the consultant, AICC, FONPA and ZFU conducted national self-assessments of their saving and loan groups to analyse the results and the methods used. Two more organisations were included in the exercise: MUSCCO in Malawi and Zambia Land Alliance. The consultant organised two workshops with the partner organisations in each country. In addition, the consultant analysed different methods for saving and loan groups and conducted interviews with key informants within We Effect and within other organisations with long experience such as CARE, CRS and Plan International. The consultancy study makes the following conclusions and recommendations to the Project:

- The VSLA method (and manual) should be used to form saving and loan groups within the Project. The advantages of the VSLA is that it steers the group through the process of start-up and to become operational through specific trainings including rules and other information needed for the saving group. Compared to the study circle manual on Saving for Investment, the VSLA manual is easier to use. Furthermore, the content of the VSLA manual is more adequate for the target group of the Sustainable Cotton Project. VSLA, SILC and the World Vision manuals have been used to form thousands and thousands of groups in many different countries and been validated several times over. It is also promoted by We Effect global financial inclusion advisor in East Africa.
- The study circle manual "Saving for Investment" is less adequate to form saving and loan groups within the Project since it is not as directed as the VSLA manual and it is more about discussing the topics of a saving and loan group less of straightforward process to form saving and loan groups. The study circle manual also lacks certain important aspects of a saving and loan group such as description how and when share out of funds should be done, and how to monitor groups. Furthermore the manual does not include the actual starting up and further training and technical support to the saving and loan groups¹.

¹ A full comparative analysis of the methods are enclosed in Annex 3 of the report. For more information on the analysis of the study circle manual Saving for Investment see section 2.1.5.

- The VSLA manual comes in different versions, the consultant recommends We Effect to use the We Effect Malawi one. The We Effect Malawi manual has been developed in collaboration with MUSCCO and has also been used by We Effect itself to form saving and loan groups. Manuals in other languages besides English can be received for free at the VSL home page or requested from VSL Associates.
- The VSLA method is new for all the partner organisations in the Cotton project except the AICC. Two of the partner organisations, Zimbabwe Farmers Union (ZFU) and Zambia Cotton Ginners Association (ZCGA) have limited or no experience of forming saving and loan groups and do not have a specific method. FONPA has a Portuguese manual with similarities to the VSLA but lacking important steps for successful group formation. AICC has used the VSLA manual before, but needs further strengthening in the method. FONPA should analyse the Portuguese version of the VSLA. If the organisation decides to continue with the existing manual, it needs to be improved on the parts lacking compared to the VSLA. Details are provided in the report.
- The VSLA manual is sufficient in itself. I.e. it is not recommended to use both the study circle manual Saving for Investment and the VSLA to the same farmer group in the Project. The two manuals may confuse groups, some topics overlap and it is better to use the resources to train the saving and loan groups in other topics like the manual "Selection, Planning and Management (SPM) of income generating activities by VSL associates"
- Saving and loan groups are important for the Project and the cotton farmers, particularly for women and youth in order to strengthen them, to increase their income, to facilitate savings and loans for investment into cotton growing as well as other income generation activities. Since the cotton farmers have limited access to capital like micro credits, VSLA can play a crucial role in the Project.
- VSLAs (as the recommended) approach should be offered to all organised groups of women and youth cotton farmers in the Project. If the farmers already have saving groups, these could be strengthened by the Project.
- The saving cycles of VSLAs should, if possible, be coordinated with the cotton growing season so that share out of savings coincide with the period when farmers need to finance cotton production inputs or labour. The possibility to save should be present when the income from cotton sales is coming in.
- A majority of saving and loan participants are women, and several organisations also have groups with youth participation. To involve more youth in VSLAs a variety of actions can be taken such as combine VSLAs with activities attractive for youth, training in finance and business to promote good investments, promote successful stories of youth participating in VSLAs and affirmative actions such as quotas of youth in VSLAs.

- In order to empower women and youth, the Project should make sure that women and youth keep and decide over savings and loans from the VSLAs as well as the generated income from their cotton production. This will require some adaptations in the VSLA method as well as specific training of the VSLA members and additional information to community leaders, husbands, fathers, parents etc. The exact measures should be developed based on the particular culture and context.
- Supervision and monitoring of the progress of saving and loan groups are needed. The VSLA manual (MUSCCO version), has a good model that the Project can use² during the first cycle. The frequency of visits of field officers and community facilitators during the first cycle should be defined. Monitoring is also needed during the second cycle. Thereafter groups can graduate. Cycle three and onwards, the groups can have contacts with community facilitators to receive support when needed. The above monitoring focuses on the progress in establishing and the subsequent functioning of the saving and loan groups.
- A basic data system for future monitoring of established saving groups can be developed but should be incorporated into the overall monitoring of groups and activities in the Project. The need for specific data tool for monitoring of saving groups or for example reporting the VSL Savix monitoring system should be evaluated after two to three years of implementation of the saving groups. The focus now is to learn the VSLA method and implement well functioning groups using a basic and easy to use monitoring system.
- The saving and loan groups should benefit from training in other topics as recommended in the proposed model for the project developed by Ben Sekamate, Decent Chitsungo and Kristina Boman. The trainings include: gender equality, business development, basic finance, In addition, the target group of women and youth farmers should receive training in cotton production and certification which will include adaptation to climate change as well as other income generation activities. Specific training will be required for youth and women's control over their savings, loans and income from cotton production. The order of trainings for the Cotton training could be:
 - First saving cycle - SPM manual and gender / youth equality training
 - Second cycle - basic business knowledge and training in alternative businesses
 - Third cycle - financial adaptation of agriculture to climate change and financial literacy to prepare for linking with external organisations.
- The trainings should be directed towards the whole group of cotton farmers at community level. In a certain community, the start of the Cotton project is the organisation of female or youth farmer groups with contracts with the cotton company. The groups can be mobilised as a collaboration between the company and the partner organisation. The cotton company undertakes training in cotton production and certification and technical assistance in cotton production and assures the certification. The partner organisations will undertake the training to form VSLAs with the members of the farmer groups who want to participate in the saving and loan group. The additional trainings within the Project will be given to all the participants

² See page 97 in the VSLA Manual: Association health diagnosis and change of phase form. The format has been validated and can be used as it is. Modifications can be made later if deemed necessary.

in the community based women and youth farmer groups, members or not in the VSLAs formed. According to the proposed design, additional training involves for example gender equality, business management and other possible income generation activities. These additional trainings should be done by the partner organisations. The cotton companies in the region have in general limited experience and capacity to undertake these types³ of trainings.

- For basic business training, the consultant recommends the manual "Selection, Planning and Management (SPM) of income generating activities by VSL associates". The manual can be downloaded for free at the <https://www.vsla.net/vsla-tools/training-guides/>. This is the same site where the VSLA manual can be found. This can be the first training in business provided to the VSLAs formed or the existing ones. This training can be done by the field officer and if trained properly, the community facilitators.
- The We Effect Study circle "Generate a Business Idea, Start and Improve Your Business is not recommended to use in the Cotton project since: It is too long - over 180 pages and too much content, It is too complicated for the situation, reality and education level of the Cotton project's target group considering most of the content, the language used and the education method being based on being able to read and write. The study circle manual is quite advanced both in content and language, and seems more adequate for urban people with certain years of education and with sufficient investment capital. Or for formal small and medium sized businesses with some years of experience and larger annual sales.
- For gender equality and basic financial education, manuals will be needed. It is recommended that the Project strives to have short and easy to grasp manuals addressing the training needs of the target group of the Project. It should also be assessed if the use of study circle methodology is adequate, or if the Project should train through field officers and the community facilitators who are working with the VSLAs. The Project could also use a combination of these approaches and the decision should rest with each partner organisation. National differences in education and literacy of farmers should be considered when deciding on study circle or direct conventional training. The result of We Effect up-coming evaluation on study circle methodology would be an input into the Project.
- Linking saving and loan groups with financial institutions can be important for certain groups that have reached maturity and capacity. Linking takes time and requires a preparation and training process of both the saving and loan groups and the financial institutions. None of the partner organisations in the Cotton project have experience of linking groups. The objective of the Sustainable Cotton Project is to form new and well functioning VSLAs for women and youth cotton farmers. Therefore, it is recommended that all partner organisations including AICC, focus on this task and implements the basic VSLA method with all its steps to start new groups. The need to legalise groups, link them to SACCOs or other financial institutions, or form federations with the Village Saving and Loan Federation VSLF method will come at a later stage when there are many VSLAs with women and youth working well. This will be at least three years from now and prior to starting this activity, the need for linking saving and

³ Naturally there may be companies with experience of other topics besides cotton production and certification. But the general picture is that the companies do not have this capacity.

loan groups with financial institutions should be evaluated and the strategy to do it should be defined.

- The COVID pandemic and the measures to control it, have most likely increased poverty for the already poor families. The target population in poor rural areas do not have access to financial remuneration or support to sustain their livelihoods. Saving and loan groups are an important tool for survival and improvement. Therefore, it is vital that NGOs and other programmes continue their work in the rural areas. Naturally, precautions against COVID must be taken and one should adhere to the national health recommendations. Specific support to saving and loan groups can be implemented in the Sustainable Cotton project if the COVID situation continues⁴.
- It is recommended that the partner organisations utilise a similar organisation structure as described in the VSLA manual and used by MUSCCO. A project coordinator/supervisor has field officers who start some VSLA groups undertaking all the training sessions and monitoring of the groups. From the VSLA groups, community facilitators are selected. The community facilitators are thoroughly trained according to set standard of the VSLA method. They receive compensation for their work through per diem and allowances at trainings. Push bikes (bicycle) can be provided to them to facilitate their transport against the condition of working for at least some years. Community facilitators should have a monthly work plan, present monthly reports and be closely supervised by the field officers. The community facilitators start and train VSLA groups being monitored and receiving technical assistance from the field officers who also monitor the results of the groups.
- Field officers can work with several other components in the Project, for example training in gender equality, business development, and introduction of alternative business activities. Depending on the institutional set up and their capacity, *the community facilitators* for VSLA could also undertake some other project tasks.
- According to the recommendations in the cotton certification study (Boman, Chitsungo and Sekamatte 2020) We Effect should have two partner organisation in Zambia, a cotton company and a NGO. The cotton company would organise groups with the support of the NGO and train them in cotton production and certification. The NGO would form VSLAs and provide training in business development, gender equality and other income generation activities. According to information from We Effect, the NGO has been discarded in the agreement with ZCGA and implementation is supposed to be done directly by the cotton companies. The risk with this set up is that the company will not have a real interest or capacity to implement other project activities (VSLAs and other type of trainings) adequately and good enough. On the other hand, Cotton Made in Africa works directly with the companies to implement "social" projects benefitting cotton farmers. If We Effect opts for the company implementation model (without the NGOs) close monitoring of VSLAs and trainings will be required. Moreover, the implementation organisation in the companies should be

⁴ See section 4.5.1. for more details.

similar to the one outlined above. Gender officers who are the project officers at company level, should have field officer staff and the community facilitators to work with her/him.

- A comprehensive training programme is needed to implement the VSLA concept in the Project. Training should include both theory and practice. As part of the training, the partner organisations should make an implementation plan and structure as well as necessary adjustments to the VSLA manual. Monitoring of VSLA groups with the tools in the manual should also be covered. Training should include We Effect focal points⁵, national project coordinators, regional project office and the partner organisations including AICC. A programme could like the following: Classroom training on VSLA manual including field visits to see training in practice - 5 days. Practicing the trainings in the field - 3 days. Adapting the model and implementation scheme 2-3 days. Monitoring visit in the field by the training institution to follow up partner organisations work and refresher training - 3-5 days.
- Training should be done by organisations with own experience of implementing VSLAs. Possible training institutions are: Care Zimbabwe or Malawi, MUSCCO and Savenet (Zambia). We Effect global financial inclusion team in Nairobi can also undertake the training but will not have the possibility for field practice in ROSA region. Maybe a combination can be used?
- We Effect should consider using similar self-assessment exercises in other projects in order to monitor, evaluate and improve methods, results and impacts for the poor. Partner organisations can be taught the tool of self-assessment or process monitoring as part of We Effect's capacity development. This will strengthen partner organisations' capacity to analyse and improve their own work without having to rely on external consultants.

⁵ Due to prior experience of implementing VSLA, We Effect Malawi financial focal point does not need to participate in this training.

1. INTRODUCTION

The Sustainable Cotton for Women and Youth Empowerment in Southern Africa project (hereafter referred to as the Sustainable Cotton project or Project) was developed by We Effect and its partner organisations. This Project, which is being implemented for four years (2019-2023), aligns with the Strategy for Sweden’s Regional Development Cooperation in Sub-Saharan Africa (2016–2021) and the Swedish Development Cooperation strategies in Mozambique, Zambia and Zimbabwe. The Project is funded by the Swedish International Development Cooperation Agency (Sida) through the Embassy of Sweden in Addis Ababa. It is being implemented by We Effect and its partner organisations working in collaboration with other key actors in the cotton value chain in Malawi, Mozambique, Zambia, and Zimbabwe.

The overall objective of the Project is to contribute to poverty reduction and injustice in Malawi, Mozambique, Zambia, and Zimbabwe through improved productivity in the cotton sub-sector. The Project’s specific objective is: “women, men and youth cotton farmers have increased incomes and sustainable livelihoods in targeted communities of Malawi, Mozambique, Zambia and Zimbabwe through the creation of 55,000 decent jobs”. To achieve the specific objective, the Project will employ the following key intervention strategies; / (i) increased value addition (ii) increased production and productivity and (iii) increased volume of trading of certified cotton based on certification standards.

One of the Project's foreseen activities to benefit the target group is the start up of saving and loan groups. In the Project document these are referred to either Village saving and loan associations (VSLAs) or Internal Savings and Lending ISALs, reflecting different methods to start saving and loan groups.

1.1. Purpose of the Study

The purpose of this assignment was to analyse models and methods for the savings and loan groups and to propose a model for savings and loan groups to the Sustainable Cotton Project⁶. Specifically, the consultant should be responsible to undertake the following tasks:

1. Identify the savings and loan methods implemented by partner organisations.
2. Document weakness and best practices in current implementation modalities.
3. Investigate other successful models for village- based saving and credits used in the region that could be used within the Sustainable Cotton Project. (E.g. WE Effect’s model, VSLA models implemented by like-minded agencies e.g. Catholic Relief Services (CRS), Plan International and Care International)
4. Recommend a model for VSLA for the Project. Suggest improvements and adaptations in comparison with more effective and efficient models implemented by We Effect and external likeminded organisations.
5. List organisations with expertise on village based saving and credits in the region which could offer support services to the Sustainable Cotton Project.

The terms of reference for the consultancy is enclosed in Annex 1.

1.2. Methodology

⁶ Boman, K., Sekamatte, B., Chitsungo, D., (2020). *Study on Cotton Certification and Marketing*. We Effect, Regional Office of Southern Africa: Lusaka, p. 67

The work was undertaken from January 20 to April 30, 2021. Due to COVID , the Consultant could not visit the region and the method was adapted to this situation. The following activities were done:

1. Desk study of relevant material and methods,
2. Interviews with We Effect staff and Partner Organisations in the Project. The financial inclusion officers of We Effect in Nairobi and regionally were key informants. Interviews with organisations with long track record in the saving and loan sector including Care, Catholic Relief Services (CRS) and Plan International.
3. Design of instruments for data collection and analysis for the national self-assessments,
4. National self-assessments by partner organisations involving interviews with men, women, youth cotton farmers belonging to savings and loan groups. Based on the results of the field visits, the partner organisations analysed their method to identify weaknesses, strengths as well as recommendation for improvement.
5. Eight virtual workshops with partner organisations, We Effect and the consultant to prepare for the national self-assessment and to report and discuss the results of these.
6. Comparative analysis of different methods for saving and loan groups.

The work was done in collaboration with partner organisations that carried the above mentioned national self-assessments of saving and loan groups and the work method. The exercise is a type of operation monitoring where the organisation observes, collects and analyses results in the field through talking with the target group. The methods used were semi structured group interviews and direct observation. Based on the field results, the organisation analysed the work method in order to define areas for improvement. The purpose was two fold: firstly to achieve a learning process around saving and loan groups for the partner organisations and secondly to recollect data for the assignment. For the national self assessments, each partner organisation visited between 5 to 7 saving and loan groups selected against pre-defined selection criteria. The assessment included a mix of well-functioning and weak groups started between 2017 and 2020.

Like in all investigations, the method influenced the result and how it can be used. The method had some limitations like the selection process, the limited number of groups visited and the absence of external persons observing the results. Interpretation of the results should therefore be careful and the groups visited should be regarded as an illustration of what groups look like, rather than statistical representation of what groups are. However, simultaneously, these types of auto assessments are useful to improve operations and methods. In a few groups well selected with adequate questions and method, the organisation has material to analyse its work and define possible improvements to test-implement and then validated through a similar process.

The consultant prepared a draft report that was presented and discussed with We Effect and partner organisations.

1.3. Scope of the report

The intention is to present a practical report that is useful and supports the implementation of the saving and loan groups in the Sustainable Cotton project. Long theoretical discussions have been avoided in order to leave space for practical conclusions and the recommendations.

The report starts with the analysis of the methods used for starting saving and loan groups (Chapter 2). The findings from the national self-assessments are presented in Chapter 3 and Chapter 4. Chapter 4 also covers specific methodological considerations for the Sustainable Cotton project. The conclusions and recommendations are presented at the end of each report section. Chapter 5 contains a list of all conclusions and recommendations for easy reference.

2. FINDINGS ON METHODS FOR SAVING AND LOAN GROUPS

One of the main questions for this assignment is to define and analyse methods for forming saving and loan groups. The consultant has looked at the methods used by the partner organisations, by We Effect global financial inclusion office in Nairobi and by other organisations with long experience in the field. The methods were analysed in detail and compared see Annex 4. A summary of the results is presented in the table below.

Table 1. Methods for saving and loan groups

Organisation and country	Method used	Comments/variants
MUSCCO Malawi	VSLA Hugh Allen adapted by MUSCCO date 2016	Community facilitators may be paid by VSLAs depending on VSLA's decision. It is an allowance per meeting.
AICC Malawi	VSLA Hugh Allen similar to MUSCCO, and the Field officer VSLF Training Guide	A Village Savings and Loan Federation (VSLF) is a second-level (apex) institution composed of between 5 - 10 VSLAs.
We Effect Malawi	VSLA Hugh Allen adapted by MUSCCO date 2016	
FONPA Mozambique	Manual de poupanca e credito	
ZFU Zimbabwe	Lacks a method.	
ZCGA Zambia	No previous experience	
Zambia Land Alliance	Different versions or adopted versions of the VSLA method.	Groups started by Plan International, World Vision and a Government section. Plan International uses the so called OSAWE and World Vision and the Government uses the Hugh Allen manuals.
Plan International Zambia	VSLA Hugh Allen. Method is called OSAWE Savings for assets and wealth creation.	Adaptations have been made to suit Plan's work. Also testing the master trainer approach in some areas.
We Effect Zimbabwe	Study Circle: Saving for Investment complemented by VSLA method Hugh Allen.	
We Effect Regional Office of East Africa	VSLA Hugh Allen 2007.	Recommends the use of bank account instead of cash box if possible. Other adaptations made in some regions.
Care Malawi	VSLA Hugh Allen 2019	
Care Zambia	VSLA Hugh Allen Version 1.04, 2011	
Care Zimbabwe	VSLA Hugh Allen	Group size smaller minimum 7 members. Piloting service from groups to cluster facilitator. Incorporated gender equality mainstreamed method.
CRS Zambia	SILC (Saving and internal lending communities)	VSLA origin with some adaptations. Main difference the private service provider.
Savenet Zambia	VSLA with master trainer	Combination between VSLA Hugh Allen and Saving and Internal Lending Communities (SILC) idea of private service providers. Motive: a sustainable model for creating new groups without project funding.

Out of the 16 organisations interviewed, 10 use the Hugh Allen's VSLA (Village Saving and Loan Association) method. The method was developed in 1991 within a CARE project in Niger⁷ and have been modified several times into different versions. The method is available for free on the home page

⁷ VSL.net. Initiated by Moira Eknes in CARE's Masa Dubara (Women on the move programme).

of VSL Associates, a group of independent practitioners working to spread the Village Saving and Loans Group worldwide. See <https://www.vsla.net>.

The VSLA Field Officer Training Guide and the Village Agent Training Guide have been developed over 16 years, through a collaboration with a number of agencies principally CARE USA, Chaars Livelihoods Programme (CLP), CRS, Oxfam America and Plan International. It is worthwhile to note that We Effect Palestine is mentioned as a contributor to the sharia compliant VSLA manuals developed in the West Bank⁸. The latest versions of the Field Officer and Village Agent Training Guides are 1.05 and 1.06. Older versions of the manual can be requested from VSL Associates.

Today Care and World Vision use the VSLA approach. CRS has developed the Saving and Internal Lending Communities (SILC) model stemming from VSLA model. The main difference between the two methods is that SILC includes a training of private service providers (PSP) to be able to start new groups and support existing groups against a fee/commission paid by the group. The Master Trainer Initiative of Savenet in Zambia builds on the PSP model from CRS. The last version of the VSLA mentions that depending on the project, the village agents can be certified and charge money for their services.

The We Effect global financial inclusion team in Nairobi recommends the VSLA method as well⁹. The VSLA method is being used by most We Effect programmes all over the world. The Zambia Land Alliance supported by We Effect Zambia, also works with the VSLA method. We Effect Malawi as well as the partner organisation for the Sustainable Cotton Project, AICC use the VSLA method. The Malawian VSLA method has been developed by MUSCCO, a large saving and credit cooperative supported by We Effect Malawi. The version used by MUSCCO is an earlier version of the VSLA manual compared to the 1.05 and 1.06. that Care has. Record keeping was modified to figure based.

We Effect Zimbabwe has long experience of saving and loan groups. Groups receive training on VSLA and use a study circle manual "Savings for Investment" for continued learning on savings in several of its projects¹⁰. The study circle manual "Saving for Investment manual is also present in We Effect Zambia but it has not been used by the Zambia Land Alliance included in this study.

In relation to the partner organisations of the Sustainable Cotton project, Zimbabwe Farmers Union and Zambia Cotton Ginners Association have limited experience of saving and loan groups and do not have any particular method. FONPA in Mozambique has started approximately 23 saving and loan groups using a Portuguese manual for saving and loans with similarities to the VSLA approach but more limited.

2.1. Analysis of the methods: VSLA model Malawi, FONPA's and We Effect Zimbabwe

As shown in the previous section, there are different methods for saving and loan groups used by We Effect that could be applied in the Sustainable Cotton Project. The methods are the VSLA manual from Malawi, FONPA's manual and the study circle method used by We Effect Zimbabwe. The latest version of VSLA manual could also be an option. In order to recommend the method or methods for saving and loan groups, the consultant has made a detailed comparative analysis of the methods enclosed in Annex 3. The results of the analysis are summarised below.

⁸ VSL.net. Simplified Field Officer's Training Guide - Sharia compliant.

⁹ We Effect's Global financial inclusion team based in Nairobi recommends the use of the VSLA method to start saving and loan groups. However it is not a strict rule that has to be followed by all country offices.

¹⁰ We Effect Saving for Investment Study Circle method, the FONPA's Portuguese manual and the VSLA manual used by We Effect Malawi are analysed in detail in Annex 4. A summary of the analysis is presented in the section 2.1. below.

2.1.1. VSLA Field Officer Manual used by MUSCCO and WE EFFECT Malawi

MUSCCO utilises the VSLA Field Officers Manual, a version dated 2016 with some adaptations made by MUSCCO. We Effect also used this model in the implementation of the Malawi Lake Basin Programme. We Effect Malawi promotes this model to its partner organisations. AICC has a similar manual. The model has the following characteristics:

- Groups are made up of 10-25 members (in practice minimum is 15 members).
- Voluntary and independent groups with self-selected members.
- Association meet weekly, fortnightly or every four weeks to buy shares i.e. save and take loans.
- Associations are comprised of general assembly and a management committee. The Assembly elects the management committee and re-election should be done each saving cycle.
- Each association has a constitution signed by all members and remembered.
- Members receive 1 to 5 shares when saving. Value of shares is fixed during one cycle and can be changed in subsequent cycles.
- All members have an individual passbook.
- No Association keeping ledger - only starting and closing balances of Associations social funds and loan fund are recorded, mainly through memorisation at each meeting,
- Cycle of savings and loans are time bound and decided by members. Savings are shared out at the end of cycle.
- First loan is made after 10 weeks in the first cycle.
- All members have a right to a loan. Maximum size of loan (3 times member's current saving). Loans are made every four weeks.
- Loan period is 4 to 12 weeks in 1st cycle, in subsequent cycles maximum 6 months.
- A service charge (interest) on loans is decided by the association and paid monthly.
- Association does not fine borrowers for late payment. The shame should be enough.
- Money is kept in heavy duty cash box with three padlocks.
- Associations can create a social fund. The fund can be used for emergency assistance, funeral expenses, and educational costs for children. Anyone who needs money asks and the General Assembly decides. Social fund is separate from the loan fund and not shared out at end of cycle.
- Suspension of share-purchases/savings can be made for a specific member experiencing financial difficulty. But loans must be repaid.
- At end of the cycle, loans should have been paid back and the savings are shared out based on the number of shares per member. Social fund is not shared out.
- At the end of the cycle members can decide to leave the group. New members can be admitted.

Groups are started by field officers and community facilitators from MUSCCO. There are three different timelines to start groups depending on how often the VSLA will meet. The training and monitoring contents are similar for all timelines but the number of meetings attended by the field officer or community facilitator varies:

- Weekly - 27 out of 53 meetings attended by field officer.
- Every two weeks - 21 out of 28 meetings attended by the field officer.

- Monthly - 15 out of 17 meetings attended by the field officer.

The group formation consists of four phases (Preparatory, Intensive, Development and Maturity), each with specific training and monitoring activities to be undertaken. The phases are summarised below:

1. The Preparatory phase lasts 1 to 3 weeks and includes:
 - a. First meeting: orientation of community leaders and administration officials.
 - b. Second meeting: introducing VSL to the community.
 - c. Third meeting: preliminary meetings with clustered groups of potential participants.
2. The Intensive phase comprehends most of the actual training of the VSLA. The modules 1-5 should be given in between 5 days and two weeks. Modules 6-8 are given over 8 weeks and module 9 is provided at share out/action audit.
 - a. No. 1: Groups, leadership and elections
 - b. No. 2: Policies and rules for social fund, share purchases/savings and credit activities
 - c. No. 3: Development of Association's constitution
 - d. No. 4: Record keeping and how to manage a meeting
 - e. No. 5: First share-purchases/savings meeting
 - f. No. 6: First loan disbursement meeting
 - g. No. 7: First loan repayment meeting
 - h. No. 8: Daily slot savings
 - i. No. 9: Share-out/action audit and graduation
3. After the 8 training sessions, the field officer conducts a change of phase assessment to analyse the VSLA's development. The format to use is enclosed in the manual.
4. The third phase for the start-up of a VSLA is the Development phase lasting 18 weeks. The purpose of this phase is that the Association takes over full responsibility for running the meetings while the field officer or community facilitator acts more as a consultant and supports the VSLA when needed. The field officer or community facilitator undertakes monitoring visits to see that the VSLA is working well. At the end of the maturity phase, another change of phase assessment is made.
5. The final phase for establishing a new VSLA is the Maturity phase ending with the share-out/auction audit of the savings. This is also the culmination of the first saving and loan cycle. The field officer or community facilitator monitors the VSLA at two occasions during the Maturity phase and he/she also participates in the share-out/auction audit meeting. In this meeting there is a ceremony to mark the independence of the VSLA. After the share out, a new saving and loan cycle is started and the group should work independently. The VSLA manual does not cover activities from cycle two and onward, but MUSCCO provides periodic monitoring and support to the VSLA.

Tools and formats are enclosed in the annexes to the VSLA field officers manual. A guide for meeting procedures, a template for the VSLA's constitution, a format for the work plan of the field

officers, an evaluation format for change of phase of VSLAs¹¹, a report for field officers' work, and an impact evaluation matrix.

2.1.2. Conclusions on the MUSCCO and We Effect Malawi VSLA manual

The MUSCCO VSLA manual is well structured and easy to use with specific steps and contents to present to the VSLA by the field officer or community facilitator. The manual has been validated for several years. MUSCCO seems to have a well defined organisation structure for implementation including both continuous training of community facilitators and field officers as well as monitoring of the implementation and results. Community facilitators are non-employed volunteers but carefully selected against specific criteria and also remunerated through allowances at training session which could represent about 100 days of pay for manual labour in rural areas per year.

MUSCCO and We Effect Malawi do not use the last version of the VSLA manual. The last VSLA version is about 40 pages shorter and consists of 7 trainings. The daily slot saving training is not included. Each training module is shorter, the case stories have been excluded and explanations are much shorter. The supervision tool of change of phase is not included in the manual. Instead it is replaced of the data collection form for the SAVIX MIS system promoted by VSL.

2.1.3. FONPA Manual de Poupanca e Crédito

FONPA in Mozambique has developed a saving and loan manual to support its member cotton farmers with support of Sida and We Effect. The manual is 48 pages long and consists of principles for saving and loans followed by 8 sessions to start a saving and loan group. The annexes include a glossary to define key terms and a format for the internal regulation.

The content of the manual is based on the VSLA, SILC or comparative method for saving and loan association or groups. However FONPA's manual is shorter and less developed. It covers most of the topics but lacks some important steps and trainings. The manual does not include the three preparatory meetings to communities and potential group members that the VSLA has. The content of the constitution is covered but the manual does not contain a specific part where the constitution is written down and remembered by the members like in the VSLA. There is no information about the steps how to conduct neither a meeting nor practicing doing a meeting with the field officer/community facilitator/village agent. There is no training on how to fill out passbooks or ledgers. Furthermore, there is no specific training on how to conduct a savings meeting. But the share out change of cycle meeting is more detailed. The manual also includes sanctions if a specific member does not pay¹².

FONPA manual does not define how, when and how long the trainings are, or how the group should be monitored through participation in the meetings. Monitoring and process evaluation of the groups are not mentioned in the method and the manual. It does not include the organisational and staffing parts of starting a saving and loan group.

FONPA's manual also lacks some useful annexes that can be found in the VSLA method the version utilised by MUSCCO such as a guide for meeting procedures, a work plan format for field officers, an

¹¹ Association health diagnosis and change of phase form.

¹² FONPA self assessment detected some weaknesses in the groups that could depend on the missing parts in the method outlined above.

evaluation format for end of cycle of VSLAs, a report for field officers work, and an impact evaluation matrix.

2.1.4. *Conclusions and recommendations method for FONPA*

The overall conclusion is that FONPA's manual is similar to but less directed than the VSLA manual and that it lacks some important parts of the method such as passbooks and monitoring of groups through participation in the meetings during cycle 1 and the process evaluations to assess the group's performance.

The VSLA manuals for field officers as well as the one for community agents are available for free download in Portuguese at <https://mangotree.org/Resource/VSLA-Field-Officers-Training-Guide>. English versions are also available of the VSLA manual at the same webpage and at the VSLA homepage. To receive an older version similar to MUSCCO, contact VSL email: hugh@vsla.net.

FONPA can either decide to take on the VSLA manual or continue with its own manual but adding what is lacking as described above. (The three preparatory meetings, the savings meeting, the passbook etc, the change of phase supervision/monitoring and the useful annexes found in the VSLA manual used by MUSCCO mentioned above.)

2.1.5. *The We Effect Savings for Investment study circle material*

We Effect Zimbabwe has together with the global financial inclusion advisor and team based in We Effect East African office, developed a study circle material for starting saving and loan groups. The study circle manual is called: *Savings for Investment*. The manual has been made under the GREEN Enterprise and Business Development Programme (GREEN EBDP) funded by Sida/Embassy of Sweden in Zimbabwe. The version sent to the consultant is dated 2019. Hundreds of saving and loan groups have been formed with this study circle material.

Based on the consultant's interviews the situation is the following: the VSLA manual is promoted by We Effect global financial inclusion advisor and her team. The VSLA manual is used by We Effect Malawi and in most other We Effect programmes in the world. The study circle manual "Saving for Investment" is referred to as the main manual to start saving and loan groups by We Effect Zimbabwe and also by We Effect Zambia¹³. According to information from We Effect Zimbabwe and Zambia, in addition to using the study circle manual, they also use the VSLA manual for saving and loan groups.

In Annex 3 of the report, there is a detailed comparative analysis between the Saving for Investment manual and the VSLA manual.

The Saving for Investment study circle material consists of 12 sessions made as study circle material. The Saving for Investment manual has partly similar contents to the VSLA and SILC manuals, but the study circle manual is a less directed method compared to the VSLA and SILC models. The latter two consist of specific steps for starting saving and loan groups through predefined trainings and monitoring conducted by the field officer or village agent/community facilitator to the groups. Field officer and village agent/community facilitator are trained in each of the modules to start saving and loan groups.

¹³ Both the We Effect Zimbabwe and We Effect Zambia have provided the consultant with the study circle manual Saving for Investment as a response to the request on the the model used for saving and loan groups.

The Saving for Investment Manual is due to its concept of study circle a more flexible and participatory method. This is described in for example section 1.2 of the manual: *"a study circle is a group of 8-16 people who meet regularly to learn about a topic together. During the meetings, group members share ideas and learn about new things to improve their skills and knowledge. At once or twice per week per week during, 8-16 weeks, to study a topic for about two hours."* The flexibility of the study circle method is further described in section 1.6. *"Making the study learning plan of the manual, which indicates that the participants define what topic to study, the frequency of sessions, what topics to study and who shall do what in the group, and where more information can be found on the study circle topic"*.

The flexibility of the study circle concept is reflected in the Saving for Investment manual, for example: the definition of the constitution is made through a group work where members two and two discuss about 40 questions regarding possible contents of the constitution. The pairs should then present their draft constitution to the group. After the presentations, one or two members are asked to put together a final constitution (page 44). It should be noted that the study circle manual does not cover the group's decision to adopt a final version of the constitution.

In the VSLA manual, the constitution is developed in Module 3 and it contains 5 concrete steps led by the field officer (or organiser) through which the constitution is defined and approved. The process also permits members to discuss items in the constitution, but there is a predefined format for the constitution and also some fixed rules. All of this facilitates the discussion and makes it easier to develop the group's constitution.

The Saving for Investment manual is not sufficiently specific on some topics e.g. how saving should be done, how the money should be kept. Most importantly, the study circle manual does not cover the vital step for how to share out savings, i.e. how to finalise a saving cycle.

Another disadvantage of the study circle Saving for Investment study circle manual, is that it does not cover the actual start up of and monitoring of the first meetings of the saving of loan groups. The group is trained in different topics related to saving and loans, but the method does not include that the group is started and receive more training and technical support. The manual has a format for monitoring of groups, but it is not described how, when and whom should use it. The VSLA manual on the other hand, contains 9 trainings, 4 of them before the start up of the group. Thereafter the group initiates the saving meetings and the field officer/facilitator is present in some of the meetings to support and monitor the group. Five more trainings are given during the first year of saving, all of them directed to train the group in the actual process. Further training is done before the first loans should be paid out, followed by presence in some meetings and a final training at the end of the first cycle when savings will be shared out. The VSLA manual used by MUSCCO contains specific and practical monitoring a so called change of phase assessment to assess the progress of the group during the first saving cycle. On the whole, the VSLA manual is an easier tool to use to form new saving and loan groups compared to the study circle manual.

Another limitation of the Saving for Investment study circle manual is that parts of the content are too advanced for the target group of the small-scale cotton farmers living in poverty. For example the investment chapter talks about buying shares in companies, the need to have business plan to make a loan. Other examples of too advanced content for the target group in the Cotton project are: the amortization chart of the group explained in session 5, the group should manage five different written records keeping. (As mostly illiterate, record keeping is difficult and should be kept at a minimum). It should be noted that record keeping in Zimbabwe is easier due to high levels of literacy. Session 6 in the study circle manual Saving for Investment details the growth of ISAL groups covering topics such as group systems, governance, impact and sustainability of group activities, stages of an ISAL group

etc. This session also appear not to be in line with the reality, experience, and knowledge of the Cotton Project target group.

Due to the above reasons, the VSLA manual is considered to be an easier and more adequate method to start village saving and loan groups within the Cotton project. It should be noted that none of the actual partner organisations in the Cotton project have used the study circle manual so the recommendation does not mean that they will have to change method. The ZFU and ZCGA do not have a specific method, FONPA has a method more like the VSLA than the study circle one, (and does not want to use the study circle method), AICC has used the VSLA in the past. Furthermore, VSLA is the model promoted by We Effect financial inclusion advisor team in Nairobi.

2.2. Conclusions and recommendations on method for saving & loan in the Cotton project

The conclusion is that the VSLA method is the most adequate for the start up of a saving and loan groups for the target group of the Cotton project, i.e. small scale women and youth cotton farmers living in poverty. The advantage of the VSLA method is that it steers the group through the process of start-up and to become operational through specific trainings including rules and other information needed for the saving group. It also contains adequate monitoring of the groups. Compared to the study circle manual on Saving for Investment, the VSLA manual is easier to use. Furthermore, the content of the VSLA manual is more adequate for the target group of the Cotton Project. VSLA, SILC and the World Vision manuals have been used to form thousands and thousands of groups in many different countries and been validated several times over. It is also promoted by We Effect global financial inclusion advisor in Africa.

It is not recommended to use both the VSLA manual and the study circle manual Saving for Investment to the same farmers community group in the Project. This since the VSLA manual is sufficient in itself to form VSLAs. Moreover, if both manual are used there is a risk to confuse groups, topics will overlap and parts of the content of the study circle manual is too advanced for the target group. It will also be a waste of resources to use both methods.

There are different versions of the VSLA manual. CARE seems to use the latest version while MUSCCO, We Effect Nairobi and Malawi promote an older version. The older version is more elaborate and includes monitoring of the group, compared to the latest versions of the manual called 1.06 from 2015, available for download. The consultant recommends We Effect to use the older versions of the VSLA manual like MUSCCO's or We Effect Malawi to start with. Earlier versions of the manuals in other languages are available upon request to hugh@vsla.net). When having used this version of the manual, the newer one can be tried.

The consultant recommends We Effect to use the VSLA manual of MUSCCO as the starting point. National minor adaptations to the manual should be made as part of the training of partner organisations see section 4.7.1.

As stated above, FONPA can either decide to take on the VSLA manual or continue with its own manual but adding what is lacking in the manual.

3. FINDINGS FROM NATIONAL SELF-ASSESSMENTS

The national self-assessments were conducted by five partner organisations, three of them participate in the Sustainable Cotton project and two, MUSCCO and Zambia Land Alliance were selected by We Effect to participate in the exercise.

The national self-assessments involved analysing key features of saving and loan groups such as:

1. Members, savings, loans and emergency fund
2. Impact of COVID and government control measures
3. Members perceived benefits of saving and loan groups
4. Organisation and administration of saving and loan groups
5. Linking saving and loan groups to other organisations
6. Monitoring groups and other training needed
7. How to promote women's and youth participation
8. Analysis of the method for implementation of saving and loan groups
9. Staff and other resources to improve the results of the saving and loan groups

The data from the reports and national workshops have been analysed by the consultant and is presented in Annex 5 of this report. The findings from the national self-assessments are presented in both this and the following chapter. As stated before, the findings should be considered as an illustration of what saving and loan groups can be, rather than a statistical representation of what these groups are.

In general, the participating organisations appreciated the national self-assessments. MUSCCO said that the assessment was: a good experience and helped to measure progress, identified gaps, monitoring, and mentoring of groups. It can be a way to measure impact on VSLA efforts.

ZFU mentioned that the self-assessment was an eye opener and allowed self-introspection, it helped them to identify gaps. ZFU will apply the knowledge gained in all VSLAs in the cotton project and outside and adopt VSLA approaches to Zimbabwean context. The self-assessment will be repeated as the cotton project will be implemented.

Zambia Land Alliance found the self-assessment interesting and that it was an opportunity to have an overview of how the savings groups were performing and helped to identify any training needs.

The self-assessment proved to be an interesting and beneficial learning process for the partner organisations. All of them, including experienced ones like MUSCCO came up with operational recommendations for how to improve the method and support to saving and loan groups. Further, several of them tested this method of operational monitoring as a tool to improve processes and results in projects. Similar operational monitoring can be used in all sectors.

3.0.1. Recommendations on national assessments

The consultant recommends We Effect to consider using similar self-assessment exercises in other projects in order to monitor, evaluate and improve methods, results and impacts for the poor.

Moreover, partner organisations can be taught the tool of self-assessment or process monitoring as part of We Effect's capacity development. This will strengthen partner organisations' capacity to analyse and improve their own work without having to rely on external consultants.

3.1. The group composition and their savings and loans

Basic data from the visited groups are presented in the table below¹⁴.

Table 2. Group data

Organisation	AICC	MUSCCO	ZFU	FONPA	ZAMBIA LAND ALLIANCE
No Groups visited	6	9	7	6	5
Average member size	23	19	22	22	19
Membership development since start up	No change	14% increase	1% decrease	22% increase	26% increase
Percentage female members	78%	72%-80%	Above 90%	64%	78%
Percentage youth members (15-35 years)	14%	55%	16%	31%	31%
Average USD saving/member previous cycle	USD 142	USD 38	Savings vary	USD 74	USD 56
Maximum USD saving/member	USD 425	USD 49	USD 1,026	USD 322	USD 134
Minimum USD saving/member	USD 25	USD 18	USD 32	USD 43	USD 22
Average USD loan/member	USD 142	USD 22	No information	No information	USD 71

The visited groups were between 19 and 23 members of whom the majority were women ranging between 90% to 64%. Youth also participate in saving and loan groups, but to a varying degree with MUSCCO having an average of 55% youth and AICC the least share of youth (14%).

Women are particularly active in village saving and loan groups. Statistics from different organisations indicate that women constitute most of the members: Savenet Zambia national statistics show that 76% of members were female. The CRS regional office indicates that 75% of the SILC members were women and that youth were also a significant proportion¹⁵. Savenet Zambia national statistics indicate that 17% of the group members were youth. A large share of male group members fell into the youth bracket.

All the groups visited in the national self assessments had been able to continue after the first formation year. The visited groups appear to have a positive membership development. For three out of five organisations, the visited groups have increased their membership since the start up. In Zimbabwe, there has only been a slight decrease and the AICC groups in Malawi have the same number of members¹⁶. The results were limited to the groups included in the national self assessments, but the findings were in line with information received from other interviewed organisations like

¹⁴ The data presented only represents the visited groups and were collected to help the analysis of the methods used for starting saving and loan groups. The data is not representative for all saving groups.

¹⁵ CRS definition of youth was up to 35 years old, a similar age bracket as used by the Cotton project.

¹⁶ Due to the nature and time limitation of the investigation it is not possible to know why the visited groups had a slight decrease. This may also be a coincidence since the study only included a sample of groups.

CARE, CRS and Plan International indicating that saving and loan groups were in general liked and in demand by the population.

The average saving per member varies between countries, organisations, and groups. On average members save between USD 142 and 38 during one cycle. The strongest groups have average savings per member of from USD 1,026 to USD 49. The lowest savings were between USD 43 and 18. Average loans per member per cycle vary between USD 142 and USD 22.

When interpreting this data it is important to consider that the data covers the previous cycle of saving and loans taking place in the midst of the COVID pandemic. As will be seen later, the COVID and the control measures implemented have had a severe impact on the poor and their income from small businesses and other type of income. Probably, the savings and loan amounts are higher in more normal years.

Savenet in Zambia mentioned that the annual savings per member for rural farmer groups can be between Kwacha 3,000 (SEK 1,386) for weaker groups and up to Kwacha 10,000 (SEK 4,260 for stronger groups). Loans can according to Savenet be Kwacha 800 to 1,000 (SEK 370 to SEK 460) per member.

Although in some cases, the saved and credit amount appear to be small, we have to consider the economic situation of the person saving and making a credit. According to the respondents, the saving and loans help them to improve their lives and invest in income generation activities, business, or agriculture.

3.2. Reasons for and benefits of participating in saving and loan group

Members' reasons to participate in a saving and loan group were quite similar in all the countries and can be summarised as: improved livelihood through access to funds for business activities, agricultural inputs, small livestock, school fees for children, house improvements, emergency situations but also for utensils and food consumption. A large majority of members use their savings and loans for businesses and income generation including farming, small stock etc. (See tables 2 in Annex 5).

Other reasons for participating in the saving and loan groups were: to have a saving and loan platform with low interest and to make interest on your money, and also to share ideas, being together, receive peer encouragement, have access to social security and to enhance unity among community members.

Most groups had emergency funds available for members in crisis situations. All visited groups considered that the emergency funds were very important.

The importance of village saving and loan groups for the poor was also mentioned in the interviews conducted by the consultant. Through the groups saving and loans the members were able to buy agricultural inputs, start business activities, pay school fees, pay for health needs, house improvement as well as things to consume. As stated by an interviewed senior CRS staff: "*the groups help the poor to be able to leave the worst part of the poverty trap*". The interviewed person at Care Zambia with years of experience of VSLAs explained: When the members are convinced, the village saving groups help a lot. Rural farmers in Zambia have seasonal income flow and, when they have money when they sell their crops, they do not have a form to manage money, the saving helped to put money aside for the next agricultural season. They saw a difference when they had a saving group, they were able to save money. Share out structured so that had money for the agriculture and the school fees. There can

be more stability of income of households. Because the members had readily available income to buy input that helped to grow more and then sell more and they have more income.

3.3. Organisation and financial management of saving and loan groups

All the visited groups had management committees but the functioning of the committees varied. There were also differences in the existence and use of constitutions regulating the group's work. The partner organisations' conclusions and recommendations on how to assure adequate organisation and management in the saving and loan groups are shown in the tables:

Table 3. Conclusions regarding management committees and constitutions

Organisations	Conclusions and recommendations on management committee and constitution
AICC	For good progress in VSLAs, constitution plays a major role. From the six groups who participated in the study, they seemed to be coherent because of the strong constitution each group had. One group in Salima, Lifuwu, managed to lend out and collect savings of about \$10000 in one circle. No defaulters were registered in that circle. This achievement was attributed to strong constitution. Management committee should be re-elected with time so that saving and credit groups are not taken over by a limited group.
MUSCCO	Indeed a good VSLA needs to have the leaders to manage the group transactions. The VSLA management is needed to drive the VSLA to achieve the visions the members hold for the VSLA. On the hand, the VSLA committee plays a great role in keeping the funds of the group safe and recorded to ensure that the sharing out process is conducted smoothly without challenges. Besides, a VSLA also needs to have a well written constitution in order to have the members cooperating in VSLA transactions. Since the VSLA members come from different households, the likelihood to have different behaviours cannot be ignored. Therefore, to ensure that all are doing the same things, the constitution is there to guide them all.
ZFU	There is need to help the groups draft robust constitutions. Each member must have a copy and this must be emphasized and repeated in meetings to ensure compliance. The groups' management committees need restructuring
FONPA	1. There are regulations in groups but are not properly designed because there are many gaps and most of them are not written down. 2 Some elected leaders do not understand well their roles, some members have low school level, 3. The groups are informal, not formally registered. As recommendation: 1. Training of management committee in Saving and Loan method, 2.provide saving and loan manuals, 3. regular monitoring to assist the groups
Zambia Land Alliance	Having a management committee is key in ensuring that guidelines on how to successfully run a savings group are followed. The management committee represents the interests of the group members hence it is important that they are democratically elected. For the constitution to work well, all members should have input in developing it. This ensures that consensus is reached on how the group can effectively run. The management committee should be thoroughly oriented once they are elected so that they understand their roles and group expectations.

The partner organisations' conclusions and recommendations regarding administration and financial control are shown in the table:

Table 4. Administration and financial control

Organisations	Conclusions and recommendations on administration and financial control
AICC	All VSLAs had their books well filled in. Most of the Secretaries for most VSLAs have been on that position for over one circle. Most of them have gained enormous experience in record keeping hence the good record keeping in most groups.
MUSCCO	Safety of the funds is a key aspect that always a VSLA should ensure that is upheld. The funds of the VSLA preambly need to be kept with a treasurer whose home security is assured. Funds are put in the cashbox and that contains three locks. Once the funds are deposited in the box, the box has to be locked and the keys are given to other 3 different members so that the treasurer should not even have access to open the box. If there are more money in the box and the VSLA members are worried of the security of their funds, it is also encouraged that the VSLA should open account with financial institution (i.e SACCO). Records are also important in the VSLA to assist the members ably make share-out's with

	minimal challenges. The VSLA members need to be trained further on how they can write in the ledgers as well as passbooks.
ZFU	Recommend groups to use cash boxes, have three key keepers, lend all the money in one meeting
FONPA	1. The groups had means to record keeping but not in proper individual passbook and general record keeping book, 2. The groups knew the rules to keep the funds but keeping the money in the house was not safe particularly for those groups that saved a lot of money, 3. Some groups had no proper Box/ Safe to keep the money. Recommendation: 1. The groups and members should have the right material for record keeping, 2. The groups need to be formalised in order to have access to banks to keep the money, 3. Assist the groups with proper safe box. <i>Consultant's note: formalisation of saving and loan groups was not a priority at this point. More important to strengthen the training to groups in administration and financial control adhering to the VSLA method.</i>
Zambia Land Alliance	The groups visited had their records well documented in their ledger books. The ledger books contained the loans book, social fund book, fines book, savings book and cash book. This method of keeping records is recommended because it enables the group to keep records according to the transactions that have taken place in a particular meeting. However, one of the groups lets the members go with their passbooks which was not a good practice because the records can be a mismatch between the ledger and the passbooks.

Weaknesses detected in some of the groups of ZFU and FONPA in relation to management committees, regulations, record keeping and funds can be explained by that they have not implemented all the steps in their own method, (FONPA) or in the case ZFU, has not had access to the VSLA method.

Formation of management committee, development of the regulation, cash box, individual passbooks and ledgers are standard features of a well functioning saving and loan group. The VSLA manual recommended for the use in Sustainable Cotton Project, contains specific trainings for these topics and they are also part of supervision and monitoring of the groups.

3.4. Improvement of the methods for saving and loan groups

After the visits to the groups, the partner organisations analysed their methods to start saving and loan groups. The partner organisations draw the following conclusions and recommendations:

AICC: "The method is adequate to do VSL groups as it helps in enhancing poor people's capacity to build their assets through savings. Engagement of secondary financial cooperatives to act as financial capital provider and risk minimizer through provision of security to their funds. Linking needs to be promoted to the groups."

MUSCCO: "All the steps (in the method) have been completely undertaken. However, there is a need to conduct further training on the same to the VSLAs to ensure that they fully practice the method. There is a need to include the study circles in our method so as to let the members discuss various topics of their concern including financial issues in so doing imparting knowledge on each other."

ZFU: "Improve (in our method) record keeping with ledger, security of funds, improved monitoring and field coaching, linking with financial institutions. Define number of members per group, define maximum loan size." In addition ZFU made several recommendations on how to improve their method after comparing it to the VSLA model.

FONPA: "Internal regulation is not undertaken by the groups probably since they do not get assistance due to staff limitation. Our method is adequate because it has many similarities with other method being used in the country. The manual is very simple and understandable. Probably there is need to simplify some financial terms that might confuse the groups. Insert more images from different stage of cycle to make it more attractive to the members, picture of passbooks, keeping books, create audio

material in local language for those who can not write and read. Also link the VSL to government literacy program. Provision of initial basic kit (VSL book, passbooks, record book, safe box) to most vulnerable groups. Provide assistance to the advanced groups to get legal register."

In addition to the above, FONPA also detected that they did not implement all the steps in the method, 3 out of 8 trainings were not done or not sufficiently done,

Zambia Land Alliance: " VSLA method. All stages outlined in the method have been undertaken. Use simple ratio in the calculation of shares. At the moment, we would recommend the method we are using because it is easy to follow by community members. Further, the method is adequate because all the groups that were visited or we interacted with use this method and their saving groups are running smoothly. Some of them started as far back as 2018 so they have done a number of cycles with no difficulties. What you may want to do is to just emphasize on the need to keep record clear and easy to understand by everyone."

3.4.1. Conclusions and recommendations

MUSCCO, AICC and Zambia Land Alliance all use the VSLA method. The recommendations made above are practical and will improve their method and the results achieved. However, as will be discussed in section 4.4. of the report, the focus of the Sustainable Cotton Project is to start new saving and loan groups, therefore the recommendation from AICC on linking as part of the method, is not relevant for the Project. The legal formalisation of advanced groups recommended by FONPA is also outside the scope of the Project.

FONPA as well as ZFU have not implemented a full VSLA method. FONPA's own analysis is that 3 out of 8 steps with training and assistance to groups are not undertaken. ZFU has not had access to VSLA's method or any other particular method.

4. FINDINGS ON IMPORTANT METHODOLOGICAL CONSIDERATIONS

In chapter 2 of the report, it was recommended that the Sustainable Cotton project should use the VSLA approach to form saving and loan groups. In this chapter, additional methodological and operational considerations for the VSLAs within the Project are discussed.

4.1. Saving and loan groups within the Sustainable Cotton Project

Saving and loan groups are part of the Sustainable Cotton project design, included both in the Project document and the proposed model to attend community based groups of cotton farmers in the Boman, Chitsungo, Sekamatte study of 2020¹⁷.

This consultancy study confirms that saving and loan groups are important to achieve the results of the Project. Interviews with Care, CRS, Plan and We Effect show that saving groups are formed in many different types of projects (health, agricultural, economic development) and that the groups are attractive for the target group and serves as a good entry point to organise for other project interventions.

All interviewed persons as well as the result from the national self-assessments indicate that village saving and loan groups are beneficial to improve income and the lives for people living in poverty. However, like any measure, saving and loan groups will not solve all their problems, nor bring them up to middle class. But out of the many measures tried in development cooperation, the method seems to reach good and concrete improvements of the lives of the poor.

As mentioned in chapter 3, the savings and loans are mostly used for investing in income earning activities such as agricultural inputs or a business. VSLAs can therefore help cotton farmers to have funds to buy inputs for cotton production and also to start other businesses. Since, most of the farmers have little access to finance (no banks, no MFIs around),

Saving and loan groups appear to be liked particularly by women, and reported results include increased income, start-up of businesses as well as empowerment in general. Women are often strengthened through the participation in VSLAs. The other important target group for the Project is youth. Although youth participation in saving and loan groups is lower compared to female participation, data from the national self-assessments indicate that between 14% and 55% of members in the visited groups were youth. Three out of five organisations, had more than 30% youth membership in the visited groups.

Both women and youth participation in VSLAs will be important for the Project to achieve supporting the expected target group of women and youth cotton farmers. In the national self-assessments the partner organisations made recommendations on how to promote youth participation in the saving and loan groups, and hence in the Project. AICC emphasized the importance of promoting financial literacy to youth, MUSCCO suggested to include sport activities in the VSLA: "Inclusion of for the youth attractive methods like mobilizing them in the clubs and supply sports related materials to them so that after buying shares they should be engaging themselves in the sports".

ZFU recommended to use affirmative actions like quotas to promote youth participation, and to make public success stories and peer learning on youth and VSLAs. Youth leadership in VSLA was also

¹⁷ Boman, K., Sekamatte, B., Chitsungo, D., (2020). *Study on Cotton Certification and Marketing*. We Effect, Regional Office of Southern Africa: Lusaka.

suggested as well as the importance of business opportunities for youth related to value added of cotton or other activities outside cotton.

FONPA called for adaptation of the manual to ensure youth participation, while the Zambia Land Alliance proposed to form specific youth based VSLAs to encourage participation.

Information from most of the interviewed persons as well as in the conducted workshops, indicate that participation in the saving and loan groups are very beneficial for women, to empower them, to have access to money, to start businesses and to get support from others. The main risk identified concern the power over money. The majority of the interviewed key informants mentioned this risk while some persons did not consider it to be a problem. But overall, it can be concluded that women and youth can face similar risks/problems when handling financial resources in a patriarchal society and family structure. Several of the interviewed persons indicated that female VSLA group members have a risk to loose the decision over their saving and loans from the group. Youth can very well have similar problems with the money taken away from them by the "family head", in most cases a man.

The Project strives to support women and youth cotton farmers meaning that it *should* make sure that they are the ones controlling and benefiting from savings and loans, as well as the income from sold cotton. Naturally, they are not independent from their family, and some of the generated income should also support children and other family members. The women and youth may also discuss the use of funds within the family. But in order to empower women and youth, the Project should support them to keep control and decide over savings and loans from the VSLAs as well as the income from their cotton production. This will require some adaptations in the VSLA method, like specific rules in the constitutions, as well as particular trainings of the VSLA members as well as additional information or meetings with community leaders, husbands, fathers, parents etc.

4.1.1. Conclusions and recommendations

Saving and loan groups are important for the Cotton project as well as for the cotton farmers particularly women and youth. Saving and loan groups can strengthen the farmers, increase their income and facilitate savings and loans for investment into cotton growing as well as other income generation activities. Since the cotton farmers have limited access to capital like micro credits, VSLA can play a crucial role in the Project.

VSLAs as the recommended approach should be offered to all organised groups of women and youth cotton farmers in the Project. If the farmers already have saving and loan groups, these could be strengthened by the Project.

The saving cycles of VSLAs should be coordinated with the cotton growing season so that share out of savings coincide with the period when farmers need to finance cotton production inputs or labour. The possibility to save in the group should be available when income from cotton sales is coming in.

To involve more youth in VSLAs a variety of actions can be taken. Specific VSLAs for youth can be started and linked to activities that attract youth like for example sports. Other support include financial and business training to increase the success of the investments made by the youth. Other actions could be public successful stories of youth and VSLAs, organised peer learning, train youth in VSLA leadership and affirmative actions such as quotas of youth in VSLAs.

In order to empower women and youth, the Project should make sure that women and youth keep and decide over savings and loans from the VSLAs as well as the generated income from their cotton

production. This will require some adaptations in the VSLA method, like rules in the constitutions, as well as specific training of the VSLA members and additional meetings with community leaders, husbands, fathers, parents etc. The exact measures should be developed based on the particular culture and context.

4.2. Monitoring of groups

The VSLA method in the version used by MUSCCO includes supervision (monitoring) of the group as well as the implementing staff during the first saving cycle. The VSLA manual specifies the following monitoring and supervision:

- Two change of phase assessments by the field officer using associations health diagnosis and change of phase form,
- Monitoring (participation) in some of the group's meeting by field officer and or community facilitator,
- Supervision /evaluation of the group by the field officer supervisor.

Several of the Care offices seems to use a later version of the VSLA manual in which the change of phase monitoring is not as explicit and the format for health diagnosis of groups is not included. But supervision and presence of group meetings are still mentioned in the manual. Interviews with Care as well as with CRS, indicate that they have a system for monitoring the progress of VSLAs and staff performance. The frequency of visits during the first cycle is formalised into number of visits and how often. As can be seen in the table most organisations supervise and supports groups twice a month, monthly or every two months during the first cycle.

Table 5. Monitoring and supervision of VSLAs and staff

Organisation	Monitoring
Care Malawi	Groups formed by field officer visited not less than 12 times first cycle. Village agents also monitor group meetings, at least 12 visits cycle 1.
Care Zambia	1 year cycle visits made every 2 weeks, 1 a month or every 2 months depending on the situation of the group. Monitoring visits continue in cycle 2 once a month FO and village agent also. 3rd cycle groups are graduated and not monitored. Call the village agent if need support.
Care Zimbabwe	Use VSLA format. First cycle (18 months first 4 months: Monitoring monthly VSLA officer if they have cluster facilitators, without them they go every meeting. After 18 months is graduated. CARE connects the VSLA to government and private sector for support after project stopped.
CRS Zambia	Field agents supervisors monitor groups every week first month, during 3 month every 2 weeks. In year 2 no monitoring. Field agents can come to groups. Use SILC monitoring checklist. CRS USA - the PSP will check on the saving and loan group every few months in cycle 2.

Care Zambia and Zimbabwe and CRS in Zambia continue to monitor groups with less frequency during cycle 2 but from year 3 groups are graduated. In Zimbabwe Care also strives to connect the groups to other organisations. The monitoring of groups after graduation is also included in the last version of the VSLA manual (1.06 and 1.05) in which the village agents can continue to support the VSLAs after the Project has finished.

The partner organisations made the following recommendations regarding monitoring of saving and loan groups during the first and subsequent cycles:

AICC "The future monitoring exercise must include financial technicians from MUSCCO and other financial service providers. Groups are monitored by government agencies and NGOs."

ZFU: *"Monthly or quarterly monitoring of groups depending on their performance. Monitoring should be done by trainers and senior staff review approaches. This should be mainstreamed in budgeted activities and included as an important reporting item in the weekly/monthly reporting template. There should also be a communication link between the ZFU data base developer and individual VSLAs for periodic checks even on the phone. There may be need to solicit funds for this activity outside the project funds."*

FONPA: *"The monitoring to the group can be done at least four time during the initial phase. An excel local community members from VSL can be turned to village focal point . They should get further trained to assist the groups through the links to FONPA field officers."*

MUSCCO: *"Monitoring, supervision and mentoring of group is crucial to ensure consistency. Improvising on data collection should be done by using the GIS that would be picking the locations of the VSLAs so that easy follow up and monitoring is continuously conducted."*

Zambia Land Alliance: *"Systematic reporting by community agents should be encouraged. Monitoring should then be based on the reports to identify gaps and specific support needed. Monitoring should be done on a monthly basis so that records are kept in check as well as safety of the funds the members keep in cash boxes. Further, groups can be supported through training in entrepreneurial skills so that they can invest and manage their businesses better. They will improve and grow their income and also grow their saving power. There should also be scheduled refresher trainings for both community agents and saving group members. Monitoring should be done monthly when the group is learning. Then it can be done quarterly. It can be done by community agents who should also fill out reports."*

4.2.1. Conclusions and recommendations

Supervision and monitoring of the saving and loan groups are needed. The VSLA manual (MUSCCO version), has a good model that the Project can use¹⁸. The frequency of visits of field officers and community facilitators during the first cycle should be defined. More presence is needed during the first months. The VSLA manual has criteria to define the monitoring frequency for the first cycle.

Monitoring is also needed during cycle 2 and thereafter groups can graduate.

Field officers and community facilitators can do the monitoring. Formats for monitoring reports should be developed. Use the format for assessing groups for change of phase supervision and monitoring for cycle 1. Develop a simple format further monitoring of groups in cycle 2 and 3 that can be part of overall monitoring of cotton farmer groups at community level. Define the procedure for monitoring, who reports to whom, when, how is data used and for what actions.

Cycle 3 and onwards, the groups can have contacts with community facilitators to receive support when needed. Since the VSLA will be part of the Cotton project, it will be easier to monitor them in other contacts and trainings to the same target group.

A basic data system for monitoring of saving groups can be developed but should be incorporated into the overall monitoring of groups and activities in the Project.

¹⁸ See page 97 in the VSLA Manual: Association health diagnosis and change of phase form. The format has been validated and can be used as it is. Modifications can be made later if deemed necessary.

The need for specific data tool for monitoring of saving groups or for example reporting the VSL Savix monitoring system should be evaluated after two to three years of implementation of the saving groups. The focus now is to learn the VSLA and implement well functioning groups using a basic and easy to use monitoring system.

4.3. Additional training topics for saving and loan groups

Additional training, besides the saving and loan group formation, appears to be important for the development of the group as well as the members. The interviews with different organisations resulted in similar recommendations on this topic as seen in the table:

Organisation	Other training provided/suggested
MUSCCO	Once the VSLA is formed, the study circle is introduced to study other topics. Important trainings include financial inclusion, gender equality, financial service, marketing and production mostly agriculture. Other topics climate change.
Plan International Zambia	Depends on the project. Financial management 1-3 days. Gender transformative approach 5 days. Group dynamics. Agricultural and value addition in some projects.
We Effect Nairobi	Business development, bookkeeping, Financial literacy, Gender equality Leadership. Climate change.
Care Malawi	Financial literacy 3-4 days training SPM selection, planning and management training VSLA . 2-3 days. Household visioning training (2days) this is an integration of gender and VSLA
Care Zambia	Basic business skills done by village agents. 3 modules take 3 days Other organisations trains in women, health and nutrition
Care Zimbabwe	Financial literacy developed by CARE and the SPM five days training from VSLA - selection, planning and management for business activity. Gender equality is mainstreamed into method.
Savenet Zambia	Selection and planning of income generation activity. (SPM model VSLA). Basic entrepreneurship training. Financial literacy training. Training to link the group.
CRS Zambia and USA	Financial education. Business entrepreneurship training. Gender transformative training. In some projects: agricultural business, nutrition.

Similar suggestions for trainings to saving and loan groups emerged from the national self-assessments:

Organisations	Conclusions and recommendations on training of groups
AICC	Most of the VSLAs need training in business diversification and business management skills. Financial education
MUSCCO	The groups needs financial literacy trainings, leadership trainings, they also need to be drilled in VSLA methodology, study circles trainings need to be conducted as well and business management trainings. Gender Action and Learning System (GALS) is also incorporated to ensure that women participation in leadership positions is enhanced.
ZFU	No information provided.
FONPA	Women are well represented in the groups but need some literacy support and capacity building in general. Link some members specially women to national literacy program at local level. Lack of knowledge in entrepreneurship often inhibit to make sustainable investment. Training in entrepreneurship/Investment income generation initiatives. Training/refreshing of old and new groups on saving and loan method
Zambia Land Alliance	Refresher training in VSLA to groups. Further, groups can be supported by training them in entrepreneurial skills so that they can invest and manage their businesses better. They will improve and grow their income and also

grow their saving power.

The emerging picture, which is in line with the consultant's experience from other projects, is that the saving and loan groups and the members can benefit from:

- Entrepreneurship or basic business training.
- Financial education or financial literacy covering saving, borrowing and financial goals.
- Gender equality or gender transformative training.
- Leadership and group dynamics and training in climate change were also mentioned but to a less degree.

The above training package is similar to the proposed model for the Sustainable Cotton project¹⁹ that recommended establishment of saving and loan groups combined with training in gender equality, business development, and basic finance. In addition, the target group of women and youth farmers should receive training in cotton production and certification as well as other income generation activities.

The specific need for gender equality and something similar to support youth's control and decision over productive resources were mentioned in the first section of this chapter.

Recommended manual for first basic business and investment training

The consultant has revised rapidly some different options for basic entrepreneurship training including: CRS financial education booklet, the CRS marketing smart skills manual, the We Effect Study circle Generate a Business Idea, Start and Improve Your Business, the CARE Ease CEFE Business Skills Training and the Selection, Planning and Management (SPM) of income generating activities developed by the VSL Associates and used by CARE in different countries in Southern Africa.

The best manual for basic entrepreneurship training in the saving and loan groups in the Sustainable Cotton Project is the Selection, Planning and Management (SPM) of income generating activities by VSL associates. This manual is easy to understand, not too long and well adapted to the needs of the specific target group to take decisions on what to invest in. The manual can be downloaded for free at the VSL internet site. If not available in Portuguese, the manual can be translated by support at the internet. The training should be done during the first saving cycle to support members' investment decision and also how to manage a business. The manual requires 2-3 days of training but it can also be spread out and given over some weeks in the VSLA's meetings.

The We Effect Study circle "Generate a Business Idea, Start and Improve Your Business" is not recommended to use in the Cotton project since:

- It is too long - over 180 pages and too much content,
- It is too complicated for the situation, training needs, reality and education level of the Cotton project's target group considering most of the content, the level of the explanation of the content, the language used and the education method being based on being able to read and write.

¹⁹ Boman, K., Sekamatte, B., Chitsungo, D., (2020). *Study on Cotton Certification and Marketing*. We Effect, Regional Office of Southern Africa: Lusaka.

- The study circle manual is quite advanced both in content and language, and seems more adequate for urban people with certain years of education and with sufficient investment capital. Or for formal small and medium sized businesses with some years of experience and larger annual sales.
- (Examples of contents, language and training method that are not adequate for small holder women and youth farmers living in poverty who have saved 20 to 200 USD to start a business: see for example Session 2 on entrepreneurship with pictures from wholesale warehouses, office stores etc. and using words or recommendations such as business network, my preference is to be active and work outdoors/work at a desk all day, recommend to attend training courses and to read articles about businesses in your field in newspapers, trade journals etc... In session 3: the participants are recommended to analyse if they can start a business to do import substitution and to look at publications from the internet and other printed material to generate a business idea. A Swot analysis should also be performed... Session 4 recommends the participants to develop a business plan which has: an executive summary, a description of the business idea, a marketing plan, an analysis about staff requirements, analyse legal responsibilities and insurances, greening your business, make a financial plan and define start up capital. In relation to the marketing plan, the study circle manual goes into the Kotler seven Ps which is taught at marketing classes in universities. The study circle participants should also analyse the company form they want to start.. if it is a limited company that should be registered under the Companies Act Chapter 24:03, a cooperative etc.... The study circle manual continues with discussing taxes, employees (find out the labour laws and regulations...), find out the insurances you need e.g. for example: "your family and employees can all be insured against accidents and for medical expenses!" The manual also discusses investments into renewable energy.... Moreover, the method for cost calculation and cost analysis is too complicated for the target group. Likewise, the financial planning section contains four different plans: sales plan, cost plan, profit plan and cash flow plan. Session 9 on stock management includes for example instructions for stock taking, stock taking list, stock card and stock recording. It is not necessary to train in this if you are buying 20 chickens and feed.)

Training package with the Cotton project

The order of trainings for the Cotton training could be:

- First saving cycle - SPM manual and gender / youth equality training
- Second saving cycle - basic business knowledge and training in alternative businesses
- Third saving cycle - adaptation of agriculture to climate change and financial literacy to prepare for linking with external organisations

Note that the trainings should be directed towards the whole group of cotton farmers at community level. In a certain community, the start in the Cotton project is the female or youth farmer groups with contracts with the cotton company. The groups can be mobilised as collaboration between the company and the partner organisation. The cotton company undertakes training in cotton certification and production to the groups and technical assistance in cotton production. The partner organisations will form VSLA with the members of the farmer groups who want to participate in the VSLA. The additional trainings mentioned above will be given to all the participants in the community based women and youth farmer groups, members or not in the VSLAs formed.

Conventional training or study circles?

The basic business training SPM recommended above is done through direct conventional training undertaken by field officers or community facilitators. The other recommended training to the groups, gender equality, business training and financial education, and business activities can also be done through this conventional type of training.

The alternative is the study circle method often promoted by We Effect in the ROSA region. In Malawi, We Effect has used the VSLA manual to start the saving and loan group, thereafter the study circle method is used for other trainings to the group. MUSCCO uses (or will use) a combination of direct conventional training with study circles. MUSCCO has a direct education method for financial education to the VSLAs but wants to (or already uses) study circle method for other topics. We Effect Zimbabwe has a long experience of using study circle material for different *type of training topics* in large projects. The study circle method has the advantage of flexibility and participatory, but it also requires that study circle leaders are able to read through, understand and manage the study circle manual in the groups. The manuals are long, have many topics and are mostly texts with few pictures. Therefore, the study circle leaders must be able to read and write well, have capacity to lead group discussions. The model also requires that study circle leaders are thoroughly trained, supported and monitored by project staff. The study circle leaders also need specifically developed training material for farmers who cannot read and write since they cannot use the study circle manual. The content and language level of the study circle manual must be in line with the reality, training needs, capacity and education level of the target group. The consultant has only analysed the manual to "Generate a Business Idea, Start and Improve Your Business" and the conclusion is that it is not adequate for the Cotton project target group.

The consultant is unsure whether the study circle method works in groups with illiterate members. And if it can work, how it must be implemented? To ensure that illiterate members of the groups use the study circle materials, descriptions are supported by illustrations /cartoons, and literate member read through the discussion question that invite everybody to contribute and participate. Besides, special adult literacy classes are conducted for basic reading and numeracy for illiterate members. Moreover the contents of the study circle manual has to be in line with the

In the national self-assessment, the Mozambique partner organisation expressed that the study circle material was too complicated for them and the farmers, while ZFU seems to know the method but the consultant has not analysed how much it has been used, nor what the results have been²⁰. An explanation can be the difference in literacy and school education between farmers in Mozambique and Zimbabwe, where Zimbabwe's education level is an exception to the rest of the countries. We Effect is currently evaluating study circle methods and the results of this work can be an input to the Sustainable Cotton project. For now it is recommended that each partner organisation in the Project decides what method to use for training of farmers.

4.3.1. Conclusions and recommendations

The saving and loan groups should benefit from training in other topics as recommended in the proposed model for the Project developed by Ben Sekamate, Decent Chitsungo and Kristina Boman. The trainings include: gender equality, business development, basic finance, In addition, the target group of women and youth farmers should receive training in cotton production and certification including adaptation to climate change. Another training topic is additional income generation

²⁰ An analysis of the whole study circle method falls outside the scope of this study.

activities. Specific training will be required for youth and female control over their savings, loans and income from cotton production. The order of trainings for the Project could be:

First saving cycle - Selection Planning and Management manual and gender / youth equality training

Second cycle - basic business knowledge and training in alternative businesses

Third cycle - financial adaptation of agriculture to climate change and financial literacy to prepare for linking with external organisations

Note that the trainings should be directed towards the whole group of cotton farmers at community level. In a certain community, the Cotton project starts with organising female or youth farmer groups with contracts with the cotton company. The groups can be mobilised as a collaboration between the company and the partner organisation. The cotton company undertakes training in cotton production and certification and provides technical assistance in cotton production. The partner organisations will form VSLA with the members of the farmer groups who want to participate in the VSLA. The additional trainings mentioned above will be given to all the participants in the community based women and youth farmer groups, members or not in the VSLAs formed.

For basic business training, the consultant recommends the manual "Selection, Planning and Management (SPM) of income generating activities by VSL associates". The manual can be downloaded for free at the <https://www.vsla.net/vsla-tools/training-guides/>. This is the same site where the VSLA manual can be found. The SPM can be the first training in business provided to the VSLAs formed or the existing ones. This training can be done by the field officer, and if trained properly, the community facilitators. The We Effect Study circle "Generate a Business Idea, Start and Improve Your Business" is not recommended to use in the Cotton project since: It is too long - over 180 pages and too much content. It is too complicated for the situation, reality and education level of the Cotton project's target group considering most of the content, the language used and the education method being based on being able to read and write. The study circle manual is quite advanced both in content and language, and seems more adequate for urban people with certain years of education and with sufficient investment capital. Or for formal small and medium sized businesses with some years of experience and larger annual sales.

For gender equality and basic financial education, manuals will be needed. The recommendation is that Project strives to have short and easy to grasp manuals directed at the training needs of the target group of the Project. It should also be assessed if the study circle method is adequate, or if the Project should train through field officers and the community facilitators who are working with the VSLAs. The project could also use a combination of these approaches and the decision should rest with each partner organisation. National differences in education and literacy of farmers should be considered when deciding on study circle or direct conventional training. The result of We Effect coming evaluation on study circle methods will be a valuable input into the Project.

4.4. Linking saving groups to external organisations

Linking saving and loan groups to financial institutions is a much discussed topic among practitioners and projects. The issue was well described by MUSCCO in the national self-assessment:

"Safety of the funds is a key aspect that always a VSLA should ensure that is upheld. The funds of the VSLA preambly need to be kept with a treasurer whose home security is assured. Funds are put in the cashbox and that contains three locks. Once the funds are deposited in the box, the box has to be locked and the keys are given to other 3 different members so that the treasurer should not even have access to open the box. If there is more money in the box and the VSLA members are worried of the

security of their funds, it is also encouraged that the VSLA should open account with financial institution (i.e SACCO). Records are also important in the VSLA to assist the members ably make share-outs with minimal challenges. The VSLA members needs to be trained further on how they can write in the ledgers as well as passbooks."

The above has to do with linking the groups to external financial institutions to keep savings more securely. The other reason for linking is to get access to more credits.

According to the national self- assessments, only one of all the visited groups had been connected to a financial institution done by MUSCCO who itself forms the SACCOs. Simultaneously, the partner organisations appear to be very keen on linking the groups to get access to external credits, or as in the case of FONPA, for groups to become legalised to keep savings in bank accounts. The exception was the Zambia Land Alliance whose visited groups did not want external credits of fear to loose their property.

ZFU expressed the desire to link their groups to get access to more credits. AICC said that they want to implement the so called VSLF method in the Sustainable Cotton project. The VSLF method has been developed by VSL Associates and is about forming Village Savings and Loan Federation (VSLF), a second-level (apex) institution composed of five to ten VSLAs. Although the method may be good, the focus of the Sustainable Cotton project is to form new VSLAs and not to form federations out of existing saving and loan groups.

FONPA mentioned that saving and loan groups need to be legalised to keep saving funds in banks. Their recommendation seemed to concern mostly mature saving and loan groups. The reason mentioned also had to do with the legal requirements in Mozambique.

The process to legalise groups can be quite cumbersome and travelling to the nearest bank for cash withdrawal and deposits can be difficult. As mentioned above the aim of the Project is to provide access to saving and loans to more poor women and youth, and therefore the focus should be on starting new VSLAs and strengthening existing ones. Moreover, when FONPA implements all the steps as prescribed in the VSLA method and provide the cashboxes and other needs to the groups, the need to formalise groups for access to bank accounts will probably diminish.

The legal issue around saving groups is best managed through advocacy work. The consultant recommends that We Effect, jointly with other organisations promoting village saving and loans, undertake advocacy to influence the national laws and regulation. But that this is done outside the Sustainable Cotton project.

Organisations with experience from linking saving and loan groups like Care Malawi and MUSCCO indicate that: while linking is important for some groups, it is more complicated than thought of. Groups must have reached a certain level of maturity and size of operation to be linked. Specific work and training are required. As described by MUSCCO: *"the VSLAs are supposed to be trained in the loan management trainings to ensure that they use the funds properly. This credit can be provided to them through a close scrutiny of these VSLAs so that only those that are vibrant enough should access this credit. It can however be important to include training on linking as part of financial literacy training so that they are prepared when and if they reach this level."*

Care Malawi has undertaken a study on the linking topic and expressed that less than 10% of VSLA are linked to financial institutions, banks, MFIs and mobile network operators. Linking is important since some people save more than they can handle and some need to borrow larger amounts. There are also good results on repayment of loans. But, according the experience, linking requires a specific process to prepare the groups as well as the financial institutions. The process takes time and careful preparation to be successful. The risk is that the parties feel frustrated since they do not get what they

wanted. For example most village saving groups are in rural areas and the operational costs of the formal service providers like banks can be high to reach these areas. Moreover, products are not customized to the need of the VSLA members.

4.4.1 Conclusions and recommendations

Linking saving and loan groups can be important for certain groups that have reached maturity and a certain capacity and need/capacity to handle larger investments. Linking takes time and requires a preparation and training process of both the saving and loan groups and the financial institutions. None of the partner organisations in the Cotton project have experience of linking groups and all of them including AICC, need to first strengthen their capacity to form functioning saving and loan groups i.e. by implementing the basic VSLA method and additional basic training.

The objective of the Sustainable Cotton Project is to form new and well functioning VSLAs for women and youth cotton farmers. Therefore, it is recommended that all partner organisations including AICC focus on this task and implements the basic VSLA method with all its steps to start new groups. The need to legalise groups or linking them to SACCOs or other financial institutions, or forming federations through applying the VSLF will come at a later stage when there are many VSLA with women and youth working well. This will be at least three years from now²¹ and prior to starting this activity, the need for linking should be evaluated and the strategy to do it should be defined.

4.5. COVID has affected the groups and their members

The national self-assessments as well as interviews indicate that the COVID and measures to control it, have had a severe negative impact on the lives and income of the poor. Businesses have suffered due to closed down markets, less purchasing power etc. Some business suffered more than others. Savings have subsequently gone down. One interviewed group member said: "the saving funds were decreased since we had to buy face masks". Fortunately, a positive trend of slight improvement compared to last year, in some members' businesses and in some group savings were noted in some groups.

In general, the groups continued their work adapting to the COVID through having less frequent meetings and of shorter duration. In Mozambique, children were sent to participate in the meetings to represent older members.

4.5.1. Conclusions and recommendations

The COVID pandemic and the measures to control it, appears to have increased poverty for the already poor families. The target population in poor rural areas do not have access to financial remuneration or support to sustain their livelihoods. Saving and loan groups are an important tool for survival and improvement. Therefore, it is important that NGOs and other programmes continue their work in the rural areas. Stopping activities means making the poor suffer more. Naturally, precautions against COVID must be taken and one should adhere to the national recommendations.

²¹ The only reason that partner organisations should focus on linking, forming federations or formalising groups in the Sustainable Cotton Project is if after starting to work in the villages, it is clear that the target population women and youth already have established well functioning saving and loan groups that need further development in the form of linking. However, this is not expected to be the case.

The partner organisation recommended specific support to saving and loan groups that can be implemented in the Sustainable Cotton project if the COVID situation continues. The actions were: saving and loan groups should be advised so that all their members have adequate and correct information on COVID. This includes health and safety precautions, prevention and updated status of social distancing policies in their area. Other recommendations were to support group members with a movement letter in case of another shut down and to train them in entrepreneurial skills in times of COVID.

4.6. Organisation and staffing to implement a VSLA

The implementation of the VSLA or similar methods like SILC is done by an organisation structure with three staff layers. A supervisor or a project officer oversees the project including the VSLAs. A number of field officers report to the supervisor. Both the supervisor and the field officers are paid full time staff that works exclusively with starting VSLAs or with the saving and loan groups and additional activities included in the project. As mentioned previously, VSLA can be a stand alone component or one of several activities in different types of projects. The field officers work with community based persons called village agents in the VSLA manual and by Care, community facilitators by MUSCCO or field agents by CRS. The community agents/facilitators or village agents, from now referred to as community facilitators are recruited against certain criteria and trained according to a fixed training programme on VSLA by the field officers and supervisor. There are continuous refresher trainings and community facilitators have work plans and are supervised and monitored closely by the field officers.

The community facilitators are considered to be volunteers but many of them receive remuneration in the form of per diem or allowances when trained or at quarterly planning and monitoring meetings, in some cases push bikes (when the project can afford), and caps, t-shirts etc. Some organisations like Care is more strict and strive to not pay low allowances to community facilitators, while others like CRS, pays community facilitators monthly during the first year. Other organisations provide larger allowances permitting cash savings at trainings and quarterly meetings, equivalent to almost a yearly pay of 100 days of pay of day labour in rural areas. Most organisations including We Effect Zimbabwe, Malawi and Nairobi (financial inclusion advisor) and key partner organisations such as MUSCCO in Malawi consider that community facilitators need to be compensated for their work in order to achieve good results, some also argue that it is fair that the poor should be paid for their work.

The exact division of tasks between the field officer and community facilitators vary between different organisations but both are involved in starting and training new VSLAs. In some organisations, field officers start and train the first groups from which the community facilitators are recruited. Thereafter, community facilitators are trained according to the fixed training plan and make a commitment to start certain number of VSLAs. Community facilitators then start and train new groups utilising the VSLA manual for village agents. Field officers are always present in the formation of the groups but attend certain meetings and undertake some key trainings and do assessment of the groups according to the VSLA method. Field officers monitors and supports the community facilitators continuously.

The supervisor or project coordinator also visits the VSLAs to evaluate the results and monitor the work of the field officer.

A field officer can oversee around 15 to 20 new community facilitators per year and can have up to 50 community facilitators under him/her at the end of the Project. The field officer is constantly in the field, monitoring community facilitators and VSLA groups, participating in key meetings and undertaking some of the trainings to the VSLA groups. MUSCCO explains their model:

Field officers undertake some key trainings to the groups like financial literacy, enterprise development and also some of the VSLA modules and other technical training. The field officer may also start some groups. Each community facilitator should have several groups. The field officer is monitored by supervisor who also visits the VSLAs. The supervisor visits each group at the end of the first year.

The information provided by partner organisations to We Effect came up during one of the interviews. It seems to be that We Effect do not receive specific information, nor can comment on how partner organisations will organise and implement the different Project components. For example in the case of VSLAs, We Effect do not get information what staff will work, how they will organise the work or the method to be used and how the staff will be trained. The consultant would like to verify if this is the situation? According to the consultant's opinion We Effect as the Project responsible towards Sida, needs to assess the work plan, main strategies and staffing of the partner organisations for the different Project components. The assessment involves a technical dialogue between We Effect and the partner organisation which in itself is a tool for capacity development of partner organisations. The information can be included in the annual work plans and reports provided by the partner organisations.

Naturally, this type of technical and strategic dialogue requires that We Effect has the human resources to do it. Although, We Effect staff can not cover all the competences required for the Cotton project, there are financial inclusion focal points and also experts on the regional programme team who can support this process.

4.6.1. Conclusion and recommendations

It is recommended that the partner organisations utilise a similar organisation structure as described in the VSLA manual and used by MUSCCO. A project coordinator/supervisor has field officers who start some VSLA groups themselves undertaking all the training sessions and monitoring of the groups. This could last for 6 months. The field officers should have formal education, at least graduated secondary school. Desired work experience are community development, income generation, micro finance or agricultural projects and of working with female farmers and or youth.

Below is an implementation structure that MUSCCO uses to roll out VSLAs;



From the VSLA groups, community facilitators can be selected. Community facilitators should be able to read and write and do simple maths, they should be motivated to help others, good communicators and respected in the community. No formal education is needed. The candidates for community facilitators should be checked with the community leaders. The community facilitators

will receive compensation for their work through per diem and allowances at trainings. The amount received will be approximately the number of days that the facilitator will work with the Project times the local cost for day labour. They should be treated as village promoters and not as staff. However as promoters they are expected to undertake concrete work tasks in VSLAs and to report on the results. They should have monthly work plans, present monthly reports and be closely monitored and supervised by the field officers. Community facilitators can also receive push bikes (bicycle) to facilitate his/her work against the condition of working for at least some years.

Depending on their capacity, the community facilitators can also undertake other trainings in the Sustainable Cotton project like the SPM module for supporting investment that has been developed by VSL Associates and that is recommended in section 4.3. above. The condition is that the community facilitators are thoroughly trained in the specific module, supported in the implementation of it and monitored by the field officers.

Community facilitators should receive VSLA basic training (five days) and then start some new groups with direct support and monitoring by the field officers. Refreshment trainings are done annually and quarterly according to the training needs to assure that community facilitators manage the VSLA method as well as other trainings. Community facilitators should be encouraged to start a certain number of VSLAs during the first year. Facilitators train these group under close monitoring and technical support from the field officers. They should also monitor groups according to VSLA methodology in cycle 1 and then quarterly or every two months in cycle 2 and sometimes during cycle 3.

Field officers implements the change of phase assessments to analyse the development of each VSLA and train the VSLA groups in more complicated topics. The field officers can do other trainings included in the cotton project like gender equality, business development etc. as well as monitor community groups. Project supervisor/coordinator should monitor the VSLA groups as well as the other components of the Sustainable Cotton Project.

Field officers can be working with several other components in the Project, for example training in gender equality, business development, introduction of study circles in cotton production, introduction of alternative business activities. Depending on the institutional set up for the Project in each partner organisation, *the community facilitators* for VSLA could also undertake some other project tasks.

Zambia is a specific case since according to the proposed design, the partner organisations should be a combination of a cotton company and a NGO. The cotton company would organise groups with the support of the NGO and train these in cotton production and certification. The NGO would form VSLAs and provide training in business development, gender equality and other income generation activities. According to information from We Effect, the NGO has been discarded in the agreement with ZCGA and implementation is supposed to be done directly by the cotton companies. The risk with this set up is that the company will not have a real interest or capacity to implement other project activities (VSLAs and other type of trainings) adequately and good enough. The thing is that a business is a business and it is concentrated on its own objectives. On the other hand, Cotton Made in Africa works directly with the companies to implement "social" projects benefitting cotton farmers. If We Effect opts for the company implementation model (without the NGOs), close monitoring of the companies activities including forming VSLAs and trainings will be required. Moreover, implementation organisation at companies should be similar to the one outlined above. This means that the gender officers who are going to be the project officers at company level, should have field officer staff and the community facilitators to work with her/him. These would implement VSLAs and train farmers.

4.7. Capacity development of VSLA in the Cotton project

Up to now the report has discussed how the saving and loan groups should be done in the Sustainable Cotton project. In this section, we cover the need for capacity development of partner organisations to implement these VSLAs and additional tasks.

We Effect partner organisations in the Cotton Project have limited or no experience of saving and loan groups and have not utilised the VSLA method before. The exception is AICC that has started several hundred groups as part of a project for commodity platforms. Simultaneously, the self assessment made by AICC as well as the analysis of the consultant, indicate that AICC could benefit from more training in the VSLA method. The need for training of staff were mentioned by AICC, ZFU and FONPA in the national self-assessments. Zambia Land Alliance also recommended to receive more training from We Effect.

Due to that VSLA is rather new for the ROSA region, the We Effect financial focal points, national Cotton project coordinators and regional Cotton project staff can also benefit from training.

Financial support from We Effect to partner organisations in the Project is required for the training of staff in VSLA, for start up tool kits for the first batch of VSLAs.

The training in VSLA takes several days, some organisations mentioned a five day full time course, and others suggested a plan of three weeks.

A comprehensive training programme is needed to implement the VSLA concept in the Sustainable Cotton Project. Training should be concrete and operational including both theory and practice. As part of the training, the partner organisations should make an implementation plan and structure as well as necessary adjustments to the manual. Monitoring of VSLA groups with the tools in the manual should also be covered. Training should include We Effect focal points²², national project coordinators, regional project office and the partner organisations. Since these persons have different training needs, the training can be made in three phases. A programme could like the following:

- Class room training on the VSLA manual and implementation including field visits to see training in practice - 5 days. (We Effect staff can participate fewer days).
- Practicing the trainings to start VSLAs in the field (mostly for partner organisations) - 3 days.
- Adapting the model and designing the implementation scheme in class room with support - 2-3 days.
- Monitoring visit in the field by the training institution to follow up partner organisations work and refresher training - 3-5 days. (should be done after implementation has started).

Based on the interviews conducted in the consultancy, the following organisations can organise the training at a cost paid by We Effect:

- MUSCCO (can train in Malawi and in other countries)
- Care Malawi (can train in Malawi and organise training in other countries as well)
- Savenet Zambia (make sure to specify that training should be done in the VSLA not in the master trainer model)

²² Due to prior experience of implementing VSLA, We Effect Malawi financial focal point does not need to participate in this training.

- Care Zimbabwe (can train in Zimbabwe)

We Effect financial inclusion advisor team in Nairobi can also train in VSLA but will not have the opportunity to conduct training in the field. Maybe a combination could be made with We Effect Nairobi and MUSCCO in order to use in house resources?

Care Mozambique has not responded to the consultant's request for interviews. Thereby it has not been possible to inquire about their interest and possibility to train other institutions. A contact with them may show that they can provide training in Mozambique.

4.7.1. Conclusions and recommendations

A comprehensive training programme is needed to implement the VSLA concept in the Sustainable Cotton Project. Training should be concrete and operational including both theory and practice. As part of the training, the partner organisations should define an implementation plan and structure as well as the necessary adjustments to the VSLA manual. Monitoring of VSLA groups with the tools in the manual should also be covered. Training should include We Effect focal points²³, national project coordinators, regional project office and the partner organisations. A programme could look like the following: Class room training on the VSLA manual and implementation including field visits to see training in practice - 5 days. (We Effect staff can participate fewer days.) Practicing the trainings in the field (mostly for partner organisations) - 3 days. Adapting the model and designing the implementation scheme in class room with support - 2 to 3 days. Monitoring visit in the field by the training institution to follow up partner organisations work and refresher training - 3 to 5 days. (This should be done after implementation has started).

Training should be done by organisations with own experience of implementing VSLAs. Possible training institutions are: Care Zimbabwe or Care Malawi, MUSCCO and Savenet (Zambia). We Effect global financial inclusion team in Nairobi can also undertake the training but will not have the possibility for field practice in ROSA region. Maybe a combination can be used.

²³ Due to prior experience of implementing VSLA, We Effect Malawi financial focal point does not need to participate in this training.

ANNEX 1. TERMS OF REFERENCE ANALYSIS OF SAVING AND LOAN GROUPS MODELS

The Sustainable Cotton for Women and Youth Empowerment in Southern Africa project (hereafter referred to as the project) was developed by We Effect and its partner organisations. This project, which is being implemented for four years (2019-2023), aligns with the Strategy for Sweden’s Regional Development Cooperation in Sub-Saharan Africa (2016–2021) and the Swedish Development Cooperation strategies in Mozambique, Zambia and Zimbabwe. The project is funded by the Swedish International Development Cooperation Agency (Sida) through the Embassy of Sweden in Addis Ababa. It is being implemented by We Effect and its partner organisations working in collaboration with other key actors in the cotton value chain in Malawi, Mozambique, Zambia and Zimbabwe.

Project Objectives

The overall objective of the project is to contribute to poverty reduction and injustice in Malawi, Mozambique, Zambia and Zimbabwe through improved productivity in the cotton sub-sector. The project’s specific objective is:

“women, men and youth cotton farmers have increased incomes and sustainable livelihoods in targeted communities of Malawi, Mozambique, Zambia and Zimbabwe through the creation of 55, 000 decent jobs”.

The project will create new decent jobs and turn existing ones into decent jobs for women and youths by delivering a fair income, better prospects for personal development and social integration, freedom for cotton producers to organise themselves and participation in decisions that affect their lives. To achieve the specific objective, the project will employ the following key intervention strategies; / (i) increased value addition (ii) increased production and productivity and (iii) increased volume of trading of certified cotton based on certification standards. The project objective is expected to be achieved through three (3) intermediate objectives:

- **Intermediate objective 1:** Strengthened capacity of partner organisations and ginning companies to implement a certified cotton standard scheme and create decent jobs for women and youth in targeted communities in Malawi, Mozambique, Zambia, and Zimbabwe.
- **Intermediate objective 2:** Improved volume of certified seed cotton/lint and cotton value-added products supplied by smallholder women and youth cotton farmers in targeted communities in Malawi, Mozambique, Zambia, and Zimbabwe entering local, regional, and international markets; and
- **Intermediate objective 3:** Targeted women and youth smallholder cotton farmers have increased resilience to climate change through the adoption of sustainable agricultural land management practices.

The Sustainable Cotton project has now gone past its six months period of the Inception phase which ended in March 2020. During the Inception phase, five (5) studies were successfully carried out for the purpose of generating critical information and provide recommendations for a detailed project design for the Implementation phase of the project.

Purpose of the Consultancy

The purpose of this assignment is to analyse models and methods for the savings and loan groups and to adapt the manuals for the savings and loan groups to the project²⁴.

The consultant will work closely together with the Regional Programme Manager, and Country Coordinators

Scope of Work

Specifically, the consultant will be responsible to undertake the following tasks;

6. Identify the savings and loan methods implemented by Partner Organisations.
7. Document weakness and best practices in current implementation modalities.
8. Investigate other successful models for village- based saving and credits used in the region that could be used within the Sustainable Cotton Project. (E.g. WE Effects model, VSLA models implemented by like-minded agencies e.g. Catholic Relief Services (CRS), Plan International and Care International)
9. Recommend a model for VSLA for the Project. Suggest improvements and adaptations in comparison with more effective and efficient models implemented by We Effect and external likeminded organisations.
10. List organisations with expertise on village based saving and credits in the region which could offer support services to the Sustainable Cotton Project.

Methodology

The methodology applied should include the following activities:

7. Desk study
8. Interviews with We Effect staff, Partner Organisation and key actors in the financial inclusion sector in the focus countries.
9. Interviews with men, women, youth cotton farmers, primary cooperatives and farmer organisations in the focus countries belonging to savings and loan groups conducted by partner organisations.
10. Work should be done in collaboration with partner organisations that are expected to carry out visits, and analysis of approaches.

Expected outputs

The following are the expected key outputs of the assignment:

- 1) An inception report outlining the timeline, full budget and detailed methodology as well as a brief justification of the methods and techniques to be used. The inception report should be submitted and presented to the We Effect and its partner organisations in a feedback meeting.
- 2) A debriefing presented to We Effect and its partner organisations in a feedback meeting highlighting the main findings and recommendations. This debriefing meeting will also be used as a means to validate the findings and recommendations of the study.
- 3) A draft consultancy report including key findings, observations, lessons learned and recommendations and its presentation.
- 4) The final study report which should be logically structured, contain evidence-based findings, conclusions, lessons and recommendations. The report should respond in detail to the key focus areas described above. The report will be written in English

²⁴ Boman, K., Sekamatte, B., Chitsungo, D., (2020). *Study on Cotton Certification and Marketing*. We Effect, Regional Office of Southern Africa: Lusaka, p. 67

Timeframe and work plan

The estimated time for the study is 18 working days which should include preparatory phase focusing on an inception report presentation and submission as well as the desk study; a second phase involving interviews, visitations and focus group discussions; and a third phase for debriefing, report writing and presentation of the report including annexures such as the recommended manual.

Expertise required

The consultant/s should have

- a good understanding of the local and international contexts regarding the community managed microfinance.
- a good understanding of the financial sector in Southern Africa including key constraints and opportunities for savings groups.
- demonstrate good knowledge about the role of financial inclusion in strengthening resilience of small holder farmer households especially those in the cotton value chain.
- good knowledge about gender, advancing gender equality, human rights, environmental and social issues in cotton sub-sector. The consultant will have experience in conducting participatory research projects that centralise the voices of marginalised communities and ensure research takes a rights-based approach.

ANNEX 2 LIST OF PERSONS INTERVIEWED

We Effect Regional Office Zambia

Valerie Chanda Chibuye
Nyambe Mukanda

We Effect Zambia

Marjorie Chola Chonya

We Effect Zimbabwe

Roselline Masunugure

We Effect, Malawi

Archangel Munthali

We Effect Regional Office of East Africa Global Financial Inclusion Team

Dorothy Kipsang

We Effect Head Office Stockholm

Sian Maseko
Sigrid Bergfeldt

MUSCCO

Rose Nyambi

AICC

Leonard Chimwaza
Isaac Tembo

Plan International Zambia

Fatima Tembo

CRS Southern Africa Regional Office

Heinrich Geoffrey

CRS USA

Ben Allen

CRS Zambia

Ignatius Mukamba

Care Malawi

Clement Bisai

Care Zimbabwe

Augustine Masomera, Sydney Saungweme

Care Zambia

Alfred Chibinga

Savenet Zambia

Beriwick Mungabo

Participants in eight virtual workshops

Vicente Sando, Lucia Bento, FONPA
Shadrek Hungwe, Violet Mandisona, Teresa Makomva, ZFU
Dyless Mbewe, Bridget Phiri, Zambia Land Alliance
Driana Lwanda, Leonard Chimwaza Isaac Tembo, AICC
Rose Nyambi - MUSCCO
Elijah Rushike, Roselline Masunugure, We Effect Zimbabwe
Chabala Malyangu, Zambia Cotton Ginners Association
Inacio Timane, Diamanthino Nhampossa, We Effect Mozambique

Marjorie Chola Chonya, Enoch Mashikinyi, We Effect Zambia
Archangel Munthali, We Effect Malawi
Valerie Chanda Chibuye, Nyambe Mukanda, Mary Namukoko We Effect Regional Office

ANNEX 3 COMPARATIVE ANALYSIS OF METHODS FOR SAVING AND LOAN GROUPS

Topic	VSLA (We Effect Malawi and MUSCCO)	Study Circle Savings for Investment We Effect Zimbabwe	FONPA Manual de Poupanca e Crédito
CORE PRINCIPLES OF SAVING AND LOAN GROUP			
Number of members	10-25 members (in practice minimum 15 members)	5 to 15 members	15 to 25 members
Selection of members	Self selected according to reflection	Self selected	Self selected
Meeting frequency	Association meet regularly to buy shares i.e. make savings. Meetings weekly, fortnightly or every four weeks. Decided by the group.	Not defined	Groups should meet weekly first cycle. Subsequent cycles, the meetings can be less frequent every 2 week or 4 week as decided by members.
Structure	Associations are comprised of General Assembly and a Management Committee.	Committee	
Management committee	Members of management committee elected by General Assembly. Reelected at the start of each cycle. Management committee consists of: Chairperson, Record-keeper, Box-keeper and two Money-counters	Not so clear but chair person, secretary, treasure and committee members are mentioned.	Management committee
Constitution/regulation	Each association has a constitution signed by all members and they each remember one part of it.	Constitution is there but no defined format	Each association has a constitution signed by all members and they each remember one part of it.
Savings	Members receive shares when saving. Value of shares are fixed during one cycle. Can be changed when changing cycle. Members can buy between 1 and 5 shares per meeting.	Not clear but savings should be made	Members receive shares when saving. Value of shares are fixed during one cycle. Can be changed when changing cycle. Members can buy between 1 and 5 shares per meeting.
Record keeping system	All members have an individual passbook No Association keeping ledger - only starting and closing balances of Associations social funds and loan fund are recorded, mainly through memorisation at each meeting (SEEMS DANGEROUS TO ME)	The following registers are kept: savings book loan book miscellaneous book cash book register and minutes	Individual passbooks and group record ledger.
Length of saving and loan cycle	Cycle of savings and loans are time bound and share out of savings are done at the end of the period. Length of cycle is decided by the	To be decided by members	Cycle of savings and loans are time bound and share out of savings are done at the end of the period. Length of cycle can be 9 to 12 months to be

	members and included in constitution.		decided by the members.
Loans	First loan made after 10 weeks 1st cycle. Loans made every 4 weeks All members have right to lend. Maximum loan size (3 times current saving of member). Loan period 4 to 12 weeks 1st cycle. Subsequent cycles maximum 6 months	Loans should be for business activities. The members should have business ideas and plans to implement. All the saved money should be borrowed in the first meeting.	Loan repayment period is 4 weeks. Maximum loan size (3 times current saving of member).
Service charge (interest rate)	Service charge of loans (the term interest is not used). The service charge is decided by the association. Service charge paid every 4 weeks on loan balance. No fine for late payment. The shame should be enough.	Interest rate should be charged.	Service charge/interest charged on loans between 5% and 20%. There is a fine for late payment and for non-payers their property could be taken.
Keeping of the money	Money is kept in heavy duty cash box with three padlocks. Cashboxes include other things the group need and should be repaid. 3 padlocks	Different options discussed	Money is kept in heavy duty cash box with three padlocks. Cashboxes include other things the group need and should be repaid. 3 padlocks
Social/emergency fund	Associations may have social fund. Contribution amount decided by members. Fund can be used for emergency assistance, funeral expenses, educational costs for children. Anyone who needs money asks and the General Assembly decides. Social fund is separate from the loan fund and not shared out at end of cycle.	Can have social fund. No more definitions	Associations may have social fund. Contribution amount decided by members. Fund can be used for emergency assistance, funeral expenses, educational costs for children. Anyone who needs money asks and the General Assembly decides. Social fund is separate from the loan fund and not shared out at end of cycle.
Suspension of savings during cycle	Suspension of share-purchases/savings for a specific can be made for a specific member experiencing financial difficulty. But loans must be repaid.	Not defined	
End of cycle	At end of the cycle, loans should have been paid back and the savings are shared out based on the number of shares per member. Social fund is not shared out. At the end of the cycle members can leave the	Not defined and described	At end of the cycle, loans should have been paid back and the savings are shared out based on the number of shares per member. Social fund is not shared out. At the end of the cycle members can leave the

	<p>group. New members can be admitted.</p> <p>In the first meeting in following cycle, members can decide to make a lump sum saving to restart the loan fund more quickly. Every member must make the same contribution.</p>		group. New members can be admitted.
Personnel starting groups	Groups are started by field officers. In practice by community facilitators. Community facilitators trained in VSLA method and monitored by field officers.	Not defined it is the study circle leader. Ward facilitator in practice.	Not defined
Timelines to start saving and loan group	<p>Three different timelines for starting up associations: associations meeting weekly, every two weeks or every four weeks. The method and content of training and monitoring is similar for all timelines but the number of meetings attended by the field officer varies:</p> <p>Weekly - 27 out of 53 meetings attended by field officer. Every two weeks - 21 out of 28 meetings attended by the field officer Monthly - 15 out of 17 meetings attended by the field officer.</p> <p>Implementation in practice: the formation and training of a group is done through a combination of community facilitators and field officers</p>	Time lines not defined. 12 sessions.	Timelines are not defined. Nor
IMPLEMENTATION PROCESS			
Preparatory phase	<p>Preparatory phase - <u>1-3weeks</u>:</p> <p>First meeting: orientation of community leaders and administration officials Second meeting: introducing VSL to the community Third meeting: preliminary meetings with clustered groups of potential participants</p>	<p>Session 1: Introduction to study circle methodology (what it is, choosing a study circle leader and defining a plan) to the group itself Session 2: Money (why do we need money, what it is and how to use money) Session 3: Savings (what it is and different forms of savings) Session 4: Investments (what is an investment, short term, medium term and long term investments, investing in company shares, consult</p>	Session 1: Mobilisation of communities. Limited to a list of questions about saving and loan groups that the small scale farmers may ask.

		experts on investing.	
Training of groups modules	<p>Intensive phase - modules 1-5 should be given in between 5 days and two weeks. Modules 6-8 are given over 8 weeks. Total time max <u>10 weeks</u>. Module 9 is provided at share out/action audit.</p> <p>No. 1: groups, leadership and elections No. 2: Policies and rules for social fund, share purchases/savings and credit activities No. 3: Development of Association's constitution No. 4: Record keeping and how to manage a meeting No. 5: First share-purchases/savings meeting No. 6: First loan disbursement meeting No. 7: First loan repayment meeting No. 8: Daily slot savings No. 9: Share-out/action audit and graduation</p>	<p>Session 5: Internal saving and lending model. Amortization chart of the group, ISAL group training steps, benefits of an ISAL group, steps to start an ISAL group, visioning and self reflecting and security pledging. Session 6: Growth of ISAL groups. (maturity phases, evaluation of groups etc.) Session 7: Individual self-screening Session 8: Groups and leadership: good and bad leaders, responsibilities of ISAL group chairperson. Experiences of past committees are explained but no election is held. Session 9: Constitution development: discussions about contents so that they can at some point develop the constitution. Session 10: Group fund development: not very clear different topics discussed but not finalised Session 11: Loan application and appraisals (what is a loan, external and internal loans, deciding whether to give loan to a member, Session 12: record keeping: loan book, savings book, attendance</p>	<p>Session 2: Groups, leaders and elections. Includes the self analysis of members and selection of management committee but not on general assembly. Also includes the definition of the constitution and the rules regarding saving, loans, interest rates and social fund. Session 3: (does not exist) Session 4: Development of constitution. Rather short. Do not develop the constitution Session 5: First share out purchase meeting. Handing out the Kit, the passbooks and the record ledger and undertaking the first saving Session 6: First loan disbursement meeting explanation and remembering information about the loans</p>
Process evaluation	<p>After the 8 training sessions the field officer conducts a so called change of phase assessment to analyse the VSLA's development. At the end of maturity phase another change of phase assessment. The format to use is enclosed in the manual.</p>	<p>ISAL members should agree when they can do a review of their group performance. Questionnaire is enclosed in an annex. The annex is 10 pages long and quite advanced more to be used by a qualified staff than group members. (Consultant note)</p>	<p>No process evaluation included.</p>
Monitoring cycle 1 intermediate phase	<p>The second phase is the development phase lasting <u>18 weeks</u>. The purpose is that the Association takes full responsibility for meetings and field officer or community facilitator acts as a consultant and supports the VSLA when needed. The field officer or community facilitator monitors the VSLA.</p>	<p>No monitoring defined except if the group decides</p>	<p>No monitoring defined.</p>
Share out end of cycle	<p>The final phase for "start-up" of a new VSLA is the Maturity phase which is finalised by the</p>	<p>Process not defined no training</p>	

	share-out/auction audit of the savings. This is also the culmination of the first saving and loan cycle. The field officer or community facilitator monitors the VSLA at two occasions during the Maturity phase and he/she also participates in the share-out/auction audit meeting. In this meeting there is a ceremony to mark the independence of the VSLA.		
Annexes to manual	The VSLA field officers manual also contains the following annexes: a guide for meeting procedures, a template for the VSLA's constitution, a work plan format for FOs, an evaluation format for end of cycle of VSLAs, a report for FOs work, and a impact evaluation matrix.	Glossary Learning outcome from the savings and investments book Field officers CBT session plan ISAL group register ISAL Group Monitoring Form ISAL Maturity and performance review guiding questions.	Glossary Template for the VSLA constitution.

ANNEX 4: ANALYSIS OF METHODS AND KEY CRITERIA

Organisation	Method used	Comments/variants	Staff organisation	Payment staff	Training staff	Other training provided and suggested	Monitoring
MUSCCO Malawi	VSLA Hugh Allen adapted by MUSCCO date 2016	Community facilitators may be paid by VSLAs depending on VSLA's decision. It is an allowance per meeting.	<p>Community Facilitators do most training. Monitored closely by field officer. Field officer do key training in financial literacy, business development and also trains the community facilitators. Field officer monitors the CF.</p> <p>Field officer diploma and community deve experience, business or cooperative background Profile community facilitator - the community selects them. One characteristics is the history of this person within the community, read and write, calm, speak to a group, active in community. Leadership.</p> <p>A field officer has 15-20 community facilitators per</p>	Field officer employed and paid by MUSCCO. Community Facilitator is volunteer but receives training allowance at initial training and twice a year two days. Approximately save 92,000 kwacha which represent 100 days of day labour. Sometimes bicycle given.	Community facilitator receives 4 days training per year - 2 days first half and 2 days other half. Refresher training 2 a year. Then go out and start groups supervised by FO. Monitored every month.	Once the VSLA is formed, the study circle is introduced to study other topics. Important trainings include financial inclusion. RECOMMENDS TO INCLUDE: gender equality, financial service, marketing and production (farming). Other topics climate change	

Organisation	Method used	Comments/variants	Staff organisation	Payment staff	Training staff	Other training provided and suggested	Monitoring
			year and ideally 50 community facilitators at the end of the Project.				
AICC Malawi	VSLA Hugh Allen. and Field officer VSLF Training Guide.	A Village Savings and Loan Federation (VSLF) is a second-level (apex) institution composed of between 5 - 10 VSLAs.					
We Effect Malawi	VSLA Hugh Allen adapted by MUSCCO date 2016						
FONPA Mozambique	Manual de poupanca e credito						
ZFU Zimbabwe							
ZCGA Zambia	No previous experience and no manual.						
Zambia Land Alliance							
Plan International Zambia	VSLA Hugh Allen. Method is called OSAWE Savings for assets and wealth	Adaptations have been made to suit Plan's work. Also testing the master trainer approach in some areas.	Master trainers are paid by Plan International. Other model is village agents who are community facilitators. The work is led by PLAN's staff: community	Master trainers paid by Plan International. Community facilitators paid a stipend and allowances at	Master trainers and village agents are trained by Plan in VSLA. Quarterly	Depends on the project. Financial management 1-3 days. Gender transformative approach 5 days. Groups dynamics.	

Organisation	Method used	Comments/variants	Staff organisation	Payment staff	Training staff	Other training provided and suggested	Monitoring
	creation.		development facilitators.	training.	meetings with village agents or master trainer to review work (and plan forward?).	Agricultural and value addition.	
We Effect Zimbabwe	Study Circle: Saving for Investment						
We Effect Nairobi	VSLA Hugh Allen 2007.	Adaptions: recommends the use of bank account instead of cash box if possible. Otherwise cash box. Other adaptations made in some regions. Business development added or example Philippines.		Yes needs to pay field staff, also community workers. Community trainers paid in relation to groups trained.		Business development, book keeping Financial literacy, Gender equality Leadership Climate change	
Care Malawi	VSLA Hugh Allen 2019	Analyse the status of the group to	Field officers form the first groups and then village agents are selected. VA forms groups and field officers monitors and supervises both groups and village agents	Field agent is volunteer no monthly payment provided. But get the training allowance of USD 39 per day (keep the	5 days training VSLA model and refresher training to village agents Quarterly meetings with village agents	Financial literacy 3-4 days training SPM selection, planning and management training VSLA . 2-3 days. Household visioning training	Groups formed by field officer visited not less than 12 times first cycle. Village agents also monitors group

Organisation	Method used	Comments/variants	Staff organisation	Payment staff	Training staff	Other training provided and suggested	Monitoring
				larger part) Tested the groups to pay them but had so many problems they left this model.	and field officer to review work (and plan forward?).	(2days) integration of gender and VSLA	meetings, at least 12 visits cycle 1.
Care Zambia	VSLA Hugh Version 1.04, 2011		VSLA officer field officer starts the first VSLA. Village agents do the formation	Small stipend, bicycle to reach communities, first, small allowance paid on training also they can keep some money. From 2 year village agents can get paid by the VSLAs. Make a deal with them.	Village agents trained for five days Monitored and on job training in field by FO. Accompany them first groups formation Two months later refreshment training and do 6 saving groups in the first 6-8 months Quarterly meetings village agents and field officers	Basic business skills done by village agents. 3 modules take 3 days Other organisations trains in women, health and nutrition	1 year cycle visits made every 2 weeks, 1 a month or every 2 months depending on the situation of the group. Monitoring visits continue in cycle 2 once a month FO and village agent also. 3rd cycle groups are graduated and not monitored. Call the village agent if need support.

Organisation	Method used	Comments/variants	Staff organisation	Payment staff	Training staff	Other training provided and suggested	Monitoring
Care Zimbabwe	VSLA Hugh Allen	Group size smaller minimum 7 members. Piloting service from groups to cluster facilitator. Incorporated gender equality mainstreamed method. 18 month support with training and monitoring to graduate the group	VSLA specialist leads VSLA officers. Initially VSLA officer start VSLAs. Cluster facilitators selected at community. Then they form groups. A VSLA officer can have 50-100 groups with cluster facilitator	VSLA officers paid. Cluster facilitators volunteers not paid anything not even allowance when trained. Tshirt, bags and cap given. In future maybe paid by VSLAs.	Cluster facilitators five days training theory and practice forming groups.	financial literacy developed by CARE and the SPM five days training from VSLA - selection, planning and management for business activity. Gender equality is mainstreamed into method.	Use VSLA format. First cycle (18 months first 4 months: Monitoring monthly VSLA officer if they have cluster facilitators, without them they go every meeting. Then monitoring monthly? After 18 months is graduated. CARE connects the VSLA to government and private sector for support after project stopped.
Care Mozambique							
Savenet Zambia	VSLA with master trainer	Combination between VSLA				Selection and planning of	

Organisation	Method used	Comments/variants	Staff organisation	Payment staff	Training staff	Other training provided and suggested	Monitoring
		Hugh Allen and SILC idea of private service providers. Motive: a sustainable model for creating new groups without project funding.				income generation activity. (SPM model VSLA) Basic entrepreneurship training. Financial literacy training. Training to link the group.	
CRS Zambia	SILC		Field agents and field agents supervisors Field agents (community members) trained to become private service providers. Field agents start the groups. Field agents supervisors supervise 8-10 field agents per year. Monitor weekly first months,	Field agents are paid monthly from CRS during the first year. Then graduate as PSPs where they get paid from the saving and loan groups and quarterly for reports sent.	Field agents trained 3 mayor trainings in 14 months. Induction 8 days, two refresher trainings. On the job training through monitoring by field agents supervisors.	Financial education, Business entrepreneurship training Gender transformative training. In some projects: agricultural business, nutrition. CRS USA - financial education is important (saving, borrowing, financial goals etc.) Gender	Field agents supervisors monitors groups every week first month, during 3 month then every 2 weeks. In year 2 no monitoring. Field agents can come to groups. Use SILC monitoring checklist. CRS USA - the PSP will check on the saving and

Organisation	Method used	Comments/variants	Staff organisation	Payment staff	Training staff	Other training provided and suggested	Monitoring
						transformative training.	loan group every few months in cycle 2.

ANNEX 5 RESULTS NATIONAL SELF-ASSESSMENTS

Table 1: Group data

Organisation	AICC	MUSCCO	ZFU	FONPA	ZAMBIA LAND ALLIANCE
No Groups visited	6	9	7	6	5
Average member size	23	19	22	22	19
Membership development since start up	No change	14% increase	1% decrease	22% increase	26% increase
Percentage female members	78%	72%-80%	Above 90%	64%	78%
Percentage youth members 15-35 years old	14%	55%	16%	31%	31%
Average saving/member previous cycle USD	USD 142	USD 38	Savings vary	USD 74	USD 56
Maximum saving/member USD	USD 425	USD 49	USD 1,026	USD 322	USD 134
Minimum saving/member USD	USD 25	USD 18	USD 32	USD 43	USD 22
Average loan per member USD	USD 142	USD 22	No information	No information	USD 71

Tables 2: Members feelings about VSLAs

Organisations	Why do members participate in the VSLA group?
AICC	To have easy access to finances which is used for purchasing farm inputs and running small scale business.
MUSCCO	Improve living standards, invest in businesses, livestock, school fees, agriculture inputs, and having funds for emergency situations. Buy household utensils, house improvement, getting loans with low interest and saving platform.
ZFU	Access to loans, share ideas, peer encouragement to progress and financial and social security.
FONPA	To improve livelihood, school fees, access to health, access to loans for agriculture investments or other business, improved housing.
Zambia Land Alliance	Improve livelihood through saving, learn how to run business, pay for school fees, to be able to save and have purchasing power at share out. To have more income. To start businesses. School fees. Grow their money through interest. To buy farm inputs. To enhance unity among community members. To collaborate and work together

Organisations	What do they use savings and loans for? Percentage of business and income generation
AICC	To have easy access to finances which is used for purchasing farm inputs and running small scale business. 100% of interviewed groups use saving and credits for business and income generation activities
MUSCCO	Business, agricultural inputs, home upkeep, school fees, buy motor cycle, consumption.

	41% of members use savings for business and 70% use loans for business activities (includes farming)
ZFU	School fees, agricultural inputs, groceries, starting or expanding businesses, buying small livestock, household utensils. Very important use over 75% uses saving and loans for buying seeds, agriculture inputs,
FONPA	Saving investment small business and agriculture, school fees, cattle business. Loans investment in business, health. High percentage to all members use the funds for business and income generation.
Zambia Land Alliance	Savings: buy farm inputs, school fees, buy livestock, food for consumption, start up businesses. Supplement household goods. Support in tertiary education. Pay employees. Loans: invest in business and agroschools, school fees, buy livestock, start up business, supplement household goods, buy farming inputs, to pay for tertiary education. 100% of members use loans and savings for business and income generation.

Organisations	How important is the emergency fund?
AICC	Very important.
MUSCCO	Very important. Beneficial and crucial to supporting individual members - an insurance.
ZFU	Important but few groups have them.
FONPA	Very important.
Zambia Land Alliance	Very important.

Table 3: Impact of COVID and specific recommendations

Organisations	How has COVID affected the VSLAs and the members? Recommendations
AICC	In general, COVID pandemic has affected the savings of the groups negatively. Due to slowness in the business transactions; members hype to purchase more share has reduced hence affecting the growth of the funds. Recommendation: VSLAs are being advised to first and foremost ensure that all of their members have adequate and correct information on COVID . This includes health and safety precautions, and prevention, and updated status of social distancing policies in their area.
MUSCCO	Restrictions on markets have affected negatively individual businesses, incomes and savings contribution. Meeting restriction affect the group's functioning. But current saving and loan cycle improved compared to 2020. Recommendations: Awareness and promotion of COVID preventive measures key to supporting groups.
ZFU	Members left groups since can not afford savings. Markets where they sell are depressed and restricted (less income). Savings collapsed. Now with less Post phase I COVID restrictions and regulations members reported they now appreciated the importance of compliance and no longer a police issue meaning they were complying and able to do some activities within the stipulated measures and restrictions. Supporting them with movement letters in case of lock down will be useful
FONPA	Business run by members have been affected. Meetings reduced due to COVID and government measures. Increased living costs and constraints to doing business has led to less income and saving capacity. Some business not performing well. Kids are sent to participate.
Zambia Land Alliance	Savings reduced because business earnings gone down, less and shorter meetings. Money for saving used to buy face masks. The following support can be provided to offset some of the negative impacts: <ul style="list-style-type: none"> • Support can be provision of PPE • Mainstreaming COVID response in their operations • Training in entrepreneurial skills in COVID times

Table 4: Organisation and regulation of saving and loan groups

Organisations	Conclusions and recommendations on management committee and constitution
AICC	<p>Conclusion: For good progress in VSLAs, constitution plays a major role. From the six groups who participated in the study, they seem to be coherent because of the strong constitution each group has. One group in Salima, Lifuwu, managed to loan out and save about \$10000 in one circle. No defaulters were registered in that circle. This achievement was attributed to strong constitution.</p> <p>Management committee should be re-elected with time so that saving and credit groups are not taken over by a limited group.</p>
MUSCCO	<p>Conclusions and recommendations: Indeed a good VSLA needs to have the leaders to manage the group transactions. The VSLA management is needed to drive the VSLA to achieve the visions the members hold for the VSLA. On the hand, the VSLA committee plays a great role in keeping the funds of the group safe and recorded to ensure that the sharing out process is conducted smoothly without challenges.</p> <p>Besides, a VSLA also needs to have a well written constitution in order to have the members cooperating in VSLA transactions. Since the VSLA members come from different households, the likelihood to have different behaviours can not be ignored. Therefore, to ensure that all are doing the same things, the constitution is there to guide them all.</p>
ZFU	<p>However, there is need to help the groups draft robust constitutions. Each member must have a copy and this must be emphasized and repeated in meetings to ensure compliance.</p> <p>Their management committees need restructuring</p>
FONPA	<p>Conclusions and recommendations: 1. There is regulations in groups but are not properly designed because there are many gaps and most of them are not written down. 2 Some elected leaders do not understand well their roles, there some members with low school level, 3. The groups are informal, not formally registered.</p> <p>As recommendation: 1. Training of mgt committee in Saving and Loan method, 2.provide saving and loan manuals, 3. regular monitoring to assist the groups</p>
Zambia Land Alliance	<p>Conclusions and recommendations: Having a management committee is key in ensuring that guidelines on how to successfully run a savings group are followed. The management committee represents the interests of the group members hence it is important that they are democratically elected and put into office. For the constitution to work well, all members should have input in developing it. This ensures that consensus is reached on how the group can effectively run. The management committee should be thoroughly oriented once they are elected so that they understand their roles and group expectations.</p>

Table 5: Administration and financial control

Organisations	Conclusions and recommendations on administration and financial control
AICC	<p>Conclusion: All VSLAs had their books well filled in. Most of the Secretaries for most VSLAs have been on that position for over one circle. Most of them have gained enormous experience in record keeping hence the good record keeping in most groups.</p>
MUSCCO	<p>Safety of the funds is a key aspect that always a VSLA should ensure that is upheld. The funds of the VSLA preambly need to be kept with a treasurer whose home security is assured. Funds are put in the cashbox and that contains three locks. Once the funds are deposited in the box, the box has to be locked and the keys are given to other 3 different members so that the treasurer should not even have access to open the box. If there are more money in the box and the VSLA members are worried of the security of their funds, it is also encouraged that the VSLA should open account with financial institution (i.e SACCO). Records are also important in the VSLA to assist the members ably make share outs with minimal challenges. The VSLA members needs to be trained further on how they can write in the ledgers as well as passbooks.</p>
ZFU	<p>Recommendations: use cash boxes, three key keepers, lend all the money in one meeting</p>

FONPA	<p>1. The groups have means to record keeping but not in proper individual passbook and general recording keep book, 2. The groups know the rules to keep the funds but keeping the money in the house is not safe particularly for those groups that saving a lot of money, 3. Some groups have not properly Box/ Safe to keep the money.</p> <p>Recommendation: 1. The groups and members should have the right material for record keeping, 2. The groups needs to be formalised in order to have access to banks to keep the money,3. Assist the groups with properly safe box. <i>Consultant's note: formalisation of saving and loan groups is not a priority at this point. More important to strengthen the training to groups in administration and financial control adhering to the VSLA method.</i></p>
Zambia Land Alliance	<p>The books visited had their records well documented in their ledger books. The ledger books contained the loans book, social fund book, fines book, savings book and cash book. This method of keeping records is recommended because it enables the group keep records according to the transactions that have taken place in a particular meeting. However, one of the groups lets the members go with their passbooks which is not a good practice because the records can be a mis-match between the ledger and the passbooks.</p>

Tables 6: Linking saving and loan groups to other organisations and external support

Organisations	Conclusions and recommendations on external support to saving and loan group
AICC	The external credits can help in spurring the business. The external credit can be provided in both forms (cash and or in kind).
MUSCCO	MUSCCO field officer and community facilitators continue to visit and follow up the groups monthly or more. Trainings are also done.
ZFU	Monthly or quarterly monitoring of groups depending on their performance. Monitoring should be done by trainers and senior staff review approaches.
FONPA	Not clear, seems to be the training undertaken in VSLA.
Zambia Land Alliance	Zambia Land Alliance visits the groups regularly. Recommendation that groups receive: Refresher training on how to run a saving group and record keeping should be conducted either quarterly or bi-annually. This will help the group members have refreshed memories of how to run a saving group.

Organisations	Conclusions and recommendations on linking and external loans
AICC	External credit important to increase business
MUSCCO	<p>1 of 9 groups have been linked. The external credit is very important if it is utilized properly. It has got potential to improve the living standards of the VSLA members since this money is used to conduct the big businesses that these VSLA members could not engage in without this money. However, the VSLAs are supposed to be trained in the loan management trainings to ensure that they use the funds properly. This credit can be provided to them through a close scrutiny of these VSLAs so that only those that are vibrant enough should access this credit.</p> <p>NOTE THAT NOT ALL GROUPS CAN BE LINKED, IT IS DONE WHEN ALREADY ESTABLISHED AND WORKING WELL. LINKING SHOULD BE TRAINED TO THE GROUP.</p>
ZFU	<p>Visited groups no or limited external loans. External credits are important to boost the operations of the businesses or even venture into new businesses. Savings made by members are not enough for all members to borrow wholesomely and finance their businesses. Farmers in Bandawe asked if it is possible to get external credit to purchase a tractor for the group? This where the external credit comes in as long as the farmers are organized with an effective and efficient working group. Other external credits may come through linkages to financial institutions for. this can be facilitated by ZFU working closely with farmers and the farmers showing record keeping trends in the Village Savings and loans . There is need for viable enterprises</p>

	for these linkages to be successful.
FONPA	None of visited groups have been linked to external institutions. External credit is important to leverage amount of loan, and help members to upscale the investment. It can be provided through the NGO focus in microfinance for rural community.
Zambia Land Alliance	None of the visited groups had external credits. None of the groups want to have external credits since they fear losing their property to external credits.

Table 7: Training needed of saving and loan groups

Organisations	Conclusions and recommendations on training of groups
AICC	Most of the VSLAs need trainings in business diversification and business management skills. Financial education
MUSCCO	The following trainings need to be provided to the VSLAs in these areas. The groups needs financial literacy trainings, leadership trainings, they also need to be drilled in VSLA methodology, study circles trainings need to be conducted as well and business management trainings. Also linkage concept to financial institution. This support can be provided with the well crafted project to be implemented for a certain period i.e three years.
ZFU	
FONPA	Women are well represented in the groups but need some literacy support and capacity building in general. Link some members specially women to national literacy program at local level Lack of knowledge in entrepreneurship often inhibit to make sustainable investment. Training in entrepreneurship/Investment income generation initiatives. Training/refreshing of old and new groups on saving and loan method
Zambia Land Alliance	Refresher training in VSLA to groups. Further, groups can be supported by training them in entrepreneurial skills so that they can invest and manage their businesses better. They will improve and grow their income and also grow their saving power.

Table 8 The method for saving and loan groups

Organisations	What changes should WE do in our method to improve the results of the VSL?
AICC	The method is adequate to do VSL groups as it helps in enhancing poor people's capacity to build their assets through savings. Engagement of secondary financial cooperatives to act as financial capital provider and risk minimizer through provision of security to their funds. Linking.
MUSCCO	All the steps have been completely undertaken. However, there is a need to conduct further training on the same to the VSLAs to ensure that they fully practice the method. There is a need to include the study circles in your method so as to let the members discuss various topics of their concern including financial issues in so doing imparting knowledge on each other.
ZFU	Improve record keeping with ledger, security of funds, improved monitoring and field coaching, linking with financial institutions. Define number of members per group, define maximum loan size.
FONPA	Internal regulation is not undertaken by the groups probably since they do not get assistance due to staff limitation. Our method adequate because there are many similarities with other method being used in the country. The manual is very simple and understandable. Probably there is need to simplify some financial terms that might confuse the groups. Insert more images from different stage of cycle to make it more attractive to the members, picture of passbooks, keeping books, create audio

	<p>material in local language for those who can not write and read. Also link the VSL to government literacy program.</p> <p>Provision of initial basic kit (VSL book, passbooks, record book, safe box) to most vulnerable groups;</p> <p>Provide assistance to the advanced groups to get legal register.</p>
Zambia Land Alliance	<p>VSLA method. All stages outlined in the method have been undertaken. Use simple ratio in the calculation of shares. At the moment we would recommend the method we are using because its easy to follow by community members. Yes the method is very simple and easy to follow by community members.</p> <p>Further, the method is adequate because all the groups that were visited or we interacted with use this method and their saving groups are running smoothly. Some of them started as far back as 2018 so they have done a number of cycles with no difficulties.</p> <p>What you may want to do is to just emphasise on the need to keep record clear and easy to understand by every one.</p>

Table 9: Women's participation in saving and loan groups

Organisations	What changes should be done in our method to improve women's participation in VSL?
AICC	<p>Women Empowerment Approach: In order to improve women participation in VSL, women must be taught on empowerment issues. Women's control over resources can be studied on different levels. On an individual level, women are held back since they cannot get access to banks and financial services in their own right. Moreover, the activities women engage in yield lower income than men, while they are at the same time burdened by a higher domestic workload. They are educated to a lesser extent and they lack confidence to claim political and legal rights</p>
MUSCCO	<p>There is a need to use the gender champions that advocate about the gender balance in the VSLAs. Promote women leadership in groups.</p>
ZFU	<p>There is need for clear affirmative/deliberate action such as a quota for women in mixed VSLAs with men and women.</p> <p>Promote women-ASCA as a way to attract women .ASCA used mostly for purchases of groceries and kitchen utensils. This attracts more women and as women acquire what they want they grow out of ASCAs and become business oriented.</p> <p>Promote exchange visits for other women to learn and see what members in VSLA are doing.</p>
FONPA	<p>Adapt the method to ensure and encourage the participation of women</p>
Zambia Land Alliance	<p>Generally women are more open minded about joining saving groups. They understand the importance of saving as they are the main actors in running a home.</p>

Table 10: Participation of youth

Organisations	What changes should WE do in our method to improve youths' participation in the VSL?
AICC	<p>Financial Literacy: Youth needs access to financial services in the ways that VSLAs can provide. VSLAs should be continued throughout Malawi to give youth the ability to save and invest in their own businesses in order to build a more stable financial future. Financial literacy is critical for Malawi youth. Financial literacy training, like the training that is provided within the VSLA modules, should be continued. Improved financial knowledge allows youth to have a better grasp of their financial situation and possible financial future. Learners who participated in VSLAs invested their loans in their businesses and retained extra income and savings for personal use/daily consumption. This separation in spending habits speaks to developing more sustainable</p>

	fiscal practices and higher financial literacy.
MUSCCO	Inclusion of the youth attractive methods like mobilizing them in the clubs and supply sports related materials to them so that after buying shares they should be engaging themselves in the sports.
ZFU	<u>Youth participation:</u> Make public success stories of Youth already in VSLAs Use affirmative action to include a youth quota Youth to take up the leadership roles of VSLA Increase viable cotton related or other business activities e.g. value addition that bring quick money for youths and train them in line with VSL Use peer learning through exchange visits and showing young farmer profiles showing success stories on VSL
FONPA	Adapt manual to engage and ensure youth participation
Zambia Land Alliance	To encourage youth participation, they should form savings groups which comprise of youths. They are usually free to interact with their own peers because of similar economic status compared to elderly people.

Table 11: Monitoring and follow up of saving and loan groups

Organisations	How can the follow up/monitoring of and support to the group be improved in the future?
AICC	The future monitoring exercise must include financial technicians from MUSSCO and other financial service providers. Groups are monitored by government agencies and NGOs.
MUSCCO	Monitoring, supervision and mentoring of group is crucial to ensure consistency. Improvising on data collection should be done by using the GIS that would be picking the locations of the VSLAs so that easy follow up and monitoring is continuously conducted.
ZFU	Monthly or quarterly monitoring of groups depending on their performance. Monitoring should be done by trainers and senior staff review approaches. This should be mainstreamed in budgeted activities and included as an important reporting item in the weekly/monthly reporting template. There should also be a communication link between the ZFU data base developer and individual VSLAs for periodic checks even on the phone. There may be need to solicit funds for this activity outside the project funds
FONPA	The monitoring to the group can be done at least four time during the initial phase. An excel local community members from VSL can be turned to village focal point . They should get further trained to assist the groups through the links to FONPA field officers.
Zambia Land Alliance	Systematic reporting by community agents should be encouraged. Monitoring should then be based on the reports to identify gaps and specific support needed. Monitoring should be done on a monthly basis so that records are kept in check as well as safety of the funds the members keep in cash boxes. Further, groups can be supported by training them in entrepreneurial skills so that they can invest and manage their businesses better. They will improve and grow their income and also grow their saving power. There should also be scheduled refresher trainings for both community agents and saving group members. Monitoring should be done monthly when the group is learning. Then it can be done quarterly. It can be done by community agents who should also fill out reports.

Tables 12: Staff and resources to implement saving and loan groups

Organisations	What does your organisation need in staff and resources to implement the saving and loan method?
AICC	Conclusion: Financial support to capacitate the project officers, village based agents

	and the VSLAs. There is need also to have start up tool kits for the first batch of VSIAs. Most required trainings: Establishment and Management of Information System and Linking of VSLAs of Secondary Financial Cooperatives. <i>Consultant's remark: AICC firstly need refreshment training in the VSL method to implement the groups correctly. Linking should be done later not as a start up of groups.</i>
MUSCCO	MUSCCO has a very long experience in VSLA method implementation. However, apparently there is a lack of enough funds as well as additional staff who would solely be looking at VSLA method implementation. In so doing, MUSCCO would fully implement this method. MUSCCO also needs its frontline staff to get a full training in VSLA methodology so that they can be sufficiently implementing the method on the ground.
ZFU	Training of trainers is crucial to increase the staff base which understands VSL method Assigning staff for the data base of VSLAs There is need for a software and tablets for use during the monitoring of VSLAs throughout a cycle of one year. An application that's allows monitoring needs to be thoughts out to give feedback on needs and innovations by groups Financial resources for monitoring and on-field coaching are necessary Generic training on VSL method is needed.
FONPA	Training field officers, establish local focal points of VSL, and get technical and financial support to conduct assistance and monitoring to the groups. Build capacity of FONPA at national level and set up proper framework from bottom to the top and vice verse, system that enable efficient channelling of information within the framework(FONPA, the groups and community) Redesign the structure to provide better assistance to the groups, and have in place proper dada base and collection system; Staff training to provider better assistance to the groups
Zambia Land Alliance	Provide more resources for saving accessories because more groups are being formed. More community agents need to be trained so that they support in monitoring of the groups. Provide more resources for training to incorporate more groups in savings groups. More people at organisational level need to be trained in VSLA so that adequate support id given to the saving groups.

Support from We Effect to implement saving and loan groups

Organisations	Conclusions and recommendations need for support from We Effect
AICC	Conclusion: Financial support to capacitate the project officers, village based agents and the VSLAs. There is need also to have start up tool kits for the first batch of VSIAs. Most required trainings: Establishment and Management of Information System and Linking of VSLAs of Secondary Financial Cooperatives. <i>Consultant's remark: AICC firstly need refreshment training in the VSL method.</i>
MUSCCO	Not defined
ZFU	Not defined
FONPA	Build capacity of FONPA at national level and set up proper framework from bottom to the top and vice verse, system that enable efficient channelling of information within the framework(FONPA, the groups and community)
Zambia Land Alliance	Training for community agents. Training more members of staff in VSLA. Engaging more organisations to are dealing with saving groups so that exchange learning can be incorporated. Provide resources to procure more saving accessories especially for newly formed groups. Provide training materials on VSLA to be used during fresher trainings. TRAINING IN ENTREPRENEURIAL SKILLS.

Table 13: Saving and loan groups within the Sustainable Cotton Project

Organisations	How will the VSL be combined with other activities of the Sustainable Cotton Project at village level?
AICC	For the implementation of Savings Groups to succeed at the Sustainable Cotton Project, the concept must be introduced first to the national office and it should be clear how this intervention and the corresponding Management Information System (MIS) contribute to the project targets. The fundamental activities of the project models must be mainstreamed by way of promoting, mobilizing and training of Savings Groups, and subsequently promoting Village Agents in the four districts.. There is need also to consider other working partners. Partners may be CBOs, local NGOs or government agencies. AICC staff can have an active role in training staff in partnering organizations to start or expand Savings Groups to new target communities.
MUSCCO	VSLA methodology is a key to financial inclusion. It allows the members to be saving whatever a little earning they get from the various enterprising activities. Similarly with the case of Sustainable Cotton Project, the beneficiaries can be advised to be in the VSLAs so that they should be saving their funds in preparedness of the cotton growing season as well as post season. In so doing, they can be having some little something to purchase farming inputs
ZFU	Women should be encouraged to have their separate pieces of land for the Cotton project. The pieces of land can be either at Savings groups level or individuals depending on what the male counterparts in these groups think. Viable and dynamic VSL should be considered first as an appreciation of their efforts. Number of years the group has been in operation can be a selection criteria for participating members. A small equity from the Savings and Lending can also become a condition of participating in the cotton project.
FONPA	The women's income diversification initiatives and handloom initiatives under the project probably should be linked to Village saving and loan. This can bring sustainability to the project, and be good exit strategy as the small business and handloom can rely on VSL to borrow fund for raw material, inputs, etc. <i>Consultant's note: VSL can not be connected only to handloom initiative. VSLA should be broader and be based on the concept of members deciding how to use their saving and loans based on their own business analysis. Not for a defined group activity.</i>
Zambia Land Alliance	Not applicable.