

**The beginnings of a
Raiffeisen-savings & loan association federation
in Uganda**

by

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The author wishes to thank Allen Hugh from VSL Associates for disclosing his work and entire training material on the VSL model, Januario Ntungwa for advising her on important issues with regard to linkage banking in the Ugandan context, the KAB to entrust to her starting a program of this size with its Ugandan partners, the CWM for being extremely creative in all program phases, and exceptionally the DGRV, department for international relations, to show faith in the project and support it in all aspects accordingly.

1 Intention, Approach and Summary

The idea to building a country-wide savings and loan association federation within the Catholic Workers Movement Uganda evolved and its realization is evolving in several steps based on an open minded cooperation of all parties involved. These are the:

KAB: Katholische Arbeitnehmerbewegung, here Dioceses Rottenburg-Stuttgart, Fulda and Regensburg, its international working team, the KAB Uganda Platform, as well as the Weltnotwerk supporting all international partnerships of KAB worldwide

CWM: Catholic Workers Movement Uganda, founded in 1995 in Masaka diocese, and currently represented in 12 out of 19 dioceses with 8,356 members and 153 base groups¹.

DGRV: German Cooperative and Raiffeisen confederation, International Relations Department and the

Author: Consultant for financial systems development, acquainted with Uganda since 1994
KAB and CWM are organized in their respective countries in a three graded confederation constituted out of base groups on the primary level which are supported on regional level by diocesan executive committees (**DEXCO**) and a secretary in the respective (field) office which in turn are cared for by the national executive committee (**NEXCO**) and secretariat.

The federation is based on Raiffeisen's idea of practising Christian solidarity through the foundation of small Savings and Loan Associations (SLAs) strengthened through the support of the three level Raiffeisen confederation, [Raiff2], here being substituted by CWM, and the well-known methodology for Village Savings and Loan Associations (VSLA²). This methodology was adjusted to the needs and circumstances of CWM and enhanced by

- i) an internal audit system permitting each team on diocesan level to offer support for the respective SLAs on primary level
- ii) the acquisition of basic business skills through initial lessons in the first cycle (~ 1 year) of the SLA and from then onwards by sharing of specific business knowledge within the group as well as across the federation via a library of financial projections.

Chapter 2.1 describes the first phase of the **process** which resulted in the federation being mapped out from the beginning onwards by CWM leaders and other active members with the initial help of the author. At the end of the first phase the national chairman, George Ssali, thus concluded in an e-mail to the German partners: "To me this a very big chance in the effort I have all along campaigned for to empower our members to own and sustain CWM in Uganda!"

Tailoring the federation to the situation of CWM, the self-help groups (SHGs) to be mobilized at the end of 2012 and officially established and trained from February 2013 onwards are consequently called Catholic Workers Raiffeisen-Savings and Loan Associations, **CW R-SLAs**. The main principles of a CW R-SLA are as follows

- 1. Self-selection of members in a group of 10-20 people who save together and take small loans from the Loan Fund build up over time out of those savings (shares) plus the loans' service charges. This self-help group must be composed of members who trust each other and who can regularly meet and buy 1-5 shares.
- 2. Self-Administration: The Group has a five person Management Committee elected for one cycle (~1 year). Each member has one vote in electing the Committee and to develop a constitution. The Group must have the will and means (social pressure) enforcing this set of rules.

¹ Some of the members are additionally organized in 44 women and 61 youth groups.

² Please see <http://vsla.net/aboutus/vslmodel> or [Hugh1]

- 3. Self-responsibility: A CW-Trainer will train members but never manage the association, write in the passbooks or touch money belonging to members. The Trainer who is certified in training CW R-SLAs will receive fees from the Group for this training.
- 4. Transparency: All transactions are performed at meetings in front of all the members. Between meetings cash and passbooks are therefore locked in a cash box secured with 3 padlocks. A backup of the passbooks is secured through the internal Analysis- and Audit System of the CW R-SLA federation.
- 5. At the end of every cycle the Loan Fund minus the agreed upon Seed Capital for the next cycle is shared out whereby the profits from the loans' service charges are distributed to members according to the number of shares each member holds.

This first phase of the entire process started in the first quarter of 2011 at which time several members of CWM had asked their respective German partner parishes to assist them in microfinance activities and it culminated in the 1st Training of Trainers (ToT) held by the author from 2nd - 9th of September 2012 in Butende (near Masaka) for 26 members of CWM. The seminar participants will serve in the first year of the federation as CW R-SLA Pilot Trainers (16) and Trainers' Supervisors (the 6 executive and the 2 national secretaries) covering eight dioceses, and the national accountant and chairman will serve as observers and promoters.

The 1st ToT covered the ultimate goal of building a federation based on Raiffeisen's ideas and principles, the detailed CW R-SLA methodology (Chapter 2.2) as well as basic business financial-planning including an introduction to financial projections (Chapter 2.3). The constitution (Annex) which differs in many parts from the one of the original VSLA methodology is a result of many very creative and efficient discussions of participants during the seminar.



The ToT on CW R-SLAs was attended by 26 CWM members from all over the country. The seminar led to changes of mind and new awareness's amongst participants (Chapter 3) inspiring the team to continue mastering the content of the training materials and tasks as

well as to mobilize the first pilot groups during the intermediary phase until the 2nd and final ToT for Pilot Trainers and Supervisors in January 2013 (Chapter 4).

2 First phase in building a CW R-SLA federation

2.1 Individual steps that lead partners to own the process and the program

1. CWM asks their German partners, i.e. the Katholische Arbeitnehmerbewegung (KAB) Rottenburg-Stuttgart and Regensburg to assist in microfinance activities especially regarding technical support. It had been noticed by some of the CWM officials that some base groups had started a microfinance fund, supported by individual German partner parishes, giving out small loans without skills to appraise the borrowers businesses or to manage the fund.

2. The German partners decided to first enhance their own knowledge about microfinance and asked the author to prepare for them an introductory seminar in July 2011.

3. Being in Uganda in May 2011, the author used the chance to already meet with two of the officials of CWM, namely the national secretary, Janet Nkuraija, and the secretary of Masaka diocese, Charles Muyanja. The idea was on one hand side to learn more about CWM, the principles and the way the organisation and the base groups work and on the other hand side to hear if they like the well-known methodology of Village Savings and Loan Associations (VSLAs).

4. Since it emerged that both secretaries approved these kinds of Self Help Groups (SHG) and that the national secretary was already a member of such a VSLA herself, the author discussed with them if they could imagine to building a VSLA federation within CWM. The idea being, to teach group members how to establish a loan fund based on their own savings and the possibility to link to existing financial institutions in case of excess or shortages of liquidity (Linkage Banking).

5. Since this idea was very much welcomed, the author presented it and the original VSLA methodology at the seminar of KAB Rottenburg-Stuttgart in July 2011 as one of the possible ways to support the Ugandan partners in their struggle for self-reliance. Furthermore it was outlined that this approach perfectly fit to the KAB and CWM principles of solidarity and mutual economic empowerment when embedding it into the teachings of the German social reformer and founder of the cooperative movement, F.W. Raiffeisen (1818-1888), [Raiff1].

6. Realising with excitement how closely the KAB principles and three-graded working structure are to those of the DGRV, the KAB Uganda platform and Weltnotwerk agreed to the ideas and decided to approach the international department of the DGRV for support.

7. The author was asked to work out a detailed project proposal. After an initial in depth discussion with Allen Hugh from VSL Associates this was done in close cooperation with the two CWM secretaries. Having sought further advice from different parties involved in training of trainers (ToT) for VSLAs in Uganda, the two secretaries pledged to go for a CW in-house ToT making the following arguments which were accepted by KAB:

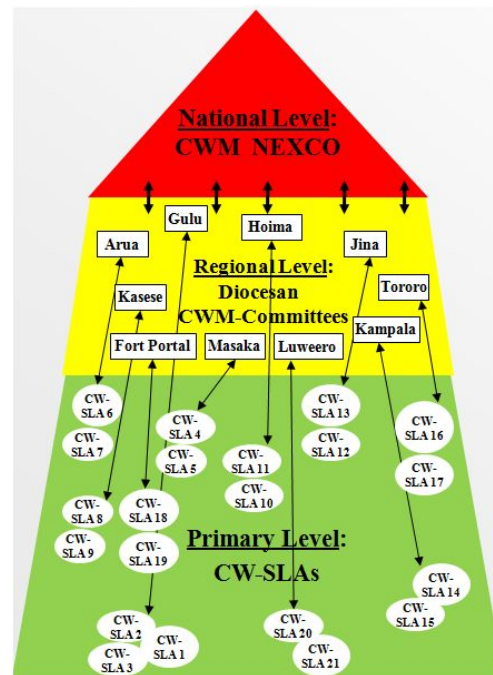
- *Additional components regarding Raiffeisen's principle of practising Christian Solidarity through SLAs as well as basic business financial-planning will not be taught by the local trainers.*
- *"A person knowing the people at CWM and KAB as well as what they do will help not to lose focus on CWM's main objectives. The people can be trained putting in mind what they are and what they do.*

- Once the CWM pilot trainers are holding further ToTs themselves the CWM spirit is further carried on.
- External trainers from a local training provider may decide to own the groups thus disintegrating CWM, and hence leading to losing members and diverting from the set objectives of CWM.”

8. Having decided for an in-house training of trainers executed by the author opened the path for her to start tailoring the methodology of the anticipated SLAs to the needs of CWM and to let the participants of the seminar continue these efforts through many open discussions. The conclusions of these creative exchanges of opinions and experiences have all been incorporated in the CW R-SLA constitution, see Annex.

9. Talking with representatives from DGRV about the importance of internal audit within the confederation, see also [Armbr], the author was then inspired to develop a pilot MS Excel based **Analysis and Audit tool** plus respective hard copy templates allowing to carrying forward any record for savings and loans made in a member's passbook during the CW R-SLA meetings to the diocesan office. The deputy record-keeper simply needs to copy the entries made by the record-keeper into these templates using the **4-eye principle**. Copying these numbers into the tool results automatically in an audit report as well as a set of indicators on the individual groups' financial and operational performances as well as across the diocese. Simultaneously, the templates and Excel files fulfil the function of a **back-up system**.

Right: Strengthening the small CW R-SLAs through the three graded structure of the CWM confederation.



10. All preparations for the first ToT took place again in close cooperation with the two secretaries especially wherever feedback was needed, e.g. regarding instructions on how to produce the redesigned pages of the original VSLA passbook, content of the cash box, printing of all the materials. The selection process of the pilot trainers and supervisors plus the logistics needed for a seminar with 26 people from all over the country were completely performed by CWM on its own.

Cycle Number 1
 Single Share Price UGS 1.500

Starting number of shares this page 26

Mtng No.	Date	Shares Bought per Meeting				
13	05.09.12	CWM	CWM			
14	12.09.12	CWM	CWM	CWM		
15	19.09.12	CWM	CWM	CWM		
16	26.09.12	CWM	CWM	CWM		
17	03.10.12	CWM				
18	10.10.12					
19	17.10.12	CWM	CWM			
20	24.10.12	CWM	CWM	CWM		
21	31.10.12	CWM	CWM	CWM	CWM	CWM
22	07.11.12	CWM	CWM	CWM		
23	14.11.12	CWM	CWM	CWM		
24	21.11.12	CWM	CWM			

Total number of shares bought this page 28
 Total number of shares sold this page 3
 Ending number of shares this page 51

The passbook was redesigned in order to minimize the possibility for erroneous entries on shares and loan pages, to add the CWM logo and name on the front side, and the five main CW R-SLA principles on the back side.

Loans				
Loan No.	Item	Amount	Date	Signature & Tot. Outstndg
1	Loan Balance	30.000	27.02.	Frances
	Service Charge	3.000	12	33.000
	Paid	1.500	26.03.	Frances
	Loan Balance	31.500	12	34.600
	Service Charge	3.100		
	Paid	11.000	23.04.	Frances
	Loan Balance	23.600	12	
	Service Charge	2.300		25.900
End	Paid	25.900	21.05.	Agnes
	Loan Balance	0	12	
	Service Charge	0		0
	Paid			
	Loan Balance			
	Service Charge			
	Paid			
	Loan Balance			
	Service Charge			
	Paid			

For example, the loan pages were enhanced with boxes for the “Total Outstanding”, i.e. the Loan Balance plus the Service Charge. This relieves to a great extend deriving the new Loan Balance after a payment has been made.

Right: Cash box with 3 locks, money-counting bowls, pass books, calculator, stamp, ruler, etc.

11. During the ToT the author encouraged participants to share their experiences made through participation in any kind of SLA. In the majority of aspects the group came to the conclusion that the general methodology of the original VSLA (sometimes adjusted by the author) compared more favourably. Nevertheless the group further enhanced the constitution and changed many details which the author purposely had put up for discussion and final decisions to be made during the course of the seminar



Regarding the detailed meeting procedures some issues that needed adjustments came to light only during the role plays. This open approach on the whole led to many very lively and very creative discussions resulting always in a solution for the respective problem which every-body could agree upon!

2.2 Content and training material of 1st ToT

The Training material for the 1st ToT consists in

- Three sets of slides:
 - Part 1: Introduction to the principles of the CW Raiffeisen-SLA federation
 - Part 2: Detailed CW R-SLA methodology in theory and practice
 - Part 3: Basic business financial-planning
- Six short documents whereby the 3 +1 pages of the last two are laminated into plastic

- What is a CW R-SLA?
- Constitution Form
- Agreement between Group and CW-Trainer Form
- Meeting procedures 1st savings meeting
- Meeting procedures General
- Meeting procedures Share-out and graduation

2.2.1 Introduction to principles of the CW Raiffeisen-SLA federation

The ToT started with an introduction about the whole vision of building a CW R-SLA federation based on Raiffeisen's principles and ideas to support the small SLAs through a three level federation.

The prerequisite for offering support from the regional (=diocesan) to the primary level are the internal audit reports to be created on a regular basis for each SLA on regional level using the Analysis & Audit Tool.

However, for the Pilot Trainers, especially those not (very) computer literate, it suffices to understand that once the tool is fed with the content of the hard copy templates for the Group Savings and Loan Ledgers (picture below) filled out during the group meetings, the audit report including key indicators for savings and the loan portfolio automatically results. Therefore in the introductory meeting only a few key screenshots of the tool were presented as a first insight. In depth training about the tool for CWM secretaries and additional young analysts will be hold in the 2nd ToT, see Chapter 4.

Below left: Group Loans Ledger; Below right: Record-keeper (left) inserting for each share bought a stamp into member's passbook and deputy record-keeper (right) inserting this number into the Group's Saving Ledger Template

Loan Ledger of:	CW-SLA Butende	Area: Masaka Town	Diocese: Masaka		
	Day	Month	Year	Interest Rate for 4 weeks	
	18	4	2013	10,00%	
Member's Name	Paid	Loan Balance	Service Charge	Total Outst.	Past due ?
Member 1	14.700	8.400	800	9.200	no
Member 2					
Member 3	20.000	16.300	1.600	17.900	no
....					
Member 13		45.000	4.500	49.500	no
Member 14		30.000	3.000	33.000	no
Member 20					
External debts			0		
Write offs this cycle			0		



2.2.2 Detailed CW R-SLA methodology in theory and practise

As in the original VSLA training, the CW R-SLA method is taught in seven training modules. The original contents have been adjusted and enhanced as needed.

- Training Module 1
Groups, Leadership, Elections, Agreement between CW R-SLA and CW-Trainer
- Training Module 2
Seating Arrangement, Importance of Savings, Share-purchase, Social Fund
Understanding of Loans and Interest on loans, Credit Policies,
Cash box and content

- Training Module 3
Development of Group Constitution
- Training Module 4
First Savings Meeting:
Handling of passbook and Group Savings Ledger Template
- Training Module 5
First Loan Meeting
Handling of passbook and Group Loans Ledger Template, first part
- Training Module 6
First Loan Repayment,
Handling of passbook and Group Loans Ledger Template continued
Operational Performance Template of group for Trainers' Supervisors
- Training Module 7
Share-purchase before share-out using tokens, Share-out and graduation
Preparations for next cycle

The content of the training material was mainly taught in form of role plays during which the author took on the role of a CW-trainer, the Pilot Trainers that of a group member and the supervisors that of a supervisor and observer. Afterwards the topics were repeated by going through the slides and/or hard copies of them in a classroom session. In the 2nd ToT the Pilot Trainers and supervisors will form two groups taking on the role of a trainer in turns.



During the seminar any issue / method was openly discussed especially if someone had any concerns. Solutions were always found and the author has incorporated them by now into the presentations, constitution and meeting procedures. For example:



The participants felt the need to discourage fraud during the share-out meeting by enhancing the meeting procedures with the member having to sign (with finger print) the passbook when receiving the money.

Left: Member signing her passbook on the amount to be received, i.e. her total number of shares at the end of this cycle times the *final* share value minus the Seed Capital agreed upon for the next cycle.

Another example was the discussion on potential theft of the cash box which in the experience of participants could and had happened in one occasion even in a village and not just in slum areas. The solution making theft not worthwhile the risk of being caught consists in enhancing the constitution with the following rule: “Any cash amount exceeding 300 to 500,000 UGS has to be banked immediately after the meeting.” This means that the topic of **Linkage Banking** for deposits - and later on may be external loans - will become an important topic for most of the CW R-SLAs already in the first year, see Chapter 4.

2.2.3 Business financial-planning - financial projections brought down to the people

Basic business financial-planning was taught by illustrating simple solutions to the below listed topics:

1. How to get a good business idea?
2. How to do a little market analysis
3. How to get started with any kind of business?
4. How to make a simple financial plan including a potential loan?
5. How to stir the business to profitability?

In the opinion of the author shared by the group every micro entrepreneur – regardless how small her/his income generating activity - needs to understand these basic principles over time in a step by step learning process that is supported by experiences made. According to the author’s experience the lack of knowledge of these basics hinders many economically active poor and other entrepreneurs to be successful.

In order to solve the 4th issue, the author had developed an MS Excel based **Financial Projections Tool** consisting out of three templates: the first for the investments, the second for cost and income over one single operating period and the third for cash flows over several operating periods. The tool can be used on diocesan level for financial projections of larger group projects.

On the primary level especially in the villages, however, only the **Cost Income Template** is meant to be used in form of the following hard copy:

Cost - Income for Production of Mats				
Unit type of operating period	weeks	Insert "day(s)", "week(s)" or "month(s)"		
Number of units in a single op. period	4	Insert a whole number e.g. 1, 2, 8, ...		
MAX. quantity produced per single op. period	Unit type	No. of units (a)	Unit Price (b)	Income (a*b)
A Mats	piece	1,00	20.000	20.000
Variable OP. EXPENSES per single op. period				
	Unit type	No. of units (a)	Unit Price (b)	Cost (a*b)
Dye	tin	2,00	5.000	10.000
Çisal	bundle	5,00	500	2.500
palm leaves - owner lives near the bush	bundle	5,00	for free	0
salary for owner	hour	20,00	250	5.000
B TOTAL				17.500
FIXED OP. EXPENSES per single op. period				
	Unit type	No. of units (a)	Unit Price (b)	Cost (a*b)
C TOTAL				
D Op. profit per single op. period assuming production at average capacity (A-B-C)				2.500
Accumulated op. profit for N op. Periods: N =		3,0	D*N = 7.500	

During role plays a group member had requested a loan for the costs of dye to start a mats production business which had been accepted as very promising. The more careful calculations later on revealed however, that the owner could maximal earn 250 UGS per hour (0,08 €) in this business without making a loss.

The basic idea of the template consists in determining a time interval – the **single operating period** - for which it is most convenient to estimate the average income and costs of the business based on the respective **unit costs**.

As a result one obtains the available net cash per one single operating period and accumulated over several such periods. The amount(s) could be used for payments of an instalment credit or bullet loan, respectively. If no immediate investment into the business is needed, the periodical profits could also be saved for future business enhancements.

In order to learn and practice this kind of thinking and to ensure the group as a whole makes wise decisions on loan requests, the meeting procedures following the locking of the cash box are as follows:

- The Chairperson invites members to share something about their latest business experiences.
- Then new business ideas involving future loans are discussed. The group tries to project the business' income and cost using the respective CW-Financial Projections Template. Specific knowledge required for this business is obtained via the CW R-SLA federation for the next meeting(s).

3 Conclusions of the first phase

Thanks to the openness and cooperation of all partners the program evolved into a process (Chapter 2.1) in which the seminar participants are becoming the leaders of the anticipated CW R-SLA federation regarding the fine tuning of its methodology as well as its roll out within CWM. This further supports the theory in [Armbr] stating that cooperative structures can also be build from the bottom up as long as the leaders develop their own model.

Participants were extremely creative and active and are already moving on to the next agreed upon steps. Many of them came to new awareness's and experienced changes of mind which they shared directly during training sessions and in written feedback commentaries at the end of the seminar which the NEXCO immediately summarized into "Resolutions and Recommendations".

The next two sections summarize therefore participants own conclusions about the program.

3.1 Participants changes of mind and new awareness's

- Calculations are important when doing business and can be understood by everybody

When the group's more careful financial projections for a simple business (Chapter 2.2.3) that had been accepted during the role plays as promising revealed that the profit was extremely tiny, the chairperson of the NEXCO stated: *"In Africa some work very hard but don't calculate so at the end of the day there is not much!"* Later on he concluded: *"In Africa we do without calculations but single operating period is a great idea – you have simplified the mathematics and the English to a level that brings it down to us."* In Uganda the majority of the people fear mathematics so that in general only little attempts are made to master it.

- Economic concepts can be explained in English terms understandable by everybody

Another participant stated: *"There are no difficult terms we would have difficulties to explain to the village people - you brought the material down to earth."* He revealed that some participants didn't expect this from a person with a Ph.D. In Uganda there is a common believe that one needs to have a Ph.D. to improve the standard of living. However the resulting papers often can't be put into practice and often important skills as those obtained e.g. in a sound vocational training are missing.

- Raiffeisen's concepts are helpful in the African context

Someone concluded "What Raiffeisen has done so long ago is benefitting us now!"

- The internal audit system encourages transparency and trust among group members

One participant plans suggesting to the members of her existing SLA the introduction of the Group Savings and Loan Ledger Templates of the Internal Analysis and Audit tool since *"they encourage transparency and trust among group members"*. If the tool itself could be used in addition in her group, there was no longer a need to aggregating numbers of shares, outstanding loan amounts, etc. in a four days lasting error-prone calculation exercise. Moreover, the calculations would be automatically performed instead of only once in a year.

- A behaviour change towards time management can be achieved

During role plays everybody had to pay a fine for being late as suggested in the original VSLA constitution. This had a tremendous effect on people's behaviour: After an agreed upon grace period of five minutes, group meetings could start with all people being on board and sometimes a latecomer having to pay. The acceptance of this was formulated in Resolution 4, see below.

3.2 Participants' resolutions & recommendations

At the end of the seminar the author asked all participants to write down just a few lines of feedback without using a questionnaire. This resulted in a variety of comments which the NEXCO summarized into 13 binding "Resolutions & Recommendations". Eight key ones of these are listed below:

1. *"Participants resolved to move a vote of thanks to the facilitator, Dr. Birgit Galemann, the promoters of the program i.e. the German Cooperative- and Raiffeisen Confederation (DGRV) and KAB Germany, as well as the organizers of the seminar for the work well done*
2. *The participants moved to appreciate what they learnt from the workshop that included the saving culture, the meaning of savings and loans, the internal audit tool, the strategies to develop business skills including the financial projections. They pledged to utilize the same knowledge in their old and new projects.*
3. *It was felt that the training materials were well compiled, easy to follow and clear as visual aids. All the topics were taken to be very relevant and useful to the participants and the presentation by the trainer was judged as very good.*
4. *The training/method is very important education on culture and behavior change towards saving and proper utilization of resources including time management in Africa generally and in Uganda particularly.*
5. *Participants resolved to strategize on how to stir business to profitability through formation of savings and loans associations including sharing of basic business knowledge, for the members who live close to one another, know and trust one another, and are from a similar economic background. In this way, Christian solidarity will be lived.*
6. *There is great need to learn and practice computer skills, especially the excel package by trainers and supervisors. For this purpose, the supervisors and analysts to be identified, one per diocese are to be trained in the second half of the second ToT in January 2013.*
7. *It is important to begin training our members to start businesses in a simple way with the available resources and it is on this basis that the trainers will help the members to develop their business skills using the knowledge received from the workshop. It was emphasized that the members continuously improve on their business skills through sharing in each SLA meeting.*
8. *Concentration on the saving culture through self-responsibility, self-help and self-administration is inevitably necessary. But to have this success, internal audit through the regional analysis and audit tool by all members, transparency and accountability is a must."*

4 Next Steps

The NEXCO together with the author mapped out the following next phases:

- i) Preparatory Phase: 10.Sep 12 – 19.Jan 12
- ii) 2nd TOT: Sunday evening, 20. Jan 13 – Sunday morning, 27. Jan 13

- iii) On the job training and monitoring by the author: 27.Jan 13 - 19.Feb 13
- iv) Development Phase

i) Preparatory Phase: 10.Sep 12 until 19.Jan 12

1. Throughout this phase, each Pilot Trainer and Supervisor agreed to
 - a. Study the adjusted sections of the training material prepared by the author
 - b. Practice loan and share out calculations
 - c. Memorize step by step the CW R-SLA federation's procedures and constitution
 - d. Prepare for addressing the diocesan committee and CWM base groups
2. In each diocese Pilot Trainers and Supervisors meet on an at least monthly basis to study the training material and check on each other's level of mastering its content
3. Pilot trainers and Supervisors meet with their respective diocesan committee to present the idea of building a country-wide CW R-SLA federation and to hear their comments and additional ideas. Afterwards they meet with the bishop and diocesan priests.
4. Each Pilot Trainer meets with the Supervisor of those CWM base groups that are as near as possible to the trainer's home and have members not yet involved in any kind of SLA. After giving an outline of the CW R-SLA methodology, they ask interested members in these base groups to form groups of 10 - 20 people before the next meeting.
5. Each supervisor and one Pilot Trainer at a time meet with these CW R-SLA to be formed in order to ensure a detailed understanding of the CW R-SLA approach, to register for training and to set up a venue and training schedule with a start date immediately after termination of the 2nd ToT in January 2013.
6. The author together with the NEXCO will resume her preliminary talks started in Uganda after the 1st ToT with sound financial institutions interested in entering into **linkage banking** with the future CW R-SLA federation. It is planned to negotiate MOUs between CWM and the respective institutions. So far first talks have been taking place with Wazalendo SACCO and CENTENARY, the Bank of the Catholic Church. Both financial institutions are very interested in a partnership with the whole federation. The latter one is already working with GIZ in this regard concerning existing individual SLAs in the North Eastern region of Uganda (Karamoja).

ii) 2nd TOT: Sunday evening, 20. Jan 13 – Sunday morning, 27. Jan 13

The first three training days will mainly consist of role plays in which the Pilot Trainers act in turn as trainers being supervised by the Pilot Supervisors. During the next three training days the supervisors only plus eight to be identified **analysts** are taught how to use the Excel based "Regional Analysis- and Audit Tool" and the "Financial Projections Tool".

Analysts chosen need to be computer literate and most especially fluent and good in excel skills. Their task is to copy on a regularly basis for all existing CW R-SLAs in the diocese the numbers from the respective groups savings- and loan ledgers into the regional Analysis- and Audit tool, analyse the results and discuss their findings with their respective supervisors. This will be the basis for the latter ones to choose which of the CW R-SLAs need to be visited and what are the most important issues to be discussed.

iii) On the job training and monitoring: 27.Jan 13 - 19.Feb 13

After the 2nd seminar the author travels to each of the 8 dioceses in order to:

- Monitor together with the respective supervisor each of the pilot teachers in the diocese when training one of his/her CW R-SLAs
- Meet with the DEXCO and afterwards with the bishop and some priests to discuss important matters about the whole program
- Visit per diocese at least one existing income generating project and perform financial projections for it together with the supervisor and analyst
 - The results will be collected in an electronic “financial projections library” to be set up and maintained at the national office and forwarded on a regularly basis to the dioceses
 - The time slots for financial projections scheduled with the supervisor and analyst are also used to repeat the key issues of the regional analysis and audit tool
- Evaluate together with the NEXCO and national secretaries the 2nd ToT and all visits

iv) Development Phase

The pilot cycle of the first CW R-SLAs lasting about 48 weeks is closely followed up by the pilot supervisors. In the following year the diocesan field secretaries will take on this role after having been trained in the ToT in the first quarter of 2014 together with additional trainers mobilized from the first CW R-SLA groups. The training will be executed by two of the best Pilot Trainers and or Supervisors.

A quarterly interchange between the dioceses and the national office concerning the well functioning of the groups will be based on copies of the Regional Analysis- and Audit Tool with the savings and loan ledgers as well as the operational performance questionnaire filled out for each group meeting for each CW R-SLA. Especially in the beginning, if time allows the author will also help in this task.

References

[Hugh1]	Hugh, Allen: <i>Village Savings and Loan Associations (VSLAs) - Village Agent Training Guide</i> , version 1.04, 22 nd April 2011
[Hugh2]	Hugh, Allen: <i>Group Quality Assessment (or VSLA evaluation) Tool</i> , May 2011
[Raiff1]	Raiffeisen, F. W.: <i>Die Darlehnskassen-Vereine</i> , 7 th edition, September 1951 as unchanged reprint of the 5 th edition from 1887
[Raiff2]	Raiffeisen, F. W.: <i>The Credit Unions</i> , 8 th edition, December 1966, shortened version of the previous three editions of the original work, supplemented with comments
[Armbr]	Armbruster, Paul: <i>Kooperation als Basis von Entwicklung</i> , p.3-5 in Dossier 10-2011 of Oikocredit Germany in cooperation with the compilation of <i>Welt-Sichten</i>

Annex: Constitution of a CW Raiffeisen-SLA

Those parts of the constitution which differ from the one of the original VSLA methodology are marked in [blue ink](#).

Part 1: Group governance

I. BASIC INFORMATION ON THE GROUP

- Name of the Group _____
- Address: _____
- The Group was formed on: _____
- [This CW R-SLA is/will be](#) officially registered [through the CW R-SLA federation](#)

II. OBJECTIVE OF THE GROUP

- The purpose of the Group is to be an independent, profitable provider of financial services to its members
- The services the Group provides to its members in order to achieve this objective are:
 - [Providing means to save, take out loans, access an insurance fund](#)
 - [Continuous enhancement of business financial management](#)

III. RELATIONSHIP TO EXTERNAL SOURCES OF FINANCIAL SERVICES

- The Group will [not](#) take external loans

IV. WHO MAY BE A MEMBER OF THE GROUP?

- [Must be a member of the community since at least 6 months and must be](#) at least 18 years of age
- Gender: _____
- Residence: _____
- Other common circumstances _____
- [A person who has been trained by the management committee and who has attended all meetings for the last 12 weeks of a cycle as a visitor.](#)
- [The R-trainer can't become a member of the group at least for the first two cycles](#)

V. COMPOSITION OF THE MANAGEMENT COMMITTEE

- Chairperson
- Record-keeper
- Box-keeper
- 2 Money-counters

VI. ELECTION PROCEDURES

- Elections must be held at the beginning of each new cycle
- [The max.](#) number of people that must stand for each position [is 3](#) and the minimum is 2
- A member can only be re-elected to the same position [once in a period of 5 years](#)

- The minimum number of members who must be present to hold an election is [at least 2/3](#)
- The election procedure will use a system that allows everyone's vote to be secret
- A candidate for any position must be proposed by another member
- [The three key keepers are identified by the group; elections aren't needed for them](#)

VII. REMOVAL OF OFFICERS FROM THEIR POSITION BETWEEN ELECTIONS

- Any member of the association may, at any time, request a vote of no confidence against a member of the Management Committee
- The Committee member must resign if the majority of members decide to remove him/her
- An election is required to fill the vacant position

VIII. SHARE-PURCHASE, LOAN & SHARE-OUT MEETINGS and BANK DEPOSITS

- To buy shares the Group will meet [regularly on a bi-weekly basis](#)
- [Any cash amount exceeding the limit fixed by the R-SLA federation's tertiary support team, i.e. = _____ has to be banked immediately after the meeting. The tertiary support team searches for a suitable bank, trying to negotiate a contract between the bank and the entire R-SLA federation through which i\) account opening procedures for each R-SLA are simplified and ii\) account maintenance fees are waived arguing that these kind of savings the bank is unlikely to mobilize on its own](#)
- [Substantial savings accumulated over time in the account should be transformed into a fixed deposit at a reasonable high interest rate.](#)
- [Shares will be bought at every meeting but loan / repayment transactions are conducted during loan meetings, held every 4 weeks, only.](#)
- [A backup of all transactions is created by filling the *Group Savings and Loan Ledger Templates* and sending them to the regional support team on an at least 4-weekly basis](#)
- [At the end of every cycle the Group will conduct a share-out whereby the agreed upon *Seed Capital* for the next cycle will be deposited at the bank. The *Seed Capital* for the next cycle in form of an equal agreed-upon number of shares \(usually more than 5\) should speed up the growth of the loan portfolio and allow accumulation of savings.](#)
- [For each share bought between the last loan and the share-out meeting the member receives a token instead of a stamp in his/her passbook, so that these shares, unusable for lending, do not earn dividends.](#)
- [If a member even after selling all shares can't pay back a loan at the end of the cycle, either the group pays for him/her or it postpones the share-out.](#)

IX. MEMBERS LEAVING THE GROUP

- [If members leave before the cycle is finished, the money they have used to purchase shares will be returned to them, minus any loan and service charge they owe in case they want the cash immediately. Otherwise these members' shares and profits are also shared out at the end of the cycle and the money is sent to or picked by them.](#)

X. EXPULSION / SUSPENSION FROM THE GROUP

- [A member is *expelled* from the group if \(s\)he creates verified public scandal or criminal offense or does not show respect to other members.](#)

- A member is *suspended* from the group if (s)he makes no serious efforts to repay a loan or to attend the meetings.

XI. AMENDMENTS TO THE CONSTITUTION

- 2/3 of the members must agree before the constitution can be changed
- Any member can propose an amendment to the Constitution
- For each cycle the constitution is updated regarding share value and service charge if needed
- Any new member has to sign the constitution. As a sign of commitment (s)he makes a contribution to the original tool kit expenses in the amount of _____

XI. FINES

The following table lists the fines that the group intends to charge

Offence	Amount
Late to a meeting: Step-up fine for every ____ minutes up to not attending	
Failure to attend a meeting	
Loss of member identification card	
Forgetting key	
Losing a key	
Not remembering decisions or balances from the preceding meeting	
Not remembering Group rules or procedures	
Chatting through the proceedings	
Showing disrespect to a fellow member	
Failure of a member of the Management Committee to perform their duties	
Not switching off the mobile phone	
Loan past due: x% per each 4 weeks on top of the actual service charge, x=	
...	
...	

Part 2: Services offered by the Group

I. BASIC BUSINESS FINANCIAL-PLANNING

- At the end of each visit the R-trainer teaches about business financial-planning
- The members enhance their entrepreneurship knowledge in each meeting by presenting their own business experiences made and/or material/reports collected from the R-SLA federation's financial projections library.

II. SAVINGS

- Members **shall** buy 1 – 5 shares in each meeting
- The purchase price of a share **for the actual cycle** is **the last number listed below**:

- At the end of every cycle **the group should establish *Seed Capital* for the next cycle in form of an equal agreed-upon number of shares (usually more than 5) to speed up the growth of the loan portfolio and to accumulate savings.**

III. LENDING

- The maximum amount that anyone can borrow is three times the value of their savings
- The maximum length of a loan term is 24 weeks, but only 12 weeks during the first cycle
- A member must repay a loan before (s)he can take another
- The **4-weekly** service charge to be charged every four weeks **on the outstanding loan amount** is **the last number listed below**:
_____ %
- If a member dies and has a loan remaining unpaid, it will be treated as follows:

- The highest priority for loans will be given for ***investment into an income generating business***
- The second highest priority for loans will be given for ***a bridging loan for business purposes***
- The third highest priority for loans will be given for: _____

IV. SOCIAL FUND

- The Social Fund is for grants only. No loans will be made from the Social Fund.
- The member contribution to the Social Fund per meeting is the last number listed below:

- The benefits for the death of a member will be: _____
- The benefits for the death of a spouse will be: _____
- The benefits for the death of a child will be: _____
- The benefits for the death of a parent will be: _____
- **The benefits for a disaster (fire, wind, water) will be** _____
- Other: _____

Part 3: Amendments to the Constitution

Part 4: Membership List and Signatures

No.	Member's Name	Member's Signature	Date joined