Savings Clubs: A Guide for Planning and Implementation

Carlos Arango 2018

Rare

Rare is the leading behavior change organization in conservation. Rare specializes in identifying proven locally-led solutions and work with partners and communities worldwide to bring these solutions to a regional and national scale.

FishForever

Fish Forever is Rare’s community-led solution to revitalize coastal marine habitats, such as coral reefs, mangroves and seagrasses, protect biodiversity, and secure the livelihoods of fisher households and their communities. It uses an innovative approach to address coastal overfishing—by empowering communities through clear rights, strong governance, local leadership, and participatory management—that protects essential fish habitat and regulates fishing activities.

Cover photograph: © George Stoyle/ Rare

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SAVINGS CLUBS

OBJECTIVE
To change participants’ financial management habits by using financial literacy concepts in their daily lives and expanding their planning horizons.

AUDIENCE
This material is for implementers coordinating the establishment of savings clubs.

BACKGROUND
The savings club methodology follows the principles of Village Savings and Loans Associations (VSLA), an intervention proven to work for millions around the world as a safe way to access money and access loans.

In the context of Rare’s Fish Forever and behavior change interventions, savings clubs are a powerful tool to:

- Extending planning horizons: by reinforcing the use of basic financial concepts our objective is to improve members’ ability to forecast their cash flow, savings and investment opportunities. Sustainable fisheries management is based on similar principles; an understanding of how stocks are replenished and reliable data on resource extraction should inform decisions on how they are managed to ensure stable fisheries populations in the future. Therefore, the principles used to shift financial planning horizons from short to longer term, will be transferred to discussions on how to collectively and sustainably manage fisheries resources.

- Create and strengthen social capital and cohesion: we will leverage the safe spaces created through regular savings club meetings to discuss and reinforce concepts related to managing common pool resources, such as systems thinking and governance, all necessary traits for effective fisheries management. These discussions will be prompted using interactive, non-formal education techniques such as games and visioning exercises.

- Commit a financial contribution to fisheries management: ideally saving clubs shares are invested in three funds. One is used to pay out interests and provide loans to its members; the second is a social fund to provide relief for members experiencing emergencies (i.e. illness, death, property loss) and the third is a community fund, intended for investments in collective needs. Our goal is for savings clubs’ members to contribute community funds towards the sustainable management of their fisheries.

Ultimately, savings clubs are a vehicle for its members to realize they have the power to control their resources, that retaining wealth - whether financial or environmental - is possible and that long-term planning and investments are critical for the well-being of their community.
CONSIDERATIONS FOR IMPLEMENTATION

After introductory meetings to the Fish Forever program are completed and based on information collected through participatory community assessments, savings clubs will either be created or enhanced in the pursuit of the following objectives:

- Extending individual and collective planning horizons
- Creating and strengthening social capital and cohesion within the community
- Securing community-based financial contributions to fisheries management

In communities where savings clubs do not exist, the goal is to implement two full cycles of savings clubs, focusing the first one on building financial literacy and planning skills, as well as, extending the planning horizon. While the second cycle should emphasize transferring social capital and cohesion concepts to the fisheries management space, as well as, securing financial contributions to these activities.

In communities where savings clubs do exist, it is important to assess to what degree members are:

- Preparing and interpreting budgets correctly?
- Forecasting their savings and loan capacity adequately?
- Contributing community funds regularly to sustainable fisheries management?

Refer to Financial Literacy resources to address gaps in financial planning skills (budgeting, savings and loans forecasting) and take advantage of the savings club meetings to practice these skills until members have reached an adequate level of competency in each one. To influence the allocation of community funds towards fisheries management, savings clubs’ meetings should include non-formal education activities aimed at increasing members’ ability to:

- Identify analogous characteristics between their financial and ecological ecosystems.
- Draw similarities between the principles that lead to trust amongst savings clubs’ members and in fisheries management.
- Recognize savings clubs to accomplish their individual and communal goals.

In addition, consider how to integrate behavior levers into the design of savings club sessions, such as:

- Badges for meeting quarterly savings goals.
- Sharing stories of how responsible financial planning is impacting their or a guest speakers’ lives.
- Calendars to track and showcase savings in the home.
- Track and share the average amount saved by members.
- Setting individual and communal savings goals and regular progress check-ins.
- Personalized meeting reminder and savings congratulation messages.
Convenient and safe meeting spaces and schedules.

**PREPARATION**

**PRE-ARRANGEMENTS**

Before a savings club is organized and starts its operation, the following activities should be considered:

1. Obtain authorization (if needed) from local authorities and engage with local leaders to increase visibility and buy-in of the activity.

2. Plan for two cycles of savings clubs of 9 - 12 months each with people that live near each other, share a fisheries-related resource or trade and have a level of trust that allows them to come together in constructive dialogue.

3. Find a place that is inviting for community meetings, it could be the fisher’s associations meeting room, under a tree or any other place that represents no threat to anyone and accommodates an average of 25 people.

4. Find a local blacksmith to make the savings box, which is a metal box with three padlocks that can be made to order or modify from an existing one, depending on local conditions (see picture for reference). The savings box is a critical piece for the activity. Make all possible efforts and a cost/benefit analysis to source the box and other materials locally to incentivize the local economy.

5. Obtain the supplies needed for the activity such as: general ledger, individual passbooks, pens, calculator, stamps, bowls and three locks with a set of keys. Again, try to source the supplies locally. (see the annex with the general ledger and individual passbooks).

6. Plan and organize the two initial meetings and remember that the most important activity to establish successful savings clubs is to be able to communicate the way it works in a simple, understandable manner to the future members:
   a. *First meeting.* A general meeting to inform the community (fishers, fish buyers and fishers households should have the priority) what savings clubs are, how they operate and expected commitments (cycles, meeting frequency, etc.)

   Time should be devoted to surfacing benefits and barriers community members perceive to participating in savings clubs. These insights will be critical in the design of behavior adoption tactics.
Finally, invite people to come to the second meeting, where the rules of the club will be explained in further detail.

b. **Second meeting.** People who are really interested in participating in the savings clubs should attend. This meeting must emphasize that they are self-managed, and a constitution will be written outlining the general rules of the club, which all members agree to follow.

During this meeting, also explain the shares system that allows everybody to save (see the shares system explained below). Some groups would prefer a minimum and maximum amount for saving instead of the shares system.

7. Coordinate with your country team to align merchandise and social marketing materials for savings clubs with the campaigns e.g. t-shirts, hats, etc.

8. The next meeting will be the first actual meeting of the club and only actual members should participate; 25 members per group is the ideal number, more members are difficult to manage and groups with less than 15 people, the club could be cost ineffective. See the “how it works” section for an explanation of the first meeting of the club.

**BUDGET**

To effectively develop savings clubs, budget the following for each savings club considering that the optimum average number of members per club is 25, see table 1.
**Table 1**

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
<th>Price</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings box-metal-</td>
<td>1</td>
<td>$$</td>
<td>Quantity X Price</td>
</tr>
<tr>
<td>Calculator</td>
<td>2</td>
<td>$$</td>
<td>Quantity X Price</td>
</tr>
<tr>
<td>Bowls for money counting</td>
<td>3</td>
<td>$$</td>
<td>Quantity X Price</td>
</tr>
<tr>
<td>Pens</td>
<td>3</td>
<td>$$</td>
<td></td>
</tr>
<tr>
<td>Printed materials</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General ledger</td>
<td>1</td>
<td>$$</td>
<td>Quantity X Price</td>
</tr>
<tr>
<td>Individual passbooks</td>
<td>25</td>
<td>$$</td>
<td>Quantity X Price</td>
</tr>
<tr>
<td>Merchandise</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>T-Shirts/hats…etc.</td>
<td>25</td>
<td>$$</td>
<td>Quantity X Price</td>
</tr>
<tr>
<td>Other (explain)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>Sum all the above</strong></td>
</tr>
</tbody>
</table>

**STAFF**

Savings clubs are self-managed, RARE staff or contractors must ensure the proper set up of the clubs, assisting the groups to follow the methodology, monitor and report their activities; but must not be involved in any other capacity with the clubs. The ideal person to coordinate the clubs in the field must have knowledge of mathematics, a collaborative personality, facility to explain processes, patience to train the groups while they master the methodology and ability to travel frequently to meet with the groups.

According to each country strategy, budget and capacities, there are several ways to engage with savings clubs, of which three stand out:

1. Rare staff or consultant coordinates and manages the activity, in close collaboration with program implementation managers and campaign managers/teams; in some cases, the campaign manager/team could be the person responsible for implementation of the clubs. It will depend on the country’s strategy and budget.

2. Hiring a partner organization with expertise to deliver savings clubs in coastal communities where Rare is implementing the Fish Forever program.

3. Training implementing partners to deliver savings clubs in coastal communities where Rare is implementing the Fish Forever program.

See table 2 below with examples of benefits and challenges for different engagement models to guide a cost-benefit analysis that aligns to the country strategy.
Table 2

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Rare staff</th>
<th>Partner organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control on delivery, monitoring and reporting.</td>
<td>Faster implementation</td>
<td></td>
</tr>
<tr>
<td>Increases brand recognition</td>
<td>No additional workload for country teams</td>
<td></td>
</tr>
<tr>
<td>Better alignment with social marketing and PRIDE campaigns</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide continuation of the entire financial inclusion intervention</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide support for other activities like fishers registration and adoption of Ourfish app</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Rare staff</th>
<th>Partner organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase management workload for country teams.</td>
<td>Manage partnerships</td>
<td></td>
</tr>
<tr>
<td>Building capacity at country team</td>
<td>Cost of paying for the service could be higher than hiring (Analyze carefully)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Alignment with FishForever objectives and other activities.</td>
<td></td>
</tr>
</tbody>
</table>

M&E
For monitoring and evaluation of the clubs use the Fastfield form which is available in google play store, see and refer to the Fastfield instructional. [see fastfield insert]

OTHER

- Identify and start conversations with financial institutions nearby that will take deposits from savings clubs to minimize the risk of keeping cash in the savings box.
- Identify the business activities of the members of the clubs and make a list for future use in other activities.
- [ ]

HOW SAVINGS CLUBS WORK

ELECTING OFFICIALS
Once the group is formed it should elect its officials. Rare staff or consultant will guide this activity in an open forum with everybody voting and the result should be electing five officials with responsibilities as described below.

<table>
<thead>
<tr>
<th>Official</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| President | - Call the meetings to order, announce the agenda and lead discussions.  
- Ensure that the meetings follow proper procedure and that the constitution of the group is followed and respected.  
- Maintain discipline and charge fines as needed.  
- Facilitate discussions and to ensure that everyone’s views are listened to.  
- Resolve conflicts.  
-Represent the Group to outsiders and non-members, including local government officials. |
<table>
<thead>
<tr>
<th>Official</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| Bookkeeper or secretary | - Ensures that all transactions for the social fund, share-purchase and lending take place according to procedure, and that all rules are followed.  
- Makes all passbook entries for shares and loans.  
- Records and makes entries in the general ledger.  
- Reads the Social Fund and Loan Fund cash balances out loud at every meeting.  
- Replaces the president when required.                                                                                                                                                                                                                           |
| Box keeper          | - Keeps the group box safe in between meetings.  
- Ensures that (s)he is accompanied to/from meetings as necessary (safety first).  
- May assign somebody else to take care of the box, to alternate places and increase safety.  
- Brings the box to the meetings on time.  
- Stands in for the Record-keeper when the record-keeper is absent.                                                                                                                                                                                                 |
| Money counters      | - Counts all amounts paid to and/or taken from the funds of the group.  
- Informs the record-keeper of the correct amount to be recorded in the passbook.  
- Normally are the only ones handling cash,  
- Ensure by counting and recounting that the records on the individual passbooks and general ledger matches with the cash received or given as loans.                                                                                                                                                                                     |
| Key holders         | There are three (3) padlocks with keys to secure the safe box where money is going to be stored. Holding the keys is an important responsibility to ensure safety of the cash; key holders must be present at each meeting, otherwise the meeting can’t take place because the box is closed.                                                                 |

**ESTABLISHING RULES – WRITE THE CONSTITUTION OF THE GROUP**

One of the most important characteristics of savings clubs is that they are self-managed. Once the group has elected the officials, it should write down its constitution which is a document with the names of the elected officials and the rules that are governing the club. Work on the constitution document with the group using the template in table 3.
The following guidelines will help frame the conversation for the constitution of the group.

- **Share Value** (unit of savings): because not all the members have the same saving capacity, instead of agreeing on a fixed value for savings, the group will agree on the value of one (1) share or unit of savings. The minimum value for saving can be 1, 2, 3 or 4 shares; the maximum value is five (5) shares. For example:
  - If the group agrees the value of each share is $1 and this is also the minimum value for saving, every member must bring $1 to each meeting and the maximum amount a member can save in each meeting is $5.
  - If the group agrees the value of each share is $1 and the minimum value for saving is two shares, every member must bring $2 to each meeting and the maximum amount a member can save in each meeting will remain at $5.

- **Contribution Value**: this refers to the money invested in the social and community funds. The contribution value is normally a fraction of one share value. For example, if the share value is $1 and the contribution is $0.50, for every dollar a member contributes to the savings club, 50 cents will be put into the social and community funds.
  - The group should also agree on how they will invest their contribution value, for example as insurance (i.e. loss of property due to natural disaster), for emergencies (i.e. illness, death) and types of collective needs (i.e. buoy replacement, community vigilance, etc.).
**Privacy**: groups should also agree if deposits to the funds are going to be public, some groups might decide that its members don’t want other members to see how much they are saving, and they would prefer to deposit money in private. In this case the money counters must set a table aside to receive deposits.

**Duration** of the club, from nine (9) to twelve (12) months and depending on local circumstances, the frequency of the meetings could vary, although it’s advisable to have weekly meetings.

**Lending**: the group should agree if they want to lend money to members. If the group is new and members have not been exposed to the activity before, it is advisable that the first cycle of the activity is done only for savings and introducing lending in the second cycle. If the group decides to lend, the maximum amount of a loan to a member should not exceed 3 times what it has been saved by the member at the time of requesting the loan. The group should also agree on the lending fees that can be expressed as a fixed fee or as a percentage on the loan.

- Lending fees. To avoid confusion with interest calculation, a flat fee is charged for outstanding loans. See the following example: A member takes a loan of $20 and a flat fee of $1 is going to be charged; the member must return $21 at the end of the period of the loan. Paying the loan off should be done in installments of equal amounts, according to the example a member repayment schedule could be 4 installments of $5.25

**Penalty fee**: the groups must decide the value of the penalty that is going to be charged to members, the most common reasons for charging the penalty are:

- Showing late to the meetings
- Not sending the savings amount if unable to attend.
- Not paying the loan on time
- Discuss other reasons for penalties with the group.

**Materials and Resources**
Rare is providing the following materials and resources to manage savings clubs (see the excel file to use it as a template):

- Individual passbooks to keep account of shares buying by each member of the group
- Loan passbooks to keep account of loans taken by members of the group
- General ledger to keep account of balances in each fund (savings, lending, emergency, others)
- Metal box with 3 padlocks to keep the money locked and secure
- Pens and calculators to facilitate accounting
- A monitoring system in fastfield (see fastfield instruction) to monitor and report savings clubs
MEETINGS OF THE CLUB

The meetings of the savings clubs are divided into four categories: initial, closing, regular, and loan meetings.

INITIAL MEETING

As previously described, the objective of this meeting is to elect officials, decide the club rules, and write its constitution.

CLOSING MEETING

The last, or share-out, meeting is when savings and gains (from penalties and loan fees) are returned to members.

The president of the group instructs the secretary to return savings to each member according to the total amount saved. If the member has an outstanding unpaid loan, this amount must be deducted. Then the total value of penalties and fees collected must be split equally amongst members.

Guide the group through an open discussion to understand how the activity has impacted them and how to make it more effective for the second cycle, which normally starts almost immediately after closing the first savings club.

Plan for a festive occasion to celebrate the achievement of an important milestone.

REGULAR MEETINGS

Regular meeting should be done in the following sequence:

1. The president of the club calls the meeting to order and requests the secretary to perform a roll call.

2. The safe box is placed in front of the box keeper and the key holders proceed to open it. Materials (passbooks and general ledgers) are taken out and placed in front of the record keeper.

3. The fines bowl is placed in front of the president to collect fines during the meeting.

4. The secretary calls every member by name and uses the individual passbooks to record contributions to the social fund, savings, and loans. Individual passbooks are not given to members and remain on the table for all members to see them.

5. The first money collected is the contribution towards the social or emergency fund.
6. Once all members contribute to the social fund, money is counted, the new balance (previous balance plus contributions) recorded and the bowl set aside. The balance is announced loudly for members to hear and remember it.

7. The president then asks the secretary to conduct the savings activities. Each member goes to the table and makes the deposit for savings and the secretary stamps the individual passbook with the amount saved. This activity goes on, until every member has contributed.

8. If there are other funds set up, the same process to receive deposits is repeated for other funds.

9. The secretary enters the final balance of the savings fund (previous balance plus deposits) and the date in the general ledger and announces the final balance to the group.

10. The president calls the key holders to close the safe box with the cash, the bowls, all passbooks and the general ledger inside.

11. Finally, the president announces the date and time of the next meeting and invites members to discuss other matters relevant to the community.

LOAN MEETINGS
If in its constitution the group has agreed to lend to its members and there is enough cash available (normally after 3 months of the activity a sum large enough for lending is available) the following order must be followed once the regular meeting activities are finished.

1. President reminds the group the rules for lending that are written in the constitution of the group.

2. Members with a loan request should announce to the group the amount and purpose of the loan.

3. The secretary must verify that the loan request does not exceed 3 times the amount saved by the member requesting the loan.

4. If the lending fund is not enough to lend to everybody requesting loans, the group must decide and make arrangements on how to distribute the funds. This could be decided in advance in the group constitution but in practice it will be discussed when the situation arises.

5. The secretary calls every borrower and records the amount and the terms of the loan (installments and payoff date) on their passbooks. The record keeper instructs the money counters to give the amount to the borrower.

6. Borrower signs the passbook and agrees to the terms (installments, fee and duration).

7. This process is repeated until all loans have been issued.

8. The record keeper instructs the money counters to count the remaining cash.

9. The record keeper records on the general ledger and announces the balances of the emergency fund, savings funds and outstanding loans to the group.
Savings Clubs Monitoring

Objective
To monitor and report savings clubs to a central database accessible by the country team and the support team in Arlington. All reporting should be done via Fastfield by the person responsible for monitoring savings clubs on the field. In case there is no data or Wi-Fi connection on your site/area, please use the offline mode of the application. See the step by step guide below.

This instructional by NO means is intended to replace the constitution document of the club, you can use the constitution document to obtain information.

This information should be entered once in the first meeting of the club and only update the balances form each time you visit the club.
1. **DOWNLOAD & INSTALL**

If you haven’t done so already download and install FastField Forms from the Play Store:

![FastField Forms](image)

2. **LOGIN**

Open the app and login using your provided credentials.
Select the option to Save Login Credentials.

![Account Login](image)

**Forgot Password?**

Configure Single Sign On (SSO)

If your data collection location has no access to the internet select Work Offline, otherwise leave it unchecked.

3. **CONFIGURE SETTINGS**

Before you begin select Settings and make sure Auto Sync Forms is turned to Yes:
4. SELECT FORM

To start entering data select Forms and choose the relevant form.

Complete the information for the group:
- Group name
- Facilitator (CM, field person supporting savings clubs)
- President of the club
- Treasurer/secretary of the club
- Share value or minimum savings amount
- Penalty fee
- Loan fee (expressed as constant or as a percentage)
- Date of the first meeting
- Group photo

Open the participants subform within the same registration process.

- Fill in for the option if is a fisher, a buyer or other
- Fill in the name of the participant
- Check the gender box (mandatory)
- Collect telephone number for future communications

To add more participants, please press the + symbol on the upper right hand of the form. Open the balances subform and enter the following information. This is the only form that must be updated every time the CM or the person responsible visit the savings clubs.

Enter the appropriate week, bi-week or monthly session; e.g. if the club is meeting monthly and you are visiting the club on month 7, enter number 7; if the club is meeting weekly and you are visiting on week 13, enter 13.

Enter the balance at the end of the meeting of the following (information available in the general ledger of the club):
- Emergency or social fund
- Savings fund
- Loan fund
- Another fund (if any)
- Comments (if any)
Go back to the main form and select the check symbol on the upper right corner once you are ready to submit the information; make sure that the information is correct as the app won’t let you go back to make changes.