



CREATE! Staff Oumar Ka, Louise Ruhr and Macky Ndour leading the VSLA training.



Discussion during the VSLA training.



Participant demonstrates her understanding of how savings are recorded in individual share passbooks.

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Voluntary Savings and Lending Associations keep money within the community

On a hot, dusty day in June, twenty-six community members representing all six of **CREATE!**'s villages gathered in Fass Koffe at the Appropriate Technology Training and Demonstration Center for an intensive three-day training in the Voluntary Savings and Lending Association (VSLA) program. **CREATE!** introduced VSLA in response to community members' need for a simple, yet effective, way to manage their money. VSLA is a self-managed, highly organized, and democratic money management system practiced by over 7 million people worldwide.

"At microfinance institutions you have to pay money even to save money because you are paying for their staff. With VSLA, members are the staff, and they are paying themselves," said Amady Kane, Community Volunteer in Fass Kane. For rural villagers who may not be able to read or write and whose needs are rarely met by for-profit financial institutions, VSLA provides an accessible solution for even the poorest of the poor. Unlike many other microfinance initiatives, VSLA has no involvement with outside institutions. Each association's money belongs to its members and stays within the community.

An association is made up of 10–25 people who save together and take small loans from their savings over a one-year cycle. Members attend weekly meetings where they deposit their savings and collectively make decisions on loan disbursement. All activities are carried out in full view of the entire association, building trust and creating transparency among members.

CREATE! Field Technicians Oumar Ka and Macky Ndour, with support from Chief Operating Officer Louise Ruhr, Country Director Sidiki Kanneh and Finance Director Omar Seck, led the intensive training for VSLA trainers in Fass Koffe. Ka and Ndour explained the various procedures and offered guidance throughout the dozen practice meetings. Over the next year,

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Voluntary savings and lending, cont.



Practice election for VSLA Board positions.



Key holders open locked cash box at the beginning of a VSLA practice meeting.

CREATE! field staff will work in partnership with each VSLA to provide on-going training and supervision. Participants from the intensive training will return to their respective communities to train others in VSLA. In addition to educating their own communities, the community trainers will also act as consultants for the newly formed associations.

“I’m excited to bring back to Ouarkhokh what I have learned during the training. I want to let the community know about this wonderful new program!” said Mbaye Sall, Community Volunteer

in Ouarkhokh. Other training participants also expressed strong support and enthusiasm for bringing the VSLA program to their communities. The training atmosphere was highly collaborative, creating a productive, light-hearted experience. Participants tested one-another’s powers of observation through purposeful errors and slips ups during practice meetings, reinforcing key steps and having a bit of fun. Within one month of the intensive trainer training, 14 associations with 317 members formed in four of **CREATE!’s** six communities!

VSLA FAQs

1. How is VSLA different from other microfinance programs?

Many of the most popular and widespread forms of microfinance are offered through traditional banking institutions. Like many banks in the US, microfinance institutions often have activation fees, requirements for a minimum balance, and rely on their members to be literate. The VSLA is designed to serve non-literate populations, making it an appropriate program for **CREATE!’s** communities where literacy is a challenge for many. Additionally, there are no activation fees and association members only need to contribute a small amount toward the purchase of the association’s kit to get started.

2. How does an association get started?

VSLAs begin with education and training. Interested community members participate in a 3-day training to practice the processes and procedures of an association and then return to their communities to organize associations. VSLA operates on an annual cycle. Each cycle begins with elections for the management committee and all members creating and agreeing to the association’s constitution. During the formation of the constitution, members set and agree to loan terms and interest rates for the cycle. Members attend weekly meetings where they deposit savings and collectively make decisions on loan disbursement. All activities of the association are carried out in full view of the entire membership, building trust and creating transparency.

3. Where are funds kept?

Funds are securely kept in a lock box with three padlocks and kept in a safe location by the association treasurer. Three association members are elected to be key holders for the padlocks, and the box can only be opened when all three keys are present. The lock box also holds all of the association’s materials, including passbooks where individual’s savings deposits are recorded, the official association stamp, and basic office supplies.

Letter from the Director

Dear Friends,

Appropriate technology and small-scale solutions have been at the heart of my work for the past 25 years in West Africa and are the inspiration for **CREATE!**. Our approach in all sectors of intervention is to work with communities to maintain their village way of life by finding sustainable solutions to the multiple impacts of climate change on these communities. **CREATE!** believes in working from the ground up to empower and support community members along a path to self-sufficiency. Our philosophy is eloquently presented in the wisdom of the sage Lao Tzu:

“Go to the people. Live with them. Learn from them. Love them. Start with what they know. Build with what they have. But with the best leaders, when the work is done, the task accomplished, the people will say ‘We have done this ourselves.’”

Our programs aim to make the above concept a reality by providing the training, tools, and skills to address community members’ felt needs.

CREATE!’s newest program, Voluntary Savings and Lending Associations (VSLA) is fundamentally distinct from other microfinance programs. Institution-based microfinance programs focus primarily on lending money from an outside entity, typically a bank. With the VSLA approach, emphasis is placed on capacity building and providing education on money management. Another key distinction is a focus on savings instead of on lending. This shift allows individuals to borrow money from within their own community and maintain autonomy from any outside entity. The VSLA approach allows anyone at any income level to participate.

VSLA’s philosophy is similar to the philosophy behind **CREATE!’s** clay-sand improved cookstoves. The principal means of intervention for both programs is education which requires little or no capital investment. The focus is on comprehension of core principles, processes, and skills. This makes the technologies self-perpetuating. Once community members have this knowledge, it is theirs to keep, use, and share. Several women have taught friends and family members in neighboring communities to construct cookstoves. The organic spread of this technology demonstrates the true power of providing skills-based interventions and solutions. We are confident that with proper training and follow up, VSLA will yield similar results.

VSLA represents an important step along the path to self-sufficiency. Community members have the technical tools to solve some of their most basic needs: food, water, and fuel. Through participation in VSLA, they will develop money management skills as well. (For more on **CREATE!’s** implementation of VSLA, see the article on page 1.)

On behalf of our community members and our entire staff, I want to express our gratitude for your on-going commitment to **CREATE!’s** work in rural Senegal. Our most powerful tool is knowledge. Your contribution makes training and capacity building possible. As always, I welcome your comments and suggestions and look forward to hearing from you.

Best regards,



Barry R. Wheeler
Executive Director
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Diender community members attend their first VSLA savings meeting.



Money counters verifying a savings deposit.



Thieneba community member with the improved cookstove she built.

Interview with Omar Ndiaye Seck – CREATE! Staff Accountant



Omar Ndiaye Seck — CREATE! Staff Accountant

What do you do in your job?

What are your responsibilities?

I manage **CREATE!**'s financial functions in Senegal: getting money from the bank; managing the safe; paying salaries; issuing receipts and payments; verifying and filing all transactions; preparing monthly finance reports; and ensuring everything is correct and balanced.

My responsibilities also include: purchasing materials; managing materials going in and out of the stockroom; and supervising the household staff and guards. I also do site visits if there are issues, to help resolve problems and to ensure that we have good results in the field.

What aspects of your work do you enjoy the most?

I really like doing reporting, verifying that all the numbers are correct and that the report is complete. And I enjoy assisting with programs such as the Voluntary Savings and Lending Association training.

How/why did you choose your field of study?

My father influenced me. He encouraged me to study finance because he could see that I had the qualities of honesty and sincerity that are necessary to be a good accountant. I began studying accounting in high school and then continued through university.

What are your interests outside of work?

I like to watch soccer. In addition to Senegal's national team, my favorite European team is Barcelona. And I like to listen to music. Favorite musician? Youssou N'dour. I also study my accounting books on weekends.

CREATE! Finance Facts

