



Collective Investment And Agri-Fund Manual

**Foundational Manual for Field-level Implementers Facilitating
Group Investments and Agri-Fund Models**

Revised December 2024



Foreword

First, our savings groups build stability. Then, they build strategy.

For over three decades, CARE's Village Savings and Loan Associations (VSLAs) have helped build strong financial foundations for millions of members. As groups continue saving and maturing, the one thing most members want is to keep growing—as market actors, as business owners, as entrepreneurs, and as economic powerhouses in their households and communities. The springboard for their ambitions is their group and when the group acts as a collective force, their potential is infinite.

Collective investment is an innovative approach to consolidating the gains made by any single VSLA member and accruing those benefits at scale across a group. There is power in numbers and when VSLA members pool their investments and efforts, they gain efficiencies at scale, increase their purchasing power, bargaining power, and ultimately their economic power.

This manual supports that shift from VSLAs investing their resources in individual enterprise to mobilizing shared resources in a group enterprise. The collective investment and agrifund models that are detailed in this manual build on

the trust, discipline, and decision-making that are engendered in VSLA group. They harness the power of the group to facilitate deeper coordination, clearer planning, and a willingness to share both risks and rewards. Not every group will choose this path, but for those who do, it can unlock new income streams, strengthen resilience, and expand what is possible through group action.

This manual was created to guide that journey and provides step-by-step guidance for facilitators and field teams supporting groups that are ready to explore collective investment on their own terms. The sessions are participatory, flexible, and grounded in lessons from real groups who have tested, refined, and innovated with these approaches over time.

There is no single blueprint for success, but this manual offers a tool that leverages the agency, ambition, and shared leadership of VSLA members to further their economic growth. We hope it serves as a useful tool for you and, more importantly, for the groups choosing to build something greater together.

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Introduction

Welcome to the Collective Investment and Agri-fund Manual. This manual will help guide you through the step-by-step guide to help Village Savings and Loan Associations (VSLAs) establish an agri-fund and think through whether and how to engage in collective investment.

VSLAs, AGRI-FUND, AND COLLECTIVE INVESTMENT

What is a VSLA?

A VSLA is a group of 15-30 people who come together to save and borrow to strengthen their households' financial security and income-generating prospects. Most VSLAs also create a type of group insurance, called a Social Fund, to help members who experience an emergency. VSLAs are based on principles of group transparency and accountability and can help create a strong savings culture in the community. VSLAs are community microfinance groups and may go by different names in different countries, or as created by different organizations. The ingredients necessary for success include trust among members, strong member aspirations to save and learn, effective and honest VSLA leadership, and wise guidance from the community facilitator.

This Collective Investment and Agri-fund Manual is useful if you are working with mature VSLAs that are ready to transition to the next level, or if you are already supporting VSLAs that have begun engaging in group investments.

What is the agri-fund and why do we promote it?

VSLAs typically have several funds, including a

regular savings and loan fund and a social fund that helps members meet life emergencies and social obligations. VSLAs whose members are farmers are also advised to have an additional fund called an agri-fund. The agri-fund is a special savings fund within the VSLA that is used for agricultural input loans. It has different loan terms and conditions than regular VSLA loans—for instance, loan repayment periods are timed to coincide with the agricultural cycle (with loans disbursed in time to purchase inputs, and repaid after harvest), which may entail repayment periods that are longer or shorter than regular VSLA loans. Agri-fund loans typically do not collect interest and are not shared out at the end of the cycle, so the agri-fund grows from year to year and can be used for larger loans and investments over time. Agri-fund loans may be invested for the collective purchase of inputs, or for individual purchase, as determined by the VSLA members. They can also be used as a start-up capital fund for other forms of collective investment.

Agri-funds can help farmers improve productivity (through increased access to, and affordability of, fertilizers, seedlings etc.) and adopt new technologies through investment in equipment/mechanization. Agri-funds can also increase VSLA members' financial stability, increasing their saving and decreasing their need for external loans for agricultural production, while enhancing their investment capacity.

What is collective investment and why do we promote it?

Collective investment is a voluntary action taken by VSLA members (either as a whole VSLA or as a subset of the VSLA) who invest time,

financial resources, and energy to pursue shared objectives. It is the pooling together of individual farmers' resources to make a joint purchase or investment in a collective good or enterprise. Collective investment is important to accelerate access to finance and scale economic activities that sustain or improve ecosystems critical to their livelihoods. There are several types of collective investment:

- **Joint purchases of inputs and other goods that will be used *individually*.** The purpose of this collective investment is to take advantage of economies of scale and bulk pricing for inputs or other goods. Following the collective purchase, enterprises are managed individually.
- **Joint purchases of inputs or other goods that will be used *for collective/group enterprises*.** The purpose of this collective investment is to jointly run an enterprise.

This manual is applicable to both types of collective investment, but many of the sessions apply to collective enterprises in particular, as these are more complex and therefore require more guidance and support.

Collective investment has numerous potential benefits, as it enables farmers to participate in profitable value chains with greater power through collective action. In particular:

- **It enables investment that would not be *possible on an individual basis*.** Upgrading one's income often requires making investments, yet very few of the farmers with whom CARE works have the financial resources to make significant investments in machinery or transportation equipment on their own, or even to buy in bulk.
- **It enables investment that would not be *financially or economically advisable on an individual basis*.** Some economic activities only make sense once one reaches a certain scale. Processing, for instance, typically

requires machinery, which is often expensive, and the potential returns from the purchase of machinery would not make the investment worthwhile unless there is a large volume of product. Hence it would not make sense for one farmer to purchase machinery on his or her own, even if he or she could afford it.

- **It can be a smart diversification strategy.** By enabling new types of investment, collective investment helps farmers diversify their income sources. For example, if farmers were previously selling only raw, unprocessed cardamom or tea, they likely only had farming income a couple of times per year (at harvest time). Processing enables them to increase the shelf-life of the product, which can then be sold throughout the year, thereby giving them income in different seasons. Diversifying income also means diversifying risk, which can strengthen a farmer's resilience to shocks.
- **It can enable economies of scale and decrease production costs.** Farmers will typically enjoy better prices for inputs if they purchase collectively than if they purchase individually.
- **It gives farmers more bargaining power.** When farmers interact individually with traders or brokers, they typically have limited bargaining power, particularly when selling at the farmgate and at harvest time—buyers know that the farmer needs to sell at that time, and therefore there is little incentive for the buyer to offer a good price. By working together, farmers increase their bargaining power, enabling them to negotiate better prices and other terms with buyers.
- **It enables learning and sharing of skills.** Group members bring complementary knowledge and skills in a variety of areas, ranging from production to processing, marketing, sales, bookkeeping, etc. One group member may be a particularly good communicator with strong relationships and be able to connect with customers and make sales more

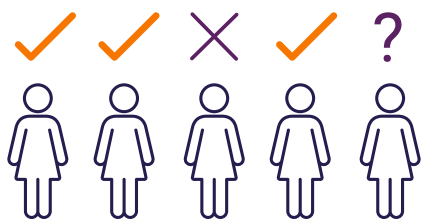


easily than another. Another group member may have some training in agronomy and know techniques that improve productivity. Yet another group member may be particularly good at math and bookkeeping. Group members can learn these important skills from one another, strengthening the group's business as well as their own personal livelihoods as they apply their learning at home.

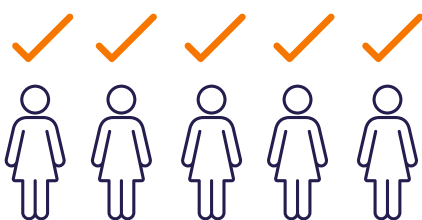
- **It can unlock access to training and other skills development.** When seeking to provide training and technical assistance to farmers, many government and private sector providers prefer to provide the training to groups rather than to individual farmers. The skills honed through these trainings can contribute to increased productivity and improved quality, which in turn further contribute to profitability.
- **It can minimize labor/transport requirements and save time** as group members can assign a couple of people to travel to purchase inputs, to sell products at the market, etc., rather than each farmer having to do so on his/her own.
- **It enables farmers to share and mitigate risks.** Farming is a risky business, as it is impacted by weather patterns, crop pests and diseases, and market price fluctuations. Col-

lective investment does not eliminate risk, but it enables farmers to share the risks by combining members' skills and experience as well as diversifying products and market outlets.

- **It strengthens social cohesion and provides new opportunities for leadership.** Collective investment fosters teamwork and a sense of trust among members, thereby strengthening relationships between neighbors and community members. Working together also provides new opportunities for leadership, which can be particularly impactful for women. With leadership comes empowerment and the possibility of changing relationships at the community level.
- **It can enable farmers to tap into new markets.** By working together, farmers are able to connect with larger companies or individuals interested in bulk purchases. The bulking of product can make it easier to attract buyers. In addition, collective investment can open up more specialized markets, as group certification is often more feasible than individual certification. For example, a larger plot of land on which farmers work collectively can more easily receive organic certification than dozens of smaller plots which would need to be sampled individually.



Collective Investment can take time as different members may see things differently and need to be persuaded.



What are some potential risks/pitfalls of collective investment?

- **Farmers give up some control.** Any collective investment entails farmers giving up some individual control over decision-making. Even if all members agree on the general idea of the investment, a group may make a decision that a farmer disagrees with. For example, a group of neighboring farmers may agree that they want to engage in spice processing together and agree to each invest \$200 into the business. They share a common interest and business idea, but this does not mean that they will agree on every decision. Some members of the group may want to buy a more expensive machine that can process more spices at once, while others may prefer to make a smaller investment in a less expensive machine and use the rest of the funds to pre-finance the purchase of spices. Unexpected expenses may arise, and some farmers may be more willing (and able) to make additional investments than others. Group members may disagree on marketing strategies, business expansion, whether or not to take a loan, etc. To the extent possible, these questions should be discussed ahead of time.

- **Decision-making as a group can be difficult.** Related to the loss of control is the need to make decisions collectively, which can take time as different members may see things differently and need to be persuaded.
- **Greater investment has potential for greater benefits, but also greater risks.** Machinery can break down and be expensive to repair, crops can fail, products can be unexpectedly hard to sell, market prices can fluctuate, etc. All of these challenges are to be expected, and farmers are of course very familiar with many of these risks already. But as farmers make larger investments, the stakes become higher. If the business faces losses, the entire VSLA may be affected.
- **The contribution of equal efforts in the collective investment can be very difficult to manage.** Collective investment assumes that group members will contribute equally, not only in terms of capital investment, but in terms of their time and labor. This can be difficult to manage in contexts where some members may have stronger motivation, more time, greater work ethic, more labor capacity, etc. than others. These disparities can quickly lead to complaints of unfairness, whether real or perceived.
- **Powerful members may dominate the group** and push other members into a collective investment that does not make sense for them. Different group members will have different interests and capacities, and there is a risk that powerful members will use their influence to convince or coerce members with less power to go along with their ideas.
- **There is a risk of mismanagement, which makes leadership, transparency, and accountability particularly critical.** Groups need a foundation of trust as well as a set of accountability mechanisms to ensure that all aspects of the business are managed in an honest and transparent way that benefits the group rather than individual members.

Why use VSLAs as a platform for collective investment?

Collective investment builds on the power of VSLAs, which provide flexible financial services, unlocking capital for integration into more profitable enterprises, with higher investments bringing the potential for higher returns. In particular:

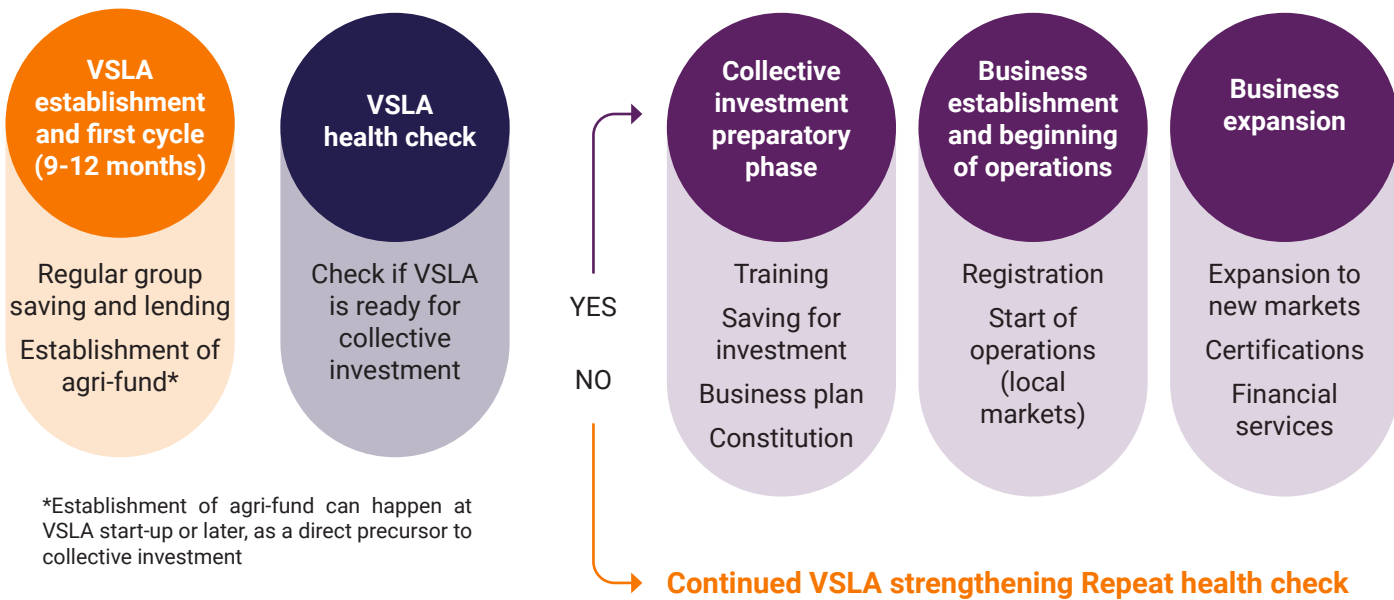
- VSLAs help establish a foundation of trust and enable participants to get to know each other on another level
- VSLAs provide an initial opportunity for community members to share risks and profits together, and to learn and put into practice collective management and accountability skills. If the VSLA is managed well and the trust of members grows, the group can slowly build members' confidence in increasing their collective financial stake.
- VSLAs meet weekly or every other week, and provide a platform for discussion, which can be useful for joint businesses too. These regular meetings also provide opportunities for group members to monitor the progress of the collective investment and address issues quickly as they arise.
- VSLA members receive training in basic financial literacy, business management, and entrepreneurship. This common knowledge base and understanding can serve as an important foundation for planning and managing a collective investment.
- VSLAs promote regular savings, which helps foster the discipline needed for collective investment, and VSLA savings mechanisms—the agri-fund, regular VSLA fund, and special collective investment funds—can be used as start-up capital.
- There is interesting potential for the VSLA side and the business/collective investment side to contribute to each other.



PROCESS

As the graphic below illustrates, the time to introduce new activities within a VSLA is after the full first cycle, which typically lasts 9-12 months, and only if the VSLA is healthy and strong (strong relationships, strong savings culture and practice, solid repayment rate, etc.).

Figure 1. Collective investment preparation process



How to tell if a VSLA is ready for collective investment

Check the following (using the VSLA health check tool to help determine the basic health of the VSLA):

- Is attendance strong and regular?
- Is membership consistent and/or growing? (Is the drop-out rate low or zero?)
- Is the VSLA following minimum standards in terms of key holding, savings and lending procedures, and record-keeping in passbooks and register?
- Is leadership strong? Are management committee members performing their roles effectively?
- Do all members seem actively engaged?
- More generally, are there positive relationships and a strong sense of trust between group members?
- Does the VSLA have a strong savings culture and a low loan default rate? (Check passbooks and register—is everyone saving regularly? Are borrowers repaying their loans on time?)

Once you have confirmed that the VSLA is healthy, consider additional readiness factors:

- Does the VSLA have an agri-fund, and is it being used appropriately? (note: an agri-fund is not a requirement for collective investment, but it can help make the process easier)

- Do group members have similar economic activities?
- Are there untapped opportunities that are feasible and viable for groups to invest in?
- Are group members already starting collective investment, or starting to talk about it? Or are they starting to clamor for opportunities to make larger investments and increase their profits?
- Are members of different VSLAs starting to come together with collective enterprise ideas?

Collective investment can be complex, and it is important to start it from a healthy base in terms of relationships, power dynamics, saving and lending culture, and careful adherence to VSLA minimum standards.

A VSLA is not ready for collective investment if:

- The VSLA is new and/or group members do not know each other well
- There is poor leadership, and/or management committee members are not performing their roles effectively
- There is poor trust between members and leaders, or among members
- There are unequal power dynamics within the VSLA
- The VSLA has low savings rates or poor loan repayment rates
- The VSLA health check reveals other problems



Does the VSLA have a strong savings culture and a low loan default rate? (Check passbooks and register—is everyone saving regularly? Are borrowers repaying their loans on time?)

MANUAL CONTENTS AND FORMAT

Overall structure of the training

The training is composed of two preliminary sessions on the agri-fund (in case this has not already been created), followed by 8 discussion sessions covering the following topics:

Preliminary sessions

Preparatory session on agri-fund (1 and 2).

These sessions introduce participants to the concept of the agri-fund (for VSLAs that do not already have one) and guide them through the process of establishing one.

Session 1

Introducing the idea of collective investment and hearing participants' stories and reflections based on their past collective investment experiences, if any

- Discussion on farmers' current businesses
- Discussion on visions for growth or diversification
- Brainstorming on whether collective investment could enable that growth
- Discussion on what collective investment is and would look like, and potential pros and cons
- Discussion on experiences with collective investment (if farmers are willing to share)
- Assignment: think through possible collective investment ideas

Session 2

Brainstorming different collective investment ideas and the potential pros and cons of collective investment (both in general and specific to the ideas brainstormed by the group)

- List of ideas (big, small, on-farm, off-farm, feasible or infeasible, list them all)
- Discussion on potential benefits and potential risks of each one
- Narrowing down the list
- Assignment: think ahead to characteristics of a successful group enterprise, including decision-making

Session 3

Characteristics of a successful group enterprise and decision-making

- Discussion on the characteristics of a successful entrepreneur
- Discussion on the characteristics of a successful group enterprise
- Discussion on group decision-making
- Assignment: market assessment in preparation for business planning

Session 4

Business planning

- Debrief on market assessment
- Discussion and participatory completion of business plan template for each group
- Assignment: thinking through collective investment each member is interested in

Session 5

Problem-solving in collective investment management

- Role plays on problem-solving
- Talking through potential challenges
- Assignment: making a decision on collective investment

Session 6

Constitution development session

- Development of group constitution (one per group)

Session 7

Collective enterprise management follow-up 1

- Check in with the group just before they make their first big purchase

Session 8

Collective enterprise management follow-up 2

- Check in with the group once their operations are up and running

The community facilitator should allow for about a couple of weeks between discussions to give participants the chance to think about what was discussed in the last session and to discuss amongst themselves. But it is important not to let too much time go by, or participants may forget the previous conversation by the time the next one starts.

Sessions in this manual are designed to be completed in 1-2 hours, at the time and location of the regular VSLA meeting—this is important as it enables all members to attend. If additional time is needed, the community facilitator can split the discussion into two sessions.

Session formats

Discussions. All sessions will primarily be discussion-based. This is because group members need to think through for themselves whether a collective investment makes sense for them, how they would want to structure it, what they would want to prioritize, etc. Your role as facilitator is less to be a teacher, and more to guide that process and make sure that everyone has the chance to think through these questions, to speak up about them in meetings, and to make their own informed decisions.

Stories. Most sessions include a story about a fictional VSLA named Hope VSLA. As this manual is translated and adapted different contexts, the details about Hope VSLA (and its name) can be changed to better align with the livelihood types in different countries and implementation areas, but it is helpful to keep the narrative fairly similar, as it guides VSLA members in talking through possible scenarios that they may face too.

- In Session 1, we meet Hope VSLA and find out that some of the group members have some experience with collective investment, with different levels of success. The community

facilitator is trying to determine whether the group is ready for collective investment.

- Follow-up questions provide an opportunity for group members to reflect on whether the group is ready for collective investment, and to think about which group members might be more keen to engage in collective investment, compared to others.
- In Session 2, Hope VSLA is ready for collective investment and is discussing and debating a variety of investment ideas. They finally decide on two different collective investments.
 - Follow-up questions provide an opportunity for group members to think through why the group might have chosen these specific collective investments rather than the others, and to relate this to their own preferences.
- In Session 3, Hope VSLA's collective investment groups are ready to make their first big collective investments, and one of the groups faces an interesting choice.
 - Follow-up questions challenge group members to think through the wisdom of the two options, and also to think through how they as a group would work together if they faced a similar decision.
- Session 4 has no story as the entire session is allocated to business planning
- In Session 5, both of Hope VSLA's collective investment groups are facing challenges in their business operations.
 - Two role plays associated with the story provide the opportunity for group members to think through how they would resolve these challenges.
 - Discussions following each of the role plays allow the broader group to reflect on these challenges and how to solve them, as well as on the decision-making processes of the group.

- Session 6 has no story as the entire session is allocated to constitution development.
- Sessions 7 and 8 have no story as the sessions are dedicated to checking in on the groups and troubleshooting any specific problems they may be facing.

Role plays. In addition to discussions, role plays are sometimes used. These role plays have a dual purpose: (1) allowing group members to test out how they may resolve challenges as a group, and (2) allowing the community facilitator to observe group dynamics, e.g. who speaks more often than others and who does not speak, who is listened to and who is shut out, whether the group is able to resolve disagreements amicably, whether members are able to talk other members out of unwise investments, etc. The community facilitator can then address communication and decision-making issues as needed.

Planning. Two sessions—the business planning session and the constitution development session—entail the completion of templates provided in annexes. The session guides provide discussion prompts to make sure that all group members are engaged, and that the group has thought through all the various dimensions of the group enterprise prior to committing to an investment.

Check-ins. The final two sessions are check-in sessions. There is a discussion guide for each of these sessions to help the community facilitator know what to ask, but the sessions can be focused on the issues most relevant to the groups in their current situations.

Tips on guiding discussions

Here are some tips to ensure that the discussions go smoothly:

- **Prepare in advance!** Be prepared and look at the session guide before going to the VSLA so that you are prepared for the discussion, and be sure to bring any additional materials needed, such as paper and pens/markers, the business planning template, guidance cards, etc. (If you are looking for materials during the session, this may make things confusing and time-consuming for participants.) Then follow the guiding notes and questions in each session, and make adaptations as needed based on your knowledge of the VSLA.
- **Begin the session with informal discussion about the participants' lives.** This will help establish a stronger relationship with the VSLA members.
- **Try to keep discussions to 1-1.5 hours whenever possible, or 2 hours maximum.** VSLA members are busy, particularly during harvest periods, and often prefer shorter discussions. Therefore, to the extent possible, sessions in this manual have been shortened to last 1.5 hours.
- **Be patient and thorough, and go at the participants' pace.** Give participants plenty of time to think through questions, brainstorm possible ideas, voice their concerns, etc. Some discussions may take longer than planned and may need to be spread out over several sessions to give everyone a chance to voice their ideas and concerns. This is particularly likely if a VSLA plans to engage in multiple collective enterprises, as certain discussions need to take place with each group.
- **Be friendly, confident, positive, and empathetic at all times.** The discussion may not always go the way you want it to go, or the way you planned—that's OK! Try to keep a pleasant learning environment even if you are tempted to get frustrated. And if the VSLA

members refuse to consider collective investment, that's OK too—more on this below.

- **Do not cite examples related to any participant, as this may cause embarrassment.** If you feel that an example would help members understand what you're saying, give the example of a hypothetical farmer/VSLA member in a nearby village.
- **Avoid favoritism and be careful to ensure that everyone participates.** Pay equal attention to all VSLA members. Keep in mind that all members do not have the same speed of learning or the same comfort level when speaking up in a large group. Gently encourage any shy members, or members whose views may not usually be heard, to voice their opinions, and ask the others to listen respectfully. **Be particularly mindful to encourage women's participation.**
- **Remember that the participants' will is primary and must be respected.** Remember that it is not your job to convince the VSLA members that they have to undertake a collective

investment. Your job is to share information to enable them to consider collective investment, to think through the potential benefits as well as the potential risks and downsides, and to help them make an informed decision about it.

- **Take notes!** Take notes of what members say during the VSLA sessions, so that you can build on their inputs during the following session. This is very important, as the business planning needs to be based on the group's ideas.
- **Encourage group members to take notes too.** To the extent that members can read and write, encourage them to take notes on the discussions so that they can refer to them later, discuss them at home, etc. Tell them that there will often be a bit of homework, so taking notes will also help them to remember those assignments.
- **Avoid jargon and complicated words.** The more simply you speak, the easier it will be for all participants to understand you.



Preparatory Session

Agri-Fund 1

COMMUNITY FACILITATOR – READ THIS FIRST!

Time: 1.5 hours

Methods/tools: Discussion

Materials required: None (but note materials needed at second meeting)

Objective: Establishing an agri-fund

The agri-fund is a pooled fund that supports purchase of agro-inputs for VSLAs, typically in bulk, for individual or group purposes. The establishment of an agri-fund helps facilitate collective investment later on, and it is typically recommended to be done at the time of group establishment, or at the start of the saving cycle. However, it can also be introduced later if needed, either on its own or as preparation for collective investment.

The agri-fund is voluntary, so a VSLA member may decide whether to contribute or not depending on their agricultural needs. Members who choose to contribute to the agri-fund agree on a minimum amount that each member must contribute, either during weekly meetings or once a month. VSLA members typically set the amount to be contributed to the fund according to the expected volume and price of inputs for the season, with the goal of ensuring that farmers are able to access the required inputs at the right time.

The agri-fund can be a particularly useful stepping stone towards collective investment, as members' regular agri-fund savings can serve as capital for a collective investment in inputs or something larger. However, agri-fund and collective investment are not synonymous and do not always have to go together. For instance, a VSLA may decide to have an agri-fund for the purchase of agricultural inputs only, and some of those purchases may be done on an individual basis. Conversely, a VSLA may decide to start a collective investment with a one-time capital contribution from each member, rather than from an agri-fund.

Step 1 Introduction to the agri-fund concept

Ask: How do you usually pay for inputs?

Listen to members' responses. They may have other ways of obtaining inputs in bulk, for example through cooperatives, through government channels, or others.

Ask: Have you considered working together to buy inputs in bulk? Why or why not?

Say: What some VSLAs like yours have done, and you might want to consider, is to establish a separate fund, like the VSLA savings and loan fund and the social fund, that is just for agricultural input loans. Groups call it the agri-fund. The agri-fund is a bit different from the regular loan fund:

- It does not charge interest.
- The loans are timed to coincide with the agricultural cycle.
- Participation is voluntary, so you can be a member of the VSLA and choose whether or not you want to participate in the agri-fund.
- It is not shared out, so it will grow from year to year.

The agri-fund can be used in several ways, according to VSLA members' interests:

- **Purchase of agro-inputs** (fertilizers, seedling, equipment, etc): VSLA members can use the agri-fund to purchase agro-inputs for a farming season. Inputs purchased with the agri-fund are typically purchased in bulk, enabling individual members to take advantage of economies of scale. However, agri-fund loans can also be used for individual input purchase, or to pay laborers to help with land preparation, harvesting, and other farming tasks.
- **Start a new business/enterprise:** VSLA members can use the agri-fund to pool the funds to serve as investment capital for a new busi-

ness/enterprise. Depending on the amount of agri-fund, the enterprise can be very small as a startup.

- **Leverage to access capital from financial institutions:** VSLAs can also use the agri-fund as a source of capital to save via a financial institution where they can obtain credit based on the amount of money deposited. This third option is not recommended for first-time collective investments, but rather for mature collective investment groups.

Ask: What do you think of this idea? Do you think an agri-fund would be useful in your VSLA?

Ask individual members: What would you want to use it for?

Step 2 Explanation of link to collective investment

Explain that agri-fund and collective investment, which will be discussed in coming weeks, are complementary. The agri-fund can help facilitate collective investment but can also simply support input purchase for individual members, if that is what they prefer. Agri-funds can also be used for different purposes in different years and can start small and grow over time, since the fund will not be shared out. Also explain that the agri-fund is not a requirement for collective investment, and that VSLAs are not required to use their agri-fund for collective purposes—this is entirely their choice.

Step 3 Debrief and homework for next meeting

Tell the group members that you want to give them time to think about it and discuss amongst themselves, and that you will come back to the next meeting to hear their thoughts. If they are interested in setting up an agri-fund, you will help them do it at the next meeting.

Preparatory Session

Agri-Fund 2

COMMUNITY FACILITATOR – READ THIS FIRST!

Time: 1.5 hours

Methods/tools: Discussion

Materials required:

- Agri-fund tracking books/passbooks
- New bag of a different color to separate the agri-fund money from the regular savings/loan fund and the social fund

Objective: Establishing an agri-fund (continued)

This session is a continuation of the previous session in which the agri-fund was introduced. After having some time to reflect, group members should be ready to make a decision on whether or not they want to establish an agri-fund in their VSLA.

Step 1 Check-in with the group

Ask: Now that you've had the chance to think about the agri-fund, what you might use it for, and how much money you can save, do you want to set up an agri-fund?

Remind the group members that agri-fund participation is not required. Also remind them that they can decide together what the agri-fund will be spent on.

If a significant proportion of members is interested in an agri-fund, explain that you will help them set it up (see below).

If it is only a small number of members (e.g. 5 or fewer), it may make more sense for them to buy inputs collectively outside of the VSLA.

Step 2 Agri-fund structure

Proposed use of the agri-fund

Ask members whether they want to use the agri-fund for their own input purchases, for the purchase of inputs in bulk, or for start-up capital for a collective enterprise?

Note: The group does not need to decide on these questions now, but the answer will help determine how much they should plan to save. It's advisable for the group to start with a small, simple agri-fund.

Proposed agri-fund savings amount

Ask members how much they want to save, and how frequently. Ask them to relate this to the proposed use of the agri-fund.

Note: If the group wants to, they can propose flexible shares for the agri-fund in the same way that they have flexible shares for the VSLA savings fund.

Encourage the VSLA to regularly deposit the agri-fund in a financial institution, since the funds will not be lent out right away. Ensure that there is transparency in account ownership and in sharing of receipts so that the VSLA maintains accountability for the agri-fund money.

Step 3 Agri-fund establishment

Help the group document the conclusions from the discussion undertaken in Step 2.

Amend the group's constitution to incorporate an agri-fund with the agreed-upon membership, saving amounts, and saving frequency.

Provide agri-fund record-keeping passbooks and money bags and emphasize the importance of keeping the agri-fund separate from regular VSLA savings, both in terms of record-keeping and in terms of the actual money.

Step 4 Follow-up

Monitor the group and ask about the status of the agri-fund at subsequent meetings.



Session 1

Discussion on goals and aspirations, and introduction to collective investment

COMMUNITY FACILITATOR – READ THIS FIRST!

Time: 1.5 hours

Methods/tools: Discussion

Materials required: None

Objective: Getting to know each other better and introducing the concept of collective investment

This session is structured in a way that assumes that the community facilitator already knows the VSLA members. If you do not already know them (for example if you are a new community facilitator), please start by introducing yourself and asking VSLA members about themselves—their names, their livelihood activities, and other important life information.

The section also assumes that the community facilitator already knows the VSLA and has conducted an initial assessment to make sure that the VSLA is ready for collective investment. At a minimum, this assumes that the VSLA has been in existence for at least one full savings cycle (9-12 months) and is functioning well (all members are saving regularly, there are no significant outstanding loans, etc.). If you have not already done this, please start with the assessment before initiating this discussion—see the guidance provided in the Introduction section of this manual. Please make sure you know how long the VSLA has been operating, what challenges it has faced, etc.

Step 1 Introductory discussion

Ask: Why did you decide to join this VSLA? What were you hoping to get out of it? (*Make mental notes of their responses*)

Ask: How have you been using the loans that you've taken from the VSLA? (*Make mental notes of their responses and what they tell you about their livelihoods*)

Ask: When the VSLA shared out, how did you use your share-out money?

After they answer, ask this follow-up question: Is this something that you had planned for in advance, or something that you decided when you got the money?



Step 2 Discussion on aspirations and goals

Say: Today we are going to talk about our aspirations, what our hopes and dreams are for ourselves and for our families, and what some specific goals might be along the way.

Ask: What are some hopes and dreams that you have for yourselves and your families?

Listen to their responses and ask follow-up questions to better understand. Also ask specific questions about their livelihoods, such as:

- Do you have any dreams or aspirations about your income?
- What would you do if you were able to increase your income?

Ask: Do you have any *goals* (something more measurable, tangible, achievable) associated with these hopes or dreams?

Ask: Are there any goals that you have regarding your own livelihoods? What are those?

In some cases, people may start to express their needs for support (from the project, or from the government) rather than their aspirations. If this happens, simply re-explain the question and re-direct them towards describing what they hope their lives will be like in the future.

Ask: Can you share any examples of times that you have set goals and achieved them? What helped you to achieve them?

Step 3 Planting the seed on collective investment and learning from participants' past experiences

Ask: Have you ever heard of collective investment? What is it?

Say: Collective investment is a voluntary action taken by a group of individuals, who invest their time, their money, and their energy to pursue shared business objectives. Collective investments can be big or small—they can range from investments made together by a few members of one VSLA to investments made by several VSLAs or a cooperative.

Ask: What are some collective investments that you've seen or heard about?

Ask: Have you ever made a joint investment with someone else, or with a group of people? What was your experience like?

Ask: What are some ways to finance a collective investment? *(Listen to responses, then summarize and add whichever were not mentioned: individual savings, group savings, VSLA loans, agri-fund, external loans, etc.)*

Ask: Do you think that a collective investment could help you reach your goals? How so?

Ask: What kinds of collective investments do you think might make sense in this area? *(List all suggestions that participants make. Prod them to think about their existing skills, knowledge, and experience, and how they could use it.)*

Step 4 Story discussion

Read the following story.

STORY TIME

Meeting Hope VSLA

Hope VSLA is a three-year-old VSLA with 20 members—15 women and 5 men—in a small village of Tanzania *[insert your country here]*. The VSLA meets every week and members save anywhere between 1,000 and 5,000 Tshs *[insert your currency/realistic savings amount here]*. The members are all farmers, mostly growing maize, bananas, vegetables, and spices, but some of them have small off-farm businesses too. Two members sell used clothes in the market, while another has a small donkey cart transport business. Several of them engage in petty trade. A few members also raise livestock (chickens or goats). The village is about two hours away from a major town on an unpaved road, but there is electricity and a weekly market in the small town close by.

Two of the women VSLA members, Nia and Amani, are close friends and have some experience doing business together—a couple of years ago, they pooled their VSLA share-out money and invested together in some used clothes. They took turns going to the market to sell them, until Nia gave birth to twins and could not go to the market anymore. When that happened, they brought another group member, Asha, into the business.

Seven other members also have experience doing business together. Last year, an NGO helped them build a large chicken coop and provided training to the group members on poultry management. The members all took loans from the VSLA to buy 45-day-old exotic breed pullets and some feed, and were excited about their poultry business. Unfortunately, over half of the chickens died before even laying any eggs. The members lost money and struggled to repay their VSLA loans. A few of them still have outstanding loans. No-one has used the chicken coop since last year.

A community facilitator working with CARE just started a discussion with the VSLA members about collective investment this week, and she is trying to determine whether or not they are ready.

Ask: Do you think Hope VSLA is ready to engage in collective investment? Why or why not?

Listen to their responses and affirm their insights, then explain as needed that a VSLA with significant outstanding loans is not ready to undertake collective investment. Also explain as needed that a VSLA that just had a failed collective investment needs time to recover both financially and mentally and figure out what went wrong and how to avoid it in the future, before engaging in another investment.

Ask: Which members do you think might want to engage in collective investment, and which might not? Why?

Ask: If the members want to engage in collective investment, what types of investments do you think might make sense for them and why? What types of investments might not make sense?

Step 5 Debrief and homework for next meeting

Say: Today we've started talking about collective investment and our experiences with it. We also introduced Hope VSLA and some of their upcoming decisions—we'll keep following their story in the next few sessions as they will be facing some of the same decisions as you!

Give them an assignment for next time: Before we meet again, think about possible collective investment ideas that might make sense in your area, and that you might be interested in (you don't have to decide or commit to a specific collective investment right away, just bring ideas!)

Agree on a time and date for the next meeting.



Listen to their responses and affirm their insights, then explain as needed that a VSLA with significant outstanding loans is not ready to undertake collective investment.

Session 2

Brainstorming collective investment

COMMUNITY FACILITATOR – READ THIS FIRST!

Time: 2 hours

Methods/tools: Discussion

Materials required: Flip chart, if available. Otherwise, pen and paper.

Objective: Brainstorming collective investment ideas

In this brainstorming session, the goal is to work with project participants to think through all the different possibilities for collective investment in their area, and the potential pros and cons of each. Encourage them to build on existing strengths and experience. You may agree or disagree with some ideas but try to help farmers think things through for themselves by asking them questions. And remember, they probably know things you don't know, so you may be surprised!

Step 1 Starting the brainstorming

Ask: Who remembers the assignment that we agreed on last time we met?

Say: We had agreed to think of different types of collective investment that might be possible in our area. Let's go around the circle and have every person give one idea of a collective investment that you think would be a good idea around here. In addition, think about the sustainability of these collective investments. A sustainable investment is defined as an investment that aims to protect or restore the natural environment and strengthen resilience to the impacts of extreme weather events.

Listen for similarities and differences among the collective investments that are proposed by the members. If everyone starts to repeat the same idea, gently prod them to think of new or different ideas, including on- and off-farm ideas, with and without value addition, etc.

Step 2 Discussion on pros and cons

Ask: What are the benefits of some collective investments? (*Listen and affirm their ideas, then complement/summarize with the following*)

Say: Collective investment can:

- Enable group members to work together and learn from each other
- Help farmers make bigger investments, which help to engage in new activities (such as processing)
- Save time and labor/transport costs as activities can be done by 1-2 group members instead of by every single member
- Diversify farmers' income sources, which can spread out income throughout the year and lower farmers' overall risks
- Help farmers take advantage of economies of scale by purchasing in bulk

- Increase farmers' bargaining power when negotiating with buyers on prices and other sales terms

Ask: What are some of the risks or potential downsides of collective investments? (*Listen and affirm their ideas, then complement/summarize with the following*)

Say: Collective investment can:

- Bring new and/or bigger risks (as the investment may or may not be successful/profitable)
- Reduce the control of individual members over their own investments and business decisions. The group may make a decision that an individual member doesn't agree with.
- Make decision-making a bit more time-consuming and difficult, as decisions have to be made as a group

(See list in introduction for more details on each potential advantage and risk/downside of collective investments.)

Step 3 Analysis of most promising collective investments

Guide group members in thinking through what might make a collective investment a good bet, and what might not, by asking:

- Would it make sense to build on the experience of group members in their existing livelihoods? What would be some advantages of this?
- What types of businesses or activities make more sense as a collective enterprise, and which make more sense as an individual enterprise? Why?
 - For example, would it make a difference if the product were perishable, like fruits or vegetables?
 - Would it make a difference if the product needed to be processed?
- If the group wants to sell in bulk:

- Do you know buyers who buy in bulk? Where are they?
- Would you need to coordinate or harmonize the type/variety of crop, planting and harvest time, etc.? Would this be a challenge?
- What type of infrastructure would this collective enterprise require? Is it available, and/or would it be easy to build/access?
 - For example: is there electricity to power a processing machine?
 - Are there roads that lead to the village that would be accessible to trucks? Are these roads passable year-round?
- If the group wants to engage in processing:
 - How expensive would processing machinery be?
 - How hard would it be to find buyers for processed product?
 - What is the difference in price between processed product and raw/whole/unprocessed product?

Ask: Of all the collective investment ideas that were discussed earlier, which do you think are the most promising? If you had to choose one collective investment today, which one would you choose and why?

Make sure all group members have the chance to respond and give their reasons. Note the most common collective investments and reasons given, and summarize them at the end. Remind them that they do not need to make a decision today, but that it is good for them to be thinking about these questions.

Guide the group to think about key factors of success. A collective enterprise's success will depend on many factors, but experience suggests that collective investment is more likely to be successful when it:

- **Builds on members' existing experience,** such as collective crop cultivation. The existing experience is an important starting point

because group members will start from a common understanding on costs, labor requirements, calculation of profits, etc., providing a strong foundation of trust and relatively easy management.

- **Is easier to manage as a group.** This means keeping the business fairly simple, especially while members are getting the hang of the group enterprise. For a new group, a simple collective marketing enterprise is more likely to be successful than a large investment in a processing facility that requires daily operational management.
- **Has strong profits early on, and/or provides other benefits that are valued by members.** Members appreciate collective enterprises

that bring in profits early on, as these encourage participation and accountability among members. Some investments in smaller off-farm businesses, such as soap making or trading in sugar or cereals, are often less profitable. However, these enterprises often provide other benefits that members appreciate, such as better access to products for their own consumption, and members may feel the business is worth engaging in for this reason. **It is important to consider all aspects of group members' benefits, according to their own analysis, not just the specific benefits targeted by the project's theory of change.**

Step 4 Story discussion

Read the following story.

STORY TIME

Hope VSLA, moving forward

It has been more than a year since Hope VSLA recovered from its unsuccessful investment in collective chicken rearing. All members have finally repaid their VSLA loans, and members are saving regularly. The community facilitator has completed a VSLA health check and she thinks that the group might be ready for collective investment. When she raises the topic with the group, they are excited about the concept and have many ideas for investments.

The group members' ideas range from collective vegetable gardening with irrigation to the purchase of a three-wheeled vehicle for a group transport business, collective spice processing, collective input supply, collective maize trading... They have a long list! Different members are interested in different businesses, and not all members are sure that all the businesses could succeed. After analyzing the pros and cons, the members decide to engage in two different collective investments:

- The VSLA as a whole would engage in collective input supply, taking advantage of economies of scale to access fertilizer and seeds at lower prices for their own farm, and selling them to their neighbors at a profit.
- Ten members of the VSLA would engage in collective maize trading.

Ask: Why do you think the members of Hope VSLA chose these collective enterprises and not others? Would you have made the same choice? Why or why not?

(Note: There are no definite right or wrong answers here, but this discussion is intended to get group members thinking more deeply about what makes a good collective investment, about what they want, etc.)

Step 5 Debrief and homework for next meeting

Say: Today we brainstormed different ideas for collective investment, and especially about *[name most commonly mentioned collective investments here]*. We will keep building on these ideas in the next few sessions until you decide whether you're ready to engage in collective investment and, if so, in which type of investment. In the next session we'll talk about what makes an entrepreneur successful and what makes a group enterprise successful. We'll also talk through decision-making as a group. Start to think about these questions if you can!

Agree on a time and date for the next meeting.



Session 3

Managing a group business with shared decision-making

COMMUNITY FACILITATOR – READ THIS FIRST!

Time: 1.5 hours

Methods/tools: Discussion

Materials required: None

Objective: Discussing how to manage a group business

There is an important homework assignment at the end of this session, which will likely require some discussion to make sure that the group members understand the assignment. Make sure you leave enough time for it! Also make sure that they have pens and paper to take notes on the assignment, or provide these for them.

Step 1 Discussion on characteristics of a successful entrepreneur

Say: You are all [or nearly all] farmers, which means that you are entrepreneurs, and you have experience managing your own farm, which is a business. What kinds of skills do you think make someone a successful entrepreneur? *Listen and affirm their ideas/contributions, then complement and summarize the discussion with the following:*

A successful entrepreneur is someone who:

- **Chooses a profitable enterprise idea:** choosing a profitable business idea is an important starting point for a successful business
- **Is always looking for new opportunities:** for example, noticing that customers are asking for a different product and starting to sell that product
- **Takes calculated risks:** thinking through the pros and cons before investing money
- **Is always trying to improve and exceed customers' expectations** in terms of quality, service delivery, efficiency, speed, etc.
- **Is persistent:** continuing to work towards goals even when things are hard, sales are down, etc.
- **Is committed to the work contract:** willing to make extra efforts to complete an order on time, which builds trust
- **Seeks information:** regularly asks for customer feedback about what they like and don't like
- **Sets goals:** clear, measurable, and challenging goals that help steer the business in the right direction (for example, to increase sales by 10% in 6 months).

- **Plans systematically and monitors progress:** plans by breaking tasks into smaller steps and keeping track of all business activities. This includes budgeting and tracking expenses. Keeps good records of business transactions so that he/she can keep track of inventory, expenses, income, profitability, etc.
- **Has strong relationships:** builds positive relationships with customers, with suppliers, with advisors, with government stakeholders, and with other community members to build a strong reputation within the community
- **Is honest:** honors business contracts and is honest about the quality of product, including not selling products that are defective. Sometimes this requires losing money in the long run to build trust.
- **Has confidence:** trusts his or her own abilities, even when things do not go as planned.

Reaffirm good contributions from group members that may not be in the list above, such as “A successful entrepreneur is someone who is a good neighbor and helps out his/her community members when they need help.”



**Builds positive relationships
with customers, with suppliers,
with advisors, with government
stakeholders, and with other
community members to build
a strong reputation within
the community.**

Step 2 Discussion on characteristics of a successful enterprise group

Say: We’ve just talked about what the characteristics of a successful entrepreneur are. What about the characteristics of a successful enterprise group? Are they the same? Or are there some additional characteristics, in your opinion, that are necessary to make a group enterprise successful? *Listen and affirm their contributions, then complement and summarize the discussion with the following:*

A successful enterprise group is one that:

- Has a foundation of trust
- Listens to each other
- Is able to make decisions together
- Has a common vision and shared goals
- Has members who share similar values
- Has good governance (a constitution/bylaws, regular elections, term limits for leaders, transparency, etc.)
- Is not dominated by one or two powerful people, but operates as a group
- Makes sure that men and women are participating equally in leadership and decision-making
- Has strong communication so that everyone in the group is aware of what is happening
- Has committed members who are willing to invest their own resources in the group
- Keeps the finances of the group enterprise separate from the VSLA’s finances (both in terms of the physical money and in terms of the financial record-keeping)
- Is always learning and is adaptive to new situations, including various shocks and risks

Let’s explore some of this further through a story.

Step 3 Story discussion

Read the following story.

STORY TIME

Hope VSLA learns the challenges of group decision-making

Remember our friends at Hope VSLA, who we talked about last time? The VSLA members are getting ready to invest in their collective businesses for the first time.

For the input supply collective investment, members all agree on what type of inputs to prioritize: fertilizer and maize seed. The group members had been planning to use all the money in the agri-fund (which all members had contributed to equally, at a rate of 1,000 Tshs per week) to invest in these inputs. With this capital, there would be enough to cover the input needs of all members for the season, with just a little left over to sell to neighboring farmers. They have never made this type of purchase or sale before, but they feel confident.

However, the group's chairperson recently learned that the local MFI would be willing to give them a big loan at a 15% interest rate for six months, which would enable them to buy four times as much fertilizer and seeds—enough to sell to all their neighbors and even in other villages. About half the members in the group are in favor of taking the loan, but the other half aren't so sure it would be a good idea.

Say: We're going to discuss two sets of key questions:

- Do you think the group should take the loan? Why or why not? What factors would lead you to support the loan, or to advocate against it?
- How would your group handle making this decision?

Question 1: Do you think the group should take the loan? Why or why not? What factors would lead you to support the loan, or to advocate against it?

Help the group members think through:

- What are some potential challenges that the group might face during their first year engaging in a business?
- Do you think it's wise to take a large loan with no experience in a business sector? Why or why not?

- What do you think about the timeframe of the loan? Is 6 months enough time to pay back a large loan?
- Do you think that the group has a good knowledge of their neighbors' demand for inputs? What about in neighboring villages?
- What might they do with the extra fertilizer and seed if it does not get sold?
- What might happen if the group is unable to repay the loan on time?
- If the loan was \$100 / \$500 / \$1,000, how much would the group have to repay after 6 months? How much would they need to deduct from their profits to cover the cost of the loan?

[Note: Give the group a figure and ask them to calculate the cost of the loan before giving them the answer. Use local currency and locally relevant figures for this exercise.]

$$\text{\$100} \times \text{\$1.15} = \text{\$115}$$

deduct **\\$15** from profits

$$\text{\$500} \times \text{\$1.15} = \text{\$575}$$

deduct **\\$75** from profits

$$\text{\$1,000} \times \text{\$1.15} = \text{\$1,150}$$

deduct **\\$150** from profits

Explain that any fees, insurance, etc. would be an additional cost

After an initial discussion, remind the group members:

- It may be difficult to fully understand the market for fertilizer and seeds (including the demand for these inputs from neighboring villages) during the first year that the group engages in this business.
- It's important to think not only of the potential profit but also of the potential risks.
- 6 months is a short timeframe for a loan, and the demand for inputs is highly seasonal, so if the group is not able to sell all of the fertilizer and the seeds in time, they may be stuck without a market and may have to sell at lower prices.
- The first year can be a good opportunity to learn about the business, the market, etc., before taking a bigger risk with a loan.

Throughout the discussion, pay attention to who is speaking, and who is having an influence on others. Are women having an equal chance to speak? Are others listening to them? Pay special attention to women, youth, members of ethnic and religious minority groups, persons with disabilities, people living in poverty, divorced women, and any other individuals who may be traditionally at risk in this community—is anyone being excluded from the conversation? Does anyone seem to have too much influence? Ask the group members some of these questions as the

discussion progresses and remind them that everyone has valid ideas that should be listened to. If someone is speaking too much, gently remind them to give others a chance to speak.

Question 2: How would your group handle making this decision?

Help the group members think through:

- How will the group make this kind of decision, and other decisions? Will they vote and have majority rule? If they vote, will it be a secret vote, or an open one? Or will they talk it through until everyone agrees? Or do they have other ideas?
- How will the group ensure that all group members' voices are heard? What about women's voices in particular?

After an initial discussion, remind the group members:

- It's important to listen to all group members, and to hear all of their concerns and suggestions, before making a decision—especially one that will entail a large financial risk

Step 4 Debrief and homework for next meeting

Say: Today we talked about what makes individual entrepreneurs and group enterprises successful, and we talked about some of the difficult decisions that groups will face, and how they can engage in decision-making as a group.

Ask: How are you feeling about your decision-making abilities as a group?

[If some members say they're not feeling great about the group's decision-making abilities, make sure you ask follow-up questions to really understand the issue, and take the time to address it. This may not be addressed in just a few minutes, so you may need to stay late to talk with a few members or schedule a separate meeting to discuss.]

Say: Next session we are going to narrow down our collective investment ideas and start developing business plans for them. Do you remember the collective investment ideas we discussed last time? *[Review your own notes from the last meeting and mention the most popular collective investment ideas discussed last time.]*

Say: This time I'm going to give you some real homework for the next meeting. Are you ready? I want you to find out everything you can about the market for the group business that you are most interested in. Here's what I want you to find out:

- Who are the main buyers for this product in this area?
- Who are the main final consumers of this product?
- What are the trends in the market for this product? (Is demand for the product going up or down? Are prices increasing or decreasing?

ing? Does it depend on the season?) Do different varieties/versions/types/levels of processing of the same product have different market trends?

- At what time of year are the prices highest for this product? At what time of year are they lowest? What are the high and low prices?
- Who are the competitors selling the same or similar product?
- If you started a collective business in this area, what advantages would your competitors have over you?
- What advantages would you have over your competitors?

If multiple collective investments are discussed, divide the group into sub-groups so that each member is researching the market for one type of collective enterprise, based on their interest.

Agree on a time and date for the next meeting, making sure that they have enough time to do the market analysis homework.



Session 4

Business planning

COMMUNITY FACILITATOR – READ THIS FIRST!

Time: 2 hours

Methods/tools: Discussion

Materials required: Business planning template (make several copies of Annex 1 before this session)

Objective: To develop business plans for the collective enterprises

There is a lot to cover in this session, but it's important not to rush it! Depending on how many group enterprises the VSLA members want to establish, you may need to do 2-3 business planning sessions to have enough time for thorough discussion on all the points.

Note: The reason we have placed business planning before constitution development is that it is important for VSLA members to fully understand what the collective investment will entail before they make a decision about whether or not to join it. The business planning process is the best chance for the group to talk through what the investment will entail in detail, including what each member will be expected to contribute. Explain that you will need to know approximately how many members are interested in joining the investment group, just so that the plan can be realistic based on the group size, but that they are not expected to commit until Session 6 (Constitution Development). If changes to the business plan are needed after the constitution is developed, the business plan can be revised/refined at that time (see Session 6 for further guidance on this point.)

Possible challenges–what to do if:

- **A VSLA wants to start many collective investments at once?** Collective investments need careful management internally, as well as close monitoring from project staff at the initial stages, to ensure that the group is listening to all of its members and making sound decisions. Each of these processes is time-consuming, and group members and staff learn along the way. Therefore, it is better for a VSLA to start only a small number of collective investments at one time, e.g. starting with 1-2 and then adding gradually according to the group's ambitions and capacity. If the whole VSLA is investing as a group, it is wise to start with just one collective investment. If the VSLA is doing several smaller collective investments, it may be possible to start with two, but the groups should be careful not to

exceed the capacity of the community facilitator to support them. Moreover, groups that engage in collective investment should maintain some savings to cover contingencies.

- **The community facilitator is concerned that the VSLA is about to make an unwise investment?** To the extent possible, it is important for the community facilitator to allow the group to be self-driven. However, the frontline staff member also has a responsibility to stop the group from making unwise investments, by warning them of potential risks, by facilitating additional conversations about pros and cons (with an emphasis on the cons if needed), by bringing in experts (from the project, the government, or the private sector) to advise the group, and taking other measures as necessary. During these discussions, the community facilitator should facilitate discussions in a way that ensures that all group members are heard.

Step 1 Debrief of homework assignment on markets

Ask: How did the homework assignment go? Who wants to share what they learned about the markets for the products that we've been discussing?

Discuss one collective investment/business idea at a time and ask group members to respond to these questions (the same questions given in the homework). Take notes on their insights, as these will form part of the marketing plan for the business plan.

- Who are the main buyers for this product in this area?
- Who are the main final consumers of this product?
- What are the trends in the market for this product? (Is demand for the product going up or down? Are prices increasing or decreasing? Does it depend on the season?) Do different varieties/versions/types/levels of processing of the same product have different market trends?
- At what time of year are the prices highest for this product? At what time of year are they lowest? What are the high and low prices?
- Who are the competitors selling the same or similar product?

- If you started a collective business in this area, what advantages would your competitors have over you?
- What advantages would you have over your competitors?

Ask: Did the things you learned influence your opinion about whether you might want to invest in this business? Why or why not?

Say: In the next step, we are going to start developing business plans for the businesses the group members are most interested in. We're going to do one business plan at a time. For each business plan, we'll need to know approximately how many members are interested in joining the investment group, just so that the plan can be realistic based on the group size. But don't worry—you won't need to make a firm commitment about whether or not to join the group until the session *after* the next one, when we develop the constitution.

Step 2 Development of the business plan

Use the prompts below to talk through all aspects of the business plan for each collective enterprise that the VSLA members are planning to engage in. For the first cycle, to limit complexity and enable you to support all of the enterprises,

it probably makes sense to limit collective enterprises to 1-2 per VSLA at first and add more later once the initial businesses are working well.

Take notes in the business plan format found in Annex 1.

Marketing plan¹

- Market dynamics (analysis):
 - Who are the main buyers for this product in this area?
 - What are the trends in the market for this product? Is demand for certain types of product increasing?
 - Who are the competitors selling the same or similar product?
 - What advantages do your competitors have over you?
 - What advantages do you have over your competitors? How can you use this advantage?
- Customers
 - What segments of the market does the enterprise plan to target, in terms of geographies, demographics, behaviors, etc.?
 - How will the enterprise obtain customer feedback?
- Uniqueness
 - Is there something that makes the enterprise's product unique or different from those of competitors?
 - Why should buyers choose this product?
- Marketing strategies and seasonality
 - At what time of year are input prices highest? Lowest?
 - At what time of year are the enterprise's product prices highest? Lowest?
 - How will the enterprise achieve its objectives? (new products, pricing, distribution channels, promotion, branding, etc.?)

Knowledge and skills

- What technical skills do group members need for this business?
- Where can group members learn these skills?
- Who will learn which skills?
- Budget for the cost of training, if needed

Input and production costs

- Input/raw materials costs:
 - What inputs/raw materials are required for this business? (remember to consider not only raw materials but also packaging supplies if applicable, cleaning products, etc.)
 - How much will each input and the raw materials cost? (remember to consider seasonality of prices)
 - How much of each input and raw material will the group buy in the first year/cycle?
 - Calculate total input and raw material costs
- Storage costs:
 - Will the group need to rent storage space (for example if buying materials in bulk)?
 - If yes, calculate storage costs for first year/cycle
- Labor costs:
 - What labor will be required for this business? (think of agricultural labor, staffing/guarding the storage facility if needed, etc.) Will group members do all of this labor, or will someone need to be hired by the group to help?
 - If required, calculate labor costs for first year/cycle
- Equipment costs:
 - Will the group need to purchase any big equipment, such as processing machinery?
 - If the group is purchasing processing machinery, what capacity will the machinery have? What are the pros and cons of bigger vs. smaller machines? Basic/locally made vs. fancier/imported? (think about investment costs and group members' ability to pay, potential maintenance/repair

¹ Content for this section drawn from DREAMS manual

costs, availability of spare parts, availability of local mechanics/repair experts to fix machinery, production volumes, market demand for higher volumes, labor required for higher vs. lower volumes of production, etc.)

- Calculate equipment costs for first year/cycle
- Maintenance and repair costs:
 - What regular maintenance costs will the equipment require?
 - What parts of the equipment might break down and need repair/spare parts?
 - Calculate anticipated maintenance and repair costs for first year/cycle
- Transport costs:
 - From where will the group buy the inputs/raw materials, and in how many trips?
 - Where will the group sell the product (which markets, on which days, and how many times?)
 - Calculate transport costs for first year/cycle
- Calculate total input and production costs

Labor

- What labor will be required for this business? (think of agricultural labor, staffing the storage facility if needed, etc.) *Note: the cost of hiring labor has been discussed above; this discussion is about the labor requirements for the members themselves.*
- How will labor be divided up, and how will the group make sure that this is fair? (for example, some tasks will be more time-consuming than others, some may be more unpleasant or strenuous than others, etc. Some members may have preferences for some tasks over others. *[Make sure that the group discusses these questions thoroughly rather than accepting the opinion of the first member who speaks.]*
- Which group members will do which parts of the labor? *[Keep in mind that group members*

have not yet committed to participating in the group, so this is just a preliminary discussion and will likely be finalized after the development of the constitution.]

- Approximately how much labor (in terms of time) will be required of each member per week/month/cycle/year?
- What will the group do if a group member cannot, or does not, fulfil his or her part of the labor? *[Note: the group does not necessarily need to commit to strict penalties, etc., but there should be a basic plan for this, and all members should be clear on labor expectations before they join the group.]*

Cost of external credit

[Note: it is not recommended for a group to take external credit in the first cycle, as it takes time for them to build skills and experience, understand the market, etc. Smaller investments in the first cycle may lead to smaller profits, but they also entail smaller mistakes, smaller risks, and, if something goes wrong, smaller losses. Best to wait until at least the second year/cycle before taking external credit. This section is included to guide discussion for groups in future cycles, or to help the group understand the cost of credit (interest) and its impact on returns, as it is critical to incorporate the cost of credit in the calculation of profitability. You can skip this section if the group is not taking external credit.]

- From which financial institution will the group take credit? What are the terms of the loan, in terms of:
 - Interest rate and period over which it is applied
 - Repayment term
- Is the loan for a high-return activity (such as the purchase of inputs for production), or is it for operating expenses?

- Does the loan have insurance cover, and if so, what does it cover?
- Calculate the total cost of credit based on the interest rate and the repayment period
- Do group members understand the total loan cost, including interest and any fees?
- Will the profit generated from the business be sufficient to cover the cost of the loan, including interest?

Production cycle

- Talk through the entire production cycle
- At what time of year will the group purchase the raw materials/inputs?
 - How many times per year?
- At what time of year will the group do the processing?
 - How many times per year?

Expected yield and revenue

- How many units of products can the group realistically sell in one cycle/year?
- What price will the group sell the units for? (think about seasonality of prices and of demand; set a realistic price for this calculation, not an aspirational one)
- Based on the targets/expected sales above, calculate expected revenue/gross profit

Net profit

- Subtract input/production costs (+ cost of credit, if applicable) from revenue/gross profit to calculate net profit costs

Total investment by each member

- How many members will the group have, approximately? (ask group members to say whether they expect to join the group, but don't ask them to commit yet—members will formally join the group during the next session on constitution development)
- Based on the business plan outlined above, how much money is each member expected to contribute from their own capital, up front and throughout the first year/cycle?
- How much money is each member expected to contribute from agri-fund or VSLA loans (or loans from any other source)?
- How much time is each member expected to contribute per week/month?

Expected profit per member

- Calculate the expected net profit per member (based on expected net profits and approximate number of members).

Step 3 Debrief and homework for next meeting

Say: Think about these business plans, and especially about the investment required in terms of money and time, and the potential profits and the potential risks. You have time to make a decision about joining a group, so discuss amongst yourselves and with other advisors, with your spouses, etc.

Say: Before we dive into the group constitution task, we're going to have one more preparatory session. Next time, we're going to discuss problem-solving, and we're going to do some role plays where we pretend to be members of Hope VSLA and try to solve together some of the problems that they face.

Agree on a time and date for the next meeting.

Session 5

Problem-solving in collective enterprises

COMMUNITY FACILITATOR – READ THIS FIRST!

Time: 2 hours

Methods/tools: Role plays

Materials required: None

Objective: To think through potential problems and how to solve them as a group

Collective investment groups will face a variety of challenges, and it is not possible to prepare in advance for every single one, but it is important to make sure that the group is able to problem solve effectively. The exercises in this session are designed to help the group practice problem-solving, and to enable the community facilitator to observe group dynamics and address problems if needed.

Step 1 Role plays

Role play preparation: Have the group members divide into two—half the trainee group will role play the input supply collective investment group, while the other half will play the maize trading group. Have the members of each group assign key roles: chairperson, treasurer, secretary, marketing committee members, etc.—whatever is relevant—after you have read the story.

STORY AND ROLE PLAY TIME

Hope VSLA faces multiple crises

Hope VSLA's collective investments have been progressing for several months, but all of a sudden, it seems like both groups just keep hitting roadblocks.

Story 1: The input supply collective investment group decided to take the big loan from the MFI that we talked about last time, and now they are facing a major challenge: the planting season will be over in just a couple of weeks and they still have not sold half the fertilizer they had purchased. The problem is that the district government provided a special discount on fertilizer to farmers purchasing through district-affiliated cooperatives for this season, so most of the neighboring farmers preferred to purchase that way. To make things worse, the two most active members of the marketing committee are not available right now—one of them just had a new baby, and the other one had to travel to the main city to take care of a close relative who is very sick. The group members are starting to panic a little. What should they do?

Role play 1: Have the input supply group members act out how they would handle this situation where they have a lot of unsold fertilizer and very little time to sell it. Ask them to come up with their top three solutions to the problem. The other group is the “observer group” for this scenario and should watch and listen carefully without commenting.

After giving them about 10 minutes to act out the role play, ask the input supply group to reflect on:

- What makes this scenario so challenging? *[After hearing their responses, prompt if needed: short timeframe to sell the fertilizer, large investment, members who aren't able to fulfil their normal responsibilities, etc.]*

- How could the group have avoided this scenario? *[After hearing their responses, prompt if needed: could have avoided the scenario by doing a more thorough market analysis before investing in so much fertilizer, including understanding the government's plans, and by starting small by avoiding taking the loan while they were still learning a new business, etc.]*

Ask the observer group:

- Are there any other possible solutions that the group didn't think of?
- Which solutions do you think were the best?
- What did you notice about the problem-solving process? Did it seem fair? Was everyone listened to? Did the women get an equal chance to speak and to have their opinions considered?

STORY AND ROLE PLAY TIME

Story 2: The maize trading group is struggling to find a market for its maize because the harvest was much higher than usual across the region this year and there is a lot of low-priced maize in the market, and in the meantime the group is incurring more storage costs than they had expected. Also, the maize grinder they had purchased to do value addition by making maize flour just broke. Group members are willing to use the money in the agri-fund to fix it, but the mechanic just explained that with the cost of spare parts, fixing the grinder will cost twice as much as the group has saved in the agri-fund. The group members are shocked as they hadn't expected this and stressed about the marketing challenges for their maize. What should they do?

Role play 2: Have the maize trading group members act out how they would handle this situation where they are struggling to find a market for their maize and the maize grinding machine just broke down and will be expensive to fix. Ask them to come up with their top three solutions to the problem. The other group is the “observer group” for this scenario and should watch and listen carefully without commenting.

After giving them about 10 minutes to act out the role play, ask the maize trading group to reflect on:

- What makes this scenario so challenging? *[After hearing their responses, prompt as needed: struggling to find a market, unexpected and expensive repairs beyond the group's capacity, etc.]*
- How could the group have avoided this scenario? *[After hearing their responses, prompt as needed: they could have done a more thorough maize market analysis, bought a higher-quality grinder or invested more in maintenance, allocated more money for repairs, etc.]*

Ask the observer group:

- Are there any other possible solutions that the group didn't think of?
- Which solutions do you think were the best?
- What did you notice about the problem-solving process? Did it seem fair? Was everyone listened to? Did the women get an equal chance to speak and to have their opinions considered?



Did the women get an equal chance to speak and to have their opinions considered?

Step 2 Debrief and homework for next meeting

Ask: Do you think these scenarios are realistic?

Ask: What do you think you can do to avoid these kinds of situations?

Make a note of their responses.

Say: Next session we are going to be developing bylaws/constitutions for your collective investment groups. Make sure you are ready for your decision about which group(s) to join! Talk to your spouse about the decision. Also start to think about what leadership and/or committee roles you might be interested in, or which of your neighbors might be good for these roles. It would be great to see a lot of women in leadership positions—please give this some thought!

Agree on a time and date for the next meeting



Session 6

Constitution and bylaws development

COMMUNITY FACILITATOR – READ THIS FIRST!

Time: 2 hours

Methods/tools: Discussion

Materials required: Constitution and bylaws template

Objective: Constitution and bylaws development

Constitution development is the chance to solidify the group's plans and clarify roles and responsibilities of members and leadership. This is the stage at which members will actually join the collective investment group. Depending on the final group membership and the capital each member is able to contribute, it may be necessary to amend the business plan developed earlier. This can be done after the constitution is finalized and continued as an iterative process (amending of the constitution and the business plan side by side). But it is important that it be clear to people before they join the group exactly what they are signing up for.

If the whole VSLA has agreed that they want to engage together in a collective investment as a VSLA, then the constitution of the collective enterprise can be done as an amendment to the VSLA constitution. But if several sub-groups of the VSLA want to engage in different collective investments, each group should have its own constitution or bylaws. All members of the group should be present when you develop the constitution.

Possible challenges—what to do if:

- **A group member wants to join a group, but other members oppose this?** It is important for the frontline worker to understand the reason why the group does not want this particular member. Steps to be taken will differ based on whether the group's opposition is based on prejudice (e.g. against women or against a minority ethnic group), or a lack of trust in a particular neighbor (which may be well founded based on members' experience, for example if that member has a history of dishonesty or of not repaying loans on time or fulfilling various social or work-related obligations as expected). One particularly difficult scenario may occur if group members are intentionally excluding a neighbor for being too poor to contribute the necessary capital and/or labor. In this instance, the community facilitator will need to balance the importance of supporting the poor with the importance of group trust, confidence and self-determination. Specific steps should be discussed with a supervisor.

- **A collective investment group wants to elect the VSLA chairperson as chairperson of the collective investment group too?** This may be OK if it's a collective investment done by the entire VSLA, but if a collective investment group is only a subset of the VSLA, it is recommended that the group elect a different chairperson. Serving as chairperson is an important leadership opportunity for members, particularly women. In addition, keeping the functions separate helps to maximize accountability within the group.

Step 1 Discussion on governance²

Say: Today we are going to work on the constitution for the collective enterprise group. Before we start, it might be useful to make sure we're all on the same page about what good governance looks like. Who would like to share their thoughts on this?

Listen and affirm their responses, then complement with the following:

Good governance entails:

- **Regular, independent elections.** Group members should periodically choose officers to lead the group.
- **Term limits.** These will restrict how long one person may serve in the same office.
- **Transparency.** It's important for all information to be open and freely available to all members. For example, all members should be invited to group meetings, financial records may be reviewed by any member, and rules and decisions are open for discussion to the whole group.
- A **constitution** to clearly articulate the group's goals, functions, and basic rules, and **bylaws** to provide more detail on each of these.

- **Good communication.** Good communication among group members helps with transparency and ensures that all members are able to participate in group activities and decision-making.
- **Good conflict management.** Disagreements are natural when group decision-making is involved, but it's important for groups to be able to resolve disagreements and conflicts in a fair way.

Step 2 Constitution and bylaws development

Say: You have all had time to think about collective investment and discuss it amongst yourselves, and now is the time to commit!

Ask members to raise their hands if they want to be part of the collective investment group and proceed with the process below only with those who have raised their hands to join. If the group wants to do two collective investments, create the two groups separately and hold one discussion at a time.

Talk through each of the points below with everyone who wants to be a member of the collective investment group, ensuring that there is broad agreement on each point.

² Taken from Collective Investment manual, Session 3

Content	Issues for discussion
Name	If the group has not yet chosen a name, now is the time to do so
Basic information	Group's location, when it was formed, registration date (if applicable), and contact information
Objectives	The group's goals and how it aims to achieve them. They should be specific enough to guide the group, but broad enough to allow for change over time.
Functions	<p>The group's specific functions, such as the activities it performs or services it provides (for example, bulk purchasing of inputs, processing, collective marketing of members' products, purchase of external products, etc.).</p> <p>This section may also state whether the group may:</p> <ul style="list-style-type: none"> • Raise funds • Employ staff • Lease, hire, or purchase property • Run savings and lending schemes • Make a profit • Liaise with other organizations <p>It is best to start with a broad range of powers, to avoid having to add things later.</p>
Members	<p>Composition of general assembly and frequency of meetings</p> <p>Rights and responsibilities of the general assembly (members)</p> <p>Characteristics of members/criteria for membership (founding members and future members)</p> <p>List of members</p>
Management committee	<p>List of management committee positions and roles of each</p> <p>Election procedures and frequency</p> <p>Duration of posts</p>
Other committees	<p>List of committees, their respective positions, and roles of each</p> <p>Election procedures and frequency</p> <p>Duration of posts</p>
Decision-making	Description of decision-making procedures (e.g. consensus, majority vote, etc.) and number of members needed for decisions
Requirements of members	<p>Capital investment required by each member</p> <p>Labor required by/expected of each member</p>
Sharing of proceeds	Processes and timing for sharing of proceeds
Meetings	Frequency of meetings, number of members needed for decisions, meeting attendance requirements, penalties for non-attendance
Records	<p>Description of how meeting records and decisions will be documented</p> <p>Description of frequency of financial report presentation</p>
Conflict resolution	Description of conflict resolution procedures
Disciplinary actions	Penalties to be imposed on members of the management committee or normal members if they do not fulfil their responsibilities

Content	Issues for discussion
Contingencies	Description of what happens in case of: <ul style="list-style-type: none"> • A group member no longer being able to work and/or contribute financially to the group • A group member wanting to pull out of the group • A group member's passing • Other contingencies
Review of the constitution	Description of when and how the constitution may be reviewed and how amendments can be made
Dissolution	Description of how the group/partnership may be terminated, and what happens to assets if this happens

- Contingencies and penalties
 - What will happen if a member does not meet the required investment or labor contribution? *[Note: Keep in mind that group members will/should know each other, and therefore know how to handle it if someone is sick or cannot contribute—and that giving and receiving support is one thing that group members like most about the group. Therefore, it probably makes sense to leave penalties fairly open so that there is flexibility within the group, rather than recommending strict penalties.]*
 - What will happen if a member wants to leave the group? *[Note: having a group member leave a collective investment is significantly more complicated than having a group member leave a VSLA, as the member may have invested significant sums of money into the collective investment, and the withdrawal may be difficult to manage at certain times.]*
 - What will happen if the group loses money?
 - What will happen if a group member passes away?

Note: As community facilitator, you should facilitate detailed discussions on different scenarios that might occur, get solutions from the group, probe and ask more questions if the solutions are not realistic, and document the discussion. Try to guide the

group towards simple solutions (for example, "If one member wants to leave the group, they must find a new member to join and take their place and compensate them at a rate agreed by both parties and the group. If no-one is found to replace the group member, the group shall meet to discuss potential solutions.") Where needed, consult business experts and legal experts as well. Note that groups should amend their constitution at least on a yearly basis but can do so more often if needed.

Step 3 Conduct elections for committee members

Note: If the development of the constitution took a long time, it may make sense to postpone the committee elections to a future meeting.

Conduct elections for committee members using processes similar to those used by the VSLA to elect its management committee.

Step 4 Debrief and homework for next meeting

Congratulate the group on their establishment, and explain that you will continue to work with them as they start their business operations.

Session 7

Follow-up session 1

Time: 1 hour (or longer if there are multiple collective enterprise groups, and/or if a group is facing significant challenges)

Methods/tools: Discussion as a VSLA or as a collective enterprise group

Materials required: None

Objective: To follow up on the collective enterprise prior to the first big investment

Hopefully, you have been following up regularly with the VSLA and the collective enterprise group(s) ever since the last session, guiding and advising and troubleshooting and linking the group(s) to other resources and services as needed. There should be multiple check-in discussions with the whole group (not just the leaders), unless the group is very large (beyond the size of one VSLA).

This session should be scheduled as the group is collecting the initial investment capital, and just before the group's first big investment. The specific timing of this session will depend on the seasonality of the group's operations. *Note: Please plan ahead so that you can be available at the right time. If for some reason you are unavailable to meet with the group before their first big investment, be sure not to delay their investment by insisting that they wait for you, especially if there is seasonality involved (for example, if they are purchasing agricultural inputs.)*

As group members discuss any challenges that might have arisen, pay close attention to how they solved those challenges. It is normal for group members to not agree 100% of the time, but the group should be following its decision-making processes as outlined in the constitution and should be giving equal voice to all members in decision-making, not just following the opinion of the chairperson or other more powerful members. Pay special attention to whether women are playing an equal role in decision-making processes.

Possible challenges—what to do if:

- **The VSLA is mixing or combining finances or financial records for its savings and lending and its collective enterprise?** The community facilitator should closely follow up with the collective investment group to ensure that its records and its finances are kept separate from the VSLA saving and lending. This makes record-keeping and reconciliation of expenses more straightforward. The only area of overlap should be the use of the VSLA agri-fund for collective investment capital.

- **There is conflict between group members?** A collective investment group may face internal conflict whether it is doing well or not well, depending on the varying interests of group members. The community facilitator should call upon their conflict resolution skills to address this conflict, and plan to be present at the next few meetings to ensure that all group members are heard and that the group is able to talk through and resolve the issue(s) in a fair way. The community facilitator should also flag serious conflicts to their supervisor and enlist their support in resolving the conflict where needed.

Step 1 Check in on investment planning

You can do this check-in with the whole VSLA (discussing each collective enterprise in turn) or with each collective enterprise group separately—whatever makes the most sense in your context.

Ask: How have things been going since the last time we met? *[Make notes of their responses so that you can address any challenges as needed during the discussion.]*

Ask the purchasing committee (or other relevant members):

- Are you ready to make the input/equipment purchase?
- What are the prices for the inputs/equipment? Are these higher or lower than those we had put in the business plan?
 - If the prices are higher, how are you going to deal with that? *(for example: buy a smaller volume of inputs or a smaller piece of equipment, increase capital contributions from members, etc.)*
- Who are you going to buy the inputs/equipment from?
- Do you have all the capital required?
- Was/is everyone able to make the expected contribution?
 - If not, how did/will the group deal with that? *(If they do not yet have a plan, ask if they want to discuss it with you)*

- When do you expect to make the purchase?

Ask the group members: How do you all feel about the investment now?

Ask the marketing committee (or other relevant members):

- Have you been checking prices in the market? Are they higher or lower than those we had put in the business plan?

Ask the group members: Are there any other changes since we developed the business plan?

Ask the group members: Have you faced any decision-making challenges? Is there anything you would like to discuss today?

Ask the women specifically: How has your experience been in the group? Do you feel that you are able to participate in the decisions?

Ask the group members: How are you keeping a record of your financial transactions? Do you have a book for this? I will be checking your records during future meetings so please be sure that they are kept up to date—not for me, but for you!

Be sure to probe more deeply into any responses that sound concerning, even if they only come from some members. Also invite group members to talk to you individually if they have any concerns, and make sure that all members (not just the chairperson) have your phone number. This will help ensure that you understand the dynamics of the group and are aware of any problems as they arise and before they have a serious impact.

Step 2 Debrief and homework for next meeting

Summarize the conversation and your analysis of how the group is doing. Remind them that it is normal to face challenges at the beginning of an enterprise.

Say: I will keep checking in on you whenever I can to make sure that everything is going smoothly. We'll also have another longer check-in discussion after you've made the investment and your business operations are up and running. In the meantime, of course you can feel free to call me [or other project staff member, or local resource person, etc.] if you face major challenges. Good luck!



Remind them that it is normal to face challenges at the beginning of an enterprise.



Session 8

Follow-up session 2

COMMUNITY FACILITATOR – READ THIS FIRST!

Time: 1.5 hour (or longer if there are multiple collective enterprise groups, and/or if a group is facing significant challenges)

Methods/tools: Discussion as a VSLA or as a collective enterprise group

Materials required: Group enterprise success factors, written on separate pieces of paper (see exercise in Step 2)

Objective: To follow up on the collective enterprise's operations after the first big investment

As discussed in the previous session, the expectation is that you have been following up regularly with the VSLA and the collective enterprise group(s), guiding and advising and troubleshooting and linking the group(s) to other resources and services as needed. There should be multiple check-in discussions with the whole group (not just the leaders), unless the group is very large.

This session should be scheduled *after* the group's first big investment, while they are deep in operations. The specific timing of this session will depend on the seasonality of the group's operations.

As group members discuss any challenges that might have arisen, pay close attention to how they solved those challenges. It is normal for group members to not agree 100% of the time, but the group should be following its decision-making processes as outlined in the constitution and should be giving equal voice to all members in decision-making, not just following the opinion of the chairperson or other more powerful members. Pay special attention to whether women are playing an equal role in decision-making processes.

Be sure to write the group enterprise success factors on pieces of paper before you go to meet with the group.

Step 1 Check in on business operations

Ask: How have things been going since the last time we met?

Ask: How did the purchase of inputs go?

Follow up with:

- Were the prices higher or lower than you had planned in your business plan?
 - How did you deal with that?
- Have you faced any unexpected expenses?
 - What were they?
 - How did you deal with those?
- How is production/processing going?
- How is the sharing of labor going? Has everyone been able to contribute their time as per the group's expectations?
 - If not, how has the group dealt with that?
- Have you faced any other unexpected challenges or problems?
 - *What were they?*
 - How did you deal with them?
- Have you been tracking prices in the market?
- Who is keeping records of the group's transactions? Could I please see them?
 - *Check that the records of the group's collective investment are being kept separately from the VSLA's financial records.*
 - *Also check that the finances are being kept separate (e.g. held in separate boxes).*

Step 2 Deeper discussion on group dynamics

Say: Remember we talked earlier about the characteristics of a successful enterprise group. Do you remember what some of those were?

Give them the chance to respond, then complement their responses with the following:

- A foundation of trust
- Listening to each other
- Making decisions together
- A common vision and shared goals
- Members who share similar values
- Avoiding domination by one or two powerful people, operating as a group
- Committed members who are willing to invest their own resources in the group

Write each of these on a piece of paper and display them in front of you as you speak. Create other ones if needed.

Ask: Could you please rank these different characteristics of success in order, starting with the ones that you think your group is doing best at, and then going on to the ones that are the most challenging?

Watch the process closely, to see not only how they rank the characteristics, but also who is driving the process and whether anyone disagrees.

Ask: Why did you rank the characteristics in this order? *[Point to different characteristics and ask the group members why they placed them in those positions, with a particular emphasis on the ones that are the most challenging.]*

Give everyone in the group the chance to respond, and ask follow-up questions of anyone who seemed to be disagreeing with the ranking, to understand their positions. If women are not participating actively in the discussion, call specifically on them to make sure that they respond.

Step 3 Debrief and homework for future

Note: It is critically important that you continue to follow up with the group regularly at least during its first cycle/year, and ideally beyond, as it faces challenges and as the group members work together to address them. But if you will no longer be following up with the group, for example if the project is ending or if you are being assigned to other tasks, be sure to let the whole group know, and to give them the contact of another resource person outside the group (for example, another CARE staff member, or a trusted local government representative) to whom they can reach out with questions or for additional support.



It is critically important that you continue to follow up with the group regularly at least during its first cycle/year, and ideally beyond.





Case Study

Advancing Collective Investment through the CARE-WWF Environmental Sustainability Model in Tanzania

Context:

The CARE-WWF Alliance designed a Collective and Sustainable Investment (CSI) model to accelerate the access of small-scale farmers and community-based conservation groups – particularly women and youth members – to finance and to scale economic activities that sustain or improve ecosystems critical to their livelihoods. As in many agro-based economies, small-scale farmers in rural Tanzania, especially women and youth, face persistent barriers to accessing finance and scaling viable businesses. While CARE's VSLAs have long served as an effective platform for financial inclusion, traditional VSLA models often emphasize individual investments and overlook environmental sustainability. The **CSI model** addressed these gaps by introducing mechanisms for nature-positive collective enterprise development.

The innovation: Piloted in the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), the CSI model built on the VSLA platform by introducing **collective investments**—defined as joint ventures by three or more VSLA members with shared business goals. The model enabled VSLA groups to establish **agri-funds and conservation funds**, pooled resource mechanisms for financing shared agricultural inputs and services or environmental activities that benefit local ecosystems and the communities that rely on them. In addition, the model encouraged environmentally responsible practices by offering guidance on **sustainable investments**, promoting enterprises that improve or restore ecosystems, such as tree nurseries, apiaries, and climate-resilient crop production.

Implementation and Results: During a one-year pilot, **114 VSLA groups** received CSI training and updated their group constitutions to accommodate collective investment mechanisms. Key outcomes included:

- **53 VSLA groups launched collective enterprises**, investing over **\$68,000 USD** in total.
- **91 joint businesses** were established, 92% of which were environmentally sustainable or regenerative.
- Common ventures included tree nurseries, beekeeping, and maize, bean and horticulture production.
- Many enterprises leveraged economies of scale and improved market access through shared inputs and coordinated production.

One standout example was a women-led VSLA in Ibumila village that invested in a **hammer miller for soybean processing**. The group is now saving to install electricity, making the operation more efficient and sustainable.

Lessons and Insights:

- **Group buy-in and constitution revisions** were essential for clarifying how profits, risks, and responsibilities would be shared.
- Collective investments strengthened **trust and transparency** among group members, particularly where digital record-keeping was used.
- The CSI model increased economic returns—relative to the baseline, household incomes rose by an average of **102%**, with **female-headed households seeing a 157% increase**.
- Even non-conservation VSLAs began investing in **nature-based solutions**, showing a shift in mindset toward environmental responsibility.

Challenges and Considerations:

- Some groups experienced **internal tensions**, especially related to gender dynamics and intergenerational disagreements around land use.

Implication for Practice: This case illustrates that collective investments can unlock greater financial potential, improve resilience, and enable VSLAs to engage in larger-scale, environmentally sustainable enterprises. However, success requires **clear governance mechanisms, shared vision**, and ongoing support—especially in managing social dynamics and integrating environmental objectives.

Annex 1

Business Planning

Business planning template

Market dynamics	Seasonality of prices	
	Trends in market	
	Main competition	
Suitability for target population		
Knowledge and skills	Recommended input and fertilizer application	
Inputs and production costs	Input/raw material costs	
	Storage costs	
	Labor costs	
	Equipment costs	
	Maintenance/repair costs	
	Transport costs	
Total capital required		
Source of capital		
Labor	Activities required	
	Number of hours	
Production cycle		
Expected yield and revenue		
Potential profit		
Potential risks and mitigation strategies		

Business plan guidance card—example

(Project and government experts to complete based on market systems analysis for each value chain and district)

Chili pepper production and processing collective enterprise

_____ district

Market dynamics	Seasonality of prices	<i>Lowest during harvest period</i>
	Trends in market	<i>Rising market for fresh chilies, decreasing market for dried chilies</i>
	Main competition	<i>Commercial farm in the neighboring district</i>
Suitability for target population		
Knowledge and skills	Recommended input and fertilizer application	
Inputs and production costs	Input/raw material costs	<i>Pepper seedlings: _____ Tshs Fertilizer: _____ Tshs Plant protection products: _____ Tshs Plastic sheets for drying: _____ Tshs Packaging materials for ground chili spice: _____ Tshs</i>
	Storage costs	<i>Rental of small ventilated room for processing and dried chili storage: : _____ Tshs per month</i>
	Labor costs	<i>No hired labor</i>
	Equipment costs	<i>Small processing machine: _____ Tshs</i>
	Maintenance/repair costs	<i>Repairs and spare parts: _____ Tshs</i>
	Transport costs	<i>Transport of seedlings, plastic sheets, and packaging materials from town: _____ Tshs Transport of finished product to town: _____ Tshs</i>
Labor	Activities required	<i>Pepper production Drying Processing Marketing</i>
	Number of hours	<i>5 hours/week per member</i>

Production cycle		110-118 days for dry pepper harvesting X days for additional drying X days for processing
Expected yield and revenue		
Potential profit		
Potential risks and mitigation strategies		<p>Aphids: ensure that farmers are using plant protection products</p> <p>Insufficient rainfall for production: identify potential water pump rental opportunity in case irrigation is needed</p> <p>Processing machine breaks down: ensure the machine has good warranty; buy key spare parts up front</p> <p>Market price drop: marketing committee to conduct regular market assessments</p>

Annex 2

Constitution and Bylaws

Constitution template

Topic	Agreed elements
Name	
Basic information	Location: Constitution date: Registration date (if applicable): Contact information:
Objectives	
Functions	
Members	Composition of general assembly Frequency of meetings Rights and responsibility of general assembly (members) List of members
Management committee	Management committee positions: <ul style="list-style-type: none"> • Position 1 title and roles: • Position 2 title and roles: • Position 3 title and roles: • Position 4 title and roles: • Position 5 title and roles: Election procedures and frequency: Duration of posts:
Other committees	Committee 1 <ul style="list-style-type: none"> • Position 1 title and roles: • Position 2 title and roles: • Position 3 title and roles: • Position 4 title and roles: • Position 5 title and roles: Committee 2 <ul style="list-style-type: none"> • Position 1 title and roles: • Position 2 title and roles: • Position 3 title and roles: • Position 4 title and roles: • Position 5 title and roles:

Topic	Agreed elements
Other committees (continued)	Committee 3 <ul style="list-style-type: none"> • Position 1 title and roles: • Position 2 title and roles: • Position 3 title and roles: • Position 4 title and roles: • Position 5 title and roles: Election procedures and frequency: Duration of posts:
Decision-making	Decision-making procedures: Number of members needed for decisions:
Requirements of members	Capital requirements: Labor requirements/expectations:
Sharing of proceeds	Process: Timing/frequency:
Meetings	Frequency: Number of members needed for decisions Meeting attendance requirements: Penalties for non-attendance:
Records	Record-keeping practices:
Conflict resolution	
Disciplinary actions	Penalties for non-fulfillment of responsibilities:
Contingencies	
Review of the constitution	Process: Timing:
Dissolution	Contingencies for group dissolution: