

Activity 1* Village Savings and Credit Bank (an example of ‘micro-credit)

What to do :

Stage 1

1. Divide the class into four groups.
2. Copies of the **Rules of the Savings and Credit Bank** go to each group to be read as background .
3. Groups **A, B and C** are **families**. They are given a card with 3 options and they must discuss which option to go for and apply for a loan to put their plan into effect.
4. Group **D** is a **Village Development Committee**. They are also given a card with 3 options and they too must discuss which option to go for and apply for a loan to put their plan into effect.
5. All the groups are given 5 minutes to choose their option. They should write down their reasons for choosing their preferred option in preparation for presenting their choice to the Management Committee.

Stage 2

1. Each group now elects a spokesperson to speak for the group.
2. Each group is given a copy of **Card E**.
3. The remaining members of groups A,B,C and D now take on the role of a Management Committee.
4. The spokesperson from each group now reads out their preferred option including the reasons for their choice.
5. These options are recorded by each Management Committee Group on the Proposal Priority Form.
6. The four MC groups now prioritise the proposed options.
7. MC groups present the top priority – with reasons.
8. The whole class can discuss the prioritisation.

After both this Activity and Activity 2 (which is about the IMF) have been completed discussion can take place around a comparison between the two methods of borrowing , looking at how much control applicants have over their involvement with the two institutions (see the Debrief sheet).

* Thanks to UNA International Service publication My village My Life for information

Rules of the Savings & Credit Bank

Context:

In your country the average annual income for a family with a working man is £250.

Families are often quite large, because a family's aunts, uncles, nephews and nieces live in the same house.)

- To become a member of the Savings and Credit Bank you must pay a minimum fee of £1
- To serve on the management committee you must be literate and numerate
- Loans are only given to members
- Each member must save a minimum of 20p each week
- A loan cannot exceed £50
- The purpose of the loan must be acceptable to the management committee
- Deadline for repayment will be negotiated by the borrower and the management committee
- The bank cannot lend more than it has in reserve
- When the loan is paid back the bank charges 20% interest
- 5% of the interest is credited to the borrower
- 5% of the interest is credited to the bank's reserves
- 10% of the interest goes into a special fund for the benefit of the whole village
- A member is not allowed to take out a second loan until the first one is repaid

Group A

You are a family : a mother of three children living with her ageing parents. You are a member of the Savings & Credit Bank. Choose *one* of the following three things and ask the Management Committee for a loan.

- a) a new bed for the disabled grandfather (estimated cost: £10)
- b) money so that you can send your son to school (estimated cost: £10)
- c) money to buy a cow (estimated cost: £40)

Group B

You are a family : a mother, father and four children living with 2 nephews and three nieces. You are a member of the Savings & Credit Bank. Decide which of the following three things you need and ask the Management Committee for a loan.

- a) medicine for one of the nieces who is very sick (estimated cost: £15)
- b) money to send your oldest child (a daughter) to school (estimated cost: £10)
- c) money to buy some chickens (estimated cost: £15)

Group C

You are a family : a father of three children (2 daughters and 1 son) living with your younger brother and his wife and two daughters. You are a member of the Savings & Credit Bank. Decide which of the following three things you need and ask the Management Committee for a loan.

- a) To set up a business making baskets and cheap jewellery (estimated cost: £50)
- b) Money for a dowry so that your son can get married (estimated cost: £50)
- c) A pair of buffaloes to pull the plough (estimated cost : £50)

Group D

You are the Village Development Committee. There is a special fund in the Savings & Credit Bank for the needs of the village. Decide which of the following three things your village needs and ask the Management Committee for a loan.

- a) Money to dig a well for the village (estimated cost : £100)
- b) Money for a second-hand tractor for all the village farmers to use.
(estimated cost: 5 annual payments of £100)
- c) Money to set up a bee-keeping project so that the local women can produce and sell honey
(estimated cost £80)

Group E

You are the Management Committee of the Savings & Credit Bank. You will hear 4 proposals for a loan. You must decide together which one you think is the most deserving (1st) and which one comes 2nd, 3rd and 4th. The Savings & Credit Bank has £120 in reserve at the moment. You cannot lend out more than you have in reserve.

Criteria for a successful proposal :

- It should lead to long-term benefits for the borrowers (it should be sustainable ie: the idea will be workable without further outside help)
- It should not cause any problems or inconvenience for other villagers
- The maximum loan for an individual/family is £50
- Loans which benefit the whole village can exceed £50

Saving and Credit Bank Management Committee Proposal Priority Form

Group	Proposal	Cost	Priority
Family A			
Family B			
Family C			
Village Dev. Committee			

Reasons for my 1st Priority: