Internal Lending and Savings Scheme Guidelines 01 of 2023.

These guidelines shall serve as the overall **Internal Lending and Savings Scheme Guidelines** and shall be useful for providing guidance, resolving disputes, and informing any intervening person, institution, court, or board.

1. Name of the Scheme:

a) The official name of the scheme shall be ______________________________ Internal Lending and Savings Scheme.

2. Purpose:

a) The purpose of the scheme is to provide financial support to low-income households engaged in informal small businesses within the community of ______________________________

3. Membership:

a) Membership is only open to members who received initial $50 seed money from Viva Network Zimbabwe (VNZ) in ______________________________ and subscribed $5/month for 10months from ______________________________
b) To remain a member, one must be engaged in a verifiable small business (informal or formal).
c) Members are mandated to allow monitoring by VNZ, Committee member, or anyone sent/assigned to do so by the aforementioned.
d) A person who received seed money and remitted full or partial amount has an option to either continue or withdraw from the group, no individual claims may be made, the money belongs to the group.
e) Members must attend monthly meetings and actively participate in the group's activities.
f) A member who becomes noncompliant (as defined in Section 7b) shall be dismissed from the group through a decision reached during a committee meeting, dismissal shall be recorded in the minutes and communicated with VNZ within 3 calendar days of the dismissal.

4. Seed Money:

a) All members are equal.
b) The seed money provided by VNZ was utilized for business and returned as subscriptions of $5 per months to be used as the initial capital for lending within the group.
c) Seed money is group owned and not claimable by any member (exiting member, continuing member, or any other situation) under any condition.
d) The scheme committee is responsible for the administration of the group funds.

5. Committee Structure and Roles:

a) The scheme shall have a committee consisting of a **chairperson**, **secretary**, **treasurer**, and additional members as needed.
b) The committee shall serve for 10 months, and thereafter be replaced by votes.
c) A committee member may be voted in a maximum of 3 terms after which they may not be electable for 2 terms.
d) The committee shall not be changed entirely at once, at least 2 members should remain (by vote of the whole group) at each end of term to ensure institutional memory.
e) Committee members will be elected by the members of the scheme.
f) In the absence of any of the 3 positions, a committee member(s) can assume the position temporarily.
g) Monthly meetings shall be held by the committee (different from group meetings).
h) If a leading committee member misses 3 consecutive meetings without reporting or giving an acceptable excuse, the same may be replace by promotion of one consisted committee member (voted in by the committee).
i) If a committee member misses 3 consecutive meetings without reporting or giving an acceptable excuse, the committee member shall be replaced through votes by the whole group.
j) The Chairperson is responsible for calling committee meetings and chairing both committee meetings and group meetings.
k) The secretary is responsible for calling for group meetings and all communication, therefore.
l) If a leading committee member is deceased, travels to another area or becomes unavailable, the committee member shall be replaced through votes by the whole group.

6. Meetings:

a) Monthly meetings shall be held by the group and all members are expected to attend.
b) Meeting agendas will include discussions on loan approvals, repayments, financial reports, project follow ups and any other relevant matters.
c) If a group member misses 3 consecutive meetings without reporting or giving an acceptable excuse, the committee shall activate procedures defined in Section 7.

7. Follow ups and Corrective Measures.

a) If a member fails to report for a monthly group meeting

i. The member shall send a representative with a valid excuse and the subscription or loan repayment due.
ii. If the member can reach a committee member, the member calls the treasurer/secretary with a valid excuse and may submit subscription or loan repayment due to the committee member (informed the called member over the phone).
iii. If the member cannot do either 7A(i) or 7A(ii), the member shall without fail communicate with the secretary or treasure or any reachable committee member within 3 calendar days.

iv. If the member does not comply with 7A (i, ii or iii), the committee shall activate the terms for loan procedures specified in Section 9.

v. **A valid excuse refers to:** Key life events (death of a close relative, graduation, wedding of close relative, or similar event accepted as such by majority of committee), Unforeseen situations beyond the control of member (accidents, natural disaster, sickness, or any other similar event accepted as such by majority of committee).

b) Non-Compliant Members

i. Member who does not attend group meetings and does not give any excuse qualifying as defined in 7a(v).
ii. Member who continuously gives excuses
iii. Member who resists follow ups or avoid follow ups for 3 consecutive times.
iv. Member who misses payment deadlines for 3 consecutive times (regardless of excuses)
v. Members do does not have a verifiable business.

8. Loan Granting Procedures:

a) Loan Qualification, Application and Disbursement

i. Any active member without any outstanding loan amounts can request for a loan.
ii. First time members can only be granted loan of maximum $50.
iii. A second- or third-time borrower may only borrow up to a maximum of 50% additional calculated from previous loan (e.g., one who borrowed $50 before can get a $75 loan).
iv. Returning Members may be granted loans based on knowledge and trust basis, drawn from record by committee.
v. No loan shall be granted to a nonmember.
vi. A returning member (member who once became noncompliant) will be treated as a first-time member, terms under 8a(ii) shall be applied.
vii. All funds must be loaned out at each meeting, no banking is required, where funds remain after distribution, the remaining funds will be redistributed to willing members on a trust and knowledge basis by the committee.
viii. The ISALS funds shall only be loaned out for verifiable business use. No other use whatsoever.

b) Repayment:

i. All loans attract a 10% monthly interest and are only valid for a fixed 1 (one) digital month.
ii. Loan repayment period is due 1 digital month (starting on date of loan until same date next month) payable on the first meeting that comes after borrowing date.
iii. If borrowing member fails to return full loan with interest in the first or second month, the member shall by default be considered to have borrowed the same amount again but is mandated to return the interest amount by set date (meeting after 1 digital month).
iv. Where borrowing member is able to pay part of the loan amount by due date, the member may pay such an amount plus the total interest due. The remaining loan amount shall by default be considered as the new borrowed amount and 10% interest shall apply to the same amount as defined in 8b(i).

v. No loan will exceed 3 months without full repayment.
vi. Any member who fails to remit both loan and interest for one month shall be required to remit full loan in the second month without fail. Failure to return the amount shall invoke the procedure in 8c.

c) Procedure for Loan Defaulters

i. Defaulting members include:
   a) Member who borrows and does not repay loan and/or interest.
   b) Member who only pays interest and fails to repay original loan for more than 3months.
ii. If a member defaults, committee shall report to VNZ within 3 days of registration of the member in defaulters register. The report shall include committee's recommendations or plan of action.
iii. VNZ shall within 7 working days of notice of defaulting member, reach the CCW or DSD official to start the tracing of the defaulting member.
iv. Further action shall be taken in collaboration with line ministries and law enforcement agents while VNZ keeps updating the group committee.

9. Penalties

a.) Being late for any meeting by more than 1 (one) minute from meeting starting time will attract a penalty of 1 (one) United States Dollar.
b.) Any member who delays loan repayment of either full loan or interest amount with 1 (one) day to a maximum of 30 days, shall be required to pay a 10% of amount due (loan or interest amount) as penalty.

10. Record Keeping:

a.) Progress reports shall be presented in each meeting by the committee or group.
b.) Secretary and Chairperson is responsible for presenting updates to the group.
c.) The treasurer is responsible for maintaining accurate and up-to-date financial records and present them to the committee on each meeting.
d.) The secretary shall keep records of meetings, resolutions and communications with both group and other stakeholders (e.g. VNZ, DSD, CCWS, etc).
e.) Financial reports shall be presented at each meeting for transparency.

11. Dispute Resolution:

a) Disputes among members or issues related to the scheme shall be resolved through open discussions by the committee.
b) Disputes within the committee shall be resolved through an open discussion with the VNZ project coordinator / officer.
c) Where disputes between members fails to be resolved in the group committee, VNZ may be called in to mediate.
d) Where dispute between committee members fails to be resolved, the VNZ programs manager may be engaged.

e) Where the programs manager cannot resolve such disputes, the organization's director may be involved.
f) If the problem escalated beyond the organization, the nation legal routes should be followed.

12. Amendments to Guidelines:

a) Proposals to amend these guidelines may be submitted anytime.
b) Any proposed amendments to these guidelines must be discussed and approved by the majority of the members during a general meeting and the proposals be forwarded to VNZ for consideration.
c) A meeting to amend the guidelines will be conducted within a 3-month period with the group committees (all groups, not just the proposing group) and such amendments be discussed.
d) Were the amendments are adopted partially or in full, the updated guidelines documents shall be published on the VNZ website and shall be printed and distributed to all concerned groups.

13. Dissolution:

a) In the event of the scheme's dissolution, a meeting shall be conducted with VNZ to table the reasons and the decision to stop the scheme.
b) Any remaining funds shall be remitted to VNZ and be redistributed to active groups for the same purpose of supporting income generation among low-income households.