

GROWING YOUR BUSINESS USING SMALL LOANS

6

VSLA MANAGED LOANS

SESSION

1

Village Savings and Loan Associations (VSLAs) invest their savings in a Loan Fund.

This allows members to take loans whenever there is sufficient money in the Loan Fund.



2

All members of a VSLA have the right to borrow up to a maximum of the value of their shares.

Normally, a member may not borrow more than the value of their shares.

3

VSLAs may decide to charge a minimum amount as interest so as not to overburden their members with debts.

Some VSLAs charge 10% on their loan but a VSLA may decide to charge less or more.

4

Loans are repaid over a period of 12 weeks or 3 months. The borrower is free to pay in whatever amounts she or he wishes,

but must repay the total amount owed within 12 weeks or 3 months.



5

If a borrower fails to pay a loan, the loan plus interest is deducted from their savings during the action audit.

All loans must be recovered before the share-out.



WHEN TAKING OTHER LOANS

1

Do not take more than one loan. Do not take different loans from different places at the same time.

Too many loans may be difficult to repay.



2

A loan always comes with interest.

Be prepared and work hard to pay the loan and interest on time.

3

Processing a loan takes time. Wait for your time.

Do not pay bribe to take a loan because it increases the amount you are borrowing.

4

Do not take a loan if you do not have a plan for it.

So, plan ahead before taking a loan to do business.



5

When taking a loan, make sure you understand everything about the loan. For example, how much interest you will pay; how much you will pay in total (loan plus interest);

what time you are expected to pay; and what will happen if you are not able to pay on time.



IMPLEMENTING PARTNERS

GiveDirectly idh

PARTNERS



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