

COMMUNITY-LED ACCELERATED WASH
(COWASH)

VOL H

VOLUME H

SAVING AND LOAN ASSOCIATIONS



JANUARY, 2025

COWASH IV FTAT



ACRONYMS

Acronym	Interpretation	Acronym	Interpretation
ASCA	Accumulating Savings and Credit Associations	PTA	Parent Teachers Association
BMC	Business Model Canvas	PTSA	Parent Teachers and Students Association
BoE	Bureau of Education	PWDs	People with Disabilities
BoF	Bureau of Finance	RPMU	Regional Program Management Unit
BoH	Bureau of Health	RSU	Regional Support Unit
BoW	Bureau of Water	RWCO	Regional WASH Coordination Office
CBE	Commercial Bank of Ethiopia	RWMU	Regional Water Management Unit
CHC	Community Health Committee	RWSC	Regional WASH Steering Committee
CLTSH	Community-Led Total Sanitation and Hygiene	RWTT	Regional WASH Technical Team
CMP	Community Managed Project	SBC	Social and Behaviour Change
CMPS	CMP Supervisor	SDG	Sustainable Development Goal
COWASH	Community-Led Accelerated WASH in Ethiopia	SECRSM	Social, Environmental and Climate Risk Screening and Management
DPO	Disabled Peoples Organization	SLA	Saving and Loan Association
FTAT	Federal Technical Assistance Team	SLTSH	School-led Total Sanitation and Hygiene
GIS	Geographic Information System	ToT	Training of Trainers
GoE	Government of Ethiopia	TVED	Technical, Vocational and Enterprises Development
GoF	Government of Finland	TVET	Technical and Vocational Education and Training
HEW	Health Extension Worker	UAP	Universal Access Plan
HH	Household	VIP	Ventilated Improved Pit
IEC	Information, Education and Communication	VSLA	Village Saving and Loan Association
KWT	Kebele WASH Team	WASH	Water, Sanitation & Hygiene
M&E	Monitoring & Evaluation	WASHCO	Water, Sanitation & Hygiene Committee
MBS	Market Based Sanitation	WASH SLA	WASH Saving and Loan Associations
MFI	Microfinance Institution	WAT	Woreda Appraisal Team
MHM	Menstrual Hygiene Management	WIF	WASH Implementation Framework
MoE	Ministry of Education	WMP	Woreda Managed Project
MoF	Ministry of Finance	WoE	Woreda Office of Education
MoH	Ministry of Health	WoF	Woreda Office of Finance
MoLSA	Ministry of Labor & Social Affairs	WoFED	Woreda Finance and Economic Development Office
MoWE	Ministry of Water & Energy	WoH	Woreda Office of Health
MoWSA	Ministry of Women & Social Affairs	WoLSA	Woreda Office of Labor and Social Affairs
MSE	Micro and Small Enterprise	WoW	Woreda Office of Water
MSP	Multi Stakeholders Platform	WHO	World Health Organization
NGO	Non-Governmental Organization	WSP	Water Safety Plan
NWCO	National WASH Coordination Office	WUA	Water Users Association
NWSC	National WASH Steering Committee	WWT	Woreda WASH Team
O&M	Operation and Maintenance		
ODF	Open Defecation Free		
OWNP	One WASH National Program		
PMU	Project Management Unit		

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1. INTRODUCTION

The COWASH project was established to promote the efficient use of Community-Managed Project (CMP) financing for rural WASH development. It is conducted under the umbrella of the country's One WASH National Program (OWNP) and is funded by the Governments of Finland and Ethiopia, regional governments, and project beneficiaries.

The overarching goal of COWASH is to improve public health and well-being, social development, and climate resilience in the project area communities. A vital component of this is increased sanitation and hygiene coverage, which remains very low, and the eradication of open defecation. To encourage an increase in sanitation coverage, COWASH IV includes a push for integrated water supply and sanitation, whereby financing/payments for water supply schemes in woredas are linked to progress in developing household sanitation and hygiene facilities.

Whereas the water schemes are conducted through the CMP approach, households are expected to finance the development and construction of their own sanitation and hygiene facilities. While households can choose any form of sanitation financing, COWASH has developed a model for formulating Community Saving and Loan Associations (SLAs) and encourages and supports communities and project beneficiaries to adopt this mechanism. This guideline explains the design of the WASH SLAs and the process for introducing them to and operating them by the beneficiary communities. The guideline also includes a training program for communities wishing to establish an SLA.

2. COMMUNITY SAVING AND LOAN ASSOCIATIONS (SLA)

There are several different models of community SLAs currently in use in Ethiopia, developed by a variety of implementing agencies, which all share the same basic common features:

- Activities are group-based
- They are formed voluntarily
- Inputs are community-owned
- The approach is to collect savings first and then lend from those savings.

The two main SLA operating mechanisms currently adopted in Ethiopia are:

- Accumulating Savings and Credit Associations (ASCAs), in which all members regularly save, and participants borrow from the group as necessary on a non-rotating basis.
- Rotating Savings and Credit Associations, in which individuals contribute a set amount to the fund regularly, usually monthly, while one member withdraws funds at each meeting.

COWASH has adopted a version of the Village Savings and Loan Association (VSLA) modality, which was first developed in the early 1990s by CARE International through their work in Niger. VSLAs are a form of ASCA often used by savings groups, typically with 15 to 30 members, for economic investments. They are established in integration with social, health, and other development programs. This model allows poor households in rural communities to purchase shares and on-lend to themselves with an agreed interest rate under defined terms

and conditions. The savings are built entirely from member contributions and interest from loans, with no direct capital investment from any external organisation, whether government, international financing agency or non-governmental organisation. The VSLA modality adopts the following basic set of principles:

- Savings-based financial services
- Self-management
- Simplicity and transparency of operations
- Flexibility in loan sizes and terms
- Very low group management costs met through group earnings
- Earnings retention within the group and local community.

The key advantages of the mechanism include:

- It is simple and easily adapted to accommodate illiterate group members
- It promotes group solidarity and learning and establishes a vehicle for addressing community development issues
- It does not rely on injections of outside funds
- It requires no physical infrastructure.

3. COWASH WASH SLA DESIGN

The WASH SLA model developed by COWASH is designed to address WASH issues in the project area, particularly integrating sanitation and hygiene improvement with the development of the community water supply systems. In addition to creating financial access to WASH-related investments, it can be used for other development interventions in the long term.

WASH SLA activities are run in saving and lending cycles of one year. The first year is a training and supervision cycle, during which COWASH facilitators support project communities in forming WASH SLAs, guiding them through the process's key stages following the agreed rules and procedures. Members initially meet weekly with the support of a COWASH facilitator, extending to every two weeks once the community is familiar with the process. The role of the facilitator is to train and support the communities, but never to manage the WASH SLA, write in the passbooks, remove the groups' records or touch money belonging to the members. WASH SLAs are all member-managed. The key features of the WASH SLA design are set out below:

Membership: Primarily comprises representatives of community households benefitting from the water supply component of the project through the WASH Committees (WASHCOs) that will be established in the community or those that already have an adequate water supply facility but lack improved sanitation. Members join and save together, taking small loans from those savings for sanitation and hygiene development. Each WASH SLA typically comprises 15 to 30 household representatives. If the number of identified participants is smaller than this target group size, the facilitator will consult with the community and decide whether to maintain the group at the available size or add non-project-related households. The WASH SLA must be large enough to create a valuable pool of capital but small enough to keep the

process manageable. Wherever possible, the WASH SLA members should work or reside within a reasonable distance of each other, for example, within the same kebele or village.

Voluntary: Participation in a WASH SLA group is voluntary. If they prefer, households can opt for alternative financing mechanisms to improve their sanitation and hygiene. A person's motivation for joining a group is vital for establishing group trust and will impact the group's durability and the safety of members' money. Groups can choose not to select people they know cannot be trusted with their money.

Cycle-time bound: The activities of the savings group run in cycles of 12 months, after which all, or part, of the accumulated savings and loan profits are shared out between the members in proportion to the amount they invested through savings. The group then re-forms and starts another cycle. The limited time cycle ensures that the group fund never becomes too large to manage and minimises the likelihood of fraud. A cycle of this duration also provides members with regular exit and entry points. Before starting to save, associations must agree on how long they will operate before terminating activities and sharing all or part of the accumulated funds.

Focused on savings as accumulated capital (not credit): The loan fund comprises money contributed by members in the form of shares, operational fines and service charges (interest) if applicable. The charging of interest is optional, and members may collectively decide whether to include it. There is no external injection of capital. Members typically meet weekly/ biweekly/ monthly at a place selected by the members and purchase between one and five shares at every meeting. The WASH SLA members decide the share value at the start of each cycle, which cannot be changed during that cycle. A key aim is to ensure that the poorest members can adequately participate. Hence, fixing the share price is crucial. At the start of a new cycle, the share value can be increased or decreased if all members agree.

Lending: All members have the right to borrow up to three times the value of their shares. Loans can be taken once sufficient funds have accumulated in the loan fund and at any association meeting afterwards. Loans are to be fully repaid after a maximum period of three months. The borrower purchases between one and five shares at every meeting, even if they have withdrawn a loan.

Self-managed: The associations handle all the money, and all income remains their property. At any one time, most of the cash will be out on loan to members; hence, the risk of loss is minimised. Each association will typically comprise a General Assembly and a Management Committee:

- The General Assembly is the supreme body and includes all WASA SLA members. It elects the Management Committee, with each member having one vote.
- The Management Committee will generally consist of three people: Chairperson, Secretary and Treasurer. A new committee is elected at the start of each saving and lending cycle, with women and persons with disabilities being encouraged to participate to ensure inclusivity. Including WASHCO members in the WASH SLA has clear benefits but is not an absolute requirement. Any member of the Management Committee may be removed at an extraordinary meeting. In addition, other members of the General Assembly can be assigned tasks to support the committee if the workload dictates.

Rules and Regulations: Each WASH SLA, with the participation of all members, agrees on a set of rules, or a constitution/by-law, to guide its activities. The regulations are written into the association's constitution and are intended to provide authority to the committee members and a framework for management and dispute resolution.

Passbooks: The facilitator issues a passbook to all WASH SLA members. Share purchases and social fund contributions are recorded in the first half of the passbook using a rubber stamp (provided by the Facilitator), and loans are recorded in the back.

Recording: Saving, lending and repayment transactions are all carried out at meetings in front of all members. To ensure that transactions do not occur outside of WASH SLA meetings, passbooks are locked in a secure box (provided by the Facilitator) and secured with three padlocks. This is very important to prevent tampering with the records of shares purchased by the members or alteration of loan records. While the Treasurer holds the secure box, the three keys are held by three General Assembly members, none of whom are members of the Management Committee. Loan Fund and Social Fund balances are noted by the Secretary in a notebook and memorised by all members at each meeting.

Social Fund: An association may opt to include a social fund in its savings, which allows it to make small grants to distressed members who need exceptional help.

Cycle End: At the end of every savings and loan cycle, all loans are repaid, and the loan fund (which includes profit) is shared. Each member receives their payout in proportion to the number of shares purchased during the completed cycle.

4. WASH SLA TRAINING AND IMPLEMENTATION

In line with COWASH IV project priorities, the water supply components should only proceed with an associated sanitation and hygiene improvement program for the same project beneficiaries. This must be explained to all stakeholders as early as possible in the project cycle. To ensure that the need to integrate water supply and sanitation is fully conveyed to the communities, a two-stage approach will be adopted as follows:

1. Concept Introduction and Community Commitment
2. WASH SLA Formulation and Implementation.

The following sections set out the approach and actions to be taken by the responsible training officials and facilitators. Initially, this task lies with the responsible Regional Support Unit (RSU) and woreda sector experts, primarily from the water and health bureaus. It will then be taken up by facilitators trained under the training of trainers (ToT) COWASH approach.

4.1 CONCEPT INTRODUCTION AND COMMUNITY COMMITMENT

The integrated water supply and sanitation concept should be introduced at the community WASHCO formulation meeting. It should be clear that the water supply component, primarily paid for by the Government, can only proceed once the community has demonstrated its commitment to improving sanitation and hygiene. It should also be stressed that the release

of funds at key stages in the construction of the water supply facilities will be directly related to progress in the sanitation and hygiene improvement component.

In discussions with the community, it must be clearly understood that the cost of the sanitation and hygiene component will be the community's direct responsibility. Their agreement is required before the water component can be taken forward. The community should also be assured that the COWASH team is there to assist them and that mechanisms are in place to support their efforts and provide guidance. The community should be informed that while they are free to finance the sanitation and hygiene improvement component in any way they wish, the COWASH team recommends the formation of WASH SLAs as a practical and efficient way forward.

The WASH SLA's basic principles, benefits, and general operation should be explained at the WASHCO formulation meeting. The COWASH team should also inform the community of the available support mechanisms, including some equipment and community training. The community should also be guided on how interested individuals can form a WASH SLA.

4.2 FORMULATION AND IMPLEMENTATION

The formulation and implementation of WASH SLAs must occur with hands-on coaching and guidance through regular and sustained interaction with the beneficiaries. The training will be conducted by RSU staff and government sector experts/facilitators who have received ToT. Woreda government sector experts will follow up on the implementation. Community support should be provided throughout the first saving and lending cycle, conducted over the following four phases:

Preparatory Phase: Over an initial two-week period, trained sector experts, with the support of the RSUs, will build on the concept introduction made at the WASHCO formulation meeting and will support communities in their decision to formulate WASH SLAs.

Intensive Phase: Once it has opted to proceed, each WASH SLA will receive intensive, hands-on support and training in setting up and operating the SLA. This includes guidance on electing leaders, developing the SLA constitution and operational procedures, and conducting the first savings meeting, loan disbursement meeting and loan repayment meeting.

Development Phase: The community will continue operating the WASH SLA but with occasional demand-based support and guidance from the assigned facilitator.

Maturity Phase: The assigned facilitator will provide further support over several visits and a final intensive training session, bringing the first cycle to a close and a new one to commence.

Following the initial introductory meetings, the WASH SLAs will be supported through a series of six training modules together with occasional visits by the assigned facilitator to advise and guide the community. The schedule of operations for the one-year WASH SLA cycle is presented below.

Table 4.1 Schedule of Operations

Phase	Preparatory	Intensive	Development	Maturity
Weeks	1-2	3-12	13-43	44-52
Activities	Support and guidance	Training modules 1-5	Support and guidance	Training module 6
Facilitator	Woreda Water Office with RSU support	Trained experts under the ToT program	Trained experts under the ToT program	Trained experts under the ToT program
Target No. of visits	2	4	3	2

The training modules are summarised in the table below and described in detail in the following sections.

Table 4.2 WASH SLA Training Modules

Module 1	Module 2	Module 3	Module 4	Module 5	Module 6
Groups, Leadership and Elections	Development of Group Constitution	First Savings Meeting	First Loan Disbursement Meeting	First Loan Repayment	Action Audit/ Share out and graduation
<ul style="list-style-type: none"> - Individual self-selection - Role of the General Assembly - Roles of leaders - Preparation for Elections 	Policies/Rules: <ul style="list-style-type: none"> - Social Fund - Share purchase - Credit - Repayment - Group governance 	<ul style="list-style-type: none"> - Contribution to Social Fund - Share purchase 	<ul style="list-style-type: none"> - First loan disbursement 	<ul style="list-style-type: none"> - First loan repayment 	<ul style="list-style-type: none"> - Distribution of the Loan Fund at the end of the cycle
During weeks 3-4 depending on the speed of the group			When it occurs for the first time	When it occurs for the first time	Close to end of first cycle

Scheduling difficulties may cause any one phase to last longer than initially planned. Extending or repeating a particular phase may be necessary if the facilitator is not fully satisfied with a group's grasp of procedures.

In other cases, groups may rapidly increase their confidence and the value of their loan funds; an expert's input may then be needed to guide this process of evolution in prudent and pragmatic ways and help ensure that the group can achieve its goals.

The group's success depends on the members' active participation and commitment to attending all training sessions.

4.3 PREPARATORY MEETINGS

Woreda water and health offices should conduct two preparatory meetings with RSU support. The first meeting should build on the discussions held at the WASHCO formulation meeting when the concept of WASH SLAs was first introduced. The facilitator should make the community aware of the qualities needed in a good SLA member and advise anyone unable to meet these standards not to join. Good members will:

- Know each other and be from a similar economic background
- Not live too far from where the meetings will be held
- Have a reputation for honesty and reliability
- Be able to attend all meetings and attend them on time
- Follow all rules
- Have a cooperative personality (anyone likely to create conflict should not join)
- Be able to buy at least one share each week
- Be able to repay loans on time.

During the first meeting, the Facilitator should recommend that meetings be held weekly, with an extension to every two weeks once members are more familiar with the process (usually during the later Development phase).

The second preparatory meeting should occur once the community has formed groups of 15 to 30 people and should focus on presenting the organisation and operation of a WASH SLA in more depth. Key points to be covered include:

- A WASH SLA is created so that people can save, borrow and start investing in WASH-related activities, especially for improved toilet construction and hygiene
- Members are self-selected, and its members manage the WASH SLA
- Every group has written bylaws and clear operational rules
- Fundamental rules such as the amount of savings or the service charge on loans are decided by the members
- Some rules, such as the need for annual elections, are already fixed because these are fundamental aspects of WASH SLA design
- Every group has a management committee, which is democratically elected and changed every year
- Members must attend all meetings and buy at least one share at each meeting
- There are fines for lateness and missing meetings
- A group allows all members to buy 1-5 shares weekly. The members set the price of a share
- The money collected from the purchase of shares is used to provide loans to members, which are repaid over not more than 3 months
- All borrowers have to pay a service charge on their loans at a percentage rate decided by the members
- There is a Social Fund from which members can receive small grants for emergencies (optional)
- Ideally, all of the group's cash is kept in a bank account opened in the group's name in the nearest appropriate financial institution. However, if such an institution is not available within a reasonable distance, the group may elect to keep the cash in a secure box to be kept by the Treasurer
- Record-keeping is based on simple passbooks and memorisation of important information, such as the amount of cash in the bank or secure box, who owes money to the Social Fund and who took a loan
- Each member has a passbook in which their savings, contributions to the Social Fund and loans are recorded
- The members should confirm that the period for operation of the WASH SLA will be 12 months

- At the end of each cycle, all loans are repaid, and all savings and profits are distributed to members according to the number of shares they have purchased
- Once the first cycle has been completed, the WASH SLA will continue to operate independently and without external support.

At the end of the meeting, the Facilitator and the groups should arrange a time and a place for the first training module.

4.4 MODULE 1: GROUPS, LEADERSHIP & ELECTION

Purpose of the Meeting

The Facilitator, who will be a local expert trained for the assignment, explains that the purpose of the meeting is first to give the WASH SLA a name and to describe the role of the general assembly before going on to elect leaders who will be its managers for this cycle; elections are held for every cycle, so this election is for the first year only.

Individual Self-Selection

The Facilitator again reminds the members of the qualities of a good member. At this point, the group should choose a name for the WASH SLA.

Role of the General Assembly

The Facilitator explains the following key points:

- All members of the group are automatically full members of the General Assembly
- All participants have the same equal rights in the group
- The General Assembly is responsible for setting the rules and regulations of the group
- The General Assembly elects the Management Committee
- The Management Committee is accountable to the General Assembly
- The General Assembly is responsible for the work of the elected Management Committee. If the Committee does not do its job well, the General Assembly must replace it. Only the General Assembly has the power to do this. If the rules of the WASH SLA are not respected, the General Assembly can organise a special meeting where the problems can be discussed and decisions made. This is called an extraordinary meeting, and decisions that involve a change in the Management Committee must be taken with the agreement of at least two-thirds of the members of the General Assembly.
- All members have the right to propose an issue for discussion in a meeting and to demand that it be discussed. These discussions take place after the share purchase and lending activities are completed. Any member can call a special meeting. The majority rule must prevail in all decisions.

Management Committee Elections

The Facilitator explains the officer election process with particular reference to the following:

- The members elect the Management Committee
- The rule of “one person, one vote” applies when voting. All members have the right to vote and to be elected to the Management Committee of the group
- The Management Committee serves for one year, after which it is disbanded, and new elections are held for the next cycle
- Even if the WASH SLA is happy with its committee, it must still hold new elections, noting that it may re-elect the same committee for a second time
- The members can later dismiss the Management Committee if it performs poorly.

Once these points are clear, the Facilitator then highlights the qualities needed for each position on the Management Committee and the tasks that they would be assigned as per the following:

Table 4.3 Qualities and Responsibilities of Management Committee Members

Chairperson Qualities	Chairperson Responsibilities
<ul style="list-style-type: none"> • Respected • Confident and calm when speaking in front of others • Treats everyone equally • Listens to others and asks for opinions • Organized • Always on time • Patient and approachable • Dynamic and visionary • Willing to take responsibility 	<ul style="list-style-type: none"> • Call the meetings to order, announce the agenda and lead discussions • Ensure the meetings follow proper procedures and the Constitution is followed and respected • Maintain discipline and charge fines as needed • Facilitate discussions and ensure that everyone's views are heard • Resolve conflicts • Act as contact person for outsiders who may want to be informed about the group
Secretary Qualities	Secretary Responsibilities
<ul style="list-style-type: none"> • Good arithmetic skills • Literate • Writes neatly • Has a reputation for trustworthiness • Always on time • Willing to work extra hours to train with the RSU/ woreda expert if needed 	<ul style="list-style-type: none"> • Ensure that all transactions for the Social Fund (optional), share-purchase and lending take place according to the procedures, and that all rules are followed • Make all passbook and notebook entries for shares and loans • Read the Social Fund and Loan Fund cash balances out loud at every meeting
Treasurer Qualities	Treasurer Responsibilities
<ul style="list-style-type: none"> • Trustworthy • From a household that has a good reputation (no one in that household should be considered unreliable) • Lives in a house with good security • Always on time • Good arithmetic skills • Literate • Can resist temptation 	<ul style="list-style-type: none"> • Collect savings contributions, fines and repayments • Keep money safe (at bank or in the secure box) • Keep financial records and bank statements safe • Ensure that financial records are open to members to see and to be checked by appointed bodies • Advise the group on using its resources to meet its current and future needs (related with WASH activities) • Assist the Secretary as needed to record savings and loan repayment

The Facilitator then supports the group in proceeding with the election process using Annex 1 as a reference document.

4.5 MODULE 2: CONSTITUTION, POLICIES AND RULES

Facilitator's Preparation Before this Training Module

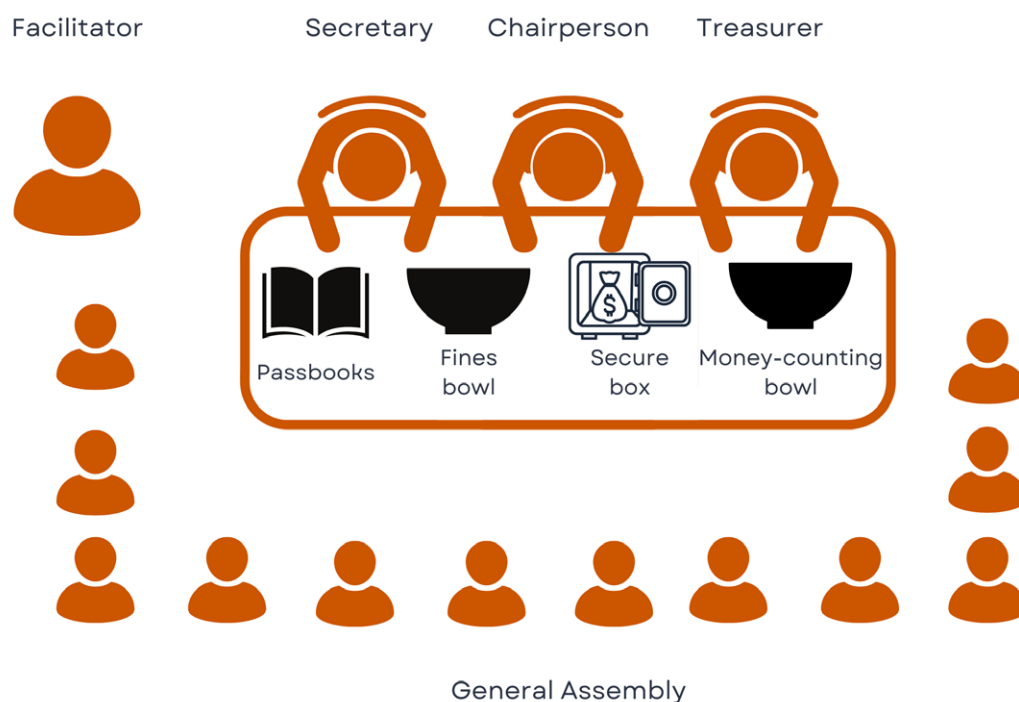
Before starting the meeting, the Facilitator prepares a blank copy of the WASH SLA constitution form for the training. (See Annex 2: Constitution Framework). The blank form allows the Facilitator to write down the key WASH SLA decisions. Some aspects of the constitution are standard for all WASH SLAs and should have been completed previously.

Purpose of the Meeting

The Facilitator explains that the meeting's purpose is to develop the group constitution and a set of rules governing how the members of the WASH SLA should carry out key actions. These include how they will save by buying shares, taking out and repaying loans, operate their Social Fund if they choose to have one, and conduct the share-out procedures at the end of the cycle.

Before commencing the discussion, the Facilitator should establish the meeting seating plan as (i) it is important to ensure that all members can see what is going on and (ii) if members always sit in the same position, the meeting will be more orderly and easier to manage. A typical seating arrangement for a sixteen-member group is presented below:

Figure 4.1 Typical SLA Meeting Seating Arrangement



Preparing the Constitution

Part 1: The Constitution

Developing the Constitution is the most crucial aspect of WASH SLA implementation and training, and it should not be rushed or treated superficially. It tells the WASH SLA how it will do its work and the services offered to members. If this is rushed, the WASH SLA will not be stable and secure. Experience has shown that this session can sometimes take two meetings to complete, which is fine, as ensuring all aspects are adequately covered is critical to the process. Taking adequate time shows that members have discussed their rules in detail. If it takes half an hour and many sections are ignored, this indicates that it wasn't taken seriously and will lead to problems.

Using the blank Constitution Framework form as a guide, the Facilitator goes through the key issues item by item, including:

- Basic information and the objective of the WASH SLA
- Who may be a member of the WASH SLA
- Composition of the Management Committee
- Election procedures
- Removal of Committee Members from their position between elections
- Meetings
- Members leaving the WASH SLA
- Fines
- Amendments to the Constitution

The Facilitator helps the members agree on each clause and then fill in the blanks.

Part 2: Services offered by the WASH SLA

The meeting then moves on to the second part in which the group discusses and agrees on the services that will be offered by the WASH SLA to its members:

- Share purchase (savings)
- Lending
- Social Fund (insurance) – optional

The Facilitator first clarifies that members save in a WASH SLA by buying shares. At each meeting, each member can buy between 1 to 5 shares. The Facilitator should then lead a discussion on what value a share should be set at with the following considerations:

- The amount is too large if the poorest member will have trouble regularly saving at least one share
- If the amount is too small, it may frustrate the better-off members who want to save more.

The amount finally decided should be one that everyone can afford to pay at every meeting throughout the cycle, and that satisfies their savings needs. The amount cannot be changed during the cycle but can be changed for the next cycle.

Module 8: Revenue and Pricing Strategy Once the saving rules and share value are clear and decided, the Facilitator moves on to explain the lending rules:

- Members can borrow and repay their loans every week once sufficient funds have been saved
- The Facilitator clearly states that the amount to be borrowed by any member cannot be more than three times their savings. This ensures that loans are not too risky and encourages saving
- The members are told that the maximum loan duration should not be more than three months but can be less
- Priority is always given to WASH-related activities when members apply for a loan
- To avoid disputes when the loan fund does not have enough money to satisfy everyone's needs, members may need to decide who should take priority according to their situation.

The Facilitator should then explain that the group may wish to levy a service charge on the loan. Should this be agreed upon, the group needs to decide what the service charge should be as a percentage of the loan for the entire lending period. Service charge tables are presented in Annex 3, which the Facilitator can use as a guide and to support a discussion on the rate the group will use. The tables show charges for one, two or three-month lending periods. The service charge will be added to the loan amount, and the borrower must pay back the total within the agreed period.

Once the issue of a service charge has been resolved, the facilitator introduces the possibility of including a WASH SLA Social Fund to provide grants to members who encounter serious problems such as a death in the family, illness, or fire damage to a house. The Facilitator makes it clear that this is optional. The WASH SLA decides whether to adopt a Social Fund, what it will cover and what the benefits will be. The group chooses the value of regular contributions to the Social Fund. The Facilitator makes it clear that:

- The Social Fund is kept separately from the Loan Fund
- The Social Fund gives grants to members and the community, not loans
- The Constitution must clearly state how the Social Fund will be managed.

ce the issue of a service charge has been resolved, the facilitator introduces the possibility The secretary reads the Constitution as the final step of the meeting. The facilitator advises the chairperson to read the rules out loud to all members at least once every three months to ensure that everyone is reminded of them. Some groups give each member a rule to remember, and the Chairperson can encourage them to repeat it at the beginning of each meeting to help them remember it.

Once the Constitution form is completed and read to the members, they will sign it to show their agreement.

4.6 MODULE 3: FIRST SAVING MEETING

Purpose of the meeting

The Facilitator explains to the group members that this meeting will be their first chance to

buy shares and guides them through the steps. The Facilitator also explains that while the weekly meetings will continue, the first loan meeting will not occur for another three weeks to build up funds, after which loans can be taken at every meeting.

At this point, the Facilitator makes it clear that from now on, s/he is only there to support the Management Committee, which is now in charge of the meetings, and that the Constitution must guide them.

The Facilitator refers to Annex 4 ('Use of the Passbook') to ensure everyone knows how to keep Social Fund and savings records. The Passbooks should not be completed without referencing Annex 4.

Table 4.4 Procedures for the First Savings Meeting

Meeting Step	Procedures
1. Meeting opening	<ul style="list-style-type: none"> The Chairperson calls the meeting to order The Chairperson tells the Secretary to perform a roll call by member number The fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting.
2. Social Fund (if the WASH SLA does not have a Social Fund, skip to step 3)	<ul style="list-style-type: none"> The Chairperson tells the Secretary to conduct the Social Fund activities and reminds the members of the amount they must all contribute The Secretary calls each member, by number, to give their Social Fund contribution to the Treasurer The Treasurer confirms that each member has given the right contribution and the Secretary enters a checkmark in a vacant square in the Social Fund Contribution section of the passbook When all of the members have made their contribution, the Treasurer counts the total amount using a calculator provided by the Facilitator and announces this to the members The Secretary records this amount in the notebook and announces that benefits from the Social Fund will be available only at the next meeting The Secretary says that everyone should remember this amount for the next meeting The Social Fund money is then saved in their account.
3. Share Purchase/Savings	<ul style="list-style-type: none"> The Chairperson tells the Secretary to conduct the share purchase/savings activities The Secretary calls each member to the front by their number Each member comes to the front and buys between 1 to 5 shares, giving the money to the Treasurer and their passbook to the Secretary to record the number of shares purchased The treasurer counts the money saved by each member, places it in the money-counting bowl and announces the amount and the number of shares that have been purchased The Secretary stamps the number of shares into the passbook and crosses out any unused blocks The member then checks that the number of new stamps in the passbook is correct Once all the members have made their contributions, the Chairperson then tells the Treasurer to combine the money in the fines bowl and the money-counting bowl and to count it The treasurer then counts the money and announces the amount The secretary then tells the group that this money constitutes their Loan Fund, but that no loans will be given until three savings meetings have been completed, after which loans will be available at every meeting The Secretary records this amount in the notebook in addition to the passbook The Treasurer will deposit the money in the group bank account opened for this purpose after the meeting, or alternatively keep it in the secure box with the passbooks.

Meeting Step	Procedures
4. Closing Balances	<ul style="list-style-type: none"> The Chairperson takes the notebook from the Secretary and announces the total amount in the Social Fund, instructing all members to memorize it for the next meeting The Chairperson announces the total of the Loan Fund once again and instructs all members to memorize it for the next meeting The Chairperson then asks the Treasurer to deposit the money and bring the saving book and bank advice to the next meeting to prove that the money has been deposited.
5. Closing	<ul style="list-style-type: none"> The Chairperson invites members to discuss any other subject that may be of interest (the focus should be on WASH related issues) The Chairperson announces the date and time of the next meeting Once the discussion is completed, the Chairperson closes the meeting.

The Secretary enters the Social Fund and Loan Fund data in the notebook at the end of every meeting. A typical example is as follows:

Date	Cash in Social Fund	Cash in Loan Fund
05/11/2024	350 birr	2020 birr

Safety of WASH SLA funds

The Treasurer will deposit the collected money in the bank account the group opened for this purpose within the day or, at most, the next day. The treasurer must bring the savings book and bank advice note to each meeting to demonstrate the balance. The money will be kept in a secure box if an appropriate bank facility is unavailable.

4.7 MODULE 4: FIRST LOAN DISBURSEMENT MEETING

Purpose of the meeting

This meeting occurs three weeks after the first savings meeting and is the first time members can borrow. The Facilitator, now in a support role only, guides the group through the lending procedures. Again, the Facilitator notes that the Passbooks should only be filled in after referring to Annex 4.

Table 4.5 Procedures for the First Loan Disbursement Meeting

Meeting Step	Procedures
1. Meeting opening	<ul style="list-style-type: none"> The Chairperson calls the meeting to order The Chairperson tells the Secretary to perform a roll call by member number The Treasurer is called on to show the saving book and bank advice to confirm that the last meeting's money was deposited and that records were kept properly The fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting.
2. Social Fund (if the WASH SLA does not have a Social Fund, skip to step 3)	<ul style="list-style-type: none"> The Chairperson tells the secretary to conduct the Social Fund activities and reminds the members of the amount they must all contribute The Secretary asks the members to recall the balance of the Social Fund from the previous meeting The Treasurer announces the amount of the social fund to the members The Chairperson says that contributions will be made to the Social Fund

Meeting Step	Procedures
	<ul style="list-style-type: none"> • The Secretary calls each member, by number, to give their Social Fund contribution to the Treasurer • When the member comes forward, they give their Social Fund contribution to the Treasurer and are given their passbook • The Treasurer confirms that each member has given the right contribution and the Secretary enters a checkmark in a vacant square in the Social Fund contribution section of the passbook • When all of the members have made their contribution, the Treasurer counts the total amount and announces this to the members • The Secretary then asks if anyone needs help from the Social Fund and members in need make their request to the group • If a majority of the members approve, the money is handed over • Once this is done, the Treasurer counts the total amount remaining • The Secretary records this amount in the notebook • The Secretary says that everyone should remember this amount for the next meeting • The new Social Fund money is then saved in their account.
3. Share Purchase/ Savings	<ul style="list-style-type: none"> • The Chairperson tells the Secretary to conduct the share purchase/savings activities • The secretary asks the members to recall the balance of the Loan Fund from the previous meeting • The Treasurer then brings the savings book and announce the balance to members • Once it is agreed that the amount remembered and the amount counted are the same, the meeting will continue • The Chairperson announces that members will now buy shares • The Secretary calls each member to the front by their number • Each member comes to the front and buys between 1 to 5 shares, giving the money to the Treasurer and their passbook to the Secretary to record the number of shares purchased • The Treasurer counts the money saved by each member, places it in the money-counting bowl and announces the amount and the number of shares that have been purchased • The Secretary stamps the number of shares into the passbook and crosses out any unused blocks • The member then checks that the number of new stamps in the passbook is correct • Once all the members have made their contributions, the Chairperson then tells the Treasurer to combine the money in the fines bowl and the money-counting bowl and to count it • The Treasurer then counts the money and announces the amount • The Secretary then tells the group that this is the money available for lending in this meeting.
4. Loan Taking	<ul style="list-style-type: none"> • The Chairperson invites loan requests, reminding members of the maximum loan term (three months) and maximum loan amount (three times the value of a member's savings) • Members needing loans make their requests, stating: 1) how much they need, 2) the purpose of the loan (which is expected to be for WASH activities and especially for improved toilet construction) and 3) how long they need it for • The Secretary checks in the passbooks of the members requesting a loan, to see that the member has saved at least 1/3 of the amount they want to borrow. If they have not saved enough, they must reduce the amount of their request • The Secretary calculates the total value of the loans requested • If the total requested is more than the money available in the Loan Fund (the money in the group account), the WASH SLA must discuss adjustments to the loan amounts until all members are satisfied • The Secretary calls each borrower forward in order of their number • The Secretary enters the date of loan disbursement and the date by which the loan must be repaid in the loan recording portion of their passbook

Meeting Step	Procedures
	<ul style="list-style-type: none"> Using the service charge tables, the Secretary calculates the service charge payable for the whole loan period of one, two or three months. In the case of groups that do not wish to charge interest, the Secretary enters a zero The Secretary totals the loan amount and the service charge (if any) and enters this in the total due box, telling the member that they must repay this amount, at any time before the date shown in the passbook The Secretary tells the Treasurer to give the borrower the loan amount The borrower counts the money and signs the passbook If sufficient funds are not available at the meeting it may be necessary to withdraw the funds from the group bank account the following day The Secretary tells the borrower to announce the total amount due and by what date it will be repaid This process is repeated until all loans have been issued The Secretary tells the Treasurer to announce the remaining balance from the group account to the members The secretary records this amount in the 'Cash in the Loan Fund' page in the note book The secretary says that this is the current value of their Loan Fund.
5. Closing Balances	<ul style="list-style-type: none"> The Chairperson takes the notebook from the Secretary and announces the total amount in the Social Fund, instructing all members to memorize it for the next meeting The Chairperson announces the total of the Loan Fund once again and instructs all members to memorize it for the next meeting The Chairperson then asks the Treasurer to deposit the money and bring the saving book and bank advice to the next meeting to prove that the money has been deposited.
6. Closing	<ul style="list-style-type: none"> The Chairperson invites members to discuss any other subject that may be of interest (the focus should be on WASH related issues) The Chairperson announces the date and time of the next meeting Once the discussion is completed, the Chairperson closes the meeting.

4.8 MODULE 5: FIRST LOAN REPAYMENT MEETING

Purpose of the meeting

The Facilitator tells the members that this meeting will be the first time the WASH SLA will receive loan repayments from borrowers.

Again, the Facilitator refers to Annex 4 to ensure that the Social Fund, savings, and loan records are kept. The facilitator notes that the Passbooks should only be completed after referencing Annex 4.

Table 4.6 Procedures for the First Loan Repayment Meeting

Meeting Step	Procedures
1. Meeting opening	<ul style="list-style-type: none"> The Chairperson calls the meeting to order The Chairperson tells the Secretary to perform a roll call by member number The Treasurer is called on to show the saving book and bank advice to confirm that the last meeting's money was deposited and that records were kept properly The fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting.

Meeting Step	Procedures
2. Social Fund (if the WASH SLA does not have a Social Fund, skip to step 3)	<ul style="list-style-type: none"> The Chairperson tells the Secretary to conduct the Social Fund activities and reminds the members of the amount they must all contribute The Secretary asks the members to recall the balance of the Social Fund from the previous meeting The Treasurer announces the amount of the social fund to the members The Chairperson says that contributions will be made to the Social Fund The Secretary calls each member, by number, to give their Social Fund contribution to the Treasurer When the member comes forward, they give their Social Fund contribution to the Treasurer and are given their passbook The Treasurer confirms that each member has given the right contribution and the Secretary enters a checkmark in a vacant square in the Social Fund contribution section of the passbook When all of the members have made their contribution, the Treasurer counts the total amount and announces this to the members The Secretary then asks if anyone needs help from the Social Fund and members in need make their request to the group If a majority of the members approve, the money is handed over Once this is done, the Treasurer counts the total amount remaining The Secretary records this amount in the notebook The Secretary says that everyone should remember this amount for the next meeting The new Social Fund money is then saved in their account.
3. Share Purchase/ Savings	<ul style="list-style-type: none"> The Chairperson tells the Secretary to conduct the Share purchase/savings activities The Secretary asks the members to recall the balance of the Loan Fund from the previous meeting The Treasurer then brings the saving book and announce the balance to members Once it is agreed that the amount remembered and the amount counted are the same, the meeting will continue The Chairperson announces that members will now buy shares The Secretary calls each member to the front by their number Each member comes to the front and buys between 1 to 5 shares, giving the money to the Treasurer and their passbook to the Secretary to record the number of shares purchased The treasurer counts the money saved by each member, places it in the money-counting bowl and announces the amount and the number of shares that have been purchased The Secretary stamps the number of shares into the passbook and crosses out any unused blocks The member then checks that the number of new stamps in the passbook is correct The Treasurer then counts the money and announces the amount.
4. Loan Repayment	<ul style="list-style-type: none"> The Chairperson tells the Secretary to conduct the loan repayment activities By referring to each member's passbooks, the Secretary identifies the borrowers and the amounts due Each borrower is asked if they will make a repayment in the meeting One by one those making repayments give the money to the Treasurer who announces the amount and places it in the money-counting bowl The Secretary enters the payment amount in the borrower's passbook in the "Paid" box The Secretary then calculates the remaining balance due and enters it in the "Balance" box in the passbook The borrower then signs in the space provided If the remaining balance due is zero, the Secretary signs the passbook and says that the loan is repaid, cancelling the loan with a diagonal red line drawn through the entire page

Meeting Step	Procedures
	<ul style="list-style-type: none"> Once all the members have made their repayments, the Chairperson then tells the treasurer to remove the cash in the money-counting bowl and to count it The money in the Loan account, or secure box, is then combined with the repayment money and the money in the fines bowl and the total is announced The Secretary then tells the group that this is the money available for lending in this meeting.
5. Loan Taking	<ul style="list-style-type: none"> The Chairperson invites loan requests, reminding members of the maximum loan term (3 months) and maximum loan amount (3 times the value of a member's savings) Members needing loans make their requests, stating: 1) how much they need, 2) the purpose of the loan and 3) how long they need it for The Secretary checks in the passbooks of the members requesting a loan, to see that the member has saved at least 1/3 of the amount they want to borrow. If they have not saved enough, they must reduce the amount of their request The Secretary calculates the total value of the loans requested If the total requested is more than the money available in the Loan Fund (the money in the group account), the WASH SLA must discuss adjustments to the loan amounts until all members are satisfied The Secretary calls each borrower forward in order of their number The Secretary enters the date of loan disbursement and the date by which the loan must be repaid in the loan recording portion of their passbook Using the service charge tables, the Secretary calculates the service charge payable for the whole loan period of 1, 2 or 3 months. In the case of groups that do not wish to charge interest, the Secretary enters a zero The Secretary totals the loan amount and the service charge (if any) and enters this in the total due box, telling the member that they must repay this amount, at any time before the date shown in the passbook The Secretary tells the Treasurer to give the borrower the loan amount (the signatories will withdraw the amount from the group account) The borrower counts the money, and signs the passbook The Secretary tells the borrower to announce the total amount due and by what date it will be repaid This process is repeated until all loans have been issued The Secretary tells the Treasurer to announce the remaining balance from the group account to the members The secretary records this amount in the 'Cash in the Loan Fund' page in the note book The Secretary says that this is the current value of their Loan Fund.
6. Closing Balances	<ul style="list-style-type: none"> The Chairperson takes the notebook from the Secretary and announces the total amount in the Social Fund, instructing all members to memorize it for the next meeting The Chairperson announces the total of the Loan Fund once again and instructs all members to memorize it for the next meeting The Chairperson then asks the Treasurer to deposit the money and bring the saving book and bank advice to the next meeting to prove that the money has been deposited.
7. Closing	<ul style="list-style-type: none"> The Chairperson invites members to discuss any other subject that may be of interest (the focus should be on WASH related issues) The Chairperson announces the date and time of the next meeting Once the discussion is completed, the Chairperson closes the meeting.

Early Repayment

If a member wishes to repay a loan early, this should be accepted as it means more funds are available for the rest of the group. In such an event, the WASH SLA should return a part of the

interest. However, this can be complicated, especially if parts of a month have to be calculated. To keep it simple, 1/3 of the interest can be paid if they repay the loan at least one month before the agreed deadline. This is not precisely accurate, but it is a simple way to estimate the amount to be returned and encourages early repayment.

Late Repayment

If a member repays their loan late, they must be fined for late payment. A fixed percentage of the loan amount is charged as a late penalty for every four weeks spent in arrears. This provision should generally be included in the "Fines" section of the By-Laws, as shown in section 10 of the Constitution template in Annex 2.

4.9 MODULE 6: ACTION AUDIT/SHARE OUT AND GRADUATION

Purpose of the meeting

This is the final training module, which takes place just before the end of the first cycle or when there is a significant excess of unused loan funds.

The amount collected for the Social Fund, if any, is announced and put away and does not form part of the share-out process.

Again, the Facilitator refers to Annex 4 to ensure that the Social Fund, savings, and loan records are correctly kept and notes that the Passbooks should only be completed after referencing Annex 4.

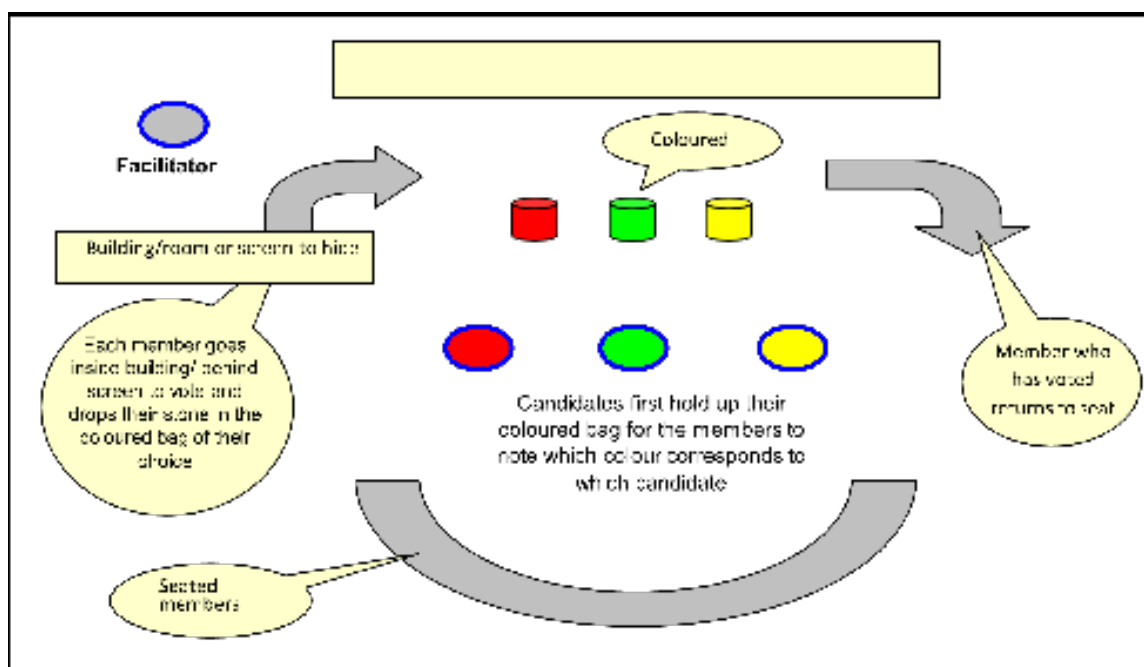
Table 4.7 Procedures for the Action Audit/Share Out and Graduation Meeting

Meeting Step	Procedures
1. Share Out	<ul style="list-style-type: none"> If any member has not completed their loan repayments, the amount owing is recovered by cancelling the number of shares in his/her passbook that equal the value of the amount owing The Treasurer counts the money in the Loan Fund While the Treasurer is counting, the Secretary takes the passbooks and counts the total number of shares of the WASH SLA Once the Treasurer is finished, the Secretary uses the calculator to divide the total of the Loan Fund by the total number of shares. This determines the value of a single share. It should be written down to two decimal places (for example, ETB 234.50) Next, the Secretary multiplies the number of shares in each passbook by the value of one share. They then announce the number of shares and the amount, rounding down by the smallest unit of currency. They then ask the Treasurer to count out the amount and place it in each member's passbook, which is set aside The Secretary then cancels all of the members' shares by drawing a large cross on each page of the passbook on which there are share stamps All passbooks are treated in the same way before anyone receives any money Once the process is complete, there will be a small amount of money remaining due to rounding down, but there should not be a shortfall. If there is a shortfall, the process is repeated until the amounts are correct. Any small amount remaining is put in the Social Fund, or used as seed capital in the Loan Fund for the next cycle All members are given their passbooks with all of their money. It is very important that every member's money is placed in their hand.

Meeting Step	Procedures
2. Preparation for the next cycle	<ul style="list-style-type: none"> Any member who wishes to leave the WASH SLA should do so, although this is not encouraged since the goal is to establish a sustainable means of financing WASH activities New members can now join, if all the remaining members agree The continuing members now decide on the share price for the next cycle If the WASH SLA wishes to establish seed capital to initiate the next cycle, they should now do so. All members may contribute whatever amount they wish, and it can be more than five shares on this one occasion, denominated in the new share value The number of shares is recorded in the passbook of each member, in the "Starting NUMBER OF SHARES" box When all of the members who want to contribute seed capital have done so, the Treasurer counts the seed capital for later depositing in the group account and the amount will be recorded by the Secretary in the notebook The Chairperson announces the amount and explains that this is the balance of the Loan Fund to start the next cycle The old cycle is now formally ended The Facilitator then explains to the WASH SLA that in their next meeting, they must hold elections and then revise their Constitution, which new members must sign. The Facilitator then offers to attend the next meeting to assist with elections and the Constitution.

Annex 1: Election Procedures

The Facilitator prepares the members for the election and explains the process with the aid of the following diagram:



The facilitator will bring three bags, each a different colour, to the WASH SLA meeting and provide one small stone for each member.

Each of up to three candidates (for each position) is given a coloured bag, and everyone is asked to note the colour corresponding with the member they want to vote for. The coloured bags are placed behind a screen (or inside a building) some distance from the gathering and sheltered from the view of members and passers-by. Each member goes behind the screen (or into the building), in turn, and, hidden from the members but under the eye of the Facilitator, deposits their stone in the coloured bag of their choice.

When all members have voted, the Facilitator counts out the votes in front of them by removing the stones from each bag. The Facilitator ensures that no additional stones are put in the bags; the total should equal the number of members voting. The results are then officially declared.

At the end of the elections, the Facilitator explains that in the next cycle, the Facilitator can be called to conduct the election; alternatively, it can be managed by a trusted member who does not stand for election and is trusted to be neutral.

Annex 2: Blank Constitution Framework

Part 1: The Constitution

1. Basic Information on the WASH SLA

Name of the WASH SLA: _____

Address: _____

The WASH SLA was formed on: _____

2. Objective of the WASH SLA

The purpose of the WASH SLA is to be an independent, sustainable provider of savings and credit for WASH activities and with an option for social support for its members.

3. Who may be a member of the WASH SLA?

Lower age limit: _____

Gender: _____

Residence: _____

Other ordinary circumstances: _____

4. Composition of the management committee

Chairperson: _____

Secretary: _____

Treasurer: _____

5. Election procedures

- a. Elections must be held at the beginning of each new cycle or annually, whichever is sooner.
- b. The minimum number of people that must stand for each position is 2.
- c. The minimum number of members who must be present to hold an election is: _____
- d. The election procedure will use a system that allows everyone's vote to be secret.
- e. A candidate cannot be self-nominated and must be proposed by another member.

6. Removal of officers from their position between elections

- a. Any member of the Association may, at any time, request a vote of no confidence against a member of the Management Committee.
- b. The Committee member must resign if the majority of members vote to remove them.
- c. An election is required to fill the vacant position.

7. Meetings

- a. To buy shares, the WASH SLA will meet every: _____ (week or two weeks).
- b. Shares will be bought at every meeting.
- c. Loans may also be disbursed and repaid at every meeting after the first loan disbursement in the 4th week of a cycle.
- d. The WASH SLA will conduct a share-out every year in which members will receive all their savings and any profit the group may have made.

8. Members leaving the SLA

If a member leaves before the cycle is finished, the money they used to purchase shares will be returned to them, minus any loan balance, Social Fund arrears, and fines they owe.

9. Expulsion from the WASH SLA

The reasons for which a person should be expelled from the WASH SLA are:

10. Fines

The following table lists the fines that will be charged:

Reason	Amount
Failure to attend a meeting without sending word	
Late to a meeting	
Not remembering WASH SLA rules	
Chatting through the proceedings	
Failure of a member of the Management Committee to perform their duties	
% of the loan balance due, payable monthly in case of late payment	

11. Amendments to the constitution

- 2/3 of the members must agree before the constitution can be changed.
- Any member can propose an amendment to the Constitution after _____ months.

Part 2: Services offered by the WASH SLA

1. Savings

- Members may buy 1 to 5 shares in each meeting.
- The purchase price of a share will be: _____
- Members may contribute an equally agreed-upon amount at the start of every future cycle to speed up the growth of the loan portfolio. Only at this moment in the cycle can the number of start-up shares exceed 5 shares per member.

2. Lending

- The maximum amount that anyone can borrow is three times the value of their savings.
- The maximum length of a loan term is three months.
- The service charge on a loan will be _____ % monthly.
- A member must repay a loan before (s)he can take another.
- If a member dies and has a loan remaining unpaid, it will be treated as follows:
- _____
- _____
- The highest priority for loans will be given for: _____
- The second highest priority for loans will be given for: _____
- The third highest priority for loans will be given for: _____

3. Social fund

- a. The Social Fund is for grants only. No loans will be made from the Social Fund.
- b. No money in the Social Fund will be transferred to the Loan Fund.
- c. The Social Fund contribution, per member, per meeting will be: _____
- d. The benefit payable for a deceased member will be: _____
- e. The benefit payable for a deceased spouse will be: _____
- f. The benefit payable for a member's deceased child will be: _____
- g. The benefit payable for a member's deceased parent will be: _____
- h. Other: _____
- i. Other: _____
- j. Other: _____

Ref.	Name of the Member	Signature
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
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30		

Annex 3: Service Charge Table

The following charts will assist the Secretary to calculate the service charge that a member must pay on their loans:

One-month lending period

Amount	Monthly Interest Rate					
	2%	3%	5%	10%	15%	20%
300	6	9	15	30	45	60
400	8	12	20	40	60	80
500	10	15	25	50	75	100
750	15	22.5	37.5	75	112.5	150
1,000	20	30	50	100	150	200
1,500	30	45	75	150	225	300
2,000	40	60	100	200	300	400
2,500	50	75	125	250	375	500
3,000	60	90	150	300	450	600
4,000	80	120	200	400	600	800

Two-month lending period

Amount	Monthly Interest Rate					
	2%	3%	5%	10%	15%	20%
300	12	18	30	60	90	120
400	16	24	40	80	120	160
500	20	30	50	100	150	200
750	30	35	75	150	125	300
1,000	40	60	100	200	300	400
1,500	60	90	150	300	450	600
2,000	80	120	200	400	600	800
2,500	100	150	250	500	750	1,000
3,000	120	180	300	600	900	1,200
4,000	160	240	400	800	1,200	1,600

Three-month lending period

Amount	Monthly Interest Rate					
	2%	3%	5%	10%	15%	20%
300	18	27	45	90	135	180
400	24	36	60	120	180	240
500	30	45	75	150	225	300
750	45	67.5	112.5	225	337.5	450
1,000	60	90	150	300	450	600
1,500	90	135	225	450	675	900
2,000	120	180	300	600	900	1,200
2,500	150	225	375	750	1,125	1,500
3,000	180	270	450	900	1,350	1,800
4,000	240	360	600	1,200	1,800	2,400

Annex 4: Use of the Passbook

Contributions to the Social Fund are recorded in the passbook as per the following example:

Social fund contribution

Cycle number	1
--------------	---

✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓

Number not paid	5
-----------------	---

When contributions are paid, the Secretary marks each payment with a checkmark for the member.

At the end of the cycle the Secretary can see how many times the member has not paid their social fund contribution (in this case 5 times, or 15 birr) and can either demand that it be paid or deducted from their savings.

The page shown here allows for two 12-month cycles.

WASH SLA shares bought are stamped in the front section of the passbook as in the following example:

Single share value	15 Birr
Starting NUMBER OF SHARES	0
Shares Bought per Meeting	
Ending NUMBER OF SHARES	

The illustration shows that there have been 5 meetings and that the member has bought 11 shares.

When members make their contribution, the Secretary stamps in the passbook the number of shares they have bought and the member confirms that the amount is correct.

On each line, the unused spaces are marked through with crossed diagonal lines to prevent fraudulent entry of shares at a later date.

The value of shares purchased in this example is $11 \times 15 \text{ Birr} = 165 \text{ Birr}$.

The starting and ending number of shares boxes are completed once each page has been filled:

Single share value		15 Birr
Starting NUMBER OF SHARES		0
<p>Shares Bought per Meeting</p>		
Ending NUMBER OF SHARES		25

By the 13th meeting (the book contains 13 lines), the member purchased a total of 28 shares, but she had sold 3 shares purchased in meetings 5 and 6. Therefore, at the 13th meeting, the net number of shares bought during this period is 25.

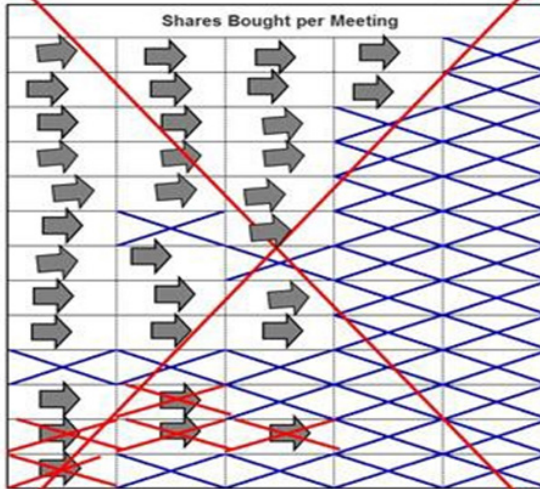
This amount is added to the number of shares at the beginning of the page (in this case zero) and entered into the cell "Ending Number of Shares". On the next page, this figure will be reported in the cell "Starting Number of Shares".

Note: Do NOT enter the cash value of shares in the "Starting Number of Shares" and "Ending Number of Shares" boxes, but only the number of shares bought.

The table displays the total number of shares owned by the member at the end of the period. The result is cumulative and will be different at the end of each page.

The end of the cycle must be indicated in the passbook as illustrated below:

Single share value 15 Birr

Starting NUMBER OF SHARES	12
	
Ending NUMBER OF SHARES	120

This figure shows what the passbook looks like in the last quarter of the cycle. In this case there were 92 shares from the previous page, carried forward into the 'Starting number of shares' box and the member has bought an additional 33 shares. However, 5 of these have been paid back to the member before the end of the cycle, leaving a net 120 shares bought during the cycle.

The large red 'X' indicates that the share out is completed and the member has received back their money.

Loans are recorded in the back of the passbook. Note: each loan occupies a full page

Loans

Date of loan disbursement

12/06/2020

Date by which the loan must be repaid

12/09/2020

Date	Item	Amount	Signature
12/06/2020	Loan amount	2000	Aster
	Service charge	300	
	Total due	2300	
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		

The example on the left is a loan given to Aster. She borrows 2,000. At the top of the page, the date the loan is disbursed is shown and also the date by which the loan must be fully repaid. This helps the Secretary and the member to know if a loan is being paid back late. In this case the loan period is 3 months. This is easy for the Secretary to calculate, because all they need to do is to put the same date, three months later than the date of loan disbursement (i.e. they just need to change the month).

The Secretary then enters the amount of the service charge (300, or 5% a month) and then adds the Loan amount and the Service charge together, entering 2,300 in the 'total due' box.

Aster signs this to show that she understands that she now owes a total of 2,300 and must pay it back by the due date.

Loans

Date of loan disbursement

12/06/2020

Date by which the loan must be repaid

12/09/2020

Date	Item	Amount	Signature
12/06/2020	Loan amount	2000	Aster
	Service charge	300	
	Total due	2300	
12/09/2020	Paid	600	Aster
	Balance	1700	
12/09/2020	Paid	1000	Aster
	Balance	700	
12/09/2020	Paid	700	Beletu
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		

The example on the left shows that at a later meeting, Aster pays the full amount owed (over 3 installments). The Secretary (Beletu) enters 700 in the "Paid" row and enters a '0' in the "Balance" row and then signs the entry.

Once the loan is fully paid, the Secretary draws a red line through the whole loan record. This indicates that the loan has been completely repaid. Note that the red line covers the whole page, so that each loan is registered on its own page. The extra lines are available in cases where a member pays in small, more frequent installment amounts.

If the member pays in more than 8 installments, the loan record can continue on the next page.