COWASH IV Project

WASH Saving and Loan Association Facilitator Guide





March, 2022

Acronyms

ASCA	Accumulating Saving and Credit Association
CMP	Community Managed Project
COWASH	Community- Led Accelerated WASH
MSE	Micro and Small Enterprises
RSU	Regional Support Unit
SDG	Sustainable Development Goal
ToT	Training of Trainers
US $	United States Dollar
VSLA	Village Saving and Loan Association
WASH	Water, Sanitation and Hygiene
WASHCO	Water Supply, Sanitation and Hygiene Committee
WASH-SLA	WASH Saving and Loan Associations

Table of Contents

Acronyms **0**
I. Introduction **2**
1.1. The Community-Led Accelerated WASH Project **2**
1.2. Introduction to Community Saving and Loan Associations **4**
II. COWASH IV Saving and Loan Association Facility Design **5**
III. WASH-SLA Community Training and Implementation **7**
3.1. General Approach **7**
3.2. Concept Introduction and Community Commitment **7**
3.3 WASH–SLA Formulation and Implementation **8**
Preparatory Meetings **10**
Module 1: Groups, Leadership & Election **12**
Module 2: Development of Group Constitution, Policies and Rules **14**
Module 3: First Saving Meeting **17**
Module 4: First Loan Disbursement Meeting **20**
Module 5: First Loan Repayment Meeting **23**
Module 6: Action Audit/Share out and Graduation **27**
NNEX 1: Election Procedures **29**
ANNEX 2: Blank Constitution Framework **30**
ANNEX 3: Service Charge Table **34**
ANNEX 4: Use of the Passbook **36**
ANNEX 5: References **40**

I. Introduction

1.1. The Community-Led Accelerated WASH Project

The Community-Led Accelerated WASH (COWASH) Project is a bilateral initiative between the Governments of Finland and Ethiopia aiming to improve public health and well-being, social development, and climate resilience in the rural communities of selected woredas. It fully supports Ethiopia's One WASH National Program which has the overall objective of achieving universal access to water, sanitation and hygiene (WASH) services in the rural areas of the country. Commencing in July 2011, COWASH is now in its fourth phase (COWASH IV) and focuses on the achievement of targets through the establishment of an enabling environment and the implementation of Community Managed Project (CMP) interventions.

COWASH IV will build on the work of the earlier phases and is targeting increased and sustained coverage of safe water supply, sanitation and hygiene in 104 rural woredas of Amhara, Tigray, Southern Nations and Nationalities Peoples, Oromia, Benishangul-Gumuz, Sidama and South-west regions. The achievement of the expected outcome and impacts is built on four pillars:

- Community-led construction of new inclusive and safe community rural water supply schemes and household sanitation;
- Construction and rehabilitation of inclusive institutional water and sanitation infrastructure including menstrual hygiene promotion and maintenance;
- Rehabilitation of community WASH facilities and building operation and maintenance capacity to enhance functionality with a focus on water safety planning and legalization; and
- Promoting inclusive women leadership in WASH management, developing inclusive enterprises in WASH service delivery and ensuring disability inclusion.

In their 2020 report on the state of the world's sanitation, the United Nations Children's Fund and the World Health Organization stated:

"*The world is alarmingly off-track to deliver sanitation for all by 2030. Despite progress, over half of the world's population, 4.2 billion people, use sanitation services that leave human waste untreated, threatening human and environmental health*."

In their January 2021 report "*Rural Sanitation: High ambitious, low donor funding*" WaterAid reported that real progress is too slow to meet Sustainable Development Goal (SDG) 6.2: *Sanitation and hygiene: By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations."* WaterAid indicated that lack of funding is the key barrier to achieving SDG 6.2 and stated: "*Just extending basic sanitation services to the unserved will require an investment of US $36 billion per year from 2017 to 2030. On the other hand, providing access to safely managed sanitation will require an additional US $69 billion per year. All in all, around US $105 billion will be required to achieve SDG 6.2, of which capital costs accounts for 66%, while the costs of operations and maintenance accounts for 34%."*

Addressing this critical issue requires a holistic approach if the situation is to be improved and accelerated progress is to be made. COWASH IV will build on the work of the earlier phases but will also introduce new innovative approaches and solutions to improve WASH service delivery including:

- Integrated rural water supply and sanitation with strong climate risks screening and community management through water supply, sanitation and hygiene committees (WASHCOs);
- Institutional WASH with "full package" of WASH including operations and maintenance manual development and menstrual hygiene management;
- New technical solutions for gravity water schemes and institutional water supply;
- COVID mitigation through WASH projects;
- Operation and maintenance of community WASH including water safety planning, WASHCO legalization and water quality monitoring;
- WASH entrepreneurship development including artisans and micro and small enterprises (MSE) as well as household latrine financing scheme development;
- Market-based sanitation in MSE establishment;
- Disability inclusion in WASH at all levels
- Empowerment of communities and transforming gender relations through WASH projects; and
- Social behavioral change in demand creation of hygiene and sanitation products.

The adoption of an integrated approach to rural water supply and sanitation is of particular importance as in previous projects these activities have tended to be treated separately with limited overlapping of service provision and hence reduced overall impact. Under COWASH IV these aspects will be fully integrated, and their development will be supported by key enabling environment activities such as supporting market-based sanitation and social behavioral change.

While water supply projects will be conducted through the CMP approach as in previous phases, sanitation will proceed through community and self-financing mechanisms. Under COWASH IV it will be necessary for the WASHCOs to commit to all benefitting community households constructing their own improved latrines and associated hand-washing facilities in order to obtain water supply scheme financing. Such a commitment will need to be made at the key WASHCO formulation stage before financing agreements can be put in place. Furthermore, the stage payments for water supply scheme construction will be linked to progress with the development of household sanitation and hygiene facilities.

The water supply components of COWASH IV will be financed using the "*Channel 1*" method through the Ministry of Finance at federal level and the bureaus of finance, zones and woredas at the regional level. However, this mechanism cannot be adopted for the sanitation and hygiene components as households are expected to finance the development and construction of their own facilities. While households are free to choose any form of sanitation financing, COWASH IV has developed a model for the formulation of WASH-related community saving and loan associations and will be encouraging and supporting communities and project beneficiaries to adopt this mechanism. This Guideline sets out the background and design of the COWASH IV facility and sets out the process for its introduction to,

and operation by, the beneficiary communities.

1.2. Introduction to Community Saving and Loan Associations

While there are several different models of community saving and loan associations currently in use in Ethiopia, as developed by a variety of implementing partners, they all share the same basic common features:

- Activities are group-based;
- They are formed on a voluntary basis;
- Inputs are community-owned; and
- The approach used is to collect savings first and then to lend from those savings.

The two key saving and loan association operating mechanisms currently adopted 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; and
- Rotating Saving and Credit Associations where individuals contribute a set amount to the fund on a regular basis, usually monthly, while one member, withdrawals funds at each meeting in turn.

As will be described below, COWASH IV will adopt 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 and are often used by savings groups, normally 15 to 30 members, for the purposes of economic investments and are established in integration with social, health and other development programs. They are a model which offers poor households in rural communities the opportunity to purchase shares and on-lend to themselves with an agreed interest rate under defined terms and conditions. They are built entirely on member savings and interest from loans and receive no direct capital investment from any external organization whether government, international financing agency or non-governmental organization. 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 in the group and local community.

The key advantages of the mechanism include:

- Simple and easily adapted to accommodate illiterate group members;
- Promotes group solidarity and learning and establishes a vehicle for addressing community development issues;
- Does not rely on infusions of outside funds;

- Requires no physical infrastructure.

II. COWASH IV Saving and Loan Association Facility Design

As indicated above, under COWASH IV the VSLA model will be adopted, but with minor modifications, to form more targeted WASH saving and loan associations (WASH–SLAs). These will specifically address WASH issues in the project area and in particular the promotion of improved sanitation and hygiene. This approach will ensure that sanitation and hygiene improvement is fully integrated with the development of the community water supply systems. The model has unique features that make it a powerful tool for creating financial access to WASH related investments and indeed to other potential development interventions in the longer term.

WASH–SLA activities will run in 'saving and lending cycles' of one year. The first year is a training and supervision cycle during which COWASH IV facilitators will support project communities to form WASH–SLAs, support them through the key stages of the process, and guide them in applying the agreed rules and procedures. Members will meet weekly with the support of a COWASH IV facilitator, although this may be extended to every two weeks once the community is familiar with the process. It should however be well noted that while the facilitators will train and support the communities, they should never actually 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 adopted WASH–SLA design are set out below:

Membership: Will primarily comprise representatives of community households, who are to benefit from the water supply component of the project through the WASHCOs that will be established in the community, or alternatively those that already have an adequate water supply facility but lack improved sanitation. Members will join and save together and take small loans from those savings for the purpose of sanitation and hygiene development. Each WASH–SLA will typically comprise 15 to 30 household representatives. In case the number of identified project-related 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 alternatively add non-project-related households. It is important to ensure a balance between the WASH–SLA being big enough to create a useful pool of capital but small enough to keep the process manageable. Wherever possible it is advisable that members of the WASH–SLA work/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 develop their sanitation and hygiene although, with the integrated approach being adopted under COWASH IV, the need for sanitation and hygiene improvement remains a condition for water supply system investment. A person's motivation for joining a group is important for establishing group trust and will impact the durability of the group and the safety of members' money. Groups can choose not to select people who they know cannot be trusted with their money.

Cycle-time bound: The activities of the savings group will 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, thereby minimizing the likelihood of fraud. A cycle of this duration also provides regular exit and entry points for members. Before starting to save, associations must agree on how long they will operate before terminating activities and sharing out all, or part of, the accumulated funds.

Focused on savings as accumulated capital (not credit): The loan fund is comprised of money contributed by association members in the form of shares, operational fines and service charges (interest) if applicable. The charging of interest is optional, and members may decide whether to include it or not according to their wishes and beliefs. There is no external injection of capital. Members meet weekly at a place selected by the members, and purchase between one and five shares at every meeting. The share value is decided by the WASH-SLA members at the start of each cycle and the share value cannot be changed during the cycle. A key aim is to ensure that the poorest members are able to properly participate and hence the fixing of the share price is a key step. At the start of a new cycle, and if all the members agree, the share value can be increased or decreased.

Lending: All members have the right to borrow up to a maximum of 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 repaid in total after a maximum period of 3 months. The borrower continues to purchase between one and five shares at every meeting, even if s/he has taken out a loan.

Self-managed: Money is handled solely by the associations themselves and all income remains their property. At any one time, most of the cash will be out on loan to members and hence both the management requirement and the risk of loss are minimized. 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. The General Assembly elects the Management Committee with each member having one vote.
- The Management Committee will normally 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 disability being encouraged to participate to ensure inclusivity. There are clear benefits from including WASHCO members in the WASH-SLA but this 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 in order to support the committee if the workload dictates.

Rules and Regulation: 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 together with a framework for management and dispute resolution.

Passbooks: All members of the WASH-SLA are issued with a passbook by the Facilitator. Share purchases and social fund contributions (see below) are recorded in the first half of the passbook using a rubber stamp, also provided by the Facilitator, and loans are recorded in the back of the passbook.

Recording: Saving, lending and repayment transactions are all carried out at meetings in front of the members of the association. To ensure that transactions do not take place outside of WASH-SLA meetings, passbooks are locked in a secure box, which will be 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 secure box is held by the Treasurer, the three keys are held by three different General Assembly members, none of whom is a member of the Management Committee. Loan Fund and Social Fund balances are noted by the Secretary in a notebook and memorized by all members at each meeting. The associations use a transparent memory-based system where members recall the ending cash and loan balances.

Social Fund: An association may opt to include a social fund as part of their facility which allows the making of small grants to members who are in distress and need special help.

Cycle End: At the end of every saving and loan cycle, all loans are repaid and the loan fund (which includes profit) is shared out, with each member receiving their pay-out in proportion to the number of shares purchased during the completed cycle.

III. WASH-SLA Community Training and Implementation

3.1. General Approach

A key feature of COWASH IV, compared to previous phases of the COWASH program, is to ensure the full integration of rural water supply and sanitation and hygiene such that they develop in parallel for the greater benefit of the participating communities. Water supply components should not proceed without an associated sanitation and hygiene improvement program for the same project beneficiaries and vice versa. It is critically important that this fundamental requirement of COWASH IV is explained to all stakeholders as early as possible in the project cycle.

In order to ensure that the need to completely integrate water supply and sanitation and hygiene is fully conveyed to the communities, a two-stage approach will be adopted as follows:

- Concept Introduction and Community Commitment; and
- WASH–SLA Formulation and Implementation.

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

3.2 Concept Introduction and Community Commitment

While water supply, sanitation and hygiene improvement are to be fully integrated under COWASH IV, it can be anticipated that, in the majority of cases, the primary driving force for development will continue to be the construction of the community water supply systems. As per normal COWASH practice, this will commence with a community meeting and the formulation of the required WASHCO.

The concept of integrated water supply and sanitation and hygiene should be introduced at the community WASHCO formulation meeting. It should be made very clear that the water supply component, which is primarily paid for by the Government, will only proceed once the community has demonstrated its commitment to improve sanitation and hygiene. Furthermore, it needs to be stressed that the release of funds at key stages in the construction the water supply facilities will be directly related to progress with the parallel sanitation and hygiene improvement component.

In discussions with the community, it must be clearly stated and understood that the cost of the sanitation and hygiene component will be the direct responsibility of the community themselves and that their agreement is required before the water component can be taken forward. However, the community also needs to be assured that they are not alone and that the COWASH IV team is there to assist them and that there is a COWASH mechanism in place to support their efforts and guide them in going forwards. The community should be informed that while they are free to finance the sanitation and hygiene improvement component in any way that they wish, the COWASH team recommends the formation of WASH-SLAs as a practical and efficient way forward.

The basic principles, benefits and general operation of a WASH-SLA operation should be explained at the WASHCO formulation meeting. The community should also be informed of the support mechanism that will be put in place by the COWASH team including the support facilities, the community training and the action timeframe. Furthermore, the community should be guided on how interested individuals can form a WASH-SLA.

The links between the phasing of water supply system construction financing and progress with sanitation should be explained at the same WASHCO formulation meeting as follows:

- Phase 1: The first water supply payment cannot be made until all benefiting community households are fully informed and agree to link water supply development to sanitation progress;
- Phase 2: The second water supply payment cannot be made until the first savings meetings, including with the purchase of shares, have been held in the majority of the SLAs created; and
- Phase 3: The final water supply payment cannot be made until the sanitation and hygiene development work has reached a satisfactory level. The achievement of this level will be determined jointly by the representatives of the Woreda Water Bureau and the Woreda Office of Health. The officials need to be satisfied that significant progress has been made and they need to be confident that the community will achieve non-open defecation status in the near future.

3.3WASH–SLA Formulation and Implementation

The actual formulation and implementation of WASH-SLAs in the participating rural communities needs to take place through 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 received ToT. Woreda government sector experts (mainly water office) will follow up on the implementation. The community support is to be provided throughout the duration of the first saving and lending cycle and , will be conducted over four phases as follows:

- **Preparatory Phase:** Over an initial two-week period, trained sector experts, with the support of the

RSUs, will build on the concept introduction that was presented and discussed at the WASHCO formulation meeting and will support communities in their decision to formulate WASH-SLAs.

- **Intensive Phase:** Having opted to proceed, each WASH-SLA will be given intensive, hands-on support and training in the setting-up and operation of the facility including the formulation of the associations and key tasks such as the election of leaders, the development of the SLA constitution and operational procedures and practices, the first savings meeting, the first loan disbursement meeting and the first loan repayment meeting.
- **Development Phase:** The community will continue with the operation of the WASH-SLA's but with occasional demand-based support and guidance from the assigned facilitator. The duration of a cycle should be one year.
- **Maturity Phase:** With the further support of the assigned facilitator over several visits and a final intensive training session, the first cycle will be brought to a close and a new one commenced.

Following 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.

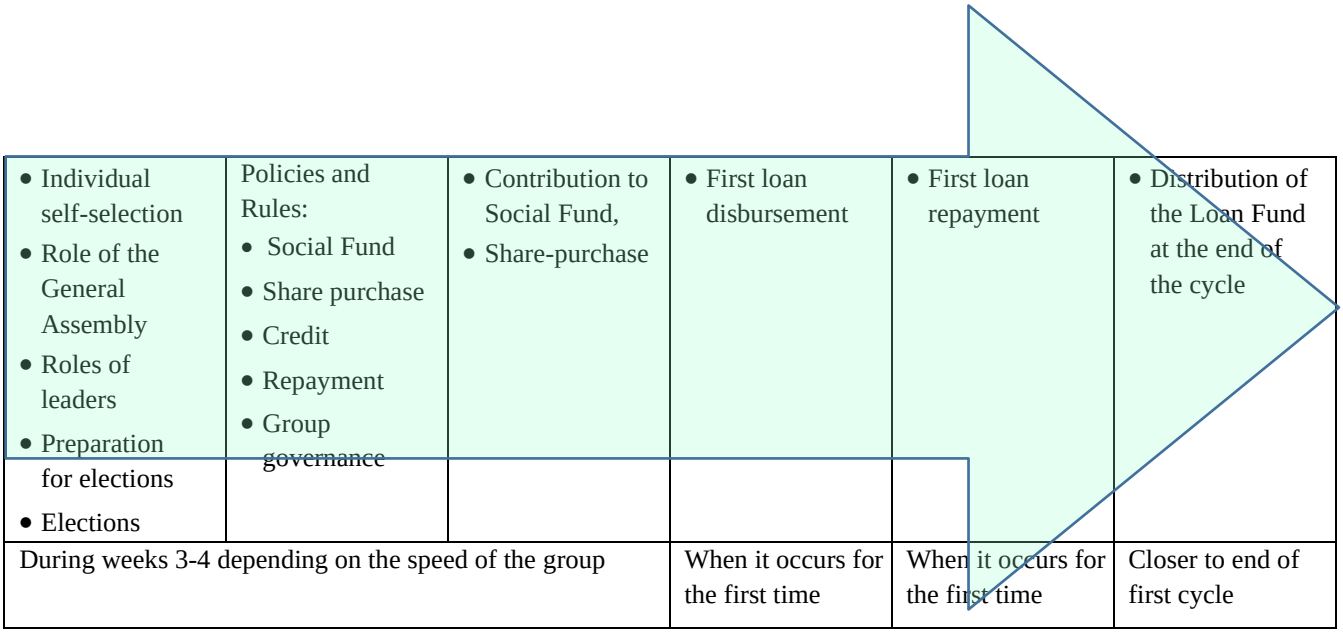
Schedule of Operations

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 summarized in the table below and described in detail in the following sections.

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



• Individual self-selection • Role of the General Assembly • Roles of leaders • Preparation for elections • Elections	Policies and Rules: • Social Fund • Share purchase • Credit • Repayment • Group governance	• Contribution to Social Fund, • Share-purchase	• First loan disbursement	• First loan repayment	• 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	Closer to end of first cycle

Scheduling difficulties may cause any one phase to last longer than initially planned. In some cases, it may be necessary to extend a particular phase if the facilitator is not fully satisfied with a group's grasp of procedures and perhaps decides to repeat part of the training.

In other cases, groups may very rapidly grow in confidence and quickly increase the value of their performing assets (loan fund). When this happens, an expert's input may be needed to guide the process of evolution in prudent and pragmatic ways which ensure that the group is able to achieve their goals.

The success of the group depends upon active participation by the members and their commitment to attend all of the training sessions.

Preparatory Meetings

There should be two preparatory meetings which should be conducted by woreda water and health offices 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 and should support the community to form groups of 15 to 30 people. The Facilitator should make the community aware of the qualities that are needed in a good WASH-SLA member and clearly suggests that anyone who is not able to meet these standards should probably not 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;
- Attend all meetings on time;
- Follow all rules;
- Have a cooperative personality. Someone who is known to create conflict should probably not join;
- Be able to buy at least one share each week; and
- Be able to repay loans on time

During the first meeting the Facilitator should recommend that meetings should initially be held on a

weekly basis but note that the time interval can be extended to every two weeks once members are more familiar with the process, probably during the later Development phase.

The second preparatory meeting should take place once the community has formed groups of 15 to 30 people and should focus on presenting the organization 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 the WASH- SLA is managed by its members;
- Every group has written bylaws and clear operational rules;
- Key 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 between 1-5 shares each week. The price of a share is set by the members;
- The money collected from the purchase of shares is used to provide loans to members, which are repaid over a period of 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 name of the group 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 the secure box to be kept by the Treasurer;
- Record-keeping is based on simple passbooks and memorization of important information, such as the amount of cash in the bank, or secure box, and 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; and
- Once the first cycle has been completed, the WASH-SLA will continue to operate but independently and without any 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.

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 to firstly 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. The Facilitator explains that elections are held for every cycle and hence this election is for the first year only.

Individual self-selection

The Facilitator again reminds the members of the qualities of a good member and 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 Management Committee that it has elected. If the committee does not do its work well, then 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 being respected, the General Assembly can decide to organize a special meeting where the problems can be discussed and decisions made. This is called an extraordinary meeting and decisions taken here 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; and
- All the members have the right to propose an issue to be discussed in a meeting and to demand that it be discussed. These discussions take place after the share purchase and lending activities are completed. It is equally possible for any member to call a special meeting. Majority rule must prevail in all decisions made.

Officer Elections

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

- The Management Committee is elected by the members,
- When voting, the rule of "one woman/man, one vote" applies. 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 committee for a second time; and

- The members can later dismiss the Management Committee if it preforms badly.

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 tables:

Chairperson

Qualities	Responsibilities
• Respected • Confident and calm when speaking infront of others • Treats everyone equally • Listens to others and asks for opinions • Organized • Always on time • Patient • Approachable • Dynamic and visionary • Willing to take responsibility	• To call the meetings to order, announce the agenda and lead discussions • To ensure that the meetings follow proper procedure and that the Constitution is followed and respected • To maintain discipline and charge fines as needed • To facilitate discussions and to ensure that everyone's views are listened to • To resolve conflicts • To act as contact person for outsiders who may want to be informed about the group

Secretary

Qualities	Responsibilities
• 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	• Ensures that all transactions for the Social Fund (optional), share-purchase and lending take place according to the procedures, and that all rules are followed • Makes all passbook and notebook entries for shares and loans • Reads the Social Fund and Loan Fund cash balances out loud at every meeting

Treasurer

Qualities	Responsibilities
• Trustworthy • From a household that has a good reputation (no one in that household should be considered unreliable)	• Collects savings contributions, fines and repayments • Keeps money safe (at bank or in the secure box)

• Lives in a house with good security • Always on time • Good arithmetic skills • Literate • Can resist temptation	• Keeps financial records and bank statements, if appropriate, safe • Ensures that financial records are open to members to see and to be checked by appointed bodies • Advises the group on using its resources to meet its current and future needs (related with WASH activities) • Assists the Secretary as needed to record savings and loan repayment

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

Module 2: Development of Group Constitution, Policies and Rules

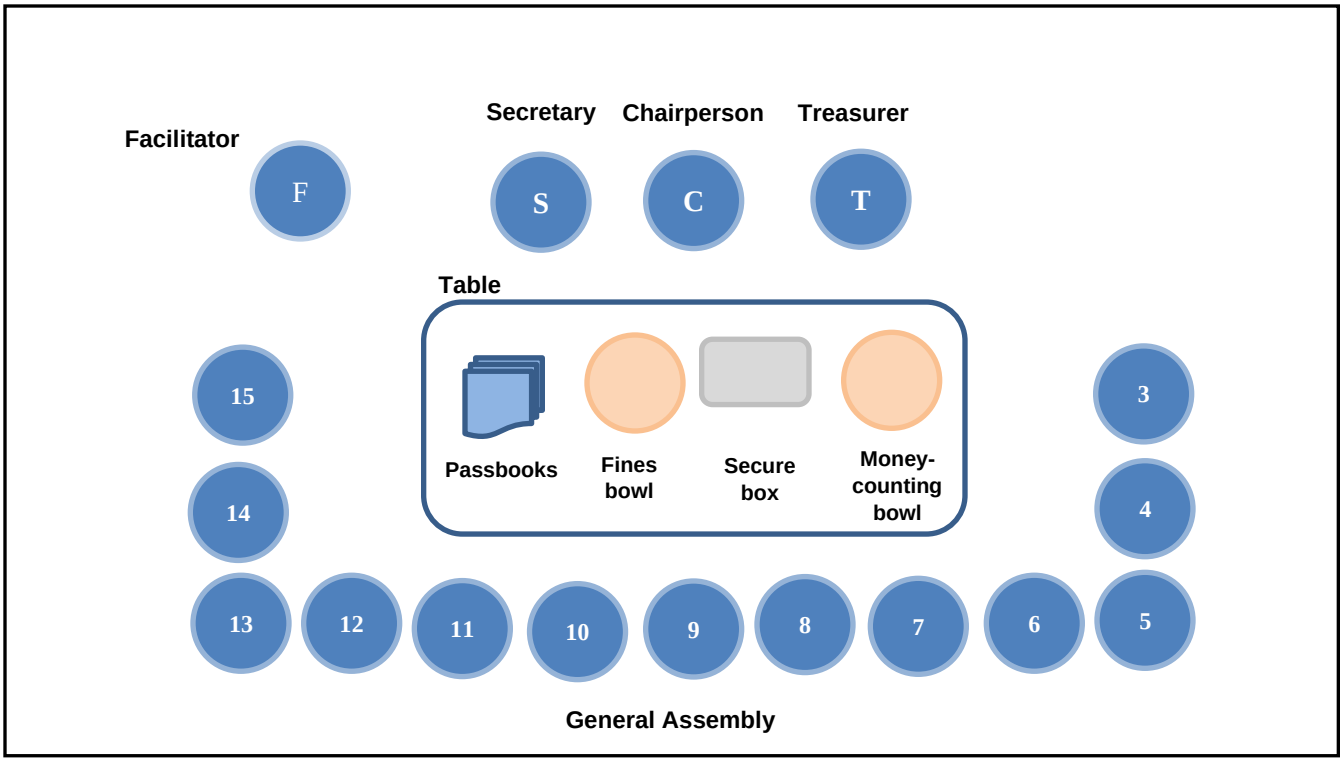
Facilitator's Preparation before going to this training

Before starting the meeting, the Facilitator prepares a blank copy of the WASH-SLA constitution form to use in 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 to all WASH-SLAs and hence have already been completed in the form.

Purpose of the meeting

The Facilitator explains that the purpose of the meeting is to develop the group constitution and to develop a set of rules concerning how the members of the WASH-SLA will carry out the key actions including how they will save by buying shares, how they will take out loans and pay them back, how they will operate their Social Fund, should they choose to have one and how the share-out procedures at the end of the cycle will be conducted.

Prior to 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 easy to manage. A typical seating arrangement for a fifteen member group is presented below:



Preparing the Constitution

Part 1: The Constitution

Developing the Constitution is the most important 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 what the services offered to members will be. 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 not a problem as ensuring all aspects are properly covered is critical to the process. Taking adequate time shows that members have thought about and discussed their rules in detail. If it takes half an hour and many sections are ignored, this shows that it wasn't taken seriously, and this 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 on the WASH-SLA;
- Objective of the WASH-SLA;

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

The Facilitator helps the members to reach agreement on each clause and then helps them to fill in the blank spaces.

Part 2: Services offered by the WASH-SLA

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

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

The Facilitator firstly makes it clear that members save in a WASH-SLA by buying shares. At each meeting, each member has the opportunity to buy between 1 to 5 shares. The Facilitator should then lead a discussion on what value a share should be set at and explains:

- The amount is too big if the poorest member will have trouble regularly saving at least one share; and
- If the amount is too small, it may frustrate the better-off members who want to save more. The amount that is finally decided should be something that everyone can afford to pay at every meeting throughout the cycle and that satisfies their needs for savings. The amount cannot be changed during the cycle but can be changed for the next cycle.

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 savings;
- The members are told that the maximum loan duration should not be more than three months, but can be less;
- In a WASH-SLA priority is always given to WASH related activities when members apply for a loan;
- To avoid disputes when there is not enough money in the loan fund to satisfy all people's needs, members may need to decide who should take priority according to their situation readiness.

The Facilitator should then explain that the group may wish to levy a service charge on the loan. Should this be agreed then the group needs to decide what the service charge should be as a percentage of the whole loan and for the whole lending period. Service charge tables are presented in Annex 3, which the

Facilitator can use as a guide and to support a discussion as to what 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 will have to pay back the total within the agreed time period.

Once the issue of a service charge has been resolved, the Facilitator introduced the possible inclusion of 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 an option and can be ignored should the group choose.

Following discussion, the WASH-SLA decides on whether to adopt a Social Fund, what it will cover and what the benefits will be. The group decides what the value of regular contributions to the Social Fund should be. 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; and
- The Constitution must clearly state how the Social Fund will be managed.

The final step of the meeting is for the Secretary to read the entire Constitution. The Facilitator advises the Chairperson that s/he should read it out loud to all of the members at least once every three months, just to make sure that everyone is reminded of the rules. Some groups give each member a rule to remember and the Chairperson can encourage them to repeat their rule at the beginning of each meeting to help remember it.

Once the Constitution form is filled and read to the members, all the members will then sign the Constitution to show that they agree.

Module 3: First Saving Meeting

Purpose of the meeting

The Facilitator explains to the group members that this meeting will be the first chance they have to buy shares and that s/he will guide them through the steps. Furthermore, the Facilitator explains that, while the weekly meetings will continue, the first loan meeting will not occur for another three weeks in order 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 they must be guided by the Constitution.

The Facilitator refers to Annex 4 to be sure about how Social Fund and savings records are kept.

Do NOT fill out any records without reference to Annex 4.

Procedures for the first savings meeting

Meeting Step	Procedures
1. Meeting opening	• 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)*	• 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	• 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 amount 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.
4. Closing Balances	• 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	• 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
26/07/2014	350 birr	2020 birr

Safety of WASH-SLA funds

The Treasurer will deposit the collected money within the day, or at most in the next day, in the bank account the group opened for this purpose. The Treasurer is expected to bring the savings saving book to each meeting ,together with the bank advice, to demonstrate the balance. As discussed above, if an appropriate facility is not readily available, then the money will be kept in the secure box.

Note: Please click on or enter the URL below in your browser to view a short video that shows how a well-trained VSLA conducts its normal savings activities https://vimeocom/132692474. It should however be noted that there are some minor differences in the procedures demonstrated in the video compared to the WASH-SLA adopted under COWAS IV.

Module 4: First Loan Disbursement Meeting

Purpose of the meeting

This meeting takes place three weeks after the first savings meeting and is the first time that members can borrow. Remembering that the Facilitator is now in a support role only, s/he takes the group through the lending procedures.

The Facilitator refers to Annex 4 to be sure about how loan records are kept.

Do NOT fill out any records without reference to Annex 4.

Meeting Step	Procedures
1. Meeting opening	• 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)*	• 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	• 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 amount 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	• 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 improve 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; • 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	• 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	• 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.

Module 5: First Loan Repayment Meeting

Purpose of the meeting

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

The Facilitator refers to Annex 4 to be sure about how Social Fund, savings and loan records are kept.

Do NOT fill out any records without reference to Annex 4.

Procedures for the first loan repayment meeting

Meeting Step	Procedures
1. Meeting opening	• 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)*	• 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	• 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 amount 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, announces the amount and places it in the Loan Fund Bag.
4. Loan Repayment	• 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; • 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	• 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 (which is expected to be for WASH activities and especially for improve 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; • 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	• 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	• 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, and in all fairness, 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, it is easier to pay 1/3 of interest if they repay the loan at least one month before the agreed deadline. This is not exactly accurate, but it is a simple way to estimate the amount to be returned and it encourages early repayment.

Early 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 normally be included in the "Fines" section of the By-Laws as shown in section 10 of the Constitution template in Annex 2.

Module 6: Action Audit/Share out and Graduation

Purpose of the meeting

This is the final training module and takes place just before the end of the first cycle or at a point where there is a large excess of unused loan funds.

While the Social Fund is counted as normal, the amount is announced and is put away and does not form part of the share out process.

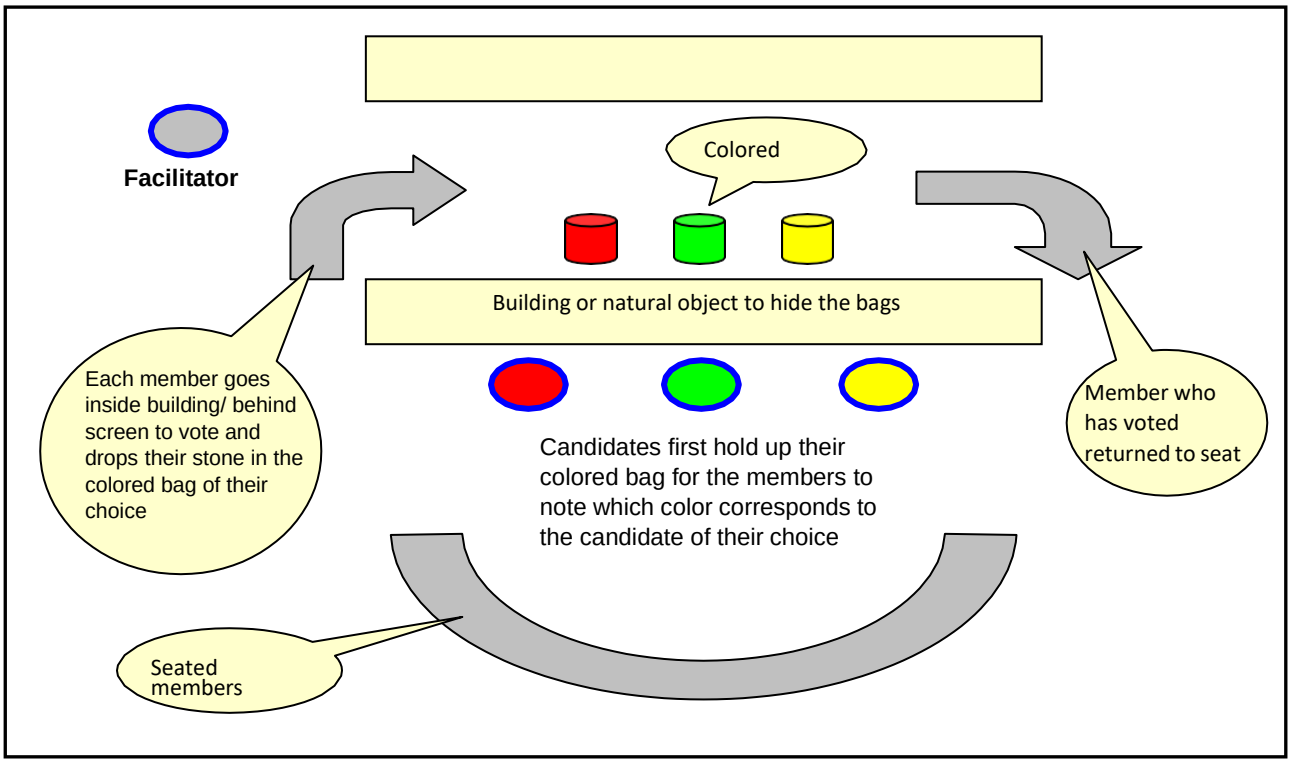
Do NOT fill out any records without reference to Annex 4.

Meeting Step	Procedures
1. Share Out	• 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 multiples the number of shares in each passbook by the value of one share. (S)he then announces the number of shares and the amount, rounding down by the smallest unit of currency. (S)he then asks 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 the money. It is very

	important that every member's money is placed in their hand.
2. Preparation for the next cycle.	• 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. (S)he then offers to attend the next meeting to assist with elections and the Constitution.

NNEX 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 to the WASH-SLA meeting, each in a different color, and will provide one small stone for each member.

Each of up to three candidates (for each position) is given a colored bag and everyone is asked to note the color corresponding with the member they want to vote for. The colored 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 in turn goes behind the screen (or into the building) and, hidden from the members but under the eye of the Facilitator, deposits a token in the colored bag of his/her choice.

When all of the members have voted, the Facilitator counts out the votes in front of the members by removing the stones from each bag. The Facilitator ensures that no additional stones have been 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, or it 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-SLW

- 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 common circumstances:_____

4 COMPOSITION OF THE MANAGEMENT COMMITTEE

- Chairperson:_____
- Secretary:_____
- Treasurer:_____

5 ELECTION PROCEDURES

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

6 REMOVAL OF OFFICERS FROM THEIR POSITION BETWEEN ELECTIONS

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

7 MEETINGS

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

8 MEMBERS LEAVING THE WASH-SLA

- If a member leaves before the cycle is finished, the money they have used to purchase shares will be returned to them, minus any loan balance, Social Fund arrears and fines that 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 can be more than 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

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

Ref.	Name of the Member	Signature
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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 months lending period

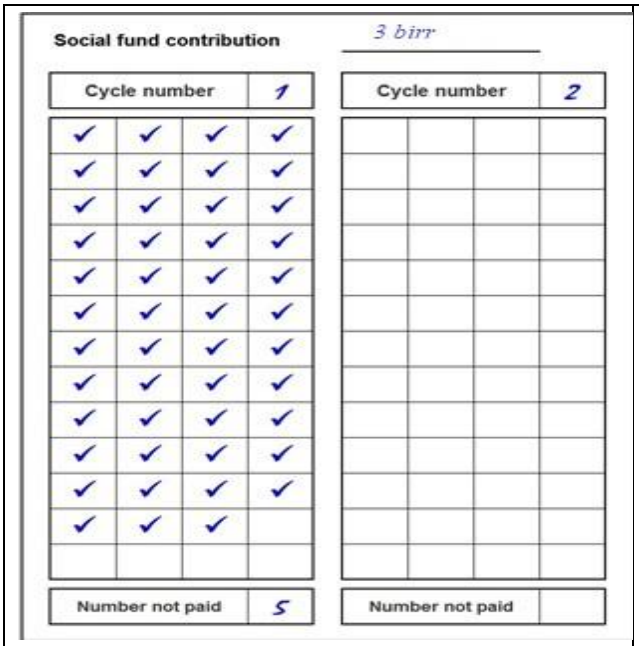
Amount	Monthly Interest Rate					
	2%	3%	5%	10%	15%	20%
300	12	18	30	60	90	120
400	16	24	40	80	120	160
500	20	30	50	100	150	200
750	30	45	75	150	125	300
1,000	40	60	100	200	300	400
1,500	60	90	150	300	450	600
2,000	80	120	200	400	600	800
2,500	100	150	250	500	750	1,000
3,000	120	180	300	600	900	1,200
4,000	160	240	400	800	1,200	1,600

Three months 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

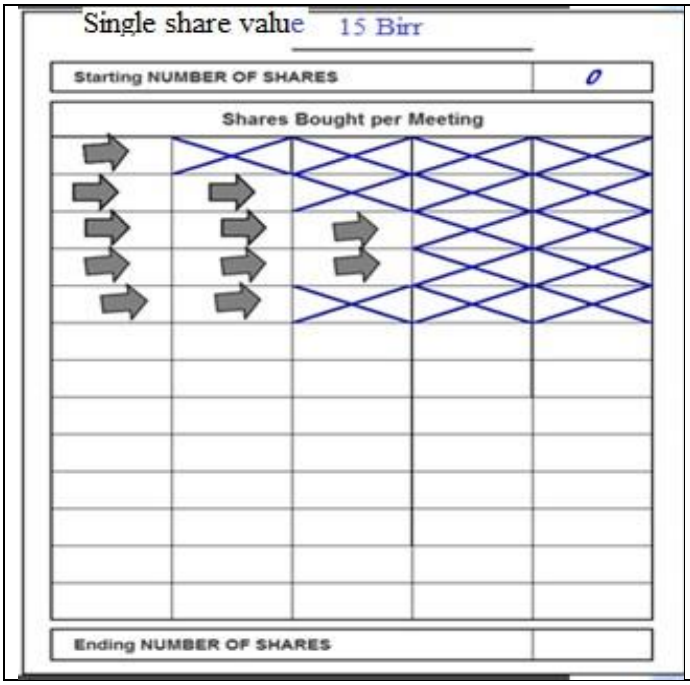
ANNEX 4: Use of the Passbook

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



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 13 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:



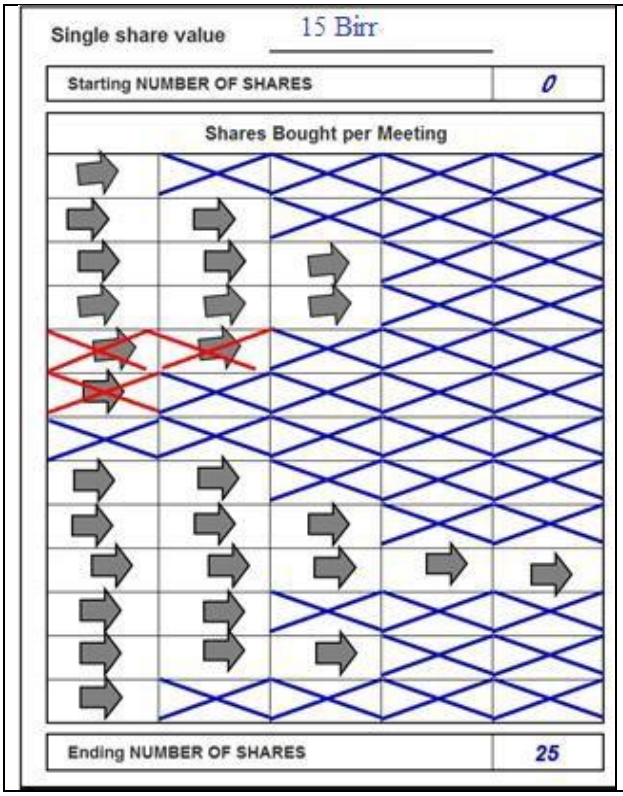
Explanation: The illustration shows that there have been five meetings and that themember has bought eleven shares

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 markedthrough with crossed diagonal lines to prevent fraudulent entry of shares at a laterdate.

The value of shares purchased in this example is 11 x 15Birr = 165 Birr

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



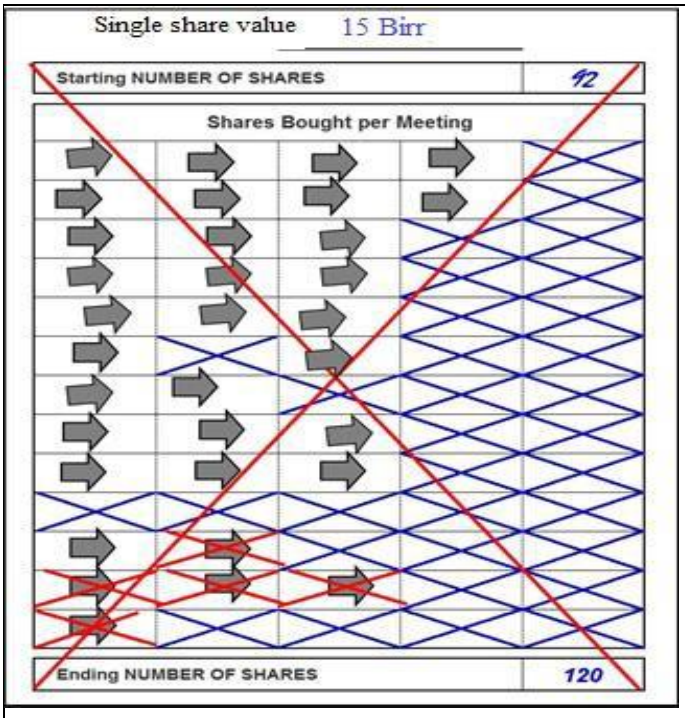
Explanation: By the 13th meeting (the book contains 13 lines, the member had purchased a total of 28 shares, but, as we have seen, she sold three shares purchased in meetings 5 and 6. At the 13th meeting, the net number of shares bought during this period is therefore 25.

This figure is added to the number of shares at the beginning ofthe 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 Figure displays the total number of shares owned by the member at the end of the period. The result is cumulative andwill be different at the end of each page.

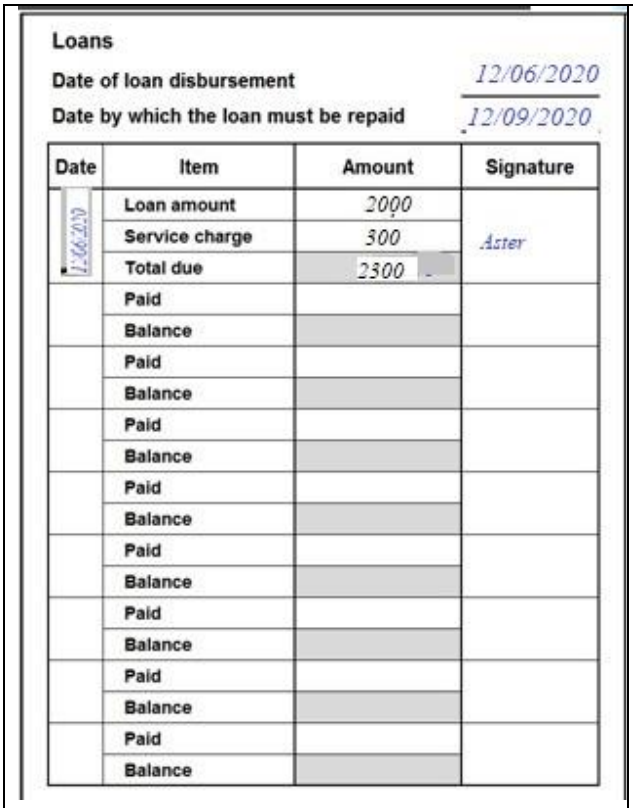
The end of the cycle must be clearly indicated in the passbook as illustrated in the following example:



Explanation: The Figure shows what the passbook looks like in the last quarter of the cycle. In this case there were 92 sharesfrom 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 boughtduring the cycle.

The large red 'X' indicates that the share out is completed and the member hasreceived back her 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	
	Service charge	300	Aster
	Total due	2300	
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		

Explanation: 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 bywhich 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).

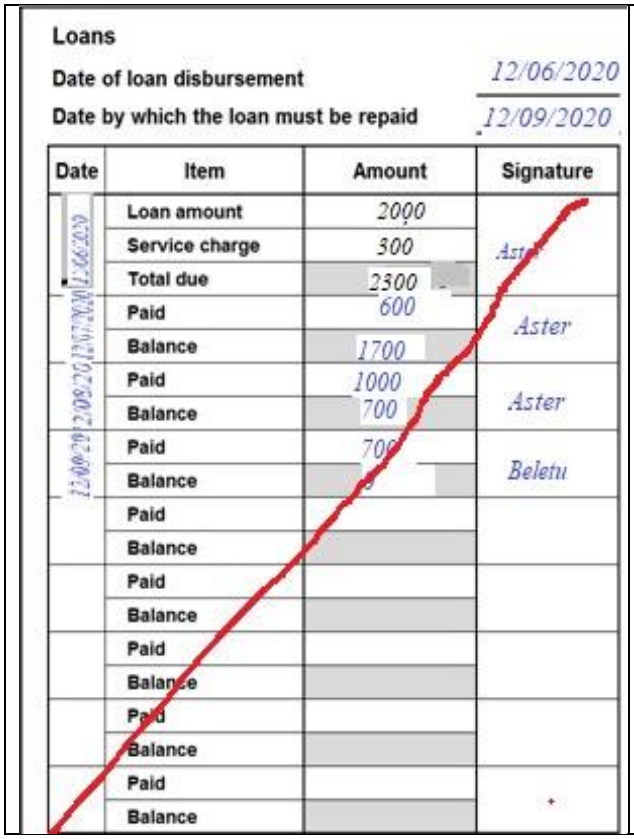
The Secretary then enters the amount of the service charge (300, or 5% a month) and then adds the Loan amount and the Service charge together, entering 2,300 in the 'total due' box.

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.

Explanation: The figure on the left shows that at a later meeting, Aster pays the full amount owed. The Secretary (Beletu) enters 700 in the "Paid" row and enters a '0' in the Loan 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 case where a member pays in small, more frequent amounts.*

If the member pays in more than 8 instalments,the loan record can continue on the next 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	
	Service charge	300	Aster
	Total due	2300	
12/07/2020	Paid	600	Aster
	Balance	1700	
12/08/2020	Paid	1000	Aster
	Balance	700	
	Paid	700	Beletu
	Balance	0	
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		

ANNEX 5: References

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