

THE WATER TRUST

Self-help Group Training Manual

June 2020



Community Exercise

Group work (10 minutes)

Ask communities the following questions:

➔ **Why do you save for water and for your family?**

In this discussion, participants need to understand the importance of saving. Try to compare a family that saves and one that doesn't save.

➔ **When should you save for water?**

1. In this discussion, you will need to drive participants to understanding the appropriate times to save.
2. If you don't save money for water in advance = you won't have money for quarterly maintenance, which means more breakdowns and more costs.
3. If you don't save for water in advance = you won't have money to buy a part for an unexpected breakdown or a catastrophic failure, and you will not have clean water for some time.
4. If you save in advance, you maintain the well, which means fewer catastrophic failures. Less money spent in long term and reliable clean and safe water.

➔ **What will/could happen to your family if you let the water point fail?**

1. Your families can get sick, so you will have to spend time, money and stress for medical treatment.
2. You won't have regular access to clean and safe water so you may have to spend more time, money and stress to have clean water.

➔ **What key resources are difficult to access in your community?**

➔ **If you had more savings how would that help you get those resources?**

➔ **What can the community do together?**

➔ **What could you do for your household?**

NOTE

It may be best to put the community into small groups and have the answer these questions. Have the group do presentations. The answers you want to bring out during the discussions are below the questions.

What does The Water Trust do?

- ✓ **We empower rural communities** to provide clean water and healthy homes for their children and families to thrive.
- ✓ **We partner with villages and schools to address critical gaps** in water, sanitation and hygiene.
- ✓ **We build infrastructure and coach** communities to engage in better habits and daily doable actions.
- ✓ **We partner with villages** to ensure every child gets clean water, can play in a clean home and be held with clean hands.

NOTE

Helping you form a Self-help Group is one important way we do all of the things above.

SHG Outcomes

- ✓ 1. **Build confidence and capabilities of men and women.**
- ✓ 2. **Encourage a habit of saving** which will help your family.
- ✓ 3. **Develop collective and transparent decision-making** between members in the community including men and women. This is community trust.
- ✓ 4. **Motivate your community** to take up social responsibilities for your community together with your neighbors.

SHG Outcomes

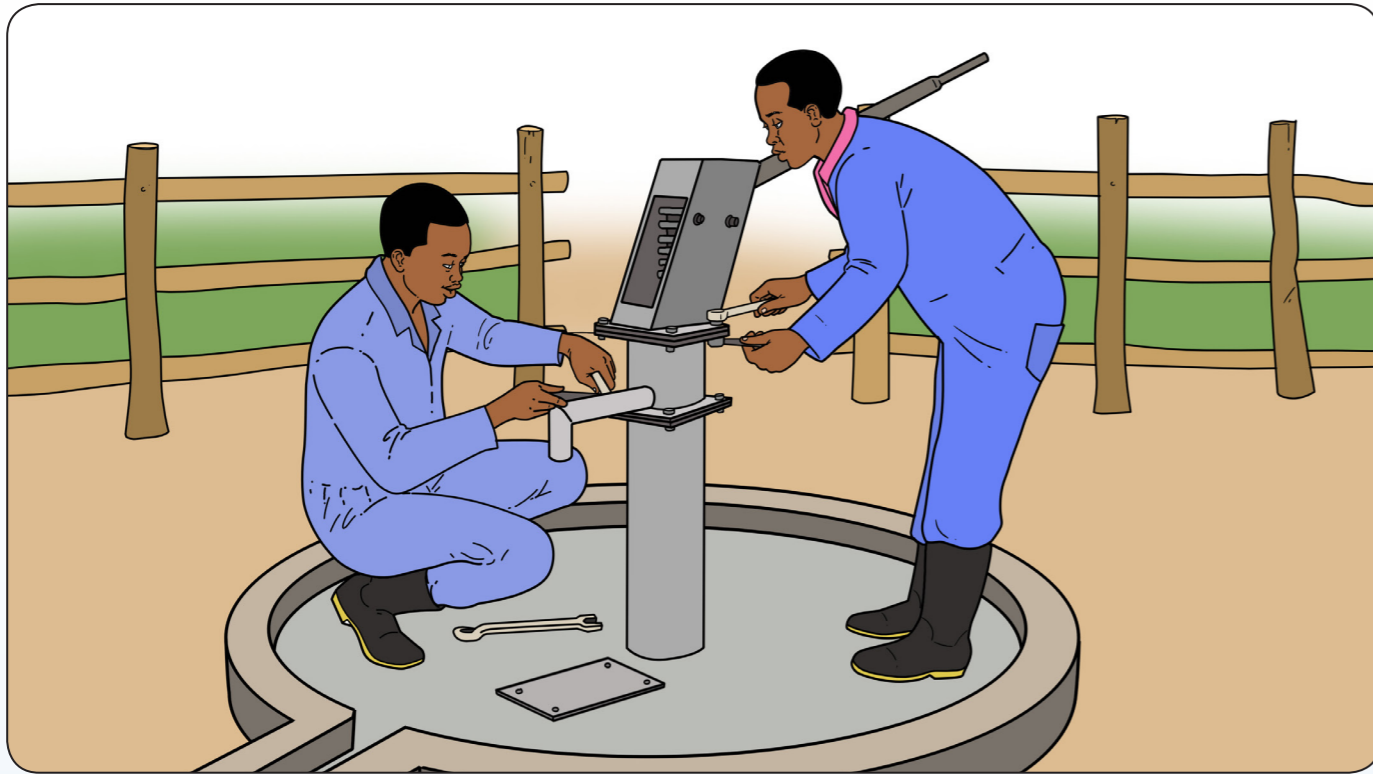


Key Objectives of SHG

The purpose of the group is:

- ✓ To be an **independent, profitable** provider of financial services to its members.
- ✓ To **fund the maintenance and repair** of the community water point to keep the water point fully functional (with non-SHG members in the catchment still contributing funds).
- ✓ To **promote good sanitation and hygiene** practices in the community.
- ✓ To **promote community development** and improve the standard of living of members through solidarity and a saving culture.

Key Objectives of SHG



Mechanics repairing a bore hole.



Reliable and Safe water



A happy and healthy family

Benefits of SHG for Non-group Members

- ✓ All water users **benefit from a well-maintained water point.**
- ✓ All water users can **transparently see their funds managed**, whether they are a member or not.
- ✓ All water users, not just group members, are **responsible to contribute funds** (unless given an exception due to vulnerability).

Benefits of SHG for Non-group Members



Non-SHG giving money to WSC chair

How to Build Trust, Transparency and Accountability

- ✓ 1. All **transactions** are carried out in front of the Group members.
- ✓ 2. **Strict time bound rules** on lending and enforcement of rules and penalties.
- ✓ 3. All members have a **maximum limit**: borrow up to a maximum of 3 times the value of their shares.
- ✓ 4. Controls with **3 separate bags** for 3 separate funds.
- ✓ 5. At least $\frac{2}{3}$ **members agree on all rules** and changes.
- ✓ 6. Each group has **3 key holders** present at every meeting.
- ✓ 7. **Regular update on water point** from WSC (once a month or quarter).
- ✓ 8. If you are the WSC Chair, secretary or treasurer you **cannot hold one of the same roles** for the SHG.

How to Build Trust, Transparency and Accountability



Principles of How SHG work

- ✓ **Self-managing and independent:** SHG should be trusted through being managed and run by the members toward the group objectives with good record keeping and communication.
- ✓ **Active members:** Group members must be actively involved to achieve their own improved health and well-being: regularly attending meetings, checking and following up with each other, and discussing issues/problems openly.
- ✓ **Physical transparency and trust is built through three bags:**
 - **Water bag:** improving the reliability for all water point users and maintenance so the water point is never broken for improved health.
 - **Loan bag:** Increase members access to cash when they need it: school fees, livelihood.
 - **Social bag:** have access to an emergency fund due to death or unexpected emergency.
- ✓ **Communication:** SHG should be coordinating with the WSC/WUC committee and holding that committee accountable as well as sharing the water point fund information to the WSC. There should be regular monthly communication and updates from the WSC/WUC to the SHG.

Parts of the Constitution

PART 1: Self-help Group Governance

NOTE

Every SHG Trainer should have with them copies of the SHG Constitution.

- 1. Basic information of the group
- 2. Objectives
- 3. Who are members
- 4. Management committee
- 5. Election procedures
- 6. Removal of officers from their position between elections
- 7. Meetings
- 8. Decision making
- 9. Members leaving
- 10. Expulsion from the group
- 11. Fines

Introducing Part 1 of the Constitution

Part 1:

Sect 1. Basic Group Information

Show the Trainees where they will put in the name of the group, the address and the date the group is formed.

Sect 2. Objectives

When discussing the group objectives, flip back to the “Key Objectives of SHG” and restate them.

Sect 3. Who are members

Review the eligibility criteria and common choices groups make. Refer to the constitution.

- ➔ Lower age limit: _____
- ➔ Gender: men and women
- ➔ Residence: _____
- ➔ Other requirements:
 - a) Must have a good social reputation
 - b) Trustworthy and able to keep secrets of the group
 - c) Must disclose if member of another savings group
- ➔ Allowable exceptions: If not a resident of water point catchment, must still agree to pay water point fee.

Sect 4. Management Committee

Review the responsibilities and desired traits for SHG management positions.

- ➔ **Refer to Annex 1** of the Constitution for details on traits and responsibilities for each position.
- ➔ Emphasize that trustworthiness and reliability is critical for all positions. Do not elect someone who is just good at talking or influential.

Sect 5. Election Procedures

Review the election process

- ➔ Elections must be held at the **beginning of each new cycle**, or annually, whichever is sooner.

The Constitution



Discussing and writing the Constitution.

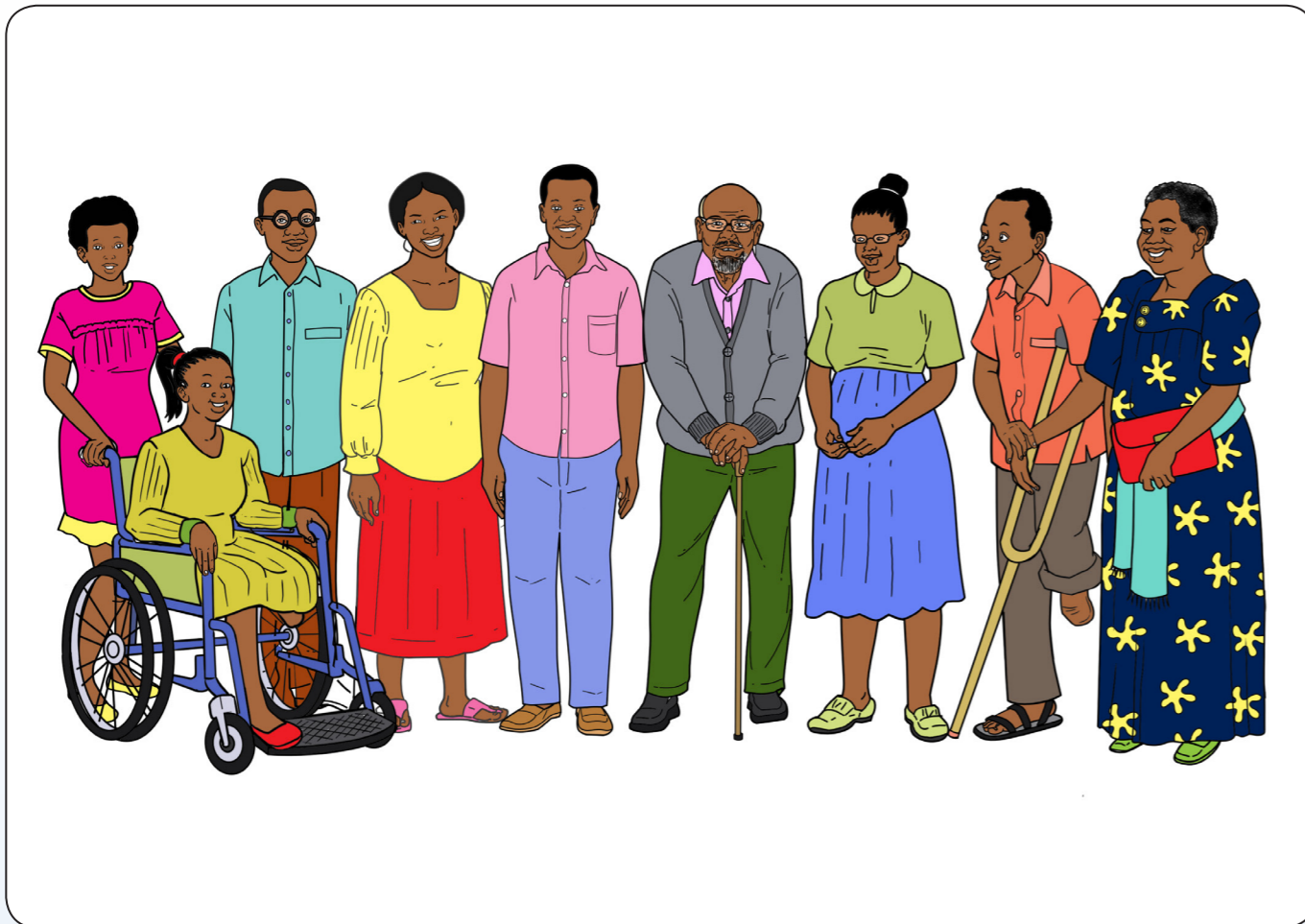
Introducing Part 1 of the Constitution

- ➔ 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 usually 2/3 of group members with the exception of the first election, which is whoever is present.
- ➔ The election procedure will use a **system that allows everyone's vote to be secret**. For example, each member is provided one stone, and then instructed to go behind a building and deposit the stone in a red bag for the first candidate, or a black bag for the second candidate. A neutral party with no interest in either candidate observes each person vote and then counts the votes.
- ➔ A candidate for any position must be **proposed by another member** and cannot nominate themselves.

Sect 6. Removal of Officers from their positions between Elections

- ➔ It is important to choose reliable, trustworthy people as officers. Unreliable officers can put the group at risk. There is a process for removing someone from the office if they are not trusted by the community.
- ➔ Any member of the Association may, at any time, request a **vote of no confidence** against a member of the Management Committee.
- ➔ Any **member of the Management Committee may resign** at any time provided they responsibly hand over all materials and resources to the chairperson and/or record-keeper.
- ➔ The Committee member must resign **if the majority of members vote to remove him/her**.
- ➔ An **election is required** to fill the vacant position.
- ➔ Members may vote to remove a committee member for any reason, including but not limited to:
 - a) Lack of **integrity**
 - b) **Failure to perform** his/her duties.
 - c) **Unexplained absence** for one month or more.
 - d) Mental and physical **incapacity**.
 - e) A **long illness** of three months or more.
 - f) If the person has been **convicted of a criminal offence** by courts of law
 - g) Any concerns or evidence that they have **revealed group information to non-group members** and any non-The Water Trust staff without group consent.

The Constitution



Most people should be eligible if you live in the water point catchment area



When developing the constitution, people should be asking questions, discussing the by-laws and agreeing on a way forward

Introducing Part 1 of the Constitution

Sect 7. Meetings

The purpose is as follows:

- ➔ To **buy shares** the SHG 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.
- ➔ **Groups are encouraged to discuss practices that will improve the health and well-being of group members**, such as: household hygiene, sanitation, menstrual hygiene management, and other practices that will help fellow group members stay healthy and well. Encourage them to share good practices and challenges they are having each week: individual health contributes to the group's health.
- ➔ **The SHG will conduct a share-out every year** in which members will receive all of their savings and any profit the group may have made. The shareout will be 12 months from the first savings meetings unless the group elects to adjust its shareout date.

Introducing Part 1 of the Constitution



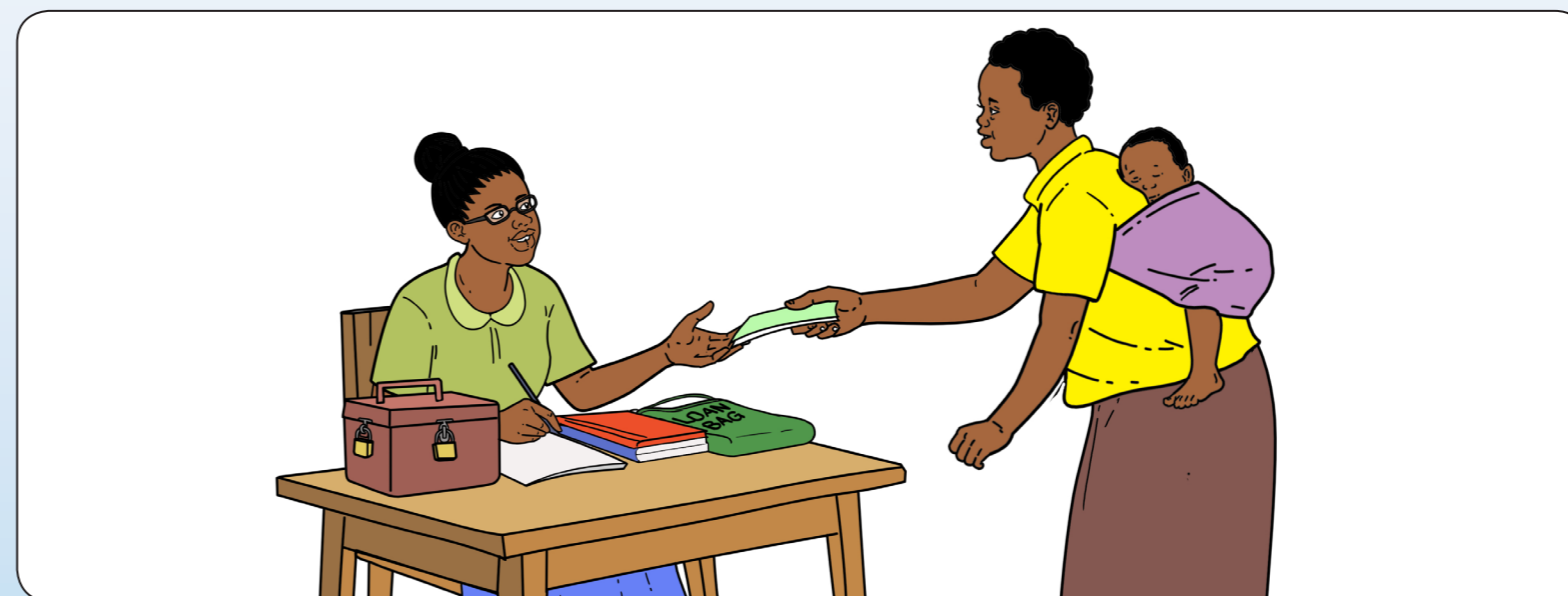
Buying shares



Community members discussing sanitation and hygiene



Receiving a loan to start a business



Paying back a loan

Introducing Part 1 of the Constitution

Sect 8. Decision-making

Decisions are made by group voting, not by the committee. Emphasize that transparency and participation in decisions is important for trust in the group.

All decisions should be in accordance with the constitution.

Decisions requiring 2/3 of members to approve:

- Changes to the Constitution (after waiting period defined in Constitution).
- Changes to the shareout date.
- External loans from financial institutions. (Group only authorized for group loans, no individual loans).

Decisions requiring 50% vote to approve (with $\frac{2}{3}$ of members in attendance):

- Loan approvals and distribution. (Ideally the group will work toward consensus decisions).
- Social fund distributions.
- Water point expenditures. (Water point expenditures will be done in coordination with the Water and Sanitation Committee).
- Acceptance of new group members.
- Removal of a management committee member.
- Removal of a group member.

At least $\frac{2}{3}$ of members must be present and participate in the annual election of the management committee.

Introducing Part 1 of the Constitution



A chairperson speaking during a meeting

Introducing Part 1 of the Constitution

Sect 9. Members Leaving

Explain the steps if members leaving:

- The **shares will be used to pay any balance owed**, including loans, water user fees, penalties, or other commitments.
- Emphasize it is **still expected they pay the 'Water User Fee'** if they use the water point. The obligation remains.

Sect 10. Expulsion from the Group

The reasons for which a person may be expelled from the SHG are:

- **Non-participation:** If a member misses 3 or more savings meetings in a month without any communicated reason the member will be called to group to explain why s/he misses saving meetings. Fines will be applied per the constitution and group members shall agree on time frame to give such member to respond/show. If the time passes with no response, the group chairperson shall look for the member to find out why s/he is no longer saving. At this point the member may be expelled and subject to the requirements of the section above on “members leaving the group.”
- **Sharing confidential information:** Confidential information includes, but is not limited to, the location of the savings box, who holds the keys, or the amount in any person’s savings. Any member may report concerns about someone sharing confidential information to the management committee. This behaviour is subject to the fines agreed to by the group, and, pending an investigation by the group, is subject to dismissal. The member will be subject to the requirements of the section above on “members leaving the group.”
- **Fighting during meetings or regularly violating group rules:** The group may elect to expel a member whose conduct is the meeting is particularly disruptive, or whose conduct jeopardizes the group’s operations and goodwill.
- **Failure to pay back loans or water point fees:** The group will pursue repayment of loans and water point fees) through both recouping individual savings as well as elevating loan repayment issues to LC1s, local police, or relevant courts of law. In addition, the group will evaluate the reason for non-payment and decide whether to expel the member.

Fines



Introducing Part 1 of the Constitution

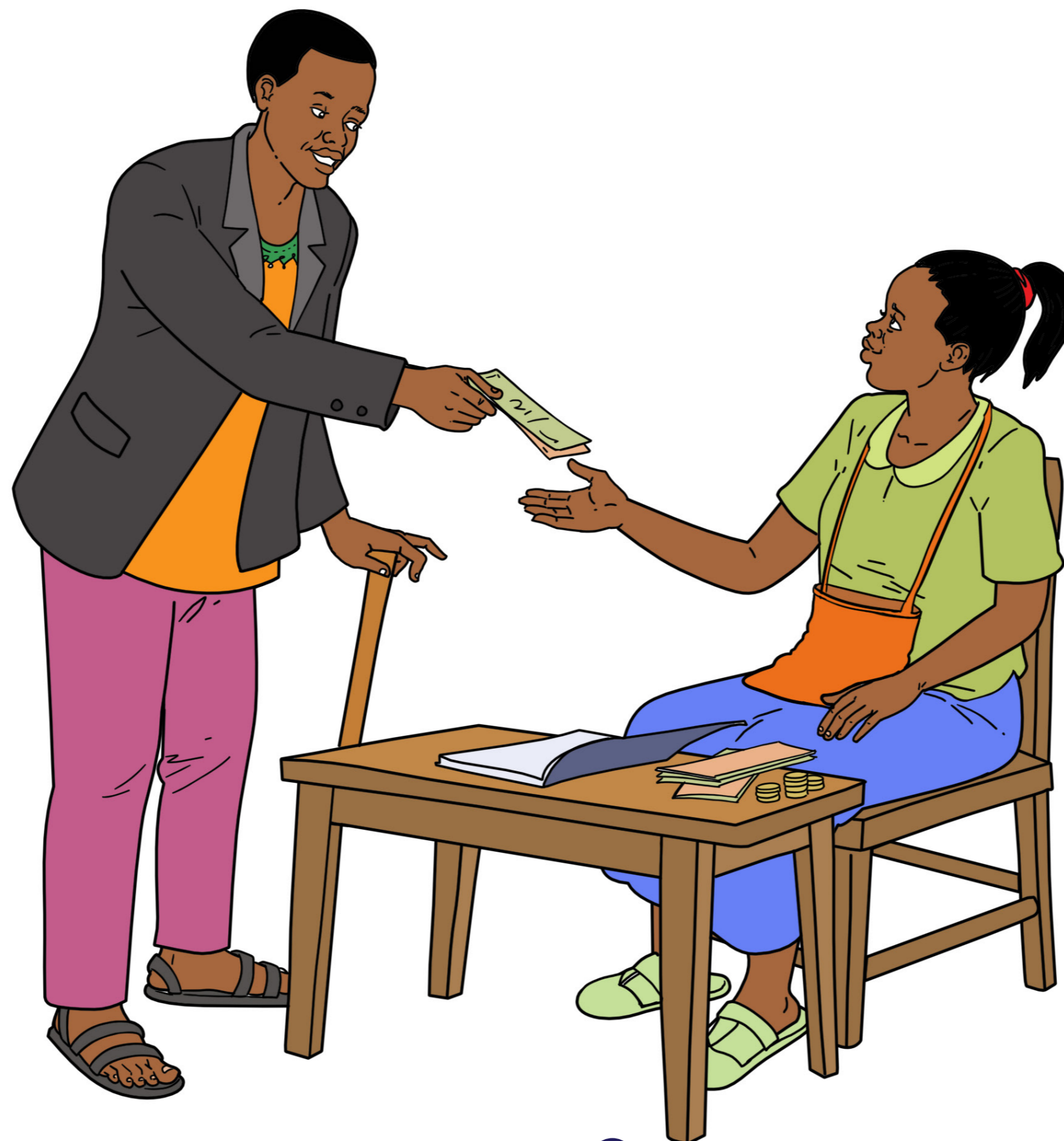
Sect 11. Fines

Read through the reasons of fining and then explain it goes to the loan bag to be loaned out. Enforcing fines is important to make sure people abide by the rules.

Different ways to collect fines:

- Fines should be addressed and recorded immediately.
- A person who owes a fine, must either pay it immediately or agree to pay it next week.
- All fines are noted in the Fines Book managed by the Chair person.
- The meeting should not continue until fines are addressed.

Introducing Part 1 of the Constitution



SHG member paying a fine which goes into the loan bag, while the chairperson notes who has been fined and the amount

PART 2:

Services Offered by the SHG

- 1. Savings
- 2. Lending
- 3. Water point fund
- 4. Social fund
- 5. Annual share out

PART 2:

Services Offered by the SHG

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Savings and Lending: Loan Bag

Trainer should read through the rules from the Constitution Part 2, Section 1. Savings, and Section 2. Lending (including on delinquent loans). Key points to highlight:

SAVINGS

- Members may buy 1 – 5 shares in each meeting
- The purchase price of a share will be: _____
- Members may contribute an equal 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, the number of start-up shares are allowed to be more than 5 shares per member

LENDING

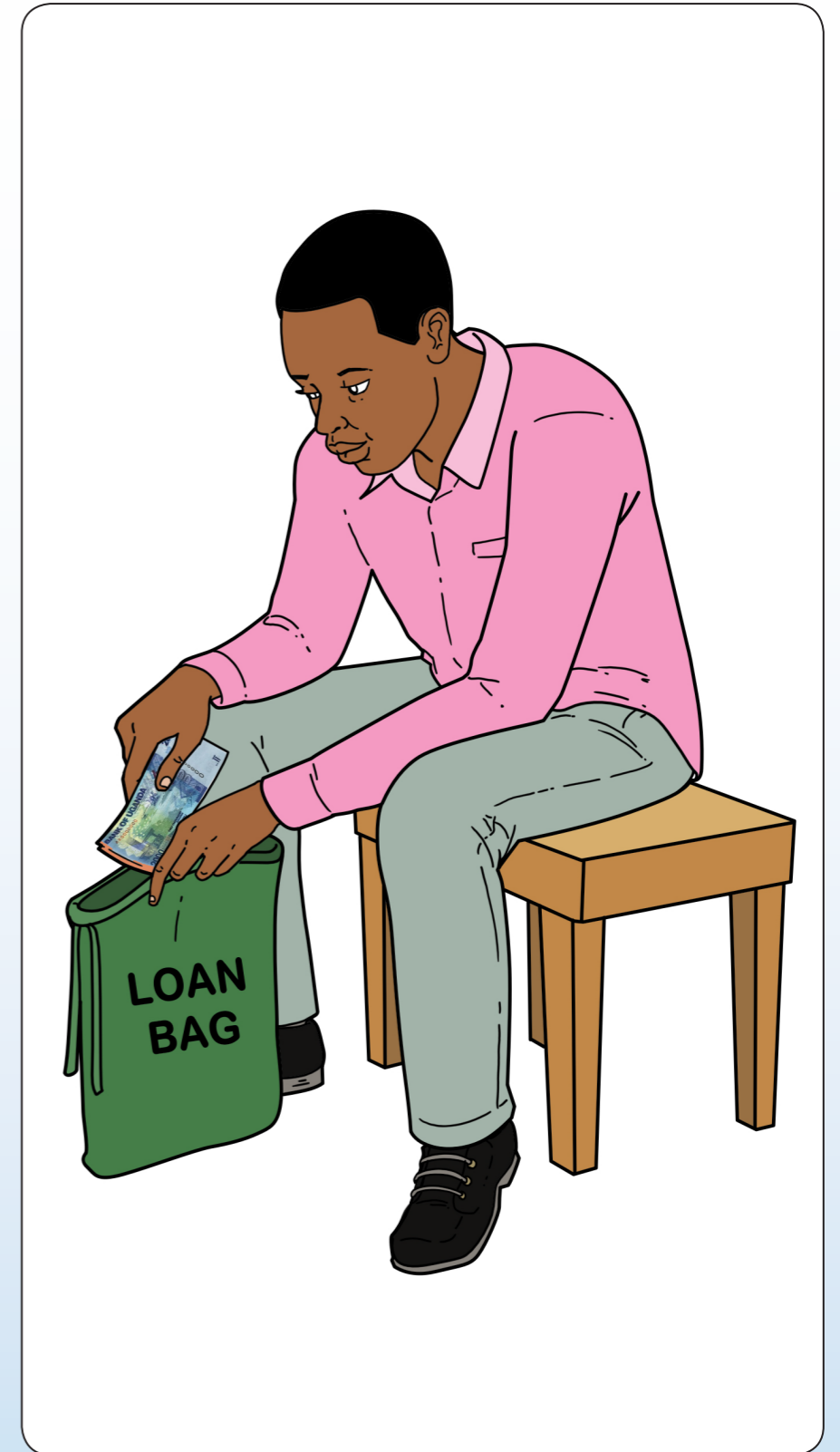
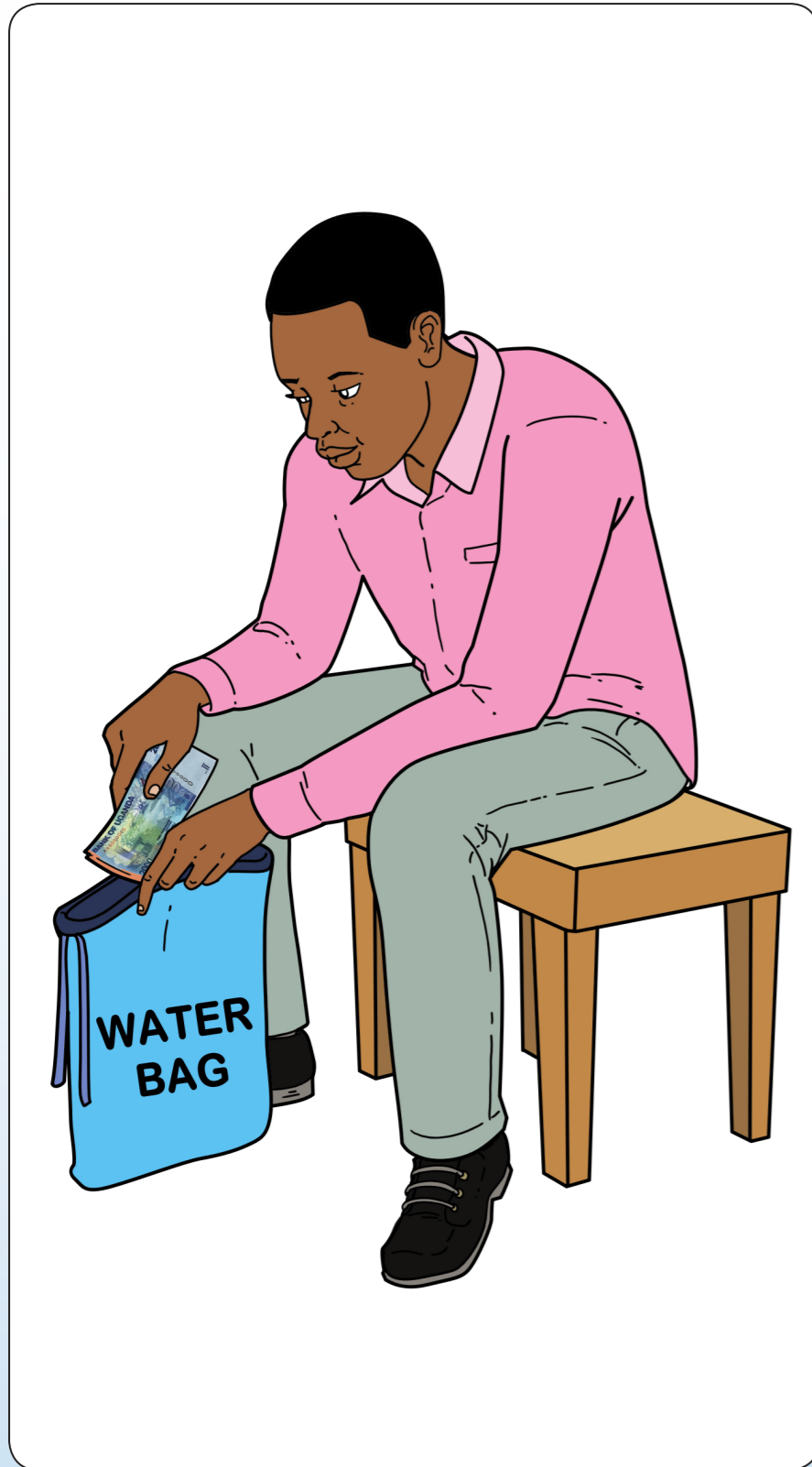
The Borrowing terms from the constitution are:

- Maximum borrow = 3 times the savings of a person.
- Last 3 months of the cycle there are no loans for timely repayment of loans before shareout.
- Loans can be taken for 1 – 3 months only.
- Discuss with group what the service charge should be, most use 10% per month. Once discussed and agreed put it in the Constitution.
- Members must repay before new loan.
- Discuss how groups can prioritize among loan requests. Help the group decide on its main priorities and write them in the constitution.
- The Management Committee or Independent Selected Committee will evaluate the risks of the loans and share concerns before loan approval.

NOTE

There will likely be many questions. You will have to guide the discussion around the rules and make sure at least $\frac{2}{3}$ agree and understand the terms.

Services Offered by the SHG



Money is kept in separate bags to make it easy to count and ensure funds are used for their purpose.

Water Point Fund: Water Bag

Read each title heading and explain to the community the reasons behind each section:

- ✓ **Fee Collection:** Why is it needed? 80,000 UGX in fees collected each quarter provides enough for regular maintenance and minor repairs. When no minor repair is needed, the money grows to 320,000 UGX or more to pay for future major repairs. Non-group members pay slightly more if the group agrees, because the group is transparently managing the funds and a non-SHG member is getting the benefit of a well managed water point.
- ✓ **Waiver of Fees:** May have vulnerable households, such as the elderly, poor, or child-headed households that should have free water. This should be in the constitution.
- ✓ **Failure to pay fees:** Groups can recover unpaid water fees from members and non-members.
- ✓ **Use of Funds:** For the maintenance and repair of the water point.
- ✓ **Emergency Allocation for Critical Repairs:** Shares from savings will be equally deducted from all members for larger emergency repairs.
- ✓ **Excess Funds:** Always keep at least 320,000 UGX in the bag. Group decides what to do with additional funds collected.
- ✓ **Non-SHG accountability:** It is important if you want all water users to pay.

Savings Meeting



The Committee



The Chairperson calls the meeting to order.



The Record-keeper performing a roll call.



A group member receiving a pass book from the box keeper.



The fines bowl is placed in front of the chairperson, so that fines can be collected during the meeting.



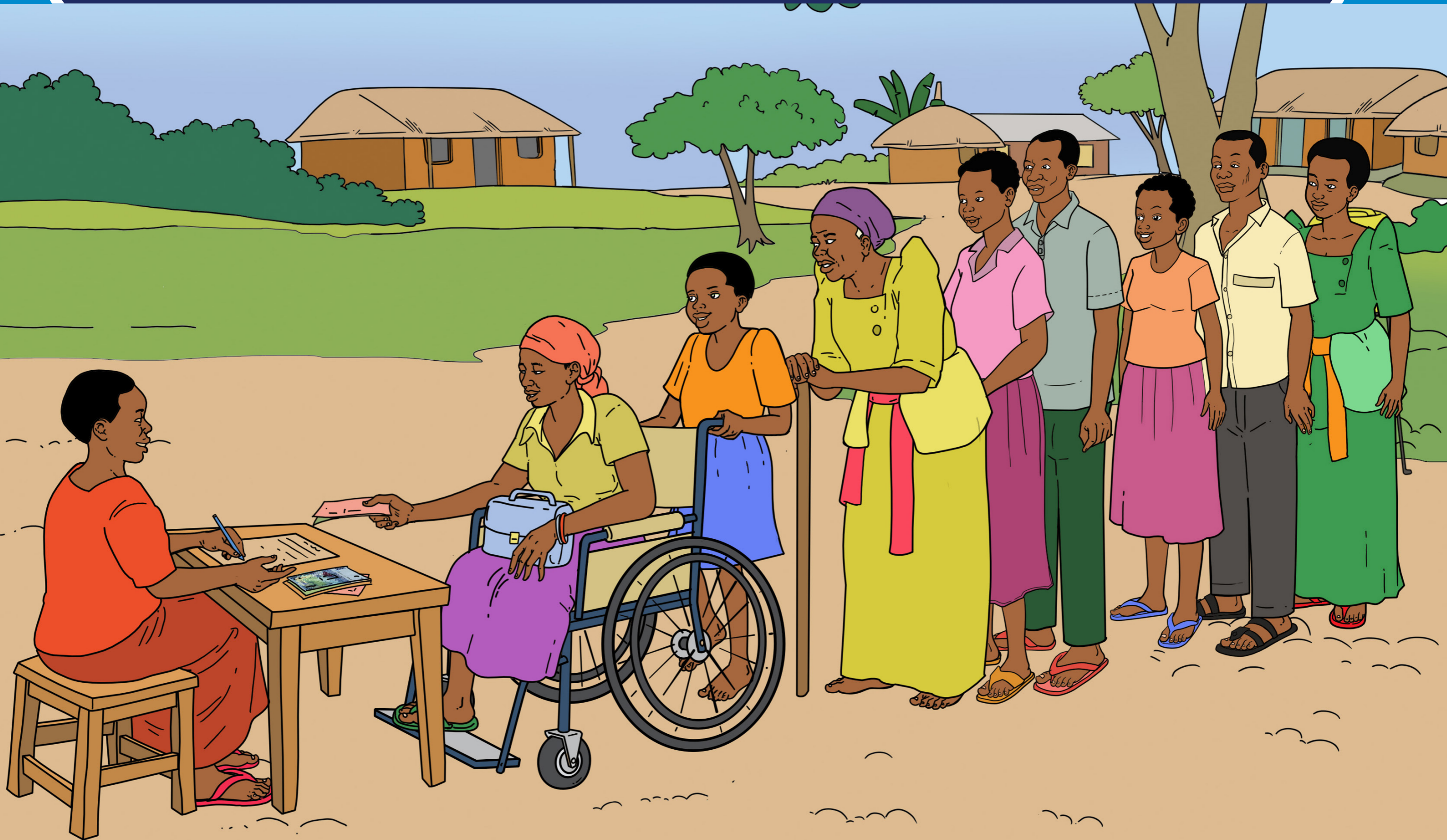
The Key-holders open the box.

Social Fund: Social Bag

Fee Collected is recommended at 500 UGX per member per week

- Social Fund cannot be used for loans.
- Select options for use and agree on amount for deceased family member, medical benefits etc.

Contributing to the Social Fund



WSC and SHG Link

- ✓ **SHG coordinates with WSC Chair/Secretary** and water point caretaker on servicing and repair of water point and collecting fees from non-group members.
- ✓ **SHG maintains records of contributions** from non-group members. WSC has to provide information and document receipts.
- ✓ **Separate people should lead the WSC and SHG.** No person can be in two committees in key positions.
- ✓ **WSC will request money from SHG to pay for repairs.** WSC will also collect money from non-group members and transfer money to SHG for safe-keeping.
- ✓ **Encourage at least three members** of the WSC to be SHG members but not committee members.
- ✓ **WSC cares for water point** and promotes sanitation beyond the SHG.
- ✓ **SHG should appoint a natural leader** to promote and follow-up on sanitation of SHG members. It can be a WSC member or not.

Meeting with WSC



Annual Share Out

There are 2 options for share out:

Option 1

- 1
$$\frac{(\text{Total Group Interest} + \text{Total Group Fines} + \text{Total Group Savings})}{\text{Total Group Shares}} = \text{New Share Price}$$
- 2
$$\text{New Share Price} \times \text{Individual's Total Shares} = \text{Individual Payout}$$

Option 2

- 1
$$\frac{(50\% \text{ of Total Group Interest} + \text{Total Group Fines})}{\text{Total Group Shares}} = \text{Profit per Share}$$
- 2
$$(\text{Profit per Share} \times \text{Individual's Total Shares}) = \text{Total Individual's Profit}$$
- 3
$$\left[\begin{array}{l} \text{Total Individual's Profit} + \text{Total Individual Savings} \\ + 50\% \text{ of any loan interest paid by the individual} \end{array} \right] = \text{Individual's Payout}$$

NOTE

Any loan fund expenses or bad loans will be subtracted from the total in step 1 and will lower the price or profit per share. Personal unpaid loans may be recovered at shareout as well.

PART 3:

Managing Meetings and Records

Managing a Meeting

See images and discuss steps. Emphasis should be on:

- 1. **Abide the by-laws** like attendance or you will get penalized.
- 2. **Transparency** and accountability through regular attendance and participation of members.
- 3. **Open and free discussion** of challenges on sanitation and hygiene should be encouraged and coordination with WSC.

Managing a Meeting



Each Bag has a bowl and should be counted openly in that bowl



Meetings should never go out of control



Showing the box to the group



Opening the padlocks

Record Keeping

Pass Book, Registration Book and Penalty Book

Pass Book:

Each individual member has one and it records their Savings, Loans, and Water user fees.

Penalty Book:

Managed by the Chairperson or a member of the SHG Committee.

Registration Book

The registration book is the master book that records all of the members of the Self-help Group, all members of the water user committee, funds that have been collected or paid for the loan bag, water bag, social bag and any other expenses that have been paid.

Pass Book – Loan Page

Loan Page - tracking your loan

Initial:

All parts should be filled in:

- Purpose of the Loan.
- Date of the Loan.
- Loan Amount
- Service charge: Generally 10% of the loan amount, either in total, or every month loan is not fully paid.

On-going:

- Date: The date of payment.
- Paid: The amount paid toward the loan.
- Balance: Loan balance to be paid after payment but before any additional service charge for that month.
- Service Charge: May have additional service charges each month loan is not fully paid.

When a loan is completely paid, it should be lined out in red in the book.

Example

Loans			
Loan No.	Purpose / Reason		
2	Build latrine		
Date	Item	Amount	Signature
5/3/20	Loan Amount	50,000	Scovia
	Service Charge	5,000	
5/4/20	Paid	10,000	Scovia
	Balance	45,000	
	Service Charge	5,000	
5/5/20	Paid	50,000	Record keeper
	Balance	0	
	Service Charge	0	
End	Paid		
	Balance		
	Service Charge		
	Paid		
	Balance		
	Service Charge		
	Paid		
	Balance		
	Service Charge		
TOTAL INTEREST PAID		10,000	

Pass Book - Water Fee Page

Water Page - tracking water payment

All parts should be filled in:

- ✓ **Date:** Put the date of the payment next to month that you are paying for.
- ✓ **Amount:** amount paid
- ✓ **Balance:** amount due but unpaid
- ✓ **Cumulative total:** cumulative payments made for water point

Example

Record for water fund

DATE	MONTH	AMOUNT	Balance	Accumulative total
1Jan2020	January	1,000	-	1,000
2Feb2020	February	0	1,000	1,000
5Mar2020	March	2,000	-	3,000
	April			
	May			
	June			
	July			
	August			
	September			
	October			
	November			
	December			

Total contribution to water bag

Registration Book – Social Welfare Fund

Track social welfare contributions

- ✓ **Member Name/No.** Write down the member.
- ✓ **Date:** put the date of the meeting on which you are recording.
- ✓ **Amount** given on that day.

Example

Member name & No.	7 Mar 20	14 Mar 20	21 Mar 20
Scovia/1	500	500	500
Simon/2	500	500	500
Sunday/3	500	500	500
Total	1,500	1,500	1,500
Cumulative	1,500	3,000	4,500

Registration Book - Water Point Fund

Water Tracker

Similar to Social Tracker:

- ✓ **Member Name/No.** Write down the member.
- ✓ **Date:** put the date of the meeting on which you are recording.
- ✓ **Amount** given on that day.

Example

Member name & No.	7 Mar 20	14 Mar 20	21 Mar 20
Scovia/1	1,000	1,000	1,000
Simon/2	1,000	1,000	1,000
Sunday/3	1,000	0	2,000
Total	3,000	2,000	4,000
Cumulative	3,000	5,000	9,000

Registration Book – Savings

Savings Tracker

Similar to Social & Water Fund tracking:

- Member Name/No.**
Write down the member.
- Date:** Put the date of the meeting on which you are recording.
- Amount given** on that day.

Example

Member name & No.	7 Mar 20	14 Mar 20	21 Mar 20
Scovia/1	3,000	2,000	4,000
Simon/2	2,000	5,000	1,000
Sunday/3	4,000	4,000	4,000
Total	9,000	11,000	9,000
Cumulative	9,000	20,000	29,000

Registration Book - Loans

Savings Tracker

Similar to Social & Water Fund tracking:

- ✓ **Date:** Put the date of the meeting on which you are recording.
- ✓ **Member Name/No.** Write down the member
- ✓ **Total loan amount and interest should be inputted.** When expected final payment date arrives, the record keeper inputs what has been paid and crosses out the loan. If the loan is not yet paid, a new loan is created with new terms (see example). In rare circumstances, it is written down as a bad loan.

Example

Date	Member name & No.	Amount	Interest	Total	Date of expected final payment	Total repayment	Signature
7 Jan 20	Simon/2	50,000	10,000	60,000	7 Mar 20	25,000	Simon
7 Feb 20	Scovia/1	40,000	12,000	52,000	7 May 20		Scovia
7 Mar 20	Simon/2	35,000	5,000	40,000	7 Apr 20		Simon

Penalty Book

Penalty Book

- ✓ **Record of all penalties** kept by the Chairperson in a small separate notebook.
- ✓ **This will show a clear record** of who is getting the penalties and the seriousness of their abiding by the SHG rules.
- ✓ It can be used to decide on whether to **expel someone from the group**.
- ✓ **Once an unpaid fine is paid**, cross out with red line and mark amount paid.

Example

Member name & No.	Date	Amount of fine	Reason for fine	Amount paid	Amount Pledged <small>(if not paid same day)</small>
Simon/2	15 Jan 20	500	Late to meeting	500	
Scovia/1	14 Mar 20	1,000	Interrupted meeting	1,000	1,000

Tracking Expenditure by Fund

- On separate pages, record the cash in and cash out for each fund:
 - ➔ savings and loan fund
 - ➔ water point fund
 - ➔ social welfare fund
- The book balances are told to the group and checked against the actual funds counted in each bag before and after each meeting in front of the group
- Members are told the balance amounts before and after each meeting, and asked to remember and write them down (if possible) for review the next meeting.
- Critical to have transparent physical counting and sharing of balances in records to ensure funds are well managed.

Example

Date	What Happened	Cash In	Cash Out	Balance
3.1.05	Share Purchase	12,500		12,500
	Fines	200		12,700
	Loans Disbursed		11,700	1,000
	Stationery		1,000	
31.1.05	Share Purchase	17,000		17,000
	Reimbursement	12,870		29,870
	Fines	200		30,070
	Loans Disbursed		30,000	70
28.2.05	Share Purchase	13,000		13,070
	Reimbursement	22,000		35,070
	Fines	750		35,820
	Loans Disbursed		24,000	11,820
	Bus fare		200	11,620
28.3.05	Share Purchase	14,500		26,120
	Reimbursement	28,500		54,620
	Fines	450		55,070
	Loans Disbursed		30,000	25,070
	Payment for Transport		5,000	20,070
25.4.05	Share Purchase	16,000		36,070
	Reimbursement	38,000		74,070
	Fines	150		74,220
	Loans Disbursed		30,000	44,220
	Maize in storage		10,000	34,220
	Deposit to bank		20,000	14,220

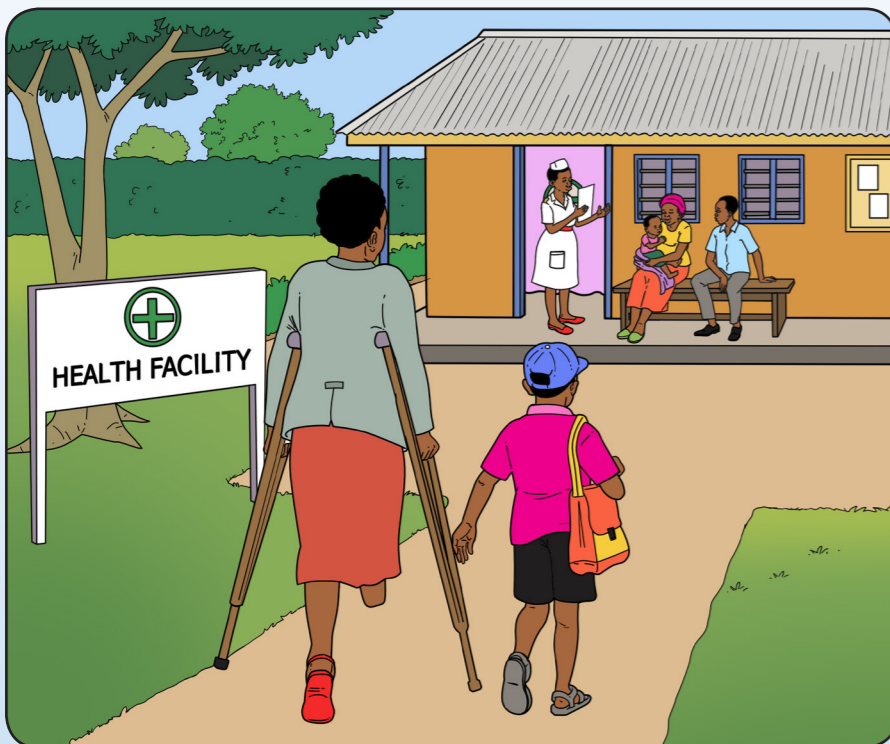
Outcomes



Clean water



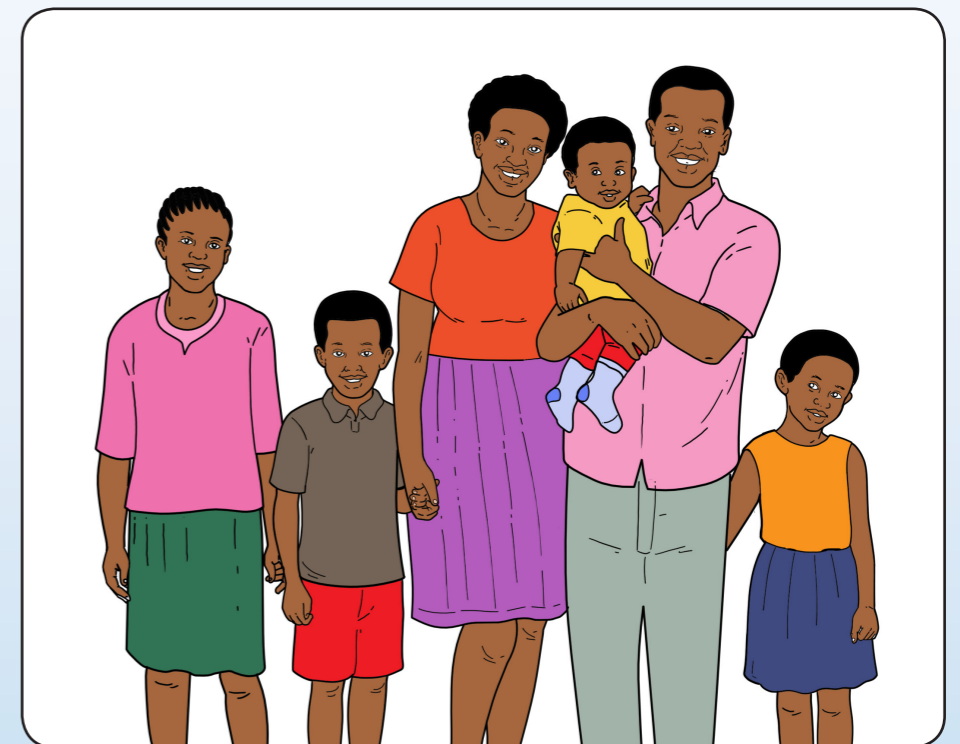
A family gardening



Money for medical care

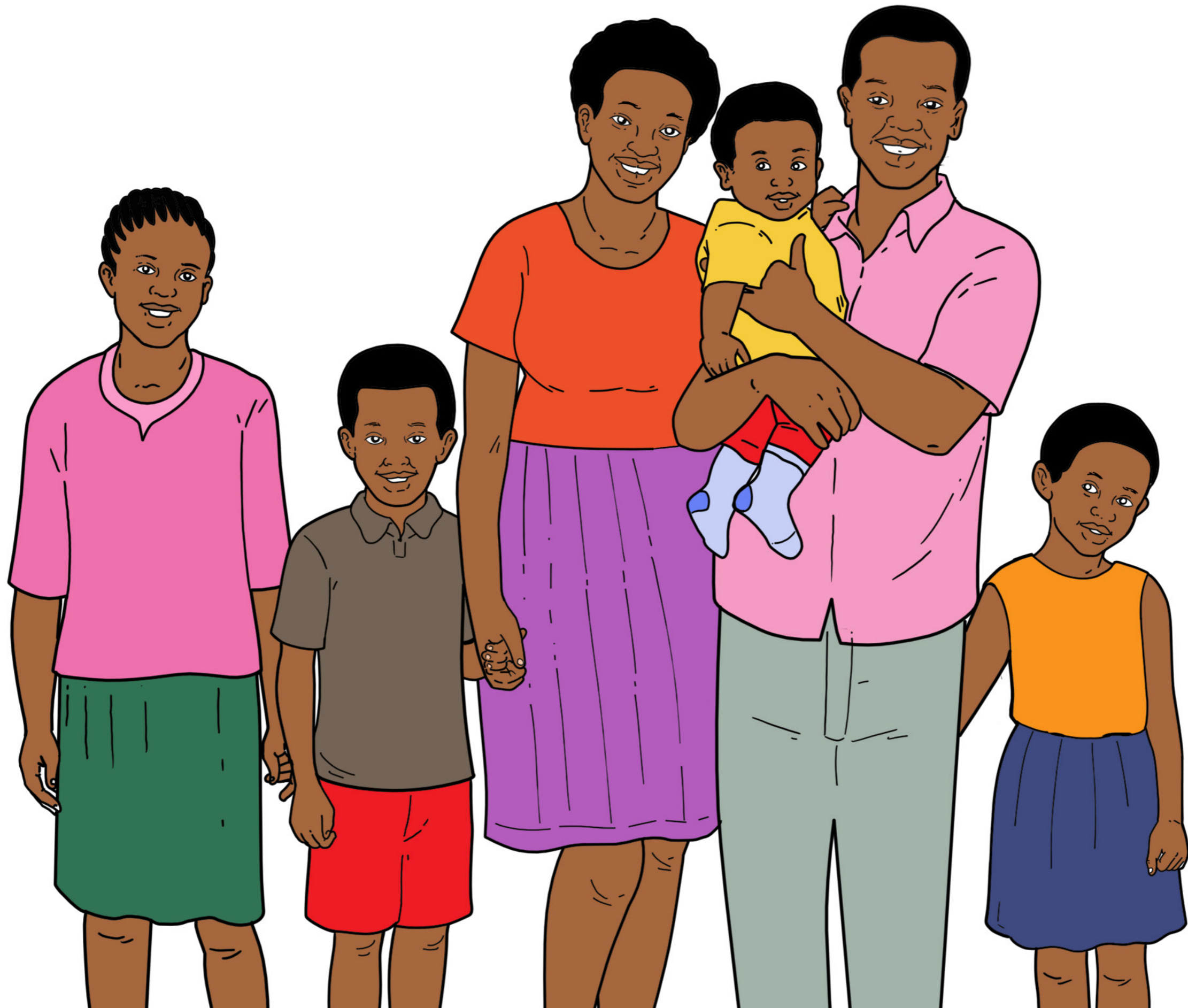


Money for starting a business



A healthy and happy family

Outcomes



Self-help Group Training Manual

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