

SAVING FOR LEARNING

“Men and women, endowed with **INTELLIGENCE AND FREEDOM**, should be the main responsables for their growth. Each one should remain, whatever the external influences are, the main "architect" of their lives.

TRUST among families and friends is a commonly underestimated key human value on which strong self-sustainable cooperation projects can be developed.

However most cooperation projects today fail to respect this critical principle of **RESPECT**, thus harming sustainability and the path to self-sufficient persons, families, communities and countries. Lending money without previous education and savings habits, giving goods for free and generating dependencies and bad habits, retaining rather than educating and delegating responsibilities, ... are just some examples of very common practices.

This is what the SAVING for LEARNING project wants to change in order to **START a TREND** of self-sustainable improvement in the quality of live of families leaving in poverty.”

Jorge Bolívar, September 2016

Executive Summary

One of the major impediments to the development of people living in poverty is their **LACK OF SAVINGS**.

This deficiency leads to strong **DEPENDENCIES** and permanent **VULNERABILITY** to any unexpected event and reduces the efficiency of any other effort to improve their quality of life. Lack of savings in the base of the pyramid leads to harmful dependencies from loan-sharks charging abusive rates. Together with the lack of a minimum financial literacy it also generates serious over-indebtedness problems.

But, can people leaving in poverty really save money up to a point where they become financially independent?. The answer is YES. How?

Through a practical financial education program based on a SAFE, FLEXIBLE, TRANSPARENT, INEXPENSIVE and PROFITABLE way to SAVE. Targeting groups of 10 to 50 people linked by strong bonds of trust. This is "SAVING FOR LEARNING"

Educating to generate long-term saving habits and management skills is our challenge.

<http://www.qmobile.co/requirements-for-unbanked-to-save/>

About us

Our family foundation, I&C, INVERSION Y COOPERACION (I&C) was born from a family business group specialized in financial advise, financial education (www.ets.es) and financial technology (www.techrules.com) since 1987. It is our goal since the beginning to leverage on this 30 years expertise through our foundation to promote social inclusion through financial education and technology at the base of the pyramid.

I&C's "Saving for Learning" project is about practical financial, administrative and entrepreneurship education through savings groups and the use of advanced cloud-mobile technology (www.qmobile.co) to measure impact, monitor group financial transactions and control project quality.

By generating "wealth" in terms of education, savings and self-management capabilities we achieve a strong degree of self-sufficiency.

Alignment between our business history and our foundation's social inclusion project is extremely high. I&C's Saving for Learning is just an extension of our work to fight social exclusion.

The Problem statement

The problem to be solved can be summarized in a general lack of financial-administrative education, lack of savings and access to technology. This results in a total lack of self-sufficiency.

-The difficulty to access credit in fair conditions. Specially to small loans (less than \$500) to cover basic needs like food, health or education. This leading to a strong dependency of loan sharks lending at abusive rates or to a bad use of loans received by microfinance institutions (there is strong evidence that many times loans are just used to pay previous loans in arrears).

-The Lack of savings (usually due to lack of appropriate incentives) generates high vulnerability of families to any unforeseen event. The usual saving practices (juntas, roscas, cuchubales, panderos,...) are very short term oriented. They don't favor capitalization of a fund neither educate. We consider it essential to develop the habit of long-term savings.

-Lack of financial and administrative education is one of the causes of inappropriate use of microcredit and poor management of the family economy and small businesses.

-The lack of training on entrepreneurship which often leads to a misuse of money.

-The difficulties to access technology and internet is today another form of social exclusion.

- Lack of self-esteem. Most cooperation projects fail to consider poor people as capable to lead their own development. In Saving for Learning people make all decisions. They save, they lend, they decide what to do with money. We only educate. This way we rebuild their self-esteem and generate self-sufficiency.

Our approach: “SAVING for LEARNING”

I&C applies a **SELF-FINANCED** and **SELF-MANAGED** socio-economic inclusion model which doesn't begin by external credit, but by promoting community savings. A solution based on four pillars: financial education, self-financing through savings, self-management and technology. We call it **SAVING FOR LEARNING**, because we believe saving is a highly efficient education process that fosters multiple virtues going far beyond the financial benefits.

EDUCATION+SELF-FINANCING+SELF-MANAGEMENT+SELF-ESTEEM = SELF-SUFFICIENCY

Through our local coaches we encourage groups of 10-40 people (men and women) with bonds of trust (close relatives and neighbors) to form their own Saving Group. Self-managed groups that allow members to access funding for emergencies, basic needs and business improvements.

- Self-managed. We train them to make democratic decisions and manage all aspects of the group from day one (financial transactions but, member acceptance, investment decision,...). This quickly generates self-sufficiency in the saving groups and their families.

- Self-financed. Loans are generated from their own savings, not from external funds. This reduces the risk of over-indebtedness. Loan terms and destination are decided by members themselves. Loan approval corresponds only to group members.

-Training and Entrepreneurship. Saving and managing money is a practical education process. Effectiveness of the education process is based on three factors: practical learning from day one ("learning by doing"), collective learning and repetitive learning. The whole process is repeated during the group monthly assembly.

-Mobile-cloud technology is used for monitoring, quality control and impact measurement. We use Qmobile and our proprietary online platform to train program coaches.

Our role through our coaches is only to EDUCATE.

Tactics and Technology

Quality control, impact measurement, continuous education and scalability are achieved through standardized processes and intensive use of mobile-cloud technology.

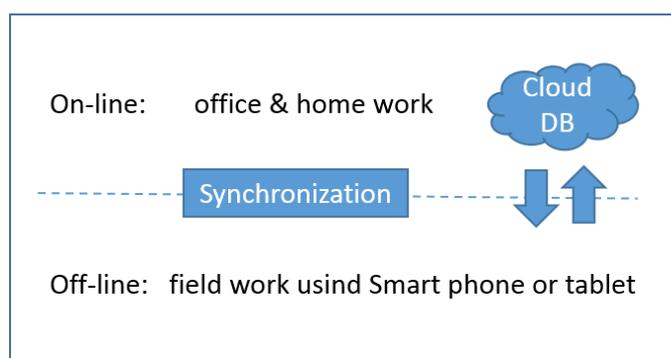
The main reason is we target people living in distant places and temporarily (12-36) months managing money outside the banking system. Multiple small financial transactions take place every day which are decided by group members. Our local coaches are also distant and we need technology to monitor their work.

We have developed **QMOBILE**, a proprietary cloud-mobile technology to monitor all aspects of the "Saving for Learning" project, to monitor the project, measure impact and to provide transparency to saving group members. www.qmobile.co

QMOBILE technology is used by different project participants: administration, management, supervisors, coaches and the group members themselves. Coaches input information from each monthly group assembly in a first stage, In a second stage groups will gradually input information themselves.

By using QMOBILE we have access to real time information from individual level to country, local office or group level.

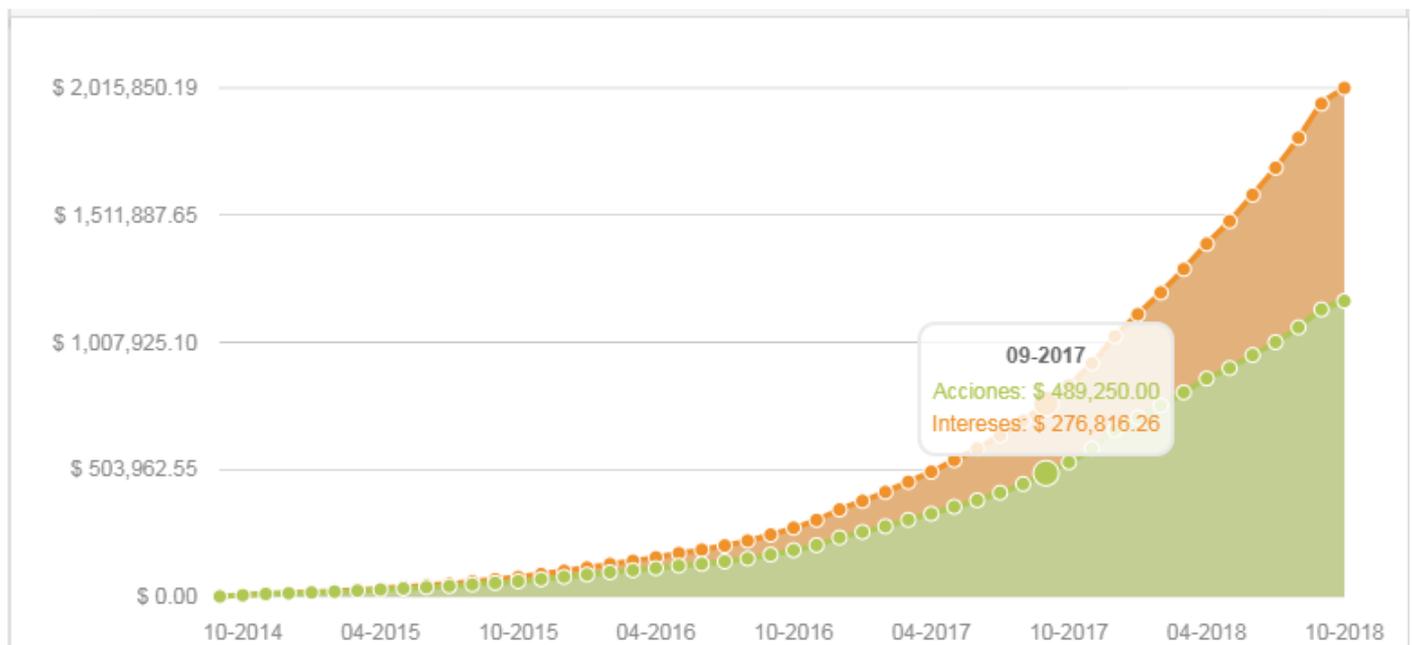
We also use our online education platform to train local coaches and supervisors. All coaches have to go through the online course before moving into practical lessons through their participation in several saving group assemblies.



Evidence of Effectiveness

In the period from August 2014 to Sep 2018 I&C has created **463** savings groups formed by **10,388** members. Groups are in Perú and Ecuador. These groups have accumulated savings of **USD\$ 2.738.829**. They have generated **USD\$ 2.199.984** of additional interest by disbursing **53.553** loans for a total amount of **USD \$ 17.465.556**. All without the intervention of any credit officers. Managed by the groups themselves with the advice of our coaches. The main beneficiaries of these savings groups have been the most vulnerable population (living with less than 3 USD per day). Over 70% are women.

Post from Jorge Bolívar(November 2015) "Yesterday I had the opportunity to attend the first interest distribution meeting of the group POR UN FUTURO MEJOR in Santa Elena, a rural area in the coast of Ecuador. They were formed in November 2014 with 18 partners who bought shares for a total value of \$220. In yesterday's session they had accumulated \$4.470 in savings and distributed \$2.044.8 interest. The number of partners has increased to 32. Throughout these 12 months they have disbursed 159 loans worth \$30.845.9. Simply amazing ! "

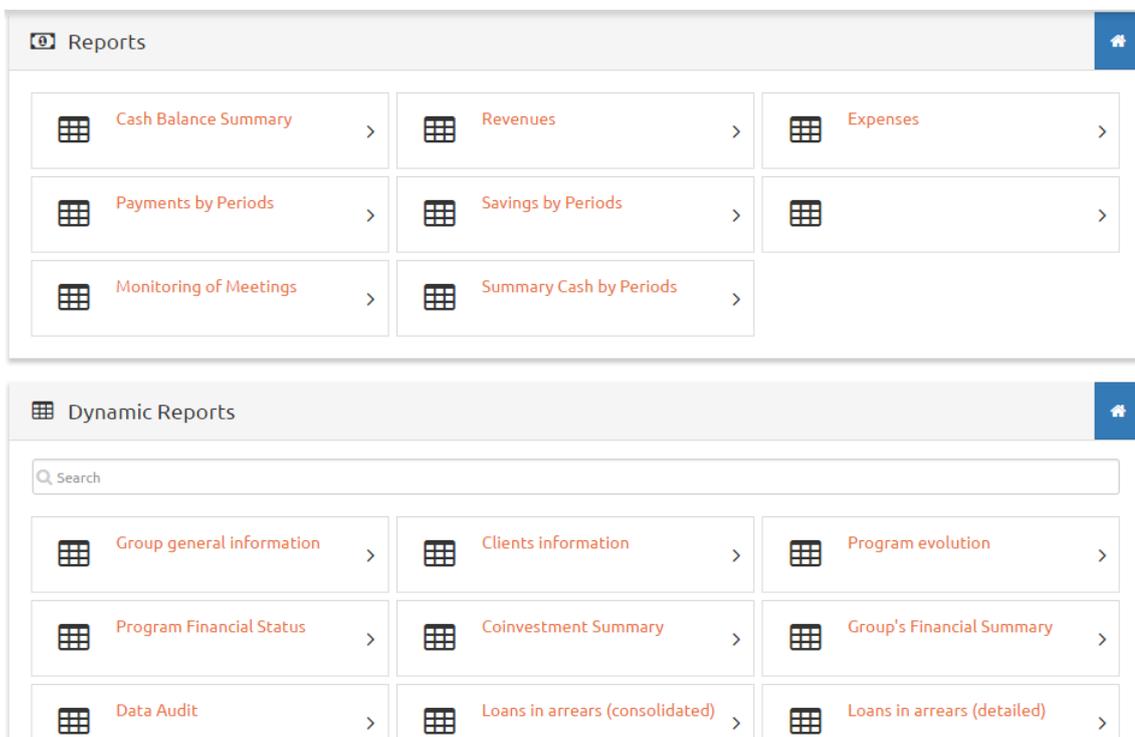


Savings (shares) and profits evolution in Ecuador.

Evaluation / Impact measurement

I&C monitors the project on a continuous basis by using its QMOBILE technology. Information is input 24-48 hours after each group assembly by the coach. In a second stage the group themselves input information into the platform.

Using QMOBILE together with a continuous quality control by the central support and supervision team provides as a very good way to monitor quality and evaluate project results, not every certain number of months but on a daily basis.



The screenshot displays two sections of the QMOBILE interface. The top section, titled 'Reports', contains a grid of report cards with grid icons and right-pointing arrows. The cards are: Cash Balance Summary, Revenues, Expenses, Payments by Periods, Savings by Periods, Monitoring of Meetings, and Summary Cash by Periods. The bottom section, titled 'Dynamic Reports', features a search bar and a grid of report cards with grid icons and right-pointing arrows. The cards are: Group general information, Clients information, Program evolution, Program Financial Status, Coinvestment Summary, Group's Financial Summary, Data Audit, Loans in arrears (consolidated), and Loans in arrears (detailed).

We track not only financial transactions information but also individual socio-economic information.

The following indicators are used among others:

- Number of saving groups
- Accumulated Social Capital as a measure of success in developing the habit of long-term savings.
- Number and amount of disbursed and active loans. Loans in arrears.
- Distribution of loans disbursed between men and women.

-% assistance to monthly assemblies, understood and signed regulations, accounting books properly completed and updated.

-Destination of loans generated as detailed measure of the use of savings business, debt payment, housing, education,...).

-Age of each group as a measure of stability and acceptance of the methodology.

-% of group members with a bank account

-Number of group members with access to internet.

-Evolution of average monthly income

-% of kids at school

Financial Information		
102 Number of Active Groups	2336 Number of Active Clients	7995 Number of loans (accumulated)
1451 Number of Active Loans	\$ 348,434.16 Total pending payments	\$ 1,514.97 Total amouny in arrears
\$ 1,312,060.28 Total amount disbursed	\$ 3,590.04 Total amount in active savings	\$ 229,180.00 Shares amount