

Peer-to-Peer Visit Report

Adie visited ACAF Spain on 22 & 23 March 2018

Background of the meeting and the visiting delegation:

The objective of this visit was to understand the Self-Funded Communities (SFC) as Adie would like to experiment with this methodology as a complementary offer to its existing financial services.

A local manager and one loan officer from Adie took part in the visit after having expressed their interest in launching and piloting an experiment in Paris and Toulouse where the potential for the development of such an approach was identified.

By taking part in this visit, Adie wanted to understand what it takes to implement the SFC methodology (key to success, challenges, implementation steps...) and whether it seems suitable to Adie's target group. In addition, Adie's representatives were also eager to see how WINKOMUN (ACAF's online software specifically developed with the aim of supporting SFC self-management) works in practical terms.

Another point of interest for Adie was to observe cases where the SFC methodology had actually been implemented by entities that provide financial services. The end goal was to better understand how ACAF tools can complement more "traditional" financial services in order to better meet the needs of clients.

Lastly, Adie's representatives were also interested in meeting end users of SFC and WINKOMUN tools in order to better understand the practical aspects of their implementation as well to grasp the impact of SFC/WINKOMUN usage on group members' lives.

Lessons learnt during the visit:

The main take-aways for Adie are the following:

- The core principles of SFC methodology are i) Self-funding and ii) Self-management which aim to empower the target communities in a sustainable way by limiting dependence on external resources while focusing on empowerment-oriented dynamics. As such, the SFC methodology is a way of empowering its beneficiaries through a perspective of mutual help and community/network development.
- An SFC group is composed of 6-15 people who get together to help each other. Members meet periodically and invest/save an optional amount of money into a joint

money fund, which the group uses to grant small loans to members to cover basic needs.

- The visited groups “Los manteros”, “Cafmex” and “Los emprendedores”, were mainly made up of migrants from Latin America and Africa. We could observe the cultural importance in the constitution of these groups.
- There was at least one inspiring example of a foundation, Servei Solidari, that Adie’s delegation visited, which had integrated the SFC methodology into its usual catalogue of financial services offered through their microcredit programme. The group named “Los emprendedores” is, for instance, backed by Servei solidari as follow:
 - SS provides financial incentives to the group in order to encourage impact loans that foster the development of members’ businesses.
 - SS offers bespoke trainings to members on business related issues (management, communication, etc.)
 - After 18 months Servei Solidari is still “managing” this savings group, but Adie was told that in a few months, members should be autonomous.
- Group members of “Los emprendedores” have small but profitable businesses, which they started thanks to a microloan (from Servei Solidari’s banking partner). Until they fully repay their first microloan and are allowed to apply for another one, SFC provides an alternative solution to their needs for funding. They take small loans (as a complement to their own contribution) from their fellow members in order to make an investment, buy extra stock, or simply seize a business opportunity.
- SFC is not only about financing. Members also use their groups to enhance their professional networks, to find new customers and to promote their own businesses. The members are firmly tied to the SFC (like “a family for now”) as they consider it a powerful means of empowerment and a special space to discuss daily issues.
- There are some examples of micro-entrepreneurs, who started their businesses with the sole support of their SFC. The leader of “Cafmex” (a self-saving group funded several years ago, mainly made up of Mexican migrants) opened a shop thanks to a loan she got from her fellow members. Today, the business is doing well, and the group is a great relief to her if she ever faces cash flow issues or wants to further invest.
- However, the SFC does not only focus on business creation. The other members also find solutions for personal issues (domestic emergencies, paying school fees, sending money to family, business in home countries, etc.). The CafMex example provides an accurate picture of the efficiency of saving groups as financial education tools. Every member is deeply involved in earning and taking loans regularly to “make the money work at their own level” according to the group leader.

- The ACAF methodology fits the needs of migrants, who might face a lack of professional and financial opportunities or weak family support, etc., and provides them with an appropriate opportunity to increase their autonomy.
- SFC groups flourish mainly through word of mouth and partnerships with grassroots organisations, who see ACAF's tool as a meaningful way to work on financial education.
- Only one group was composed of people born in Spain. These people were seduced by the "alternative and solidarity values" of the concept.
- SFC fosters the empowerment of communities and allows members to make personal and/or professional plans for the future.
- SFC reduces the dependence of its members on external resources (consumer loans).
- SFC provides financial education (learning by doing) and strengthens the business management capacities of its members.

The visiting organisation's plans to adapt some key lessons to its own organisation:

Adie intends to test ACAF's methodology in two cities (Paris and Toulouse). We will try to identify community leaders who show an interest in the methodology and try to set up a few experimental groups in different areas of the two cities.

This exploratory phase should enable us to understand:

- Whether there is a potential for this approach among the communities and if yes, what are the main communication channels to be used to promote this tool.
- Who are the people who show interest in this approach? What are their origins? What is their professional status, gender, age etc.? What are their financial habits and needs (savings, borrowing, cash management, etc.) and what are their personal and professional prospects (self-employment, other...)?
- Whether we can use SFC either as i) a tool to reach out to new customers: the first stage of a staggered approach towards major financial and social inclusion, notably through micro-lending; or ii) as a complementary offer to our existing clients.