



Banking on Change

Barclays, CARE and Plan in partnership – transforming lives in poor communities

Barclays, CARE International and Plan International have joined together in an initiative to improve the quality of life for poor people by extending and developing access to basic financial services. The initiative brings together the resources, skills and experience of each organization and aims to reach 300,000 to 500,000 people across Africa, Asia and South America.

In September 2008, the aims of the partnership were announced at the Clinton Global Initiative and by late 2009, following detailed planning and development, programme delivery had started in the majority of the 11 countries involved.

This partnership represents a three-year, £10m commitment to support financial inclusion through the development of savings-led community finance.

The Need: Inclusive Financial Services to Fight Poverty

Despite progress in reducing poverty in the developing world over recent decades, too many families still lack necessities such as food, water and healthcare. Access to even the most basic financial services can help households increase their incomes and reduce their vulnerability to emergencies such as illness and natural disaster.

Community-based financial services tailored to the needs of poor and vulnerable households are having a measurable impact in reducing poverty, and improving general wellbeing and empowerment, particularly when offered to women. Yet millions of people are still without access to such services, especially young people and those in rural areas.



The Partnership Aims and Objectives: Scaling-up and Deepening Impact

This partnership focuses on savings-led community finance initiatives which are effective in meeting the needs of the poor – providing a way to manage their money and increase their ability to deal with life emergencies. The partnership has 3 main objectives:

- **Outreach:** Make use of savings-led community approaches to provide direct access to financial services to 300,000 - 500,000 new clients, who were previously excluded from or have limited access to formal or informal financial services.
- **Impact:** Achieve a positive socio-economic impact and improve the quality of life for clients through the provision of sustainable basic financial services within communities and through trialling innovations in savings-led community finance methodology (including developing new add-on services such as enterprise training), enabling clients to manage their household finances – buy basic necessities, capital items, access health and education, cope with emergencies and invest in income generating activities.
- **Inclusion:** Trial linking informal savings groups with formal financial institutions through the development of bespoke products, services and channels tailored to the needs of the communities with a target of linking 10% of clients in mature groups in 2-4 counties and to understand the benefits to both the clients and the financial institutions.

Scope

The partnership is delivering savings-led community finance projects, focusing predominately on the provision of savings and loans, in eleven countries across Africa, Asia and South America, all ranked as 'low' or 'medium' on the UNDP Human Development Index (2007/2008). Plan is leading projects in Tanzania, Zambia, and Indonesia, whilst CARE is leading projects in Uganda, Mozambique, Peru and Vietnam. In India, CARE and Plan are both delivering projects, enabling the partnership to learn from both organisations' expertise and trial innovations in different geographies. In Kenya, Ghana and Egypt their country offices are jointly implementing projects and share knowledge and resources.

Approach: Savings-Led Community Finance, Tailored to Local Needs

The central component of the partnership is savings-led community finance. The basic principles of the methodology enable individuals in a community to join together in self-governing groups to save regularly and access small loans from a group fund.





The partnership is employing similar principles across projects, with approaches adapted to meet local demographic, geographic and socio-economic conditions. In Africa the methodology will be based predominately on the Village Savings and Loansⁱ model. In Asia and South America, slightly different approaches will be implemented, for example linking with Microfinance Institutions, and projects will build and improve upon existing models, such as Self-Help Groups (SHGs) in India, and draw on learning from other savings-led initiatives.

As groups mature and become operationally self-dependent, opportunities for them to become clients of formal financial institutions will be explored. In a number of countries, Plan and CARE will work with Barclays to develop products and channels that meet community needs and have the potential to become sustainable in the long term.

A Unique and Differentiated Partnership

This initiative is unique both in its pioneering cross-sectoral partnership model and in its focus on improving community finance methodology and innovation to drive scalability, sustainability and cost effectiveness. There are three key elements:

Partnership Model: Each party is playing an active role in shaping and delivering the initiative, as opposed to the more common donor – delivery partner relationship. It is making use of the experience and established delivery structures of CARE and Plan to promote and train community groups, combined with the financial expertise of Barclays to support financial education and to trial bespoke financial products. Accenture Development Partnerships, a not-for-profit unit of Accenture, assisted in the initial set-up of the partnership and continue to have an advisory role on the Partnership's steering committee.

Approach to methodology: The partnership will systematically identify and test improvements to the methodology including understanding the extent to which add-ons improve the socio-economic impact of community based finance; identifying the best ways for reaching high and cost-efficient scale-up, the use of village agents to make methodology more sustainable in the long-term, and the extent to which community-based finance can counteract marginalisation.

The insights obtained from structured monitoring, evaluation and learning will help maximize the potential of savings-led community finance.

Inclusion: A willingness to try new concepts and technology while focusing on providing appropriate products and channels to clients will allow the partnership to conduct ground-breaking research into ways of linking the formal and informal financial sectors.

Sharing Learning and Measuring Success

The initiative is being monitored at a partnership and at a programme level, with a high level of importance being placed on capturing and sharing the learning from the partnership model, methodological innovation and inclusion elements.

The success of the initiative will be measured by;

- The number of people reached with basic financial services
- The improvement of the socio-economic status of direct and indirect beneficiaries of the programme
- An increase in the social and political status of women and the level of control they have over household income
- The cost effectiveness of community managed finance projects
- Improvements to established methodology
- The introduction of new ways to link savings-led community groups with formal financial institutions.

About the partners

- Barclays is a major global financial services provider engaged in retail and commercial banking, with an extensive international presence in Europe, the USA, Africa and Asia. Investing in the community is an important part of Barclays sustainability strategy, for more information visit www.barclays.com/community
- CARE International is one of the world's leading international relief and development organisations, reaching more than 59 million people in more than 70 countries, For more information visit www.careinternational.org.uk
- Plan International is one of the oldest and largest children's development organisations in the world, working in 48 developing countries to promote child rights and lift millions of children out of poverty. Plan works with more than 3,500,000 families and their communities each year. For more information visit www.plan-uk.org

For more information on the partnership please see www.barclays.com/bankingonchange

ⁱ Village Savings and Loans methodology was developed in Africa and was formalised as a methodology in the early 1990s by CARE in Niger. It is now implemented by non-governmental organisations in more than 17 countries around the world