



## Banking on Change

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

*Barclays, CARE International and Plan 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 over 500,000 people across Africa, Asia and South America.*

*The aims of the partnership were announced at the Clinton Global Initiative in September 2008 and following detailed planning and development, programme delivery has now started, with the full launch of the partnership and country-level implementation planned for early 2010.*

*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: 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 reach clients who are excluded from or have limited access to formal or informal financial services;
- **Impact:** Achieve positive socio-economic impact on poor people through the provision of basic financial services within communities that enable people to manage their household finances, and through development of new add-on services (such as enterprise training) and improvement of existing savings-led community finance methodology; and
- **Inclusion:** Target and reach new or existing clients to improve their level of financial inclusion through the use and trialling of informal and formal financial services, channels and products tailored to the requirements of communities.

### **Scope**

The partnership aims to deliver projects for savings-led community finance in approximately ten countries across Africa, and Asia. Each country has been listed as “low” or “medium” on the UNDP 2007/2008 Human Development Index ranking and Plan is leading projects in Tanzania, Zambia, and Indonesia, whilst CARE is leading projects in Uganda, Mozambique, and Vietnam. In Kenya, Ghana and Egypt their field offices are working collaboratively to implement projects and share knowledge and resources.

Additional projects in Asia and South America are under consideration to form a ‘Phase 2’ of the partnership.



### **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 Loans<sup>1</sup> model. In Asia and South America, projects will build and improve on existing models 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 propositions. In addition, Accenture Development Partnerships, a not-for-profit unit of Accenture, have been assisting in the set-up and development of the partnership to date.

*Approach to methodology:* The partnership will systematically identify and test improvements to the methodology. 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.

### **What We Aim to Achieve**

The expected outcomes can be closely linked to the objectives and are:

- **Outreach:** Provision of direct access to financial services for 300,000-500, 000 new clients in approximately 10 developing countries in Africa, Asia and South America; and
- **Impact:**
  - Improved quality of life for clients through provision of basic financial services (predominantly individual savings and loans) that enable them to buy basic necessities and capital items, access health and education services, cope with emergencies and invest in income generating activities.
  - Understanding of the extent to which add-ons improve the socio-economic impact of community based finance; have suitable insights on the methodology, including 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; and
- **Inclusion:** Understanding of the extent to which linking informal savings groups with formal financial institutions is beneficial for clients and financial institutions, by having tested linkages with around 10% of clients in mature groups and bespoke products, services and channels in approximately 2 - 4 countries.



### **Measuring Success**

The success of the partnership 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 status of women and the level of control they have over household income
- The cost effectiveness of community 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](http://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](http://www.careinternational.org.uk)
- Plan 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](http://www.plan-uk.org)

---

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