

A woman with dark hair, wearing a bright pink shirt, is shown in profile, looking upwards and to the left. She is standing in a lush green forest with many trees and foliage. The lighting is natural, suggesting daylight. The overall mood is hopeful and aspirational.

EntreTODOS

SAVING AND CREDIT EDUCATION GROUPS

Life-Changing Groups

fundación
CODESPA

Conviértete en
oportunidad

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01.

The importance
of providing access
to financing to the
poorest

People born and living in the rural sector of developing countries typically have very limited access to basic products and services, exacerbating their exclusion.

Exclusion from the financial system and lack of access to liquidity for productive investments or covering their basic needs heightens their vulnerability and limits their development possibilities.

In some cases, financial exclusion forces them to resort to predatory lenders under abusive terms and to go into debt, worsening their socioeconomic situation and making it even more difficult to leave the circle of poverty.

Some microfinance organizations, created as an alternative to the formal banking system for poor people, have reached the rural area. Nonetheless, they continue to face major challenges in providing financial products and services adapted to the needs of the population. On the one hand, their requirements and interest rates typically place them beyond the reach of people living in poverty. On the other, the populations in the remotest areas in rural zones are outside the reach of these entities due to high transaction costs.

In this context, communities in many parts of the world have organized to provide a response to their needs within the framework of what is known as community microfinance.

02.

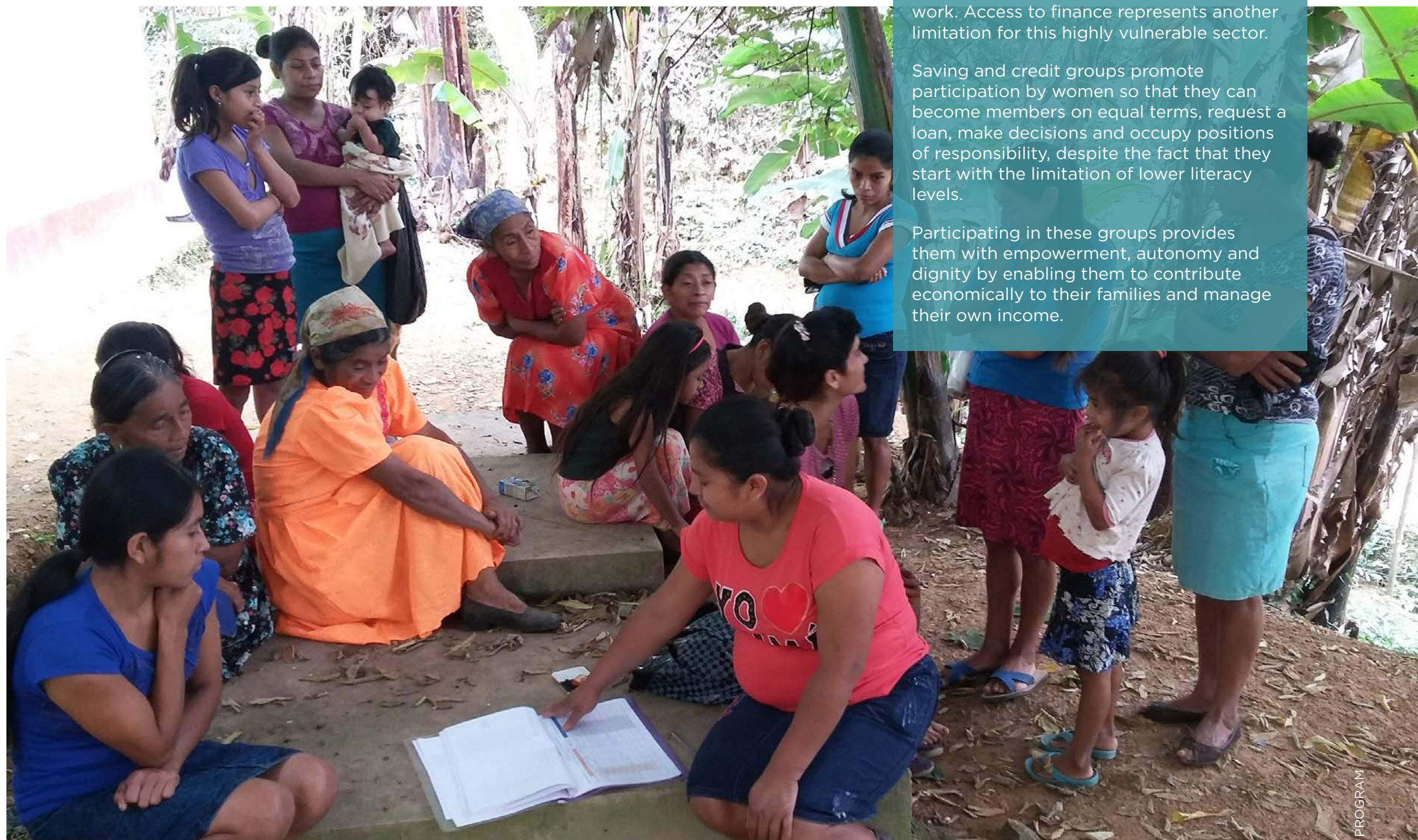
What are saving and credit groups?

Saving and credit groups are people who join together and organize to save a certain amount of money regularly in order to create a common fund to grant loans to the members themselves.

This enables them to generate revenue for themselves, have access to liquidity to cover the most urgent basic needs, and invest in improving or undertaking an economic activity.

This model has benefits that go beyond access to saving and credit, such as empowerment of people, especially women, training to teach financial literacy and basic business management, reduced vulnerability, promotion of solidarity and association among the members.

These self-managed groups have sprung up in many parts of the world under different methodologies.



ENTRETODOS GROUPS AS AN ENGINE OF ECONOMIC EMPOWERMENT FOR WOMEN

Inequality and barriers to access of women in many areas of life (education, health, land ownership, the job market, etc.) are present in the majority of countries where we work. Access to finance represents another limitation for this highly vulnerable sector.

Saving and credit groups promote participation by women so that they can become members on equal terms, request a loan, make decisions and occupy positions of responsibility, despite the fact that they start with the limitation of lower literacy levels.

Participating in these groups provides them with empowerment, autonomy and dignity by enabling them to contribute economically to their families and manage their own income.

03.

EntreTODOS. The 7 cornerstones of the model

With 35 years of experience supporting financial inclusion of poor people, the CODESPA FOUNDATION has developed its own methodology for promoting saving and credit groups.

Through EntreTODOS, CODESPA helps rural communities form saving and credit groups, consisting of 10-20 people, based on mutual trust and solidarity among the members.

These groups meet on a monthly basis for the purpose of saving and, using the savings, grant loans to each other under favorable terms. The groups make all the decisions, and CODESPA accompanies them in the process and provides them with financial training that helps them in decision-making.

Thus, they do not need the sureties or guarantors required of them by financial



The EntreTODOS group enables me to save the profits from my enterprise and gives me the opportunity to request loans to continue investing in my business

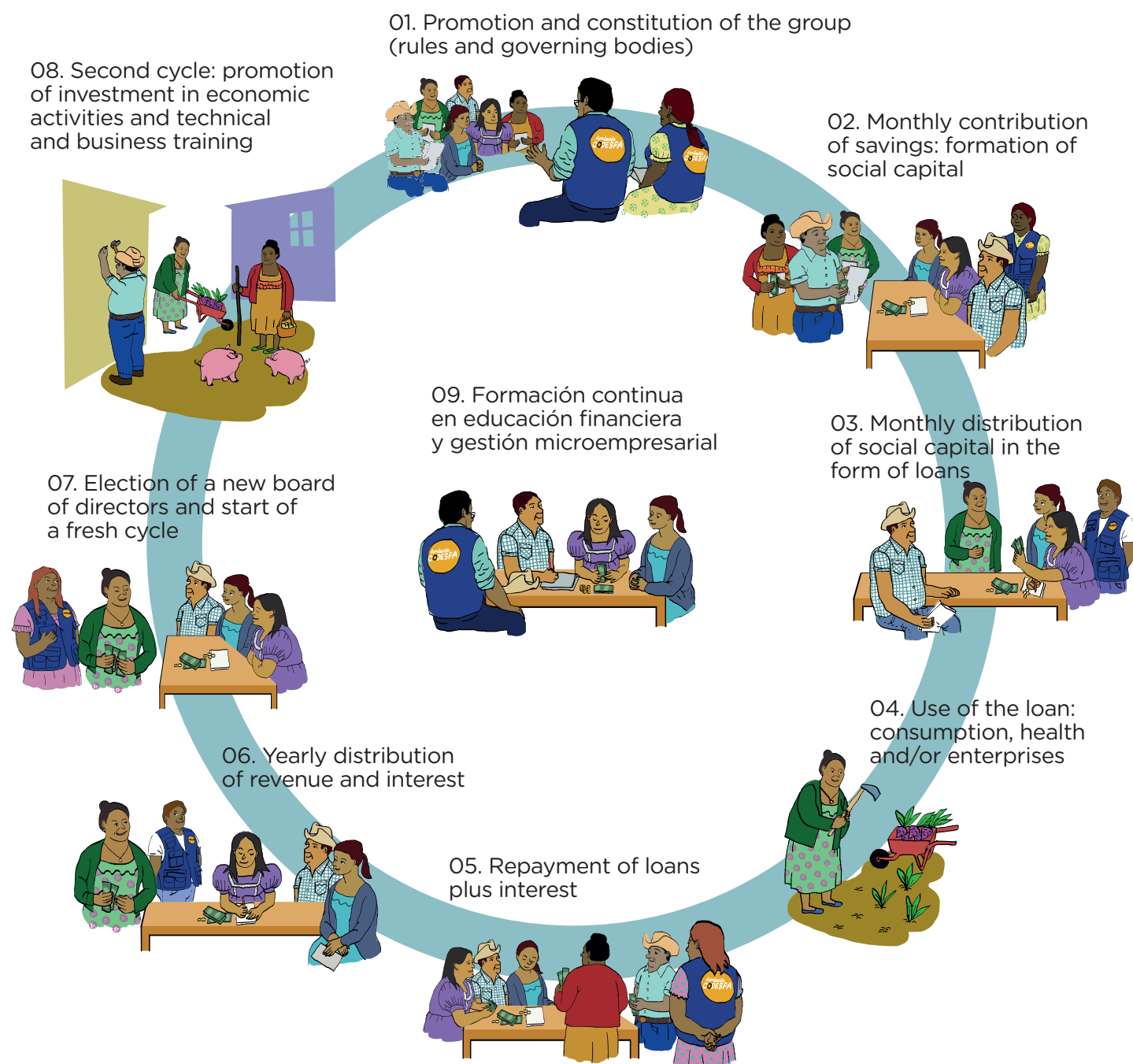
institutions to access financing. Their participation in the group will depend on the financing needs of each member, applying interest rates defined in advance by the group itself in a participatory manner.

generating interest or profits that are divided among the members, with recordkeeping and control mechanisms adapted to the reality of their skills, languages and rural contexts.

Under this model, nothing is given away: the members repay the loans they receive and operate in accordance with a series of statutes and guidelines established by the group itself,



GRAPHIC 1. ENTRETODOS METHODOLOGY



227,320

**US DOLLARS
SAVED IN TOTAL
AND GRANTED
IN LOANS**

During **2019** and **2020**
227,320 US Dollars in savings and loans
were mobilized among more
than **1,500 households**

The EntreTODOS approach can be summed up in 7 key aspects

1. Rural and semi-rural areas with high rates of poverty

CODESPA promotes the saving and credit groups in remote rural and semi-rural areas in a situation of high vulnerability and poverty. These areas, the majority of indigenous origin, barely have access to basic services (sewerage, electricity, sanitation, etc.) and concentrate high rates of child malnutrition and extreme poverty. The main economic activities are subsistence farming, work as day laborers in agriculture or the sale of basic consumer goods and handicrafts.

Thank you for taking our community into account... we know it's hard to get here

2. Skills development vs. assistentialism

CODESPA does not donate or give away anything. What the families living in poverty with whom we work need most is an opportunity to develop their skills and recover their dignity.

The groups' initial capital or fund is created with the savings of its members and not through outside financing. This approach also contributes to responsible participation and the sustainability of the group, avoiding possible risks of loan default or corruption.

In this sense, CODESPA trains them on basic financial literacy, shares formats and tools for financial tracking adapted to their reality, and participates in their monthly meetings to ensure their autonomy in management.

3. Participation and economic empowerment of women

Through EntreTODOS, CODESPA promotes economic empowerment of women, as well as their participation in the group's decision-making spaces.

By participating in a group, women have the opportunity to manage money and invest in their productive enterprises. This improves their contribution to the family economy, with a strong positive impact on their autonomy and dignity. Likewise, participating in EntreTODOS provides them with a practical exercise in having a voice and vote in a public space, which they can then take to other public and community participation spaces.

Lastly, the group's meetings are established as a space for meeting with other women, promoting bonds of friendship and mutual support.

I'm very happy to be able to serve my community through my business and also support the economy of my family



4. Financial education for all

EntreTODOS is based on the “learn-by-doing” methodology and is aimed at the entire group (not just the board of directors). This allows everyone to gain the knowledge from practice and also promotes the group's transparency and accountability.

Using flipcharts, the members are informed of the financial situation of the group as a whole and their own in each meeting. In this way, all the members become familiar in a practical way of essential financial concepts such as saving, loans, investment, interest rates, profitability and risk, among others.

The EntreTODOS methodology includes record-keeping tools and formats for financial tracking adapted to the group's saving capacity, investment and literacy level.

Participating in a group is a great experience, as I can work with the youngest people in my community, acquire financial literacy, and think about my life in a life plan





5. Importance of saving

The EntreTODOS methodology is based on promotion of saving as the first lesson and good financial practice to reduce the vulnerability of the member families. This allows them to have liquidity in moments of need or for unexpected events and not have to take out loans from third parties under disadvantageous terms. In this sense, EntreTODOS is based on the contribution of each person's savings, without any external investment or transfer.

For me, it has been very good to participate in the saving group, because I've been able to learn that saving is very good for achieving the goals we have as a family

AVERAGE SAVING AND LOAN AMOUNTS

USD 44,131
is the accumulated savings of all the groups

USD 6.45
is the average saved per person monthly

USD 23.23
is the average loan per person

3%-5%
is the average interest rate

1 to 3 months
months is the typical loan repayment time

Source: Data from EntreTODOS, CODESPA Guatemala, 2020

6. Promotion of entrepreneurship and productive investment

The EntreTODOS methodology promotes and accompanies people in their enterprises and income-generating activities to improve their economic situation. CODESPA supports them with inputs, like seed capital, and provides them with technical training according to the productive activity, as well as business and marketing training. The inputs are provided in the form of loans and converted to a revolving fund in order to capitalize the groups. To make their future growth strategies more robust, the entrepreneurs are also supported in their investment plans with help defining their sales targets.



"These groups help us to improve our economy, to invest our savings and loans in new crops and to sell in an organized way through cooperatives or associations."

7. Sustainability and self-governance of the groups

Once the groups are constituted, all decisions are made in a participatory manner and reflected in their internal rules. Among other aspects, the groups independently choose their management board; agree on the minimum monthly saving amount, the interest rate, the amount of fines, and the admittance of new members; and approve each loan request. These decisions are reached in a general assembly, with the participation of all their members.

CODESPA promotes the scalability and sustainability of its groups. On the one hand, training in financial literacy and access to credit ensure the availability of funds in cases of emergency. On the other, vocational training and microenterprise management improve their enterprises and future livelihoods.

Our money comes from us and is for us; no institution takes it and it doesn't leave the community

In the hamlet of El Filo, in the town of Aldea Talquezal in the Chiquimula department, 215 kilometers from Guatemala's capital, lives Leonor Pérez Súcite, her husband and four small children. Like Leonor's family, her community and neighboring communities in the municipality of Jocotán, suffer from high food insecurity and extreme poverty, conditions which were exacerbated by the effects of COVID-19.

Since September 2019, she has been part of one of the EntreTODOS groups and, although her savings are very minimal, she said: "one penny at a time, I will make my savings grow to improve my economy."

CODESPA joined forces with the AGROVAL association, specialized in the production and commercialization of loroco¹. In January 2020, they invited Leonor to become part of this productive chain, with the idea of producing and selling a crop with a higher potential and market value than corn and beans in an organized way.

Leonor's interest is notable because her small plot showed very good results in little time. The plot is now in production for family consumption, and she has started to sell loroco with her neighbors.

Leonor started saving an average of USD 2.58 a month. In the first cycle (12 months), she saved USD 30.98 and obtained profits of USD 18.06, accumulating a total of USD 49.04. At the start of the second 12-month cycle, she decided to reinvest 50% of her savings and profits in the group and increased the average saving amount to USD 6.45.

During this period, she requested a loan of USD 25.81. Of that, she dedicated 50% to needs that emerged as a result of hurricanes ETA and IOTA. She invested the other 50% in establishing a part of new loroco plot as an income-generating activity.

(1) Loroco is a botanical plant species whose flower is edible and aromatic. It is typically used as a condiment. It is originally from El Salvador and tends to fetch good prices in the market due to its scarcity.

Mrs. Leonor has this to say...

I'm happy and very grateful to CODESPA, because it helps us to have more confidence to start activities that we didn't know how to do or didn't know about.

I am hopeful that with the savings I will have a surplus for emergencies and to better feed my family.

Now my family and neighbors compliment me because they see how my crop is progressing and how our income is growing.

I share everything I have learned with them and encourage them to take advantage of CODESPA's knowledge and help.

progress

04.

EntreTODOS in figures

Participation
of women

81% 88%

of the loans are
granted to women

of members are
women



Default
and risk

0% 100%

is the
default
rate

of loans
are paid
on time



Destination of the funds



84.50%
productive activities

11.04%
health

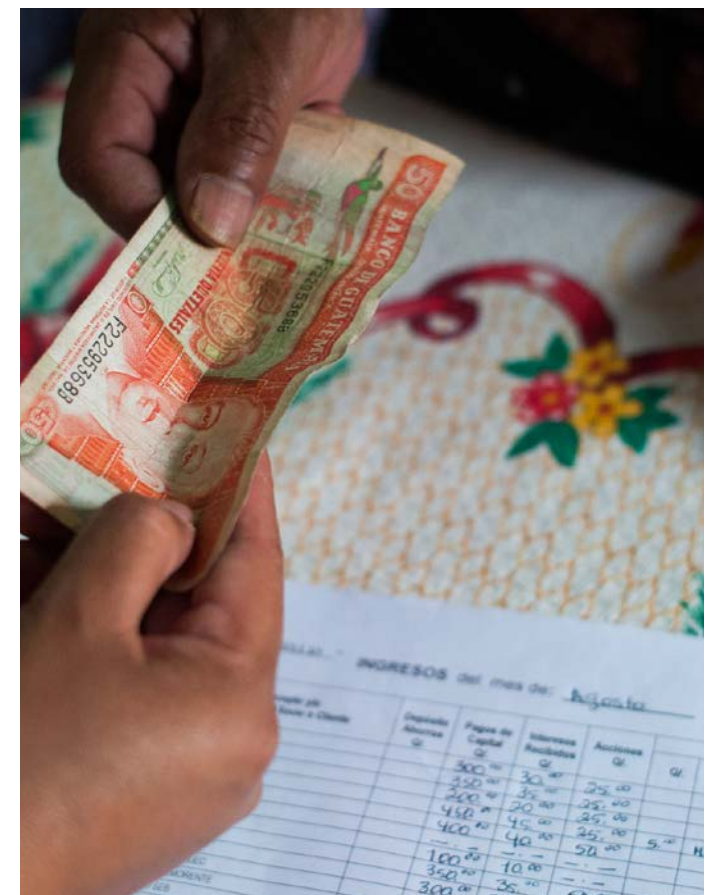
3.06%
basic grains and other
food products

1.40%
education

Scope
(2019 and 2020)

1,656
families involved

USD 227,320
saved in total and
granted in loans



Source: Data from EntreTODOS, CODESPA
Guatemala, 2020

EntreTODOS

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