



SAVINGS PROMOTION AMONGST WOMEN BENEFICIARIES IN THE JUNTOS PROGRAM: INITIAL RESULTS OF A PILOT PROJECT IN PERU*

CAPITAL PROJECT

JUNTOS, a program that targets the poorest populations in Peru, began implementing a pilot project last October, underlining the delivery of the conditional cash transfers (CCT) to its beneficiaries by promoting the use of savings accounts. The program JUNTOS delivers the CCT through the National Bank (Banco de la Nación) via a savings account. Nonetheless, this first interaction with the financial system is quite passive, given that the majority of the beneficiaries of the program JUNTOS solely use the account to withdrawal the total amount of the transfer, without much more interaction with the financial system.

The program JUNTOS and its transfer platform--the National Bank, included in their agreement that each JUNTOS beneficiary would automatically be granted a savings account, through

which the CCT are made. This agreement easily facilitates the promotion of savings accounts use, given that they already exist.

The following program emerged out this opportunity: "Savings Promotion Amongst Women Beneficiaries of JUNTOS," which has the objective to "promote and encourage the access and use of financial services amongst the beneficiaries, especially the use of savings accounts and financial savings."

The program's specific objectives are:

- * To promote the utilization of the savings accounts and the basic financial services (money orders, transfers, payments, etc) amongst JUNTOS' beneficiaries

* The complete document is available at The Capital Project web page: http://proyectocapital.org/index.php?fp_verpub=true&idpub=115



- * To develop, validate, and systematize tools a/o instruments that permit the adequate adoption of a family savings culture on the part of JUNTOS' beneficiaries.
- * To offer JUNTOS' beneficiaries the possibility to access economic development opportunities, through the articulation of participating entities in the program.
- * To analyze the potential of the savings accounts utilized by JUNTOS' beneficiaries in the design of the integral strategy of their graduation process of the JUNTOS program.
- * Agro Rural is an entity of the Ministry of Agriculture, specialized in training and financial sensitization of rural women, with experience in the projects Sierra Sur and Corredor Puno-Cusco.³
- * The National Bank (Banco de la Nación) is the state financial institution with the most presence at the national level in isolated areas, often being the only available bank. The National Bank is in charge of delivering the monetary transfer to the beneficiaries.
- * ST-CIAS is responsible for the national strategy "CRECER" –a intervention strategy articulated by the public entities that are made up of the national, regional and local level government, cooperation organizations, civil society, as well as private entities that are either directly or indirectly linked to the objective of overcoming poverty and chronic infant malnutrition.
- * The IEP is the entity that has supported the development of projects encouraging rural savings, as well as the creation of a financial culture in Peru and other Latin American and Caribbean countries, via the Capital Project (www.proyectocapital.org).

THE PRECEDENTS:

On November 10th 2008, JUNTOS signed various inter-institutional cooperation agreements with the intent to better the living conditions of families affiliated with JUNTOS via the promotion of savings, by creating the pilot program "Saving promotions amongst the beneficiaries of JUNTOS." Utilizing these agreements as a base, a working group was formed and has been meeting regularly, made up of: JUNTOS, Agro Rural, the National Bank, a team from Technical Secretary of the Interdepartmental Commission on Social Matters (ST-CIAS)¹ under the National Strategy CRECER ("to grow") and the Institute of Peruvian Studies (IEP), representing Proyecto Capital.²

- * JUNTOS is the entity responsible for the management of the CCT in the country.

The involved entities' interests in the program are sustained in the clear socioeconomic benefits of access and use of formal financial services brings to poorer populations and their opportunities. This is of particular relevance to poor rural women (JUNTOS' beneficiaries), because the benefits of using an account in a formal financial entity is the first

1. Spanish title: La Secretaría Técnica de la Comisión Interministerial de Asuntos Sociales.

2. A joint initiative of the Institute of Peruvian Studies (Instituto de Estudios Peruanos) and the Capital Foundation.



step towards female empowerment and a strengthening of their citizenship.⁴

THE BEGINNING OF THE PROGRAM: SAVINGS PROMOTION AMONGST THE WOMEN BENEFICIARIES OF JUNTOS

The inter-institutional working group of the program savings promotion amongst the women beneficiaries of JUNTOS is designed (with the help of a consultant team from IEP) as a pilot program to favor the usage of financial systems' services amongst rural women, with special attention to savings accounts. The objective of the pilot is to demonstrate the technical, operational, legal, and financial viability and the sustainability of a massive program that promotes savings, which is complementary to the program JUNTOS.

The beneficiaries of JUNTOS that participate in the pilot project are women from the districts of Coporaque (Espinar, Cusco, Perú), and San Jerónimo (Andahuaylas, Apurímac, Perú). The working groups' decision to test the pilot in these districts is based on the criteria defined by the set of institutions. The decision is orientated to test the implementation proposal in two different districts with distinct conditions. In total, the pilot involves approximately 3,800 women (2,284 in Coporaque; and 1,537 en San Jerónimo). The duration of the this pilot will be two years.

After long discussions between the participating five institutions, an agreement was made on the pilot's basic design (a description to follow). With this agreement, the first challenge of the pilot was to define an ope-

ration route towards implementation to be followed. Nonetheless, the bulk of the operative processes required to develop the pilot alone, was identified in the development itself of the pilot.

THE FINANCIAL PRODUCT PROMOTED IN THE PILOT PROGRAM

The program "savings promotion amongst the women beneficiaries of JUNTOS," intends to promote a larger utilization of basic savings accounts that are already created under the names of each beneficiary (since the accounts are the medium via which the National Bank disperses the CCT from JUNTOS). The savings accounts present the following characteristics:

- * Require no maintenance costs or fees on the part of the National Bank.
- * No limit on monthly transactions.
- * Operations credited with cashier vouchers (deposits, payments, and withdrawals).
- * The possibility to participate in the programs' lotteries (which is explained further on).
- * Preferential attention for the women savers of JUNTOS.



4. For example, please refer to the results of the savings promotion program developed in the Project Corredor Puno Cusco as reported by Trivelli & Yancari (2008).

The pilot program's objective has been to promote a larger and better utilization of the savings accounts and basic financial services. Ideally, there is the hope that the women will also save. The level of the women's interaction in these two districts has been and is strictly voluntary, given that the pilot program intends to instill confidence, security, and financial knowledge in order to motivate them to understand and utilize their accounts to actually save.

THE PILOT'S COMPONENTS:

Within the pilot of this program is the development of three distinct components: i) Training and Financial Sensitization; ii) Accompaniment to the Saving; iii) Incentives and Savings Promotion.

* Training and Financial Sensitization:

In Coporaque and San Jerónimo, a training and financial sensitization is being carried out, differentiated for the beneficiaries of the Program JUNTOS, the promoters of JUNTOS, the staff of the National Bank, and the local authorities.

The training seeks to create a basic understanding about the function of the financial system, and principally to encourage the value of savings as an efficient way to fight against poverty. In addition to making possible the capitalization of the beneficiary and of her family.

Agro Rural is the principal actor who deals with actually carrying out this work, via workshops that initiated in November 2009.

Here we want to highlight that the training workshops have been so far well received. They have been offered both in Coporaque,

and in San Jerónimo, where the female beneficiaries meet bi-monthly in groups of 40 women.⁵ In January 2010, all the women completed the first module in the training: "Module Intercultural Financial Education," and are awaiting the following module, "Financial Systems."

We expect that by May 2010 the 3,800 women in the pilots in Coporaque and San Jerónimo, will have successfully completed the financial education training, which implies they will have received the three different modules. Additionally, Argo Rural has developed sensitization activities for the promoters of JUNTOS in both districts and for the staff of the National Bank agencies in districts.

* Financial Accompaniment:

This financial accompaniment is through the local female leaders as well as to the Social Promoters of the JUNTOS program, who also regularly visit the homes of the women beneficiaries, with the purpose of reinforcing and encouraging the fulfillment of the shared responsibilities. The promoters of JUNTOS and regional coordinators of the program have been trained and sensitized, and have received instructions with frequently asked questions about financial topics and the savings pilot program itself.

* Incentives and Savings Promotion:

This component seeks to incentivize the use of savings accounts amongst the beneficiaries through lotteries. The lotteries are offered to JUNTOS' beneficiaries that maintain a positive balance in their account. Twice monthly two

5. The trainings are divided into 3 modules.



women in both districts are chosen randomly as the prize winners. All of the women are welcome to participate in the lotteries given that: i) they haven't been suspended (for not having completed the conditionalities) from JUNTOS in the month prior to the lottery; and ii) they have positive balances (greater than zero) in their savings account. These prizes help encourage the participants to complete the assumed responsibilities of JUNTOS and also to incorporate in the daily lives a culture of savings.

The prizes are financed using JUNTOS funds, and are made up of supply baskets each with an approximate value of 180.00 nuevos soles (\$60).

On February 15th and 16th, 2010, the third lottery was carried out in Coporaque and San Jerónimo, respectively. In these lottery events, JUNTOS is in charge of preparing the program, marketing it amongst the community and all participating entities, at least a week before the

event. The lottery events last slightly less than two hours and are carried out in the heart of either districts, The Main Square. In addition, a sound team, an awning, and a stage are usually requested (on loan) from the mayor. The local authorities typically participate, as well as the local participating entities responsible for the pilot program.

An interesting fact is that little by little the local authorities have become more and more interested in the pilot program. In the case of San Jerónimo, the mayor was more timid in his initial interest and willingness to participate in the program ceremonies; whereas, in Coporaque the mayor not only was interested and willing to participate, he even donated more prizes so that there could be more winners.

Although in the initial design, the local authorities' participation was not considered, this is perhaps one of first lessons of the pilot program's experience. The mayors are well res-





pected and legitimate actors in their communities, which could give an initial impulse and support in publicizing the program, helping to underline the importance of savings and plant it in local life.

Finally, the most significant part of these lotteries is the interest it generates on behalf of the women in the program; therefore, it affirms that the incentives are completing their purpose. This is apparent on the lottery days where approximately 500 -700 women gather in the square in both districts and enthusiastically watch the event in anticipation of the prize winners.

A FIRST GLANCE AT SAVINGS IN THE PILOT PROGRAM

Below we present a short analysis, evaluating the savings in Coporaque and San Jerónimo, taking into account that the pilot program only began in October 2009. The information with which we realized this analysis has been provided by the National Bank. In general terms, savings has been incentivized in both localities, however there are some important differences that we explain below.

Savings in the months of June to September (before the pilot began) in both districts ran-



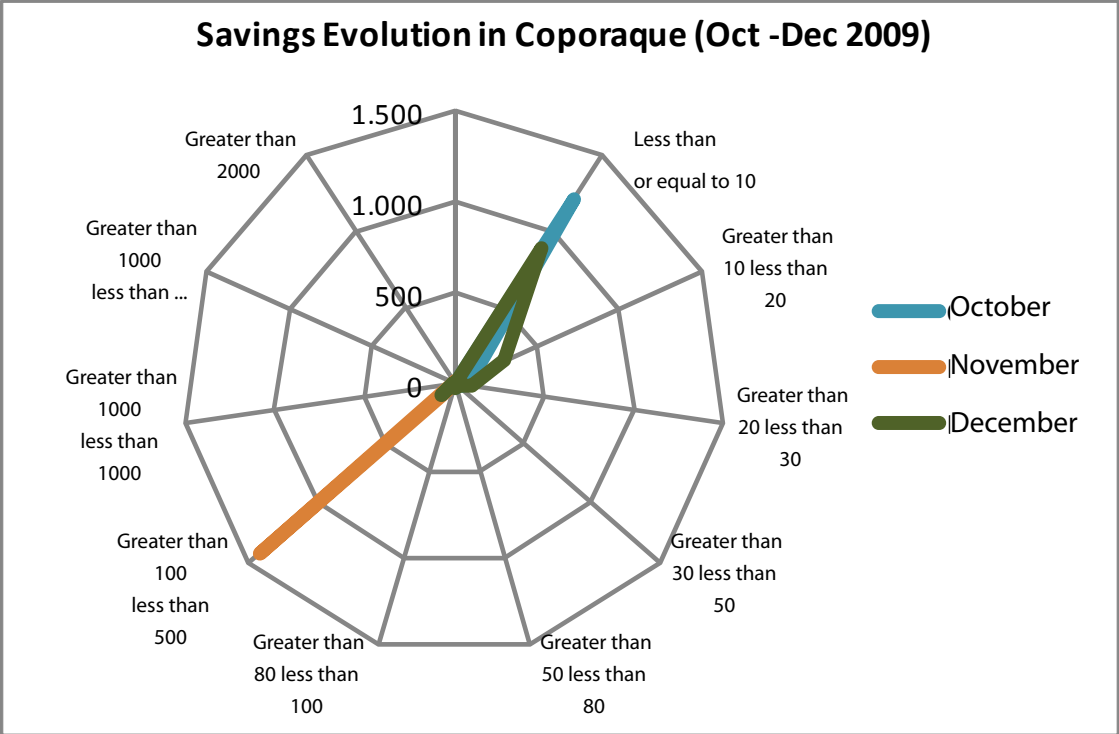
ged between “less than 10 nuevos soles” and “greater than 100 and less than 500 nuevos soles”. This was basically due to the fact that JUNTOS was depositing the CCT of 100 nuevos soles to the beneficiaries, which put them into the higher range (of 100-500 nuevos soles) that consequently dropped the following month, given that the women withdrew their CCT—consecutively.

*** Savings in Coporaque since October**

Since October in Coporaque the total savings between the beneficiaries has been on the increase, not only because of an increase of savings per beneficiary but also because every month the number of savers increases. It has additionally been observed that unlike in the previous months, the women are not withdrawing 100% of their CCT upon its receipt. In

October there were balances in the ranges of: “less then 10 nuevos soles”, and “greater than 10 and less than 20 nuevos soles”. However, in November and December we observed balances in the range of: “greater than 20 and less than 30 nuevo soles” and “greater than 30 and less than 50 nuevo soles”.

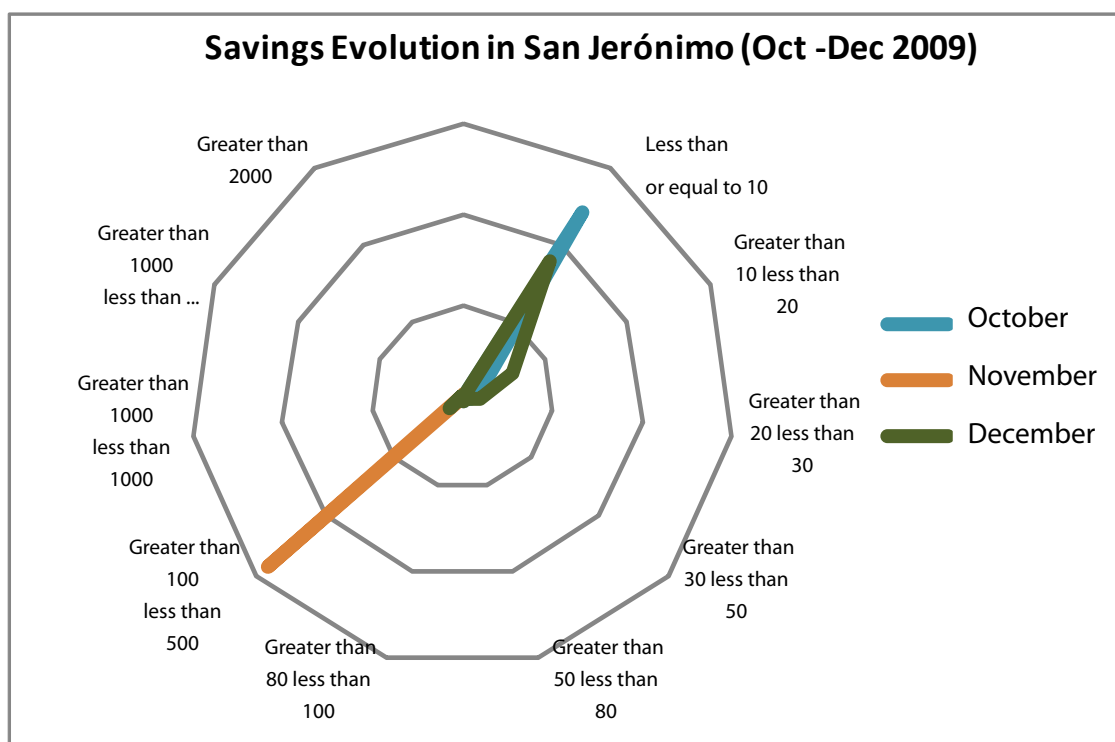
We can therefore say that the response of the financial savings on part of the women has been intense, given the variation from month to month in the account balances indicates the saving mobilization between the women has grown with the pass of time. This indicates that the program has had clear results in the promotion of the saving in this district, given that they are not only savings, but also in addition the balances are incrementally increasing month to month.



* Savings in San Jerónimo since October

In San Jerónimo, we can also say that there has been great features in the positive evolution towards savings, but it isn't as evident as in the case of Coporaque. The CCT deposit in November skews the results somewhat for this month (since the vast majority of beneficiaries withdrew the total of their 100 nuevos soles), nevertheless in the following graph a "positive" behavior can be observed for months of October and December. As in the graph of Coporaque, it is observed that

savings "is moving towards the right handside," although in a much more discreet way. In San Jerónimo, it can be observed that in October, the majority of savings is located in the range of "less than 10 nuevos soles", but in December we observe balances in new ranges like "greater than 10 less than 20 nuevos soles" and "greater than 20 less than 30 nuevos soles". Nevertheless, the number of women savers in this top status is lower than the number of women savers who are in the same status in Coporaque.





In spite of this, we cannot ignore the fact that the beneficiaries are actively using their savings accounts, since they are carrying out withdrawals and deposits, which implies that the financial training workshops are generating positive results. If this is true, it is likely that the program will have positive effects, including a positive valuation of savings amongst the benefiting population.

It is necessary therefore to constantly check the aggregated numbers of the beneficiaries' savings accounts in San Jerónimo, but also of Coporaque, to come to more refined conclusions and to measure the impact of the pilot program on the life of the women who could benefit from it.



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