



## AN OUTSIDE VIEW AT THE WOMEN SAVERS IN ACTION PROGRAM. LESSONS LEARNED\*

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The Women Savers in Action Project (Proyecto Mujeres Ahorradoras en Acción, MAA) is a Colombian government initiative implemented as part of the Income Generation Program of the Presidential Agency for Social Action and International Cooperation (Acción Social). This integral project builds the social and business skills of socially vulnerable women, creating a culture of savings and empowerment through gender awareness, financial education, business skills training, connection with the formal financial system through savings accounts, and savings incentives designed to generate resources to enhance productive enterprises. The project is completely financed by government funding and receives technical assistance for implementation from the Inter-American Institute for Cooperation on Agriculture (IICA).

\* The complete document is available at the Capital Project: <[www.proyectocapital.org](http://www.proyectocapital.org)>

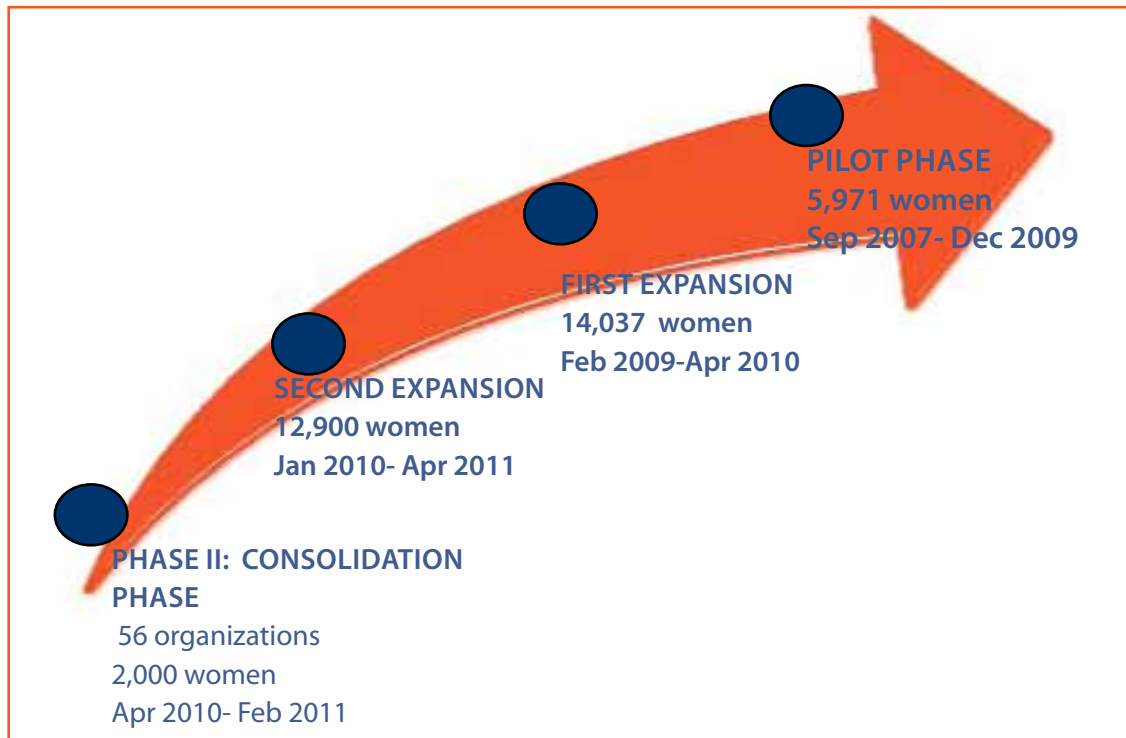
The target population consists of adult women classified in SISBEN levels one and two who engage in a productive activity and are located in vulnerable districts that the national government has identified as priorities because of poverty rates, displacement, violence, drug trafficking or illicit crops.

The MAA Project began in 2007 as a 15-month pilot program. An initial expansion began in March 2009 and a second expansion in early 2010. In each of these phases, corrective measures have been taken based on outcomes and evidence encountered in the preceding phase. Associative processes have emerged during these phases, and Phase Two of the project, or the Consolidation Phase, began in April 2010 to strengthen and consolidate these associations.

The purpose of this study is to document the MAA Project's intervention strategy and analyze the



Figure 1. Phases of the MAA Project



changes introduced throughout the various phases, to identify lessons that could be used to improve the design and/or implementation of similar projects. The study focuses on the pilot phases and the first expansion of the project. It is mainly based on evaluation documents produced by the MAA Project monitoring and evaluation system, interviews with project staff, and information gathered in the two districts where the pilot phases and first expansion were implemented.

### INTERVENTION STRATEGY

The MAA Project uses an integral intervention strategy designed to develop the productive enterprises of poor and/or vulnerable women, based on: i) capacity building for an integral, gender-sensitive approach aimed at empowering women as individuals, family members, business-women and members of their communities (human capital); ii) developing a culture of savings and access to micro-financial services (financial capital); and iii)

strengthening bonds among people in their communities and encouraging the formation of associations (social capital).

### CAPACITY BUILDING

The project began with intensive, participatory training based on methodologies and mechanisms adapted to the women's socio-cultural situation and level of education. The training was done in groups of approximately 30 women for a period of approximately nine months, during which they covered specific topics, such as financial education, business plans and formation of associations, with gender as a cross-cutting theme. Training materials were based on the PROFEM methodology (capacity building in business management with a gender approach), modified and adapted to take into account the evidence encountered and opinions expressed by the women in the field throughout the various phases.



The trainers are local, and they know and live relatively close to the women, which makes it easier to agree on times and places for meetings with the beneficiaries. Nevertheless, the time commitment required for the training led some women to drop out of the project and made it necessary to reorganize and shorten the training modules in subsequent phases.

### CONNECTION WITH FINANCIAL SYSTEM

The project helped increase the women's awareness of the importance of saving and provided access to the financial services of savings, credit and insurance offered by formal institutions, with a specific goal: the accumulation of resources to stimulate development of productive enterprises. The project includes a process to mobilize women and incorporate them into the financial system by opening savings accounts, with incentives offered during a nine-month savings cycle.

The savings accounts provided by the two financial institutions with which the project worked (Banco Agrario, a government institution, and Bancolombia, a private institution)<sup>1</sup> offer preferential terms for a limited time: they are exempt from external fees for opening and managing accounts, are not subject to the "cuatro por mil" (four pesos per thousand) tax on financial transactions,<sup>2</sup> have a low interest rate equivalent to a 1 percent effective annual yield, and allow up to two free transactions a month. The Banco Agrario applies these conditions to the accounts for three years, while Bancolombia applies them for one year. Overall, the women's relationship with both banks has been good, but limited.

To help the women understand and enter the banking system, the training modules include workshops on inclusion in the banking system, in which the women receive their debit cards and PINs and sign documents authorizing the team to monitor their account balances and transactions.

The savings incentives offered by the project are conditioned on meeting a savings goal of 300,000

Colombian pesos in nine months. Quarterly samples are taken to verify progress toward the goals, offering the women an incentive equivalent to 50 percent of the amount saved, to a maximum of \$150,000. This amount is certified with an "educational voucher."<sup>3</sup> When the nine-month savings cycle ends, the total amount of the incentive is deposited directly in the accounts.

The women can make deposits whenever they want, but can only withdraw their funds (savings or incentives) at the end of the savings cycle. The women said they were satisfied with that measure, which forces them to save without the risk of spending the money, and said they hoped to have a large amount at the end of the cycle.

The MAA Project also provides access to micro life insurance to reduce the risk of economic and social reverses in the family in case of unforeseen problems. An agreement was signed with the ACE Seguros Colombia insurance agency and the Delima Marsh insurance company, which designed a product that covered the risk of permanent or temporary disability and death (without covering pre-existing conditions) for an annual premium of \$10,000. Acquisition of the policy is voluntary.

Once the savings cycle is complete, the women receive additional financial guidance for obtaining microcredit. The MAA Project sees microcredit as a financing option that is complementary to formal savings and the incentive program, if additional resources are needed once the training and the nine-month savings cycle are finished.

1. The institutions were chosen based on the existence of offices in the districts where the project was implemented.
2. Tax on financial transactions effective at the time the funds are made available. Under an agreement with MAA, this tax does not apply to savings accounts with a balance of less than 4,250,000 Colombian pesos.
3. During a training session, each participant receives a certificate specifying the amount of the incentive to be deposited, based on the amount saved during the quarter.

## STRENGTHENING OF ASSOCIATIONS

Because of the violence that exists in some of the areas where the project was implemented, the MAA Project has worked to rebuild social relationships among the participants, their families and the community through training and opportunities for socializing to stimulate collective work and solidarity among the participants. According to an evaluation carried out in Boyacá, for many women “this was perhaps the first time they felt they belonged to a group and had a social network in which they could find understanding, trust and solidarity.”

## RELATIONSHIP WITH INSTITUTIONS

The project helps women build relationships on two levels. First, it encourages greater involvement in community life, so the women participate actively in decision-making processes that affect them, their families and their environment. Second, the project seeks to connect the women with other institutions that can reinforce the support provided by the project to help them develop their productive enterprises and continue helping them after the project ends, through capacity building, access to markets, improvement of living conditions, etc. (e.g.: SENA, Chambers of Commerce, IAN, National Housing Fund, etc.). This effort began with mapping of the various public and private institutions and development programs or projects in the districts and analysis of the services they provided.

## DATA AND RESULTS

The average cost per woman involved in the project was \$754,585 in the pilot phase and \$548,771 in the first expansion.

When the pilot phase began, only 657 women (11 percent) had savings accounts; at the end, 5,971 were included in the banking system. In the first expansion, that number increased from 2,246 (16 percent) to 14,037 women. In the second ex-

pansion phase, which is currently under way, the project expects that an additional 12,900 women will be incorporated into the financial system, for a total of 32,908 women included in the banking system in all phases of the MAA Project.

Although 5,971 savings accounts were opened in the pilot phase, only 4,732 women actually saved. The average amount of savings per woman was \$249,197 in the pilot phase and \$244,384 in the expansion phase.

The women learned to value themselves and recognize their contribution to their households. The percentage of women who recognized the importance of their contributions to their families' income increased from 58.8 percent to 72.7 percent. They also changed their family members' perceptions of their contributions, a recognition that went beyond the household level to include acknowledgement of their contribution (of work and know-how) to their communities. They have also begun to value their time and to take care of themselves, participating in screening campaigns for breast cancer and other diseases.

The women learned to analyze whether their productive activity was profitable in terms of time and money invested and profits generated. With their savings and incentive bonuses, they have been able to start businesses that generate more income and demand less time.

Once the pilot phase and expansion were completed, it was noted that many of the women had closed their savings accounts and few continued saving in them, mainly because they no longer received incentives from the project and because the banks' interest rates were very low. Despite those results, many women said they were still saving at home or through productive assets such as seeds or animals.

In the pilot phase, 500 women said they needed outside financing; 300 of them (17 percent of all



participants) applied, were approved and received loans.

In the pilot phase, 4,350 women (73 percent) acquired life insurance policies, while 100 percent of the participants (14,037 women) did so during the expansion phase.

Among the most important results of the MAA Project was the creation of two political associations of women, which were established to seek economic, social and political benefits for their members and their communities.

In mid-April 2010, the Consolidation Phase of the MAA Project began, with the goal of strengthening and solidifying the organizations that were formed during the first phase. Work is currently under way with 56 organizations (46 producer groups and 10 social organizations), in which approximately 2,000 women participate.

### USEFUL LESSONS FOR IMPROVING THE DESIGN AND/OR IMPLEMENTATION OF SIMILAR PROJECTS

Although the budget of a project like this one makes it difficult to imagine that it can be replicated and widely repeated in other contexts, important lessons have been learned for the design and implementation of similar initiatives.

**Flexible development projects:** It is important that projects be able to adapt to the needs and demands that arise during implementation. They must not come with solutions imposed from above or preconceptions about what is good or bad, but must be open to the people's opinions, respecting what they do and how they do it. From the very beginning, they must also establish measurable goals and reliable means of verification.

**Appropriate choice of field team:** Despite the additional expense entailed, it is important that selection processes be rigorous and that appropriate personnel profiles be established to ensure selec-

tion of a competent staff that understands the local culture and has the ability and personality to relate well with the beneficiaries.

**Avoid excessive time commitments and content that is not useful to beneficiaries:** Residents of rural areas have time and mobility constraints that must be considered. The content of the training must be easy to understand and useful to the beneficiaries.

It is necessary to include activities that stimulate a sense of self-worth and empowerment in the project to achieve permanent change in various areas of the women's lives (family, community, associations, etc.).

**The poor do save:** Rural women have the ability to save and do so through various mechanisms. Saving is not limited to the accumulation of money, but includes the good use of resources in other areas of everyday life.

Savings goals established in initiatives to encourage savings must take into account the seasonal nature of rural residents' income.

To effectively include beneficiaries in the financial system, it is necessary to use instruments that create the least possible distortion in the market, so as not to negatively affect future behaviors. This means that savings accounts and interest rates must conform to market conditions.

Financial education is essential for effective inclusion in the financial system. That is the only way to demythologize banks and bring them closer to people. Beneficiaries should receive complete, clear information about how banks operate and the services they offer.

Access to microcredit should be the last option in a capacity-building process, so beneficiaries can make an informed decision consistent with their ability to pay. Otherwise, participants run the risk of future decapitalization.



Access to micro life insurance with low annual premiums is an effective way to reduce people's vulnerability. Such products already exist in the market; the challenge is to involve other institutional stakeholders so they make them available to low-income populations.

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