

CASE STUDY



SERVEI SOLIDARI

Promoting inclusive microfinance through savings groups for migrant entrepreneurs

January 2022



Co-funded by the
Erasmus+ Programme
of the European Union

The information contained in this publication does not necessarily reflect the official position of the European Commission.

#5

THIS IS THE FIFTH OF A SERIES OF CASE STUDIES ON FINANCIAL INCLUSION THROUGH SAVINGS GROUPS.

ABOUT SERVEI SOLIDARI

Servei Solidari was created by the Escola Pia Catalunya in Barcelona, Spain, as part of its social mission in 1993 and became a foundation in 2006. In 2002, due largely to the strong migratory waves that occurred in Catalan society, Servei Solidari evolved so that our primary focus became the blossoming immigrant community. The organization is focused on supporting kids, youngsters and families economically vulnerable through social programs, with the aim of helping them to reach their full economic and social autonomy. These programs consist on Catalan-Spanish courses, ICT training, legal advice, social housing, volunteering, social mentoring as well as employability and entrepreneurship.

The team consists of 70 employees distributed among various projects and the organization's management structure. There are 4 employees dedicated solely to working with entrepreneurs and savings groups, and they are assisted by no less than 15 volunteers.

Since 2016 Servei Solidari has advocated for the savings groups entrepreneurship model. This is derived from our core belief that everyone and anyone can add value to the lives of their fellow humans.



WHAT IS A SAVINGS GROUP IN SERVEI SOLIDARI?

Servei Solidari defines a savings group, (also known as a Self-funded Community or CAF), as a group made up of between eight and fifteen entrepreneurs who have expertise in various fields such as textile, food, health, who gather up for saving money and have access to microcredits to invest in their businesses, such as small shops. Members enjoy access to training, technical assistance and advice on tax and labour issues, as well as tools to solve common problems which nascent entrepreneurs encounter. In a more social sense, the savings group is a space where members can not only expand their networks, but find a safe place where they can share their doubts and fears about their new business and other aspects of their life.

WHAT ARE SERVEI SOLIDARI'S ACTIVITIES?

The Servei Solidari Foundation is currently running several projects that can be grouped into the following areas:

Hosting, Social Assistance and Training

- Reception point for Newcomers, primary assistance and legal advice (social, employment and immigration).
- Digital literacy and languages (Catalan and Spanish courses).
- Educational project during leisure time of vulnerable children and teenagers through school reinforcement and leisure education (Rotllana project).
- Shelter apartments with housing and services for ex-ward minors and refugee families.
- Social Mentoring: The Rossinyol project consists of identifying vulnerable youths and creating an interaction plan with university students who will act as mentors.

Employability, Entrepreneurship and Microfinance

- Supporting youngsters to accomplish their professional goals through vocational guidance and business intermediation.
- Social entrepreneurship and labour integration of the economically vulnerable by creating their own workplace.
- Encouraging the establishment of small businesses through individual assistance, creating a business plan, financial intermediation and business mentoring.
- Creation of savings groups as a platform for entrepreneurs to develop their business ideas while saving and having access to microcredits.
- Training services and methodological support for savings groups.



SERVEI SOLIDARI'S SAVINGS GROUPS AT A GLANCE



FINANCIAL IMPACT

Total savings groups created since 2016 (migrant-only):

7

Savings amount range on average per month (per group):

150- 250€

Savings amount range on average per year:

500 - 850€

Number of credits awarded per group in a year (min-max):

3 - 11

Amount of money delivered in credits per year in the groups (min-max):

1,500 - 7,500€



MEMBER PROFILE

Number of participants per group:

8 - 15

Age of beneficiaries:

22 - 68

Percentage of women:

95%

Women who have suffered situations of gender violence:

65%

Little knowledge of vehicular languages:

Spanish: **70%**

Catalan: **30%**

Administrative irregularity situation:

35%

Nationalities represented:

21

Costa Rica, Mexico, Honduras, Dominican Republic, Colombia, Ecuador, Venezuela, Peru, Bolivia, Brasil, Argentina, Italy, Romania, Bulgaria, Ukraine, Poland, Georgia, Morocco, Senegal, Togo, Guinea Conakry



DEMO GRAPHICS

Members participating in the savings groups program generally share some demographic similarities:

- Low income and strong income variations, (and as such, not candidates for credit from financial institutions).
- Statistics* show relative risk of poverty is higher for women (21.7%) than for men (20.2%), which shows the disproportionate impact of poverty among women.
- Members typically have not had the time or opportunity to establish a professional and social network.
- Lack of access to a health system.
- Unhealthy situations of dependency or being improperly cared for due to physical or mental disorders.
- Lack of family ties and the presence of domestic violence is unfortunately quite common.
- Level of studies typically outstrip the positions they are currently filling.



SOURCES OF INCOME

Members' income predominantly comes from the following sources:

- Volatile and underpaid jobs.
- Citizenship minimum income guaranteed and other social assistance.
- Informal sale of products and services.
- Family support.

ACHIEVEMENTS AND RESULTS

From the beginning, Servei Solidari has been working with both public and private entities to develop its programs. The Entrepreneurship program specifically has always worked hand in hand with entities related to social welfare and immigration, especially those whose objective is the economic independence of people via training and education. The savings groups that were created under this program have achieved the following in the last few years we have:

- Generated the work methodology that combines an entrepreneurship program created in a business incubator format with saving groups, together with ACAF Association.
- Created the Aurora program of psychosocial, legal and economic support for saving groups together with ACAF.
- Created 7 saving groups; one for entrepreneurs who started their business already and six for immigrant women incubating their business projects.
- Accompanied more than 22 CAFs through training in personal development, entrepreneurship and job placement.
- Trained 154 people in personal development and entrepreneurship tools.
- Created 24 new businesses through the savings group program.
- Accompanied new entrepreneurs to seek loans in formal banking for their small business development reaching a total of 350,000€.
- Consolidated 5 businesses through mentoring with the help of volunteers.
- Created agreements with traditional banks (Microbank - Caixabank) to grant small loans for group members (2,500€ - 15,000€) without any other guarantee.

QUALITATIVE RESULTS OF SAVING GROUPS

- We have strengthened self-employment of marginalized populations as an alternative to their exclusion from work, through granting small loans.
- We have promoted an alternative economy in which qualified and skilled people are prioritized over capital and the market.
- We have brought sustainability to local projects through the commitment assumed by the participating organizations and institutions.
- We have promoted greater social and political participation in various sectors, strengthening the social network in the municipalities where our groups are established.
- We have encouraged each savings group member to pursue their autonomy and happiness through the promotion of their own skills and knowledge to generate dignified work, thus leaving behind all kinds of welfare and dependency.
- Together with the group members we have worked to strengthen and recover values such as solidarity, mutual trust, responsibility and honesty.

COMBINING SAVING GROUPS AND ENTREPRENEURSHIP

Servei Solidari has been working with entrepreneurs since 2005. For over 10 years we have prescribed to the methodology of accompaniment towards defining a business idea, advice to the development of the business plan, financial intermediation and accompaniment to business consolidation. These services were offered within the framework of the initial agreements made with supporting entities, above all of a public nature.

Back then, we observed that many people did not finish the business creation process. These were especially women who, for various reasons (generally personal situations derived from migration) could not start their realize their business idea. In 2015, we therefore decided to try unconventional methodologies for the development of these enterprises. How? By testing the market with the granting of small credits.

This approach proved fruitful as we began to receive requests from entrepreneurs who, having already applied for a loan within the traditional banking system, came to us to ask for loans because the credited amounts were not enough to start their businesses. To provide a little bit of context, in 2015 after the global financial crisis, banks began to give credit again for building up small companies, but with considerable reluctance and low amounts.

Servei Solidari had some resources, and we analysed the possibility of providing loans, however the credit fund was so small that the only fair solution for all the program beneficiaries was to create savings groups to be able to distribute the money among them. The first group we created consisted of entrepreneurs who needed urgent loans to improve their businesses activity. Then we created the pilot group of women "Las Guerreras del Sol" ("Sun Warriors"). From the beginning, their participation was vital. They helped us to improve the methodology and define some procedures with regards to psychosocial support. Servei Solidari started participating as a member of the group contributing the same amount of money that they saved in each meeting - as a kind of incentive - and it was agreed that the credits were to be used to start their small businesses. Today there are seven legalized operating businesses founded by members of that saving group.



SUCCESS FACTORS OF THE ENTREPRENEURSHIP & SAVINGS GROUPS METHODOLOGY

- Identification of user profiles: entrepreneurial characteristics and a project in operation, either informally or formally.
- Diagnose the social, family and personal situation to accompany the vital process at the same time as the entrepreneurship process.
- Active participation of the members in the definition of the training content and in the credit approval processes.
- Access to public-private financing for the non-financial services of the projects in terms of the business formalization section.
- Availability a small capital from the organization to join as a member and be able to make contributions to groups.
- To have a traditional bank to accompany the growth of projects in the start-up and legalization phase.



“Participating in the CAF has been a great experience, because this savings group is based on trust, and this is a very important thing. Apart from making friends, they also helped me with my business project, as we always have to present the project to the group in order to get a credit. If I remember well, I used the loans twice, once 400€ and another time 800€. With this money I bought stocks for my shop and paid for a licence to participate in a street market. I’m so grateful for it.”

Loredana Espósito, Génesis CAF (Barcelona)

CHALLENGES & LESSONS LEARNED

CHALLENGES

- The lack of financial education of some beneficiaries affects the duration of the training.
- Over-indebtedness and financial exclusion of beneficiaries, which is the reason they might be reluctant to save money or anything that links them to possible credits.
- Some persons (especially coming from EU countries) are not familiar with savings groups models, so it is difficult for them to understand the dynamics of creating these groups.
- Lack of financial support to give continuity to financial education programs that will allow us to later create the groups.

LESSONS LEARNED

- Support entrepreneurship programs where saving groups can be of great help. Especially in the start-up phase of businesses, members can finance e.g. their first product tests without the need to take out a bank loan.
- Savings groups become, not only a financial support but also a support network for migrants that find themselves living far away from their friends and families. There is a need to interact with other migrants, which is no longer about the origin: they require a place where they can be part of a community.
- Participating in savings groups improves the quality of life of the most impoverished sectors of the population.



SERVEI SOLIDARI'S OUTLOOK

Servei Solidari will continue supporting vulnerable kids, youngsters and families with the aim of helping them to achieve their full economic and social autonomy, emphasizing their training and employability. The organization also works in cooperation projects with Mexico and Senegal, facilitating trainings on financial education and promotion of saving groups combined with entrepreneurship. We hope to continue to receive the financial support of public and private entities to carry out the organization's projects.



“I knew no one here in Barcelona when I arrived but now I have a lot of Latino girl friends who I met in the savings group. I would say that Moonlight (name of the savings group) has become a group of friends. We help each other with taking care of the kids, we go out for a coffee, and we create projects together... None of us have our families here so we kind of work as a family.”

Angie Morales, Moonlight CAF (Barcelona)

GET IN TOUCH



Name of Organization: Fundació Privada Servei Solidari per la Inclusió Social
Adress: C/Sant Antoni Abat 61 · 08026 · Barcelona
Staff Entrepreneurship & Saving Groups: Sandra Rodríguez Tafur, Cristina Balcells de Martí, Jordi Balsells Costa, Camila Castaño Mendez, Xavier Guillamon Baños, Laia Orozco Juan, María Eugenia Blandón.

Website: <http://serveisolidari.org/>
Email: serveisolidari@serveisolidari.org
Facebook: <https://www.facebook.com/serveisolidari/>
Twitter: <https://twitter.com/serveisolidari>
Instagram: <https://www.instagram.com/serveisolidari/>

ABOUT THIS CASE STUDY

The case studies are one of the deliverables of the Erasmus Plus funded project “LETS SAVEE” (LEarning, Teaming up and Saving- SAVING groups for Employability and Empowerment). The project aims at developing an innovative methodology for a hands-on-experience training opportunity for adults from vulnerable groups to develop their skills. It is implemented by seven partners organizations based in different countries across Europe: ACAF – Asociación de Comunidades Autofinanciadas (Spain), Cash2Grow (The Netherlands), Fundació Servei Solidari (Spain), LAB.IN.S Società Cooperativa Impresa Sociale (Italy), MFC - Microfinance Centre (Poland), The Hague University of Applied Sciences and SavingBuddies (Germany).

