



ACAF Asociación de Comunidades Autofinanciadas

Category of Good Practice: Empowerment and Entrepreneurship (e.g. IT & Innovation, Entrepreneurship, Advocacy, etc.)

Good Practice's title:

Local SIGs: Self-Funded Communities together with small entrepreneurship to fight Poverty

Main objective:

To promote the creation of self-funded Communities (Comunidades Autofinanciadas, CAF in Spanish).

Key words:

Self-funded Communities

Type of organization: NGO

Country: Spain

Year of inception of the good practice: 2004

Services and products provided: Community Saving, Community Microcredit

Portfolio (€): € 206.316

Avg loan size (€): € 400

of clients: 2092 direct beneficiaries, 7379 indirect beneficiaries

Website: www.winkomun.org

Address: Casp, 43 - 08010 Barcelona (Spain)

Institutional profile:

Associació CAF, Comunitats Autofinançades (ACAF) is a non-profit organization founded in 2004 and based in Barcelona, Spain. The organization fosters the creation and development of self-funded communities (SFCs). SFCs are based on an innovative group methodology originating in Latin America in which the members are also stakeholders and beneficiaries of a fair return for their savings and investments. These self-sustainable local communities are led by the SCF owners and an elected Board of Directors. SCFs represent an innovative solution to satisfy economic, social and psychological needs in the context of the current European economic downturn.

Mission of the organization:

ACAF's mission is to fight poverty, avoid social exclusion and contribute to local, human and economic development through the creation and follow-up of Self-Funded Communities.

Governance structure:

The Board of Directors includes five members - both the President and the Vice-President take an active role in the Association, being frequently consulted.

Good Practice

Introduction:

The Self-Funded Communities (SFCs) model is a proven solution against poverty, but the practice needs trust and a minimum level of income to work. Small social enterprises and undersized productive entrepreneurships are another relevant way out of poverty, but they face structural financing problems. The idea underlying this proposal is to link both models. SFC funds usually increase and reach an upper bound after 1-2 years, when the members' credit needs are covered. As a result, the savings fund normally contains a permanent surplus, since SCFs are not specifically designed to finance small businesses. Nevertheless, there are investment group methodologies that are easy to adapt to SFCs since the groups are already formed, rely upon mutual trust and have a common fund. Combining the two methodologies results in a comprehensive model that enhances the strengths of both: the Local Savings and Investment Groups (Local SIGs). The SFCs become more innovative by utilizing a hybrid methodology that promotes savings, covers members' credit needs, fosters group cohesion and community development, combined with a practice that encourages micro-entrepreneurship through costless microcredits.

Target group and accessibility

The CAF model is being implemented across various collective contexts. The target clients are low and middle-income people, among which migrants are a significant portion.

Innovativeness

Local SIGs are an innovative solution because they combine the methodological advantages of both investment group and SFCs: the former allows SFC members to invest when they have enough savings in projects that they consider worth supporting, often related to local and community development, while the latter provides stakeholders an adequate instrument to save money and to obtain credits at a reasonable interest rate outside of the traditional banking system. Beyond credits and savings, Local SIGs give people the chance to acquire financial education and build social networks in order to develop their businesses and empower communities without the use of external funds. Another innovative feature of the methodology is the use of Winkomun, launched in 2013. Winkomun is a free online platform meant to give access to the ACAF methodology to anyone across the world.

Relevance given the context:

ACAF is based in Barcelona (Spain). The SFCs and the methodology put forward by ACAF are highly relevant given the current socio-economic context of today: Spain is still struggling with the financial crisis, as are other European and non-European countries.

Adaptability to other contexts:

For ACAF, the priority is to expand this proven and efficient methodology throughout Spain and to other European countries. Currently, ACAF has been involved in the expansion of the model to nine cities in Spain, while also expanding the platform to Senegal, Portugal, Italy, Holland, Hungary, Haiti, Indonesia, Angola and Belgium. In addition, ACAF is creating an international network of CAF promoters.

Efficiency:

The CAF model has proven to be highly cost-efficient since the groups do not have to pay for the services of group creation and follow-up processes.

Outcomes:

The SCF methodology, the self-employment/entrepreneurship initiatives and the microcredits are having an enormous impact in fighting global poverty. Spreading a methodology that combines these methods with minimal cost has tremendous impact potential. Local SIGs allow social enterprises to obtain funding and achieve outstanding social results while having beneficial effects on communities: increasing savings and asset building, creating quicker access to credit, facilitating connections to flexible, zero-risk investments, introducing members to social networks and spreading financial education.

Sustainability:

One of the main advantages of SFCs over other microfinance methods is that all groups are self-sustainable and independent from ACAF. The project is sustainable from the beginning; once a group is created, its continuity no longer depends on the organization but on the willingness of its members to pursue their activities. In fact, ACAF works as a facilitator and, consequently, promotes the achievement of autonomy and independence of all the groups.

In practice: Specific description of a success story

Arthur Calvet is Brazilian. He already knew about a similar practice in Brazil, where his grandfather was involved in similar initiatives. Once settled in Catalonia, Arthur looked for people interested in creating a savings and loans group and communicated his desire to a co-worker who informed him about the existence of an SFC (“CAF-etal”). Arthur’s co-worker invited him to meet the community. Through the SFC, Arthur was able to save, and later on he benefited from a credit to start his own business: a bookstore and cultural place in Barcelona called “En su tinta”. As Arthur said, “I consider the SFC model as very important because it reduces dependence from the services offered by the bank, make us master of our savings circulating for closed projects in which we trust, strengthens cooperation and recovers community values; aspects so far from the impersonal and voracious bank model to which we have become accustomed”.

Further readings

http://www.provincia.torino.gov.it/solidarietasociale/file-storage/download/2013/vulner3/FILE_10_ACAF%20Italia_articolo%20IACD%202012.pdf
<http://www.changemakers.com/es/project/asociaci%C3%B3n-de-comunidades-autofinanciadas>