



THE IDA SAVINGS PROGRAM – LET'S FULFIL OUR DREAM

INDIVIDUAL DEVELOPMENT ACCOUNTS

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Let's Fulfil Our Dream



ETP Slovensko
ETPS
ETP Slovakia



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ETP Slovakia – Centre for Sustainable Development

ETP Slovakia is a non-profit organization that has devoted over 14 years to implementing and field testing innovative tools in the environment of extreme poverty and social exclusion of marginalized Roma communities (MRCs). Field social work, community centres, pre-school education directly within the communities, financial education, microloans and self-help construction of low-cost family homes are all projects that are gaining support among legislators and other public authorities. Such initiatives are thus gradually becoming an integral element in laws, bills and regulations aimed at the inclusion of the socially excluded inhabitants of MRCs.

We strive to develop and test new models; we are therefore a “social laboratory”, verifying new work approaches focusing on the social inclusion of those suffering long-term exclusion. The tools that we have been validating, and which can become incorporated into public policies, are **social investment**, as opposed to the social benefits often provided to people in material need from MRCs for their whole lives.

Our clients are people who grew up in the conditions of intergenerational poverty. Thanks to these **innovative tools, the social investments, people are moving from being passive recipients of social benefits** towards becoming motivated individuals actively seeking opportunities to use their own efforts to improve the situation they have been born into, but have not caused.

We also strive to network with local organizations (municipalities, churches and non-profit organizations), as well as individuals, to jointly prove that poverty and social exclusion in Roma settlements in Slovakia only needs to be **temporary**. We propose, implement and test innovative programs, whose aim is to help individuals “**from the cradle to career**”.

We are strongly convinced, based on years of experience, that living conditions in the Roma settlements can be changed radically with a helping hand, acceptance, trust and innovative tools of social inclusion that have proven successful in social work with hundreds of individuals in dozens of municipalities in Slovakia.

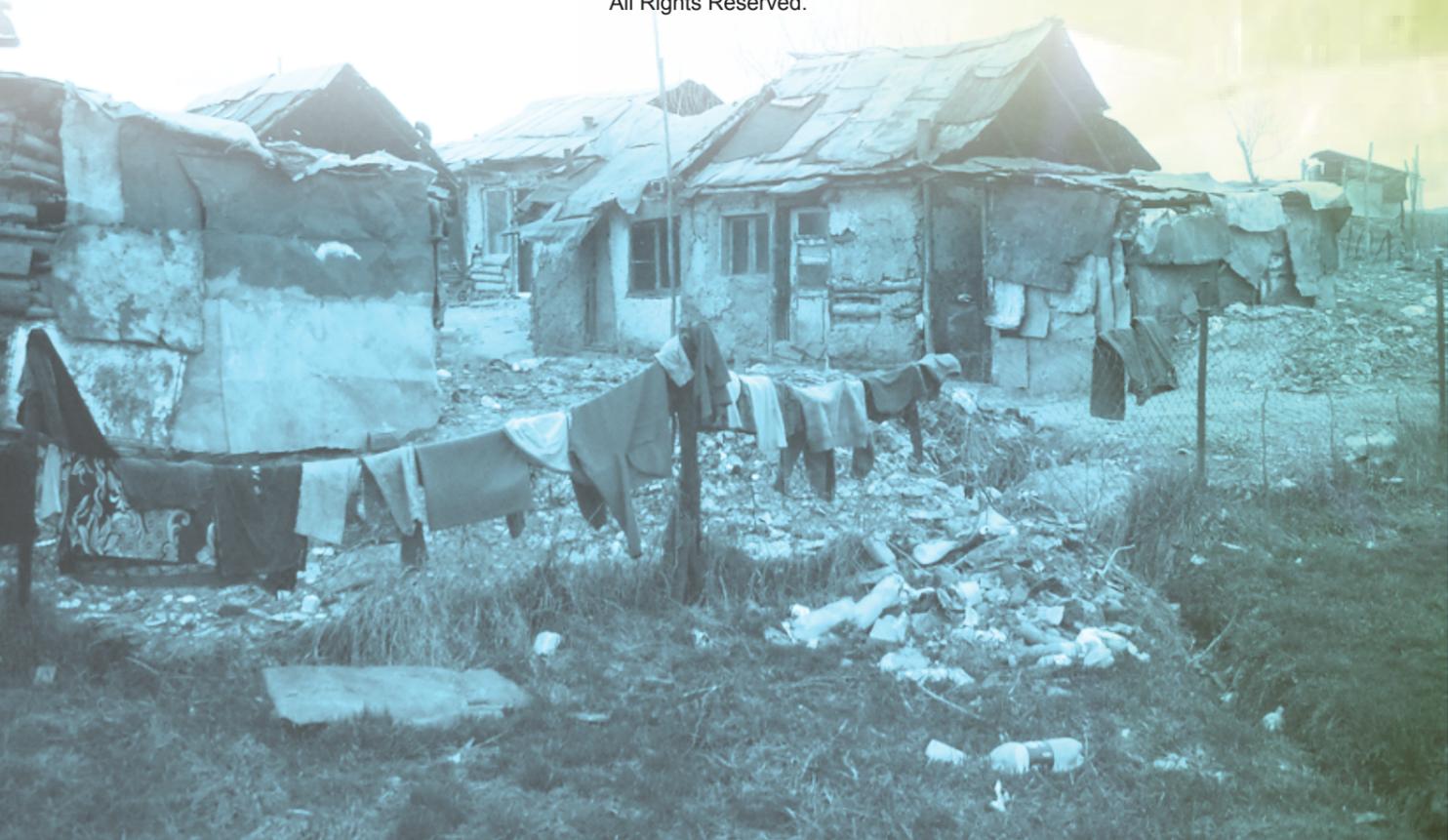
We strive to convince professionals, as well as the general public, that making even small **social investment** can make much greater difference than passively providing state social benefits “from the cradle to the grave”.

In 2014, ETP Slovakia was awarded the golden Civil Society Prize for integration of the Roma by the European Economic and Social Committee.

Open Society Foundation – Emergency Fund

The Open Society Foundation (OSF) was established in Slovakia in November 1992, as part of the Open Society Foundations family that operates in over 70 countries worldwide. The founder, George Soros, is a philanthropist and an investor who has played an important part in democratic transformation and modernization of the Eastern and Central European countries. The Foundation was established as a Slovak independent grant-providing and operating legal entity funded by the Open Society Institute (OSI) based in New York. These funds were allocated as grants for newly-established Slovak NGOs, as well as for the OSF’s own programs.

In 2010, the OSF network established a fund for eliminating the negative impacts of the world economic crisis on the open society in twenty countries, including Slovakia. The so-called Emergency Fund was designed to support projects that were addressing the most urgent needs of the society’s poorest and most vulnerable groups in crisis and it was bringing innovative solutions to the problems caused by the crisis.





Social Benefits or Social Investment?

Ending the poverty and disadvantage in Roma settlements requires not only hard work and the persistence of the inhabitants of socially excluded communities; much more, it requires responsible public administration representatives at all levels, from local to European, to find the internal motivation to facilitate social integration of the inhabitants of MRCs.

The strategies for integration and inclusion of the Roma until 2015 or 2020, developed, updated and revised by groups of experts and advisory committees, need to be transformed into meaningful action plans with **long-term financial as well as political support**. **Only concrete action plans have the potential to improve and gradually eliminate the shameful living conditions of the poor and socially excluded members of Roma communities.**

Public policy tools aimed at reducing poverty should require clients to perform a previously agreed activity. The activation tools, including the *so-called conditional financial transfers* used to reduce poverty, have proved to be meaningful and have become a part of systemic public policy measures. These involve financial transfers that are contingent on the performance of certain activities by poor individuals or households. An example of a conditional activity may be to demonstrate the household's capability to generate income, to save small amounts of money and use them to improve the living standard of their family in terms of quality.

Verified short-term *social investment* in the form of conditional financial transfers can help significantly in transforming a relatively large group of "lifelong" passive recipients of *social benefits* into active motivated members of our society who are active in seeking and retaining employment, thus contributing to generating gross domestic product. Proving the households' ability for regular and long-term saving of a previously agreed amount was a decisive condition for providing a bonus (a form of *conditional financial transfer*) to poor households participating in the Savings Program.

One of the examples of such short-term *social investment* is our **Savings Program**. The following text describes our experience with its realization as well as its results.



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CONTENTS

ABOUT THE AUTHORS	8
INTRODUCTION	9
OVERVIEW OF THE STATE OF PUBLIC POLICIES IN THE AREA OF FINANCIAL INCLUSION	10
SAVINGS PROGRAM (IDA) "LET'S FULFIL OUR DREAM" IMPLEMENTATION	13
EXPERIENCE AND RECOMMENDATIONS FROM THE SAVINGS PROGRAM	22
GOOD PRACTICE EXAMPLES	24
FINANCIAL DATA	25



ABOUT THE AUTHORS

Ing. Slávka Mačáková, PhD. has held the post of the Director of ETP Slovakia – Centre for Sustainable Development (ETP) since 2002. Under Slávka's leadership, over the last fourteen years, ETP has pilot-tested many innovative ways of providing services to disadvantaged families living in marginalized Roma communities (MRCs) in Central and Eastern Slovakia. Slávka and her team have helped to establish or revive multi-purpose community centres in nearly 30 towns and villages in Slovakia, in which trained professionals have provided comprehensive services (social, work, health, legal and financial counselling), various educational activities tailor-made for the needs and talents of the inhabitants of MRCs.

In 2009, under the leadership of Slávka Mačáková, ETP was awarded Gypsy Spirit (Roma Spirit) Award for the "complex, highly professional and authentic work and services to the disadvantaged and marginalized groups of citizens, for fighting poverty and social exclusion in Slovakia, with a particular focus on the Roma living in the segregated settlements. For implementing the concept of social mobilization that encourages mutual help and support, in particular for the creation and co-creation of temporary work opportunities as well as permanent jobs."

In 2011, ETP was awarded the ERSTE Foundation award in the category of Social Integration for the implementation of the comprehensive project - Community Bridge Building in Central and Eastern Slovakia.

In 2011, Slávka was awarded scholarship in an accredited program of Global Social Benefit Institute (GSBI®) of the Centre for Science, Technology, and Society at Santa Clara University in Silicon Valley in California. The GSBI enables and supports socially oriented individuals, social entrepreneurs, worldwide to build sustainable and growing non-profit organizations, as well as develop innovative solutions to the problems of poverty through in-depth mentoring and instruction in best business practices.

Mgr. Ľudmila Stašáková has worked for ETP since 2004, first as the Leader of the Community Centre in Stará Ľubovňa, where she has built a strong self-motivated team of social community workers, who have been providing comprehensive services to the inhabitants of the local Podsadek settlement. The Centre in Stará Ľubovňa is "the best practice" example that has arisen from the ETP projects. In more than ten years, the Community Centre has been visited by a large number of professionals, representatives of public administration, donors and sponsors, who could see that a well thought-out and long-term work with individuals, families and entire communities generates positive results and serves as a best practice example for other marginalized Roma communities and community centres nationwide. Since 2009, Ľudmila has worked as the Coordinator of Social Integration, actively connecting the representatives of local authorities with community centre workers and ETP clients. In the years 2013 and 2014, Ľudmila held the position of the IDA2 Project Manager.

Mgr. Martin Vavrinčík worked at the Ministry of Labour, Social Affairs and Family as the Director of the Department for Socially Excluded Communities between 2010 and 2013. Since May 2013, he held the post of ETP Project Manager and later of Program Director responsible for projects in the area of social inclusion of the Roma. Martin's central focus was on the Let's Learn How to Learn project as well as on the Building Hope project of self-help home construction in Rankovce, whose results received a great deal of publicity in Slovakia as well as abroad. Since March 2015, Martin has worked for the non-profit organization Childhood to the Children in Dobšiná, which has built a family centre for young and underaged parents and their children, to whom they are providing comprehensive services.

PhDr. Beáta Hybáčková has worked for ETP since mid October 2014 as Public Relations Manager, following years of media experience. As a journalist, she has received several awards including the Literary Fund Award. Beáta has always written on social issues with both passion and concern.

In 2011, she wrote *Andalo dživipen* (From Our Lives), a compilation of stories of people living in marginalized Roma communities whose lives have changed radically thanks to ETP. The book was positively received as a testimony of our clients' enthusiasm with which they accepted a helping hand to transform their lives. Beáta is currently working on *Andalo dživipen 2*.

INTRODUCTION

An unfavourable situation persists in the sphere of financial inclusion of marginalized Roma communities (MRCs). According to a World Bank ¹ study, 87 % of inhabitants of the European Union have a checking bank account. In Slovakia, 75 % of the majority population own a checking account, while 48 % of the majority population own a savings account. In contrast, only 29 % of the Roma ² own a bank account and only 5 % have a savings account. While 59 % of the majority population can cover their unexpected expenses without needing to take up a loan, only 10 % of the Roma are able to do so. 19.9 % of the Roma are in arrears on their mortgage, loan or energy bill payments, compared to 4.3 % of the majority population.

The data of the OSI survey of Roma households carried out in 2011³ show that households that use financial services provided by banks are better able to cope with unexpected expenses. Households that own a savings account are more likely to cover unexpected expenses or get a loan than households with no savings account.

Criterion	Majority Population	Roma Population
Distance from the house to the nearest bank branch greater than 3 km	35 %	64 %
Have checking bank account	75 %	29 %
Have savings account	48 %	5 %
Households with savings	43 %	9 %
The ability to cover unexpected expenses without a loan	59 %	10 %
In arrears on mortgages, loans and energy bills	4,3 %	19,9 %

The virtual exclusion of MRCs from access to financial services is best demonstrated in the low degree of financial literacy and in bad finance management, in Roma households' limited access to banking services, standard forms of financing and capital, in their inability to face unexpected expenses, in scarcity of self-employment and entrepreneurship, as well as in spreading usury and indebtedness. Especially the last listed factors, together with an enormously high level of distrust faced by the inhabitants of marginalized communities, present one of the most significant obstacles in entering the labour market, in achieving financial independence and escaping the circle of generational poverty and social exclusion.

Without improving the situation in the area of financial inclusion, it is not possible to expect any significant progress, neither in terms of increasing employability and housing quality, nor indirectly in the area of education and improvement of health of the inhabitants of MRCs.

Chapter 2 of the Report describes the state of public policies in the area of financial inclusion; Chapter 3 discusses the process of realization of **the Savings Program Let's Fulfil Our Dream (IDA - Individual Development Accounts)**. In Chapter 4, experience and recommendations from the Savings Program are described and Chapter 5 includes good practice examples.

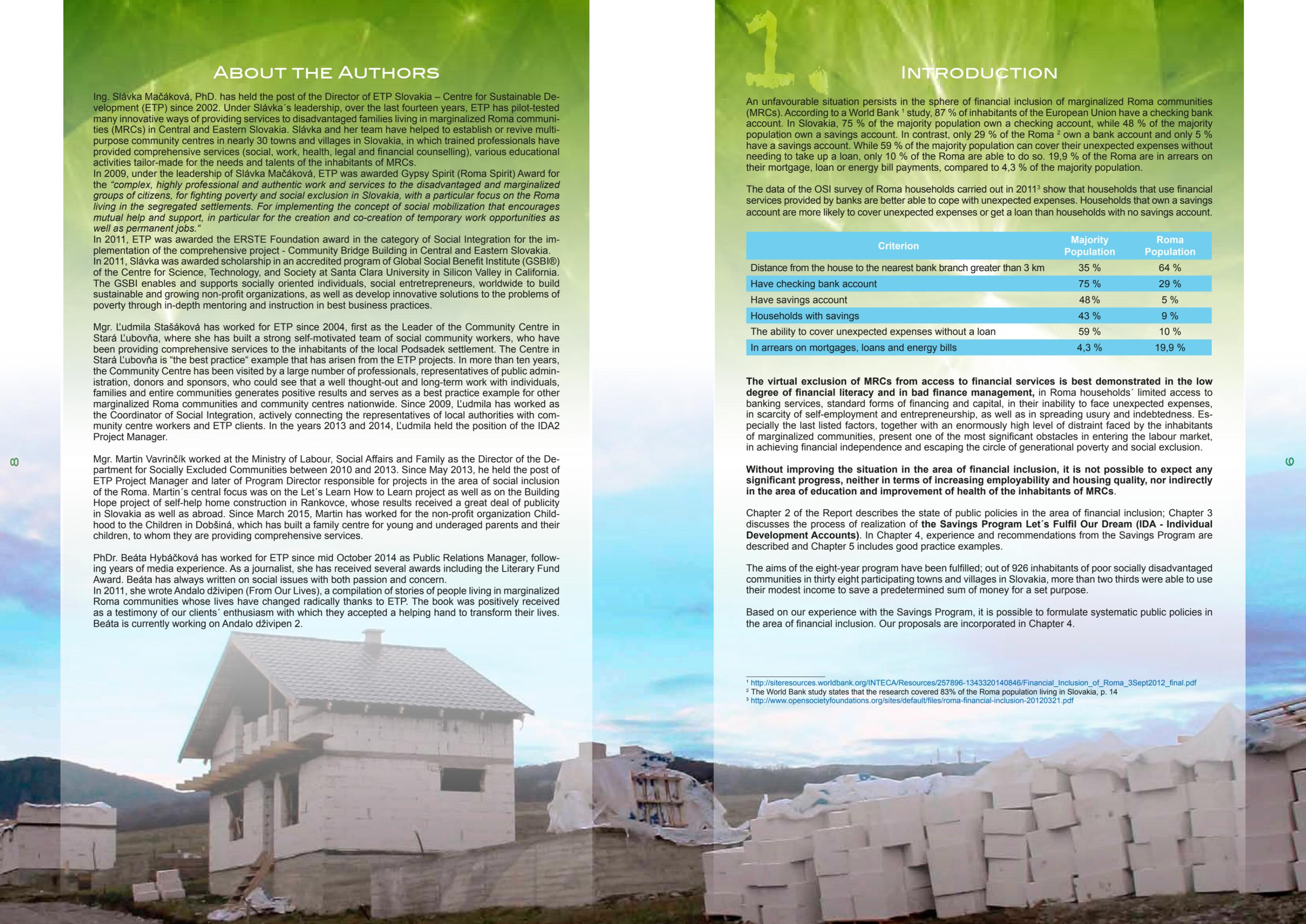
The aims of the eight-year program have been fulfilled; out of 926 inhabitants of poor socially disadvantaged communities in thirty eight participating towns and villages in Slovakia, more than two thirds were able to use their modest income to save a predetermined sum of money for a set purpose.

Based on our experience with the Savings Program, it is possible to formulate systematic public policies in the area of financial inclusion. Our proposals are incorporated in Chapter 4.

¹ http://siteresources.worldbank.org/INTECA/Resources/257896-1343320140846/Financial_Inclusion_of_Roma_3Sept2012_final.pdf

² The World Bank study states that the research covered 83% of the Roma population living in Slovakia, p. 14

³ <http://www.opensocietyfoundations.org/sites/default/files/roma-financial-inclusion-20120321.pdf>



OVERVIEW OF THE STATE OF PUBLIC POLICIES IN THE AREA OF FINANCIAL INCLUSION

Conceptual and strategic documents of the Slovak Republic deal with financial inclusion only marginally, in spite of the fact that the professional public considers financial inclusion as a crucial part of public policies aimed at social inclusion of socially excluded Roma communities, together with employment, health, education and housing. It is generally acknowledged that making progress in the area of financial inclusion would also significantly contribute to the improvement of the situation in other priority areas.

At the same time, no state-financed measures or programs aimed at the improvement of the financial situation of the inhabitants of the excluded settlements have yet been implemented. Therefore, we can only speak of declared aims, rather than of real steps or plans in public policies.

Strategy of the Slovak Republic for Integration of Roma up to 2020⁴ and a Revised National Action Plan of the Decade of Roma Inclusion 2005 – 2015 for years 2011 – 2015⁵

The task of the Slovak Government to design an action plan for the area of financial inclusion until 31 March 2012 was given to the Government Plenipotentiary for Roma Communities when the Strategy of the Slovak Republic for Integration of Roma up to 2020 was passed (by the Resolution No. 1/2012 of the Government of the Slovak Republic, further referred to as “Strategy”). As of the beginning of March 2015, it has yet to be implemented.

The Strategy considers financial inclusion to be underrated despite its significance. The Strategy of the Slovak Republic for Roma Integration up to 2020 remains the only conceptual public policy document dealing with the issue of financial inclusion: “The Government of the Slovak Republic recognizes the broad spectre of social exclusion which Roma face; therefore, aside from priority areas, it makes every effort to formulate its policies in other areas as well. Previously relatively underestimated was the issue of financial inclusion, that would bridge the gap between Roma and the majority society in improving financial literacy and access to bank accounts, microcredits, and credits.”

As the Strategy points out in section D. 2. 5 (p. 40 and further), the existing empirical evidence⁶ indicates that the approach to basic financial services such as savings, payments and credit can have a positive impact on the lives of the poor. It is evident from the above mentioned data that in the Slovak Republic, there is a significant correlation between the unbanked and the Roma population that illustrates a low degree of financial literacy and financial inclusion. These in turn deepen the existing social exclusion and generational poverty among Roma households.

In relation to the Strategy and its aims in the area of financial inclusion, the External Evaluation of the Strategy⁷ states that the impacts of the Strategy on the target group “in the area of financial inclusion could not have been evaluated at the time of the evaluation. The main reason is the fact that the activities to support the fulfilment of the set goals aimed at the target group were not yet implemented at the time of the evaluation.”

According to the Strategy, the main tools for the improvement of financial inclusion should be bank accounts with reasonable charges. From the point of view of its goals, the prepared Strategy centres on financial inclusion through “low- or no-cost accounts and (by) providing financial training in Roma communities”. This general aim is further included in the Global goal and in 3 partial goals, which are formulated in rather general terms:

Global goal:

Improve financial literacy; provide marginalized Roma communities information on financial services, support basic and advanced financial education and training in marginalized Roma communities.

Partial goals:

1. Improve access to financial services (mostly savings accounts).

Indicator 1: Proportion of Roma households with a checking account.

Indicator 2: Proportion of Roma households with a savings account.

⁴ <http://www.minv.sk/?romske-komunita-uvod&subor=160515>

⁵ Revised National Action Plan of the Decade of Roma Inclusion 2005 – 2015 for years 2011 – 2015 available at <http://www.minv.sk/?romske-komunita-uvod&subor=160532> was passed by the Slovak Government in the form of action plans for 4 priority areas of social inclusion (employment, health, education and housing).

⁶ Caskey, J., C. R. Duran, a T. M. Solo (2006). *The Urban Unbanked in Mexico and the United States*. World Bank Policy Research Working Paper 3835, World Bank, Washington, DC.

⁷ Common Report of the Slovak Governance Institute (SGI) and the Wide Open School NGO (Škola dokorán, n.o.), 2014, unpublished

2. Increase the protection of marginalized Roma communities against loansharking activities and illegal practices of credit companies using systematic field work, education in financial literacy and a comprehensive revision of the criminal law and financial measures aimed at customer protection. Indicator: Proportion of Roma households borrowing money from informal creditors.

3. Support development of microfinance programs in marginalized regions with a view to supporting micro, small and medium enterprises (MSMEs) and self-employed individuals. Support the growth of MSMEs using EU tools.

At the same time, the Strategy recommends „micro credits and micro grants for the construction material“ as appropriate tools to renew the housing fund as part of recommendations for municipalities and municipal authorities (p. 53). However, the proposed tools and recommendations are not projected in the goals concerning the issue of housing nor in the action plan in this area.

The Grant Scheme of the Office of the Plenipotentiary of the Slovak Republic for Roma Communities was extended to include “the support of activities focused on financial inclusion”. The Grant Scheme (Call No. I of the OPSRGR for applications for grants of the Ministry of Interior of the Slovak Republic) was used to finance the research on the degree of financial literacy in MRCs, the results having not yet been published. The research is yet only the first step and the research activities in place will not facilitate the increase in the number of households owning a checking or a savings account. What is much more important to fulfil the goals in the area of financial inclusion is to involve the inhabitants of MRCs to participate in micro credit and micro grant programs that give the beneficiaries a chance to improve the quality of their lives.

The revision of the Strategy Goals is ongoing and should be submitted by October 2015. The Office of the Plenipotentiary of the Government of the Slovak Republic for Roma Communities has begun, in 2015, the process of the revision of the Strategy and development of new action plans not only for the four priority areas mentioned above (employment, housing, education and health), but also for the area of financial inclusion, with the final document in question due to be submitted to the Government in October 2015. By participating in the work group preparing the action plan, ETP Slovakia attempts to incorporate in the action plans of the revised Strategy as much experience and as many recommendations from its Savings Program as possible. The revision of the Strategy is a chance to emphasize the importance of concrete practical activities in the field, focused on the financial inclusion of the inhabitants of marginalized Roma communities.

Partnership Agreement⁸

The Partnership Agreement between the Slovak Republic and the European Commission concluded on 20 June 2014 defines the basic strategy and priorities of using European structural and investment funds in 2014 – 2020 totalling 15,3 bn. Euros.

The Partnership Agreement declares support for micro financial instruments (p. 282), especially in relation to the inhabitants of marginalized Roma communities suffering poverty and high degree of social exclusion who constitute a specific target group. The Partnership Agreement supposes “supporting the purchase of equipment, technologies and licences necessary to implement a business plan by a social economy entity, with an emphasis on the use of micro-loans” funded from the Operational Program Human Resources as one of the planned activities that are a part of a so-called integrated approach within the Priority Axis Technical facilities in municipalities with presence of marginalized Roma communities.

Operational Program Human Resources 2014 – 2020

The Operational Program Human Resources⁹ (“OP HR”) presents the most concrete formulation of aims in public policies in the area of financial inclusion. In the description part of the OP HR document, it is admitted that “The Roma ... represent a population in which the majority are affected by a combination of multiple forms of exclusion. The most striking manifestation of exclusion of the MRC is poverty, which does not occur in the majority population in marginalized areas to the same extent. Without a systematic approach that will integrate policies and instruments in the field of education, employment, health, housing, financial inclusion and non-discrimination the status of Roma communities cannot be improved in real time and thus reduce the increasing costs resulting from their exclusion” (p. 144).

Priority Axis No. 5 Integration of marginalized Roma communities includes Specific objective 5.1.2 Increasing financial literacy, employability and employment of marginalized communities, especially the Roma and it states the following: “Irregular income and low financial savings lead to economic uncertainty and inability to face unexpected expenses without external financial support, resulting in the spread of usury. For low-income households, it is necessary to start financial planning to cover unavoidable basic living costs from substantially limited funds and to control potential financial debts in order to avoid the deepening of poverty. Access to safe ways of saving and the use of micro-loan programs will enable the inhabitants of MRCs to react better to possible gaps in income, and provides an opportunity to invest in self-employment for starting Roma entrepreneurs with otherwise limited access to standard bank loans” (p. 99).

⁸ <http://www.partnerskadohoda.gov.sk/>

⁹ http://www.employment.gov.sk/files/slovensky/esf/op-ludske-zdroje/op-hr_en-version-final.pdf

By implementing the activities within the Priority Axis, the following outcomes are expected:

- Increasing the availability of employment services in the MRC environment
- Increasing the dissemination of information to the population of MRC oriented on the area of financial consultancy (enhancing the financial literacy of the MRC population)
- Enhancing the employability of the MRC population

One of the appropriate activities supporting the achievement of Specific objective 5.1.2. include „promoting programmes of financial literacy, debt management and saving as a tool to facilitate entry to open labour market, to raise awareness in financial services, micro credit and savings programmes, including supporting activities and supporting the development of micro-finance programmes“ (p. 104).

A similar type of activity is supposed to be supported within the Specific objective 4.1.1- Increased participation of the most disadvantaged and endangered persons in society, including the labour market.

The Operational Program Human Resources, like the EU Framework for Roma Integration up to 2020, creates conditions for a wider utilisation of the experience from the Savings Program and its nationwide dissemination to reach all MRCs.

EU Framework for National Roma Integration Strategies up to 2020

At the EU level, the EU Framework for National Roma Integration up to 2020¹⁰, is a key document in the area of social inclusion of the Roma, in which the European Commission appeals to the Member States to intensify their efforts for social inclusion of the Roma and calls for adopting national strategies.

While the EU Framework concentrates on four main priority areas and does not refer directly to the issue of financial inclusion, the subsequent Report on the implementation of the EU Framework for National Roma Integration Strategies¹¹ adopted by the Commission in Brussels on 2 April 2014 moves forward by stating that „the potential for job creation for Roma through self-employment, (social) entrepreneurship, and by using innovative financial instruments have hardly been exploited“ and states that „to close the employment gap between Roma and non-Roma, the EU Framework calls on Member States to ensure Roma non-discriminatory Access to the open labour market, self-employment and micro-credit, and vocational training.“

In relation to the financial inclusion in general, the European Commission has focused mainly on basic access to a bank account and understanding complex financial products discussed in the document Recommendations on access to a basic payment account as a tool for supporting financial inclusion of European consumers, calling on Member States to ensure that consumers have access to payment accounts at a reasonable charge.

¹⁰ http://ec.europa.eu/justice/policies/discrimination/docs/com_2011_173_en.pdf

¹¹ http://ec.europa.eu/justice/discrimination/files/roma_implement_strategies2014_en.pdf

3 SAVINGS PROGRAM (IDA) "LET'S FULFIL OUR DREAM" IMPLEMENTATION

Aim of the Savings Program

The aim of the Savings Program was to verify the saving model in several municipalities with MRCs with the aim to establish a baseline and gain experience and material to enable the formulation of recommendations and the development of systematic tools of general social policy. The Savings Program can be an effective and long-term tool for social assistance to the poor and socially excluded families and individuals.

Based on our experience from the field, we have analysed the program implementation findings and formulated proposals that have the potential to become the basis for the creation of future policy proposals in the field of social and financial inclusion.

At the same time, the aim of the Program was to help clients with low income to improve their living standard, to gain, improve and assess their personal property and to enhance their social mobility.

Among the aims of the Program was also to promote and present the outcomes of the Savings Program to both general and professional public.

Implementation of the Savings Program

The Savings Program was implemented in two phases; as IDA1 - Individual Development Accounts in years 2007 – 2009 and IDA2 in years 2010 – 2014 realized in 38 villages and towns of the Central and Eastern Slovakia. The clients participating in the Savings Program had a permanent residence in villages and towns in which ETP Slovakia: (i) ran a community centre, or (ii) had built a lasting partnership with the local municipality or local non-governmental organizations: Abovce, Bidovce, Boliarov, Cinobaňa, Detva, Ďurkov, Helcmanovce, Hliník nad Hronom, Hodejov, Jablonov, Jesenské, Kecerovce, Kecerovské Pekľany, Kojatice, Kokava nad Rimavicou, Košice, Mníšek nad Hnilcom, Moldava nad Bodvou, Nálepko, Ochtiná, Ostrovany, Prešov, Rankovce, Ražňany, Rudňany, Sabinov, Spišské Podhradie, Spišský Štvrtok, Stará Ľubovňa, Stropkov, Šimonovce, Turňa nad Bodvou, Uhorské, Veľké Dravce, Veľké Kapušany, Veľký Blh, Vtáčkovce and Žiar nad Hronom. The clients came from segregated concentrations in residential or rural areas of the municipalities, from the concentrations on the outskirts of villages and from segregated dwellings located in the inner residential area of the villages.

Within eight years, our aim was to engage 750 clients in the Program, including individuals and families from MRCs. Our first step was to prepare the offer and conditions for the clients interested in participating in the Savings Program. The Program involved the objective of increasing financial literacy and clients' ability to manage their limited financial resources. Two types of financial education were prepared for the participants: (i) *Don't be Afraid of Money*, for those with less experience and (ii) *Plan Your Future*, for experienced clients that already own a bank account, a passbook account and/or a loan from a banking or a non-bank financial institution. Local community workers helped the clients to remain in the Program for at least six months.

In the years 2007 – 2009, 272 clients joined the IDA1 Savings Program, out of whom 159 clients (58,46 %) completed the Program successfully. In the years 2010 – 2014, 654 clients participated in the IDA2 Savings Program, out of which 467 clients (71,40 %) completed it successfully. In both phases of the project, 926 clients participated altogether, with 300 clients (32,40 %) who did not complete the Program due to the fact that they did not fulfil the requirements and quit saving ahead of the target. 626 clients (67,60 %) out of the total number of 926 were successful and at the end of the Program received the financial bonus.

Out of all localities involved in the Program, largest number of clients were from Stará Ľubovňa (144), out of which 102 (70,83 %) completed the program successfully. Out of the municipalities involved, the most active were the inhabitants of the village Ostrovany (in Prešov Region), where 133 families and individuals joined the Program, 92 (69,17 %) of them completing it successfully.

Successful clients were those who met the strict criteria of the Program: (i) regular monthly deposits of an (ii) agreed amount (iii) during the entire savings period (iv) for a set purpose. These conditions were included in the Personal Responsibility Agreement concluded between the client and ETP Slovakia. The client of the Savings Program completed a compulsory financial education including either *Don't be Afraid of Money* or *Plan Your Future*.

Synergies

What contributed to the successful Program implementation were the regular, long term activities organized in the community centres, including providing comprehensive social services and education. Among the integrated social services provided in the community centres are education programs for children, youth and adults of all ages, social, cultural and sport activities, a microloans program and in some municipalities the construction of lower-standard rental apartments and/or self-help construction of low-budget houses to become the client's own possession.



What was very important in case of municipalities where neither ETP Slovakia nor a local NGO runs a community centre was the cooperation with the local government and the field social workers who assisted in the selection of clients for the Savings Program and later provided a long-term help and support to the participating clients.

Products – Goals of the Savings Program

The Program products (i.e. the savings goals) involved “investments” that improved the value of the clients’ property and/or created a potential for enhancing their social mobility or improving their work or social status.

1. Personal development:
 - Obtaining a driver’s licence
 - Purchasing a computer, a laptop and accessories
 - Covering the costs of University education or completing high-school (vocational) education
2. Housing investment:
 - Reconstructing, enlarging or finishing the construction of a house or a flat
 - Repairing a roof, changing the windows, doors or floors
 - Making a bathroom or a kitchen
 - Installing electrical connection, heating, plumbing and sewage
 - House insulation or drainage
 - Land, house or flat purchase
 - Self-help construction of a low-cost house
3. Supporting private entrepreneurship and self-employment.

Clients whose savings goal was to invest in housing had an opportunity to join the Microloans Program also run by ETP Slovakia. In the years 2007 – 2010, the capital for interest-free loans was provided by the American charity Habitat for Humanity International. At present, income from the repaid microloans is used to provide further microloans.

The most popular savings goal was to invest in housing and improve living conditions. 844 clients (91,14 %) saved for reconstruction, home addition, finishing, repair, insulation of houses and flats they occupied, for buying a plot of land, a flat, a house or to realize a self-help construction of a low-cost home. The success rate for this goal was the lowest, i.e. 66,19 %, which can be attributed to the seriousness of the savings goal, as well to the high amount required to be set by the clients as their savings goal.

Other aims were represented only marginally: acquiring education was chosen as a savings goal only by 17 clients (1,84 %), purchase of a computer by 29 clients (3,13 %), obtaining a driver’s licence by 35 clients (3,78 %) and one client (0,11% out of the total number of clients) was saving to start up his self-employment and entrepreneurial activities.

The highest success rate of 94,11 % was achieved by clients who were saving to obtain education (including textbooks, tuition fees or travel costs). The second highest success rate of 93,10% was achieved by the clients who were saving to buy a personal computer. **We suppose that the reason for the high success rate of clients who were saving to obtain education lies in their high degree of motivation associated with the chosen savings goal.** Yet, our experience shows that the living conditions of clients who were saving to obtain education, a computer or a driver’s licence, are much better as the living conditions of clients whose savings goal was housing.

OVERVIEW OF THE SAVINGS GOALS

IDA1 Program	Asset Goals				
	Housing	Driver’s Licence	PC	Education	Enterprise
Number of Applicants	260	9	1	1	1
Finished successfully	152	5	1	1	0
Dropped out / Excluded	108	4	0	0	1
Total	272				

IDA2 Program	Asset Goals				
	Housing	Driver’s Licence	PC	Education	Enterprise
Number of Applicants	584	26	28	16	0
Finished successfully	406	20	26	15	0
Dropped out / Excluded	178	6	2	1	0
Total	654				

IDA1 & IDA2	Asset Goals				
	Housing	Driver’s Licence	PC	Education	Enterprise
Number of Applicants	844	35	29	17	1
Finished successfully	558	25	27	16	0
Dropped out / Excluded	286	10	2	1	1
Total	926				

IDA1 & IDA2	Asset Goals in %											
	Total		Housing		Driver’s Licence		PC		Education		Enterprise	
	Applicants	%	Applicants	%	Applicants	%	Applicants	%	Applicants	%	Applicants	%
IDA1	272	29,37	260	28,08	9	0,97	1	0,11	1	0,11	1	0,11
IDA2	654	70,63	584	63,07	26	2,81	28	3,02	16	1,73	0	0
Total	926	100,00	844	91,14	35	3,78	29	3,13	17	1,84	1	0,11



GEOGRAPHICAL LOCATION OF THE SAVINGS PROGRAM

When making a choice of the municipalities and towns to become the partners in the Savings program, we concentrated on the municipalities with whom ETP had cooperated in the past on one or more of the following projects aimed at the help and support of the inhabitants of MRCs: Humanitarian and Social Project (IOM, 2002-2004), Roma Humanitarian Assistance Project (IOM, 2003-2004), YOUR SPIS – Sustainable Community Development in Middle Spis (UNDP, MATRA, 2001-2005), YOUR SPIS II – Inclusion of NGOs into Social Economy (European Social Fund - EQUAL, 2005-2008), Community Bridge Building in Central and Eastern Slovakia (Norway Financial Mechanism, 2009-2011) and Community on Its Way to Prosperity (Swiss Financial Mechanism, 2012-2015). Also involved in the Program were municipalities whose local government representatives, local NGOs or churches had contacted ETP to request for the inhabitants of the socially excluded Roma community to be involved in the Savings Program.

The Atlas of Roma Communities¹² has identified that out of the total number of 2890 municipalities in Slovakia there are 1070 villages and towns with more than 30 inhabitants belonging to the Roma community. Out of these 1070 municipalities, 266 are located in Banská Bystrica Region, 256 in Košice Region and 243 in Prešov Region.

The Savings Program was implemented in 9 towns and 29 villages (38 localities altogether) of Prešov, Košice and Banská Bystrica Region, including 2 towns and 10 villages (total of 12) in Banská Bystrica Region, 5 towns and 5 villages (total of 10) in Prešov Region and 14 villages and 2 towns (total of 16) in Košice Region.

The IDA1 Savings Program engaged inhabitants of the following 16 towns and villages: Abovce, Helcmanovce, Jablonov, Jesenské, Kokava nad Rimavicou, Mníšek nad Hnilcom, Moldava nad Bodvou, Nálepkovo, Ochtiná, Ostrovany, Rudňany, Spišské Podhradie, Spišský Štvrtok, Stará Ľubovňa, Turňa nad Bodvou, Veľké Kapušany.

In the IDA2 Savings Program, inhabitants of the following 32 towns and villages were included: Abovce, Bidovce, Boliarov, Cinobaňa, Detva, Ďurkov, Jesenské, Hliník nad Hronom, Hodejov, Kecerovce, Kecerovské Peklány, Kojatice, Kokava nad Rimavicou, Košice, Moldava nad Bodvou, Nálepkovo, Ochtiná, Ostrovany, Prešov, Rankovce, Ražňany, Rudňany, Sabinov, Stropkov, Spišské Podhradie, Stará Ľubovňa, Šimonovce, Uhorské, Žiar nad Hronom, Veľké Dravce, Veľký Blh, Vtáčkovce. There were 22 new villages in the IDA2 Program, while 10 villages continued from the IDA1 Program.

400 (43,19 %) clients were from Prešov Region, 296 (31,97 %) from Košice Region and 230 (24,84 %) clients were from Banská Bystrica Region. 811 clients (87,58 %) out of the total of 926 clients resided in villages (14) or towns (4) where ETP community centres were base.

Clients from Banská Bystrica Region showed the best discipline and motivation. Out of 230 clients, 173 (75,22%) were successful. In Prešov Region, out of 400 clients, 283 were successful (70,75%), compared to the clients from Košice Region, where 170 (57,43%) out of 296 clients were successful. Across all Regions, the clients were successful especially in municipalities where the community workers understood the project idea, supported the clients in their effort and helped them overcome difficulties throughout the entire process.

In towns and municipalities where ETP operated community centres, 530 (65,35%) out of 811 clients were successful.

MAP OF SLOVAKIA SHOWING TOWNS AND MUNICIPALITIES PARTICIPATING IN THE SAVINGS PROGRAM



¹² http://www.employment.gov.sk/files/slovensky/rodina-socialna-pomoc/socialne-sluzby/atlas_rom-kom.pdf

OVERVIEW OF CLIENTS ACCORDING TO REGIONS AND MUNICIPALITIES

Village/Town	Successful Clients	%	Unsuccessful Clients	%	Total Number of Clients	%
Banská Bystrica Region						
Abovce	4	100,00	0	0,00	4	100,00
Cinobaňa	14	93,33	1	6,67	15	100,00
Detva	5	71,43	2	28,57	7	100,00
Hliník nad Hronom	3	100,00	0	0,00	3	100,00
Hodejov	7	46,67	8	53,33	15	100,00
Jesenské	5	100,00	0	0,00	5	100,00
Kokava nad Rimavicou	10	33,33	20	66,67	30	100,00
Šimonovce	25	78,13	7	21,88	32	100,00
Uhorské	8	100,00	0	0,00	8	100,00
Veľké Dravce	6	66,67	3	33,33	9	100,00
Veľký Blh	84	86,60	13	13,40	97	100,00
Žiar n/Hronom	2	40,00	3	60,00	5	100,00
Total for BB Region	173	75,22	57	24,78	230	100,00
Košice Region						
Bidovce	2	66,67	1	33,33	3	100,00
Bolíarov	1	100,00	0	0,00	1	100,00
Ďurkov	1	100,00	0	0,00	1	100,00
Helcmanovce	1	100,00	0	0,00	1	100,00
Kecerovce	13	100,00	0	0,00	13	100,00
Kecerovské Pekľany	1	100,00	0	0,00	1	100,00
Košice	2	66,67	1	33,33	3	100,00
Mníšek nad Hnilcom	0	0,00	1	100,00	1	100,00
Moldava nad Bodvou	33	35,87	59	64,13	92	100,00
Nálepkovo	12	30,77	27	69,23	39	100,00
Ochtiná	2	66,67	1	33,33	3	100,00
Rankovce	50	83,33	10	16,67	60	100,00
Rudňany	27	61,36	17	38,64	44	100,00
Turňa n/ Bodvou	2	28,57	5	71,43	7	100,00
Veľké Kapušany	5	83,33	1	16,67	6	100,00
Vtáčkovce	18	85,71	3	14,29	21	100,00
Total for KE Region	170	57,43	126	42,57	296	100,00
Prešov Region						
Jablonov	8	72,73	3	27,27	11	100,00
Kojatice	8	72,73	3	27,27	11	100,00
Ostrovany	92	69,17	41	30,83	133	100,00
Prešov	1	100,00	0	0,00	1	100,00
Ražňany	2	100,00	0	0,00	2	100,00
Sabinov	52	76,47	16	23,53	68	100,00
Spišské Podhradie	12	60,00	8	40,00	20	100,00
Spišský Štvrtok	4	57,14	3	42,86	7	100,00
Stará Ľubovňa	102	70,83	42	29,17	144	100,00
Stropkov	2	66,67	1	33,33	3	100,00
Total for PO Region	283	70,75	117	29,25	400	100,00
Total	626	67,60	300	32,40	926	100,00

Selection of Clients for the Program

The target group of the Savings Program were the poor inhabitants of villages and towns in the Eastern and Central Slovakia who lived on a very modest income or on benefits in social need, unemployment benefits, other state benefits and contributions or who had irregular income and temporary jobs.

The selection criteria in the Program were determined to involve the clients identified by local experts (municipality employees, field social workers, workers of local NGOs providing services to local MRCs) as clients who, on the one hand possessed a high degree of motivation and discipline, and on the other hand faced a situation of social need preventing them from attaining their savings goal without participating in the Program.

The clients submitted their applications for the Program to the local field social worker and together they completed a questionnaire aimed at mapping the overall financial situation of the applicant and his financial reliability (in cooperation with the local municipality and other local partners). The social worker decided whether to recommend the applicant for the Program or not. The local worker in the Savings Program, most often the field social worker or the municipality employee, helped the clients design a realistic financial plan to attain the set savings goal, helped the clients prepare their personal budget, monitored the regular monthly deposits of clients and after their goals had been reached, reviewed whether the financial resources were used to make the purchase in accordance with the savings goal.

A thorough examination of the financial situation of the applicants enabled the exclusion of those with insufficient resources for saving (i.e. the applicants whose income and expenses balance was lower than the amount needed to make the monthly deposit or to make the purchase subject to the saving). With selected applicants, ETP concluded a Personal Responsibility Agreement for the entire savings period.

Potential applicants had to meet the following criteria:

- Participation in other ETP programs or programs of ETP partner NGOs
- Showing high inner motivation and reliability
- Producing a source of income
- Preparing a realistic savings plan based on the analysis of household income and expenditures
- Propose a suitable aim to use the saved amount to improve the quality of life of a family or an individual

The clients participating in the Program were both Roma and non-Roma (Slovaks and Hungarians living in Slovakia). Decisive in the selection of the participants for the Program was extremely low income of the client and his family, motivation and reliability. The Roma constituted more than 90% of all Program participants.

Savings Period

The minimum savings period was six months, the maximum twenty four months. Commonly, the clients were saving for the period of twelve months. In one extraordinary case, a client was saving for 40 months to obtain his own house.

Savings Amounts

The majority of clients made regular monthly deposits in their passbook account opened at a financial institution of their own choice. The amounts ranged from 10 to 50 Euros, with only six clients (0,96 %) saving 60 Euros per month to secure legal ownership of a house or a flat. The lowest amount of savings, and thus also of the matching bonus, was 70 Euros used to purchase the equipment to finish the client's living room or kitchen. Total savings commonly ranged between 400 and 600 Euros (46,64 % of clients) and were most commonly used to improve the quality of clients' housing. The highest saved amount was 1200 Euros to purchase a family house.

Human Resources

Local community workers helped the clients in their efforts to achieve the savings goal determined at the beginning. These workers were ETP employees, field social workers, or municipal/ NGO employees.

These local community workers played a crucial role in supporting the clients to persist in the Savings Program; they were in regular contact with the client at least once a month. At the same time, they were responsible for the financial education of clients.

At the beginning of the Program, the community workers explained in details terms and conditions and throughout the project, they encouraged the clients to carry on, to overcome hardships and to cope with difficult times. They also gave clients advice on how to deal with unexpected expenses without having to drop out of the Program.

In justifiable cases, i.e. when it was really necessary (e.g. in case of serious family circumstances, illness, etc.), the local worker approved the withdrawal of a certain amount of money from the passbook account after having discussed it with the project manager.

The caring community workers, who knew the inhabitants of MRCs well, recommended only those of whom they were certain they would be able to fulfil the Program's strict conditions. After the official admission of the client to the Program and conclusion of the Personal Responsibility Agreement between the client and ETP, the role of the community worker was to provide to the client the support and help needed to complete the financial education and meet the strict criteria to receive the financial bonus.

The Program was most successful in municipalities where the job of the community worker was performed by a person who worked with the clients long-term, knew them well and was able to gain their trust.

Financial Education

Clients participating in the Savings Program completed at least one, in some cases two, types of training courses; financial literacy and/or family finance planning (*Don't be Afraid of Money* or *Plan Your Future*). Both courses were designed by ETP Slovakia. The educational materials for *Plan Your Future* were developed in cooperation with the partner Habitat for Humanity International and adapted for the conditions of the excluded Roma communities in Slovakia. *Don't be Afraid of Money* is an individual course; the community worker trains the clients on a one-to-one basis, making use of a computer game and a workbook. *Plan Your Future* training was realized in small groups of six clients.

The aim of the training was to teach the clients of the Savings Program to better manage their personal finances and carefully plan their monthly and yearly family budget spending. The workers of the Program provided the clients of the Savings Program with long-term regular support during the savings and implementation period, as well as after the successful completion of the Program. Financial education was completed by 782 clients (84,45 % out of all Program participants). The clients who were excluded from the Program during the first months did not manage to complete the financial education.

The participation of clients in the financial education improved their financial literacy as well as their overall ability to plan their future and formulate their long-term priorities. The topics of education, such as emergency fund creation or risks involved in loans from non-banking institutions, help reduce the risks of long-term indebtedness of clients.

Comprehensive Services Provided to Clients

In municipalities where ETP Slovakia provided comprehensive social services in community centres (pre-school education, education of school-age children and adults, programs in the area of health, housing, financial inclusion and employment), there were far more clients participating in the Program (811, i. e. 87,58 %), than in municipalities without a community centre run by ETP (115, i. e. 12,42 %).

Motivation – Co-financing the Savings Goal – Financial Bonus

The Savings Program provided to 608 clients (97,12 %), out of the total number of 626, the co-financing of their savings goal at a 1:1 rate, i.e. the clients received a financial bonus (match funding) equal to the amount they had saved. 7 clients (1,12 %) who had entered the Program in the second phase to obtain a house or a flat into legal possession received a financial bonus tripling the amount they had saved at a 1:3 ratio, 10 clients (1,6 %) received a bonus equal to 2,5-times the saved amount at a 1:2,5 rate, and one client (0,16 %) received a financial bonus of twice the saved amount at a 1:2 rate.

Despite the fact that the financial bonus was very motivating (amounting to at least a 100 % bonus) compared to the products of banks and building societies (current yearly interest rates in case of long-term deposits range from 2 to 3 %), two thirds of clients (constituting 67,60 %) managed to cope with the Program demands. Out of various reasons, mainly of financial nature, one third of clients were not able to fulfil the conditions of the Savings Program over a long period. Therefore, they either left the Program, gave up or were excluded for violating the terms of the agreement.

Conclusions

The second phase of the Savings Program IDA2 was more successful, mainly due to the fact that the conditions for entering the Program and the supporting activities for the clients were designed based on the experience from the IDA1 Program.

The savings model in which clients were depositing 30-40 Euros in their passbook account during a period of 12 months was most common among the successful clients of the IDA1 Program. Therefore, in IDA2 Program, the community workers recommended the clients to deposit 30-35 Euros a month for the duration of one year. Clients who wanted to save smaller or larger sums than recommended, or those who wanted to keep saving for longer than 12 months occurred only occasionally.

Shorter saving times and lower monthly deposits were less motivating for the clients to remain in the Program, one of the factors having been a lower bonus that the client could gain. When the savings period was longer than one year, the prospect of a financial bonus was too distant, causing the clients to drop out of the Program. Saving more than 40 Euros a month was very demanding for the clients; often, they tended to violate the terms of agreement, and therefore had to be excluded from the Savings Program.

What was important for the implementation of the Savings Program were the continuous consultations with the OSF and OSI representatives. After gaining a thorough understanding of the situation and actual conditions in the field, they were willing to agree with partial changes in program activities, so that they reflected the needs of the situation in the field, as well as of the advocacy work. We appreciate the openness with which they consented to extend the project for two years, thus enabling for the Savings Program to become a part of the legal self-help construction of family homes in Rankovce.

Presentation of the Savings Program

From the beginning of the implementation of the Savings Program in 2007, it was repeatedly presented to the representatives of relevant ministries and institutions: Ministry of Labour, Social Affairs and Family of the Slovak Republic, Ministry of Transport, Construction and Regional Development, Ministry of Interior – The Office of the Plenipotentiary of the Government of the Slovak Republic for Roma Communities, Ministry of Finance and other institutions, such as Social Development Fund, currently operating as the Implementing Agency for Employment and Social Inclusion, Employment Institute, Institute for Financial Policy of the Ministry of Finance, World Bank, the representatives of embassies in Slovakia, the European Commission and national as well as international non-profit organizations.

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EXPERIENCE AND RECOMMENDATIONS FROM THE SAVINGS PROGRAM

The quality of the lives of the clients who joined the Savings Program improved in the following priority areas that are a part of the Strategy of the Slovak Republic for Integration of Roma up to 2020:

- **Housing** – 558 (89,13 %) out of 626 successful clients were saving to improve the quality of their housing.
- **Education** – families participating in the program placed more focus on the education of their children and created better conditions for education in the home environment. 16 clients were saving successfully with the aim of attaining education. All of them either were or had been secondary school or university students (6 secondary school students and 10 university students).
- **Health** – hygiene improved in the households participating in the Savings Program, mainly due to the fact that 21,5 % of clients were saving to build or repair their plumbing, bathrooms, kitchens, shower baths, etc.
- **Employment** – house repairs and reconstruction were realized by clients themselves under the professional guidance of a construction coordinator, an ETP employee, so the clients could gain working skills.

In December 2014, ETP Slovakia, in cooperation with the Faculty of Economics of the Technical University in Košice, carried out a questionnaire research in six villages involving 351 (37,90 %) clients. 284 clients (80,91 %) were successful and 67 clients (19,09 %) did not complete the saving.

- **The employment rate is significantly higher among the successful clients than among the unsuccessful ones.** The successful clients were 2,5-times more likely to find employment compared to the unsuccessful clients. **According to the questionnaire research, every sixth successful client managed to find employment after the end of the Savings Program. Out of the clients that had been unsuccessful, only every fifteenth was able to find employment.**
- **Financial self-sufficiency of clients after completing the Savings Program** – among the successful clients, there was a statistically significant positive change of the income middle level (compared to the state before the clients entered the Program). There was no significant change among the unsuccessful clients.
- **Financial discipline** – among the successful and unsuccessful clients, also the differences in the ability to make regular deposits of a predetermined amount into a passbook account is statistically significant. 40% of successful clients stated that they had made their financial deposits in their passbook account without any problems. In comparison, 28% of unsuccessful clients had no trouble depositing money in their passbook account. On the contrary, 30% of unsuccessful and 10% of successful clients faced big problems making their regular deposits.
- **Financial planning and management** – there is a statistically significant difference between the successful and the unsuccessful clients in the value of big purchases made shortly after they had received their regular monthly income (either salary or social benefits). Successful clients made big purchases for 109,21 Euros a month on the average, while the unsuccessful clients spent more, i.e. 127,73 Euros a month on the average.

Among the families that were successful in the Savings Program, we have observed changes in the behaviour; the children and youth from these families participate more often on the education, social, cultural and sports activities organized in the community centres and their parents care more about their children finishing their high school or university education. The ability of individuals to remain in the Savings Program has also increased their respect in the local communities. Some of the children whose parents participated in the first phase of the IDA1 Savings Program entered the IDA2 Program themselves. However, their aims were different from those of their parents: the parents had been saving to improve the quality of their housing, while the youth above 18 entered the Program to attain education.

The participation of clients in the financial education improved their financial literacy, as well as their overall ability to plan their lives and set their long-term priorities. The topics such as emergency fund creation and danger involved in loans from non-banking institutions helped the clients reduce the risks of long-term indebtedness. Distraints were also less prevalent among the clients who participated in the Program. Some of the clients who were successful in the Savings Program and completed both financial literacy training and the entire savings cycle **refused to enter the Microloans Program** organized by ETP. The reason they stated was that taking out a microloan would make the realization of their goal **much more expensive than saving step-by-step.**

After the end of the Savings Program, some clients decided not to cancel their passbook accounts and now continue saving.

The above-mentioned facts and experience gained in the Savings Program confirm the experience from abroad, which indicates that improving the access to basic financial services such as microloans and microcredit programs and financial education have a positive impact on the lives of the poor inhabitants of the socially excluded communities.¹³

The clients of the Savings Program who later entered the Microloans Program are also disciplined in repaying their monthly microloans instalments. For example, in the village of Ostrovany, out of 92 clients who were successful in the Savings Program, microloans were provided to 66 clients (72 %). 43 clients (65 %) have repaid their debt and 23 clients (35 %) are repaying their loan in regular instalments. In Stará Ľubovňa, 49 (48 %) out of 102 successful clients of the Savings Program were provided a microloan. 18 of them (37 %) have already repaid their debt and 21 clients (63 %) are still repaying the microloan. 168 clients in the Savings Program received a microloan within the Microloans Program. 77 clients (45,83 %) have already repaid their microloan, while 47 (27,97 %) clients have been repaying their microloan regularly. 44 clients (26,19 %) are currently behind in repaying the loan.

Recommendations

The results of the Savings Program clearly demonstrate that the clients and families who are long-term recipients of benefits in material need or have a very low income are able to achieve their savings goal, providing that they are motivated in the right way and supported by local community workers they trust. The improvement in housing and basic hygiene conditions significantly increases the clients' interest in, and later also chances for, social inclusion.

Based on eight years of experience, verified by the sample of 926 clients from 38 towns and villages of Eastern and Central Slovakia, we can confirm that the Savings Program is a suitable tool of social work, and therefore, we propose its systemization or further larger-scale verification within the state-run national projects aimed at providing social services and verifying the effectiveness of innovative public policy tools such as the National Project of Community Centres.

Below, we present some of the ways in which the principles of the Savings Program can be adopted by extending and supplementing the existing state social policy tools:

- **After the clients fulfil the savings criteria, the saving bonuses can be paid out via the Offices of Labour, Social Affairs and Family in the form of one-off benefits in social need.** Alternatively, after the fulfilment of the criteria, either the municipalities or the State Housing Development Fund (SHDF) can provide **specific-purpose social loans** that will be tied to the investment in improving the quality of housing or obtaining a new house.
- **Current social policy tools designed to support savings for the purpose of obtaining housing (especially the construction loans) could be extended to include the model of micro-savings with a saving bonus paid out as a state bonus, e.g. in the form of a special saving product of the SHDF for lower-income clients.** In Slovakia, there have not yet been developed suitable programs (taking into account the amount, source or irregularity of income) that would ensure low-income families access to financial tools and services.
- In relation to the new legislation prepared by the Ministry of Labour, Social Affairs and Family of the Slovak Republic to include provisions concerning housing allowance, we propose that **the allowance be provided to citizens who are not eligible at present** (i.e. are neither owners nor tenants of immovable property suitable for living), **but are actively trying to solve their housing problem by way of a specific-purpose saving to obtain their own housing self-sufficiently.** This so called **specific-purpose housing allowance** would be paid out after successfully completing the saving and fulfilling all criteria as a one-off payment.

In spite of the positive results achieved, the Savings Program cannot be considered a universal tool for combating poverty. It is a specific tool that receives positive response mainly from the poor Roma communities. The saving should become a supporting motivation tool for the poorest households that realize the need to improve their own situation.

¹³ Caskey, J., C. R. Duran, a T. M. Solo (2006). *The Urban Unbanked in Mexico and the United States*. World Bank Policy Research Working Paper 3835, World Bank, Washington, DC



GOOD PRACTICE EXAMPLES

STARÁ ĽUBOVŇA – FIRST UNIVERSITY STUDENT FROM PODSADEK

Dávid Korčkovský from the Podšadek settlement in Stará Ľubovňa decided already as a boy that he would study to help others living in the settlement. Today he is in the fourth year of Social Work Studies at the Catholic University in Ružomberok. Last year, he received a Bachelor's Degree; next year, he is going to receive his Master's.

Since the beginning of the Community Centre in Stará Ľubovňa in 2003, the whole of Dávid's family regularly attended activities organized by ETP Slovakia and its partners.

Dávid's father had planned to reconstruct their house, and therefore, as early as 2007, joined the IDA1 Savings Program and subsequently also the Microloans Program. His efforts and sacrifices paved the way for constructing a house in which his five children now have suitable condition for learning.

David and his brothers and sisters visit the Community Centre regularly. The younger children attended the pre-school club, the older kids attended tutoring and after-school clubs to better prepare for school.

After reaching adulthood, David entered the Savings Program. His dream was to own his own computer to prepare for school and do his homework. Of course, he has fulfilled it; he has become the first young man in the settlement to have his own room with the first computer in the settlement, which he has bought from his own savings and the bonus from the Savings Program.

Dávid is a leader in his community and a positive example for kids and the youth. His example motivates the young from the community to be active in the Community Centre.

Dávid's passion is photography; he enjoys catching impressive moments around him on the camera. Four years ago, his work was praised by a renowned photographer Yuri Dojč. His exhibitions in Brussels, Bratislava, Košice and other towns in Slovakia were a success.

His photographic skills and artistic sensitivity are now passed on to other talented young people; Dávid has become a tutor for the Creative Photography Workshop taking place in the settlement.

We believe that the pictures created by children attending the photography club will find their way to reach the world.

MOLDAVA NAD BODVOU – FROM A SHACK INTO A HOUSE

Denisa Baszczurová has fulfilled a dream she could not even think of as a child. She could not imagine what it would be like to have her own house. Since Christmas of 2014, following ten years of hardship in a small shack in the Budulovská settlement enduring dirt, alcohol abuse, glue-sniffing and bad hygiene, she has lived in her own house situated in a decent part of the town of Moldava nad Bodvou.

The Community Centre of ETP Slovakia inspired her to start saving. Throughout ten years living in the shack, both Igor and Denisa held on to the idea that one day, they would get out. Neither of them has a job; they both live on social benefits, however, they decided to start saving each month. Denisa has already got used to managing on the little money they have. Through the ETP Savings Program, they managed to save 1200 Euros within 40 months, thus becoming eligible for the bonus.

At that time, there was an older family house in the town available to be bought quickly and at a good price. Thanks to the IDA Savings Program and the financial support from Igor's mother, they were able to buy the house. Igor spent each day working on the repairs.

Denisa and their four kids were looking forward to the new house more and more with each day. Instead of the small shack, they now live in a nice house with two habitable rooms and a large kitchen. It is covered with a new roof, protecting them from the harsh weather much better than their old shack.

OSTROVANY BEHIND THE FENCE

The family of Ladislav and Kvetoslava Kaleja - Januv from Ostrovany, who are in their early fifties and have four children, enjoys respect from both Roma and non-Roma. The family lives behind a fence that disgracefully separates the Roma settlement from the village. Their house is spacious, with brick walls, running water, a toilet and both electricity and gas connection.

"All thanks to ETP Slovakia," they are saying.

"Thanks to their own efforts, in the first place," we amend.

Their house took its present shape three years ago. Before the Kaleja family commenced the reconstruction, they entered the Savings and Microloans Program, thanks to which they were able to acquire necessary financial resources. They fulfilled their conditions at 100 % despite all the hardships they often faced. Both Ladislav and Kvetoslava are unemployed and Ladislav also faces health problems. In the region where they live, it is hard for them as well as for their children to find employment.

The eldest son, Ladislav Kaleja - Januv, Jr., has finally found a job he is so excited about; he has been selected for the position of a community worker. For the people living in the settlement, it is a good signal that studying is worthwhile. Without a high school leaving exam, he would not even have been able to apply for such a position.

The credit for motivating the interest in education in this family goes to the community work of ETP Slovakia, namely the work done in the community centre with adults, kids and the youth since 2007. The youngest daughter Zuzana, who became a teacher assistant in the local kindergarten last September, is now in her graduation year at a high school.

Their children Ladislav and Zuzana do not have their own families yet, they live in the nice house together with their parents.

Their next son Ján also lives with his family behind the fence. He was also helped in the effort to build his own house by ETP Slovakia engaging him in the Savings and Microloans Program. Their daughter Jana lives with her family in the village of Jarovnice.

FINANCIAL DATA

Contractual Budget IDA1 and IDA2		520,597.40 EUR
Budget Item	Expenditures IDA1 and IDA2	
Personnel	180,032.03 EUR	
Travel	10,158.52 EUR	
Seminar	2,372.76 EUR	
Consultants	8,391.32 EUR	
Training	7,712.59 EUR	
Other Administrative Expenses	17,491.98 EUR	
Match Funds	288,177.26 EUR	
Indirect Costs	6,261.34 EUR	
Total expenditures	520,597.80 EUR	

	Contractual Budget IDA1	Contractual Budget IDA2
	250,000.00 USD	290,310.00 EUR
Budget Item	Expenditures IDA1	Expenditures IDA2
Personnel	118,087.42 USD	71,255.85 EUR
Travel	8,569.20 USD	2,265.39 EUR
Seminar	0.00 USD	2,372.76 EUR
Consultants	0.00 USD	8,391.32 EUR
Training	0.00 USD	7,712.59 EUR
Other Administrative Expenses	11,058.06 USD	7,305.86 EUR
Match Funds	105,488.01 USD	191,007.02 EUR
Indirect Costs	6,797.32 USD	0.00 EUR
Total expenditures	250,000.01 USD	290,310.79 EUR





Let's Fulfill Our Dream



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