SOCIAL IMPACT LAB
HELPING THE POOR TO DEVELOP THEIR PATH TO SELF-SUFFICIENCY

#gobeyond

Financieros sin Fronteras
The Social Impact Lab is a cross-functional project embedded in a Development Cooperation Program in which IE University has been collaborating with Financieros sin Fronteras since 2012.

Financieros sin Fronteras is an NGO from the IE Business School that promotes financial inclusion as a tool for development and has developed different projects aimed at strengthening the Microfinance sector in Ghana.

In addition, IE University offers IE Labs as an alternative to traditional internships. The goal is to give students an opportunity to experience professional internship on campus while working on different projects.

Thus, the Social Impact Lab intends to benefit from the synergies between IE Labs and the work carried out in Ghana by Financieros sin Fronteras in order to put the knowledge of students and professional experience of professors of IE University at the service of the country’s development.

The goal of the program is two-fold: to provide students with hands-on and innovative learning opportunities that give them the chance to apply what they learned at IE Business School and participate in a project aimed at improving the welfare of low income communities in Ghana.
IE has among its major objectives to develop the entrepreneurial spirit of its students. By linking this entrepreneurship spirit with the social commitment of the institution, the Social Impact Lab was born.

Social impact lab is a competitive project aimed at involving students in the process of social change in a developing country. It offers IE University students practical work on campus in Madrid or Segovia during an academic year so that they gain their first professional experience in development assistance projects.

In the course of an academic year students receive specialized training by professionals from Financieros sin Fronteras and IE University, and are encouraged to participate in common activities and modules, like seminars, workshops and real case study presentations. Later on, in May, they are offered a highly specialized internship with Financieros sin Fronteras in Madrid and an on-site work experience in June in Ghana, where they participate in real projects and put into practice the knowledge and skills acquired during the year.

This unique life experience and the technical skills and high degree of social responsibility that students acquire, are really valuable for their future careers in an more and more competitive professional world.
The United Nation Millennium project target goal is to cut in half, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.

4 out of every 10 people in the world lack access to even a simple pit latrine and must resort to open defecation.

Nearly 2 out 10 of individuals (more than 1 billion people) have no source of safe drinking water.

As a result, 3.900 children die each year of this totally preventable but silent humanitarian crisis.

"Financial inclusion helps to increase economic growth and also—crucially—to ensure that the growth is pro-poor. How does it do this? Through having access to financial services, the poor are better able to participate in the economy, and can invest to stabilize, grow or diversify their businesses -- or some combination of these. Strengthened businesses in turn provide products, services, jobs, and other linkages in the local community”.

David Morrison, UN Capital Development Fund
During this year, the Social Impact Lab will focus on the development of 2 specific projects aimed at improving the living conditions of the people in a small rural community in Ghana. The two projects will have “education” as an important and a central component to promote their viability and future success:

- The grant of Microcredits for the creation of microenterprises, to give them a tool for making a living and reducing their vulnerability to daily crisis.
- Water and Sanitation, to improve the general higienic conditions of the community by giving them access to drinking water and basic sanitation to avoid the spread of dissesase.

In the beginning, students from the different bachelor degrees from IE University interested in the project have to go through a rigid selection process to become part of the Social Impact Lab. Once selected, students assist to a general seminar in which they learn the basics on development cooperation and later on, over a period of 4 month, receive every 15 days specific lectures related to the design of a Microcredit and/or a Water & Sanitation project depending on their personal profile and specific habilities and are asked to start designing each of the projects, using the logical framework methodology.

The project requires a trip to Ghana in June for its implementation. Throughout the process, faculty from IE University and professionals from Financieros sin Fronteras act as mentors and supervise their work. This methodology allow students to:

- Brainstorm with their mentors to find creative and practical solutions that are adapted to the community’s current needs and capabilities.
- Provide preliminary work plans and recommendations of both financial and organizational nature, that ensure the viability of the project.
- Raise the necessary funds for their implementation.
The Larbie Community is a community of about 1,000 people, located in the Awutu Senya District in the Central Region of Ghana, about 45km from the capital, Accra. It is a rural community characterized by high rates of poverty, phases of food and nutrition insecurity, health and hygiene problems, poor access to water, and high environmental vulnerability.

All water for the community is supplied for one borehole which dries for the dry season, and people don’t have latrines nor urinals, making the environment not hygienically adequate.

The lack of clean water and poor sanitation has caused different illnesses and the spread of diseases.

A social and territorial analysis conducted through questionnaires to community members identified that one of the main problems of their poverty is the low productivity of agricultural labor, which is the main means of livelihood in the area.

This low productivity is caused mainly by 2 factors: the inability of the farmers to go to work on a daily basis due to the diseases suffered and their lack of access to financial products and services that could fuel their own development through their daily work.

As a result, the community members have a very low degree of self-esteem and remain socially and financially excluded, preventing them from breaking the cycle of poverty in which they are immerse.
Households need at least 9 buckets (34cm size), (36 gallons or 137 litres) of water per day for their drinking, bathing, washing and other basic needs.

87% of adult population are microentrepreneurs who have no access to financial products and services to cover their life-cycle needs, attend their personal emergencies or to grow their businesses.
Access to water and sanitation facilities in Ghana is low, particularly in rural areas. Only 50% of the rural population in the country has access to water. Access to sanitation can be as low as 42% in urban areas and 11% rural areas.

Currently, over 95% of water provided to small communities and towns for domestic use is extracted from groundwater source. Water pumps, often paid for and installed by overseas charities, are vital for many Ghanaians.

However, in the Larbie Community, the occurrence of high levels of minerals including metal compounds, especially iron and manganese in the groundwater source has been identified as a challenge limiting the extent to which this resource can be exploited.

But above all the job falls on women from the community, who walk long distances, with huge metal bowls balanced deftly on their heads. The amount of time spent carrying water and caring for those suffering from water borne diseases is time that could have alternatively been spent making a living or getting an education.

“...All peoples, whatever their stage of development and their social and economic conditions, have the right to have access to drinking water in quantities and of a quality equal to their basic needs...”

Mar de la Plata Water Conference 1977
The overall project has three components:

1) A construction plan for improved latrines, designed to implement low-technology methods such as alternating pit use for safe decomposition of sludge, sunlight to induce convection hence maximizing ventilation, and faucets for effective hand washing.

2) A hand pump to draw clean groundwater to a tower and a piping system capable of servicing drinking water and hand washing stations.

3) Water and sanitation education, and implementation of good hygiene practices.

"If you think education is expensive… try the cost of ignorance." — Derek Bok

**Expected Results:**

From open defecation

To the use of latrines

From risk of diseases

To save water

From illiteracy in sanitary issues

To best practices

**Necessary Budget:**

<table>
<thead>
<tr>
<th>CONCEPT</th>
<th>EUROS</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL WATER SUPPLY</td>
<td>11.952,30 €</td>
</tr>
<tr>
<td>TOTAL WATER TOILETS</td>
<td>6.723,08 €</td>
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<tr>
<td>TOTAL EDUCATION ON SANITATION</td>
<td>1.989,00 €</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>20.664,38 €</strong></td>
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</table>
The demand for financial services among the poor continues to grow. The increase in activity of microenterprises - production or trade, in a very small scale - is presented in an obvious way in Ghana. While difficult to quantify accurately, it is estimated that in Ghana, a large proportion of the workforce, about 69% of the total population, earns their livelihood engaging in productive activities at the level of microenterprise.

Although the microfinance sector has developed significantly in recent years in Ghana, financial inclusion is not yet a reality among the poorest. According to the World Bank Global Findex data, only 29% of the population has a bank account in a formal entity and only 6% had access to credit in 2012. When we talk about other financial products and services the percentage falls to almost 0%.

The Larbie Community is located in an isolated rural area where people have no access to basic financial products and services such as savings accounts, credit or insurance in formal or semi-formal institutions. This situation, coupled with the fact that they have little knowledge in business development and agricultural techniques, prevents them from developing their individual entrepreneurial potential and from breaking the cycle of poverty they are in.

The development of a micro-credit project with training aims to harness skills that will facilitate self-employment for the people of this community, especially women. Thus enabling them to push on with their microenterprises, and to improve the economic and social situation of the wider community.
MICROCREDITS: Components of the project, expected results and necessary budget

The overall project has three components:

1) Establish a system of microcredit funds that is able to gradually meet the financial needs of the whole population in the Larbie community.

2) Set necessary non-financial conditions that will improve the situation of the beneficiaries, primarily women, through education in farming techniques and in financial and business management.

3) Create the necessary mechanisms to make the system efficient, transparent and measurable.

Expected Results:

The economic and social development of the Larbie community can be pushed forward with a program that capitalizes on the skills of the people through microcredit training and the grant of microloans.

If this is repeated a sufficient number of times and the repayment of loans is ensured, this will enable the residents of the Larbie community to develop their microenterprises, improve the income levels of their families, help save and accumulate assets, and thus reduce their vulnerability to the daily crises they are exposed to.

It will also provide in the future improved social aspects related to increased self-esteem, social inclusion, improved levels of education, nutrition and health in the community, etc.

Necessary Budget:

<table>
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<tr>
<th>CONCEPT</th>
<th>EUROs</th>
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<tr>
<td>LOAN DISBURSMENT TO BENEFICIARIES</td>
<td>16,500.00 €</td>
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<tr>
<td>LOAN PROCESS MANAGEMENT - 2 EMPLOYEES</td>
<td>2,000.00 €</td>
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<tr>
<td>TOTAL EDUCATION ON FINANCIAL LITERACY</td>
<td>1,000.00 €</td>
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<tr>
<td>MATERIAL FOR BENEFICIARIES + OTHERS</td>
<td>500.00 €</td>
</tr>
<tr>
<td>TOTAL</td>
<td>20,000.00 €</td>
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