

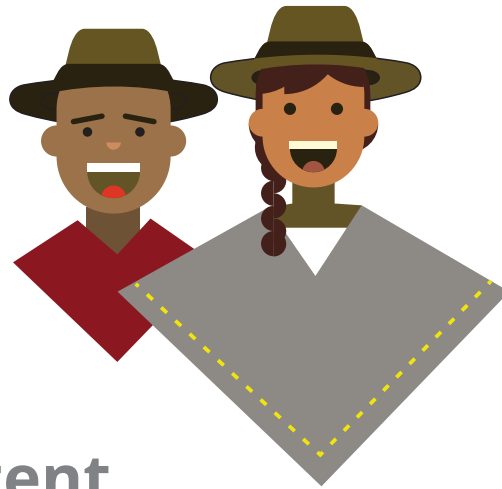


Rural Finance Initiative



Strengthening of the Toribío, San Francisco and Tacueyó rotating funds of the Nasa Project





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ACRONYMS

TA: Technical assistance

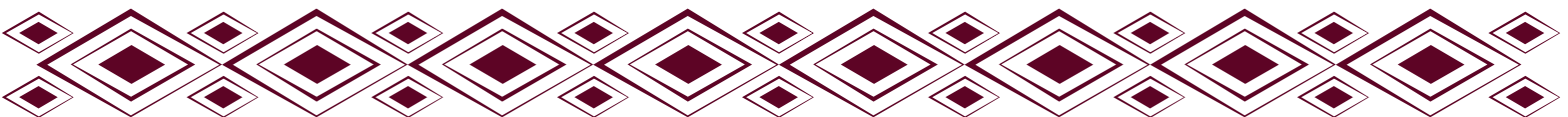
Nasa project: Association of Indigenous Reservations of Toribío, Tacueyó and San Francisco

FI: Financial Institution

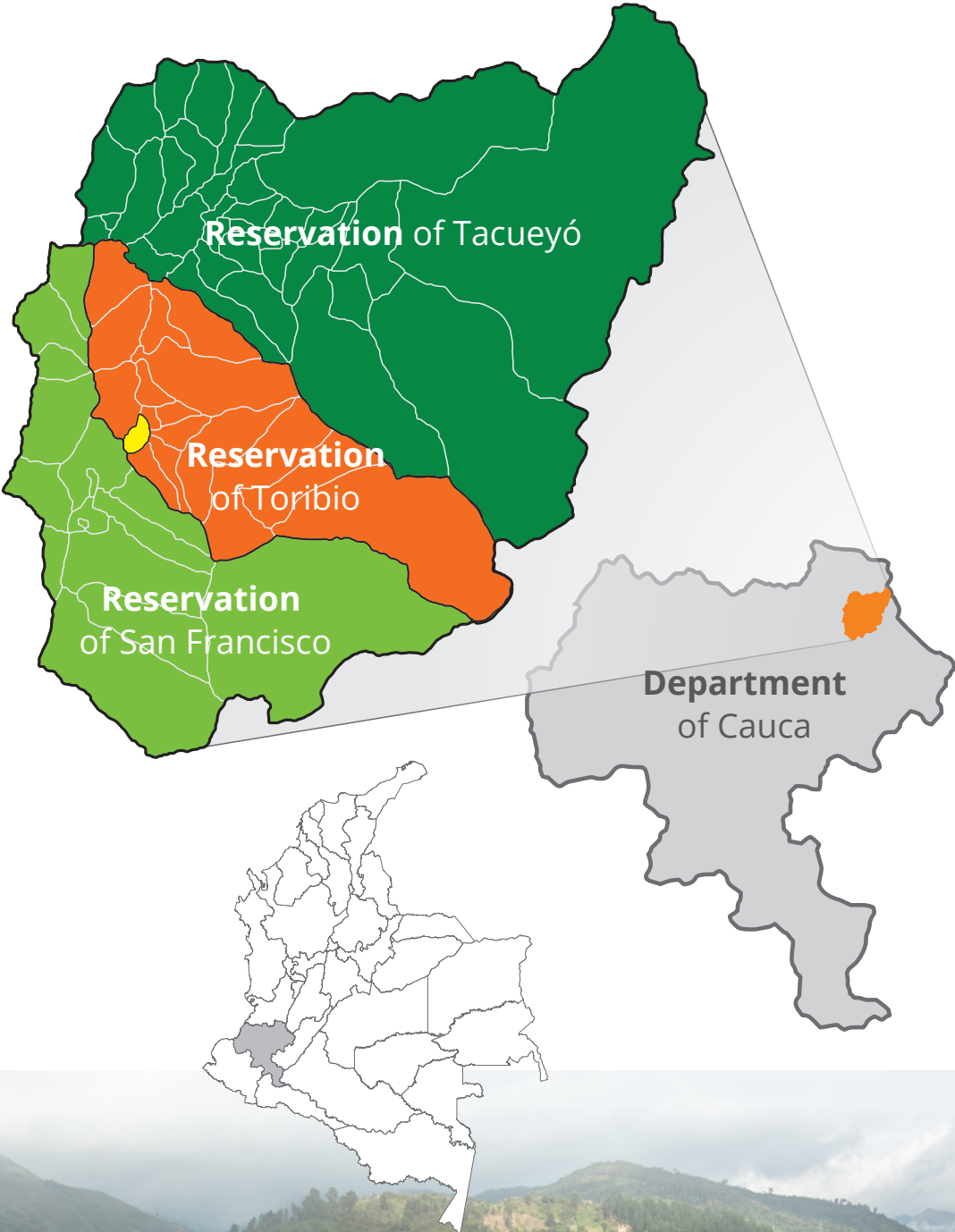
CECIDIC: The University of the Nasa people (Centro de Educación, Capacitación e Investigación para el Desarrollo Integral de la Comunidad – Educational, Training and Research Center for Community Comprehensive Development)

RFI: Rural Finance Initiative

USAID: United States Agency for International Development



Location of the municipality of Toribío





INTRODUCTION



The Rural Finance Initiative (RFI) seeks to improve the financial inclusion of vulnerable populations in conflict-affected areas. To this end, RFI promotes the offer of financial services for agricultural producers, micro, small and medium-sized companies and value chains. These services are essential to reduce poverty and inequality, some of the main causes and consequences of the country's internal conflict. RFI covers 197 municipalities in seven geographic corridors prioritized by the Government of Colombia and USAID as part of national consolidation efforts.

In order to promote financial inclusion and rural development in the municipality of Toribío (Cauca), in 2016 the Initiative started providing technical assistance (TA) to the Association of Indigenous Reservations of Toribío, Tacueyó and San Francisco (Nasa Project) for it to strengthen its three Rotating Funds. In 2017 USAID approved a COP \$ 161,127,000 grant between the association and RFI to strengthen these reservations' three Rotating Funds.

RFI awarded COP \$ 87,868,200, while Nasa Project committed to leverage COP \$ 50,483,185 and by the end of the grant had leveraged COP \$ 96,891,449. Final implementation was worth COP \$ 184,759,649. This grant focused on: Adjusting and improving the savings and credit manuals for each of the Rotating Funds; providing and implementing administrative and financial software to manage each Rotating Fund; and participatory design of a financial education model framed in the Nasa Project's Life Plan and in its ancestral savings and credit practices. This resulted in methodology transfers of savings, resource administration and credit processing for the inhabitants of the Nasa territory.

In July 2018, this first grant concluded with satisfactory results for each topic. Following these results, and seeking the continuity of the processes carried out between 2017 and 2018, both parties designed a new three objective work plan for 2018-2019: (i) Continue trainings for those who administer and/or lead the Rotating Funds in basic financial, sales and accounting principles, as well as in the use of other tools offered by the administrative and financial software; (ii) support the Rotating Funds by disseminating the financial education model for community members of the Toribío, San Francisco and Tacueyó reservations; and (iii) provide technical assistance to those who administer and/or lead the Rotating Funds so they can identify, measure, and analyze sales and portfolio indicators. This grant was worth COP \$ 176,320,008. The fully implemented project was worth COP \$ 276,209,417 of which RFI awarded COP \$ 99,000,000 and Nasa Project leveraged COP \$ 178,679,056 through its three Rotating Funds.



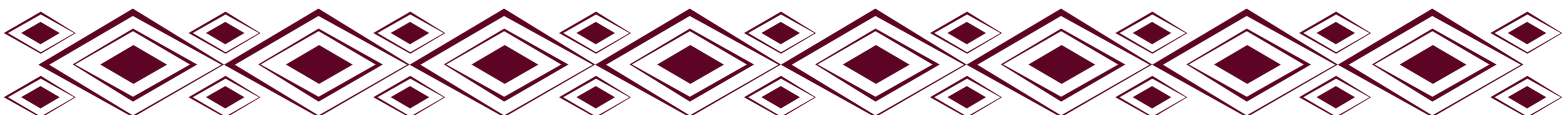
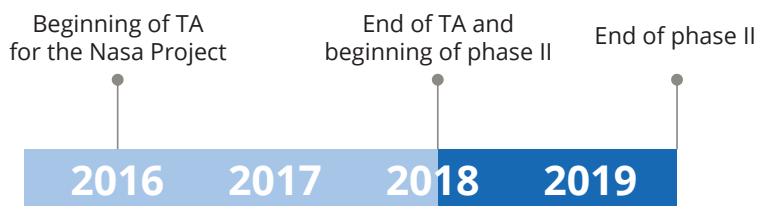
During 2017 and 2018, RFI supported the consolidation of the Nasa People's Life Plan with the "Strengthening the Rotating Funds of the Reservations of Toribío, San Francisco and Tacueyó of the Nasa community" Project. The main results of this project were:

- ⌘ Successfully redesigning of the credit and collection regulations.
- ⌘ Providing financial and administrative software for each of the Rotating Funds. This software enables processes related to accounting, treasury, portfolio and payroll to be implemented in a quick, safe and monitored fashion.
- ⌘ Creating a financial education model so that Nasa Project, as an autonomous indigenous government, can promote financial inclusion as a necessary practice to continue their ancestral development.

Between 2018 and 2019 the Rural Finance Initiative designed and implemented a **Diploma in Management and Administration of Rotating Funds, with which 23 leaders and administrators of the three Rotating Funds were trained in eight topics:** Accounting 101, applied financial education, communication strategies, customer service with a differential approach, financial analysis, risk analysis, sales management and collection.

The training process resulted in each Rotating Fund currently having operational guides and/or manuals for each of the eight topics addressed in the Diploma; and each Rotating Fund developed and is implementing outreach strategies for its products and services through community media. Through this process, RFI delivered TA so each Rotating Fund can calculate overdue portfolio, portfolio at risk and sales management indicators. This was the input for each fund's operation in 2020.

This document gathers and summarizes the results of work between RFI and the Nasa Project, and showcases progress made by the Rotating Funds after TA.

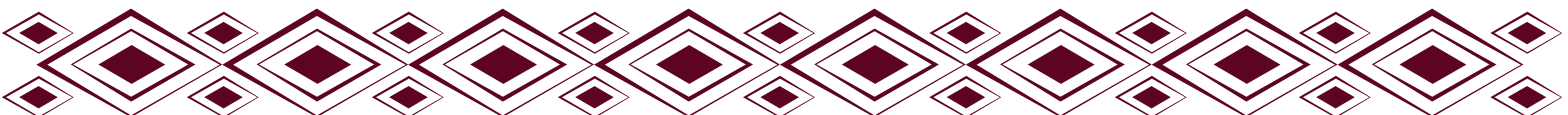


Diploma in Management and Administration of Rotating Funds

Temas

- 1 Basic accounting
- 2 Financial Education
- 3 Communications Strategies
- 4 Customer Service with a Differential Approach
- 5 Financial Analysis
- 6 Risk Analysis
- 7 Sales Management
- 8 Collection

As a product of this process, now, each rotating fund has operative guidelines and manuals for all eight topics. They also have strategies to disseminate their current products and services through community media.





Background

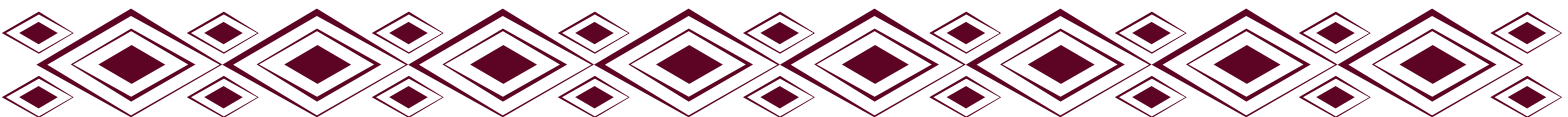
The Nasa Project was founded in 1980 in the midst of a community assembly promoted especially by the Páez priest Álvaro Ulcué Chocué, in response to the division that arose between the Toribío, Tacueyó and San Francisco reservations. The division was rooted in political issues and partisan interests that impeded the organization's progress or the recognition of their indigenous values.

Currently the Nasa Project is made up of the reservations of San Francisco, Toribío and Tacueyó and represents 31,825 people. In the Nasa Project, community unity is instrumental in strengthening organizational processes and social cohesion through education, training and productive projects. These principles are the cornerstones for the community to gradually transform into a community without vices, one that is respectful of its own values and one that distances itself from politicking. These objectives depend on three fundamental elements:

- ⌘ Awareness through education and training.
- ⌘ Community participation through organization.
- ⌘ Comprehensive development through programs and projects that encompass all life (human beings and Mother Earth).

The Nasa Project has consolidated itself through community assemblies led by the reservations, which have their own autonomous organizational structure. Said assemblies have enabled the implementation of programs and projects that address and record the most pressing needs the village communities, inter-ministerial communities, reservations and authorities. Community, mixed, individual and associative projections have also occurred in these assemblies.

The Nasa Project is subdivided into sub-projects that are classified with each reservation's name. One of these is the Economic and Environmental Reservation. Its purpose is to guide and boost productive policies, environmental policies, and the management and implementation of family, associative and community projects. Additionally, the Economic and Environmental Reservation is in charge of monitoring, evaluating and reorienting agricultural productive and environmental processes.



The policies of the Environmental Economic Reservation are:

Strengthening food autonomy and a productive or marketable crop that creates productive or economic surplus.

Boosting entrepreneurship and strengthening productive, associative, community and mixed companies.

Consolidating the Rotating Fund within the framework of indigenous law.

Strengthening territorial planning, legal consolidation and expansion of new territories.

Promoting education, conservation and protection of living areas in a sustainable manner.

Strengthening economic, administrative and territorial autonomy.

The Environmental Economic Reservation and the Municipal Unit for Agricultural Technical Assistance (UMATA) work together to design policies that strengthen the productive and environmental processes of the community's Life Plan. This work is reflected in the joint systematization of community experiences. Supported by the UMATA environmental team, the two seek to strengthen and enrich agricultural environmental methodologies that respond to the social, cultural and economic context of the communities.

Within this framework, the Nasa Project has managed to consolidate several key business initiatives for territorial economy. These include:

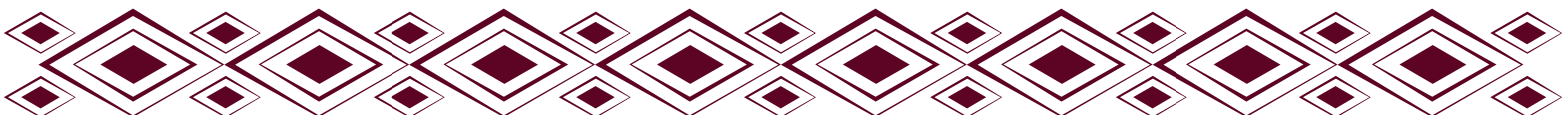


Truchas Juan Tama: A trout producer with 75 production units (families dedicated to this activity). They produce 120 tons of trout a year.

Nasa Lac: A dairy plant (yogurt, cheese and other dairy products) that engages indigenous families who practice an environmentally sustainable and non-extensive livestock breeding.



Café Tacueyó y SICEET: Associations of coffee producers who have a collection center and are part of Red del Caficultores del Norte del Cauca (Network of Coffee Growers of Northern Cauca). They sell their product directly to companies such as Cafinorte, CENCOIC and INCONEXUS. The associations also have a blackberry and gulupa processing plant and a water bottling plant called Fxize.



Each of these productive lines is a line of credit in the three Rotating Funds that have been set up in the Nasa Project Reservations.

Improving the quality of life of the population is one of the main objectives of the Nasa Project's Life Plan. Credit services are instrumental in achieving said objective, since it enables the community to investment in its crops, buy vehicles, improve their homes, strengthen productive units, access education, among others.

The main barrier to access credit in the community of the municipality of Toribío is that the lands within the indigenous reservations have a *colonial title*; in other words, it is a collective property, not a private one. According to Colombia's National Political Constitution, Article 63, the lands of the reservations "are inalienable, imprescriptible and unattachable"; that is, they do not belong to each individual and are only acquired by usufruct. In addition, because the municipality has been considered a *red zone* due to the armed conflict, the inhabitants are not seen as potential clients for financial services.

To overcome this barrier of access, Nasa Project created the Rotating Funds in each of the reservations. These funds manage community savings and award loans with a low interest rate, in accordance with each member's financial needs and paying capacity. These Rotating Funds were created and strengthened by the communities themselves, who have come to agreements with national and international entities to obtain capital and to benefit the communities.

Tacueyó created its Rotating Fund in 2001. Getting initial capital was based on the community's decision change the destination of resources transferred to the Reservation. These resources were initially distributed in supplies, equipment and input donated to the community. However, this distribution was not resulting in the desired structural changes. Thus, the community decided to award these resources as loans for to community members, who agreed to return a percentage of what they received.

The Toribío and San Francisco Rotating Funds were created ten years later, under the same principles as the Tacueyó Rotating Fund. Each of the Rotating Funds has independent administrations that include a coordinator for the fund, administrative staff and operational staff. Each fund also has their own regulations, operative infrastructure and a savings and credit committee. Importantly, they each have independent governance schemes, meaning that, although they are based on indigenous regulations, each one follows the legal regulatory framework from its corresponding Reservation. Each fund's administration is independent from the other funds and, therefore, the



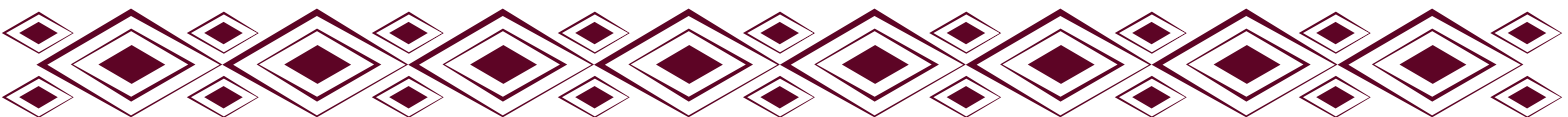
committee of savings and credit, manuals, policies, and clients and resources are independent.

As of January 2017, before the grant between RFI and the Nasa Project, the Rotating Funds had the following characteristics:

The Tacueyó Rotating Fund had two managers in charge of its operation, although neither role was particularly well defined. As the fund did not have an information system to keep track of the finances, the managers only grasped approximate figures of their performance, overdue portfolio and liquidity. They also lacked a sales management system, collection methods and provisions.

The Toribío Rotating Fund had a person in charge of all its administrative tasks. Although the fund tried to record its information in an Excel spreadsheet, the data was out of date and difficult to access. The savings and credit committees did not hold timely meetings and did not have effective responses to the needs of community members.

The San Francisco Rotating Fund only recorded its information in physical files since files in computers had been lost. This resulted in difficulties to quickly and accurately access account statements, which, in turn, cast doubts over the appropriate administration of the fund's resources.

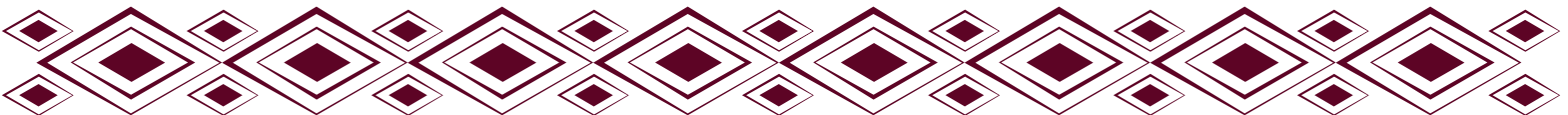




RFI Intervention

Methodology

In 2017 RFI began dialogues with the indigenous authorities of the municipality of Toribío in Northern Cauca. According to the indigenous census, Toribío has a population of 33,000 in the three reservations. RFI's objective was to find partners to promote financial inclusion with a differential approach, since 98% of the population of this territory belongs to the indigenous Nasa community. Consequently, the Indigenous Governors asked RFI to strengthen their own methods of financial inclusion: the Rotating Funds. The fact that these Rotating Funds exist in each Reservation enabled community members to have savings accounts and get loans, fulfilling the objective of the Nasa People's Life Plan. To support the Governors' requests, RFI started a three pronged TA process: **1. Updating of the savings and credit manuals for the three Rotating Funds (Toribío, Tacueyó and San Francisco); 2. Acquiring, installing and operating financial software to organize the administrative and financial management of the three Rotating Funds. 3. Designing a financial education model that respects the Nasa values.**



During that first year, RFI approached the community, the Rotating Funds, the Economic Environmental Reservations and the authorities and formulated a joint proposal to strengthen the three Rotating Funds. This resulted in an initial diagnostics document. Based on it, the coordinators of the funds and the representatives of the Nasa Project presented a proposal to support the RFI challenge grant. The proposal's main objective was to strengthen the Rotating Funds within the framework of the aforementioned actions. The proposal was evaluated by an RFI internal committee and validated by USAID. It took into account the fact that it was to be implemented by an indigenous community, it was framed in that community's own law, it respected the Nasa worldview and sought to strengthen the Nasa Life Plan, increasing financial inclusion of this community. Once the proposal was approved, the Nasa Project and RFI signed a grant valid between October 4, 2017 and July 20, 2018.

To implement this agreement, RFI started by building trust with the Nasa community, an instrumental step in working with the indigenous population. To build trust, RFI's director attended a harmonization ritual called Saakhelu, RFI attended several meetings with indigenous authorities to organize activities, the Initiative met the leaders of the Rotating Funds and the Economic Environmental Councils to explain USAID's intentions. The Initiative's regional team attended a harmonization day and RFI's staff worked hand in hand with the community to design a work plan to implement the grant. These steps were critical to the success of this process, as it allowed indigenous authorities to better understand RFI's scope, its contractual objectives, and the type of support that the Initiative could offer the Funds. The indigenous authorities understood the importance of providing accurate and timely information so RFI could provide TA, while RFI understood the Nasa People's worldview and what is needed to implement a differential approach.

With this framework, RFI designed its first intervention: Analyzing each Rotating Fund's savings and credit manuals and updating them. This activity was based on what each of the funds had achieved thus far, as well as the funds' mission within each Reservation and the expectations of their communities. Then, RFI provided each Rotating Fund with financial software that allowed the managers to store, organize and classify credit, savings, and operations information in an accurate, timely, and transparent manner. Before this software, each fund monitored information in very basic formats (using pen and paper, Excel spreadsheets or basic accounting software) that did not allow them to analyze data in real time. This resulted in little control over balance inquiries, portfolios at risk, overdue portfolio, profit, among others.

Additionally, RFI provided each of the Rotating Funds with a server that could process the information properly, prioritizing security; that is, standardizing the server according



to the digital security requirements of a traditional financial entity. Likewise, and taking into account the ancestral practices of the Nasa people, RFI and the leaders of the three Rotating Funds jointly designed a financial education methodology. This includes a booklet with workshops to raise awareness about savings, different forms of savings of the Nasa people, the importance of a good credit score, guidelines for balancing a budget for family and for a productive unit (tul¹), and an explanation of how the Colombian financial system works.

The second stage of RFI's intervention began with the signing of a second grant between RFI and the Nasa Project, valid between October 24, 2018 and October 25, 2019. This grant sought to strengthen the operative capacities of the funds' and the economic environmental councils. Within this new framework, RFI partnered with the Educational, Training and Research Center for Community Comprehensive Development (CECIDIC) to offer a certificate course for leaders, managers and anyone who worked for the funds. Those who took the course would be certified in Management and Administration of Rotating Funds, acquiring theoretical-practical knowledge that was directly implemented in the operative tasks of each fund. It also served as a guide for strategic decision-making to guarantee the sustainability of the Rotating Funds and, thus, fulfilling the funds' social mission. With TA from specialized consultants funded by RFI, Rotating Fund leaders and managers learned concepts and procedures regarding basic accounting, customer service with a differential approach, communications, financial education, financial analysis, portfolio analysis and recovery, risk analysis and sales management.

At the end of these trainings, 23 attendees were certified. In addition, each Rotating Fund formulated an action plan for the period November 2019-November 2020. The three action plans (one per Rotating Fund) were submitted to the indigenous authorities of each Reservation and endorsed by their respective communities. They served as a roadmap for the growth and sustainability of the Rotating Funds as alternative and community financial inclusion strategies. **Each action plan was built with the RFI's TA and allowed Rotating Fund leaders and managers to apply the knowledge they acquired. This includes analyzing the financial status of their funds and use findings to design strategies, tactics and actions to increase the number of granted loans, properly apply interest rates and create incentives to increase savings, decrease portfolio at risk, know how old overdue portfolio is, segment clients, define sales strategies and design products and services that meet market needs. This was done taking the Nasa worldview into account, as well as the role that Rotating Funds play in the Nasa Life Plan.**

A detailed description of the activities within each grant is provided below.

¹**Tul:** is the name that the Nasa community gives to each family's productive unit. This is not just one crop, since the Nasa People do not dedicate themselves to engage in monoculture, but the principle of autonomy and food sovereignty implies that they have a home garden, breed small animal, and plant crops for profit. This should guarantee the family's own sustenance, while the surplus is marketed. The home garden includes both food for consumption and aromatic plants for the harmonization of family members.



Grant I:

**Strengthening of the rotating funds of the
indigenous reservations of Toribío, Tacueyó and
San Francisco of the Nasa community**



The objective of this first grant signed between RFI and the Nasa Project was to strengthen technical, operational and administrative aspects of the Rotating Funds. To this end, RFI reviewed and adjusted the credit and collections regulations of each Rotating Fund, provided an accounting, administrative and portfolio software that streamlined and secured their operating processes, and promoted community financial education to facilitate financial inclusion practices led by the Nasa Project.

The activities carried out were as follows:

Review and adjust credit and collections regulations



To adjust the manuals for the three Rotating Funds, RFI and the Nasa Project did diagnostic visits in which an RFI consultant and members of the Rotating Funds jointly reviewed the existing savings and credit manuals, which enabled them to identify opportunities for improvement. The manuals were adjusted to help the current necessities of each fund and they were approved by the savings and credit committees and the authorities of the reservations. Having the authorities approve the manuals was particularly important, given that the new procedures impact all community members and that the highest decision-making body in indigenous communities is the General assembly. RFI created communications tools and accompanied the Nasa Project in the disseminating process. RFI delivered the adjusted and approved manuals with the Rotating Funds' members to be implemented.

Providing a financial, accounting, administrative and portfolio software



RFI made a diagnostics to assess the needs of the three Rotating Funds regarding operability, information security and data quality. The most pressing challenges found were:

- The Rotating Funds' accounting system was meant to be used by a for profit company with commercial activity. Consequently, loans were mislabeled as accounts receivable and could only record the amount of the loan, the person's name and ID. This made it very difficult to validate information regarding traceability of savings and credits, instrumental data in the operation of a Rotating Fund. Likewise, savings were mislabeled in the system as accounts payable, recording the name and ID of the person and the amount saved.



- Taking into account that information was recorded in color-coded Excel spreadsheets, it was very difficult to know accounting information in real time. This was made worse because there were over one thousand people involved in the funds, thus, administrators had to go through several records to find anything.
- The administrators of the Rotating Funds did not know how to calculate interest rates on loans and interests for savings.
- The Rotating Funds did not have a provisions reserve and would only calculate interests on savings deposits manually once the community member asked for their money back.
- The Nasa Project did not have information on overdue portfolio (how much money was owed, by whom, since when?), thus, there were no collection strategies in place or provisions in case of default.
- Rotating Fund administrators handle information manually. The Nasa Project and, in general, the indigenous authorities were not sure about the veracity of the information, since there was no way to validate it.
- The Rotating Funds had no credit reports that showed maturity date or due date. Information on interest payments on the savings of the community members was also nonexistent.
- The Rotating Fund managers prepared the annual balance sheets of results manually. This meant spending a long time doing balance sheets, without being able to know whether the information was accurate or not
- The Rotating Funds, and generally the Nasa Project, did not have accounting provisions for the past due portfolio.
- Response times to process loan applications, withdraw savings or anything related to customer service far exceeded the average response times from formal financial entities.
- There are many calculation errors when liquidating loans and assigning interest rates for both loans and savings.

These findings led RFI to provide each fund with an accounting, financial and administrative software that would allow them to store information safely, while meeting the funds' requirements. RFI also believed it was important to provide each fund with a server that would be used exclusively to host the software, since the indigenous communities have no provisions allocated to computer security and they do not do much to protect their information. With this in mind, RFI and Nasa Project looked for software that met the requirements of size, support, functions and characteristics that would streamline and facilitate the daily operation of the funds. The selected software was from the SADMIN company and it offered the following characteristics and functions:



Accounting module

- ✦ Creates accounting accounts that adapt to company needs.
- ✦ Registers information by third parties managed by NIT² or by code.
- ✦ 13 accounting periods to implement the automatic annual close-out.
- ✦ Automatic monthly locks and blocks to protect information.
- ✦ Cost center management.
- ✦ Third party management with full data.
- ✦ Branch office management. Each branch office manages its own independent data and consolidated financial statements.
- ✦ Creates templates.
- ✦ Exports data into different formats.
- ✦ Automatic annual closing of income statements and third parties.
- ✦ Financial indicators for management reports.
- ✦ Generates and administers user passwords by profiles.
- ✦ Bank balance.
- ✦ Tax certificates.
- ✦ Manages and prints checks.
- ✦ Prints accounting documents.
- ✦ Trial of a balanced budget.
- ✦ Daily vouchers
- ✦ Organizes operations by date ranges
- ✦ Balance sheet.
- ✦ Income Statement.

✦ Cash flow statement.

- ✦ Instant date change for processes.
- ✦ Integrated third-party transfers.
- ✦ Manages of NIIF for SMEs
- ✦ Lays out NIIF accounts.
- ✦ NIIF Financial Statements.
- ✦ Provides supporting information for NIIF
- ✦ Creates accounting documents for NIIF or combines them with current ones.
- ✦ Automatic backup (optional cloud storage).

Payroll module

- ✦ Employee resume
- ✦ Payroll, vacation or extras sheets
- ✦ News and loans for employees
- ✦ Hiring employees
- ✦ Fringe benefits
- ✦ Holidays, final payments and disabilities
- ✦ Adjustable functions per employee
- ✦ Overtime
- ✦ Automatic posting

Fixed assets module

- ✦ Creating fixed asset codes according to their characteristics
- ✦ Grouping assets (groups and subgroups)
- ✦ Configuring accounting accounts related to purchases, sales and disposal of fixed assets
- ✦ Chronological depreciation over monthly or annual periods.

✦ Financial analysis.

- ✦ Establishing the life of an asset per market value by group and subgroup of assets
- ✦ Entry of actual purchase dates for the historical and depreciation calculation
- ✦ Fixed asset reports by area or by official
- ✦ A22 report or return items

Treasury module

- ✦ Facilitates automatic tracking of all financial operations.
- ✦ Creates concept-based accounting documents automatically using minimal accounting knowledge.
- ✦ Offers secure data management to different users depending on their functions.
- ✦ Accounts receivable and accounts payable.
- ✦ Payments to third parties.
- ✦ Cash reports.
- ✦ Compare and contrast bank statements.

Magnetic media module

- ✦ Enables input of tax-related data.
- ✦ Enables input of the Direction of National Taxes and Customs' (DIAN) concepts.
- ✦ Blueprints, Excel and other formats.
- ✦ Third party users.
- ✦ Exports files to Excel.

Financial portfolio module

- ✦ Loan applications.
- ✦ Personal loans applications.
- ✦ Microcredit products applications.
- ✦ Data gathering in the field on cellphones or tablets.
- ✦ Simplified online application through a website.
- ✦ Monitoring of applications according to the state they are in (under review, approved, disbursed, rejected, expired, annulled).
- ✦ Creates reports per applications per official, per customer and per state.

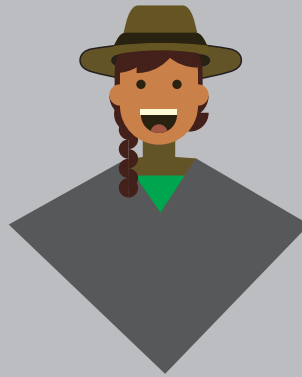
Credit Assessment

- ✦ Forms to review personal loans.
- ✦ Review of microcredit products.
- ✦ Assessment of payroll loans.
- ✦ Input of data from risk assessment centers (Datacrédito and Cifin).
- ✦ Simulation of payment plan.
- ✦ Credit score, as per established parameters.

Credit Origination

- ✦ Debtor's CV with personal information, work experience and CIUU code (this code is assigned by the Chambers of Commerce).
- ✦ Payment schedule including grace periods.
- ✦ Enables preliminary discounts on disbursement costs like management, taxes, commission, paperwork, assessment, etc.

²NIT: is an identification number assigned to registered businesses in Colombia



- ✦ Permanent discounts per installment in insurance and other concepts.
 - ✦ Disbursements with several forms of payment.
 - ✦ Setting up and creating credit lines with the highest possible interest rates, disbursement amounts and periodicity (biweekly, monthly, quarterly or semi-annual).
 - ✦ Guarantee management.
 - ✦ Creating and printing IOUs (I owe you), discount letters, payroll agreements and instruction letters.
 - ✦ Set up external concepts such as deposits, savings, insurance, etc.
 - ✦ Create invoices when disbursements include Value Added Tax (VAT).
 - ✦ Establishing usury rates per credit type (personal, housing, microcredit product).
 - ✦ System to prioritize types to know what to collect first (be it insurance, overdue interest rates, regular interest rates or capital).
 - ✦ Refinancing loans to group a set of loans into one.
 - ✦ Automatic calculation of all portfolio operations.
- ### **Portfolio management and collection**
- ✦ Collection or individual deposits through several payment forms, automatically calculated online.
 - ✦ Creating invoices in when collection includes VAT.
 - ✦ Payments to capital to reduce time or assigned installment payment.
 - ✦ Partial or ahead of time deposits.
 - ✦ Credit history with payment details.
 - ✦ Minutes with customers calls, agreements, out of the ordinary events, etc.
 - ✦ Payment agreements.
 - ✦ Collection zoning.
 - ✦ Analysis of the overdue portfolio per date, with visual icons to highlight overdue loans per official, per zone, per group, per agency or per branch.
 - ✦ Analysis of the overdue portfolio per date, with visual icons to highlight overdue loans per official, per zone, per group, per agency or per branch.
 - ✦ Credit lines report.
 - ✦ Collection date report.
 - ✦ Portfolio indicators per loan (agreed upon, paid for, payable, pending or overdue installments)
- ✦ Automatic reports from Datacrédito and Cifin.
 - ✦ Automatic personal portfolio provisions, adjustable to company policies.
 - ✦ Attorney fees.
 - ✦ Statements per debtor with a barcode to print or send online.
 - ✦ Collection via mass media in electronic archives.
 - ✦ Web services to enable automatic electronic payments via external apps (banks or special agreements; this can require contracts with or external documentation from the service supplier).
- ### **Savings accounts and fixed term deposits**
- ✦ Manages different return rates for different types of savings accounts.
 - ✦ Monthly or daily interest rate generator, according to the type of savings account, fixed-term deposit account and time limit.
 - ✦ Issues deposit certificates.
 - ✦ Registers authorized beneficiaries and property transfers.
 - ✦ Digital registry (pictures, prints, signature).
 - ✦ Automatic operation calculation.



Since RFI coordinated installing this software in each of the reservations, it made sure to cater management and training to each Rotating Fund, according to its particularities and regulations. It is worth noting that, like with any information migration process, there were difficulties when transferring data between different systems and when standardizing information, a process that had not been done previously by the administrators of the Rotating Funds. These difficulties resulted in longer transfer times and meant that the administrators of the Rotating Funds had to carry out administrative, filing and digitalization processes before migrating the information. RFI financed part of this exercise through a local consultant who supported this activity.

The technical support provided by RFI to the Rotating Funds was three-pronged: Visiting each Rotating Fund to review the old digital and paperback files; helping the funds transfer the information in their files to the new software and organize it so that they could start customer service tasks in a timely manner. Likewise, RFI helped create different user profiles within the software, so that each fund's team can access and manage information depending on each users' role. Once all the information from each Rotating Fund was stored in the software, the software design firm gave a master classes on the software's use and migration aspects. This was complemented with offsite TA over the phone to clear any doubts administrators might have.

The aim of this activity was to leave the software up and running on each of the Rotating Funds. Thereafter, Rotating Fund managers began using the software for their daily tasks. This optimized search times and classification of information on the financial status of each community member linked to the funds, and of the funds in general. Having access to information in real time made it easier for the Nasa Project to make decisions regarding investments, granting loans and even cross-reference information with other business units within each Reservation.





Promote community financial education processes

One of the main components of this first grant signed between RFI and the Nasa Project was the participatory design of a financial education model based on the cosmivision and ancestral practices of the Nasa people. To design this model, RFI and the Nasa Project held working sessions with each of the Reservations, the indigenous authorities and the reservations' staff; the Initiative embarked on field visits to rural and urban Nasa families. This immersion in the territory by RFI consultants allowed them to better understand the way in which income and expenses are managed in indigenous families and in their productive units. These exercises also helped RFI understand the savings and credit methods used in the territory, especially ancient methodologies that are oftentimes dismissed, despite being held popular and active by indigenous practices.

This work resulted in a financial education methodology with an ethnic focus, compiled in the booklet "*Vxiwn Ew Visya' Piiyn*" or Education for good financial management. This document is divided into the following modules:



Module 1. Concepts. This module introduces notions related to the Colombian conventional financial system and community savings and credit funds, while helping participants understand and differentiate them.

Module 2. Preparing a budget for a Nasa family. This module offers a step by step procedure to build a family budget adapted to the Nasa concepts of economy and family. The budget is based on the “Tulkwe” model of biodiverse production within the framework of Nasa’s own economic model, and on Nasa thought. To design this module, RFI was permanently guided by the Nasa community and took into account elements of their worldview, mainly the Nasa people’s concept of “living well”. This model is based on a broad family (“Nwe’sx Nwe`sx”), one that maintains balance and harmony in the community through its functions of guiding, protecting and advising. These ideas are closely related to the fundamental elements of the National Strategy for Financial Education in Colombia, which pays special attention to being aware of responsibilities and consequences regarding finances and aims to reinforce good financial behavior, strengthen understanding of economic and financial issues and increase the ability to apply financial knowledge.

Module 3. Understanding Savings for the Nasa people. This module aims to easily transfer savings concepts and help participants recognize the Nasa indigenous practices related to community and individual savings.

Module 4. Taking responsibility for my financial decisions. This module seeks to improve decision-making capacities of the community members, as well as raise awareness on how financial decisions can positively or negatively impact someone’s life, according to the Nasa concept of “good living”³. To implement this methodology, RFI held induction sessions so that the staff of the Rotating Funds could later offer these workshops to the communities.

³Taken from Vxiwn Ew Visya´ or Education for good money management.





Grant II:

**Ta for administrative staff and the
leaders of the indigenous reservations
of toribío, tacueyó and san francisco of
the nasa community to develop financial,
management and sales skills**



The second agreement signed between RFI and the Nasa Project aimed to provide TA in financial, managerial and sales skills to the administrative staff and leaders of the Rotating Funds of the indigenous reservations of Toribío, Tacueyó and San Francisco. RFI met its goals by offering trainings in accounting concepts, financial analysis, risk analysis, portfolio recovery, financial education, sales management, customer service with a differential focus and communication strategies with a rural approach. In addition, RFI also continued providing technical support, trainings and updates of the software that was installed in Grant I.

To train the Rotating Funds' staff in each topic, **RFI consultants initially carried out a diagnostics exercise with each Rotating Fund and, based on the results, designed a training proposal with set learning materials that would be delivered at the end. It is worth noting that the defined training methodology not only included the master classes but also smaller workshops to solve specific cases related to the topic at hand.** Fund leaders were urged to bring accurate information to each session so that the training actions were implemented on the real status of the funds.

To comply with RFI's and USAID's pillar of sustainability, RFI and the Nasa Project engaged CECIDIC. This ensures that this educational institution officially certifies those who meet the number of hours specified by the Ministry of National Education for a certificate course. By working with CECIDIC, what started as an RFI training course turned into the Certificate Course in Management and Administration of Rotating Funds. 23 community members were certified through this process.

Subsequently, RFI formally transferred the methodologies used and content taught in the workshops and trainings to CECIDIC. Consequently, starting 2020, any community member who offers community service in the Rotating Funds will have what they need to be trained and, CECIDIC will have content for the induction processes of new Rotating Fund staff. The training modules are:



Basic Accounting

- ✦ Basic concepts such as accounting, assets, liability, equity, classification of accounting accounts, T Accounts, trial balance: What is it and why it is useful to know the balance sheet's structure and information analysis?
- ✦ Account operations: What is the Income Statement, what is it for, what are its structure, budget and composition?
- ✦ Comparative analysis of financial statements: What is it, what does it do for cash flow and what is its structure like?
- ✦ Structure and composition of management reports, concept implementation, communications and analysis skills workshop.

This module was taught by RFI in four eight-hour sessions. It was complemented with TA visits to each reservation. Each visit from RFI consultants enabled fund administrators to delve into concepts and procedures through which they could later respond to the needs and doubts that would arise in their activities.

Financial Education

- ✦ Basic concepts for financial decision-making; concept of origin and use of money and the importance of the financial system; basic concepts of savings, healthy and unhealthy portfolio.
- ✦ Transactional channels and group methodologies: Personal budget, transactional channels and their use. Local savings and credit groups methodology.

The financial education module was taught by RFI consultants in 16 hours. The main objective was for leaders and administrators of the funds to know how to adapt Nasa's own financial education model, Vxiwn Ew Visya Piiyn " or Education for the good financial management, into workshops and activities with community members. Information on local savings and credit groups was important to explain the financial education methodology that resonates with the spirit of the Rotating Funds and can be attached to the community principles, which are an inherent part of the worldviews of indigenous peoples, since they promote solidarity and social capital.

Customer Service with a differential approach

- ✦ Service concepts: What is a customer? Customer service with a differential approach; types of customers and principles.
- ✦ Do I know the community members who are part of the Rotating Fund? - Classification of variables to meet community members.
- ✦ The importance of what we see and how we see ourselves.
- ✦ Image of the Rotating Fund and its collaborators.
- ✦ Quality customer service, service satisfaction, the importance of service qualifications, why and how to measure customer service and mechanisms.
- ✦ Designing customer service rating mechanisms.

Security issues in the municipality of Toribio prevented onsite trainings, thus RFI held this module online. The consultant offered the workshops and feedback via email. This module was 8 hours long.

Designing and implementing a communications strategy

- ✦ Design of a communications strategy. What is a communications strategy?
 - ✦ How to create messages?
 - ✦ How to create workshops and trainings?
 - ✦ Let's create financial literacy pieces
- This module lasted 32 hours. The RFI consultant started with knowledge on the most consumed media in the territory, moved onto the messages that the community wanted to deliver about the Rotating Funds and concluded with how to make permanent use of the existing media in the territory.

Based on these trainings, each Rotating Fund created different communication strategies such as: radio soap operas that promoted savings and the use of credit products, leaflets and banners promoting and explaining the Rotating Funds' products. The radio soap operas were aired for several months via the community radio stations of Nasa Project. In addition, the community held informative sessions to raise awareness on how the funds work and the services they provide.

One of the most important results of this module was unifying the visual image of the Rotating Funds and having administrators wear that image in their clothes when serving customers. This was considered the first step in the road to fulfill the Nasa Project's dream to unify the Rotating Funds in a single entity.

Sales and portfolio management	Risk	Types of Risks	Software Use
<p>This module focused on analyzing the delinquency ages of the clients' portfolio in each Rotating Fund, thus, assessing the funds' financial status. The participants and the Nasa authorities saw real data of their Rotating Fund for decision-making purposes.</p> <p>The module's topics include:</p> <ul style="list-style-type: none"> ✦ Credit policies: General credit policies involving the development of microfinance institutions which are linked to those established by the controlling entity. ✦ Credit procedures: Necessary technical steps to grant a loan –closely related to credit policies and linked to the microcredit methodology. <p>It is important to remember that the first action of Agreement 1 between RFI and the NASA Project was to review and update the savings and credit manuals of the Rotating Funds. These manuals were compulsory reading for this sales and portfolio management module.</p>	<p>This module on risks in the financial operation included 16 hours of master classes and 8 hours of TA for each Rotating Fund. During the TA visits, RFI reviewed the origination form of each type of credit, the formats, and the dynamics of the savings and credit committees. Additionally, RFI analyzed the Rotating Funds' data to determine their risk. RFI helped each Rotating Fund implement the necessary measures to comply with the sustainability objectives and fulfill the mission set forth in the Life Plan.</p> <p>The topics addressed by RFI in this module were:</p> <p>Risk conceptualization</p> <ul style="list-style-type: none"> ✦ What is risk? Risk Vs. accidents, and associated risks. ✦ Goals. ✦ Origin of risk management. ✦ Identifying risk: How is risk calculated and what does it mean to control risk? ✦ Stages of risk management. ✦ Management systems and continuous improvement cycle. ✦ Financial risks. 	<p>Institutional Risk: Organizational structure, risk exposure analysis.</p> <ul style="list-style-type: none"> ✦ Credit risk, evolution of capital structure. ✦ Dependency risk, operational risk, management risk. ✦ Systemic risk, counterparty risk, market risk. ✦ Liquidity risk and cash flow management, interest rate risk. ✦ Foreign exchange risk and operational risk (fraud risk - internal and external). <p>Operational risk and credit risk</p> <ul style="list-style-type: none"> ✦ Human error risk ✦ IT risk, risk management, what is a financial intermediary? ✦ Factors to quantify payment capacity - analysis requirement Vs. size / clients. ✦ Policies for risk management and credit policies (setting limits, infrastructure or human capital, criteria for granting credit, criteria for monitoring, control and recovery). <p>Control</p> <ul style="list-style-type: none"> ✦ Internal and responsible control: Control mechanism. ✦ Vulnerability to fraud. ✦ Audit - Environment and control: What is auditing? Who does it? (planning, reports and types of audit). ✦ Technology as a means of control. 	<p>As a complement to the training provided by RFI to the Nasa Project in Agreement 1, and aiming for the collaborators of the Rotating Funds to use all of the software's services, the software design firm hired by RFI held several training days on several of the tool's uses, especially on information uploading and data analysis. This module not only had master classes but also TA in use and software update. Its new use and migration meant that the company supplying the software had to continue providing on-site support and technical assistance.</p>
			<p>Action plan</p> <p>At the end of this training process, each Rotating Fund formulated an annual action plan (November 2019 - November 2020). Each action plan was based on the diagnostics exercises from the trainings and TA process, and on the knowledge obtained from all the training activities. They included intervention strategies to respond to the most pressing issues found, actions and indicators to measure the evolution of the work and objectives set. Nasa Project promised to renew these plans annually following the Nasa calendar.</p>





Impact on the Nasa Project

The two agreements between RFI and the Nasa Project to strengthen Rotating Funds allowed the funds to learn about their economic and financial reality and to build the capacities in the leaders and administrators so they could implement improvement actions. The operating staff of the Rotating Funds, the authorities of the councils and the Nasa Project identified the portfolio at risk over 30 days, the interest rate awarded to savings and the complexity of originating loans without real guarantees or without portfolio recovery policies. These issues affected the sustainability and credibility of the Rotating Funds. Installing and using administrative and financial software enabled the Rotating Funds to know accurate in real time information of their accounts, analyze their financial status, identify losses and profits from their operation and implement more effective procedures to respond to the requirements of clients and indigenous authorities.

As soon as each Rotating Fund started implementing the manuals, disseminating information on the funds' services and sharing the financial education methodology, they were able to establish action plans that drove sustainability and productivity. This is, ultimately, the social objective of the Nasa Project Life Plan.

One of the most significant achievements of the agreements between RFI and the Nasa Project is that the intervention resulted in a new reputational image for the funds: Promoting licit productive activities through financial leverage, as opposed to being perceived as a donations fund. This enables the Nasa people to become a self-sustaining community.



For the coordinator of the Toribío Rotating Fund, Evencio Tombe: “The entire community benefits from the Rotating Fund, both those who share the principles of the indigenous movement and those who do not share them. The Rotating Fund has reduced reputational risks since being able to deliver clear and verifiable figures has allowed the community to learn about the reality of the fund. Likewise, this builds trust with community members, since they receive real-time reliable information on deposits and payments for the fund’s services and have a transparent understanding of what their money is being used for.”

In the Tacueyó Rotating Fund, Addier Pilcué and Emma Fernanda Latin comment: “Having the RFI-provided software enabled us to access accurate and reliable information. Learning about financial analysis allowed us to make decisions such as lowering interest rates. RFI’s TA helped us identify the fact that we did not have enough staff to operate the Rotating Fund, thus, we went from having two people with undefined roles to ten people with defined functions and support from the accountant. We also identified the high portfolio at risk. Knowing the real state of this portfolio, we could create strategies to recover it and the indicator decreased from 31% to 26% by the end of 2019. RFI also helped us understand where our origination process was deficient and resulted in overindebted comuneros (community workers). We now know the importance of good origination, and we are already doing that. Since we streamlined the process, the staff can invest time in business management, which was strengthened with the training process”.

Yolima Yuliquema, accountant of the Reservation of San Francisco and Iván Marino Pazú, coordinator of the Rotating Fund of the same Reservation say: “It was very complicated to organize accounts at first. The community members deposited and saved, and they were granted loans but there was no control over the information. With RFI’s TA, and having hired an accountant, we understood account information and began implementing accounting rules and procedures. RFI’s training used actually applicable knowledge and gave managerial insight, as well as tools for financial control and business management. Thanks to this process, we managed to organize the information, although there are still accounts pending verification, and we clarified the councils’ contributions. RFI’s contribution was essential for us to learn and resulted in our Rotating Fund presenting financial reports. We are making cash deposits to control and manage daily cash flow. We currently have an equity structure and we organized the accounts. One of the challenges that we still face is to lower the portfolio at risk indicator, although we have already made strides towards this and, by the end of 2019, the indicator went from 68% to 55%. We set a communications and corporate image work, including videos, radio soap operas and sales strategies. Additionally, we hired someone to recover the portfolio, and we also identified the different customer profiles among community members to improve origination with better formats for data gathering.”





The results were as follows:

- ⌘ The staff of the Rotating Funds acquired knowledge in accounting concepts, financial analysis, risk analysis, portfolio recovery, financial education, business management, customer service with a differential focus and communication strategies with a rural business focus.
- ⌘ CECIDIC certified 23 people in the Certificate Course in Management and Administration of Rotating Funds. The contents of the certificate course were designed by RFI.
- ⌘ RFI updated and disseminated the content of the savings and credit manuals of the three Rotating Funds. The process involved the reservations' staff and the indigenous authorities approved of the final product.
- ⌘ Nasa Project now has a participatory financial education methodology with an ethnic approach based on the uses and traditions of the Nasa people.
- ⌘ The three Rotating Funds have an administrative and financial software that provides information in real time regarding income statements, protects the data and supports a transparent management of resources. The software creates reports for decision-making.
- ⌘ RFI implemented communication strategies to diffuse, promote or position products, services. The Initiative also implemented a financial education model based on Nasa traditions, and used community channels in the municipality of Toribío.
- ⌘ Rotating Funds can now better serve indigenous people. The community members consider it as their go-to tool to finance their business ideas and start-ups, meeting the productive and economic goals of the Nasa People's Life Plan.
- ⌘ Nasa Project and CECIDIC have a teaching methodology and content so that any community member who works in the Rotating Funds can have the necessary training to properly manage and administer the funds.
- ⌘ The indigenous authorities have reliable information so that their decision-making is based on real data, benefitting the entire community with better informed municipal economic development.
- ⌘ The community members who use the funds' services can access an accurate state of their savings and credit products, which leads to greater transparency in the management of community and council resources.





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