



[RECCOMENDATION REPORT]

Lessons learned from project development and policy impacts of a
Grundtvig Project on prevention of over-indebtedness

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AIMS OF THIS REPORT

This text aims to shortly summarize the outcomes of the Grundtvig ABACO project and to provide potential users with recommendations and suggestions in order to make the best use out of them and – in case – to adapt them to different context and/or target groups.

This booklet also has the aim to show how ABACO tools can have an impact on European (and national) policies related with the prevention of over indebtedness and the support to financial education and financial inclusion.

The report targets European and national stakeholders: policy makers, experts, debt agencies, trainers, teachers, social workers, NGOs and whoever has the opportunity to work with vulnerable adults and migrants dealing with money management problems.

1. INTRODUCTION

1.1 WHY ABACO

ABACO, an European funded project, aims to perform a strategy to face the problem of lack of financial education for vulnerable adults and migrants in Southern Europe.

In fact, estimates show that at least 20 million people are over-indebted in Europe. According to EU SILC Portugal ranks 2nd, Italy and Spain 6th and Greece 9th for arrears in the household in Europe and, respectively, 1st, 3rd, 4th and 5th in the EU GINI Index.

Eurobarometer findings indicate that people most at risk of over-indebtedness are also the more vulnerable: younger adults, families with children, single adults and people with the lowest incomes have generally been found to have the highest likelihood of financial problems. But there are also other factors that show how the risk of indebtedness is connected with social vulnerability: the problem is in fact related to health status, ethnicity, low schooling.

On the other hand, Southern European countries seem to have not yet developed significant strategies and tools for the prevention of over-indebtedness, for example all these countries have just one organization (which is a local one for Italy) member of the European Consumer Debt Network and neither Spanish or Greek projects about financial education are part of the best practice list of the EU Financial Inclusion Observatory.

ABACO aims to prevent over-indebtedness and promote awareness in money management among vulnerable target by supporting the development and diffusion of financial education for vulnerable people in South Europe.

1.2 SPECIFIC OBJECTIVE OF ABACO

The specific objective of ABACO was to make available financial education tools for vulnerable adults specifically adapted to the South European contexts, languages, needs and cultures.

ABACO partnership tried to reach this aim by adapting methodologies and contents developed by the NIBUD, an independent Dutch foundation that gives information about household finance, in order to make them usable by partner organizations in their national contexts (Italy, Spain Portugal and Greece – Switzerland followed as well).

While NIBUD has released a huge variety of financial education tools, the partnership decided to focus on those considered as most suitable for the selected target. Namely:

- “Where does the money go?” : a basic book on money matters for households
- “Money book for micro entrepreneurs”: a basic book about money matters for small entrepreneurs
- “Managing your money course”: a course about money management which includes a teacher’s manual and an handbook for students
- an Agenda with budgeting tips and a mini housekeeping account book

1.3 AN IN-SIGHT ON ABACO TOOLS

The following table describes in details the ABACO tools, their contents and the target group they are directed to:

TOOLS	CONTENTS AND AVAILABILITY	TARGET
<p>WHERE DOES THE MONEY GO?</p>	<p>This tool is a handbook addressed to vulnerable people who wants to learn useful strategies and methods to better manage their family budget. It contains 5 chapters about household budget management: the first one is about the idea that spending money means making choices, the second is about keeping track of documents of expenditures and planning them, the third is about insurances and financial loans, the fourth is about money and relationship and the last one is about debts. It includes an appendix with the main information of Abaco project purposes and activities.</p> <p>The booklet can be distributed as a self-learning tool to vulnerable households by NGOs, social workers, banks microcredit and other financial institutions.</p> <p>This booklet is available for: Greece, Spain, Italy, Switzerland (Ticino), Portugal (including content of Manae your money course) and Holland.</p> <p>It can be downloaded from: http://download.abaco-project.eu/</p>	<p>The book targets specifically: vulnerable adults and households (such as, for instance: low income families, single parents, migrants, large families etc.).</p> <p>The language has been kept simple and clear in order to be understandable by non native speakers and people with low schooling.</p>

<p>MANAGING YOUR MONEY COURSE</p> <p>STUDENT'S HANDBOOK</p>	<p>The student's handbook contains 15 didactic units: Incomings and expenses (basis module); Account book (basis module); Administration in order (basis module); Manage with your income (basis module); Avoid debts (basis module); Saving (basis module); Resist the temptations (basis module); Insuring, saving, taking a loan (basis module); Get your profit! (basis module); Money & Relationship (supplementary module); Varying incomings (supplementary module); Your child and his money (supplementary module); Pluses and minuses (supplementary module); Remain independent (supplementary module); Shopping via the web (supplementary module).</p> <p>Each module contains basic information, proposals of exercises that can be done in the class, suggestions for discussion, dynamics and homeworks.</p> <p>The course can be organised by NGOs, public and private social services, financial institutions (including those providing micro-loans).</p> <p>The handbook is available for: Greece, Spain, Italy, Portugal (included in where does the money go manual) and Holland.</p>	<p>The course targets specifically: vulnerable adults and households (such as, for instance: low income families, single parents, migrants, large families etc.).</p> <p>Participants should have a sufficient level of knowledge of the local language (if migrants), basic calculation capacities and they should not be severely over-indebted.</p>
<p>MANAGING YOUR MONEY COURSE</p> <p>TEACHER'S MANUAL</p>	<p>The teacher's manual aims to provide trainers with useful information in order to successfully manage the course. The manual contains an introduction illustrating the general purposes of the course and the single modules that will be explained to the students.</p> <p>Each module (both basic and supplementary) contains several information to support the teacher in his explanations: general content of the module, main aims to achieve, exercises, websites to get more information, useful examples and suggestions.</p> <p>Teacher can have different educational and</p>	<p>This tool targets teachers and trainers – who should have previously attended a specific training for trainers - willing to organize financial education classes inspired by the "Managing your money" course.</p>

	<p>professional backgrounds but they need to have some experience in delivering training to vulnerable adults and they should attend a specific training for trainers.</p> <p>The manual is available for: Greece, Spain, Italy, Switzerland (Ticino), Portugal (included in Where the money goes manual) and Holland.</p>	
<p>MANAGING YOUR MONEY COURSE FOR MICRO ENTREPRENEURS</p> <p>STUDENT'S HANDBOOK</p>	<p>This book addresses small entrepreneurs in order to support them in their money management of their own business.</p> <p>The course for micro-entrepreneur was developed by each partner according to the contents of the NIBUD handbook "Money book for micro entrepreneurs". For this reason, the contents differ for each country. Some versions (such as the Spanish and the Portuguese one) include information about setting up a new business while others (Italian and Swiss) focus on business already started. However, all versions include information about: how to make a budget, which kind of economic supports are available, how to deal with taxes and how to avoid debts.</p> <p>The booklet has been released by some countries as a self-learning tool to micro entrepreneurs or to persons thinking about setting up their own business, by others as a support for training provided by NGOs, professional associations, business launchers, banks, microcredit and other financial institutions.</p> <p>This booklet is available for: Greece, Spain, Italy, Switzerland (Ticino), Portugal (aggregated in the teacher's manual in the end of each module, namely in the form of exercises, support documents and tests) .</p>	<p>The book targets micro entrepreneurs or people willing to start their own small business.</p> <p>Participants should have a sufficient level of knowledge of the local language (if migrants), basic calculation capacities and they should not be severely over-indebted.</p>

<p>MANAGING YOUR MONEY COURSE FOR MICRO ENTREPRENEURS</p> <p>TEACHER'S MANUAL</p>	<p>The teacher's manual aims to provide trainers with useful information in order to successfully manage the course. The manual contains an introduction illustrating the general purposes of the course and the single modules that will be explained to the students.</p> <p>Each module (both basic and supplementary) contains several information to support the teacher in his explanations: general content of the module, main aims to achieve, exercises, websites to get more information, useful examples and suggestions.</p> <p>Teacher can have different educational and professional backgrounds but they need to have some experience in delivering training to vulnerable adults and they should attend a specific training for trainers.</p> <p>The manual is available for: Greece, Spain, Italy, Switzerland (Ticino), Portugal and Holland.</p>	<p>This tool targets teachers and trainers – who should have previously attended a specific training for trainers - willing to organise financial education classes inspired by the "Managing your money" course for micro entrepreneurs.</p>
<p>AGENDA</p>	<p>The agenda is an informal education tool, inspired by the one NIBUD releases every year.</p> <p>It is a "normal" agenda, providing sections to register notes and appointments but with some "plusses". It contains, indeed: a short version of the information provided in "Where does the money go?" (see above); sections to register the expenses incurred in the week and sections to recap incomes and spending of the month. It also contains advices and suggestions on how to spend wisely and how to save money. The Portuguese version of the Agenda selected a topic for each month, providing useful advises and links for users.</p> <p>The Agenda can be distributed to vulnerable households by NGOs, social workers, banks microcredit and other financial institutions.</p> <p>Available: Greece, Spain, Italy, Switzerland (Ticino),</p>	<p>The Agends targets specifically: vulnerable adults and households (such as, for instance: low income families, single parents, migrants, large families etc.).</p>

	Portugal and Holland.	
<p>WEB SITE</p> <p>www.abaco-project.eu</p>	<p>The website is a tool complementary to those for the training for trainers.</p> <p>In fact the website, includes: (1) a "Document" section which contains a collection of over 50 documents (including: research reports, statistical data, presentations) concerning microcredit, poverty and over-indebtedness. (2) a "News" section with a large collection of news concerning projects, activities, pilot programmes, conferences, events... concerning poverty related issues. Trainers can therefore use the website to update and deepen their knowledge on the themes treated in the ABACO course.</p> <p>In the meanwhile, the website also contains sections strictly related with the project such as a short presentation, a list of activities carried out, a repository of its outputs and a presentation of partners. These sections might be of help for organisations interested in replicating ABACO project in other countries.</p>	<p>The web site targets trainers, professionals, stakeholders.</p> <p>The web site also targets organizations willing to replicate ABACO.</p>
<p>GAMES</p>	<p>The Swiss partner developed a series of games serving as support to the rest of the method. They are an additional pedagogical tool that enables the participants to acquire the good habits of managing money through playing. It can be used in a training session or it can be recommended to participants to play with their families at home.</p> <p>Two games are available: Abaco Mail (how to manage incoming mail?) and Abaco Family (keep your family happy and your balance in positive). The games can be played online or downloaded and played offline.</p> <p>They are currently available in English but all the topics can be adapted to each specific country as it is easy to make any modification of the used concepts.</p>	<p>Games target specifically: vulnerable adults and households (such as, for instance: low income families, single parents, migrants, large families etc.).</p>

1.4 HOW WE WORKED

Each project partner before using these instruments had to adapt them to the local contexts taking into account the linguistic, social and economic peculiar aspects of their corresponding Countries.

In order to elaborate the final version, partners were demanded to do a hard job on content adaptation. In fact, specific aspects like insurances and financial loans access procedures and demanded guarantees, are regulated at national level and partners had to study all the details of the financial and administrative national policies and laws.

Moreover, because of the selected target – people with a low scholarship level or with linguistic barriers in the case of immigrants – partners had to translate all the new contents in a simple language in order to give everybody the possibility to understand the basic concepts of the handbooks.

Once the draft adaptation had been completed each partner started the pilot testing in order to assess the tool and see if it could be a valid instrument for its country and target group.

On one hand, pilot readers (in some case they were possible users, in other cases they were members of the partner associations) gave their opinions and suggestions about the written material, on the other hand through pilot courses partners had the opportunity to verify several aspects, such as: teaching difficulties and methodologies (calibrated to a specific target group and in a particular context –financial crisis), feedbacks from both perspectives of trainees and teachers about the effectiveness of the ABACO course and a more objective evaluation from the external observers who took part to the whole process.

Finally, according to feedbacks received during the pilot testing phase, the books were once more revised and fine-tuned in order to release a final and ultimate version.

Starting from the Dutch manuals, ABACO partnership ended up with quite different books in the different countries.

In fact, it is important to consider that each partner has elaborated its versions not only on the basis of local regulations and contexts, but also taking into consideration the future use each

organization is going to make with the booklets. All these aspects will be examined in the next chapters.

2. HOW TO USE ABACO TOOLS



2.1 STEPS TO ADAPT ABACO'S TOOLS TO A LOCAL CONTEXT

Although languages, social and economic context, financial and administrative policies differs, the ABACO project has demonstrated us the usefulness of adapting a method that has been already used and tested for years by another entity from another European country. This kind of exchanges allows all the implicated entities to be involved in a win-win process, in which the receiving organization have the chance to work not re-inventing the wheel, and the original developers have the possibility to enrich the already designed method.

For Nibud, the providing entity, the involvement in the project has been a way to see new uses for its products, to get a new vision thanks to the different testing and evaluation of their practices in Southern European countries and it has implied an improvement of their methods.

For the rest of the partners it has been a way to be more efficient, learning from an already existing method and from experts of Nibud. Adapting an existing method implies to concentrate and focus the work only to the adaptation of the materials to the local context it is going to be applied to. Not only It is more economical but also you get the benefits of mutual learning and the exchange with European colleagues.

The experience of ABACO has shown that – when adapting an ABACO tool to a new local context, some issues should be taken in account:

-  **Define your targets:** Which kind of people do you want to train? What are their main characteristics? (Education, nationality, male-female, average revenue, social context...) Do you want to reach families? Micro-entrepreneurs? Young people? Immigrants?
-  **What is your entity context and your needs of tools:** Do you have experience in training? Do you have trainers? Experts in these topics? Have you detected a demand of these services among your users? What would be the most useful for you? What are your needs?

- ① **Make a selection of the tools you want to adapt:** The advantage of Abaco is that it counts with many different tools that can be used individually. So you might not need to adapt all of them. Have a look to each tool and make the selection of your interest: each manual describes its objective and counts with different chapters – not all of them might be useful for you.
- ① **Make a first rough translation** from the original language version you are interested in to the language you are going to use in your local version (Remember that the manuals are now available in Dutch, English, Portuguese, Spanish, Italian and Greek).
- ① **Select the chapters that need an adaptation of content.** We recommend, when adapting tools concerning financial education for households and micro-entrepreneurs, to pay special attention to regulations and welfare systems as they will require extra time and attention. Legal and financial skills can be a useful support.
- ① **Adapt the language** to your target: this turned out to be one of the challenge of the adaptation process as it is not always easy to explain complex contents to people with low education and/or who are not fluent in the local language. When targeting migrants, it is useful to decide from the beginning to which minimum level of language knowledge the course will be accessible. As a reference point, we suggest you to use the *Common European Framework of Reference for Languages: Learning, Teaching, Assessment*¹
- ① **Adapt the examples of households to your target and national context:** Each target in each country has its own reference in terms of “standard or low income household”. The manuals are full of example that might not correspond to your target of interest thus creating confusion or non-identification in your class.
- ① **Make a test** of your new tools with a sample of learners.
- ① **Make a final correction** according to the issues raised during the test.

The Abaco’s method is currently available for Italy, Greece, Spain, Portugal and Switzerland.

If you are an entity of these countries it will be easy to use the method. It will be just a matter of understanding well the method , practicing it through testing and adapt the content to your target if necessary. It can take a few months.

¹ See; http://www.coe.int/t/dg4/linguistic/CADRE_EN.asp

If you are from another country and want to adapt the method to your country you have to take in account that you will need more resources of time and money, as you will have to go through all the process described above.

2.2 HOW TO MAKE AN EFFECTIVE TESTING

➔ *INTRODUCTION²:*

The pilot test of a course takes place before the official course implementation. It provides the training specialists a final chance to review the course prior to its official launch.

In many ways, a course's pilot session is similar to a software beta test. Whenever you put a piece of software or a course in front of actual learners, they'll interact with it very differently than trained experts will. Experts and learners will be sensitive to different types of issues within the course.

➔ *THE AIMS OF ABACO PILOT TESTING:*

- Measure the amount of time learners need for each module and activity
- Check learners' engagement with the material
- Detect points where material may be too easy/too difficult
- Confirm that learners understand the instructions for activities and exercises
- Evaluate the flow and balance of the course
- Test how well learners achieve the course's stated learning objectives by the end of the course
- Validate the course assessment tools
- Collect feedback from learners about the course
- Locate points where the course should be revised
- Evaluate teachers' skills and check if the methodology is suitable

➔ *ABACO PILOT TESTING PROTOCOL:*

ABACO partnership decided to pilot test the course with groups having the following characteristics:

² Introduction taken from www.intuology.com

- number of users in the test – group: minimum 10 - maximum 20
- characteristic of users:
 - native and/or migrants
 - age 18 – 55 (working age)
 - language knowledge: at least B1 / independent users, according to the *Common European Framework of Reference for Languages* (It means, that the user can understand the main points of clear standard input on familiar matters regularly encountered in work, school, leisure, etc. Can deal with most situations likely to arise whilst travelling in an area where the language is spoken. Can produce simple connected text on topics which are familiar or of personal interest. Can describe experiences and events, dreams, hopes & ambitions and briefly give reasons and explanations for opinions and plans)
 - literacy: basic / intermediate
 - they must NOT have severe over-indebtedness problems
- duration and contents: 6 lessons of 2,5 hours each exploring at least all the 10 Nibud basic modules plus 2 supplementary modules
- Working tools: each participant will receive a copy of the exercise book. A copy of the handbook "Where does the money go" and a copy of the Agenda will be distributed at the end of the course. Teachers will make use of Nibud's "Teacher Guide" as a reference.
- Teachers team: teachers will be one or two of national ABACO team which will have carefully read the teacher guide, the learning goals and the handbook "Where does the money go".
- A third person will act as an "observer" taking note of whatever happens in the course and will fill in the documents provided in that sense

➔ **LEARNING GOALS TO BE ACHIEVED:**

According to ABACO method, the main learning goal should be: *"After the course the participant will be able to independently do his financial household and ask for help on time in case of problems."*

Specifically, the goals are:

- to be able to balance income, expenditure, assets and debts
- to be able to shop consciously, ensuring that purchasing patterns fit in with budget, wishes and possibilities
- to be able to pro-actively keep administration up-to-date

- to be able ensure their income is sufficient
- to be able to consciously save and borrow
- to be able to avoid problematic debts
- to be able to take out appropriate insurance
- to be able to adjust finances according to changes in circumstances or lifecycle
- to detect possible household financial problems and be able to share them with other persons without feeling ashamed

These goals can be considered reached when the related exercises are completed successfully by users, when teachers receive appropriate feedbacks during classes and – ultimately - when users starts to change their habits of lives.

 *RESULTS OF THE TESTING:*

The test of the method will give you feedback on:

- Sections or modules to be modified, adapted or completed
- Most efficient dynamics to be used on planned targets
- Additional knowledge to be acquired or improved by teacher
- The adequate duration of sessions according to specific targets
- New examples formulated by student to be used in future sessions

2.3 HOW TO IMPLEMENT THE COURSES SUCCESSFULLY

All the Abaco tools have a modular set-up and thus can be easily adapted to the needs of your participants. In the different manuals you will read how you can do this. Moreover you will find a commentary of all separate modules. The commentary always consists of the aim of the module, extra exercises and background information.

In principle, we realised that you can give a course if you have experience as a trainer (so you know how to lead a class, how to involve participants, how to raise interest on a subject, how to use dynamics...) and sufficient knowledge of budgeting, that you can acquire by reading accurately the handbooks and the teacher guides.

→ ALWAYS UP-TO-DATE

Be aware that you will need to update the manuals of the method according to the changes of your country: fiscal laws, economical incentives to entrepreneurs or individuals, new products from the banking sector, etc..). Nibud updates its manuals twice a year. If there happen to be important modifications in the meantime, the material gets adjusted straight away.

→ ORGANISING A COURSE

Aim of the course

As mentioned, the general aim of the course *Managing Money* is as follows: "*After the course the participant will be able to independently do his financial household and ask for help on time in case of problems.*"

You can choose to formulate a more specific aim for your course, for example if you are working with a very specific target group. Therefore check what you want to achieve with the course, what your participants must be able to do and have knowledge of. From thereon you can establish your teaching programme and course length.

A few examples:

- "*After the course the participant will be able to make a year budget and stick to it.*" In this course the year budget will be the focus point.

- *"After the course the participant will be able to tune in his expenses on his incomings."*
In this course the making of choices will be the focus point, together with the making use of incomes supporting arrangements.

Core message

Next to the aim of the course, you can formulate a core message that you can repeat in every lesson. Example of a core message used by Nibud is: *"You are responsible for your choices."*

Often participants at the start of the course do not see how they have influence themselves on their finances. By choosing consciously where they do and do not want to spend money on, they get more control over their expenses.

Suggestions for the teachers

Please make sure that the participants pick up the following golden rules:

- Look forward (know what the rest of the month will bring)
- Make choices
- Defend yourself

Make sure the participants feel safe. Emphasize in the first lesson that all that is said will remain within the group. Also have fun with the participants. For example in the last lesson let the group prepare a meal and cook it, for a small amount per person. In that way they can immediately put into practise what they have learned.

Instead of having the exercises made individually, these could also be made or discussed in small groups. In this way participants can learn a lot from each other. What is more, it makes the lessons more interactive.

If you have the possibility, invite someone from a specific entity or organisation (bank, insurance company, city council,...) to come and explain some of the topics developed in the manuals referring to their field of responsibility.

Use of manuals examples

In Abaco's method all the exercises and examples of each module refer to mock characters / households. The majority of the partners agreed that this strategy is not pedagogically effective, since learners have sometimes difficulties to identify themselves with households different to their own. Therefore it is recommended to adapt the situations used as examples to the national socio-economic and political context of the country or of the target. Examples can be also taken directly

from lives of participants, their problems and the solution they found for them. In fact, as reported by Italy, this has been an excellent way to make participants really feeling involved in the lesson. They turn out at the same time observer and observed. They focus better their problem and they are stimulated to find, share and exchange possible solution. Solutions which, in fact, when coming from peers are seen to be more reliable. Seeing that someone like them has been able to implement some of the recommendation, made participants felt more confident that they will also be able to do it.

Level of participants

The manuals are suitable for participants that have a reasonable command of the local language). The courses are explicitly **not** suitable for persons with serious debts (threat to have to leave their house and to shut off the utilities). For these persons a solution for their serious problems must be found first, before they can take part in a course.

Course extent and lessons programme

The ideal design for a course *Managing Money* according to the Nibud and to the testing carried out in ABACO consists of six meetings of 2.5 hours each. One meeting per week. During a course of this extent all competences that are necessary to increase the capacity of the participants to financially cope by themselves can be treated.

Making a previous test will enable you to settle the ideal extent and content of the program for your own target. It might defer according to groups: their level, gender, availability, working situation, initial knowledge...

All the manuals offers you the possibility to make a choice among different topics presented into modules.

In each module you will find homework exercises. Thanks to those, you can at the start of each lesson go back to what has been learned in the lesson before.

Evaluation

The evaluation of these training made by participants can be very useful as the opinion and personal experience of each student can enrich your manuals for future updating. We therefore recommend to collect the point of view of participants, either from questionnaires or evaluation rounds.

On the other end, it is also important to assess the learning at the end of the course. It can be done by collecting the results of the multiples exercises of the manuals, as well as by a specific questionnaire.

Still, this kind of assessment as its limit if we want to evaluate real habit's changes in management of money of the participants. It is very easy to make the evaluation at the end of a training, but more difficult to measure the real impact of the training on participants in their changes of habits at long term. Being integrated in a long scale inclusion program it would be more useful to check after 6 months how much the learning have been really integrated in one's person's life and orienting them again in that sense. Evaluation and impact of these kind of training is still something to be worked on....

2.4 LESSONS LEARNED FROM THE IMPLEMENTATION OF ABACO'S METHOD

- The initial NIBUD method has been adapted and developed in all partners countries and in each one of them has demonstrate a similar utility to face similar problems (low financial education culture, high level of overindebtedness,..). This enables us to consider ABACO's tools as very powerful, as its basic content is useful for different realities.
- The challenge and main task for an entity willing to use the manuals is to adapt them to its political, economical and social realities (local laws, incentives, major types of expenses, administrative structure giving support, etc..). It is recommended that the basic task of translation should be done by an external agent, to concentrate the time in these local adaptations.
- Any future users of the manuals will have as well to select the most interesting chapters to be implemented according to its target, level of knowledge of its target, availability of time to attend a training,In all the countries where pilot training took place, there has been a variety of used topics, duration of training, duration of sessions due to the specificities of the attended groups.
- The Abaco's method has been considered all along the process of the project by all its participants (students, teachers, pilot readers and entities all over the involved countries) as a **very useful tool for the economic problems** that families have to deal within Europe.
- In the majority of the experimentations, the feedback received from the observers highlighted the cooperation and open dialogue developed among teachers and attendees and the simple

and clear language used by teachers in all testing, that helped participants to better understand the basic treated concepts.

- Observers also remarked the positive aspect related to the ethnic element. In all experimentations (except Switzerland) there was at least one participant from a foreign country and it was seen as a cohesion factor. In Italy for example Italians and women from other countries (Tunisia and Pakistan) overcame the initial mistrust and learned a lot from each other experiences and traditions. **ABACO course, addressed to a mixed target (from the ethnic point of view), can be seen as an important tool to foster integration among people who, although coming from different cultures, have the same economic problems to face.**
- As far as the training course is concerned, one of the main difficulties to face is generally the high level of drop out of assistants. Some possible solutions could be: introducing a registration fee and create homogenous groups with the support of local NGOs. As an example the testing carried out in Portugal confirmed that when the group is already involved in a previous collective experience/project, participant's interest level is higher as well as the their participation and the effectiveness of the course final result. **Therefore, it can be said that Abaco course can be more easily offered as part of a broader program for social inclusion of vulnerable people than as a self-standing course.**
- The ABACO tools can also be integrated transversally in existing programs. In Spain for instance in the training the trainers session it appears that most of the trainers where going to introduce some of the topics transversally in their existing itineraries or habitual trainings on other subjects.
- Although the method has been simplified since its original version in terms of concept and used vocabulary, some sections of the method might still be considered too complicated compared to capacities of some of the target groups. For instance, in Portugal both teachers and observer considered the operational calculations demanded by the exercises too difficult for the selected target group who had showed serious problems with mathematics and basic calculation operations. **Therefore it is the task of the entities to know more specifically the limits of its target and to readapt the method to its needs.**
- The Abaco's method is a method about changing people's attitudes in managing their money, more than a manual giving details on all definition of financial terminology. Therefore the Abaco's method can be seen as **complementary to other existing methods** who are more

focused on detailed and developed contents, such as the method developed by banking entities.

- Although the manuals adapted in the southern European country have a specific target of excluded individuals **they are absolutely useful for whatever target**. In Nibud those manuals are used for different kind of household.
- It is important to dedicate time in making previous testing as this is the opportunity for the teacher to learn how to use the tools and to become more familiar with dynamics and content. It is a way also to make a better selection of which topics are more useful for its target than another.
- Tools are useful for training groups but also they are useful for persons having to give face to face advice.
- The Abaco method is adapted to people at risk of over indebtedness, but gives no solution to attend people who are already in that situation. It is therefore important to consider the tool as a preventive tool instead of a tool giving solution to extreme problems.
- The method is a tool than needs to be alive and enriched at each session by the experience of the students participating in it.

3. ON WHAT DOES THIS KIND OF PROGRAMME HAVE AN IMPACT AND WHY FUNDING THEM?

3.1 CONTRIBUTION TO EUROPEAN POLICIES

A BACO, as expected in the application stage, succeeded in contributing to the fulfillment of a number of European policy objectives in different field.

➔ **EU POLICY:** *Lifelong Learning – to contribute through lifelong learning to the development of the Community as an advanced knowledge-based society, with sustainable economic development, more and better jobs and greater social cohesion, while ensuring good protection of the environment for future generations³*

📍 BACKGROUND INFORMATION: An appropriate level of financial education should nowadays be considered as part of the minimum skills required to be able to exercise active citizenship and to assure social cohesion.

"Financial education enables individuals to improve their understanding of financial products and concepts, and develop the skills necessary to improve their financial literacy; i.e. to be aware of financial risks and opportunities and to make informed decisions in their choice of financial services. It is a life-long issue. (...) The education of citizens in financial matters is becoming increasingly important as innovation and globalisation are increasing the range and complexity of financial services on offer"⁴

In fact, those who have received financial education are aware of risks and are, for example, far more likely to be engaged with the mainstream financial industry, and not have to rely on fringe providers or loan sharks.

³ Decision no 1720/2006/EC of the European Parliament and of the Council of 15 November 2006 establishing an action programme in the field of lifelong learning - <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:327:0045:0068:EN:PDF>

⁴ COMMUNICATION FROM THE COMMISSION - FINANCIAL EDUCATION - COM(2007) 808 final
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52007DC0808:EN:NOT>

➡ **ABACO** contents are aimed to encouraged low income citizens to save some part of their incomes and face unforeseen events, to become more aware of the context they live in (i.e. the support services available at local level) and to encouraged them to entertain social and economic relations with official financial institutions (i.e. explaining them the risks of turning to unofficial lenders instead that to banks).

➔ **EU POLICY:** *Lifelong learning / Grundtvig - to assist people from vulnerable social groups and in marginal social contexts, in particular older people and those who have left education without basic qualifications, in order to give them alternative opportunities to access adult education*⁵

❗ **BACKGROUND INFORMATION** Vulnerable social groups and people with low education level are far more likely not to have the skills to deal with money and financial issues then well educated people.

*"When considering household educational levels we can observe that being poorly educated increases the chances of having arrears in comparison to high educated heads of households. Indeed, the odds of being over indebted when poorly educated are 1.772 ($p < 0.01$) times larger than the odds of being highly educated."*⁶

This is the reason why ABACO partnership decided to focus on this specific target which is also often excluded by "ordinary" financial education classes which are planned for people with higher education and spending capabilities. From this point of view, ABACO contents resulted to be very innovative compared to the programs currently available in South Europe.

➡ **ABACO** tools are designed to be accessible by people with low education and were distributed through organizations that specifically target marginalized people. Participants to ABACO courses were recruited among vulnerable groups and teaching strategies were designed for them.

⁵ Decision no 1720/2006/EC - *ibidem*

⁶ Gummy J., Explaining Overindebtedness in the European Union, Paper prepared for the BHPS 2007 Conference Colchester, 5th-7th July 2007

➔ **EU POLICY:** *Education and training 2020 - Education and training policy should enable all citizens, irrespective of their personal, social or economic circumstances, to acquire, update and develop over a lifetime both job-specific skills and the key competences needed for their employability and to foster further learning, active citizenship and intercultural dialogue*

📌 **BACKGROUND INFORMATION** Financial education has a lot to do with basic skills necessary for employability and further learning.

*"Provision [of financial education] is often linked to basic skills: sometimes financial literacy education is used to support basic skills; at other times it is supported by basic skills. (...) Numeracy is perceived to be a critical component of financial literacy."*⁷

Numeracy is indeed considered as an essential employability skill in Europe, as well as in Australia and Canada. On the other hand, the Survey of Health, Aging and Retirement in Europe (SHARE) shows that respondents score poorly on financial numeracy and literacy scales (Christelis, Jappelli, and Padula, 2008). Consistent with the findings of Moore (2003), Miles (2004) reports that UK borrowers have a poor understanding of mortgages and interest rates.

👉 **ABACO** training programme deals with numeracy – transversally through the various didactic units as well as specifically in the module "Plus and minus". Indeed, during pilot testing, a lot of participants turned out to have difficulties in calculating, for instance, percentages and they were trained to do so during the course.


➔ **EU POLICY:** *Europe 2020 - By 2020, the number of Europeans living below the national poverty lines should be reduced by 25%, lifting over 20 million people out of poverty.*

📌 **BACKGROUND INFORMATION:** Among the European activities to fight poverty there is to tackle financial exclusion and over-indebtedness.

⁷ Coben D. et al., Financial literacy education and Skills for Life, 2005, http://www.nrdc.org.uk/publications_details.asp?ID=34#

"Previous research in Europe has shown that complete financial exclusion among households has very strong links to low income. It was, therefore, most common among people who were not in paid work and in households where there was no wage earner. Consequently unemployed people, lone parents and people unable to work through disability had above average levels of exclusion. There was also a link with (...) educational attainment so that the more education someone had received the less likely they were to be excluded. Financial exclusion was also very prevalent among ethnic minorities and migrants."⁸

Supporting vulnerable and socially excluded group providing financial education and strategies to fight over-indebtedness is a way to help European citizens to exit poverty.

 **ABACO** training programme was designed to answer to the needs of people with low education and from ethnic minorities. It was tested for example with people coming from South America, Sub-Saharan and Northern Africa. It was also tested with people who did not finished the compulsory education process. It's therefore a valuable tool to put in practice initiatives to prevent over indebtedness in the categories of people who appears to be more at risk.

3.2 WHY IS ABACO INNOVATIVE FOR SOUTHERN EUROPEAN COUNTRIES

A BACO work plan foresaw a number of activities that took place at national (and regional and local levels) which made the difference in the way the issue of financial education is perceived in the involved countries.

TARGETS ADULTS

"As the EC Communication⁹ outlines in Principle 3: "Consumer should be educated in economic and financial matters as early as possible, beginning at school". Skills and knowledge acquired during these formative years could have a positive influence on both attitudes and future behavior.

The decision to focus financial education on children and young people is a strategic move that may help to prevent problems in the longer term. However, over indebtedness is currently highest amongst adults aged 35 to 50. Preventative measures aimed at school aged children will overlook this group entirely and

⁸ FINANCIAL SERVICES PROVISION AND PREVENTION OF FINANCIAL EXCLUSION, European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities Inclusion, Social Policy Aspects of Migration, Streamlining of Social Policies, March 2008 <http://ec.europa.eu/social/BlobServlet?docId=760&langId=en>

⁹ COMMUNICATION FROM THE COMMISSION - FINANCIAL EDUCATION - COM(2007) 808 final, *op. cit.*

therefore miss the opportunity of preventing problems amongst those most at risk in the near future. Despite this, there are few countries providing preventative information to all working age adults."¹⁰

According to Habschick et al.¹¹, two third of the financial education schemes offered in Europe do indeed target children and that's especially true in countries like the ones involved in ABACO, where the offer of financial education schemes is very limited.

And in fact, according to the above mentioned survey, all core schemes offered in Greece, Spain and Portugal (with the exception of Italy) target children¹².

→ TARGETS MIGRANTS

"Another way to support migrants' social and economic integration is through financial education. Migrants tend to suffer from low levels of financial awareness. They, in general, need help to understand financial services and use them in the appropriate way. Indeed, a certain level of financial literacy is necessary for those who obtain access to financial services – even the basic ones."¹³

A survey carried out in 2005 in France, Spain and Italy showed that about half of the people interviewed had never approached a bank or a credit institution for a loan: this percentage was higher still for migrants (62 per cent of the sample). In Portugal having a foreign nationality might be one reason for not having access to credit.¹⁴

In the framework of programmes targeting adults in South Europe, we should therefore also consider the lack of programs targeting specifically migrants which are – as shown – among the most vulnerable categories as far as access to financial services is concerned.

¹⁰ TOWARDS A COMMON OPERATIONAL EUROPEAN DEFINITION OF OVER-INDEBTEDNESS, European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities Inclusion, Social Policy Aspects of Migration, Streamlining of Social Policies Unit, February 2008

¹¹ Habschick M. *et. Al.*, SURVEY OF FINANCIAL LITERACY SCHEMES IN THE EU27, Hamburg, 2007
http://ec.europa.eu/internal_market/finservices-retail/docs/capability/report_survey_en.pdf

¹² The survey by Habschick mentions: GREECE: "Economy: Knowledge with Value" seeks to help students to get a better understanding of their financial needs and learn about their role in the EU. The programme is run by the Hellenic Children's Museum and financed by Citi." SPAIN: "Learn to manage your money", run by Caixa Terrassa. PORTUGAL: "From Mathematics to Financial Literacy" is a scheme run by financial service providers. "Financial education for youth: learning the basics" is designed especially for children aged 11-13 years old and set up as a game.

¹³ Quote from the closing remarks of Charlie Mc Crevy, European Commissioner for Internal Market and Services, in the UniCredit Group Workshop on Financial Inclusion for Migrants, Brussels, 4 March 2009

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/09/94&format=HTML&aged=1&language=EN&quiLanguage=en>

¹⁴ Hirschler S., MIGRANT AND FINANCIAL EXCLUSION,

<http://www.ecosocdoc.be/static/module/bibliographyDocument/document/001/700.pdf>

Even if ABACO does not offer classes for migrants only, they are one of the core target group. And therefore their needs have been taken in account throughout all the development process. An huge effort was made to keep the language used plain and simple and cultural issues are always taken in account by trainers while managing courses.

Moreover, the Portuguese project development focused specifically on migrants, so a version of the tools developed for this target only are also available.

→ *IS CLASSROOM BASED*

“Utilization of the internet is widespread with 66% of all core [financial education] schemes using this channel. [...] Every scheme we identified was originally set up as a website and nearly all are web only offers”¹⁵

While there are several reasons to support the choice of providing training through the web (flexibility, wide offer, tailor made courses etc.) it's important to remember that – according to Eurobarometer¹⁶ - just under half of all EU households do not have Internet access and the figures are worst as far as South Europe is analyzed. Indeed, in Italy, Spain, Portugal and Greece these percentages rise to – respectively – 51%, 53%, 60% and 61%.

The same Eurobarometer research shows that one of the cost is the second main reason given for not having internet at home, therefore it is predictable that vulnerable and disadvantaged people do not have web access at home which would mean a risk to be excluded by the possibility to get the training they need.

ABACO is classroom based but the issue of accessibility is always taken in account and it is assured by a careful scheduling of the lessons in days and time which are suitable for the audience.

→ *SOCIAL APPROACH VS. FINANCIAL APPROACH*

“A relevant part of the scheme is operated by private financial service providers (15%)”¹⁷.

¹⁵ Habschick, *op. cit.*

¹⁶ Eurobarometer, E-Communications Household Survey, October 2010, http://ec.europa.eu/public_opinion/archives/ebs/ebs_335_en.pdf

¹⁷ Habschick, *op.cit.*

It's true indeed that in most European countries – and especially in the Southern European one – financial services providers are often the drivers and the founders of financial education programs.¹⁸

While a fair and independent involvement of financial institution should be appreciated and encouraged, it's our belief that as long as vulnerable adults are targeted, the approach should be essentially socially based.

This has proven to be successful in the consolidated experience of NIBUD, where the training is most often provided by social workers and has been found in the pilot testing of ABACO where the courses were managed by NGOs.

In fact, key competences for course management seems to be more related with communication, empathy, understanding, group management, empowerment, counseling then with financial/economical skills.

➔ CONTENTS: MONEY MANAGEMENT VS. BANK TOOLS

“The balance of reasons [of over indebtedness] has been found to vary between different types of debt, with over commitment more commonly cited for default on consumer credit than for household bills. Moreover, it is very likely that the balance will also vary over the economic cycle, with income drops through job loss being cited more commonly as a reason for over indebtedness in times of recession. [...]

The two main aspects of money management issues that have been identified as being linked to over-indebtedness are being disorganized and having a relaxed approach to money management. Surveys have consistently found that a minority of over-indebted people cite aspects of poor money management as a reason for their financial situation.”¹⁹

What is taught during trainings is linked with who are the promoters. In fact, training opportunities provided by financial institutions (but not only) seems to focus mostly²⁰ on bank-related issues, such as how to manage accounts, investments, long term savings and payment methods.

The experience carried out in ABACO showed that – while certainly important in a financial education curriculum - these issues should be considered as part of an advanced level of training

¹⁸ See for example the Spanish programme www.finanzasparatodos.es promoted by the Bank of Spain or the Italian one www.pattichiari.it, the self-regulatory body of a consortium of 98 banks.

¹⁹ Towards a common operational European definition of over-indebtedness, *op.cit.*

²⁰ Habschick, *op.cit.*, Annex 3,

http://ec.europa.eu/internal_market/finservices-retail/docs/capability/report_survey_annex3_en.pdf

for a public of vulnerable adults. Much more urgent and relevant for vulnerable households appear to be issues of money management and budgeting which are, indeed, the core part of ABACO course.

3.3 SOUSTAINABILITY AND IDEAS FOR EXPLOITATION: HOW IS ABACO GOING TO BE USED IN THE PARTNER COUNTRIES?

As shown, ABACO courses have the potential to answer to the financial education needs of vulnerable people and this was proved also during the pilot testing carried out in partner countries.


Field activities laid the foundations for further exploitation of the courses, which might be of inspiration for other organizations willing to promote financial education programs for vulnerable adults.

MICROCREDIT PROGRAMS

“Microfinance, by giving access to financial services to people originally excluded from the mainstream financial market, is particularly concerned by the level of understanding of its clients (and potential clients) of such a market. In recent years, faced with the growing complexity of financial services, more and more microfinance programmes have started to realize that providing their clients with good financial literacy was essential to help them succeed in their integration into the mainstream economy and society.”²¹

It's worth mentioning that the financial education needs of receiver of micro loans was one of the assumption on which ABACO project was based. In fact, two of the partners are actually manager of microcredit programs and had therefore a direct experience of the lack of financial literacy of the majority of their users.

ABACO can therefore be used in connection with microcredit as a course to offer to receivers or to applicants in order to support their understanding of the requested loan, their capacity to pay it back and therefore to prevent arrears.

 The Italian partner ANS has submitted an application to a local Foundation managing microcredit programs in order to offer ABACO courses to their clients.

²¹ Microfinance & Financial Literacy, in Microfinance, nr.4, December 2008
http://www.european-microfinance.org/data/file/section_nos_services/publications/magazine/magazine_4.pdf

- ① The Swiss partner Associazione seed is working with the local muslim community to start a micro-business offering catering.

➔ *SMALL ENTREPRENEURS – BUSINESS SET UP*

"Karlan and Valdivia (2010), studied the impact of teaching basic finance concepts to micro-entrepreneurs. (...) The study finds a large impact on the MFI clients' knowledge of financial terms and reported business practices (...) the microfinance institution benefited from increased retention and repayment."²²

The majority of micro-entrepreneurs, especially if with low levels of education, low incomes or migrants, have a lack of financial literacy. This can be an obstacle in itself for perspective micro entrepreneurs²³ and - on the other hand- it's obvious that a good level of knowledge about money management and financial tool is crucial for the success of a business.

Surprisingly, in South European countries, financial education programs targeting small entrepreneurs are not as widespread as they should. For instance, a survey carried on in Italy showed that only the 6% of financial education courses offered in the country target entrepreneurs.²⁴

ABACO has developed tools specifically dedicated to train micro entrepreneurs which can be usefully employed in courses targeting this group.

- ① The Italian partner ANS has submitted, in cooperation with a local association of entrepreneurs, an application to the Province of Modena in order to organize money management courses for perspective micro entrepreneurs.
- ① The Spanish partner Transformando has added a specific time dedicated to financial education in its entrepreneurial training.

²² Drexler D., Fischer G., Schoar A., Keeping it Simple: Financial Literacy and Rules of Thumb, July 2010

<http://mitsloan.mit.edu/finance/pdf/Schoar-20101018.pdf>

²³ According to a survey carried out in Canada the lack of financial literacy is the first obstacle faced by migrant entrepreneurs

http://www.cbarwindsor.com/wps/wcm/connect/c0d236004b14e5eba39df776d5983df4/R_Pa_Jan_07_001.pdf?MOD=AJPERES

²⁴ Traclò F., Le esperienze di educazione finanziaria, Dicembre 2010 <http://www.pattichiari.it/dotAsset/31813.pdf>

➔ *RECIPIENTS OF PUBLIC BENEFITS AND ALLOWANCES*

"Financial education can help recipients of public benefits to coordinate those benefits and build assets while transitioning off them."²⁵

Recipients of public benefits are likely to be part of ABACO's target group: low income, socially excluded, vulnerable households. For this people, depending on social programs to balance the family budget, learning how to manage their money in the best way is particularly relevant. A successful example in this sense can be seen in the UK, where an NGO²⁶ provides money advice and financial education to residents of public housings in order to reduce arrears.

ABACO courses can be offered as complements to traditional welfare and empowerment programs, providing participants with the tools needed to make sound financial decision and use public money in the most effective way.

- ① The Italian partner ANS has involved a group of social workers and a group of students of social work from Parma University in demonstrations and training for trainers in order to provide them the skills they need to support their service users²⁷
- ① The Spanish partner Transformando trained in its training the trainer session social workers who were looking for specific knowledge on how to advise their users, as most of them are coming with problems related with money management due to the crisis. The manual "where does the money goes" will be useful support for them.

²⁵ Turnham J., Attitudes to Savings and Financial Education Among Low-Income Populations: Findings from the Financial Literacy Focus Groups, Center for Financial Security, University of Wisconsin, October 2010, http://cfs.wisc.edu/Working_Papers/Attitudes_to_Savings_and_Financial_Education_Among_Low-Income_Populations.pdf

²⁶ www.fairfinance.org.uk

²⁷ Financial education is not part of Social Workers curriculum in Italy

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