

IDAs – Growing Interest

learn\$ave is a project to test the effectiveness of Individual Development Accounts for learning that borrows from other IDA projects that have been in place before it. In fact, **learn\$ave** has incorporated some of the best practices in these other IDA projects in the United States of America and Canada. Other countries, such as the United Kingdom and Taiwan, are also exploring IDA-style programs. Practitioners and advocates from these countries have already indicated their interest in **learn\$ave** since this is the largest demonstration of its kind anywhere in the world.

More on other Individual Development Accounts to help low-income people build assets and opportunities...

The United States of America

Individual Development Accounts were first proposed in the early 1990's by Dr. Michael Sherraden, Professor of Social Development and Director of the Center for Social Development (CSD) at Washington University in St. Louis. Dr. Sherraden's extensive research on the impact of assets on poverty led him to conclude that assets can make a significant social and economic difference in people's lives. The work of the CSD and that of the Corporation for Enterprise Development (CFED) have led to a growing IDA movement in the United States. Federal and state legislation now supports on-going IDA programs in about 250 communities.

By far the largest IDA project in the United States is the Downpayments on the American Dream Policy Demonstration, a six-year research project that is the first to test the efficacy of IDAs. Launched in 1997 by the CSD and CFED, the project is running 14 programs in the US, offering roughly 2,500 accounts to allow low-income Americans to save for education, micro-enterprise capitalisation, training and home ownership. Some initial results from the project are extremely encouraging. They suggest that low-income persons can and do use IDAs to save money and build assets. It also suggests that different IDA programs can have a real impact on how much account holders save. With a typical match rate of \$2 for every \$1 saved, account holders accumulated an average of \$880 per year.

For more information about this and other IDA programs in the United States contact:



www.cfed.org



www.gwbweb.wustl.edu/Users/csd

Canada

Community groups in 3 Canadian communities have already run IDA programs to help local low-income families and individuals save and invest in themselves. Each of these organisations was first introduced to the concept of IDAs by Social and Enterprise Development Innovations (SEDI) during the early exploratory work for **learn\$ave**. Each of these organisations has joined **learn\$ave** as a community partner, lending their experience and expertise to the design and implementation of the project.

Waterloo Region

Lutherwood Community Opportunities Development Association, a multi-service community organisation in the Waterloo region, has delivered 2 IDA-style programs. Opportunity Development Accounts (ODAs) have been offered to a group of 14 sole support mothers, 8 of whom successfully completed financial management training and saved \$250 over one year, matched at 3:1 and generating \$8,000 in savings for education, small business start-up and investment. ODAs have also been offered to 18 families living in a low-income neighbourhood. Sixteen account holders saved \$437 over one year which was matched to purchase a computer valued at over \$1,700. These computers have since become a new resource to assist the account holders' neighbourhood.

For more information, contact De Rail at:
(519) 743-2460 ext.411
Or by e-mail at learnsave@lwdcoda.org



Calgary

MCC Alberta Employment Development offered Fair Gains to 20 low-income Calgarians in 1999, 20 in 2000, and an expected 40 in 2001. By the end of the first year, more than 90% of participants were saving more than \$40 per month matched at a 3:1 ratio from program funds. Participants saved towards education, small business capitalisation and housing. Five out of the 20 participants in 1999 continued their savings beyond the first year towards a down-payment on a home, saving as much as \$90 per month at a 4:1 match ratio.

For more information, contact:
Khadijah Shivji
at MCC Employment Development
(403) 272-9323
Or visit their Website at: www.mcca-ed.org



Winnipeg

In February 2000, SEED Winnipeg Inc., in partnership with the North End Community Ministry (NECM), introduced a local IDA program that aims to reach 30 participants this year. In delivering the IDA program, SEED and NECM are working with the Alternative Financial Services Committee, a collaborative of local organisations. Participants have completed their financial management training and have now been saving for several months.

For more information, contact:
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(204) 927-9933



North End Stella Community Ministry