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MULTILATERAL INVESTMENT FUND

**BOLIVIA**

**PROMOTING SAVING IN BOLIVIAN TRANSNATIONAL HOUSEHOLDS**

**(BO-M1066)**

**DONORS MEMORANDUM**

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**PROJECT SUMMARY**  
**PROMOTING SAVING IN BOLIVIAN TRANSNATIONAL HOUSEHOLDS**  
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According to the Multilateral Investment Fund, Bolivia received US\$1.164 billion in remittances from migrants in 2014.<sup>1</sup> The flow of remittances to the country increased by nearly 6% over 2012, indicating the continuing importance of family remittances in Bolivia.<sup>2</sup> In the first five months of 2015, the largest share of remittances to Bolivia came from Spain (40.7%), the United States (16.0%), and Brazil (9.7%).

Despite the large number of Bolivians who receive some or all of their monthly income from remittances, through recurring payments, only 8% of these flows are received through account deposits.<sup>3</sup> In the country, only 42% of Bolivian adults have a bank account at a formal financial institution, and only 24% of Bolivians report using a bank account for savings.<sup>4</sup> The savings rate among remittance recipients is even lower. According to a survey of remittance recipients in Bolivia conducted by the Asociación de Cooperación Bolivia–España [Association of Bolivian-Spanish Cooperation], only 4% of remittances received go to savings.<sup>5</sup>

Through this project, the Bolivian bank Banco FIE S.A. [Economic Initiative Development Bank] will develop two packages of financial products geared to transnational families—one for clients who receive remittances and the other for Bolivian migrants living abroad. For purposes of this pilot project, these packages for migrants will be marketed to Bolivian migrants in Brazil. Banco FIE will collaborate with the International Organization for Migration, which has a presence in and a relationship with the Bolivian community in Brazil, to market its product offerings in that country.

The project will benefit 8,000 Bolivian remittance clients, who will become clients for at least one financial product offered as part of this project. The largest impact is expected to be in the departments of Cochabamba, Santa Cruz, and La Paz, and approximately 60% of the beneficiaries are expected to be women. The project will also indirectly benefit 24,000 members of households headed by Banco FIE's remittance clients.

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<sup>1</sup> Maldonado R., Hayem, M. "Remittances to Latin America and the Caribbean Set a New Record High in 2014." Multilateral Investment Fund, Inter-American Development Bank. Washington, D.C., 2015.

<sup>2</sup> Ibid.

<sup>3</sup> CEMLA. "Programa de Mejora de la Información y Procedimientos de los Bancos en el Área de Remesas: Bolivia." [Program to Improve the Remittance Information and Procedures of Banks: Bolivia] Mexico City, April 2010.

<sup>4</sup> World Bank. Financial Inclusion Data/Global Findex. Washington, D.C., 2014.  
<http://datatopics.worldbank.org/financialinclusion/country/bolivia>

<sup>5</sup> CEMLA. "Programa de Mejora de la Información y Procedimientos de los Bancos en el Área de Remesas: Bolivia." [Program to Improve the Remittance Information and Procedures of Banks: Bolivia]. Mexico City, April 2010.

## **ANNEXES**

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Annex II	<a href="#">Summary Budget</a>
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## **INFORMATION AVAILABLE IN THE DOCUMENTS SECTION OF THE MIF PROJECT INFORMATION SYSTEM**

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## **ABBREVIATIONS**

CAF	Development Bank of Latin America
DNA	Diagnostic Needs Assessment of the Executing Agency
IOM	International Organization for Migration
PSR	Project Status Report
SEP	Social Entrepreneurship Program

## EXECUTIVE SUMMARY

### PROMOTING SAVING IN BOLIVIAN TRANSNATIONAL HOUSEHOLDS (BO-M1066)

<b>Country and geographic location:</b>	Bolivia, specifically in the departments of Cochabamba, Santa Cruz, and La Paz		
<b>Executing agency:</b>	Banco FIE S.A.		
<b>Access area:</b>	Access to finance		
<b>Agenda:</b>	Savings, payments, and new distribution channels		
<b>Coordination with other donors/Bank operations:</b>			
<b>Direct beneficiaries:</b>	8,000 remittance clients, of which 60% will be women		
<b>Indirect beneficiaries:</b>	24,000 members of households headed by Banco FIE's remittance clients (assuming an average household size of four persons)		
<b>Financing:</b>	Technical cooperation:	US\$197,586	70%
	Investment:	US\$000,000	
	Loan:	US\$000,000	
	<b>Total MIF contribution:</b>	US\$197,586	70%
	Counterpart:	US\$ 83,090	30%
	<b>Total project budget</b>	<b>US\$280,676</b>	100%
<b>Execution and disbursement periods:</b>	36 months for execution, and 42 months for disbursement		
<b>Special contractual conditions:</b>	Presentation of evidence that the project coordinator has been hired through an open call for proposals.		
<b>Environmental and social impact review:</b>	This operation has been pre-evaluated and classified according to the requirements of the IDB's Environment and Safeguards Compliance Policy (OP-703). Given that the impact and risks are limited, it is proposed that this be classified as a category "C" operation.		
<b>Unit responsible for disbursement:</b>	This project will be supervised by the Bank's Country Office in Bolivia, which will be responsible for making the disbursements.		

## I. BACKGROUND AND RATIONALE

### A. Regional Facility on Remittances and Savings (RG-M1216)

- 1.1 Program objectives and components. In October 2012, through document MIF/AT-1204, the Donors Committee approved nonreimbursable technical cooperation funding for the Regional Facility on Remittances and Savings (RG-M1216). The program's general objective is to increase the availability of financial products and services for low-income populations in Latin America and the Caribbean. The specific objective is to support the formulation of business models to develop and offer liquid and contractual savings products for clients of international remittances, to help reduce their vulnerability. The program consists of the following components: (i) facility set-up and project selection; (ii) funding of individual projects; and (iii) knowledge and communication. The total cost of the program is US\$7,956,400.
- 1.2 Program management. The MIF will serve as executing agency for Components 1 and 3 of the aforementioned program. It has established an execution unit that includes the program coordinator and a technical project team of MIF specialists. The different projects, which will be financed through Component 2, will be executed by the region's requesting institutions. In addition, the program has an Advisory Committee consisting of specialists from the MIF, AUS, and CAF.
- 1.3 Identification of projects. RG-M1216, which has become known in Latin America and the Caribbean as the "Remittances and Savings Program," carried out a second call for expressions of interest in 2013, in which 18 institutions indicated interest in participating in the program.<sup>6</sup> Of the six ideas preselected and evaluated by the program team, in coordination with members of the MIF at Headquarters and in the countries,<sup>7</sup> two received the endorsement of the Advisory Committee to advance to the project's design phase, including the present project presented by Banco FIE in Bolivia. This operation is the second project in this group presented in 2013 that is being submitted for approval.

### B. Diagnosis of the problem to be addressed by the project

- 1.4 Bolivia and remittances. According to the Multilateral Investment Fund (MIF), Bolivia received US\$1.164 billion in remittances from migrants in 2014.<sup>8</sup> Flows of remittances to the country increased by nearly 6% compared to 2012, indicating the continuing importance of family remittances in Bolivia.<sup>9</sup> According to the United Nations Development Programme, more than 8% of Bolivia's population, or

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<sup>6</sup> To date, the following projects under the facility have been approved: PR-M1028, HA-M1051, and HO-M1045. The Remittances and Savings Program is expected to cofinance a total of 10 projects.

<sup>7</sup> The criteria used were: (1) Organization: (a) the organization's financial and technical capacity and its track record; (b) amount of experience in executing projects and providing financial services and products in the region. (2) Proposal: (a) the proposal's relevance to the problem to be addressed; (b) alignment with the program's objectives; (c) characteristics with regard to innovation; (d) scalability of the initiative and its potential replicability. (3) Sustainability: (a) cost-benefit ratio of the project idea; (b) operational and financial sustainability of the proposal, taking into account the financial soundness of the institution.

<sup>8</sup> Maldonado R., Hayem, M. "Remittances to Latin America and the Caribbean Set a New Record High in 2014." Multilateral Investment Fund, Inter-American Development Bank. Washington, D.C., 2015.

<sup>9</sup> Ibid.

approximately 728,000 persons across 182,000 households, benefit from international remittances.<sup>10</sup>

- 1.5 In the first five months of 2015, remittances to Bolivia came primarily from Spain (40.7%), the United States (16.0%), Brazil (9.7%), Argentina (9.6%), and Chile (6.2%), with other countries accounting for 17.7%.<sup>11</sup> There are no official figures on the number of Bolivians living abroad, with the figure ranging from 562,461 to 1.7 million, depending on the source.<sup>12</sup> Although the traditional destinations for Bolivian migrants, Spain and the United States, continue to be the country's two largest sources of remittances, flows of intraregional remittances have been gaining importance in recent years. For example, the proportion of remittances sent from Brazil grew 134% over the same period in 2013.<sup>13</sup>
- 1.6 Remittances sent from neighboring South American countries such as Brazil, Chile, and Argentina, could assume a major role in reducing the poverty of the families receiving them in Bolivia. According to a 2011 study commissioned by the MIF analyzing the remittance corridor between Costa Rica and Nicaragua, intraregional remittances (i.e., ones sent from another country in the Latin American and Caribbean region) reach a more socioeconomically vulnerable segment of the population than do remittances sent from other regions, and therefore have a potentially greater impact on poverty reduction. This phenomenon, which could be due to lower barriers to migration between countries that share a border, provides opportunities for members of poorer household to migrate.<sup>14</sup>
- 1.7 During the first five months of 2015, remittances arrived in the following proportions to the departments of: Santa Cruz (41.2%), Cochabamba (30.7%), La Paz (16.5%), and the rest of the country (11.6%).<sup>15</sup> Among the recipients of remittances are the parents (34.8%), children (22.7%), siblings (19.4%), and spouses or partners (10.5%) of migrants, with other recipients accounting for 12.6% of the total.<sup>16</sup> According to a survey of recipients, most of the remittances are used for food (27.5%), followed by education (17.8%), savings (15.3%), debt payments (12.8%), clothing (11.2%), health care (8.6%), and housing expenses (6.8%).<sup>17</sup>

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<sup>10</sup> Choque, et al. "En busca de oportunidades: clases medias y movilidad social" [In search of opportunities: Middle classes and social mobility"]. Country Human Development Report. United Nations Development Programme: La Paz, June 2011.

<sup>11</sup> Central Bank of Bolivia. "Nivel de Remesas de Trabajadores – Mes de Mayo de 2015" [Level of Worker Remittances – May 2015] Press Note 43/2015. La Paz, July 2015.

<sup>12</sup> [http://www.la-razon.com/index.php?url=/suplementos/informe/cifras-oficiales-inmigrantes-exterior\\_0\\_1885011577.html](http://www.la-razon.com/index.php?url=/suplementos/informe/cifras-oficiales-inmigrantes-exterior_0_1885011577.html) and CEMLA. Program to Improve the Remittance Information and Procedures of Banks: Bolivia. Mexico City, April 2010.

<sup>13</sup> Central Bank of Bolivia. "Nivel de Remesas de Trabajadores – Mes de Mayo de 2015" [Level of Worker Remittances – May 2015]. Press Note 49/2013. La Paz, September 2013.

<sup>14</sup> Monge-Gonzalez, Ricardo, et al. "South-South Remittances: Importance of the Costa Rica-Nicaragua Corridor." Multilateral Investment Fund. Washington, D.C., January 2010.

<sup>15</sup> Central Bank of Bolivia. "Nivel de Remesas de Trabajadores – Mes de Mayo de 2015." [Level of Worker Remittances – May 2015] Press Note 43/2015. La Paz, July 2015.

<sup>16</sup> Choque, et al. "En busca de oportunidades: clases medias y movilidad social." [In search of opportunities: Middle classes and social mobility"]. Country Human Development Report. United Nations Development Programme: La Paz, June 2011.

<sup>17</sup> Ibid.

- 1.8 Problem. In spite of the large number of Bolivians who receive some or all of their monthly income in the form of remittances, through recurring payments, only 8% of these flows are received through account deposits.<sup>18</sup> In Bolivia, only 42% of adults have a bank account at a formal financial institution, and only 24% of Bolivians report using a bank account for savings.<sup>19</sup> The savings rate among remittance recipients is even lower. According to a survey of remittance recipients in Bolivia by the Asociación de Cooperación Bolivia – España [Association of Bolivian-Spanish Cooperation], only 4% of remittances received go to savings.<sup>20</sup>
- 1.9 Causes of the problem. Many financial institutions involved in the remittance market limit their participation to providing a payment service, serving as payment agents for money transfer companies, and distributing the payments in cash, without focusing on other potential financial needs of the clients receiving the remittances. Most offer no other products or services, make no efforts to market products targeted to remittance receivers, and do not offer financial training. For example, Banco FIE, which paid out 7% of the country's total volume of remittances in 2014, currently has no institutional strategy for cross-selling financial products to users of its remittance services. As a result, only 0.2% of its remittance clients receive their money in a bank account. This is due to the fact that financial intermediaries often do not view the combination of remittance services and the cross-sale of other financial products as a profitable business. Moreover, many payment institutions are unfamiliar with the needs and barriers to entry of these clients outside the banking business who regularly receive remittances through their points of sale.
- 1.10 Effects of the low use of savings. Saving is an essential ingredient in the financial inclusion of low-income populations, since it makes it possible to manage short-term liquidity for convenience and security and accumulate assets for meeting future needs. The MIF's experience indicates that many families who receive remittances save money informally, outside the formal financial system. However, informal savings have major disadvantages for low-income households. Keeping money in the house is unsafe, while in-kind savings (e.g., through the purchase of land or jewelry) vary in their degree of liquidity. Informal saving also does not facilitate access to other financial products such as credit.
- 1.11 Families that live close to or below the poverty line, as is the case of most households that are remittance clients, have limited, and sometimes irregular, sources of income. They use these resources, which include money transfers from relatives or friends abroad, to defray the cost of their immediate daily needs, such as food and transportation. When more expensive needs arise, the savings of the family unit become critical. Savings become a key mechanism for reducing the

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<sup>18</sup> CEMLA. "Programa de Mejora de la Información y Procedimientos de los Bancos en el Área de Remesas: Bolivia." [Program to Improve the Remittance Information and Procedures of Banks: Bolivia] Mexico City, April 2010.

<sup>19</sup> World Bank. Financial Inclusion Data/Global Findex. Washington, D.C., 2014.  
<http://datatopics.worldbank.org/financialinclusion/country/bolivia>

<sup>20</sup> CEMLA. "Programa de Mejora de la Información y Procedimientos de los Bancos en el Área de Remesas: Bolivia." [Program to Improve the Remittance Information and Procedures of Banks: Bolivia] Mexico City, April 2010.



vulnerability of the family unit, and a way of providing for future health, education, household, or business needs.

- 1.12 Model for the proposed solution. This project will help increase the access of Bolivian transnational families to savings accounts and encourage their ongoing use, through the design and promotion of products and services tailored to this population. Recognizing that both the recipient and the sender of remittances have preferences concerning the use of such remittances for the wellbeing of the household,<sup>21</sup> the product offerings will focus on two segments: (i) remittance-receiving clients in Bolivia, primarily in the regions of Santa Cruz, Cochabamba, La Paz, and El Alto; and (ii) Bolivian migrants living in Brazil who lack access to financial services. The model will give migrants in Brazil the opportunity to pre-open an account in the name of their remittance-receiving relative in Bolivia, in order to eliminate barriers to entry and encourage dialogue on savings goals between the two sides of the transnational family.

### **C. Beneficiaries**

- 1.13 The project will benefit approximately 8,000 Bolivian clients in Bolivia and Brazil who receive remittances. Of the beneficiaries receiving remittances in Bolivia, 39% will be in La Paz and El Alto, 23% in Santa Cruz, 20% in Cochabamba, and 18% in the rest of the country. These families come from various socioeconomic strata: 29% of receiving households are in the lowest income quintile, while 25% are in the highest quintile.<sup>22</sup> Their socioeconomic situation is correlated with the country to which the family migrates; low-income migrants generally emigrate to closer locations, such as Brazil or Argentina, that involve less travel cost than a trip to Spain or the United States. The project is also expected to indirectly benefit 24,000 members of households headed by Banco FIE remittance clients.
- 1.14 Gender: Approximately 60% of beneficiaries who receive remittances will be women. Of Bolivian migrants who send remittances, around 58% are women.<sup>23</sup> The design of promotional messages and the content of the financial education interventions will be based on information collected during a market study, with findings broken down by gender as part of the analysis. The monitoring indicators will also be disaggregated by gender.

### **D. Contribution to the MIF mandate, Access Framework, and IDB strategy**

- 1.15 This project, and others that replicate its lessons learned, will help reduce poverty in Latin America and the Caribbean by making transnational households in Bolivia less vulnerable over the short term, and will encourage investment in productive activities and human capital over the long term. The project promotes access to savings products for low-income remittance clients, while encouraging the ongoing

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<sup>21</sup> See [Savings in Transnational Households: A Field Experiment Among Migrants from El Salvador](#), *Review of Economics and Statistics*, Vol. 97, No. 2, May 2015, pp. 332-351. (With Nava Ashraf, Diego Aycinena, and Claudia Martinez A.)

<sup>22</sup> CEMLA. "Programa de Mejora de la Información y Procedimientos de los Bancos en el Área de Remesas: Bolivia." [Program to Improve the Remittance Information and Procedures of Banks: Bolivia] Mexico City, April 2010.

<sup>23</sup> CEMLA. "Programa de Mejora de la Información y Procedimientos de los Bancos en el Área de Remesas: Bolivia." [Program to Improve the Remittance Information and Procedures of Banks: Bolivia] Mexico City, April 2010.

- use of savings products to promote a culture of saving. Savings accumulated by the project's beneficiaries are expected to contribute to increased investments in housing, health, and/or education. The cumulative savings will be used to finance emergencies brought on by robbery, illness, or natural disasters, without the beneficiaries having to go into debt. The project also contributes to private sector development by improving its capacity to offer suitable products and services to these populations, thus increasing their savings portfolio and expanding access to inclusive financial products and services through correspondent agents.
- 1.16 Link to the Agenda. This project will contribute to the objectives of the savings, payments, and new distribution channels agenda, which promotes expanding access to financial services and use of such services by unbanked and under-banked individuals in the region. It will contribute to the indicators for that agenda related to: (i) increasing the number of payment clients—in this case remittance clients—who have access to and use savings products; and (ii) increasing the use of new distribution channels to facilitate access to financial products and services.
  - 1.17 The operation is part of the set of 10 projects to be financed by the Remittances and Savings Program (RG-M1216), under the savings, payments, and new distribution channels agenda, the objective of which is to reduce the vulnerability of the population of remittance clients in Latin America and the Caribbean by providing access to savings for international remittance clients.
  - 1.18 Collaboration with the IDB Group. This project is consistent with the Bank's country strategy with Bolivia, since it encourages the accumulation of assets by low-income households. These savings are expected to go toward investments in health and education, in line with the IDB objectives of expanding access to education and health services.
  - 1.19 Innovation and knowledge. The project will lead to the development of innovative financial products and services, and to financial education methodologies designed to establish the habit of saving among remittance clients. The project represents a significant contribution to the knowledge generated under the Remittances and Savings Program, because it will be the first one to experiment with an innovative mechanism for pre-approving savings accounts from abroad to reduce barriers to entry for remittance recipients, by giving them access to a bank account, while at the same time involving migrants in making decisions on savings plans for their transnational households. The project will also introduce the option of opening a joint contractual savings account, giving the migrant direct control over the accumulation and use of the savings of the transnational household. Other knowledge products will also be generated through this experience and will be financed under Component III of the Remittances and Savings Program (RG-M1216), which is aimed at capturing, systematizing, and communicating lessons learned from the project. At the end of the project, there will be an evaluation of possibilities for collaborating with the International Organization for Migration (IOM), a partner in implementing the project, on developing an additional knowledge product with lessons learned from the intervention.<sup>24</sup> This collaboration

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<sup>24</sup> If a decision is made to collaborate on a knowledge product, it will be financed with funds from the Remittances and Savings Program. It will not be considered part of the scope of this project.

with the IOM on an additional knowledge product will fall outside the purview of this project.

## **II. OBJECTIVES AND COMPONENTS**

### **A. Objectives**

- 2.1 The expected impact of the project will be a reduction in the vulnerability of transnational households (i.e., Bolivian households with at least one member working abroad), and an improvement in their means of subsistence, through ongoing saving at a financial institution. The ultimate aim of the project is to increase access to and use of savings by Bolivian remittance clients, by offering savings products and providing financial education interventions tailored to transnational households.

### **B. Intervention model**

- 2.2 The Bolivian bank Banco FIE S.A. (Economic Initiative Development Bank) will develop two packages of financial products geared to transnational families, one for clients who receive remittances, the other for Bolivian migrants living abroad. In 2014, Banco FIE paid out US\$82 million in remittances, representing approximately 7% of the country's total volume of remittances. Banco FIE currently has agreements with nine remittance firms, and its volume of payments shows annual growth of approximately 14%, a sign of the continued importance of these flows. For purposes of this pilot project, the marketing of the packages for migrants will focus on Bolivian migrants in Brazil.
- 2.3 Banco FIE will collaborate with IOM—which has a presence in and relationship with the Bolivian community in Brazil—to market its products in that country. The IOM will be a partner in implementing the second component of this project, focused on activities for Bolivian migrants in Brazil. As part of this project, Banco FIE has decided to focus on Bolivian migrants in Brazil for the following reasons: (i) intraregional migration is more circular than migration to the United States or Europe, and the migrant is more likely to return to visit his/her country during the life of the project (one condition for opening an account in Bolivia is that the person must be physically present); (ii) the ties between the IOM and the Bolivian community in Brazil; and (iii) the growing importance of remittances sent from Brazil in the volume of transfers paid through Banco FIE in recent years.
- 2.4 This package of products for remittance recipients will be designed with the aim of turning the roughly 14,000 repeat users of remittance services into Banco FIE clients, by having them receive remittances through deposits in their accounts. Today, only 0.2% of remittances delivered by Banco FIE are paid as account deposits. The package will include the offer of a savings account whose main feature consists of setting a saving target (which may have a specific purpose—a trip, studies, purchase of property, etc.). Once this target is met in the established time period, Banco FIE will reward the effort by applying an interest rate higher than that used for traditional savings accounts, to promote long-term saving habits. Another feature is that remittances will be received through an account deposit, providing the client the opportunity to save or better manage his/her remittance. It will also facilitate the process of receiving the transfers by eliminating the need to visit a branch, thus doing away with wait times of as much as 30 minutes to collect

the money. According to Banco FIE, the most common complaints of its users of remittances, in terms of the service, are long wait times and crowded branches. Receiving remittances as account deposits will reduce costs for Banco FIE and for clients, who will save time and transportation expense by not having to travel to the branch. In addition to this account, the client will be able to have a traditional (transactional) savings account, which will facilitate access to services such as internet banking, debit cards, Banco FIE ATMs, and all of the other services and benefits currently offered.

- 2.5 The package of products for migrants who send remittances will provide Bolivian migrants outside the country the possibility of managing their finances from abroad, using Banco FIE's online platform. This includes the ability to make payments and transfers from the account and to accumulate savings. Pursuant to Bolivia's financial regulatory framework, the opening of any financial product by a migrant at Banco FIE will take place within Bolivia before the migrant travels abroad or during a visit to Bolivia. Banco FIE will not permit savings accounts or other financial products to be opened from abroad. The package of products for migrants will include a traditional (transactional) savings account, which will make it possible to access the bank's services online, in order to make transfers between accounts and send bank drafts and loan payments from the country where the migrants are located. IOM will assist in disseminating information on this offering in Brazil as part of the project, and Banco FIE will conduct specific activities in Bolivia aimed at migrants or potential migrants (e.g., participation at carnivals and major cultural events, such as the Festival of the Virgin of Urkupiña, in which many migrants returning to the country participate), in order to facilitate the opening of accounts.
- 2.6 To help disseminate information on financial education programs and on the characteristics and benefits of Banco FIE products and services, and to fulfill the savings objectives of migrants who send remittances and of the receiving relatives in Bolivia, Banco FIE will also provide migrants the option to pre-open an account from abroad. Through this process, migrants will complete a form in the name of their family member who will be receiving the remittance in Bolivia, in order to speed the process of obtaining a bank account in which to receive remittances. Once migrants have completed the pre-opening procedure, they can inform their relative or the person receiving the remittance that they now have this benefit and can formalize the opening of a savings account at any Banco FIE branch in the country, choosing the options currently being offered in the package of products for remittance recipients. This process meets the standards of the Autoridad de Supervisión del Sistema Financiero [Financial System Supervisory Authority] (ASFI), since the pre-opening form serves only as an incentive; the client, whether sender or receiver, will have to sign the contract in person within Bolivia and follow the procedures established for opening a savings account.
- 2.7 The offering of these two packages of products will be accompanied by implementation of a financial education campaign, which will be launched in Bolivia by Banco FIE, and in Brazil by IOM. Banco FIE currently offers various financial education courses for its clients. It is developing a new platform, and for this project it will create an additional module focused on financial planning for transnational households, taking account of the experience of migration and the impact of remittances on the financial life of the families. For the financial education

component and promotion of the package of products for migrants, the project will focus on migrant populations in Brazil. IOM will support the efforts in Brazil by implementing a financial education campaign with Bolivian communities in that country, through its existing relationships with consulates and migrant associations in São Paulo and Rio de Janeiro.

- 2.8 Previous studies have shown that financial education interventions tend to have a limited impact on the financial behavior of their beneficiaries.<sup>25</sup> However, the financial education component is important to project execution, given its role in promoting the products designed and in developing client loyalty, particularly among those working abroad. Although Bolivian law prohibits the promotion of specific products during financial education interventions, it is part of the bank's long-term business strategy for cross-selling products and services.

### III. COMPONENTS

#### **Component I: Product development (MIF: US\$41,000; Counterpart: US\$19,500)**

- 3.1 The objective of this component is to create savings product offerings for transnational households. Given that Banco FIE already offers savings products and contractual savings accounts, this component will consist of adapting these products to the needs and preferences of remittance recipients and their relatives who send remittances. The products to be developed are: (i) a transnational product for recipients, with the possibility of pre-opening an account from abroad; (ii) a transnational savings product for migrants, with the option of making payments for services; and (iii) a contractual savings product, with the option of opening it jointly.
- 3.2 The activities of this component include the development, modification, and adaptation of products and systems for supplying these products, which will be released as a package of products for migrants and their families. The component will finance the following activities: (i) adapting products and services for migrants, including developing an online form for pre-opening an account, and creating an online portal for migrants; (ii) adapting products for remittance recipients, including carrying out a market study among them to learn about their needs and preferences, along with adapting Banco FIE's Client Relationship Management system to facilitate the cross-sale of products to those who use remittance services (with data disaggregated by gender); and (iii) developing a sustainability plan, through partner remittance firms, to promote products abroad once IOM's participation in the project has concluded. These activities will be informed by the MIF's experience designing and marketing saving products.

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<sup>25</sup> See "Miller, Margaret; Julia Reichelstein; Christian Salas; Bilal Zia. 2014. Can You Help Someone Become Financially Capable? A Meta-Analysis of the Literature. World Bank, Washington, D.C.

**Component II: Financial education and promotion (MIF: US\$78,987;  
Counterpart: US\$53,905)**

- 3.3 The objective of this component is to promote the acquisition and ongoing use of the savings product packages by transnational households, through promotional activities and financial education campaigns. Most of these activities will be carried out directly by Banco FIE in Bolivia, while IOM will support implementation of the corresponding activities in Brazil. Banco FIE has its own financial education program that it offers to all of its clients free of charge. At present, its financial education program consists of four modules, which were developed by Banco FIE: (i) "Money and financial institutions"; (ii) "Financial services within the reach of all"; (iii) "The money I have today and the money I'm saving for the future"; and (iv) "The money I borrow, and my financial obligations." These modules are being implemented, in person, in classrooms at Banco FIE, and each is accompanied by a workbook.<sup>26</sup>
- 3.4 The activities to be financed by this component include: (i) development and production of content for a financial education module for transnational households; (ii) implementation of a financial education campaign for remittance recipients and migrants in Brazil, with the collaboration of IOM; (iii) implementation of a strategy for promoting products for remittance recipients in Bolivia; and (iv) implementation of a strategy for promoting products for migrants in Brazil, with the collaboration of IOM.

**Project governance and execution mechanism**

- 3.5 Banco FIE will be responsible for executing the project and meeting project objectives. To this end, it will form an execution unit and will designate an analyst and a project assistant, who will report to the National Sales Manager. The analyst and project assistant will oversee the main functions of the execution unit during the course of the project, including: (a) preparing and approving the annual work plan, which the execution unit will implement; (b) evaluating the progress achieved in each component; (c) exercising control over all administrative, financial, and procurement procedures; and (d) preparing reports on outcomes achieved.
- 3.6 IOM will participate as a partner in project execution. To this end, Banco FIE and IOM will sign a memorandum of understanding specifying each institution's responsibilities in project execution. IOM will designate a deputy coordinator for the project, headquartered in Brazil and supervised by IOM, to carry out IOM activities within the framework of the project.
- 3.7 The MIF's Remittances and Savings Program team, in coordination with IDB/MIF staff in La Paz, will participate in monitoring and support activities on knowledge matters that help to achieve the objectives of the Remittances and Savings Program, including the collection of information and the generation of additional knowledge products.

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<sup>26</sup> Pursuant to national regulations to protect financial service consumers, the modules are strictly educational and do not include the promotion or sale of specific products.

## **A. Sustainability**

- 3.8 After an initial investment in adapting the products for transnational households, and in developing an accompanying financial education module, it is expected that the elements will be in place to make this intervention profitable and sustainable for Banco FIE, once the MIF counterpart resources have been exhausted. Given that at present 99.8% of Banco FIE's remittance recipients are not being served with other products, there is fertile ground for expanding the products tailored to their needs. One factor in the model's sustainability will be the promotion of product packages among migrants abroad and implementation of the financial education modules outside the country. For purposes of this pilot project, IOM will play an important role in facilitating access to these migrant populations, in this case in Brazil, and in coordinating and implementing activities outside Bolivia. However, IOM's concerns are not commercial, and its support does not constitute a long-term solution for promoting products abroad; rather, it will be of help in testing the concept of pre-opening accounts abroad. To ensure the sustainability of this component, the project includes the development of a program to disseminate products and services currently being offered by Banco FIE, through the remittance firms with which it currently works. In addition, various promotional campaigns will be conducted on special dates (Mother's Day, Father's Day, Christmas, etc.), with giveaways or incentives, including lowering the fee currently charged for sending remittances.
- 3.9 At the conclusion of execution, a sustainability workshop will be held with all of the entities involved, to identify the measures needed to ensure the continuity of the project's actions once the funds are exhausted.

## **B. Lessons learned by the MIF and other institutions on project design**

- 3.10 The experience of the MIF in the area of remittances over more than 10 years,<sup>27</sup> including in projects to give remittance clients access to banking services—executed in countries such as Bolivia, Dominican Republic, Ecuador, El Salvador, Haiti, Honduras, Paraguay, and Mexico—has demonstrated how important it is for financial intermediaries to go beyond the delivery of remittances as such, and expand the client base by producing financial products and services aimed specifically at the population receiving the remittances. These projects have also made it clear that remittances are a vehicle for integrating these clients into the financial system.
- 3.11 Experience with these projects has highlighted a series of elements that will be borne in mind during the design of projects, including the importance of: (i) establishing a relationship of trust between the financial intermediary and the client, through financial education or other programs to serve the clients, in order to ensure greater use of products tailored to this population; (ii) proper targeting and segmenting of the clientele, to ensure that product development, marketing, and distribution channels reflect that segment's needs and preferences; and (iii) inclusion, in some ways, of all links in the remittance value chain, from the sending to the receiving point.

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<sup>27</sup> "Ten years of innovation in remittances: Lessons learned and models for the future." Multilateral Investment Fund, Inter-American Development Bank. May 2010.

- 3.12 This project will also take into account the knowledge and lessons learned from projects now in execution under the “Linking Social Protection Payments to Savings” program (RG-M1198), which is aimed at developing and implementing liquid and contractual savings products targeted to recipients of conditional cash transfers or other social protection payments in Latin America and the Caribbean.
- 3.13 The project will also incorporate lessons from the IDB-financed impact study, “Savings in transnational households: A field experiment among migrants from El Salvador,” by Ashraf, Aycinena, Martínez, and Yang.<sup>28</sup> In this study, the researchers sought to determine the preferences of Salvadoran migrants concerning their level of control over use of the remittances they send. In collaboration with a Salvadoran bank, the researchers offered three types of accounts to Salvadoran migrants in the United States, at random: (i) accounts in the name of the remittance recipient; (ii) accounts held jointly by the recipient and the migrant; and (iii) accounts in the name of the migrant only. The study found that the migrants did desire greater control over the use and savings of their remittances, and that those who used accounts they controlled exclusively or jointly saved twice the amount of those who used accounts in the name of the remittance recipient only.

**C. MIF additionality**

- 3.14 Nonfinancial additionality. The MIF will share the knowledge derived from its more than 10 years working in the area of remittances and developing financial products and services for underserved remittance clients. Banco FIE will benefit from the experience of the Remittances and Savings Program in developing and implementing other savings products in other operations financed by the facility. The strong knowledge component of the Remittances and Savings Program, including studies on migrant profiles and case studies on increasing use of banking services, among other knowledge products, will also contribute to project implementation.
- 3.15 The project will also have synergies with other similar initiatives that have been financed in the past by the MIF or that have been implemented by MIF partners. Likewise, experiences and best practices with other financial institutions that have implemented projects under the Remittances and Savings Program and other programs will be shared.
- 3.16 MIF participation will help draw all of the lessons generated by this intervention, which will be translated into knowledge products beneficial to the remittance industry generally. Moreover, it will be possible to measure the program’s impact on savings among remittance recipients, for which at present there is little evidence. The MIF’s participation is also expected to attract resources and knowledge from other donors.
- 3.17 Financial additionality. The MIF’s financial participation in this project is important to achieving the project’s objectives, given that the initial investment for designing and implementing financial products aimed at remittance senders and recipients will allow Banco FIE to test a new business model that includes innovative

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<sup>28</sup> [Savings in Transnational Households: A Field Experiment Among Migrants from El Salvador](#), *Review of Economics and Statistics*, Vol. 97, No. 2, May 2015, pp. 332-351. (With Nava Ashraf, Diego Aycinena, and Claudia Martinez A.)



elements such as the pre-opening of accounts and a focus on serving the entire transnational family—migrants as well as recipients—with assistance from IOM. With this support, Banco FIE will be able to reach new population segments, with a level of risk that is mitigated.

#### **D. Project results**

- 3.18 As a result of the project, 8,000 Bolivian remittance clients will be able to obtain at least one new savings product. Among these, 6,400 will open an individual contractual savings product. Of the remittance clients with a new savings product, at least 6,000 are expected to change their saving behaviors, making at least one deposit per month in one such product. The expectation is that among the 8,000 Bolivian clients with a new savings product, 6,000 will be remittance clients with no previous bank use; they will be given access to savings products for the first time. Of the expected beneficiaries, 200 will open a joint contractual savings product; 200 will be migrants who open a savings product during a visit to Bolivia or prior to emigrating. Some 800 remittance clients will open savings products, with the online pre-opening procedure serving as an incentive.
- 3.19 According to Banco FIE's analysis, these results will be achieved during the course of this project, through efforts directed at its approximately 14,000 repeat remittance clients, plus an expected annual 14% growth in volume. The breakdown of the remittance clients who access the savings products developed under this project is expected to be 60% women and 40% men.

#### **E. Project impact<sup>29</sup>**

- 3.20 The project is expected to have the following impacts: (i) at least 20% of the beneficiary households (1,600 persons) will increase their spending on housing, health, and/or education after using a savings product developed under this project; (ii) at least 30% of the beneficiaries (2,400 persons) will finance at least one emergency (as a result of robbery, illness, death, natural disaster, etc.) through a savings product developed under this project; (iii) there will be a 20% increase in the proportion of income saved among project beneficiaries (total saved/total income); and (iv) there will be a 10% increase in the average amount saved per beneficiary.

#### **F. Systemic impact**

- 3.21 Banco FIE has a long history of commitment to financial inclusion for underserved sectors in Bolivia through access to financial products and financial education. It is expected that, with its 7% share of Bolivia's total remittance market, the bank's holistic strategy, focusing on transnational households and transnational decision-making, and using a combination of specially tailored products and financial education, will prove to be a profitable business model, which at the same time can further the goal of financial inclusion in Bolivia, where at present only 41% of adults have an account at a formal financial institution.<sup>30</sup>

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<sup>29</sup> These indicators are established on the basis of the hypothesis that the accumulation of savings will allow the project's beneficiaries to increase investment in areas such as housing, health, and education and will contribute to reducing their vulnerability, measured as their capacity to deal with emergencies.

<sup>30</sup> <http://datatopics.worldbank.org/financialinclusion/country/bolivia>.

- 3.22 IOM's participation in the project will ensure that the lessons learned and the business models borne out during the project will be shared at the regional and global levels, so they can be replicated in other countries where international remittances also play an important role. IOM has proven methodologies for systematizing learnings, along with a network of offices in 157 countries for disseminating knowledge. As part of its mission, IOM has an operational focus on facilitating dialogue and learning regarding the nexus between migration and development, within which remittances have great importance. Thus, the organization is well positioned to ensure that the good practices generated by this intervention are replicated in other markets, thus producing an exponential impact.
- 3.23 The learning generated through this project is expected to help other institutions in Latin America and the Caribbean, and in other regions, replicate the model. It will also demonstrate the importance of savings for low-income populations and the impact of using technology to create new habits that could be scaled up. In addition, the knowledge generated by the project is expected to aid in formulating public policies to achieve greater financial inclusion in the region.

#### **IV. MONITORING AND EVALUATION STRATEGY**

- 4.1 **Baseline.** The MIF will employ consulting services to establish a baseline and a monitoring system, using as a reference point the Logical Framework indicators. The baseline will incorporate information on the socioeconomic characteristics of the beneficiaries and on their financial behavior (access to and use of financial products and services). This baseline will be disaggregated by sex and will serve as a point of comparison for collecting information at the end of the intervention, in order to identify changes in the beneficiaries.
- 4.2 **Monitoring.** Banco FIE will be responsible for compiling information, implementing the monitoring system designed during the baseline phase, and analyzing information relevant for ongoing monitoring of project execution and of the Logical Framework indicators (Annex I). Banco FIE will be responsible for presenting project status reports (PSRs) to the MIF within 30 days following the end of each six-month period, or more often, on the dates established by the MIF; Banco FIE will be informed of these dates at least 60 days in advance. The PSR will report on progress regarding project execution, fulfillment of milestones, and results obtained and their contribution to achieving the project's objectives, based on the criteria set forth in the Logical Framework and in other operational planning instruments. The PSR will also report any problems encountered during execution, along with potential solutions. Within 90 days following the conclusion of the execution period, the executing agency will present to the MIF a final project status report prioritizing the results achieved and detailing the sustainability plan, findings from the final evaluation, and lessons learned.
- 4.3 The IDB's Country Office in Bolivia will be responsible for monitoring the project, through the MIF's local specialist, and will receive support from the MIF with regard to evaluations, information sharing, and lessons learned from other similar projects.
- 4.4 **Project evaluation.** Banco FIE will provide the information for preparing a midterm and final project evaluation.

- 4.5 Midterm evaluation. With project resources, the MIF will commission a midterm evaluation once 50% of the MIF resources have been disbursed, or at the half-way point in the execution period, whichever occurs first. The evaluation will measure: (i) progress achieved in introducing the project's new financial products; (ii) degree of progress in the project's activities; (iii) problems encountered and proposed solutions; and (iv) lessons learned, and recommendations for improving and for replicating the project. Measurement of these elements will take into account the indicators presented in the Logical Framework.
- 4.6 Final evaluation. An evaluation will be conducted at the end of the execution period, to be commissioned by the MIF, in which, in addition to the factors analyzed in the midterm evaluation, there will be an analysis of: (i) the project's immediate impact on the beneficiaries; (ii) results achieved compared with the initially established objectives; (iii) lessons learned; and (iv) the sustainability of the project's actions. The final evaluation will include an analysis similar to the baseline analysis and will provide information on the beneficiaries to aid in analyzing their situation before and after the intervention. This evaluation will not attempt to answer questions of attribution; rather, it will focus on examining changes in the outcomes and impact indicators and on documenting lessons learned.
- 4.7 The questions to be answered in the project's evaluations include: Among those using the savings products, does the proportion of their income dedicated to certain areas such as education, health, and housing increase? Do remittance clients to whom the specially tailored products are offered prefer saving formally rather than informally? Do remittance clients who already have microenterprises and to whom a specially tailored savings account is offered save more and invest in their enterprises? Are remittance clients who use their savings accounts less vulnerable to unforeseen events, measured based on financing emergencies (e.g., robbery, illness, death, natural disasters, etc.) using the specially tailored product? When remittance clients access the specially tailored savings products, do they maintain their usual consumption patterns? Are there differences in the behavior of clients, according to their sex? Do those sending remittances exercise greater control over their savings, and if they are offered specially tailored products, does it change their sending and saving behavior? Does the process of pre-opening accounts help to reduce remittance clients' barriers to access and/or encourage transnational dialogue on the goals of household saving? The evaluations will also document variants in the savings products (marketing strategies, incentives, interest rate, availability of withdrawals, etc.) that had to be introduced to meet the needs of these segments.
- 4.8 The indicators measured will include the extent to which accounts were used by the remittance clients, amounts saved, and extent to which the savings targets of the contractual savings products were achieved.
- 4.9 Closing workshop. At least three months prior to the end of the project's execution period, Banco FIE will organize a closing workshop, in which the design team, the supervision team, and all of the beneficiary institutions will participate, for the purpose of collectively evaluating the result achieved, identifying additional tasks needed to ensure the sustainability of actions initiated by the project, and identifying and disseminating lessons learned and best practices. The information generated by the evaluations referenced in this section will be part of the

knowledge to be shared with various project audiences through the communication strategy, which is to be financed with funds from the Remittances and Savings Program (RG-M1216).

## V. COST AND FINANCING

- 5.1 The total cost of the project will be US\$280,676, of which US\$197,586 (70%) will be contributed by the MIF, with US\$83,090 (30%) in counterpart funding. The execution period will be 36 months, with a disbursement period of 42 months.

**Table of Costs (US\$)**

Components	MIF	Local counterpart	Total
Component 1. Product development	US\$41,000	US\$19,500	US\$60,500
Component 2. Financial education and promotion	US\$78,987	US\$53,905	US\$132,892
Executing/administrative agency	US\$19,099	US\$8,185	US\$27,284
Baseline, monitoring, and evaluation (midterm and final)	US\$51,500	US\$1,500	US\$53,000
Audits	US\$7,000		US\$7,000
Total	US\$197,586	US\$83,090	US\$280,676

## VI. EXECUTING AGENCY

- 6.1 Banco FIE, a regulated financial institution, will act as executing agency for the project and will sign the agreement with the IDB. Banco FIE was founded in 1985 as a nongovernmental organization with a social mission focused on serving the financial needs of population segments with the greatest needs, and promoting the democratization of financial services in different social strata. In 1998, it became a regulated institution under the Private Financial Fund rubric, and in 2010 became a bank. Today, Banco FIE controls 26% of Bolivia's financial market. It has 263 points of service throughout the nation, making it the second-largest financial network in the country. Forty percent of its network of offices are in rural areas. As of June 2015, Banco FIE had more than 236,000 loan clients and 867,000 savings clients. It leads the country in deposits, with 31.6% of the savings market.
- 6.2 The mission of Banco FIE is "to be the preferred financial institution for the country's micro and small enterprises, based on its reputation for solvency and quality of services, attracting investors committed to the equitable and inclusive development of Bolivia." Its vision is "to be recognized globally as the microfinance institution of the future, part of an international financial system that promotes global development based on distributive justice and protection of the environment, as well as on economic growth."
- 6.3 This project is aligned with the strategic objective of promoting the strengthening of institutions that provide financial products and services, to improve their ability to offer products and services to low-income populations. The expected outcome would increase the effective inclusion of remittance recipients in the formal financial system. At present, this population is largely unbanked, and uses over-

the-counter money orders as the main channel, leaving it exposed to insecurity and with a lack of planning to protect and accumulate savings. Banco FIE has agreements with nine remittance firms, and through them is currently conducting approximately 22,800 transactions per month.

- 6.4 The MIF provided support to Banco FIE at its start, through three projects, the first two as part of the Social Entrepreneurship Program (SEP) in 1987 and 1995, when Banco FIE was still a nongovernmental organization known as the Centro de Fomento e Iniciativas Económicas FIE [Center for Economic Development and Initiatives FIE], providing it with technical cooperation and loan resources for its portfolio. For the third operation, in 1999, FIE was already a Private Financial Fund, and the MIF provided it with technical cooperation for institutional strengthening.<sup>31</sup>
- 6.5 The MIF has also supported the microfinance institution FIE Gran Poder S.A. in Argentina—a subsidiary of Banco FIE—through the project, “Expansion and Strengthening of FIE Gran Poder S.A.” (ATN/ME-8510-AR) approved in November 2003. That project extended credit to nearly 3,000 Argentine microentrepreneurs and demonstrated Banco FIE’s capacity to successfully implement operations in other countries.

## **VII. RISKS**

- 7.1 The following potential risks, which could hinder achievement of the project’s objectives with regard to increasing access to savings on the part of transnational households in Bolivia, were identified: (i) a reduction in the flow of remittances to Bolivia, caused by a deterioration in the economic situation in the destination countries for Bolivian migrants, and/or an increase in the number of Bolivian migrants who return to their country of origin. Actions to mitigate this risk: Monitoring the volume of remittance payments handled by Banco FIE, and ongoing market analysis, so that, if necessary, the strategy can be adapted to changes that occur; (ii) changes in the agreements between Banco FIE and the remittance firms, and/or decisions by the remittance firms that their support for the project’s activities is not sufficiently beneficial to them. Actions to mitigate this risk: Maintaining information on a diverse group of money-transfer firms in order to allow for the formation of new partnerships if necessary; and designing a system of incentives for the partners; (iii) remittance clients are resistant to savings and to the technology. Actions to mitigate this risk: implementation of financial education activities for remittance recipients and for migrants sending remittances in Brazil, to promote knowledge of the benefits of saving and the use of new technologies to manage household finances.

## **VIII. ENVIRONMENTAL AND SOCIAL IMPACTS**

- 8.1 This operation has been pre-evaluated and classified according to the requirements of the Bank’s Environment and Safeguards Compliance Policy

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<sup>31</sup> First SEP project: SP/SF-87-15-BO for US\$500,000 and ATN/SF-2934-BO for US\$93,000. Second SEP project: SP/SB-95-13-BO for US\$500,000 and ATN/SB-4930-BO for US\$180,000. Third project: ATN/ME-6657-BO for US\$250,000.

(OP-703). Given that the impacts and risks are limited, it is proposed that this be classified as a category “C” operation.

## **IX. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS**

- 9.1 Results-based disbursements and fiduciary arrangements. The executing agency will commit to the standard MIF arrangements regarding results-based disbursements, procurements, and financial management specified in Annex 7.
- 9.2 Results-based disbursements: Project disbursements will be contingent on verification that the milestones have been met, based on the means of verification agreed on by Banco FIE and the MIF. Fulfillment of the milestones does not exempt Banco FIE from responsibility for complying with the indicators contained in the Logical Framework and for meeting the project’s objectives.
- 9.3 Under the risk- and performance-based project management modality, the amounts of project disbursements will be determined based on the project’s liquidity needs, for a maximum period of six months. These needs will be agreed on by the MIF and Banco FIE and will reflect the activities and costs programmed in the annual planning exercise. The first disbursement will be contingent on the fulfillment of Milestone 0 (conditions precedent). Subsequent disbursements will be made when the following conditions are met: (i) the MIF has verified that the milestones have been fulfilled, as agreed in the annual plan; and (ii) the executing agency has justified 80% of cumulative funds advances.
- 9.4 Procurement: For the procurement of goods and the contracting of consulting services, the executing agency will be governed by the Bank’s Procurement Policies (documents GN-2349-9 and GN-2350-9).
- 9.5 Given that the Diagnostic Needs Assessment (DNA) of the executing agency indicated a medium level of need/risk, the project team determined that, pursuant to the provisions of Appendix 4 of the aforementioned policies, the executing agency, which is a private sector institution, will utilize the private sector methods detailed in Annex 1 of the Operational Guidelines for Technical Cooperation (OP-639). Review of contracting and procurements for the project will be conducted on an ex post basis every six months. Prior to the start of contracting and procurements for the project, the executing agency will submit the project’s Procurement Plan for MIF approval. This plan is to be updated annually and whenever there is a change in the methods and/or in the good or service to be procured.
- 9.6 Financial management and supervision: The executing agency will establish and be responsible for maintaining a proper accounting of finances, internal controls, and filing systems for the project, as stipulated in IDB/MIF financial management standards and policies. Given that the DNA of the executing agency indicated a low level of need/risk for the financial management section, supporting documentation for disbursements will be reviewed on an ex post basis once a year. In addition, with funds from the MIF contribution, the IDB/MIF will contract a consulting firm to provide training to the executing agency in those areas of financial management that need strengthening and that are identified in the DNA.

- 9.7 The IDB/MIF or the executing agency, as agreed, will hire independent auditors acceptable to the MIF to carry out ex post reviews of both procurement processes and supporting documentation for disbursements. The scope of the ex post reviews will include an analysis of the financial reports that the executing agency will prepare annually as part of its financial management. The cost of this contract will be financed out of the MIF contribution, in keeping with Bank procedures.
- 9.8 During project execution, the frequency of the ex post reviews of procurement processes and supporting documentation for disbursements, and the need for additional financial reports, may be modified by the MIF, based on the findings of the external auditors' ex post reviews.

#### **X. ACCESS TO INFORMATION**

- 10.1 Access to information. Information on this project is not considered confidential under the Bank's Access to Information Policy.