

**DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND**

**REGIONAL**

**LINKING SOCIAL PROTECTION PAYMENTS TO SAVINGS**

**RG –M1198**

**DONORS MEMORANDUM**

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## CONTENT

EXECUTIVE SUMMARY .....	1
I. BACKGROUND AND JUSTIFICATION.....	2
II. PROGRAM OBJECTIVES AND COMPONENTS .....	8
A. OBJECTIVES AND DESCRIPTION .....	8
B. COMPONENTS.....	8
III. COST AND FINANCING OF THE PROJECT .....	11
IV. EXECUTING AGENCY AND EXECUTION MECHANISM .....	13
A. EXECUTING AGENCY.....	13
B. EXECUTION AND ADMINISTRATION OF THE PROJECT .....	13
V. MONITORING AND EVALUATION.....	14
VI. BENEFITS AND RISKS.....	15
A. BENEFITS .....	15
B. BENEFICIARIES .....	15
C. RISKS .....	15
VII. ENVIRONMENTAL AND SOCIAL STRATEGY .....	16

## ANNEXES

ANNEX I            Logical Framework

ANNEX II           Detailed Budget

### INFORMATION AVAILABLE IN THE TECHNICAL FILES

ANNEX III           Government Transfer Programs in Latin America.

ANNEX IV           Program Evaluation plan

ANNEX V           Results of Demand Mapping Exercise

## ACRONYMS AND ABBREVIATIONS

CAF	Corporación Andina de Fomento
CCT	Conditional Cash Transfer
CD	Time deposits
CEDE	Centro de Estudios sobre Desarrollo Económico
COF	MIF Country Office
EA	Executing Agency
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
FI	Financial Institutions
IDB	Inter-American Development Bank
IDRC	International Development Research Center
LAC	Latin America and the Caribbean
LCC	Learning, Communicating and Catalyzing
LF	Logical Framework
MFI	Microfinance Institution
MIF	Multilateral Investment Fund
MIS	Management Information System
NAF	New America Foundation
ORP	Office of Outreach and Partnerships
PEP	Project Execution Plan
POA	Annual Operational Plan
POS	Point of Sale
PSG	Project Specific Grant
PSR	Project Status Report
SHP	Social Protection and Health



## LINKING SOCIAL PROTECTION PAYMENTS TO SAVINGS RG-M1198

### EXECUTIVE SUMMARY

<b>Beneficiary countries:</b>	Regional		
<b>Executing Agency:</b>	The Multilateral Investment Fund (MIF) will be the executing agency for Components 1 and 3 of the Program. Individual projects, to be funded through Component 2, will be executed by applicant institutions in the Latin America and Caribbean region.		
<b>Beneficiaries:</b>	(i) Low income recipients of conditional cash transfers or other social protection payments and (ii) social protection agencies, financial inclusion programs, regulated financial intermediaries (FIs) authorized to capture deposits (such as banks or credit unions), financial sector networks, and other institutions that promote the development and implementation of savings products for low income people.		
<b>Amount:</b>	MIF Non-reimbursable:	US\$ 3,758,285	56.79%
	Counterpart – Other Donors:	US\$ 1,660,000	25.08 %
	Local Counterpart	US\$ 1,200,000	18.13 %
	Total:	US\$ 6,618,285	100 %
<b>Project Objectives:</b>	The goal of this Program is to increase the availability of financial products and services targeted to low income populations. The purpose is to establish the business case for the development and implementation of liquid and contractual savings products targeted to recipients of conditional cash transfers or other social protection payments in the LAC region.		
<b>Execution timetable:</b>	Execution period:	36 months	
	Disbursement period:	42 months	
<b>Exceptions to the Bank policy:</b>	None		
<b>Contractual Conditions</b>	The conditions for first disbursements of individual projects will include the establishment of availability of external counterpart funding.		
<b>Environment and Social Impact Review:</b>	Adverse environmental or social impacts are not expected. Having a basic savings bank account, and being able to accumulate savings for future needs, is expected to reduce the vulnerability of social protection payment recipients. Special attention will be given on how the programs have positive impacts on the lives of women and indigenous population. The Program has a “C” classification and it was reviewed and obtained clearance by ESR on January 18, 2011.		

## I. BACKGROUND AND JUSTIFICATION

### A. Savings among Low Income People in Latin America and the Caribbean (LAC)

- 1.1 **The financial inclusion of the poor.** Approximately 180 million people live in poverty in the LAC region, 72 million in extreme poverty.<sup>1</sup> Most of these, including the 24 million families (100 million people) that receive government social protection payments in the form of Conditional Cash Transfers (CCTs), do not hold basic accounts and operate completely outside the financial system.
- 1.2 The challenge of banking the unbanked remains significant, even while the development of microfinance in LAC has claimed important successes in providing financial services to low income people. With about 10.5 million micro entrepreneurs holding loans from microfinance institutions and other entities (2009), the LAC microfinance industry has proven that low income people are willing and able to pay loans. But not all who need financing are eligible: those that qualify usually own small enterprises, have a stable income, and are not in extreme poverty.
- 1.3 The remainder often resorts to informal means of financing, which is particularly true for savings purposes. A 2007 comprehensive study on informal finance in Colombia showed that the poorest strata of the population save informally in many ways, by purchasing assets (for about 65% of households), participating in savings clubs (9%), or keeping cash savings.<sup>2</sup> In the lowest income quartile, 65% had cash savings but only 1% held savings in a bank. The variety of informal savings mechanisms highlight a potential demand for savings services that the formal market has not yet been able to replace.

### B. Conditional Cash Transfers

- 1.4 **Conditional Cash Transfer (CCT)** programs are anti-poverty, social policy tools targeted to the low income population to promote human capital formation. These programs provide funds, predominantly to women of low income households, often residing in rural areas, provided that the recipients undertake specified actions such as enrolling children in school or receiving vaccinations. At least 17 countries in LAC are currently implementing a CCT program, with each program varying in terms of benefit structure, scale and reach, specific to the different governments' social policy objectives (Annex III shows a detailed, country-by-country description of CCT programs.)<sup>3</sup> With an estimated 17% of the region's population benefiting from some type of CCT program, these government payments have come to represent an integral part of the policy framework of many countries in the region.
- 1.5 **Financial Inclusion of CCTs recipients.** At present, financial inclusion is not among the fundamental objectives of most CCT programs. CCT programs are most often administered by ministries of social development or through independent agencies within the presidency, with banks often in charge of distributing the payments. But in most cases, these banks act merely as payment agents for the government and do not provide financial services to the largely unbanked CCT recipient population. In fact, an estimated 90% of CCT recipient families do not hold bank accounts. Cash payments or prepaid cards (not debit cards) are the most frequent delivery channels (e.g.: *Red Solidaria* in El Salvador, *Mi Familia Progres*a in Guatemala, *Bono de Desarrollo Humano* in Ecuador.) In a few cases,

1 Social Panorama for Latin America (Nov 2010) by Economic Commission for Latin America and the Caribbean (ECLAC)

2 Market Study on Informal Finance in Colombia (Sep 2007) United States Agency for International Development (USAID)

3 Argentina, Brazil, Colombia, Mexico, Guatemala, Honduras, El Salvador, Belize, Jamaica, Nicaragua, Chile, Trinidad and Tobago, Ecuador, Perú, Bolivia, Panamá, and Uruguay.

payments are made through checks (Program of Advancement through Health and Education in Jamaica).

- 1.6 With the adequate incentives and proper targeting, business models that develop savings products tailored for CCT recipients carry great potential for the financial inclusion of the most vulnerable. Financial inclusion advocates and social protection actors, including some of the agencies that administer CCT programs in the region, have identified the potential of linking CCTs to savings as a complement to poverty eradication efforts.<sup>4</sup> Studies on CCTs that recognize the problems, risks, and costs inherent to cash delivery channels, have also begun to analyze the opportunities of “banking” recipients.
- 1.7 However, little progress has been made to date, largely due to either a lack of adequate incentives to the CCT recipient to save formally, or due to inefficiencies in the delivery channel of the CCT benefit. Even in countries like Colombia, Peru, Brazil and Mexico, which have incorporated some measures aimed at facilitating savings through CCT programs, formal savings levels among the CCT recipient population remain very limited to date. For example, under Colombia’s “*Plan de Bancarización*” through which the beneficiary receives the transfer directly in a bank account, evaluations show that only an estimated 5% of beneficiary households are saving in the formal financial system, fewer than the proportion that accessed credits (15%) or insurance (22%). In another example, to facilitate delivery for CCT recipients that must travel long distances to pick up the benefit, approximately 85% of the transfers under Brazil’s *Bolsa Familia* program are delivered through debit cards that can be used at point of sale (POS) terminals at retail institutions affiliated with Caixa Econômica across the country. Even so, in the majority of these cases, CCT recipients withdraw the total amount deposited in this accounts at stores, but do not make deposits in savings accounts they could open at Caixa Econômica branches.
- 1.8 **CCT recipients’ demand for savings products.** While the overwhelming majority of CCT recipients do not have accounts at any formal financial institution, evidence shows that a significant proportion does save, albeit informally. Surveys conducted for the Bank show that recipients of social protection payments save predominantly through informal mechanisms.<sup>5</sup> In Colombia, 25% of CCT recipients report having informal savings, whereas only 5% have formal savings.<sup>6</sup>
- 1.9 However, in the case of the Ford Foundation-supported “*Proyecto Capital*”, pilots with several Rural Banks (*Cajas Rurales*) and *Banco de la Nación* clients in Peru resulted in successful experiences in offering formal, contractual savings products tailored to the needs of CCT recipients.<sup>7</sup> While these pilot experiences have been limited in the variety of products and their scale, they indicate that CCT recipients show a demand and ability to save formally, with adequately targeted products and services.

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4 United Nations Development Program, UNICEF, Ford Foundation, New American Foundation, and CCT agencies in Brazil, México, Ecuador, Perú, El Salvador, among others.

5 See Investing in large scale financial inclusion: The Case of Colombia, by Maldonado and Tejerina (Dec 2010). The amount a household is able to save is not a function of the size of the social protection subsidy, but of the total household income. In Latin America, the size of the CCT payments as a percentage of total household income varies from country to country, ranging from 20% of the recipients’ mean household consumption in Mexico to 4% in Honduras.

6 The actual percentage may be much greater, closer to percentages of savings recorded in other studies, as CCT recipients are likely to underreport informal savings for fear of losing the subsidy.

7 <http://www.proyectocapital.org/downloads/documento/Final%20Report%20BR.pdf>. In a pilot in the Puno-Cuzco corridor, for example, 6400 rural low income women saved an average of about \$500 over 36 months with contractual savings products.

### C. The two functions of savings for low income people and CCT recipients

- 1.10 Micro deposit mobilization experiences show that savings can serve two distinct purposes of low and very low income people: (i) capital accumulation for future needs, usually served with contractual savings products, and (ii) short term liquidity management, for security and convenience.<sup>8</sup>

#### 1. Access to savings for future needs: contractual savings products<sup>9</sup>

- 1.11 Families living below the poverty line or in extreme poverty, as is the case for CCT recipients, have limited and unreliable sources of income. These limited resources are used to cover the cost of immediate daily essentials, such as groceries, household supplies and transportation. When more expensive needs emerge, the availability of household savings takes on a critical role. Those larger cost expenditures can either stem from situations that arise unexpectedly -- such as damage to a home, a sibling in need of a loan, a period of unemployment, a death in the family, a closure of the family business-- or from planned needs -- such as a down payment for a house, the purchase of appliances, children's education, a long overdue surgery, etc. In these situations, the lower the household's income, the less likely it may have access to a loan, and the more likely it may need to rely on informal family savings to cover the expense. Savings prove to be a key mechanism to reduce household vulnerability; for those in the lowest income brackets, savings may prove even more vital than credit. But many times, low income individuals have only a combination of cash savings and informal savings in the form of farm animals, land lots, equipment, inventories, vehicles, or a variety of other assets, with different degrees of liquidity.
- 1.12 **Demand for contractual savings.** Contractual savings products are designed following the principle of accumulating a portion of current income for future needs, as opposed to taking a loan based on unreliable and limited future income. Several experiences in the region have shown that formal savings can be encouraged among low income people when linked to highly valued purposes, such as the down payment to buy a house, a child's education, or retirement. For individuals in the lowest income brackets, informal contractual savings mechanisms are the only way to pay for bigger expenditures. The informal financial arrangement of the rotating savings clubs frequently observed in many countries across the region (also called *natilleras*, *tandas*, *roscas* or *pasanakus*) is an informal version of a contractual savings product. In these informal savings clubs, generally, a group of 20-40 people contributes a fixed amount on a regular basis, usually monthly, and at each club meeting a different member of the group receives the amount collected. In this way, members of the savings club have occasional access to a relatively large amount of funds in order to cover a larger expense.
- 1.13 The key to mobilizing savings among the low income segment lies in appropriately designed incentives, which are missing in the savings products offered by most FIs in the region today. The various experiences in Latin America with self-managed, informal savings groups --such as *cajas solidarias*, *cajas de ahorro rurales*, and even informal mechanisms such as savings clubs-- demonstrate the importance of well placed incentives

<sup>8</sup> In most cases, long term liquidity management is not a relevant product for low income individuals as these products are useful for those that already have resources that they will not need for some time.

<sup>9</sup> Also called development savings, commitment savings, asset-building accounts, commitment or individual development accounts (*ahorro programado* or *ahorro finalista* in Spanish.) "Contractual savings" refers to "commitment" or "personal development" savings, and it does not mean "obligatory" or "forced" savings. Through this type of savings product, the client agrees to deposit a defined amount of funds in a regular basis, and to retire the funds only for a specific purpose in a pre-determined period. The incentives to save may include participation in savings "clubs or groups", interest rate, and in some cases tax or other benefits.

to mobilize low income people's deposits.<sup>10</sup> These incentives include an increased accessibility of appropriate channels for deposits or withdrawals, the ability to take loans backed by savings, the presence of mechanisms to motivate frequent and regular deposits to build capital, low transaction costs, and understandable rules.

- 1.14 **Limited supply of contractual savings.** MIF's experience in LAC has shown that some financial intermediaries (FIs) are able to mobilize deposits from microenterprise clients who were previously only loan clients.<sup>11</sup> But those experiences, based on CDs and sight deposits, have not included contractual savings and have not been massively extended to the lower income segment, i.e. CCT recipients.<sup>12</sup>

## 2. Access to basic savings accounts: liquid or transactional savings

- 1.15 Liquid or "transactional" accounts are basic bank accounts that include liquid or sight deposits, current accounts, and other accounts that can be used for convenience and security. Holding a savings account, even a basic one, is increasingly regarded as a key condition for reducing vulnerability and improving the outlook for prosperity among low income people. In some governments around the world, holding a bank account is considered to be a right, available to all. But less than 10% of the region's CCT's recipients have liquid savings accounts (sight deposits) at a financial institution.
- 1.16 **Demand for liquid accounts.** Lessons learned from MIF experience in liquid savings mobilization show that the main determinants of client demand do not include interest rates - since almost no FI pays interest for small liquid deposits- but rather the pricing, convenience, and the ease of use of the service. In terms of pricing, withdrawal and maintenance fees are usually targeted to larger savers, which could wiping out small deposits when the client has no clarity on the cost of withdrawals. In terms of convenience, the proximity of service points for deposits, withdrawals or payments is critical in rural areas where many of the poor reside. Potential users of liquid deposit accounts also consider the availability of other services within the same FI such as loan or remittance payment services, or even a clear explanation of services offered, in cases promotion of these products takes on a role of financial education. The experiences of Banestado (Chile), Adopem (Dominican Republic), Bansefi (Mexico) and others in mobilizing sight deposits among low income people show a high demand for those types of services.
- 1.17 In addition, studies have shown that liquid savings, when linked to appropriate distribution channels, can significantly facilitate the CCT delivery. Recipients can withdraw the cash at the most convenient time for them, reducing transportation costs and time spent traveling to a bank branch and waiting in line to receive the benefit. Research undertaken in Ecuador has shown that recipients who do not have an electronic debit card spend 1 hour and 25 minutes on average to pick up a transfer from a bank branch, while those with a card take only 39 minutes. In terms of the costs, the recipients who travel to the branch incur 28% greater related costs than those with a debit card.<sup>13</sup>
- 1.18 **Limited supply of liquid savings.** There is an overall scarcity of liquid deposit services offered to low income people. Most MFIs find that they lose money with liquid

10 Self-managed or self-help savings groups are common elsewhere around the world. For example, 33 million low income people in India save through informal self-help groups.

11 BCSC in Colombia, Bansefi in Mexico, Banestado in Chile, and Municipal Banks in Peru, and several Credit Unions Systems.

12 Similarly, an ECLAC review of Bolivia, Chile, Costa Rica, El Salvador, Peru, and Uruguay showed that in most countries, banks are not offering purpose-specific financial products, i.e. contractual savings, despite being highly demanded.

13 *Informe sobre Bancarización y Cultural Financiera de los Beneficiarios y las Beneficiarias del Bono de Desarrollo Humano (BDH) en Quito* (2010), Habitus Investigación de Mercados y Opinión.

microsavings, and they offer them principally for cross-selling purposes, as they lack the necessary infrastructure, personnel and/or technology to capture and price liquid savings services efficiently, and they do not have experience catering to the low income population. Capturing very small deposits from low income clients appears more expensive to FIs than securing funding from specialized investors, second tier institutions, or time deposits from higher income clients and organizations.<sup>14</sup> While there is a growing interest among FIs to harness appropriate technologies to lower costs and increase the accessibility of liquid deposits and withdrawals, relatively few successful examples of microsavings using branchless banking and m-banking exist in the region.

#### **D. The MIF and the financial inclusion of CCT recipients.**

- 1.19 **Problem Statement.** Although some countries have implemented measures to facilitate the financial inclusion of CCT recipients, and signs of improvement have been observed in some delivery channels, the vast majority of the 24 million CCT recipient families in LAC relies exclusively on informal savings and a cash-based economy, and does not participate in the formal financial system. Only a few FIs in the region have implemented limited pilots with savings products targeted to CCT recipients, and very few full business models exist, if any, that aim to mobilize savings among CCT recipients with tailored products and adequate incentives.
- 1.20 **Opportunity.** CCT programs represent an opportunity to scale up financial inclusion in the LAC region, both for FIs currently acting as CCT paying agents and for other FIs already oriented to low income populations. FIs have an opportunity to improve or offer services to a new underserved client base by offering financial products and services tailored to their needs and preferences.
- 1.21 In addition, for many FIs, particularly those focused on the low income population, that have been seeking to rely less on external funding sources following the 2008-2009 financial crisis, the development of savings products for the CCT recipient population can represent a strategy to establish a more stable base of local deposits. In fact, the “Microfinance Americas: the top 100” publication documented a trend toward increased reliance on deposits as a funding source for microfinance. In 2009, active accounts grew by 26 percent and total account balances by 30 percent, exceeding growth in loan placements. While the trend was based mostly on deposits from higher income individuals, establishing a strategy to draw from deposits mobilized from a high number of low income clients could help MFIs diversify portfolios and reduce risk.
- 1.22 **Proposed Program.** This Program will promote the development and roll-out of savings business models targeted to the recipients of CCTs.<sup>15</sup> Savings business models will include: savings products that are profitable for FIs and able to attract a large number of very low income clients. Through a series of technical cooperation projects to be funded through Component 2, the Program will promote both: (i) contractual savings for asset accumulation and/or specific purposes; and (ii) transactional accounts for liquidity management. The executing agencies of these technical cooperation projects will be selected on a competitive basis.<sup>16</sup> An Advisory Committee of leading actors working in

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14 The Caribbean is an exception in this case, as low income people are served by Credit Unions which focus on savings services.

15 Savings business models linked to other social protection payments or government transfers targeted to low income populations will be considered eligible for support under the program.

16 The Multilateral Investment Fund (MIF) will be the executing agency for the Program. Individual projects will be executed by applicant institutions in the Latin America and Caribbean region.

this area, including donors and research centers, will participate in the selection process.<sup>17</sup> The Program will result in the funding of at least 14 individual savings projects. Each project will either test an innovative savings pilot of FIs offering liquid or contractual savings to CCT recipients, or expand and scaling up a savings model targeted to CCT recipients through a leading FI in the region. The Program will actively seek to involve EAs that are regulated financial intermediaries authorized to capture deposits, with a demonstrated commitment to advancing financial inclusion, and the capacity to do so.

- 1.23 **Demand for the program.** In order to validate the demand from FIs and social protection agencies to promote liquid and contractual savings among the CCT recipients in the region, the project team carried out a regional demand mapping exercise from January 14<sup>th</sup> to February 10<sup>th</sup>, 2011. The exercise consisted of a call for project ideas linking savings and CCTs, which generated a significant volume of expressions of interest, which have been considered in the design of this program. This assessment confirmed the interest of financial intermediaries and social protection agencies in the region in promoting savings linked to government transfers or payments. Among the interested institutions in promoting savings products linked to social protection payments and transfers are Banco de Estado and FOSIS in Chile; Banco de la Nación in Perú; Pro Mujer, Inc. and Bansefi in Mexico; Banco Agrario in Colombia; World Savings Banks Institute (WSBI) and European Savings Banks Group (ESBG); and WOCCU cooperative networks in Colombia, Ecuador, Peru, and Mexico.<sup>18</sup> (See Annex V for the results on this demand mapping exercise.)

#### **E. Justification and Additionality**

- 1.24 **MIF's role in the promotion of savings for CCTs.** This program will contribute to the MIF Agenda that aims to expand numbers of people with bank accounts through linking remittances and government payments, etc. with savings and other financial products. Since several projects may also involve an important technological component, this Program will likely also complement the MIF Agenda to identify and pilot disruptive technologies with the potential for increasing the reach of financial services to underserved populations.
- 1.25 The MIF is ideally placed in a leadership position to create incentives structures to enhance the supply of liquid and contractual savings products. In addition to the positive response to the demand mapping exercise, MIF's active participation global fora such as a recent donor colloquium on savings and CCTs, and the International Advisory Group on Government Payments have shown that MIF is seen as a leading force in the LAC donor community, able to convene financial intermediaries and other donors to promote the linking of CCTs and savings.
- 1.26 **Knowledge return.** It is expected that the learning captured from the various projects to be implemented under this Program will shed light on relevant topics on this new area of savings for CCT recipients and will prove the business case for providing savings products to low income individuals in a profitable and sustainable manner. Through the demonstration effect generated by the program, it is expected that other FIs will become

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17 Members of the Advisory Committee may include representatives of other areas of the Bank, and of external partners such as New America Foundation (NAF), Citibank Foundation, Corporación Andina de Fomento (CAF), International Development Research Center (IDRC) (Canadian public corporation) and Proyecto Capital (agency financed by the Ford Foundation,) all of whom have shown interest in participating in this process.

18 Banco de la Nación in Perú, Bansefi in Mexico; and Banco Agrario in Colombia are current payers of conditional cash transfers.

part of the MIF's efforts to increase the access to financial services in the region. By working with other donors and partner organizations and by leveraging MIF's experience, presence, convening power and executing capacity in LAC, additional resources and knowledge will be leveraged and mobilized into this access area of high priority to the MIF.

- 1.27 **Lessons learned from MIF's experience:** The MIF will leverage the lessons learned and experience working with FIs that are close to the low income population, such as MFIs and cooperatives, as well as from lessons learned from initiatives promoting financial inclusion through remittances. The MIF's experience in remittances illustrated the business case for remittance paying financial institutions, not in delivering the remittance payment in itself, but rather in expanding the client base by developing targeted financial products and services to the remittance recipient population. In addition, a MIF project supporting savings in Bolivia demonstrated the potential of working with institutions that have experience with the low income segment; these institutions are already familiar with these individuals, they are interested in their needs, and they already know the costs and advantages to working with them. In the area of microfinance, the spectacular growth of the industry came when microfinance methodologies made microfinance both profitable for FIs and attractive for clients. Similarly, in the context of CCTs, the supply of savings appropriate instruments for CCT recipients must be both profitable for FIs and appealing to low income clients in terms of cost and convenience.
- 1.28 **Relationship with other Bank initiatives.** In light of the wealth of knowledge in the Bank on social protection schemes in the region, the project team has consulted sector specialist colleagues in the Social Sector Unit to incorporate existing expertise. As such the project team will continue to seek to complement ongoing CCT- and savings- related efforts supported by the Bank in various countries.
- 1.29 **Developmental impact.** This project is aligned with the recently approved Bank operational policy to promote gender equality in Latin America and the Caribbean as it seeks to expand access to financial services for women in the rural areas. This innovative project addresses gender issues and also proposes in-depth evaluations of the gender elements included in the project.

## II. PROGRAM OBJECTIVES AND COMPONENTS

### A. Objectives and description

- 2.1 The goal of this Program is to increase the availability of financial products and services targeted to low income populations. The purpose is to establish the business case for the development and implementation of liquid and contractual savings products targeted to recipients of conditional cash transfers or other social protection payments in the LAC region. The expected outcomes of this Program are: (i) 136,000 CCT recipients access liquid or contractual savings accounts; (ii) an additional 45,000 low income people access, for the first time; and (iii) 14 Financial Institutions (FIs) offer liquid savings accounts for transactions purposes and/or contractual savings for capital accumulation.

### B. Components

- 2.2 **Component I. Program Set-up and Project Selection** (MIF US\$43,700; Other Donors US\$59,500). The objective of this component is to set up the Program and select the projects. This component will include the following activities: (i) establishment of the Advisory Committee (definition of roles, finalization of agreements, establishment of evaluation strategy); (ii) arrangement of co-financing mechanisms for executing the

Program with financial support donors; (iii) execution of promotional activities to communicate the program as well as the evidence of the social and economic benefit of linking savings with social protection payments; (iv) development of project selection methodology; (v) support to development of full proposals; and (vi) elaboration of a short list of proposals and selection of savings and CCT projects.

- 2.3 The outputs expected from this component are: (i) the formation of the Program Advisory Committee; (ii) program communication campaign launched, with key messages, knowledge products and marketing materials developed and disseminated through identified channels; (iii) at least 2 donors' financial contribution to the program; and (iv) the selection of 14 project proposals.
- 2.4 **Component II. Financing of Individual Projects** (MIF US\$ 2,883,000.00; Other Donors US\$ 1,003,000.00; Local Counterpart US\$ 1,200,000.00). This component will finance the 14 individual projects to be implemented under the Program. MIF's contribution to each project approved will be a maximum of US\$400,000.00.
- 2.5 The activities included in this component are: (i) allocation of funds and (ii) technical advisory on feasibility of proposals.
- 2.6 The outcomes of these components are: (i) 5 new business models successfully developed offering liquid savings accounts and (ii) 7 new business models successfully developed offering contractual savings.<sup>19</sup>
- 2.7 **Activities eligible for financing in individual projects.** Technical assistance support will be provided in areas related to linking savings and CCTs such as: (i) design or adjustment of savings products to recipients of social protection payments; (ii) development and implementation of business plans for implementing liquid or contractual savings products targeted to CCT recipients; (iii) training staff; (iv) promotion of savings products suited to the socio-cultural characteristics of the target population (targeted promotion); (v) adaptation of information systems to offer new savings products; (vi) testing of new channels to offer savings products such as banking correspondents, and stores; (vii) development of interfaces and platforms for customer service for savings clients; and (viii) evaluations.
- 2.8 **Selection criteria.** The selection criteria of the proposals will include: (i) relevance of the savings product to be developed; characteristics in terms of innovation; demonstration effect, scalability and replicability of the proposed initiative; (ii) financial sustainability; the economic benefit of the proposal in terms of revenue and profits; (iii) beneficiaries and project impact; the potential outreach and benefits to MFIs and MIF clients; (iv) benefits of the project; improvements in efficiency or increase in the reach or customer base; (v) institutional background; applicants' degree of experience in project execution and experience in the provision of savings products and services in the Region; (vi) institutional, financial and technical capability of the applicant institutions to carry out the proposed plan; appropriateness of the execution plan and resources to be mobilized for the project; knowledge of the market for deposit products and services, demonstrated commitment to serve targeted CCT recipient populations, particularly women and indigenous people; (vii) how the initiative complements other Bank programs to improve access to financial services; (viii) dissemination of the project; quality of the commercialization plan; potential impact and replicability at national and regional levels;

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<sup>19</sup> The success of the business models will be determined on the basis of scalability, profitability, sustainability and affordability for clients.

(ix) potential of the proposal to generate learning in this area of financial inclusion and government transfers; (x) commitment of the EA to knowledge sharing and dissemination; and (xi) country diversification in order for the Program to cover the broadest range of countries and regions in LAC.

2.9 **Eligible institutions to execute projects.** The following types of institutions will be able to access the financing provided under this Program:

- a) Regulated financial intermediaries authorized to capture deposits, including commercial banks, or regulated institutions with cooperative structures, that want to develop or improve their institutional capacity in order to implement pilot projects to offer new savings products or significantly expand their savings products for low income population;
- b) Groups, of FI's with similar needs (including networks, federations, and other types of associations) whose mutual association enables them to take advantage of potential synergies and economies of scale;
- c) Social protection agencies, financial inclusion programs, or other government entities interested in promoting the development and implementation of savings products for low income people in LAC.
- d) Foundations, organizations specialized in technical assistance for financial inclusion, including specialized firms and non for profit organizations, organizations private or public that promote financial inclusion, and associations of them, provided that will implement an eligible project in association with regulated financial intermediaries authorized to capture savings, that would actually provide the savings products.

2.10 Proposals submitted by entities that are not regulated financial institutions (categories b, c, and d above) would be required to include a regulated financial institution, which would be developing the savings products, as a project partner. Eligible institutions must be legally established entities in one of the IDB member territories and will have to comply with financial and operational performance in order to ensure sustainability of the services they offer, such as operational and financial sustainability, solvency, access to finance (local or international investors and creditors, deposits), liquidity, sound management, compliance with local laws, and a minimum of 2 years experience providing financial or related services in the region.

2.11 Executing agencies selected to implement individual projects will go through a risk analysis assessment and a non-objection from the corresponding country office.

2.12 **Project Approvals.** For the individual projects to be financed under Component 2, the Program will follow the approval procedure of the ICT4BUS and Technology for Financial Inclusion (ICT4MFI) Programs, which have been specifically developed for similar call for proposal mechanisms. MIF will distribute to the Donors' Committee the list of recommended proposals in the form of project documents with a Donor Memorandum, a Logical Framework, and a budget,. The list will be considered approved if no comments are received within 5 working days from the date of distribution to the Donors' Committee. Those executing agencies implementing projects will sign a technical assistance cooperation agreement with the Bank, based on the parameters included in this document.

- 2.13 The MIF will ensure that the activities of the Program complement and do not duplicate those carried out by other units in the Bank and multilateral institutions and foundations.
- 2.14 **Component III. Learning, Communicating and Catalyzing.** (MIF US\$ 438,000; Other Donors US\$ 430,500). The objective of this component is to capture, systematize and communicate key knowledge, lessons and results of the program to identified audiences, thus generating catalyzing effects at the industry level. The knowledge return to be generated throughout the life of the program is expected to shed light on relevant topics on this new area of CCT-linked savings and will prove business models for providing savings products to low income in a profitable and sustainable manner. For this purpose, these projects will be evaluated and documented properly, drawing practical lessons on what has worked and what has not in each case, and provide a clear demonstration effect as well as valuable recommendations for the industry.
- 2.15 In order to reach and influence selected industry audiences so that they can actively support, replicate or take to scale tested models in this program -ultimately contributing to increase the availability of financial products tailored to low income social protection payment recipients-, this program will target the following audiences: (1) regulated financial intermediaries interested in implementing innovative saving products/services for recipients of CCTs or other social protection payments (regulated financial intermediaries authorized to capture deposits and financial social networks, among others); (2) donor institutions, public or private, interested in supporting efforts to bank the unbanked, (3) social protection agencies, government regulators and policy makers in countries where payments are made, and (4) other stakeholders (such as NGOs, academia, press) that could support efforts to bank the unbanked through payments). Different channels (both MIF/IDB and leverage of industry's channels) catered to each audience will be used.
- 2.16 An expert in learning and communication will be hired at the beginning of the program to coordinate the execution of the communication strategy, making sure that the appropriate messages are sent and knowledge reach the right audiences.
- 2.17 This component will include the following activities: (i) social impact evaluations on at least 5 individual projects and (ii) development and dissemination of a set of knowledge products and knowledge sharing/advocacy activities, including: relevant lessons from related initiatives in the region and elsewhere, technical exchanges among financial institutions, online platform for knowledge sharing, publications with lessons and results from the 14 projects, and a set of communication materials.
- 2.18 The output expected from this component will be the relevant learning captured from the various projects and a communicating strategy implemented and its catalyzing effects in the industry measured.

### III. COST AND FINANCING OF THE PROJECT

- 3.1 It is expected that the total cost of this project will be US\$6,618,285. The IDB/MIF will contribute with US\$3,758,285 (56.79%) of non-reimbursable resources. The Program seeks to leverage MIF's contribution by attracting other donors that are expected to contribute with US\$1,660,000 (25.08%) of non-reimbursable resources. MIF's participation in the selected projects will be limited to 40% to ensure that there is a significant counterpart from the executing agencies and Program partners.
- 3.2 Contributions by Program partners may be provided directly to the selected executing agencies. Alternatively, partners may elect to provide resources to be administered by the

Program, in which case the Bank and the partner will sign a Project Specific Grant (PSG) (Document SC-114). The Office of Outreach and Partnerships (ORP) of the Bank will collaborate with the Program in establishing strategic partnerships in order to attract donors as well as other qualified partners to the Program. Additionally, in some cases (i.e. when several institutions or countries are involved); projects might be implemented by a technical assistance provider, selected and hired by the Bank in a competitive process.

- 3.3 During the project design, Citibank Foundation, the Corporación Andina de Fomento (CAF) and the International Development Research Center (IDRC) have expressed their interest in participating in the Program. Citibank Foundation may sign a PSG that would contribute in the following activities: (i) promotion of the Program; (ii) funding of 7 contractual savings projects; (iii) social impact evaluation for specific projects; (iv) dissemination and coordination. The CAF's contribution will be defined in a later stage. The CAF may co-finance qualified projects and resources will be transferred directly to the selected executing agencies. The expected contributions of these institutions are included in the cost table below, and represent a total of US\$1,660,000. In the event that these contributions would be lower than expected, the number of individual projects funded under Component 2 would not be impacted, although the total project amount, local counterpart and MIF contribution would be adjusted, as well as the number of social impact evaluations proposed under Component 3. For those individual projects that may receive external counterpart funding in addition to local counterpart, the conditions for first disbursement will include the establishment of the availability of these funds.
- 3.4 The selected executing agencies will contribute with US\$1,200,000 in counterpart financing, and at least half which will be in cash. The expected execution period for the Program will be 36 months, individual projects are expected to have an execution period of 24 months. The expected disbursement period for the Program will be 42 months, individual projects are expected to have a disbursement period of 30 months. All individual projects will have an execution and disbursement period within the Programs execution and disbursement periods. The table below provides a breakdown of the use of program resources. A detailed budget can be found in Annex II.

	DETAILED BUDGET	Total Program	MIF	Total Counterpart
	<b>C 1: Program Set-up and Project Selection</b>	<b>103,200</b>	<b>43,700</b>	<b>59,500</b>
1.1	Promotional activities to raise awareness of program objectives.	90,000	42,500	47,500
1.2	Selection of projects	13,200	1,200	12,000
	<b>C2: Financing of Individual Projects</b>	<b>5,086,000</b>	<b>2,883,000</b>	<b>2,203,000</b>
2.1	Allocation of funds.	35,000	22,500	12,500
2.2	Technical Advisory on feasibility of proposals	81,000	40,500	40,500
2.3	Project funding.	4,970,000	2,820,000	2,150,000
	<b>C3: Learning, Communicating and Catalyzing</b>	<b>868,500</b>	<b>438,000</b>	<b>430,500</b>
3.1	Social Impact Evaluation	407,500	50,000	357,500
3.2	Dissemination	461,000	388,000	73,000
	<b>ADMINISTRATION, AUDIT &amp; PROGRAM EVALUATION</b>	<b>334,000</b>	<b>167,000</b>	<b>167,000</b>
	Program Coordination & Administration of External Funding (5%)	284,000	117,000	167,000
	Program Assessment	50,000	50,000	0
	<b>SUBTOTAL</b>	<b>6,391,700</b>	<b>3,531,700</b>	<b>2,860,000</b>
	Agenda Account	50,000	50,000	0
	Impact Evaluation Account (5%)	176,585	176,585	0
	<b>TOTAL</b>	<b>6,618,285</b>	<b>3,758,285</b>	<b>2,860,000</b>

- 3.5 **Sustainability.** The sustainability of the Program will be mostly determined by the economic, organizational and technical viability and impact of the individual projects.

Their sustainability, to be outlined in business plans by the proponents, will be part of the project selection criteria. Twelve months into the execution of each project, the COF, the EA and MIF will organize a sustainability workshop, which will discuss plans for the operational and financial continuity of the model implemented to offer savings products. The program will also provide support for the long-term sustainability of the individual projects through the dissemination activities and regional workshops.

#### IV. EXECUTING AGENCY AND EXECUTION MECHANISM

##### A. Executing Agency

- 4.1 MIF HQ will be the executing agency for Components 1 and 3 of the Program. An executing unit will be set up, which will include a Program coordinator and a technical advisor for specific activities. Individual projects, to be funded through Component 2, will be executed by applicant institutions in the region. These EA include social protection agencies, financial inclusion programs, regulated financial intermediaries authorized to capture deposits (such as banks or credit unions), financial sector networks, and other institutions interested in promoting the development and implementation of savings products for low income people.
- 4.2 The executing mechanism of the projects via a program rather than through separate projects is necessary for several reasons. Only a visible, regional program will help convey public and private support to a higher scale. This has been demonstrated by CAF's and Citibank Foundation's intention to support the program with counterpart funding, and the expressions of interest of other foundations and LAC social protection agencies to get involved in the promotion of savings among CCTs recipients. This regional program will enhance IDB's and MIF's leadership in the region in the promotion of financial inclusion among CCT recipients, allowing for sharing of learning with governments, financial intermediaries and multilateral organizations. As recent events have shown, a number of players are highly interested in the potential link between savings and CCTs (UNDP, Citibank Foundation, Ford Foundation, social protection programs in many countries, CGAP), but no actors are channeling this interest in concrete actions. This has created a void and an opportunity for MIF to take on a leadership role, as it is seen by many as already a leader in working with financial intermediaries focused on low income people in LAC.

##### B. Execution and administration of the project

- 4.3 **Advisory Committee.** An Advisory Committee will be established among leading actors working in this area, including donors and research centers. This Committee will provide feedback and recommendations in various phases of this program, including the selection of proposals, evaluation of projects, and in the dissemination of the Program and its results.
- 4.4 **Disbursement by Results:** At the project level, project disbursements will be contingent upon the achievement of milestones, which will be agreed between the Executing Agency and the MIF along with their means of verification. Achievement of milestones does not exempt the Executing Agency from the commitment to reach the project's objectives. Under the modality of Performance and Risk-based Project Management, disbursements will be made through an advance of funds required for executing a project up to the first milestone. Subsequent disbursements will be made upon verification that milestones have been reached, as agreed to in the annual operational plan (POA).

- 4.5 **Procurement.** The procurement of goods and the selection and contracting of consulting services will be carried out in accordance with the Bank's policies and procedures set forth in documents GN-2349-7 and GN-2350-7, respectively. Each EA will present a procurement plan, detailing the items, selection modalities and amounts of the goods and services to be procured.

## V. MONITORING AND EVALUATION

- 5.1 **Monitoring.** At the Program level, the technical coordinator, under the supervision of MIF HQ will be in charge of the Monitoring and Evaluation of the Program. At a project level, Country Offices will be responsible for supervising and monitoring the individual projects.
- 5.2 The executing agency implementing individual projects will be responsible for submitting project status reports (PSRs) to the MIF within 30 days after the end of each six month period. These reports will follow a format previously agreed upon with the MIF, and will contain information on project execution, achievement of milestones, and completion of project objectives as stated in the logical framework and other operational planning instruments. The PSR will also describe project issues encountered during execution and outline possible solutions. Within 90 days after the end of the execution period, the executing agency will submit to the MIF a final PSR, which will highlight outcomes, project sustainability, and lessons learned.
- 5.3 **Evaluations.** At the Program level, the resources of the Program will be used to conduct a final evaluation of the Program, to be carried out by an individual consultant hired by the MIF. This evaluation will measure: (i) the progress made in achieving the Program's objectives; (ii) the overall performance of the Program; and (iv) the performance of the Program in channeling resources from multiple Partners for initiatives that fit MIF's mandate. Additionally, it will answer the questions relevant to this Program, included in the Learning, Communicating and Catalyzing (LCC) strategy of the MIF's agenda that aims to expand numbers of people with bank accounts through linking remittances, government payments, etc. with savings and other financial products, contained in the Program Evaluation Plan, Annex III.
- 5.4 Additionally, through social impact evaluations undertaken in selected projects, the impact of the Program on the beneficiaries will be measured. These projects will be selected taking into account: (i) interest, approval and commitment of the executing agency in this process; and (iii) the potential of the project to generate learning in this area of financial inclusion and government transfers. A joint call of proposals will be open in order to select the institution(s) which will carry out these evaluations.<sup>20</sup>
- 5.5 At the project level, the COFs responsible for the supervision of the individual projects will hire independent consultants to perform a final evaluation prior to the last disbursement for each project. The evaluation will review the performance and results of the projects based on indicators established in the logical framework and baseline. The executing agency will perform, with its own resources, an ex-post evaluation two years after project completion.
- 5.6 **Financial supervision.** The executing agency implementing individual projects will establish and be responsible for keeping adequate financial accounts, internal control mechanisms, and filing systems for the project that are consistent with IDB/MIF rules and policies. The project's financial statements will be audited at the end of the execution

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<sup>20</sup> This call of proposals will be undertaken in collaboration with the Social Protection and Health Unit (SPH) of the IDB and the International Development Research Center (IDRC).

period. Supporting documentation for disbursements will be reviewed on an annual, ex post basis. The application and frequency of ex post review of procurements and of supporting documentation for disbursements may be changed by the MIF based on the findings of the reviews and/or later institutional assessments performed during project execution. The IDB/MIF will contract independent auditors to perform both the audit of the financial statements and the ex post review of procurements and supporting documentation for disbursements. The cost of this contract will be covered by the MIF contribution, pursuant to Bank procedures.

- 5.7 At a project level, at least three months before the end of the project disbursement period, the executing agency will hold a closing workshop to be attended by the members of the project team, representatives of the beneficiaries and the sector, and any other individuals agreed upon with the IDB/MIF. The purpose will be to jointly evaluate outcomes, identify additional tasks to ensure the sustainability of project-initiated actions, and identify lessons learned and best practices.

## VI. BENEFITS AND RISKS

### A. Benefits

- 6.1 Access to savings products, both (i) transactional accounts for liquidity management and (ii) contractual savings for asset accumulation will provide low income population, including recipients of CCTs or other social protection payment with a range of benefits including reduction in transactions costs, greater security and opportunity to accumulate assets and access investment tools.
- 6.2 Executing agencies will be strengthened as the technical assistance provided to develop and implement savings products tailored to recipients of CCTs or other type of government payment may include activities such as training of staff and improvement of product promotion and technological platforms. Additionally, EA have exposure in the various conferences, workshops held in this Program.

### B. Beneficiaries

- 6.3 This project will benefit low income people, including recipients of CCTs or other type of government payment, who were previously unbanked. Additionally, this project is expected to benefit regulated financial intermediaries in the region that capture savings that offer either transactional (liquid) or contractual savings to this population on a pilot or at a massive scale.

### C. Risks

- 6.4 Some governments and social programs may not support linking CCTs to savings accounts, and may choose not to partner with private FIs oriented to low income population. To mitigate this risk, the Program will support both pilot projects to develop evidence that savings services can be offered to low income people, as well as strategic communication efforts to advocate in favor of financial inclusion objectives within social protection programs.
- 6.5 In addition, changes in regulatory frameworks that do not enable the promotion of savings may undermine the projects results. To mitigate this risk, the Program will include strategic communication efforts in order to demonstrate the importance of having regulatory frameworks that allow for the provision of various savings options to the low income populations, under prudential parameters.

- 6.6 At a project level, risks will be also identified and measures will be taken in order to mitigate the probability of risks and if decrease the impact of these factors in the project performance.

## VII. ENVIRONMENTAL AND SOCIAL STRATEGY

- 7.1 Given the nature of this Program, mainly related to financial transactions, it is not expected to have a direct environmental impact. In its design and implementation, special attention will be given to activities that may impact vulnerable populations, including women and indigenous individuals. This Program was classified “C” by the project classification toolkit.

## LINKING SOCIAL PROTECTION PAYMENTS TO SAVINGS (RG-M1198)

### LOGICAL FRAMEWORK

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>GOAL</b>			
The goal of this Program is to increase the availability of savings mobilization models targeted to low income populations.	<p><u>Two years after concluding the Program:</u></p> <ul style="list-style-type: none"> <li>CCT recipient beneficiaries show an increase in formalized savings with respect to that of a control group.</li> <li>CCT recipient beneficiaries show improved poverty indicators either with respect to their situation before accessing the savings product or compared to a control group.</li> <li><u>Under-banked population:</u> 300,000 Conditional Cash Transfer (CCT) (or other government payment) recipients access liquid savings accounts for transactions purposes and/or contractual savings for capital accumulation.</li> <li><u>Unbanked population:</u> 100,000 low-income people access, for the first time, liquid savings accounts for transactions purposes and/or contractual savings for capital accumulation.</li> <li>Twenty Financial Institutions (FIs) offer liquid savings accounts for transactions purposes and/or contractual savings for capital accumulation, targeted to recipients of CCTs (or other government payments).<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Final Program evaluation</li> <li>Agenda evaluation (including industry benchmarking survey and periodic updates.)</li> <li>Social Impact Evaluations to be conducted on a segment of supported subprojects.</li> </ul>	<p>Macroeconomic conditions remain stable. There is stability in the financial sector in LAC.</p>
<b>PURPOSE</b>			
The purpose is to establish the business case for the development and implementation of liquid and contractual savings products targeted to recipients of CCTs or other social protection payments in the LAC region.	<p><u>By the end of the Program:</u></p> <ul style="list-style-type: none"> <li><u>Under-banked population:</u> 136,000 CCT (or other government payment) recipients access liquid savings accounts for transactions purposes and/or contractual savings for capital accumulation, through FI Program beneficiaries.</li> <li><u>Unbanked population:</u> An additional 45,000 low-income people access, for the first time, liquid savings accounts for transactions purposes and/or contractual savings for capital accumulation, through FI Program beneficiaries.</li> <li>Fourteen Financial Institutions (FIs) offer liquid savings accounts for transactions purposes and/or contractual savings</li> </ul>	<ul style="list-style-type: none"> <li>Individual projects baseline</li> <li>Mid-term and Final Program Evaluation</li> <li>Final Project Evaluations</li> <li>Project Status Reports (PSR).</li> </ul>	<p>Governments in LAC will continue to implement Conditional Cash Transfer programs and other subsidy/payment programs to low-income people. There is stability in the financial sector in LAC.</p> <p>Regulatory framework remains favorable for</p>

<sup>1</sup> An estimated ten of these FIs will have been directly supported by the program, and continue to offer the savings products. An additional 10 FIs, not directly supported by the program, will have chosen to replicate the program's lessons and launch savings products targeted to government payment recipients.

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	for capital accumulation, targeted to recipients of CCTs (or other government payments).		deposit-taking institutions. Financial service providers and social protection agencies recognize the potential of linking savings and government transfers or payments and maintain their interest and commitment throughout the Program.
<b>COMPONENTS</b>			
Component I: Program set-up and project selection.	<u>At month 3:</u> <ul style="list-style-type: none"> <li>A Program Advisory Committee is formed.</li> </ul> <u>At month 6:</u> <ul style="list-style-type: none"> <li>Program communication campaign launched.</li> </ul> <u>By month 9:</u> <ul style="list-style-type: none"> <li>Seven project proposals are selected.</li> </ul> <u>By month 12:</u> <ul style="list-style-type: none"> <li>Fourteen project proposals are selected.</li> </ul> <u>By the end of the Program:</u> <ul style="list-style-type: none"> <li>At least two donors have contributed to the Program by financing projects.</li> </ul>	<ul style="list-style-type: none"> <li>Agreements with Program Advisory members</li> <li>Final Program Evaluation</li> <li>Project Status Reports (PSR).</li> <li>Online platform</li> <li>Minutes of Program Advisory Committee selection meetings.</li> <li>Co-financing agreements with donors.</li> </ul>	Beneficiaries maintain their commitment throughout the Program
Component II: Funding of individual projects.	<u>By the end of the Program:</u> <ul style="list-style-type: none"> <li>At least five new business models will be successfully developed<sup>2</sup> offering liquid savings accounts for transactions purposes, targeted to recipients of CCTs (or other government payments.)</li> <li>At least seven new business models will be successfully developed offering contractual savings for capital accumulation targeted to recipients of CCTs (or other government payments.)</li> </ul>	<ul style="list-style-type: none"> <li>Mid-term and Final Program Evaluation</li> <li>Project Status Reports (PSR).</li> <li>Individual Project proposals and Project execution agreements.</li> </ul>	The business models developed are sustainable and profitable.

<sup>2</sup> The success of the business models will be determined on the basis of scalability, profitability, sustainability and affordability for clients.

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Component III: Learning, Communicating and Catalyzing.	<p><u>By month 6:</u></p> <ul style="list-style-type: none"> <li>A communication strategy for the Program has been established.</li> </ul> <p><u>By the end of the Program:</u></p> <ul style="list-style-type: none"> <li>At least five projects are going through a social impact evaluation.</li> <li>The Program's online site is one of the main information resource in this field and has served as the main exchange platform among the various players in the sector in the region.</li> </ul>	<ul style="list-style-type: none"> <li>Mid-term and Final Program Evaluation</li> <li>Project Status Reports (PSR).</li> <li>Communication strategy</li> <li>Online platform hit rate statistics</li> <li>Knowledge products on website</li> </ul>	The various audiences understand the benefits of linking government's payments or transfers to savings.

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION
<b>ACTIVITIES</b>		
<b>Component I: Program Set-up and Project Selection</b>		
<p>1.1 Establishment of the Advisory Committee (definition of roles, finalization of agreements, establishment of evaluation strategy.)</p> <p>1.2 Establishment of co-financing mechanism for Program donors.</p> <p>1.3 Promotional activities to raise awareness of Program objectives.</p> <p>1.3.1 Promotional Events (Organized by the MIF)</p> <p>1.3.2 Participation in external events</p> <p>1.3.3 Online platform development</p>	<p><u>By month 3:</u></p> <ul style="list-style-type: none"> <li>The first full Advisory Committee meeting is held.</li> <li>Project selection methodology is established.</li> </ul> <p><u>By month 6:</u></p> <ul style="list-style-type: none"> <li>A shortlist of proposals is selected by the Program.</li> <li>Promotional materials are available for distribution.</li> </ul> <p><u>By month 9:</u></p> <ul style="list-style-type: none"> <li>A first round of at least 7 projects is launched.</li> <li>At least one promotional event has been held.</li> </ul> <p><u>By month 18:</u></p> <ul style="list-style-type: none"> <li>The first promotional event is held.</li> <li>A second shortlist of potential projects is established.</li> </ul> <p><u>By month 24:</u></p> <ul style="list-style-type: none"> <li>A second round of projects is launched.</li> </ul>	<ul style="list-style-type: none"> <li>Mid-term and Final Program Evaluation</li> <li>Project Status Reports (PSR).</li> <li>Advisory Committee minutes.</li> <li>Promotional material</li> <li>Event material and participants list</li> </ul>

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION
<p>1.3.4 Promotional printed materials</p> <p>1.4 Support to development of full proposals</p> <p>1.5 Development of project selection methodology</p> <p>1.6 Selection of projects</p>		
<b>Component 2: Financing of Individual Projects</b>		
<p>2.1 Allocation of funds</p> <p>2.2 Technical Advisory on feasibility of proposals</p> <p>2.3 Project funding</p>	<p><u>By month 9:</u></p> <ul style="list-style-type: none"> <li>A first round of at least 7 projects receives Program funding.</li> </ul> <p><u>By month 24:</u></p> <ul style="list-style-type: none"> <li>A second round of projects receives Program funding.</li> </ul> <p><u>By month 36:</u></p> <ul style="list-style-type: none"> <li>At least three staff members in every financial institution are trained on the development, promotion or any other activity related to savings products targeted to social protection programs recipients.</li> </ul>	
<b>Component 3: Learning, Communicating and Catalyzing</b>		
<p>3.1 Social Impact Evaluation</p> <p>3.1.1 Social impact evaluation strategy development</p>	<p><u>By month 3:</u></p> <ul style="list-style-type: none"> <li>A social impact evaluation strategy is developed.</li> <li>A subset of projects for randomized/control group impact evaluations are selected.</li> </ul> <p><u>By month 6:</u></p> <ul style="list-style-type: none"> <li>At least two projects have integrated impact evaluations into project</li> </ul>	<ul style="list-style-type: none"> <li>Mid-term and Final Program Evaluation</li> <li>Project Status Reports (PSR).</li> <li>Case studies</li> <li>Project documents</li> </ul>

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION
<p>3.1.2 Selection of subset of projects for randomized/control group impact evaluations (i.e. beneficiary-level evaluation, savings product-level evaluation.)</p> <p>3.1.3 Integration of impact evaluations into project design</p> <p>3.1.4 Joint RFP for project impact evaluation</p> <p>3.1.1 Social impact evaluation for specific projects</p> <p>3.2 Dissemination</p> <p>3.2.1 Technical exchanges and presentations in key events on savings and social protection programs</p> <p>3.2.2 Regional workshops and training sessions on savings and social protection programs</p> <p>3.2.3 Technical colloquium</p> <p>3.2.4 Online platform management (updates, blogs, news, communications, lessons sharing)</p> <p>3.2.5 Preparation of case studies, testimonials, lessons learned and other knowledge products of implemented projects, in partnerships with LAC universities, research institutes, and Other Leading Actors in this field</p> <p>3.2.6 Other Communication and Dissemination costs (design, printing, translation, shipping, capturing and filming of</p>	<p>design.</p> <p><u>By month 9:</u></p> <ul style="list-style-type: none"> <li>▪ One RFP for project impact evaluation has been completed.</li> </ul> <p><u>By month 24:</u></p> <ul style="list-style-type: none"> <li>▪ At least 3 projects have integrated impact evaluations into project design.</li> </ul> <p><u>By the end of the Program:</u></p> <ul style="list-style-type: none"> <li>▪ At least 4 case studies have been created in partnership with universities in the LAC region.</li> <li>▪ At least 2 regional workshops and training sessions on savings and social protection programs are held.</li> <li>▪ One technical colloquium on savings and social protection payment is held.</li> <li>▪ Dissemination material is available for distribution.</li> <li>▪ Five projects have integrated impact evaluations into project design.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Promotional material</li> <li>▪ Workshop material and participants list</li> <li>▪ Colloquium material and participants list</li> <li>▪ Impact Evaluations</li> </ul>

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION
testimonials, uploading online) 3.2.7 Programs communications strategy coordinator		

Annex II										
Linking Social Protection Payments to Savings (RG-M1198)										
DETAILED BUDGET										
	Components	Concept	Unit Value	Quantity	Total Program	Total MIF	Total Counterpart	Counterpart Other Donors	Counterpart Other Donors (In kind)	Local Counterpart
	<b>C 1: Program Set-up and Project Selection</b>				<b>103,200</b>	<b>43,700</b>	<b>59,500</b>	<b>47,500</b>	<b>12,000</b>	<b>0</b>
1.1	Establishment of the Advisory Committee (definition of roles, finalization of agreements, establishment of evaluation strategy.)	0	0.00							
1.2	Establishment of co-financing mechanism for program donors.	0	0.00							
1.3	Promotional activities to raise awareness of program objectives.				<b>90,000</b>	<b>42,500</b>	<b>47,500</b>	<b>47,500</b>		
1.3.1	Promotional Event (Organized by the MIF)	Event	30,000	1	30,000	15,000	15,000	15,000		
1.3.2	Participation in external events	Participation	2,500	4	10,000	10,000	0			
1.3.3	Online platform development	Platform	25,000	1	25,000	12,500	12,500	12,500		
1.3.4	Promotional materials		25,000	1	25,000	5,000	20,000	20,000		
1.4	Support to the development of full proposals	0	0.00							
1.5	Development of project selection methodology	0	0.00							
1.6	Selection of projects	Advisory Committee Meetings	6,600	2	13,200	1,200	12,000		12,000	
	<b>C2: Financing of Individual Projects</b>				<b>5,086,000</b>	<b>2,883,000</b>	<b>2,203,000</b>	<b>1,003,000</b>	<b>0</b>	<b>1,200,000</b>
2.1	Allocation of funds.	Due diligences	2,500	14	35,000	22,500	12,500	12,500		
2.2	Technical Advisory on feasibility of proposals	Consultant/day	600	135	81,000	40,500	40,500	40,500		
2.3	Project funding.	Avg project	355,000	14	4,970,000	2,820,000	2,150,000	950,000		1,200,000
	<b>C3: Learning, Communicating and Catalyzing</b>				<b>868,500</b>	<b>438,000</b>	<b>430,500</b>	<b>410,500</b>	<b>20,000</b>	
3.1	<b>Social Impact Evaluation</b>				<b>407,500</b>	<b>50,000</b>	<b>357,500</b>	<b>357,500</b>		
3.1.1	Social impact evaluation strategy development									
3.1.2	Selection of subset of projects for randomized/control group impact evaluations (i.e. beneficiary-level evaluation, savings product-level evaluation.)									
3.1.3	Integration of impact evaluations into project design									
3.1.4	Joint RFP for project impact evaluation									
3.1.1	Social impact evaluation for specific projects	Impact Evaluation	81,500	5	407,500	50,000	357,500	357,500		
3.2	<b>Dissemination</b>				<b>461,000</b>	<b>388,000</b>	<b>73,000</b>	<b>53,000</b>	<b>20,000</b>	
3.2.1	Technical exchanges and presentations in key events on savings and social protection programs	Participation	2,500	30	75,000	75,000				
3.2.2	Regional workshops and training sessions on savings and social protection programs	Conference	20,000	4	80,000	50,000	30,000	10,000	20,000	
3.2.3	Technical colloquium	Event	10,000	1	10,000	2,000	8,000	8,000		
3.2.4	Online platform management (updates, blogs, news, communications, lessons sharing)	Consultant Firm (month)	625	32	20,000	15,000	5,000	5,000		
3.2.5	Preparation of case studies, testimonials, lessons learned and other knowledge products of implemented projects, in partnerships with LAC universities, Think Tanks, and Other Leading Actors in this Field	Partnership/ package of knowledge products	15,000	6	90,000	66,000	24,000	24,000		
3.2.6	Other Communication and Dissemination costs (design, printing, translation, shipping, capturing and filming of testimonials, uploading online)		12,000	3	36,000	30,000	6,000	6,000		
3.2.7	Programs communications strategy coordinator	Expert/year	50,000	3	150,000	150,000				
	<b>ADMINISTRATION, AUDIT &amp; PROGRAM</b>				<b>334,000</b>	<b>167,000</b>	<b>167,000</b>	<b>167,000</b>		
a.1	Program Coordinator & Admin.	Monthly Admin Cost	7,889	36	284,000	117,000	167,000	167,000		
a.2	Program Assessment	Final Evaluation	50,000	1	50,000	50,000				
	<b>SUBTOTAL</b>				<b>6,391,700</b>	<b>3,531,700</b>	<b>2,860,000</b>	<b>1,628,000</b>	<b>32,000</b>	<b>1,200,000</b>
	<b>Agenda Account</b>		50,000	1	50,000	50,000				
	<b>Impact Evaluation Account (5%)</b>		176,585	1	176,585	176,585				
	<b>TOTAL</b>				<b>6,618,285</b>	<b>3,758,285</b>	<b>2,860,000</b>	<b>1,628,000</b>	<b>32,000</b>	<b>1,200,000</b>