

PROJECT STATUS REPORT

JULY 2011 - DECEMBER 2011

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Prosavings - Promotion of Contractual and Transactional Savings in LAC

Project Number: RG-M1198 - Operation Number: ATN/ME-12679-RG

Purpose: 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.

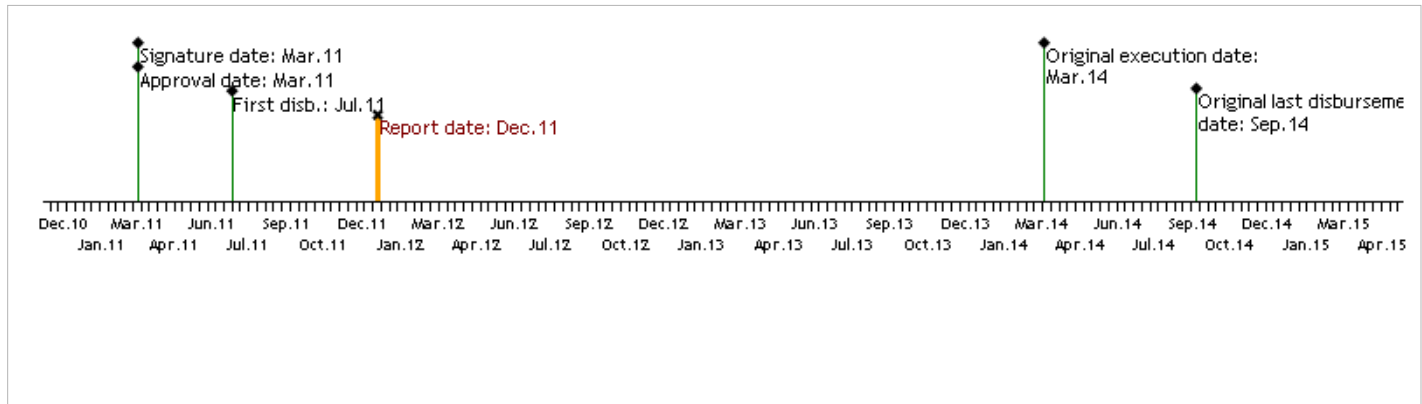
Country Administrator
UNITED STATES

Beneficiary Country
UNITED STATES

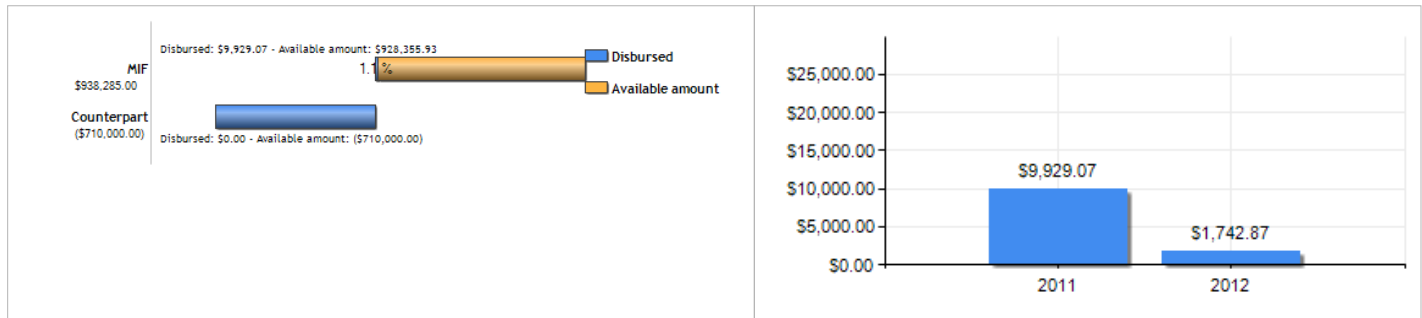
Executing Agency: INTER-AMERICAN DEVELOPMENT BANK

Design Team Leader: Bajuk, Natasha
Supervision Team Leader: Vivanco, Fermin

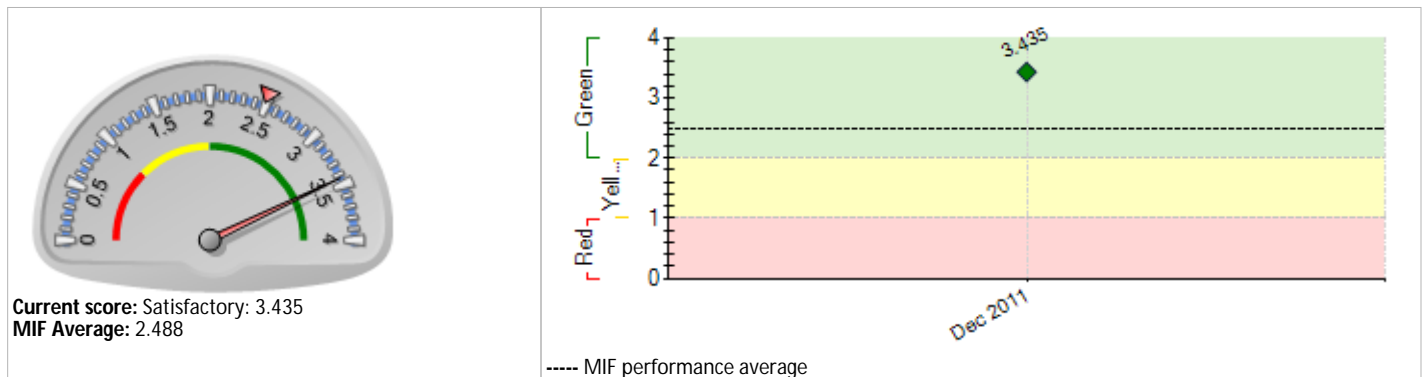
TIMELINE



FUNDS



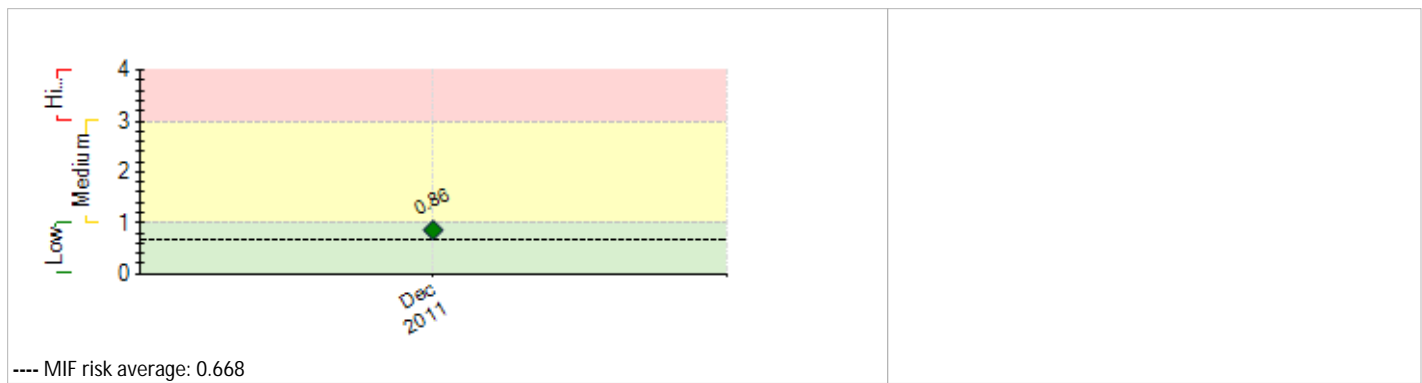
PERFORMANCE SCORE



EXTERNAL RISKS

INSTITUTIONAL CAPACITY

Risk
Financial Management: 0
Procurement: 0
Technical Capacity: 0



SECTION 2: PERFORMANCE

Summary of project performance in the last six months

For the first year of Pro-Savings, the Program team and the Advisory Committee – conformed in June 24th - selected 7 of 12 proposals which 6 were completed as projects after the due diligences in Colombia, Peru, Dominican Republic and El Salvador. Colombian and Dominican Republic projects had QED and QRR evaluation, and will be approved in January 2012. The 4 remaining are expected to be approved between February and March, 2012.

The Program was disseminated in different events through 2011 and was launched during the FOROMIC in October. During the event it was developed a savings panel, in which representatives from different countries talk about CCT's recipients as an opportunity for financial inclusion and for IMF's to explore new markets. At the end of the year, Eb-factory was hired as the company to develop Program's web site and the graphical brand. It is expected to be launched in April during an event hosted by Proyecto Capital in Cuzco, Peru.

The Program team also worked in the social impact evaluation to be applied at least to 4 projects. A collaboration agreement was signed between BID/FOMIN and the International Development Research Centre (IDRC) and the call of proposals is expected to have results during the first semester in 2012.

The main difficulties for the first year were the delays with countries no objection for the projects presented in Colombia and Dominican Republic. That is why they could not be approved during 2011. The Program also present delays with the web site and brand development, because the e-sourcing process recommended by KLC lasted 8 months, and the proposals presented did not offered what the Program required and the budgets were too high.

Next steps: following up the execution of the projects approved; developing and launching of the Program's web site; working on the second short list of potential projects; selecting the research team for the social impact evaluation in Dominican Republic with Banco Adopem, developing different events in Panama and Guatemala for Program's dissemination and also participating in other events to present Pro-savings.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

I agree, the Program reports successes in many of its areas during 2011. For example the selection and due diligence of projects showed progress with 7 projects under due diligence. Equally important were the LCC activities with presentations of the Prosavings program in events organized by the World Council of Savings Banks (in Lima), USAID Microlinks (Washington), New American Foundation (Washington), Seep Network (Washington), and Visa (Dominican Republic).

SECTION 3: INDICATORS AND MILESTONES

Indicators	Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Purpose: 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.11 Under-banked population: 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.	0			136000	0	
		Mar 2011			Sep 2013		
	P.12 Unbanked population: 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.	0			45000	0	
		Mar 2011			Sep 2013		
	P.13 Fourteen 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).	0			14	0	
		Mar 2011			Sep 2013		
Component 1: Program Set-up and Project Selection Weight: 20% Classification: High Satisfactory	C1.11 A Program Advisory Committee is formed.					Yes	Finished
					Jun 2011	Jun 2011	
	C1.12 Program communication campaign launched.					No	Delayed
					Sep 2011	Dec 2011	
	C1.13 Project proposals are selected.	0	7		14	7	On Course
		Mar 2011	Dec 2011		Mar 2012	Sep 2011	
	C1.14 At least two donors have contributed to the Program by financing projects.	0			2	2	Finished
		Mar 2011			Sep 2013	Dec 2011	
Component 2: Funding of individual projects. Weight: 60%	C2.11 At least five new business models will be successfully developed offering liquid savings accounts for transactions purposes, targeted to recipients of CCTs (or other government payments.)	0			5	3	On Course
		Mar 2011			Sep 2013	Dec 2011	

Classification: High Satisfactory	C2.12 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.)	0				7	3	On Course
		Mar 2011				Sep 2013	Dec 2011	
Component 3: Learning, Communicating and Catalyzing. Weight: 20% Classification: High Satisfactory	C3.11 A communication strategy for the Program has been established.					Sep 2011	Yes Oct 2011	Finished
	C3.12 At least five projects are going through a social impact evaluation.	0				5 Sep 2013	0 Dec 2011	On Course
	C3.13 ? 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.	Mar 2011				Sep 2013		

Milestones		Planned	Due Date	Achieved	Date achieved	Status
M0	Previous Conditions	1	Sep 2011	1	Sep 2011	Achieved

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Design of project/Components
[X] Others, which?: Non objection delays from Governments

SECTION 4: RISKS**MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE**

	Level	Mitigation action	Responsible
1. Beneficiaries maintain their commitment throughout the Program	Medium	,	Project Coordinator
2. The business models developed are sustainable and profitable.	Medium	a	Project Coordinator
3. 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.	Medium	n	Project Coordinator
4. There is stability in the financial sector in LAC.	Medium	n/a	Project Coordinator
5. Macroeconomic conditions remain stable. There is stability in the financial sector in LAC.	Low	N/A	Project Coordinator
PROJECT RISK LEVEL: Medium TOTAL NUMBER OF RISKS: 8 IN EFFECT RISKS: 8 NOT IN EFFECT RISKS: 0 MITIGATED RISKS: 0			

SECTION 5: SUSTAINABILITY

Likelihood of project sustainability after project completion: HP - Highly Probable

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

Issue	Comments
[X] Lack of cost recovery mechanisms or external financing sources (government, donors and/or private sector) to continue the activities of the project once MIF resources are expended	Savings for very low income people need new business models. The program expects that banks and other financial institutions will develop ways of offering microsavings services sustainably, with adequate product design, pricing, alternative channels, and cross selling strategies but this is not yet demonstrated
Actions related to sustainability which will be or have been implemented: The Program is in the design stage and there are no actions related to sustainability to be reported.	

SECTION 6: PRACTICAL LESSONS

	Relative to	Author
1. In some cases, the fact of talking about CCT's recipients as beneficiaries in the Pro-Savings program generates doubts about the need of an agreement to be done with CCT's Programs, or it is also understood as a Program that develops savings products engaged with the payment as it. These misunderstandings have generated delays, as it occurred with Colombian no objection.	Design	Reyes Hurtado, Andrea
2. Finding: The financial intermediaries that presented proposals have expressed their interest in developing savings products aimed to CCT's recipients, as a strategy to reach low income population. However, they do not know much about this segment, their behavior, characteristics etc., despite having low income clients they are not on the bottom of the pyramid. For this reason, projects include market research with emphasis in CCT's behavior and needs.	Design	Reyes Hurtado, Andrea