

PROJECT STATUS REPORT

JANUARY 2012 - JUNE 2012

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.

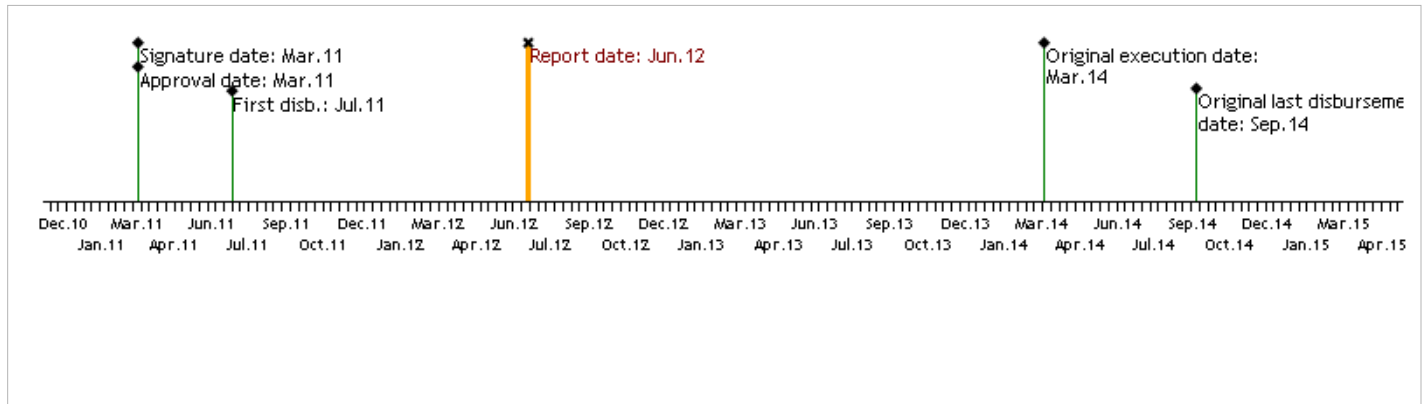
Country Administrator
UNITED STATES

Beneficiary Country
UNITED STATES

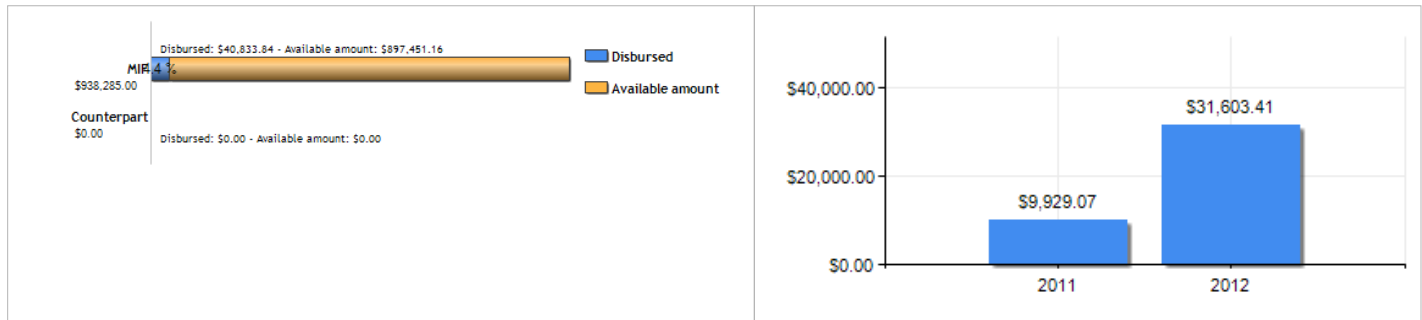
Executing Agency: INTER-AMERICAN DEVELOPMENT BANK

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

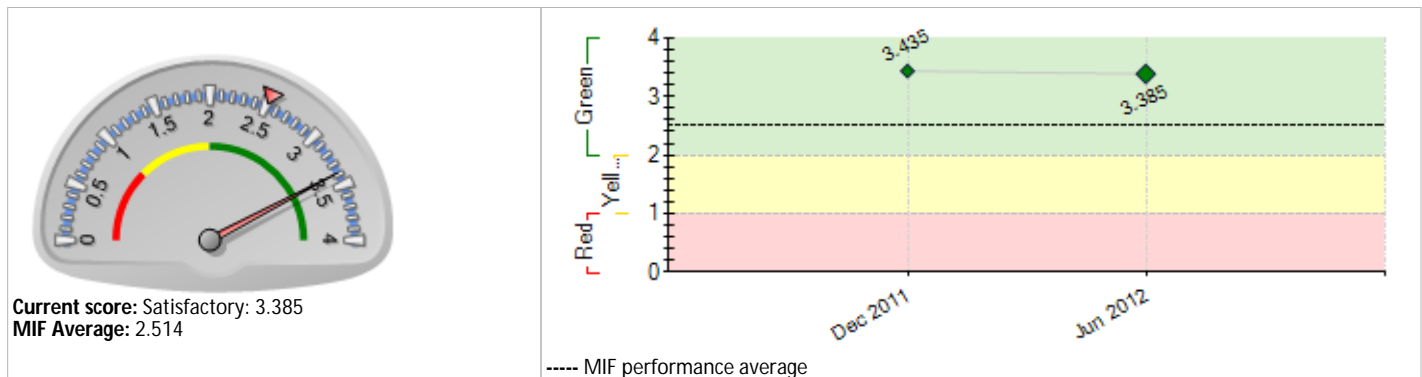
TIMELINE



FUNDS



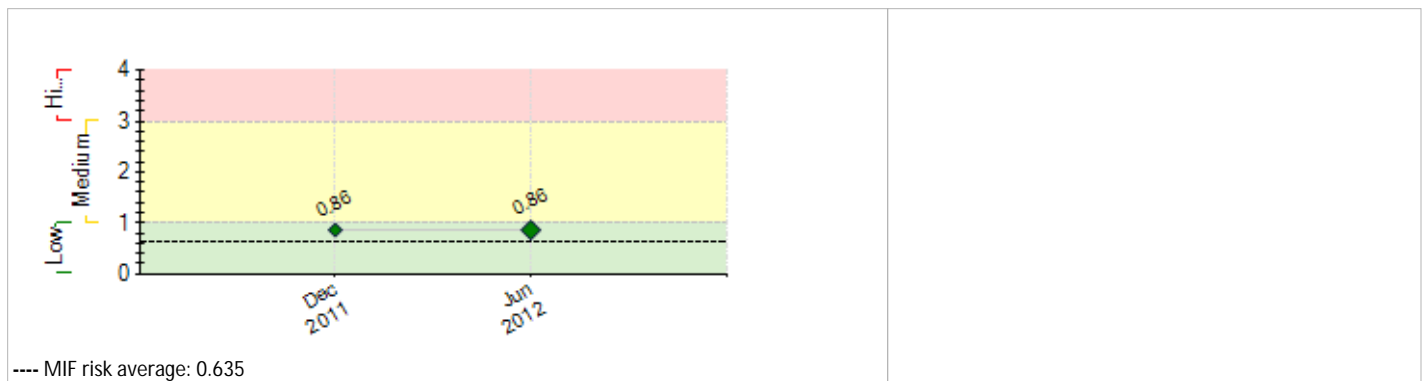
PERFORMANCE SCORE



EXTERNAL RISKS

INSTITUTIONAL CAPACITY

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



SECTION 2: PERFORMANCE

Summary of project performance since inception

Up to date, the Program has received a total of twelve proposals from Colombia, Peru, El Salvador, Dominican Republic, Panama, Bolivia, Paraguay and Ecuador. Seven projects have been developed and two new projects will have analysis mission between September and October for a total of nine projects under ProSavings Program.

Three projects have been approved and funded by the Multilateral Investment Fund, Citi Foundation and Australian Agency for International Development and will begin execution during the second part of the year. Other partners of the Program are the Development Bank of Latin America (CAF) and the International Development Research Centre (IDRC).

Different events and activities have been held for the Program dissemination and as a result it is almost achieved the goal established for the three years of the Program. It is expected to develop between 10 and 14 projects until 2014.

Regarding impact evaluation, the project in Dominican Republic which will be executed by the Bank Adopem was selected for a rigorous impact evaluation and will begin activities late 2012.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

The performance of the program has been very positive, the fact that the first three projects which were approved during the first half of 2012 was a complete success. Also, under the coordination of Andrea, the program gathered key support from partners both at the Bank and outside the bank.

Summary of project performance in the last six months

During the second year of the Program, 5 new proposals were received from Panama, Guatemala, Ecuador, Paraguay and Bolivia, and will be presented during the second Advisory Committee meeting that will take place on July 18th. Up to date the Program has developed 7 projects; 3 of them are approved and will begin execution during the second part of the year. The 4 projects remaining are expected to be approved in September, 2012.

Regarding Program dissemination three events were developed in Panama and Guatemala in which different banks, cooperatives, NGO's and Government Programs participated. Seven institutions from both countries expressed interest after these events and three presented a detailed project proposal. In the same vein, the Program's website will be launched on September 4th in Panama.

The call for proposals for the impact evaluation was launched in coordination with different units of the IDB and the International Development Research Centre. Two research teams were pre-selected to develop the impact evaluation for Adopem project which will begin late this year.

Difficulties: Since it is a new segment of clients, financial intermediaries take longer reviewing and adjusting the documents of the project delaying the approval process.

Next steps: Continue working on the new proposals and monitor the execution of the projects approved; develop planned savings products consultancy and develop Savings and CCT's workshop with Caixa Econômica

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

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.I1 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.I2 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.I3 Fourteen Financial Institutions (FIs) offer liquid savings	0				14	0	

accounts for transactions purposes and/or contractual savings for capital accumulation, targeted to recipients of CCTs (or other government payments).	Mar 2011				Sep 2013		
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Component 1: Program Set-up and Project Selection Weight: 20% Classification: High Satisfactory	C1.11	A Program Advisory Committee is formed.					Jun 2011	Yes	Finished
	C1.12	Program communication campaign launched.					Sep 2011	No	Delayed
	C1.13	Project proposals are selected.	0	7			14	12	Delayed
	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% Classification: High Satisfactory	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
	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.)	Mar 2011				Sep 2013	Dec 2011	
			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	Finished
	C3.12	At least five projects are going through a social impact evaluation.	0				5	1	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	Jun 2012	
							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

[None reported in this period]

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] A market is not generated for the project's services and/or activities (low payment capacity or low demand for those services)	With this program we are trying to prove that is viable for financial institutions to offer microsavings services to recipients of social protection payments. There's a risk that some of these projects the financial intermediaries may find that potential users of formal savings products may prefer to save informally.

Actions related to sustainability which will be or have been implemented:

Up to date, all the projects developed under ProSavings Program have defined training activities for staff of financial intermediaries in order to leave installed capacity in the region and ensure the sustainability of the projects. The Program also has special emphasis in developing a business case for financial intermediaries in whom offering savings products tailored to low income people are profitable for the financial institution and meet low income people needs.

SECTION 6: PRACTICAL LESSONS

1. Public and private financial institutions have shown interest in developing savings products for conditional cash transfer's (CCT) recipients, as a new market to explore. In Latin America and the Caribbean region there are different kind of institutions that have developed planned (contractual) savings products, based on methodologies used by low income people to save. These savings products have been designed in the same way informal savings groups work.

Relative to
Design

Author
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