

PROJECT STATUS REPORT

JULY 2012 - DECEMBER 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

Result: 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:

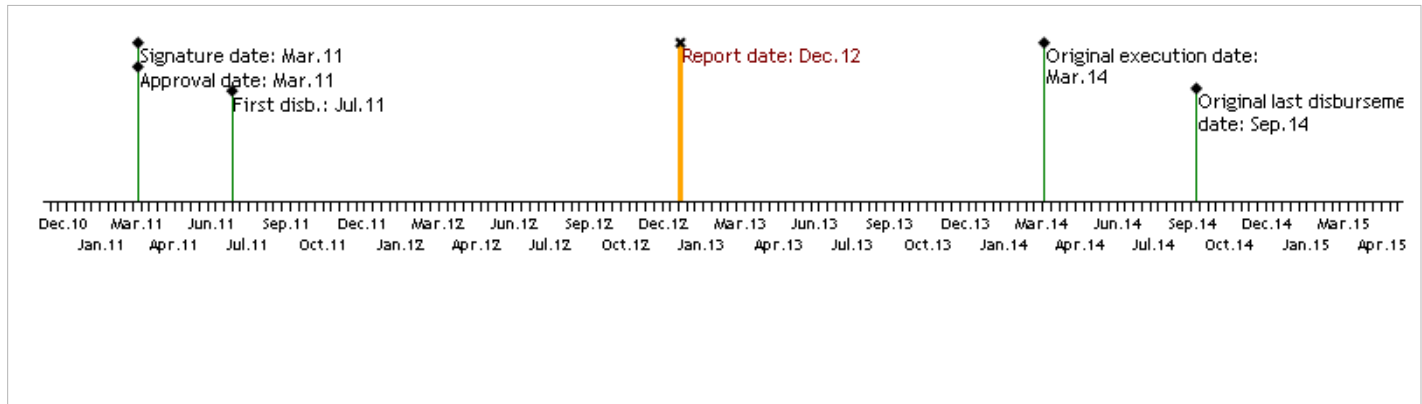
Design Team Leader:

Bajuk, Natasha

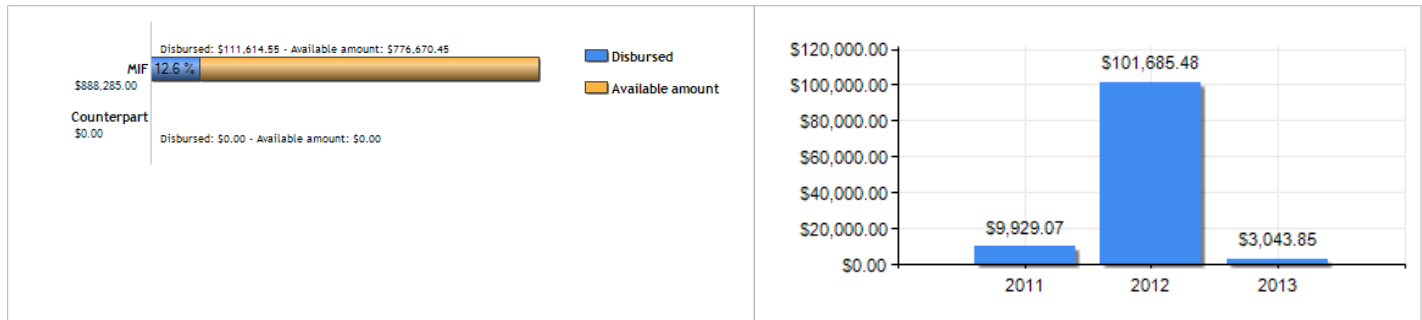
Supervision Team Leader:

Vivanco, Fermin

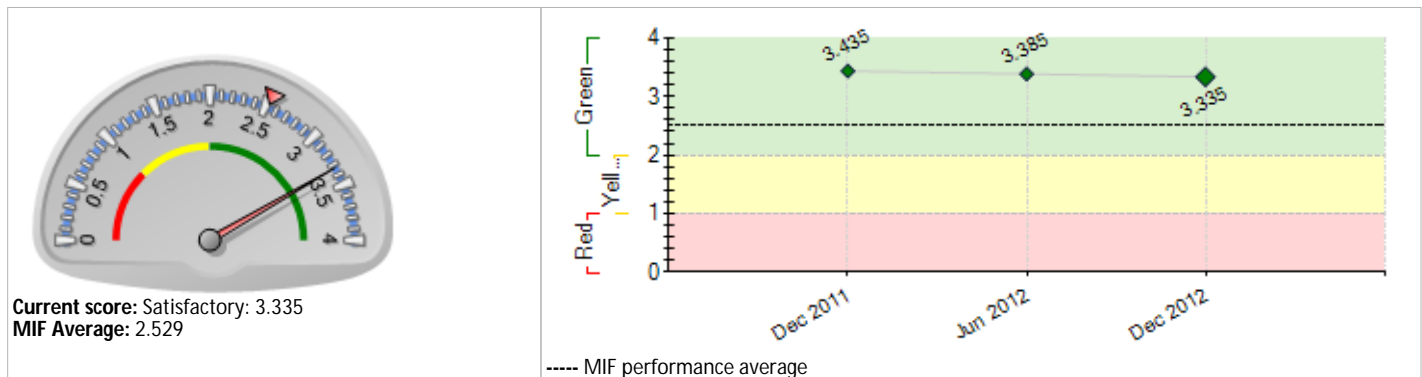
TIMELINE



FUNDS



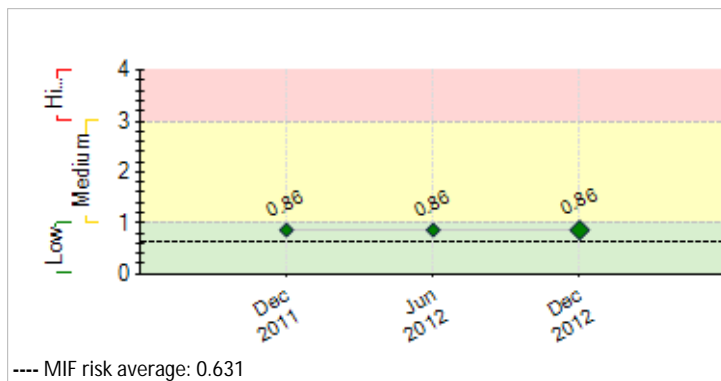
PERFORMANCE SCORE



EXTERNAL RISKS

INSTITUTIONAL CAPACITY

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



SECTION 2: PERFORMANCE

Summary of project performance since inception

The ProSavings Program, as established under its framework, has a goal of developing 10 to 14 projects within three years of its execution. Currently, 18 months into execution, six projects have been approved and three more are underway, for a total of nine projects. During the first ProSavings Advisory Committee meeting in 2011, 12 preselected proposals went under review. During the second meeting held on July 18, 2012, five additional proposals were preapproved. Thus, a total of 17 proposals have been reviewed to date.

As part of its knowledge and communication component, the Program has organized a series of dissemination workshops in Washington, D.C., Dominican Republic, Panama and Guatemala. It also launched its official website during the second half of 2012 and published a document that consolidates financial education approaches and methodologies targeted to low-income populations, based on the contents of a prior workshop. The program has also launched a study on lessons learned and best practices on planned savings products in LAC, which is due for completion early in 2013. During this same year, the six approved projects will begin execution. Therefore the program expects, by late 2013, to report on its first key findings and results from pilot experiences with savings products tailored to CCT recipients.

Additionally, two projects have been selected to undergo a rigorous impact evaluation, Dominican Republic and Peru. In the case of the Dominican Republic the impact evaluation process is set to begin during the first half of 2013.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

The program has been progressing and its well positioned to achieve the proposed goals, for the projects to be approved, the knowledge products to be developed, and the impact evaluations to be conducted.

Summary of project performance in the last six months

By the end of the year, the projects developed under Prosavings Program were co-financed by Citi Foundation, CAF, and AusAID.

ProSavings website, the main communication strategy of the Program, was launched in September during the events held by the Seep Network and Redcamif in Panama. Program dissemination events also were developed in Panama and Guatemala and the Program's team participated in the annual meeting held by WSBI in Washington DC in November, among other events during 2012.

Regarding knowledge activities and knowledge products, two workshops were developed in Washington D.C.: the first one with Caixa Económica Federal about alternative distribution channels and planned savings products for low income people, and the second one about financial education for savings targeted to low income people. There are two documents compiling the memories of each event, which are available in the web site. An additional document will be finished early 2013 that contains a study about planned savings products: lessons learnt and best practices.

During the second part of the year the main difficulties were about the delays for the first disbursement for the projects. Once they are approved, there are several steps and procedures in the country office to complete the first disbursement, especially for the projects with more than one donor.

For the next year at least 12 projects will be approved, kick off events will be developed for 5 projects and at least 5 more knowledge products will be identified under Prosavings program.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Pro-Savings Program under Andrea coordination is becoming a flagship program for the Financial Inclusion work of the MIF, and an excellent platform to work with leading financial inclusion stakeholders including donors and financial intermediaries.

SECTION 3: INDICATORS AND MILESTONES

Indicators	Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Result: 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 Mar 2011				136000 Sep 2013	0	
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 Mar 2011				45000 Sep 2013	0	
P.I3 Fourteen Financial Institutions (FIs) offer liquid savings accounts for transactions purposes and/or contractual	0				14	0	

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	C1.1	A Program Advisory Committee is formed.					Yes	
						Jun 2011	Jun 2011	
	C1.12	Program communication campaign launched.					Yes	
						Sep 2011	Sep 2012	
	C1.13	Project proposals are selected.	0	7		14	12	Delayed
Component 2: Funding of individual projects. Weight: 60% Classification: High Satisfactory			Mar 2011	Dec 2011		Mar 2012	Oct 2012	
	C1.14	At least two donors have contributed to the Program by financing projects.	0			2	3	Finished
			Mar 2011			Sep 2013	Dec 2012	
	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	8	Finished
			Mar 2011			Sep 2013	Dec 2012	
Component 3: Learning, Communicating and Catalyzing. Weight: 20% 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	6	
			Mar 2011			Sep 2013	Dec 2012	
	C3.11	A communication strategy for the Program has been established.					Yes	
						Sep 2011	Oct 2011	
	C3.12	At least five projects are going through a social impact evaluation.	0			5	1	
			Mar 2011			Sep 2013	Jun 2012	
	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.					No	
						Sep 2013	Dec 2012	

Milestones	Planned	Due Date	Achieved	Date achieved	Status
M1 Previous Conditions	1	Sep 2011	1	Sep 2011	Achieved

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Others, which?: Difficulties to find experts in savings

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 commitment from the executing agency to continue or expand the project's services and/or activities	In one particular case, WOCCU, but the MIF was able to find a solution and find a better executing agency

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

The projects developed under ProSavings Program have defined training activities for financial intermediaries staff in order to ensure the sustainability of the projects. The Program also has special emphasis in developing a business case 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. Financial education targeted to the low-income population must be innovative both in terms of content and methodologies and must surpass traditional methods. Further, it is important that financial education be linked to the products offered by the institution.	Relative to Design	Author Reyes Hurtado, Andrea
2. There is an interest amongst financial institutions that serve middle and low-income clients, to offer savings products for people living in poverty. However, there is insufficient knowledge about the specific behavior and needs of this segment, or about the profitable and sustainable business strategies that can be used to reach it. There is both a demand and need for institutions to conduct market research in order to better understand and serve this population segment	Design	Reyes Hurtado, Andrea
3. There are different successful experiences with microsavings products in the region that require greater dissemination efforts in order to motivate and generate trust amongst financial entities that are looking to the low-income segment as a potential client source.	Design	Reyes Hurtado, Andrea
4. Financial inclusion initiatives increasingly target the low-income population. In order to reach this segment, a special emphasis has been placed on savings as the first step towards accessing the formal financial system. Nonetheless, discord remains among different actors who question the savings capacity of the low-income population, despite existing evidence in favor of it	Design	Reyes Hurtado, Andrea