

# PROJECT STATUS REPORT

JANUARY 2014 - JUNE 2014

## 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

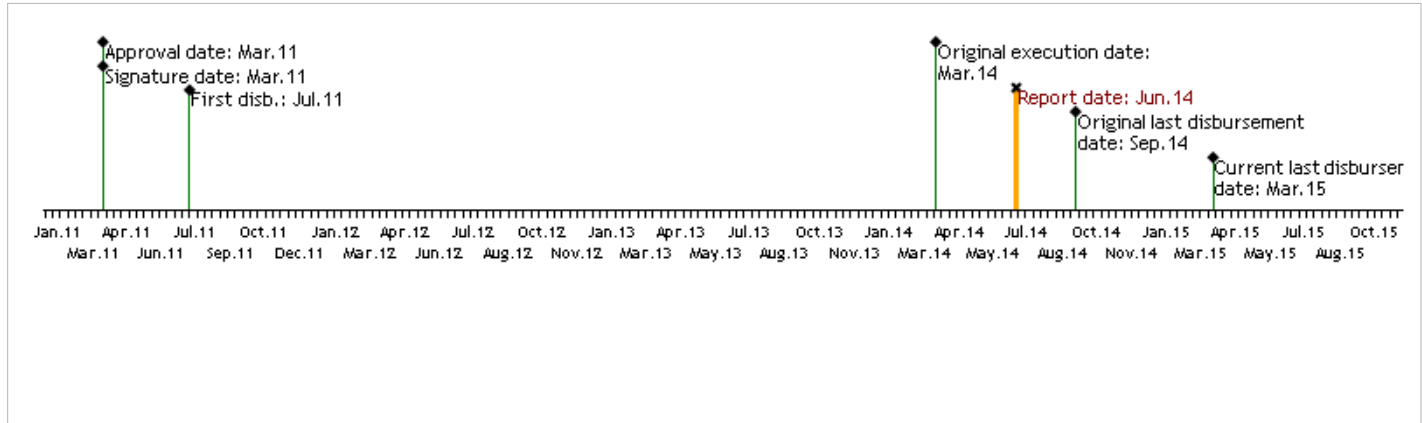
**Beneficiary Country**  
UNITED STATES

**Executing Agency:** INTER-AMERICAN DEVELOPMENT BANK

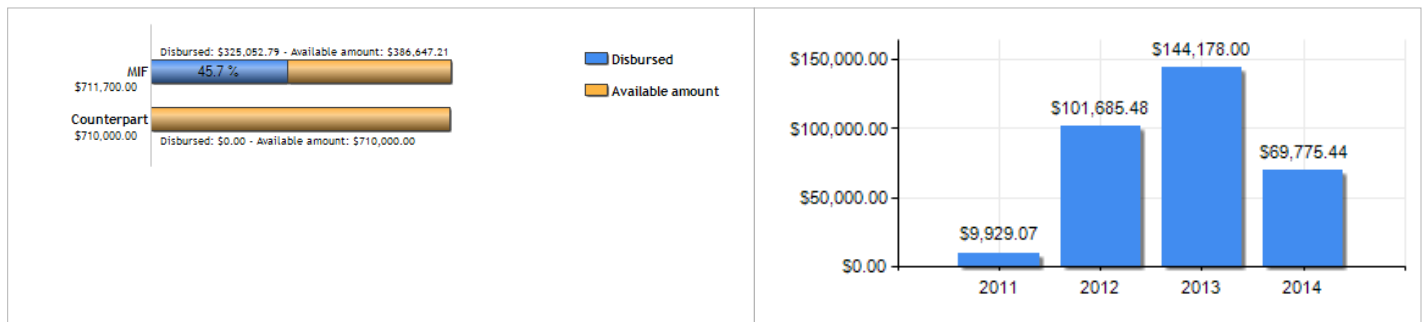
**Design Team Leader:** Vivanco, Fermín

**Supervision Team Leader:** Vivanco, Fermín

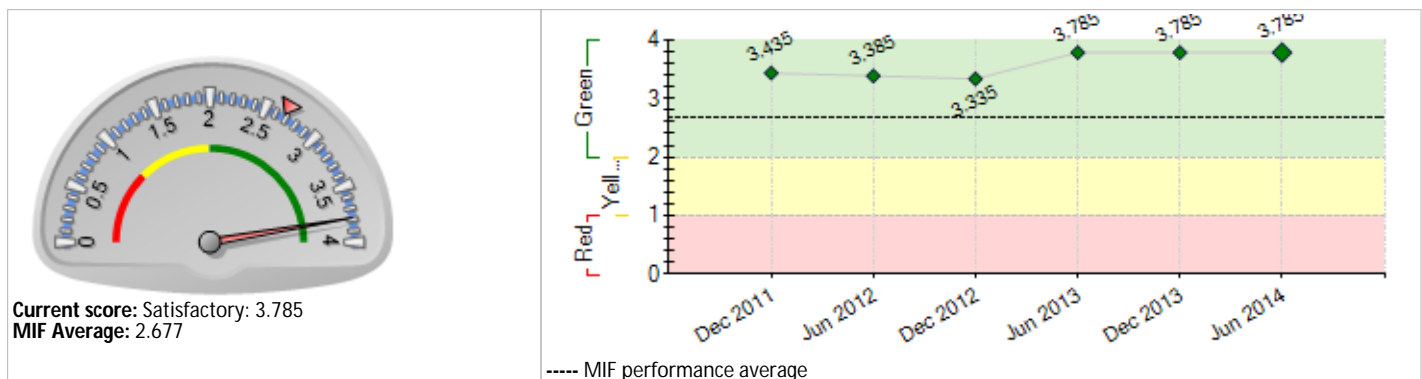
### TIMELINE



### FUNDS



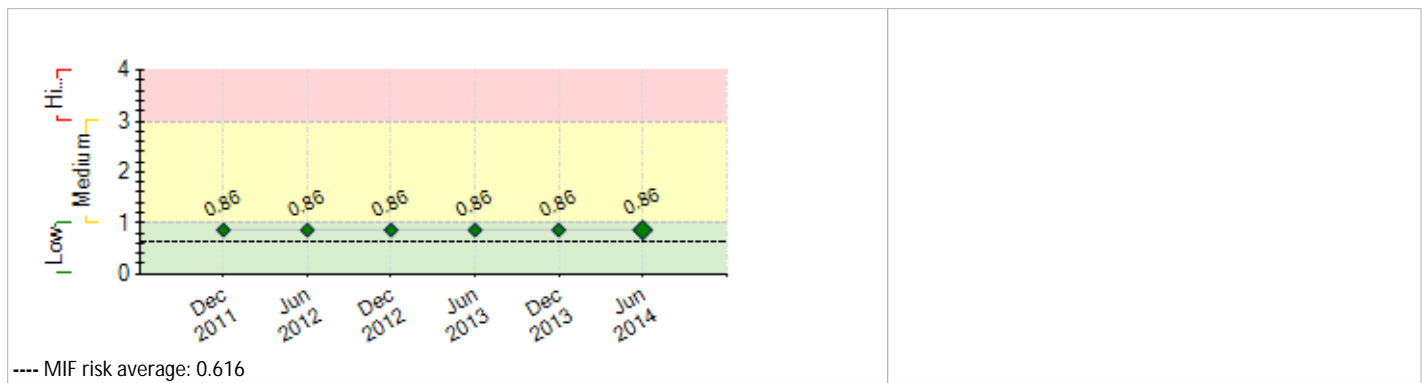
### PERFORMANCE SCORE



### EXTERNAL RISKS

#### INSTITUTIONAL CAPACITY

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



## SECTION 2: PERFORMANCE

### Summary of project performance since inception

ProSavings Program is currently implementing six projects and there are three more projects under design in Mexico, Ecuador and Belize.

Three of the six projects approved have begun pilots testing savings products and currently more than 200 beneficiaries have accessed these. Furthermore, projects in the Dominican Republic have achieved important progress on channels such as agents, mobile banking, and mini-banches.

So far the Program is working with 43 financial institutions including cooperatives, credit unions, and banks. There is also a government agency that is part of the project with Adopem.

During the fourth quarter, the Program expects to publish three articles of its study on savings groups. This study along with another one on alternative distribution channels (set to begin in July) will be launched during the ProSavings event "Effective Tools for Inclusive Savings" in November. Also additional knowledge products will be published including: i) a document containing highlights from market research studies from the most advanced ProSavings' projects, ii) the "Effective Tools for Inclusive Savings" event's memoire, and iii) a case study on alternative distribution channels.

?Due to slow starting of the projects, the Program does not have results after its three years of executing as expected. Therefore, the program will be extended for six additional months and close follow-up to the projects will continue in order to achieve the established goals.

#### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

### Summary of project performance in the last six months

Close follow-up was conducted on approved projects, mainly those in Colombia, Peru and Dominican Republic, given the implementation of the pilot tests and the support required for the impact evaluations. In terms of impact evaluations, the baseline was completed for the project in Peru and in coordination with DEU, the project team decided to include a follow-up survey to be collected early 2015. The second impact evaluation, set to focus on the project in the Dominican Republic, required opening a new call for proposals and we expect to begin collecting the baseline by September 2014.

Furthermore, the Due Diligences for the three new project ideas were conducted, as well. The expected dates of approval are July and August 2014.

Regarding knowledge component, by June the program published 3 bimonthly Prosavings Newsletters and the website visits continue increasing (approximately 1.000 monthly visits). Additionally, as a response to the demand from the executing agencies for information and tools regarding alternative distribution channels, a study on this topic will be conducted as well as a workshop titled "How to Implement an Effective Strategy for Alternative Distribution Channels" during an invitation-only session prior to the ProSavings November event. The ProSavings Colloquium "Effective Tools for Inclusive Savings" will be held on November 3 – 4 in which different experiences regarding small savings business strategies will be presented.

#### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Designing and implementing savings products for a traditionally unbanked population takes time, because of that the results of the program will take time to scale, but the results are very promising.

## SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
<b>Result:</b> The purpose is to establish the business case for the development and implementation of liquid and contractual savings products targeted to recipients of	R.1	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	21	
	R.2	Unbanked population: An additional 45,000 low-income	0			45000	0	

CCTs or other social protection payments in the LAC region.	people access, for the first time, liquid savings accounts for transactions purposes and/or contractual savings for capital accumulation, through FI Program beneficiaries.	Mar 2011				Sep 2013		
<b>R.3</b>	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 Mar 2011				14 Sep 2013	2 May 2014	

<b>Component 1:</b> Program Set-up and Project Selection  <b>Weight:</b> 20%  <b>Classification:</b> High Satisfactory	<b>C1.I1</b>	A Program Advisory Committee is formed.					Yes	Finished
	<b>C1.I2</b>	Program communication campaign launched.				Jun 2011	Jun 2011	Finished
	<b>C1.I3</b>	Project proposals are selected.	0 Mar 2011	7 Dec 2011		Sep 2011	Sep 2012	Finished
	<b>C1.I4</b>	At least two donors have contributed to the Program by financing projects.	0 Mar 2011			14 Mar 2012	16 Mar 2014	Finished
						2 Sep 2013	3 Dec 2012	Finished
<b>Component 2:</b> Funding of individual projects.  <b>Weight:</b> 60%  <b>Classification:</b> High Satisfactory	<b>C2.I1</b>	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 Mar 2011			5 Sep 2013	6 Feb 2013	On Course
	<b>C2.I2</b>	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 Mar 2011			7 Sep 2013	5 Jun 2013	On Course
	<b>C3.I1</b>	A communication strategy for the Program has been established.				Sep 2011	Oct 2011	Finished
	<b>C3.I2</b>	At least five projects are going through a social impact evaluation.	0 Mar 2011			5 Sep 2013	2 Jun 2013	On Course
<b>Component 3:</b> Learning, Communicating and Catalyzing.  <b>Weight:</b> 20%  <b>Classification:</b> High Satisfactory	<b>C3.I3</b>	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.				Sep 2013	Yes Dec 2013	On Course

Milestones	Planned	Due Date	Achieved	Date achieved	Status
<b>M1</b> 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] Lack of <b>cost recovery</b> mechanisms or <b>external financing sources</b> (government, donors and/or private sector) to continue the activities of the project once MIF resources are expended	After project ends there is a risk that the Executing Agencies lose their interest in savings products for CCT recipients, and might focus on a more middle class clientele

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

Virtual workshops have been conducted with the executing agencies in order to give information and tools for a better development of the activities established in the projects and build institutional capacity among financial institutions' staff.

## SECTION 6: PRACTICAL LESSONS

1. Beyond a financial literacy program, attractive promotional campaigns focused on the benefits of savings have been more effective for projects promoting formal savings products among low-income people. Short and simple messages for sensitization and to inform about how to use the products are also important. Furthermore, close follow-up during the savings plan established by the client is key to achieve their savings goals.	Relative to Implementation	Author Reyes Hurtado, Andrea
2. Visits to experiences from different executing agencies are very effective for the institutions that are starting with new projects. Regarding to alternative distribution channels, for example, visiting channels models in the field gives the institution a better idea about technological and operative requirements that work for their institutions, minimizing errors or lowering costs during the implementation of their channels strategy.	Implementation	Reyes Hurtado, Andrea
3. For the projects that include several financial institutions it is important to define specific selection criteria at the beginning in order to identify entities with similar interests and policies, as well as its technological characteristics in order to have an easiest implementation of channels and products under the same project.	Design	Reyes Hurtado, Andrea