

# PROJECT STATUS REPORT

JULY 2014 - DECEMBER 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.

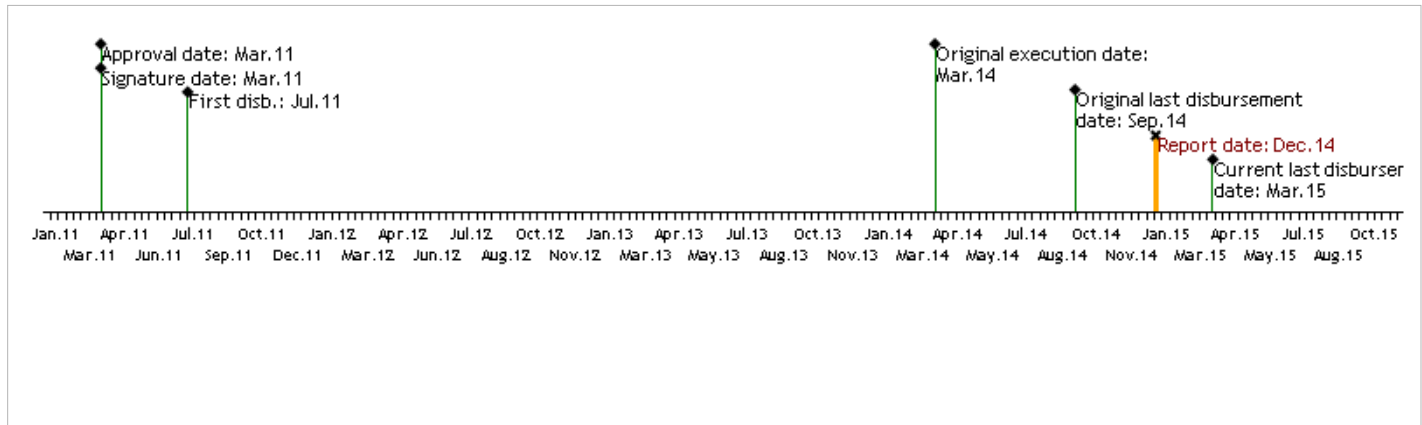
**Country Administrator**  
UNITED STATES

**Beneficiary Country**  
UNITED STATES

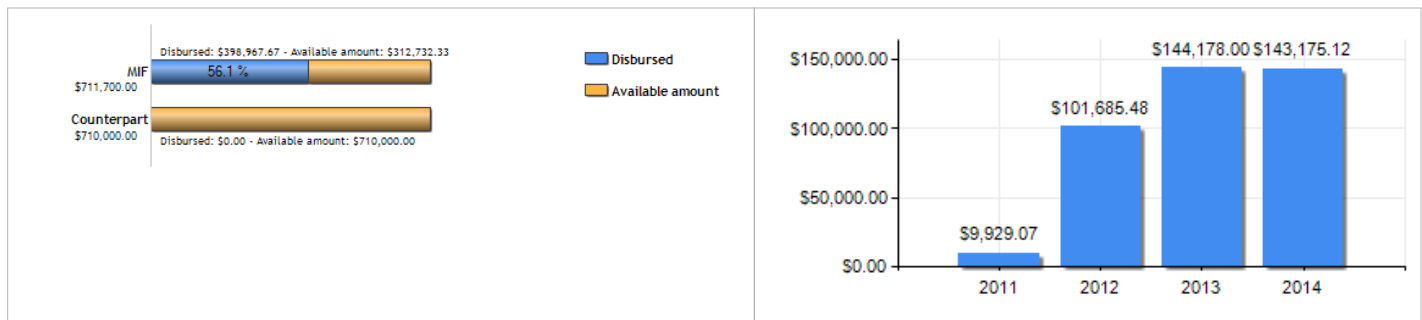
**Executing agency:** INTER-AMERICAN DEVELOPMENT BANK

**Design Team Leader:** Vivanco, Fermín  
**Supervision Team Leader:** Vivanco, Fermín

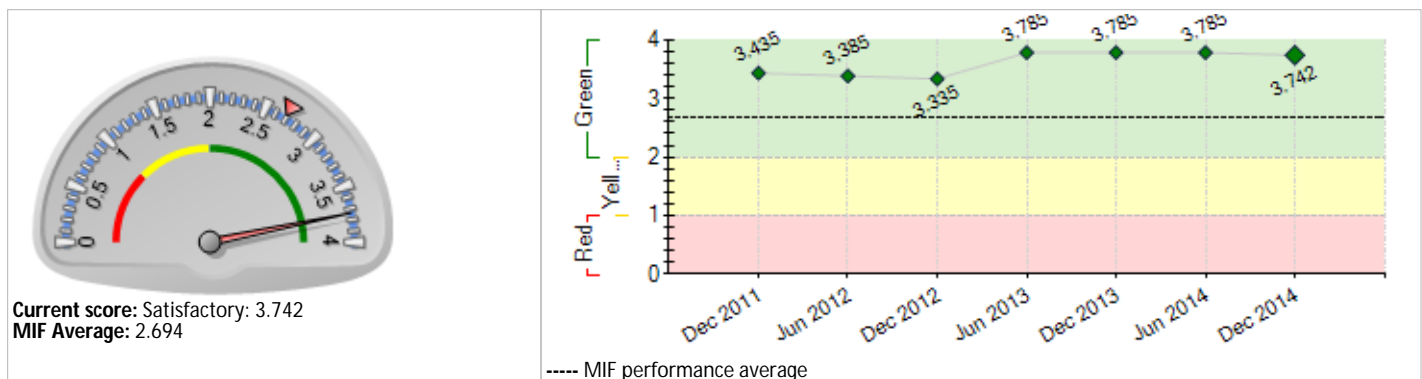
### TIMELINE



### FUNDS



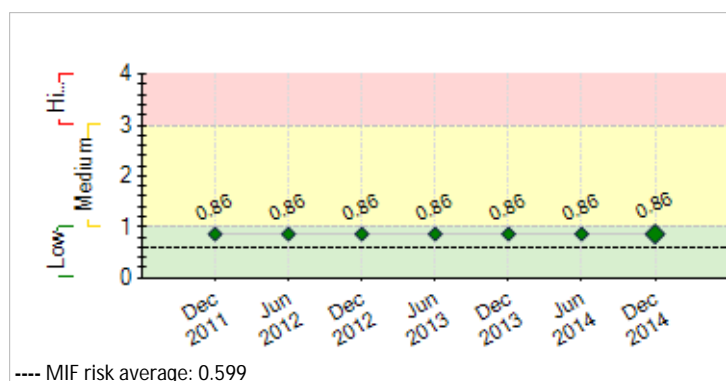
### PERFORMANCE SCORE



### EXTERNAL RISKS

#### INSTITUTIONAL CAPACITY

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



## SECTION 2: PERFORMANCE

### Summary of project performance since inception

To date ProSavings Program has approved a total of nine projects in seven countries: Colombia, Peru, El Salvador, Dominican Republic, Mexico, Ecuador and Belize.

Six of the projects have piloted savings products and financial education methodologies, and two of them have their first clients summing a total of 1,800 clients that have acquired the commitment savings products designed through each project. These results have allowed the executing agencies to plan a subsequent scale-up of these products to the entities' other branches and service points. So far the Program is working with 43 financial institutions including cooperatives, credit unions, and banks. There is also a government agency (Gabinete de Coordinación de Políticas Sociales - GCPS) that is part of the project with Adopem in Dominican Republic.

Regarding the impact evaluation, the one in Dominican Republic started late 2014 and it is expected to collect the baseline in March 2015.

The other evaluation in Peru has been progressing in a slow pace due to the difficulties faced to sign an agreement with the government to access the JUNTOS beneficiaries and its database. The research team at the IEP has been working with the FOMIN trying to find the best alternatives to continue with the evaluation under adequate conditions.

#### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

I agree with the comments, the implementation of the project has been very successful.

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

During the second half of 2014, the ProSavings Program approved three new projects in Mexico, Ecuador and Belize; for a total of nine projects. Out of these, four have implemented banking agents or mini branches as alternative channels to reach the population receiving conditional transfers.

Furthermore, the Program organized the savings colloquium titled, "Effective Tools for Inclusive Savings," on early November which featured updates on the progress of some ProSavings projects and the participation of experts and representatives from financial entities across the region. More than 150 participants and panelists shared their experiences on various topics including: strategies for inclusive savings, the use of market research studies to develop better products and services, alternative distribution channels, and financial inclusion and government payments, among others. Through this event it was possible to engage in in-depth discussions on small savings targeting the low-income population and to achieve a rich exchange of opinions among financial entities and consultants working in this field. A document consolidating key highlights from this event will be published early in 2015.

Also in terms of knowledge, the Program published a three-note series on savings groups in Latin America and the Caribbean and launched a consultancy to identify an effective strategy for implementing alternative distribution channels. It will be available during the first quarter of 2015.

#### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

We have received many communications praising the value of the Prosavings knowledge products including the Colloquium and the publications released in the second semester of 2015.

## 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 CCTs or other social protection payments in the LAC region.	<b>R.1</b> 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	1800	
	Mar 2011				Sep 2013	Dec 2014	
	<b>R.2</b> 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		
	<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			14	2	
	Mar 2011				Sep 2013	Sep 2014	

<b>Component 1:</b> Program Set-up and Project Selection  <b>Weight:</b> 20%  <b>Classification:</b> High Satisfactory	C1.11	A Program Advisory Committee is formed.					Yes	Finished
	C1.12	Program communication campaign launched.				Jun 2011	Jun 2011	Finished
	C1.13	Project proposals are selected.	0	7		Sep 2011	Sep 2012	Finished
	C1.14	At least two donors have contributed to the Program by financing projects.	Mar 2011	Dec 2011		14	17	Finished
			0			Mar 2012	Dec 2014	Finished
<b>Component 2:</b> Funding of individual projects.  <b>Weight:</b> 60%  <b>Classification:</b> 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	6	On Course
			Mar 2011			Sep 2013	Feb 2013	
	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	Delayed
			Mar 2011			Sep 2013	Dec 2014	
<b>Component 3:</b> Learning, Communicating and Catalyzing.  <b>Weight:</b> 20%  <b>Classification:</b> High Satisfactory	C3.11	A communication strategy for the Program has been established.				Sep 2011	Oct 2011	Finished
	C3.12	At least five projects are going through a social impact evaluation.	0			5	2	On Course
			Mar 2011			Sep 2013	Jun 2013	
	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.				Sep 2013	Yes	On Course
							Dec 2013	

Milestones	Planned	Due Date	Achieved	Date achieved	Status
M1 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	,	Coordinador del proyecto
2. The business models developed are sustainable and profitable.	Medium	a	Coordinador del proyecto
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	Coordinador del proyecto
4. There is stability in the financial sector in LAC.	Medium	n/a	Coordinador del proyecto
5. Macroeconomic conditions remain stable. There is stability in the financial sector in LAC.	Low	N/A	Coordinador del proyecto

**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

*[None reported in this period]*

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

ProSavings projects are developed under the premise that there is a business strategy behind the savings products offered to the low-income segment. Based on this, the program guarantees the sustainability of the projects and the opportunity for the vulnerable people to save in a formal way and improve their ways of life.

### SECTION 6: PRACTICAL LESSONS

1. Although progress has been done regarding knowledge about micro-savings strategies and the impacts for clients and institutions, it is still scarce and available mainly in English what reduces the	Relative to Design	Author Reyes Hurtado, Andrea
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access for many financial institutions in the LAC region. It is important to have evidence and literature with the experiences that have been implemented in different financial institutions. It motivates and reduces doubts to those that want to reach people living in poverty but don't know the best way to start and how to do it.

2. Partnerships with government agencies promoting financial inclusion and CCT programs are key to reach the target population and to deliver the message about the savings products in a proper way. Most of the project's beneficiaries are receiving CCT and have permanent communication with the field officers that support the CCT programs. As an example, if the officer is informed about the project and the benefits that formal savings have, he/she can boost the beneficiaries to access and use the product instead of warning them about losing the subsidy if they save.

Implementation Reyes Hurtado, Andrea

3. Due to the low educational levels of the target population and the limited time to participate in long sessions, financial institutions had to adjust methodologies and contents they had developed for their low-income clients. People living in poverty need short messages with mainly visual materials, as well as intensive follow-up to remind them of the commitment they have assumed and the goal or dream they have established through the savings product. Text messages, radio spots or call centers are good strategies that have been applied in the projects.

Implementation Reyes Hurtado, Andrea

4. Financial institutions interested in reaching the lower-income population with savings products doubt if it is a complete different segment from the one they have been serving. It is important to understand that a rigorous market study, promotional strategies, as well as product review, are to be conducted to have a successful and sustainable strategy with small savings. It seems obvious, but when ProSavings projects started, most of the executing agencies were convinced that they already had the savings product and promotional strategies and they just needed to change products image.

Implementation Reyes Hurtado, Andrea