

MEXICO

**STRENGTHENING THE *OPORTUNIDADES* HUMAN DEVELOPMENT
PROGRAM – SECOND PROJECT
(ME-L1067)**

**CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS
(ME-X1007)**

LOAN PROPOSAL

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3.	<i>Oportunidades</i> Human Development Program 2007 consistency and outcome evaluation–March 2008 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1870038
4.	Technical-cooperation studies, “Understanding barriers to the accumulation of human capital in urban areas: Adjustment agenda for the <i>Oportunidades</i> program”: (a) General diagnostic assessment of barriers to the accumulation of human capital in urban areas in Mexico–August 2008 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1870051 (b) Proposed multidimensional model for the identification of beneficiary households for the <i>Oportunidades</i> program in urban areas–January 2009 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1870052 (c) Ethnicity and accumulation of human capital in urban areas–December 2008 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1870216 (d) Situational analysis to enhance the impact of the health and nutrition components of the <i>Oportunidades</i> program in urban areas–December 2008 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1870076 (e) Study of the disease burden in urban areas–March 2009 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1921834 (f) Diagnostic assessment, compilation, and recommendations to enhance the impact of the nutrition component of the <i>Oportunidades</i> program in urban areas–November 2008 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1870055 (g) Analysis of dropped enrollment and re-enrollment in the program–February 2008 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1873530 (h) Evaluation of educational alternatives for <i>Oportunidades</i> beneficiaries in urban areas–October 2008 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1887326 (i) The labor market in urban areas: implications for the <i>Oportunidades</i> Human Development Program–October 2008 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1975244 (j) “How much are we willing to pay to send poor children to school? Simulations of changes to school scholarships in the <i>Oportunidades</i> program in urban areas–April 2009 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1975252

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| <p>5. Allocation of the resources earmarked for the 2009 and 2010 evaluation–April 2009
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APPENDICES

Proposed resolution

ABBREVIATIONS

CCLIP	Conditional credit line for investment projects
CIESAS	Centro de Investigaciones y Estudios Superiores en Antropología Social [Center for Research and Higher Learning in Social Anthropology]
CONAFE	Consejo Nacional de Fomento Educativo [National Council on Educational Development]
EsIAN	New comprehensive nutrition care strategy
GDP	Gross domestic product
IMSS	Instituto Mexicano del Seguro Social [Mexican Social Security Institute]
INSP	Instituto Nacional de Salud Pública [National Public Health Institute]
LIBOR	London Interbank Offered Rate
MAPO	Modelo de Atención Personalizada de Oportunidades [<i>Oportunidades</i> Personalized Service Model]
SEP	Department of Public Education
SSA	Department of Health

PROJECT SUMMARY

MEXICO

STRENGTHENING THE *OPORTUNIDADES* HUMAN DEVELOPMENT PROGRAM – SECOND PROJECT (ME-L1067)

CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (ME-X1007)

Financial Terms and Conditions			
Borrower: United Mexican States		Amortization period:	25 years
Executing agency: Department of Social Development (SEDESOL) through the National <i>Oportunidades</i> Coordination Board		Grace period:	2 years
		Disbursement period:	2 years (second project)
Source	Project amount	Interest rate:	LIBOR
IDB (Ordinary Capital)	US\$600,000,000	Inspection and supervision fee:	*
Local		Credit fee:	*
Total	US\$600,000,000	Currency:	U.S. dollars from the Single Currency Facility
Project at a glance			
Goal and objective of the second project under the conditional credit line for investment projects (CCLIP): This project's goal is to contribute to achieving the <i>Oportunidades</i> Human Development Program's objectives of accumulation of human capital through direct support for the external evaluation and the cash transfers associated with food, educational, energy, and <i>Vivir Mejor</i> support. This project is in line with the objective of the CCLIP, which is to contribute to stopping the intergenerational transmission of poverty through the development of basic capacities in education, health, and nutrition among the poor. The expected outcomes are an increase in the difference in schooling between parents and children of beneficiary families, an increase in the primary and secondary education completion rates among beneficiary youth, and a reduction in the prevalence of chronic child malnutrition in the beneficiary population, among others specified in the program's results framework.			
Special contractual conditions: (a) <u>condition precedent to the first disbursement</u> : signature and entry into force of the trust agreement between the borrower, the executing agency, and Nacional Financiera (NAFIN); and (b) <u>during execution</u> : (i) submission of the annual work plan; and (ii) reimbursement of eligible expenditures from the loan; and (iii) completion of the external evaluations and presentation of the final report of the evaluations.			
Exceptions to Bank policies: For the reasons described in: (i) paragraph 4.6, as in the first project (ME-L1052) under the credit line (ME-X1007), a waiver is requested to the policy on the audit of projects and entities (AF-100) so that when the disbursement period is 18 months or less, a final audited financial statement, prepared by external auditors, is required. For loan operations under the CCLIP with longer disbursement periods, annual audits will be required, starting in the second year of execution, in keeping with the policy; and (ii) paragraph 4.7, a waiver is requested to the exchange rate policy (document GN-2415) to use the exchange rate from the last day of the month prior to when the expenditure was made, for converting expenditures from the borrower's currency into U.S. dollars.			
Project consistent with country strategy: Yes [X] No []			
Project qualifies as: SEQ [X] PTI [X] Sector [X]			

* The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS

- 1.1 On 17 December 2008 the Board of Executive Directors of the Bank approved a US\$2 billion conditional credit line for investment projects (CCLIP)¹ for Mexico in order to partially finance ‘Strengthening the *Oportunidades* Human Development Program’. The credit line’s objective is to contribute to stopping the intergenerational transmission of poverty through the development of basic capacities in education, health, and nutrition among the poor. Specifically, it seeks to increase the difference in schooling between parents and children of beneficiary families, an increase in the primary and secondary education completion rates among beneficiary youth, and a reduction in the prevalence of chronic child malnutrition in the beneficiary population, among others specified in the program’s results framework (Annex II).
- 1.2 In addition to approving the credit line, the first project was also approved for US\$200 million, aiming to meet the CCLIP’s objectives by improving access to education, health, and nutrition for the program’s poorest beneficiaries. Specifically, the first project is supporting implementation of urban improvements and the development of pilot projects that will incorporate initiatives tailored to the needs of beneficiaries in urban areas.
- 1.3 The approval of the credit line by the IDB’s Board of Executive Directors represents the third loan operation the IDB has provided to Mexico to support the *Oportunidades* Human Development Program. The Bank began its support in 2002 through a two-phase program for US\$5.227 billion, of which it financed US\$2.2 billion. The performance triggers for phase one (loan 1388/OC-ME) were met and phase two (loan 1618/OC-ME) was authorized by the Board of Executive Directors in 2005. Execution of this second phase is nearly complete (99.49% as of 30 March 2009).
- 1.4 To date, the Bank has supported the expansion of the program to 770,000 urban households and has had value added in the technical design and in providing continuity in evaluation during periods of transition between administrations. Through the two phases of the previous program, the Bank has participated in and provided direct technical assistance for: (i) the design of the framework for incorporating beneficiaries in urban areas; (ii) the reformulation of the nutritional supplements in order to enhance their potential impact on the nutritional status of the beneficiaries; and (iii) the analysis of the program’s targeting model. The IDB has also been part of the technical team that defined and supervised the evaluation and the academic review of the program’s evaluation and operational efficiency documents. In 2006, the Bank supported the new government’s transition team with a policy memorandum and presentations on the role of the program in the social welfare and social security policies, and since March 2008 it has been supporting the design of adjustments in urban areas with nonreimbursable technical-cooperation financing of US\$1 million (ATN/OC-11067-ME). This document

¹ The features and requirements of a CCLIP are described in documents GN-2246-1 and GN-2246-4.

submits for approval the second operation (ME-L1067) under the credit line (ME-X1007) for up to US\$600 million.

II. PROPOSAL FOR THE SECOND PROJECT UNDER THE CCLIP

A. Background and rationale

- 2.1 This section summarizes the Mexican economic situation, the potential effects of the current global crisis on the poor, the role of *Oportunidades* during periods of crisis, the progress made on the first project under the CCLIP, and the actions necessary to consolidate and protect these gains during this stage of support. A breakdown of the program's structure and historic performance can be found in the document on the first operation under the CCLIP (<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1708903>).
- 2.2 **International financial crisis.** The current international financial crisis is having an adverse impact on the Mexican economy, but the country is in a better position than in previous crises to weather the storm. Short-term growth projections have been revised downward, especially considering the effects of the U.S. recession on trade, tourism, foreign investment, and flows of remittances between the two countries. Remittances fell 2.6% from January to November 2008, and exports fell at an annual rate of 19.7% in December. Therefore, it is estimated that during the fourth quarter of 2008, GDP will have fallen at an annual rate of 1.0%. As a result, formal employment fell 0.3% during 2008 and the unemployment rate was 4.6%, its highest level this decade (data through November 2008). For 2009, it is projected that the economy will contract between 0.8% and 1.8% and that approximately 200,000 formal jobs will be lost. In the coming months, the challenge facing the Mexican government is to ensure that credit markets operate effectively and mitigate the effects of the drop in economic activity on employment and on the population's welfare.
- 2.3 In the last 12 months, the Mexican government has taken a series of steps to address the external shocks that have impacted the country's economy, linked to the start of the recession in the United States in late 2007, international price increases and, more recently, the international financial crisis. The soundness of the economic fundamentals and public accounts have allowed the country to implement countercyclical measures, such as greater transfers to marginalized families and communities, an increase in the levels of investment to maintain growth and employment, and measures to reinforce and contain financial volatility and inject liquidity into the credit markets. It is estimated that the actions taken by the Mexican government since the deepening of the international crisis in September 2008 will exceed three percentage points of GDP.
- 2.4 **Influenza A (H1N1) pandemic.** As of 1 May 2009, the Pan American Health Organization (PAHO) and the World Health Organization (WHO) had reported 331 cases of human infection with the Influenza A (H1N1) virus in 11 countries. Mexican health authorities have reported 312 cases and 12 deaths allegedly from

this virus, which are being investigated. The greatest obstacle in crafting an appropriate response to this emergency is the uncertainty about how this outbreak will evolve, particularly since the epidemiology of this new virus has not yet been characterized (mortality rates, particularly vulnerable groups, transmission mechanisms). Primary prevention measures include frequent handwashing and limiting contact with people who are ill; the secondary prevention measure is early treatment with the suggested medicines. Obtaining and distributing a modified vaccine against influenza will be a priority in the coming months to adequately deal with the approaching cold season. The human, social, and economic cost of a pandemic from the influenza A (H1N1) virus could be enormous, exacting a major toll on trade, travel, and tourism. Even if the current outbreak is controlled, preparation in the United States, Mexico, and other parts of the region to deal with the upcoming cold season will be essential. The *Oportunidades* program can be a tool to support the Mexican government's public health actions.

- 2.5 **Effect of the crisis on the poor population and the mitigating effects of the *Oportunidades* program.** Although its effects have yet to be documented, the global financial crisis may have major negative effects on the consumption and welfare of the poorest populations, who have less access to savings, assets, and other risk mitigation strategies. The reduction in economic activity may lead to a fall in poor families' incomes due to job losses in the formal sector, reduced demand for services in the informal sector, and the reduction of working hours and earned income, particularly among jobs at in-bond assembly facilities (*maquilas*). Moreover, evidence from prior crises shows adverse impacts on the health and nutrition of the poorest and youngest populations, who are targeted by the program.
- 2.6 Even without a recession, poor households are exposed to a multiplicity of shocks to consumption, and the program is a mechanism not only for protecting the investment in human capital, but also for protecting the consumption of poor households. In Mexico, according to data from the *Oportunidades* program evaluation panel surveys, 31% of the sample's lowest spending quintile had experienced an adverse event that had significantly affected their consumption in the five years prior to the survey conducted in 2004. After crop loss, illness of the head of the household is the most frequent shock in all households. Unemployment or business failure frequently affects urban households and reduce food consumption, exposing them further to the current crisis, which seems to be causing job losses. Borrowing money and reducing consumption are the most frequent risk mitigation strategies among both urban and rural poor households. The *Oportunidades* program appears to reduce the vulnerability of beneficiary households to idiosyncratic external shocks; in no case are the adverse events having negative effects for this group, but in the case of nonbeneficiaries, several adverse events are having significant negative impacts on income.
- 2.7 **The role of *Oportunidades* during a crisis.** Conditional cash transfer programs like *Oportunidades* exist to create an incentive for the accumulation of human capital among the structurally or chronically poor, and not to address transitory

poverty caused by economic cycles. Nevertheless, such programs are effective instruments for protecting the structurally poor from going deeper into poverty during a period of crisis. *Oportunidades* includes automatic mechanisms to adjust the value of the transfers to the consumer price index every six months and to extend coverage to the universe of households living in structural poverty by using a multidimensional targeting methodology that targets households at greater risk for lower school achievement and attendance, chronic malnutrition, and limited access to preventive healthcare services.

B. Progress of the first project under the CCLIP (ME-L1052)

- 2.8 To date, 50% of the loan proceeds for the first project under the CCLIP have been disbursed. It is expected that additional disbursement requests for approximately US\$84.5 million will be presented in the second quarter of 2009. Requests for the balance of the loan for urban improvements, the purchase of nutritional supplements and complements, and the external evaluation will be presented in the second half of 2009 or in early 2010, once the documentation for the cash transfers given are turned in, together with the receipts for expenditures made.
- 2.9 Progress has been made on implementing the project's components related to urban improvements, the new nutritional strategy, and the impact evaluation. Those activities will last a total of 18 months. The objective of the urban innovations is to determine the marginal impact of an alternative care and management model in urban areas on the effectiveness of program components' operating processes and the impacts on capacity building in education, health, and nutrition for poor families, in comparison to the "traditional" intervention model. The evaluation results for the innovations will allow decisions to be made on adjustments throughout the urban program. This alternative program care and management model includes: (i) applying a new multidimensional targeting model for identifying beneficiary families; (ii) designing and testing access to greater healthcare service coverage based on families' needs in the context of urban life and the epidemiological issues arising in these areas; (iii) implementing new structures for allocating educational scholarships to boost impacts on enrollment and schooling, among other issues; (iv) operating a new transfer system to bring beneficiaries into the banking system; and (v) developing a new, personalized counseling and service model for beneficiary women (*Oportunidades* Personalized Service Model, or MAPO). To date, progress has been made on the survey and on incorporating new eligible beneficiary families in the urban improvement areas, as well as on designing interventions, evaluation questions, and the sample for a pilot evaluation of the education component (see optional electronic link 1) of the alternative health and nutrition model.
- 2.10 The three interventions in the **education component** have already been laid out. The first two will eliminate the scholarships for primary school and will increase the level of cash transfers for secondary school, where the risk of truancy and dropping out is greater. For the second intervention specifically, there will be a contingent cash transfer based on the child's academic achievement, and the third

intervention will apply the current model. A pilot design will be used that will compare the results of the three differentiated interventions in the education component. Enrollment, retention, and achievement indicators will be analyzed to measure the impact.

- 2.11 An **Alternative Health Model** has been put together for the *Oportunidades* program in urban areas. Implementation of a pilot project and evaluation of the model for beneficiary families has been proposed, which includes the following actions: (i) gradual enrollment of beneficiary families in the low-income health insurance program, Seguro Popular, in order to promote greater access to services that are decisive in affecting health and reducing out-of-pocket health expenses; (ii) scheduling and tracking appointments, using the national health record passbooks (*cartilla nacional de salud*), so they are consistent with the preventive services for which there is co-responsibility and with the age and risk profile criteria to make care more effective; and (iii) promotion of changes in health behavior among beneficiary families, as a co-responsibility rather than attending workshops on self care, among other things. The new strategy on nutritional supplements will also be implemented. The Bank has worked with the program on establishing the guidelines for health innovation, evaluation questions, designing the sample, and the analysis plan for the evaluation of this component.
- 2.12 Another important element of the first operation under the CCLIP is the support for a new **Comprehensive Nutrition Care Strategy** (EsIAN) in urban and rural areas that takes into account the coexistence of multiple nutritional challenges in poor households, including the high prevalence of anemia, low height, and overweight/obesity, as well as low levels of exclusive breastfeeding and the very early introduction of solid foods, among other issues. The recommendations for strengthening the nutritional component of *Oportunidades* take a preventive approach, primarily using treatment activities to minimize the impact of nutritional problems on the well-being of the population. The recommendations are focused on five actions, which are specifically adjusted based on age and stage of life.
- 2.13 The key actions are: (i) monitoring growth in children ages 0 to 2 and weight throughout their lives. Monitoring is the responsibility of the health services, but they must remain linked to the joint responsibilities of *Oportunidades*; (ii) guided counseling, based on the diagnostic nutritional assessment, with a treatment and preventive approach. The curative aspect will remain the primary responsibility of medical personnel, while there are plans to involve program staff in preventive care; (iii) nutrition support groups, focused on specific issues based on the stage of life. The support groups replace the self-care workshops and the nutrition counselor becomes a group facilitator. The schedule for group meetings should remain flexible to allow attendance by individuals who work; (iv) supplements. The evidence from the studies submitted supports the universal distribution of supplements to the most vulnerable groups. It is recommended that, in the case of children ages 6 to 24 months, *Nutrisano* (a nutritional supplement for children) be replaced with Sprinkles, and in the case of pregnant women, *Nutrivida* (a nutritional

- supplement for women) be replaced with tablets; and (v) early detection of anemia. Lifelong diagnostic testing for anemia is recommended. The regularity of the test is determined based on the prevalence of anemia and the associated risks. Since May 2008, EsIAN has been in the process of discussion and approval in the health sector and will require ongoing support from *Oportunidades* and the IDB in order to ensure implementation of the actions related to *Oportunidades* and the performance of a rigorous evaluation of the impact of the innovations.
- 2.14 The program aims to have all the urban areas implement a new supplementation system by the end of 2009; this would make it possible to improve the nutritional and health status of the poor population in those areas. This is a major step forward in establishing a nutritional care model for the population, based on socioeconomic characteristics and nutritional risk factors. The interventions that will be included in the pilot test are related to: (i) equipping health units; (ii) introducing new food supplements; and (iii) the information, education, and communication strategy. Two intervention groups and one control group were assigned randomly. The first group (intervention 1) will include changes in supplementation and in the communication plan, and the second group (intervention 2) will include changes in supplementation and the communication plan and equipment.
- 2.15 With respect to **use of bank services**, in all the urban areas the transfers will be made as deposits to a savings account with a debit card. A retrospective evaluation will be conducted on the outcomes, together with a qualitative assessment. Specifically, changes would be identified by comparing households that joined in 2009 (with the debit card), households that were already in the program and received their support without a debit card, and (quasi-eligible) households that are not beneficiaries. A design for an alternative evaluation could be considered in which a comparison was drawn in a single group of beneficiary households from 2004 and 2009. For this, 2004 is the baseline, since only a few households participated in the mechanism to promote usage of bank services; 2009 is the first evaluation round in which all the selected households would be subject to that mechanism.
- 2.16 Lastly, the ***Oportunidades* Personalized Service Model (MAPO)** is a new model serving families at the local level, replacing the tables that were run on paydays, which have been eliminated by migrating to payment by debit card. Each MAPO will serve a small number of families (approximately 40) and will be responsible for updating the roster, informing and educating beneficiaries on the program rules and payment procedures, including the financial culture, and some community education activities. The aim is to help increase beneficiaries' understanding of program incentives and minimizing people dropping out of the program because of administrative issues. The MAPO will be carried out every two months and will be part of the program's co-responsibilities. The evaluation of this innovation component will focus on the model's costs to the program, the operational feasibility of this personalized approach, and the value added of using participation in MAPO as a co-responsibility.

C. Second CCLIP project

- 2.17 This operation finances the transfers subject to fulfillment of the joint responsibility under the program by the poor families. The Bank will also provide monitoring and support for the urban and nutritional innovations provided for in the first project under the CCLIP, and through its participation in the advisory group for the external evaluation, the Bank will finance the external evaluation of interventions in urban areas and will support the program's entire evaluation agenda, in both urban and rural areas.

III. THE PROGRAM

A. Objective

- 3.1 This project's goal is to contribute to achieving the *Oportunidades* Human Development Program's objectives of accumulation of human capital through support for the external evaluation and the cash transfers associated with the food, educational, energy, and *Vivir Mejor* [Live Better] support.
- 3.2 This project is consistent with the objective of the CCLIP, which is to contribute to stopping the intergenerational transmission of poverty through the development of basic capacities in education, health, and nutrition among the poor. The expected outcomes are an increase in the difference in schooling between parents and children of beneficiary families, an increase in the primary and secondary education completion rates among beneficiary youth, and a reduction in the prevalence of chronic child malnutrition in the beneficiary population, among others specified in the program's results framework.

B. Components

- 3.3 **Component 1. Direct support for cash transfers:** The aim of this component is to provide direct support for the cash transfers associated with the food, education, energy, and *Vivir Mejor* support within the framework of the program objectives regarding accumulation of human capital. All transfers are contingent on fulfillment by the beneficiary families of their joint responsibilities in health and education.
- 3.4 With respect to the **food** component, direct cash transfers will be provided every two months to the beneficiary families in order to contribute to improving the quantity, quality, and diversity of their diet, thereby seeking to improve their nutrition. This transfer represents 20% of the monthly spending per family living in extreme poverty. Nutritional supplements and complements are also provided to the most vulnerable beneficiary population, such as children under 5, women who are pregnant or breastfeeding, and older adults. In addition, in order to offset the effect of the international spike in food prices in 2008 for beneficiary families, monthly monetary support called "*Vivir Mejor*" food support is provided. This support is 120 pesos per month for each beneficiary family, representing 25% of the loss in purchasing power by extremely poor households in the first half of 2008. The *Vivir Mejor* support was introduced for a period of seven months beginning in July 2008,

but will be extended for an additional period to be determined in recognition of the current economic situation.²

- 3.5 The second operation under the CCLIP will aim its actions at supporting the children of beneficiary families enrolling and staying in school and attending regularly, providing educational scholarships and support for the purchase of school supplies. The **educational scholarships** will be provided to each boy, girl, and young person under 18 enrolled in elementary and secondary education as of 31 December of the school year. College preparatory education scholarships will be allocated to young people who are 14 to 21 years old by 31 December of the school year. The scholarships are monetary support provided every two months during the 10 months of the school year, from September to June for secondary school, and from September to January and March to July for elementary and college preparatory education. The amount of aid increases as students advance through the grades. In order to encourage outstanding academic achievement by scholarship holders in college preparatory education, the pilot program for innovations in urban areas will also include a semester-based incentive for academic achievement when students earn an overall minimum grade point average of 8.0 in the immediately preceding semester.
- 3.6 A single annual cash payment will be provided for scholarship holders to purchase **school supplies**. This will be provided together with the scholarship for the first two-month period of the school year. The delivery of this support will be made considering the criteria established in sections 3.4.1.2 and 4.3.2 of the 2009 Program Operating Regulations and the standards established by the Consejo Nacional de Fomento Educativo [National Council on Educational Development] (CONAFE) for the universe covered by the Compensatory Action Program and the Community Education Program.
- 3.7 The **energy support** is cash support provided every two months to beneficiary families to offset expenditures made for energy consumption (electricity, gas, coal, fuel, among others), in order to promote the use of clean, efficient energy sources, and to provide a targeted subsidy for the use of these services.
- 3.8 With respect to geographic distribution, the IDB operation will support the financing of transfers in the following states: Aguascalientes, Baja California Norte, Baja California Sur, Coahuila, Colima, Chihuahua, Distrito Federal, Durango, Guanajuato, Jalisco, México, Morelos, Nayarit, Nuevo León, Querétaro, Sinaloa, Sonora, Tabasco, Tamaulipas, Tlaxcala, Veracruz, and Zacatecas, while the World Bank will finance the rest of the country's states, together with national resources.
- 3.9 **Component 2: Evaluation of the urban innovations.** The main objective of this component is to carry out the external evaluations of the program using the

² The depreciation of the currency as a result of the economic slowdown may affect imported food prices, increasing domestic food prices, and therefore, impacting the welfare of the poor who are net consumers of food products. It may also cause price increases for tradable foods with respect to nontradable foods, and therefore cause a drop in income for the poor who are employed in the nontradable sector.

guidelines issued by the National Council for the Evaluation of Social Development Policy (CONEVAL). Up to US\$3 million in financing was included to fund the evaluations of the urban innovations and the overall external evaluation agenda that will cover the multiyear period (2009-2010), which includes implementation of the Urban Evaluation Surveys (ENCELURB) for that period (respective reports and analysis). This financing will complement the actions begun during the first operation under the CCLIP. The allocation of resources for evaluation in 2009 and 2010 is available in optional electronic link 5.

C. Costs and financing

- 3.10 The cost of the second project under the CCLIP is up to US\$600 million, financed by the Bank from Ordinary Capital resources. The disbursement period is two years.

Table 3.1: Project cost summary (in millions of US\$)*

Component	Financing	Total
Component 1. Cash transfers	597.0	597.0
- Food support	168.0	168.0
- Energy support	63.0	63.0
- <i>Vivir Mejor</i>	147.0	147.0
- Scholarships	218.0	218.0
- School supplies	1.0	1.0
Component 2. External evaluation	3.0	3.0
Total	600.0	600.0
%	100%	100%

(*) The costs of the audit and finance charges (interest, credit fee, and inspection and supervision fee) will be defrayed by the borrower, outside of the program costs.

D. Results framework and key indicators

- 3.11 The Mexican government established the National Council for the Evaluation of Social Development Policy (CONEVAL) in accordance with the Social Development Act, in order to regulate and coordinate the evaluation of social development policies and programs executed by public agencies. For such purposes, social programs must invariably have indicators of outcomes, management, and services to measure their coverage, quality, and impact, using the logical framework methodology. The logical frameworks are reviewed by the Department of Finance (SHCP), Congress, and the Office of the Auditor General. To reduce complexity and align efforts with the national government, this project proposes using the official logical framework and its outcome, management, and service indicators as the results framework for this program, given that it is not necessary or desirable to isolate the effects of the IDB's financing. Particular attention will be paid to the reporting of indicators of activities and outcomes that

are closely related to the performance of the urban pilot project on health, nutrition, and education that are reported semiannually.

IV. PROGRAM EXECUTION

A. Borrower

- 4.1 The borrower is the United Mexican States through the Department of Finance. The executing agency is the Department of Social Development (SEDESOL), which will act through the National Coordination Board for the *Oportunidades* Human Development Program, with the participation of the Department of Public Education (SEP), the National Council on Educational Development (CONAFE), the Department of Health (SSA), and the Mexican Social Security Institute (IMSS) – IMSS Oportunidades. Nacional Financiera (NAFIN) will serve as the borrower's financial agent to manage loan proceeds.

B. Program execution and administration

- 4.2 **Executing agency.** The National *Oportunidades* Coordination Board is responsible for the program's general execution and administration of the loan proceeds, and must undertake the interinstitutional coordination and the measures necessary for the project to be executed within the expected periods, under the agreed upon budget, and in accordance with contractual standards and conditions. The interventions supported by the project will be governed by the current rules and provisions defined and contained in the program's Operating Regulations.
- 4.3 **Technical committee of the National *Oportunidades* Coordination Board.** The technical committee is responsible for reviewing fulfillment of the responsibilities by each participating entity, decision-making on program characteristics, approval of the program's Operating Regulations, and monitoring the recommendations for the program made in the external evaluations. This committee is made up of representatives of: (i) SEDESOL; (ii) the National *Oportunidades* Coordination Board; (iii) the Department of Finance; (iv) the Department of Public Education (SEP); (v) the Department of Health (SSA); (vi) the Mexican Social Security Institute (IMSS); and (vii) the National Council on Educational Development (CONAFE).

C. Procurement

- 4.4 No procurement of goods with the loan proceeds is planned, considering the nature of program expenditures (cash transfers). Consultants will be selected in keeping with the provisions of document GN-2350-7 ("Policies for selection and contracting of consultants financed by the IDB") of July 2006. Pursuant to the provisions of paragraphs 3.9 to 3.13 of the Procurement Policies, the executing agency can use direct selection to hire the National Public Health Institute (INSP), the Center for Research and Higher Learning in Social Anthropology (CIESAS), and the Colegio de México, for up to a total of US\$3 million from the loan proceeds, for the activities related to the external evaluation of the program. The INSP and CIESAS

have been the academic institutions coordinating the external evaluation since 2001. To carry out these activities, the two institutions have brought together researchers from prestigious academic institutions to make up the advisory group for the external evaluation of the program.³

D. Revolving fund, audit, exchange rate, and disbursements

- 4.5 **Revolving fund and reimbursement of expenditures.** A revolving fund can be established that will not exceed 5% of the loan amount. Bearing in mind the flow of resources and program financing needs, loan proceeds up to the equivalent of US\$300 million can be used to reimburse expenditures previously made or to finance those made on or after 1 January 2009 up until the approval date of this second project (electronic link 6).
- 4.6 **Audit.** When the disbursement period is 18 months or less, final audited financial statements are required. For those loan operations under the CCLIP with longer disbursement periods, annual audits will be required, starting in the second year of execution, to be submitted 120 days following the close of the fiscal year. The executing agency must maintain accounting systems, as well as adequate, complete, updated files of all supporting documentation for expenditures charged to the program, including financial and accounting management. The final audited financial statements related to program expenditures made with Bank and local contributions will be submitted to the Bank within 120 days following the last disbursement of each loan. The audits will be conducted by external auditing firms in accordance with the Bank's terms of reference, agreed upon with the Department of Public Affairs, and will be financed with national resources.
- 4.7 **Exchange rate.** Bearing in mind the regular method for reimbursing eligible expenditures used by the borrower to disburse loan proceeds, during execution, it is recommended that, for the purposes of converting into U.S. dollars the expenditures made in local currency, the exchange rate on the last day of the month prior to the expenditure be used, instead of the exchange rate applicable for the loan disbursement (document GN-2415). This would facilitate preparation of requests in the month the expenditure is made and would make it possible to readily determine the dollar amount that would be requested from the Bank.
- 4.8 **Disbursements.** Disbursements for this loan will be made in keeping with the lending program agreed on between the borrower and the Bank, taking into account the availability of Bank resources for the entire region in 2009.

³ The main work this group has done is to: lay out the evaluation methodology; establish the indicators to be evaluated in keeping with the research questions put forward by the program; establish the instruments for gathering data; and setting up the models for analyzing impacts. The two academic institutions have also put together and coordinated the impact assessment documents for the program. The Colegio de México has provided important support to the *Oportunidades* program, through its Center for Sociological Research, for specific Studies related to identifying households and keeping them in the program. This has given it extensive knowledge of the program, particularly the processes and outcomes in the socioeconomic track record of the families after several years of intervention.

E. Monitoring, supervision, and evaluation

- 4.9 The Mexican government established the National Council for the Evaluation of Social Development Policy (CONEVAL) in accordance with the Social Development Act (LGDS), in order to regulate and coordinate the evaluation of social development policies and programs executed by public agencies. For such purposes, social programs must invariably have indicators of outcomes, management, and services to measure their coverage, quality, and impact, using the logical framework methodology. The logical frameworks are reviewed by the Department of Finance, Congress, and the Office of the Auditor General. To reduce complexity and align efforts with the national government, this project, like the previous operation under the CCLIP, proposes using the official logical framework and its outcome, management, and service indicators as the results framework for this program, given that it is not necessary or desirable to isolate the effects of the IDB's financing from the government's financing of the program. As a complement, an evaluation of the urban pilot project will also be conducted.
- 4.10 **Monitoring.** To support the timely detection and resolution of operational problems in the program, there is an Operational Monitoring Model, agreed upon and implemented jointly by the program and the health and education sectors. This model provides detailed information on the status of the operation with respect to fluctuations in beneficiary enrollment, how long beneficiaries remain in the program, fulfillment of joint responsibilities, delivery of support, and receipt of the nutritional/food supplements, among other things. The program will use this information, together with the program's results framework at the activity level, to perform and report on program and project monitoring to the Bank. With respect to reports, the executing agency will send the Bank a final project report that will be used as an input for the project completion report (PCR). This report will review the physical progress and outcomes of the program according to the Operational Monitoring Model for the states financed by the Bank and for the urban areas. It will also reflect the progress on the indicators measured during the period in the matrix of indicators, as well as the lessons learned in the design and implementation of the pilot project.
- 4.11 **Supervision.** Supervision by the Bank of the delivery of the cash support planned under the project will be conducted on an ex post basis, according to the methodology used during previous stages. Technical supervision will also be conducted on: (i) the progress of the urban improvements and innovations; (ii) progress of the external evaluation in urban areas; (iii) progress of implementation of the EsIAN elements related to *Oportunidades*; and (iv) the external evaluation agenda for the program as a whole.
- 4.12 **Evaluation.** The impact assessment has been entrusted to prestigious academic and research institutions, to have a reliable, objective evaluation. For this operation, it will be based on the annual programs issued by the National Evaluation Council (CONEVAL) and will follow the established practice of agreeing to an evaluation agenda for a two-year period, with the participation of an advisory group of

international experts and researchers. The National Coordination Board has presented a plan for the evaluation of urban improvements that includes the elements spelled out in this document; it was agreed that a component would be included to finance the external evaluation agenda in this second operation under the CCLIP.

- 4.13 As the cofinancing entity for the 2009-2010 external evaluation and the specific evaluations for the urban innovations under the first and second operations and as a member of the advisory group for the external evaluation, in continuing the role it has played to date, the Bank will participate in the review and comments on the evaluation agenda for both urban and rural areas, as well as the instruments, sampling, analysis strategy, and results.

V. PROJECT VIABILITY

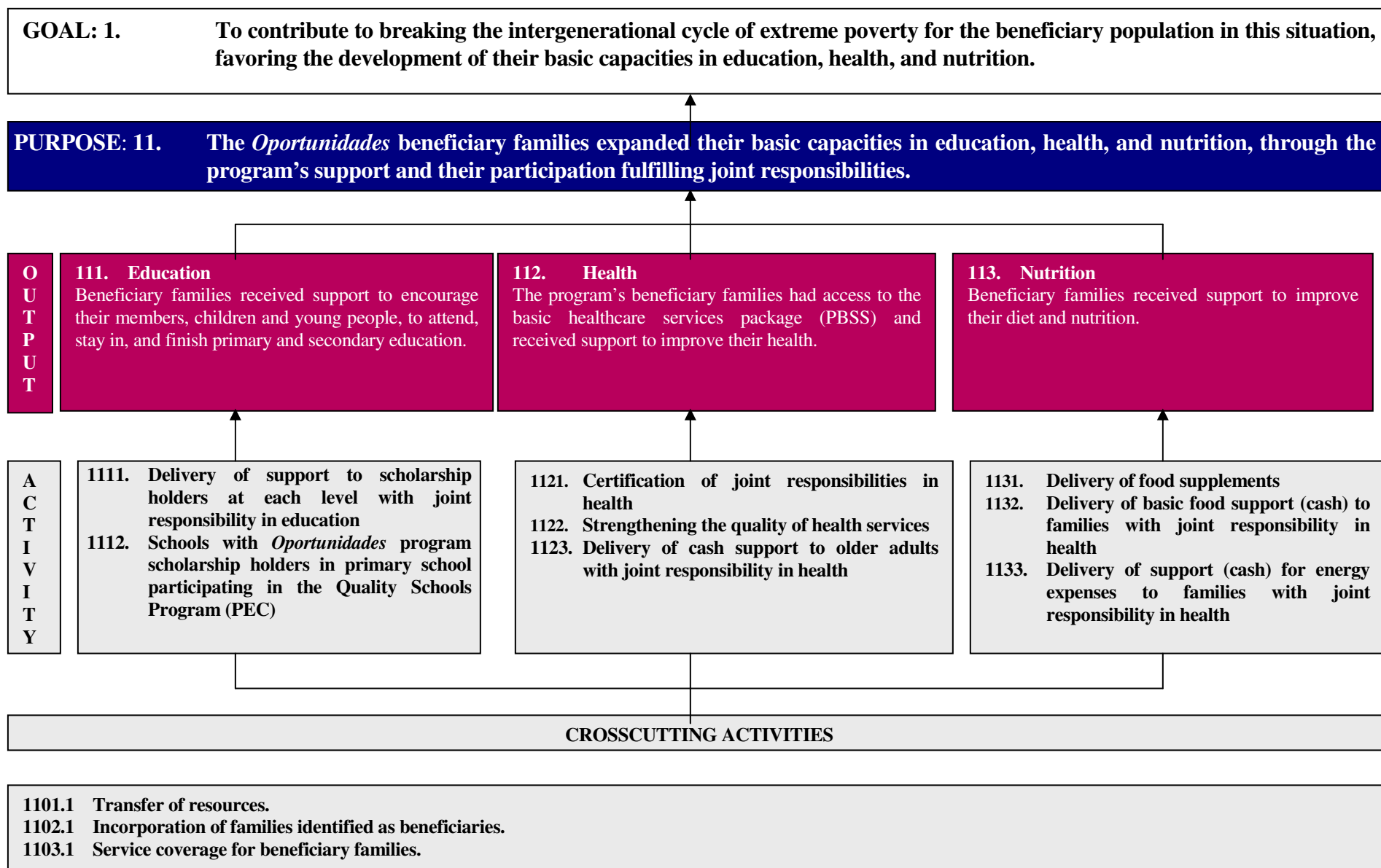
- 5.1 **Environmental, social, and institutional viability.** This project does not include any activity that could cause negative environmental and/or social impacts. It is classified as a category C operation. It is aligned with the Poverty Reduction and Promotion of Social Equity Strategy. With respect to institutional viability, a risk evaluation and the Institutional Capacity Assessment System, available as an electronic link to the loan's first operation, rated as low and very low the risks in the areas of fiduciary and operational performance, development effectiveness, and safeguards.
- 5.2 **Fiscal viability.** Annual spending on *Oportunidades* represents 0.43% of GDP for 2007, which, even considering other public spending on social welfare, represents spending below the regional average and is easily financed by the government. In any case, the proposed adjustments in the first CCLIP operation have the potential not only to increase the program's effectiveness with respect to its objectives, but also to generate savings resulting in greater efficiency in the use of the resources allocated to the program. The replacement of the current high-calorie content nutritional supplements with a micronutrient powder for children in urban areas and micronutrient tablets for women throughout the country represents a potential savings of US\$13.6 million. The planned increases in scholarships will have a neutral impact on the current budget, and linking these increases to scholarship holders' academic performance may boost program efficiency.
- 5.3 **Economic viability:** The analysis of the program's economic viability was submitted for the first operation under the CCLIP, and showed a high cost-benefit ratio for the program in various scenarios. If we consider the presence of the program's other benefits related to high-risk behavior, health, and nutrition, the benefits seem to far outweigh its costs.

VI. SPECIAL CONSIDERATIONS AND RISKS

- 6.1 **Quality in the health and education offering.** The program contributes to the health and education sectors with modest support to respond to the increased demand associated with the joint responsibilities. Moreover, the improvements in urban areas include the expansion of service hours, the introduction of a new appointment system, and other adjustments that would improve the quality of service. Nevertheless, it is important to recognize that the problems found in the quality of the offering in the program evaluations require a structural response by the Department of Health (SSA) and the Department of Public Education (SEP) at the federal level and particularly at the level of each state that goes beyond *Oportunidades*. Both the SSA and SEP have launched benchmarking initiatives for performance among states, and the SEP has begun the difficult process of eliminating inherited positions and the establishment of merit-based competitions. The Bank has sought out opportunities to support the sectors in this endeavor. With the SSA, it has started a dialogue aimed at piloting new payment methods to clinics to create incentives for quality service (ME-N1055). With the SEP, the Education Division is preparing two technical-cooperation projects that would pilot and evaluate scholarship systems to create incentives for achievement (ME-T1114, ME-T1115).
- 6.2 ***Oportunidades* Personalized Service Model.** The decision to have use of the Model be a program co-responsibility could have unanticipated effects and water down its health and education incentives. It is therefore recommended that this element be carefully evaluated during the pilot project for urban innovation.
- 6.3 **International financial crisis.** Even taking into account the stimulus efforts launched by the Mexican government, given the uncertainty about the impact and duration of the economic slowdown, there is a risk of a deepening of the effects of the crisis on the economy in general and on poor households in particular, as well as fiscal transfers for 2009 and 2010. As background on the potential effects of a recession in Mexico, the 1995 crisis had a significant impact on poverty, social public spending, and human development. The levels of extreme poverty increased 16 percentage points, from 21% in 1994 to 37% in 1996. Actual spending by the Mexican government fell nearly 20% during the same period. Infant mortality rates also increased. In the 1995-1996 period, the infant mortality rate rose up to seven percentage points higher than in the years before the crisis. To mitigate these risks, the CCLIP provides a countercyclical response to the financing needs necessary to maintain, increase, or extend transfers at the right time through the preparation of a new project, while the instrument's emphasis remains on the incentives for achievement and the evaluation.
- 6.4 **Insulation of the program from elections.** A conditional cash transfer program can always be vulnerable during an election cycle. The Mexican government already has rules insulating social programs from elections, and they will be applied in 2009 in anticipation of the midterm state and municipal elections on 5 July. The

Oportunidades program will suspend all field activities such as incorporation of families, delivery of support, appointments for users, among others, 40 days prior to the date of the election. Support for families already incorporated by May 2009 will be provided and, in the event of nonfulfillment of joint responsibilities, the appropriate amount will be deducted during the next cycle for delivery of support following the elections.

1. Narrative Summary of the Matrix of Indicators



2. Matrix of Indicators for the *Oportunidades* Human Development Program

Narrative summary	Indicators			Means of verification	Assumptions
	Name of indicator	Calculation method	Frequency of measurement		
Goal	Efficacy				
1. To contribute to breaking the intergenerational cycle of extreme poverty for the beneficiary population in this situation, favoring the development of their basic capacities in education, health, and nutrition	1.1 Comparison of the difference in schooling between parents and children in beneficiary families and in the national population.	1.1 = (Average level of schooling of 20-year-old children in <i>Oportunidades</i> families – Average level of schooling of parents with 20-year-old children who are <i>Oportunidades</i> beneficiaries) in year t – [(Average level of schooling of 20-year-olds) – (sum of the product of the proportion of the population of the age <i>a</i> and included in the parents’ age group multiplied by the proportion of the population of each age <i>a</i> and contained in the parents’ age group, for males or females) * (average level of schooling of mothers or fathers of age <i>a</i> and included in the parents’ age group)]] in year <i>t</i>	Every five years	<ul style="list-style-type: none">• Survey• Intermediate and general census data	Stable macroeconomic conditions Formal job markets with capacity to absorb the young population completing the program
Purpose	Efficacy				
11. <i>Oportunidades</i> beneficiary families expanded their basic capacities in education, health, and nutrition with support from the program and their participation with joint responsibility.	11.1 Primary education completion rate for young <i>Oportunidades</i> beneficiaries.	11.1 = (<i>Oportunidades</i> program secondary school graduates/ <i>Oportunidades</i> program 15-year-old beneficiary population) *100	Annual	<ul style="list-style-type: none">• SIIOP• SEP	There is an accessible offering of higher education.
	11.2 Prevalence of chronic child malnutrition (children under 5), understood as low height-for-age, for the <i>Oportunidades</i> program beneficiary population.	11.2 = (Children ages 0 to 59 months with a Z-score of height-for-age less than two standard deviations under the reference average / Total number of children ages 0 to 59 months) *100	Every five years	<i>Oportunidades</i> component of the National Health and Nutrition Survey	There is the political will to target actions on regions and the population suffering the greatest levels of poverty. People continue to take actions that were part of their joint responsibility, even when they are no longer program beneficiaries.

Narrative summary	Indicators			Means of verification	Assumptions
	Name of indicator	Calculation method	Frequency of measurement		
Components: Products or services					
Education	Efficacy				
Beneficiary families received support to encourage their young members and children to go to, stay in, and complete primary and secondary education.	111.1 Primary school scholarship holders who are promoted to secondary school.	111.1 = (Primary school scholarship holders enrolled in the next level / Primary school scholarship holders enrolled in sixth grade at the end of the previous cycle)*100	Annual	• SIOP	Parents recognize the importance of their sons and daughters getting more education.
	111.2 Primary school scholarship holders with respect to the gender mix of national enrollment.	111.2 = [[[Female primary school scholarship holders registered in <i>Oportunidades</i> / Primary school scholarship holders registered in <i>Oportunidades</i>) / (Female students enrolled in primary education nationally / Total national primary education population)]-1]*100	Annual	• SIOP • SEP	
	111.3 Secondary school scholarship holders with respect to the gender mix of national enrollment.	111.3 = [[[Female secondary school scholarship holders registered in <i>Oportunidades</i> / Secondary school scholarship holders registered in <i>Oportunidades</i>) / (Female students enrolled in secondary education nationally / Total national secondary education population)] -1] *100	Annual	• SIOP • SEP	
	111.4 Former scholarship holders who received support from “Jóvenes con Oportunidades.”	111.4 = (Number of young people who received support from Jóvenes con Oportunidades / Number of former scholarship holders who met eligibility criteria)*100	Annual	Operation monitoring system for the Jóvenes con Oportunidades component	

Narrative summary	Indicators			Means of verification	Assumptions
	Name of indicator	Calculation method	Frequency of measurement		
Health	Efficacy				
Program beneficiary families had access to the Basic Health Services Package (PBSS) and received support to improve their health	112.1 Beneficiary families who are under care in health services.	112.1 = (Beneficiary families under care / Registered beneficiary families) *100	Every two months	<ul style="list-style-type: none"> • S1 forms • The Health Department's Health Information System (SIS) • IMSS-<i>Oportunidades</i> Open Population Health Information System (SISPA) 	The population is willing to follow health personnel recommendations.
	112.2 Pregnant beneficiary women who are under prenatal care.	112.2 = (Total pregnant beneficiary women registered as under care / Registered pregnant beneficiary women)*100	Every two months	<ul style="list-style-type: none"> • SIS • SISPA 	
Nutrition	Efficacy				
Beneficiary families received support to improve their nutrition.	113.1 Beneficiary children receiving nutritional care.	113.1 = (Total beneficiary children under age 5 registered as under care / Registered beneficiary children under 5)*100	Every two months	<ul style="list-style-type: none"> • SIS • SISPA 	The population is willing to follow health personnel recommendations to improve their nutrition. Food is available. Specific beneficiaries consume the nutritional supplements.
	113.2 Program beneficiary children who received food supplements.	113.2 = [((Total children ages 6 to 24 months + children ages 2 to 4 who are malnourished + children ages 2 to 4 who are recovering) who received food supplements) / (Total children ages 6 to 24 months + children ages 2 to 4 who are malnourished + children ages 2 to 4 who are recovering)] *100	Every two months	<ul style="list-style-type: none"> • SIS • SISPA 	
	113.3 Pregnant beneficiary women who received food supplements.	113.3 = (Total pregnant beneficiary women who received food supplements / Total pregnant beneficiary women) *100	Every two months	<ul style="list-style-type: none"> • SIS • SISPA 	

Narrative summary	Indicators			Means of verification	Assumptions
	Name of indicator	Calculation method	Frequency of measurement		
Activities					
Education					
1111. Delivery of support to scholarship holders at each level with joint responsibility in education.	1111.1 Primary school scholarship holders who were issued cash transfers for educational scholarships.	1111.1 = [((Primary school scholarship holders who received cash transfers for scholarships in month 1 + Primary school scholarship holders who received cash transfers for scholarships in month 2) *1/2) / (Active scholarship holders in the two-month period)]*100	Annual	SIOP	In the current Federal Expenditures Budget (PEF) the <i>Oportunidades</i> program coverage target is established and the program budget is authorized. The Department of Finance releases resources for execution of activities in a timely manner.
	1111.2 Secondary school scholarship holders who received cash transfers for educational scholarships.	1111.2 = [((Secondary school scholarship holders who received cash transfers for scholarships in month 1 + Secondary school scholarship holders who received cash transfers for scholarships in month 2) *1/2) / (Active scholarship holders in the two-month period)]*100	Annual	SIOP	
1112. Schools with primary school scholarship holders from the <i>Oportunidades</i> program that participate in the Quality Schools Program (PEC)	1112.1 Schools with primary school scholarship holders from the <i>Oportunidades</i> program that participate in the Quality Schools Program (PEC).	1112.1 = (Primary schools with <i>Oportunidades</i> program beneficiaries that also participate in the PEC / Total primary schools with <i>Oportunidades</i> beneficiaries)*100	School cycle	SEP Undersecretariat of Primary Education National <i>Oportunidades</i> Coordination Board (CNO)	
Health					
1121. Certification of joint responsibilities in health.	1121.1 Beneficiary families for whom the report was received in a timely manner and who fulfilled their joint responsibility in health.	1121.1 = (Families fulfilling joint responsibility in health / Families for whom the health certification was received in a timely manner)	Semiannual	SIOP	Health services are delivered with quality and security to the entire beneficiary population.
1122. Strengthening the quality of health services.	1122.1 Program medical units that have medications to provide medical care.	1122.1 = (Total medical units that received medications / Total medical units)*100	Semiannual	Applicable sentinel sites from the survey	

Narrative summary	Indicators			Means of verification	Assumptions
	Name of indicator	Calculation method	Frequency of measurement		
1123. Delivery of cash support to older adults with joint responsibility in health.	1123.1 Older adult beneficiaries who received cash support.	1123.1 = (Older adults who received cash food support / Older adults)*100	Semiannual	SIOP	In the current Federal Expenditures Budget (PEF) the <i>Oportunidades</i> program coverage target is established and the program budget is authorized. The Department of Finance releases resources for execution of activities in a timely manner.
Nutrition					
1131. Delivery of food supplements.	1131.1 Food supplement packets delivered to beneficiary children.	1131.1 = (Total children's packets delivered / (Total children ages 6 to 24 months + 2 to 4-year-olds malnourished + 2 to 4-year-olds in recovery) who received food supplements)	Every two months	<ul style="list-style-type: none"> SIS SISPA 	In the current Federal Expenditures Budget (PEF) the <i>Oportunidades</i> program coverage target is established and the program budget is authorized. The Department of Finance releases resources for execution of activities in a timely manner.
	1131.2 Food supplement packets delivered to beneficiary women.	1131.2 = Total women's packets delivered / (Total pregnant women + total women breastfeeding) who received food supplements	Every two months	<ul style="list-style-type: none"> SIS SISPA 	
1132. Delivery of basic food support (cash) to families with joint responsibility in health.	1132.1 Beneficiary families who received cash support for food.	1132.1 = (Beneficiary families who received cash support for food / Beneficiary families)*100	Semiannual	SIOP	
1133. Delivery of support (cash) for energy expenses of families with joint responsibility in health.	1133.1 Beneficiary families who received cash support for the energy component.	1133.1 = (Beneficiary families receiving transfers for energy / Beneficiary families)*100	Semiannual	SIOP	

Narrative summary	Indicators			Means of verification	Assumptions
	Name of indicator	Calculation method	Frequency of measurement		
Crosscutting activities					
1101. Transfer of resources	1101.1 Resources delivered for direct costs of cash transfers.	1101.1 = (Direct costs of delivery of cash support / Total amount of support transferred)	Annual	DGPL administrative records	In the current Federal Expenditures Budget (PEF) the <i>Oportunidades</i> program coverage target is established and the program budget is authorized. The Department of Finance releases resources for execution of activities in a timely manner.
1102. Incorporation of families identified as beneficiaries.	1102.1 Coverage of families identified as eligible who are incorporated into the program.	1102.1 = (Total families incorporated / total families included in the basic registry for incorporation) *100	Annual	SINCAR	
1103. Coverage of care for beneficiary families	1103.1 Coverage for <i>Oportunidades</i> program beneficiary families	1103.1= (Total number of active program beneficiaries / Number of families established as a target at the start of the fiscal year) * 100	Quarterly	SIOP PEF	

4. Glossary

Program support: May be in cash or in kind.

Basic capacities: Health (primary level care), nutrition, and education (primary and secondary schooling).

Beneficiary population: Families incorporated into the *Oportunidades* program who receive program benefits for fulfilling their joint responsibilities.

Beneficiary families: The term “family” is used as a synonym for “household,” and should be understood in all cases as a set of individuals who make their lives together in a home, whether kin or not, who share support expenses and prepare meals in the same kitchen.

5. Clarifying notes

- Due to the fact that the approved version of the Matrix of Indicators will be posted on the internet, the titles Goal, Purpose, and Components highlight what is detailed in the level immediately below them. This is to make the different levels of the Matrix of Indicators more self-explanatory.
- Some variables/indicators in the Matrix of Indicators who source (means of verification) is the sentinel sites survey, may be modified slightly, since this data collection instrument is currently being revised.

**Project: Strengthening the *Oportunidades* Human Development Program – Second Project
(ME-L1067)
Summary Procurement Plan**

Period included in this Procurement Plan: From: July 2009 until December 2010

Ref No. ¹	Description and type of the procurement contract	Estimated contract cost (US\$000)	Procurement method ²	Review (ex ante or ex post)	Source of financing and percentage		Pre-qualification ³ (Yes/No)	Estimated dates		Status ⁴ (pending, in process, awarded, cancelled)	Comments
					IDB %	Local / Other %		Publication of specific procurement notice	Completion of contract		
	Consulting services										
1.	Conducting the 2009 Urban Household Evaluation Survey (ENCELURB)	3,192,308	DC	Ex ante	48%	52%	No	Q3 2009	Q2 2010	Pending	This consulting assignment will be conducted through the National Institute of Public Health (INSP).

¹ If a number of similar individual contracts were to be executed in different places or at different times, these can be grouped together under a single heading, with an explanation in the comments column indicating the average individual contract amount and the period during which they would be executed. For example, an education project that includes school construction might include an item “school construction” for a total of US\$20 million, and an explanation in the comments column such as: “This encompasses some 200 contracts for school construction averaging US\$100,000 each, to be awarded individually by participating municipal governments over a three-year period between January 2006 and December 2008.”

² **Goods and works:** ICB: International competitive bidding; LIB: Limited international bidding; NCB: National competitive bidding; PC: Price comparison; DC: Direct contracting; FA: Force account; PSA: Procurement through specialized agencies; PA: Procurement agents; IA: Inspection agents; PLFI: Procurement in loans to financial intermediaries; BOO/BOT/BOOT: Build, own, operate/Build, operate, transfer/Build, own, operate, transfer; PBP: Performance-based procurement; PLGB: Procurement under loans guaranteed by the Bank; PCP: Community participation procurement. **Consulting firms:** QCBS: Quality- and cost-based selection; QBS: Quality-based selection; FBS: Selection under a fixed budget; LCS: Least-cost selection; CQS: Selection based on the consultants’ qualifications; SSS: Single-source selection. **Individual consultants:** NICQ: National individual consultant selection based on qualifications; IICC: International individual consultant selection based on qualifications.

³ In the case of the new policies, it applies only for goods and works. In the case of the old procurement policies, it applies for goods, works and consulting services.

⁴ The “Status” column should be used for retroactive procurement and for procurement plan updates.

Ref No. ¹	Description and type of the procurement contract	Estimated contract cost (US\$000)	Procurement method ²	Review (ex ante or ex post)	Source of financing and percentage		Pre-qualification ³ (Yes/No)	Estimated dates		Status ⁴ (pending, in process, awarded, cancelled)	Comments
					IDB %	Local / Other %		Publication of specific procurement notice	Completion of contract		
2.	Monitoring evaluation of implementation of the comprehensive nutrition care strategy (EsIAN)	153,846	CQS	Ex ante	48%	52%	No	Q3 2009	Q4 2010	Pending	
3.	Qualitative medium-term evaluation of the <i>Oportunidades</i> program in urban areas	192,308	CQS	Ex ante	48%	52%	No	Q3 2009	Q3 2010	Pending	
4.	Evaluation documents (preparation, editing, and printing)	192,308	CQS	Ex ante	48%	52%	No	Q3 2009	Q4 2010	Pending	
5.	Second monitoring round of the ad hoc samples for the impact (and operational) assessment of the innovations associated with the alternative management and care model for the <i>Oportunidades</i> program in urban areas (sample of approximately 22,000 households).	1,923,077	QCBS	Ex ante	48%	52%	No	Q3 2009	Q4 2010	Pending	
6.	Preparation of final outcome reports	269,231	CQS	Ex ante	48%	52%	No	Q3 2009	Q4 2010	Pending	
7.	Monitoring evaluation of implementation of the comprehensive nutrition care strategy (EsIAN)	346,154	CQS	Ex ante	45%	55%	No	Q3 2009	Q1 2011	Pending	

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/___

Mexico. Loan ____/OC-ME to the United Mexican States. Second Project to Strengthen the Oportunidades Human Development Program, under the Conditional Credit Line for Investment Projects (CCLIP) for the Strengthening of the Oportunidades Human Development Program

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the United Mexican States, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the second project to strengthen the Oportunidades human development program, under the Conditional Credit Line for Investment Projects (CCLIP) for the strengthening of the Oportunidades human development program, approved by Resolution DE-209/08. Such financing will be for the amount of up to US\$600,000,000, from the resources of the Single Currency Facility of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Executive Summary of the Loan Proposal.

(Adopted on ____ 2009)

LEG/SGO/CID/IDBDOCS#1901934
ME-L1067