

**DONORS MEMORANDUM
MULTILATERAL INVESTMENT FUND
IFAD AND MIF PROGRAMME**

I. BASIC PROJECT INFORMATION

Beneficiary Countries: México and El Salvador
Name and Project Number: Immigrant Remittance Corridors (RG-M1075)
Team: María Victoria Sáenz (MIF/OPS), María Elena Nawar (MIF/OPS), Yaira Dennis (MIF/OPS), Geronimo Frigerio (LEG/OPS) and Manuel Orozco, consultant.
Date of the proposal: January, 2005
Beneficiaries: The beneficiaries will be: (i) 1,200 migrants (300 migrants per corridor); (ii) 1,200 remittance recipient families in Mexico; and (iii) eight credit unions and microfinance institutions at both ends of the corridors in Mexico and the United States, a total of eight institutions.
Executing agency: UCLA North American Integration Development Center–NAID Center
Financing plan

MIF (Window IIIA)	US\$	167,500
IFAD:	US\$	263,000
Counterpart	US\$	<u>218,500</u>
Total	US\$	649,000

II. PROJECT ELIGIBILITY

- 2.1 This project is under consideration for financing by the MIF Facility on Small Enterprise, under the Line of Activity "Financial Mechanism of Association FOMIN - IFAD for the development of the rural private sector". The project aims to promote rural economic and financial development through the participation of low-income remittance recipient communities.
- 2.2 Furthermore, it is eligible under Component II "Individual Projects" because it proposes activities directly related both to the deepening of the financial sector and to the implementation of rural productive activities.

III. BACKGROUND AND PROBLEM DEFINITION

- 3.1 Research has demonstrated that remittances offer strong potential for economic development in migrant-sending regions if sufficient financial and productive capacity is

sustained through the empowerment of transnational migrant networks.¹ Mexico receives more than 15 billion dollars in the form of foreign savings sent by migrant workers to their families, but the extent of financial intermediation with that money is very limited, mostly a cash-to-cash transfer. Less than 30% of Mexican remittance recipients have bank accounts or have access to credit.² Despite this adversity, research has shown that recipient families put a small fraction of their remittances into productive use.

- 3.2 According to estimates from El Salvador's Ministry of Foreign Affairs, at least 2.5 million Salvadorans live in other countries, mainly in the United States. Data published by the Central Reserve Bank of El Salvador indicate that family remittances from Salvadorans living abroad totaled US\$2.5 billion in 2004, which are used mainly for basic consumption. In El Salvador, as in Mexico, the recipient families lack the basic financial products and services that would allow them to invest part of the money received in productive projects. The main reason is the same: the remittances flows are mainly done on a cash-to-cash basis rather than using the financial sector.
- 3.3 The project seeks to have remittances flow into accounts in the CFIs to facilitate potential loans for productive projects in the sending regions. In this way, remittances that are currently channeled through informal means can instead be leveraged through financial institutions to provide working capital to benefit all families in the migrant sending region. This would include non-migrant households, who are often the poorest members of the village, such as women without male family members in the United States. Socializing remittances through CFIs allows for all local business ventures potentially to benefit from this financial flow.
- 3.4 The UCLA NAID Center will enable or activate an existing but dormant marketplace of both demand and supply of financial services for immigrants and their relatives, through work with community financial institutions (CFIs) in the United States and rural Mexico and El Salvador. The centerpiece of this project involves transforming these institutions into remittance senders and payers. .
- 3.5 **Similar and related operations.** Since 2001 that the MIF has been involved with project operations dealing with remittances. The MIF Remittances' cluster has 23 projects listed. Besides, the Donors Committee approved during 2005, 5 projects within the MIF/IFAD Line of Activity for the amount of \$1.3 millions, and by special delegation, MIF Manager approved one project³. The latter are the more similar operations to the present project because they all pretend to link remittances to productive projects and to the financial sector in order to contribute to eliminate the cash-to-cash flow and incentive the bank-to-bank flows that will allow productive investment and growth.

¹ For example, see the applied research study of migration and remittances conducted by the UCLA NAID Center supported by the Inter-American Development Bank (IDB) and Multilateral Investment Fund (MIF) and the MacArthur, Ford and Richard Myles Johnson Foundations.

² IADB Mexican survey, October 2003.

³ ATN/ME-9471-ME Universidad Autónoma de Zacatecas; ATN/ME-9473-BO PRODEM; ATN/ME9474-ES Apoyo Integral SA de CV; ATN/ME-9474-PR El Comercio Financiera SAECA; ATN/ME-9492-DR ADOPEM and ATN/ME-9532-GU Cooperativa Salcajá de RL.

- 3.6 **Additionality.** Through this operation, MIF and IFAD will become the first multilateral institutions to focus on a comprehensive, intensive technical assistance approach to transnational corridors between the United States and Mexico – El Salvador. The additional value of this approach will not only directly effect significant groups of transitional families in U.S.-Mexico/El Salvador corridors, but is expected to additionally provide important new lessons learned applicable to other transactional corridors and actors in Latin America and the Caribbean.

IV. PROJECT ONOBJECTIVES AND DESCRIPTION

A. Objectives

- 4.1 The general objective of this project is to contribute to the deepening of Mexico and El Salvador's financial systems by broadening their scope and access to rural areas through a systematic link between remittance transfers and financial intermediation. The specific objective of this project is to enable transnational financial corridors between the United States and both Mexico and El Salvador.
- 4.2 The NAID Center plans to achieve this objective by implementing three broad tasks, namely, (i) empowerment and training of transnational migrant networks and HTAs, (ii) connecting community financial institutions in the United States with those in Mexico and El Salvador as remittance senders and payers, and (iii) designing lending programs for Mexican and El Salvador CFIs that receive remittances, so that the cash flow can result in projects in productive businesses that create employment in agriculture, handicrafts, local services and related activities. This last will be summarized in a technical assistance methodology and implementation manual.
- 4.3 The expected outcomes after 24 months of operations are: (i) to have profiled and set up three newly chosen remittance transfer financial corridors between Mexico and the United States and one between the United States and El Salvador; (ii) at least 1,200 remittance transfers will have been produced between community financial institutions in the United States and Mexico/El Salvador; (iii) 1,200 migrants will have joined US credit unions or community banks, (iv) 1,200 remittance recipient households, of which at least 40% will have women leadership, will have joined microfinance institutions in Mexico (800) and El Salvador (400); (v) a combined total of eight community financial institutions in Mexico/El Salvador and the United States will have received technical assistance in designing financial and investment products for migrants, their relatives in sending villages, and other local business ventures in rural Mexico and El Salvador, and (vi) a technical assistance methodology and implementation manual based on the specific lesson learned on constructing a local loan portfolios, conducting regional economic assessments, and managing remittance flows for sending region CFIs.

B. Components.

1. Financial Market Assessment (MIF US\$63,500, Counterpart US\$161,000).

- 4.4 The objective of this component is to determine financial and remittance transfer potential of four different corridors: (1) migrants in the United States, who send

remittances to their place of origin in Mexico and El Salvador and who may or may not be organized into Home Town Associations (HTAs); (2) credit unions and other financial institutions in the United States, which seek to provide financial services to Mexican and Salvadoran migrants; (3) migrant families in the corresponding places of origin in Mexico and El Salvador; and (4) CFIs in the Mexican and El Salvador places of origin, which seek to receive migrant remittances directly and to provide financial services and community loan programs to families in the community. This component will aim to profile the extant remittance flows between four places in the United States and México/El Salvador⁴, determining the market and financial preferences of remitters and recipients.

- 4.5 The activities of this component involve: (i) identification of four transnational corridors by detecting existing financial institutions, the marketplace of remittance mechanisms and competitors, and the presence of Mexican and Salvadoran migrant networks; (ii) establish corridor baselines or main financial and remittance profiles that validates their potential (this includes, among others, determining the number of transactions, volume, frequency of remittances, and measuring the market and financial preferences of remittance sending and receiving households); (iii) assessment of viable CFIs in Mexican and Salvadoran rural communities; (iv) assess and help set up optimal remittance mechanisms that allow transfers among CFIs across the selected corridors, (v) promoting remittance transfer agreements between U.S., Mexican and Salvadoran community financial institutions; (vi) production of a technical assistance methodology and implementation manual on constructing a local loan portfolio, conducting regional economic assessments, and managing remittance flows for sending region CFIs.

2. Rural Financial Services and Rural Productive Projects (MIF US\$95,000, Counterpart US\$237,500).

- 4.6 The objective of this component is to enable remittances transfers and financial services across the four transnational corridors. Through technical assistance, community financial institutions will act as financial intermediaries of migrants and their families and will leverage the financing of rural productive projects.
- 4.7 The activities needed to achieve this goal include: (i) outreach, financial education in the United States to immigrants about sending their money directly to CFIs and joining these institutions; (ii) outreach and financial education to remittance recipient families to withdraw remittances through CFIs and join them as members or clients of these institutions (to be conducted by the CFIs); (iii) design financial products that will enable the financing of rural productive projects at the local level; (iv) train CFIs to market financial products to remittance recipients; (v) create a manual for CFIs and (vi) provide direct technical assistance to Mexican and Salvadoran CFIs to conduct local lending and financial services exercises for efficient management of remittance flows in CFIs. The local CFIs will sign an agreement with NAID setting forth, at least the following issues: (a) the CFI will only finance projects that are environmentally safe, that is, that they are not part of the MIF exclusion list; (b) the CFI will prioritize credit services to women so that by the end of the project women represent 40% of the operations approved within the

⁴ 2 corridors US-Mexico and 1 corridor US-El Salvador

project; and (c) the CFI will implement at least one of the financial products developed by UCLA-NAID Center.

- 4.8 This component will examine selected CFIs in several of the newly chosen corridors in order to analyze cash flow requirements, the experience with various remittance services, and other management issues. CFI will be assisted in developing several case studies in the same villages would analyze the potential market for a variety of financial services through surveys of migrant families, as well as assess the local market for CFI loans, including an analysis of local production possibilities through regional economic assessments and consumption surveys. In addition, the NAID Center will assists CFIs in assessing the potential to take advantage of the reality of the transnational migrant corridor, for example the possibility of the CFIs offering life insurance to migrants or financing the production of “nostalgia products” to be marketed by migrants in United States. The results of these local lending and financial services exercises would serve as examples of a methodology that CFIs could adopt throughout the region in heavily migrant areas that could benefit both the families of migrants and families who send no migrants.
- 4.9 The result of these local lending and financial services exercises cooperation with the Mexican and Salvadoran CFIs is expected to not only result in new investment and financial services products specifically benefiting local communities in this project, but should also be able to provide values “lesson learned” that can be utilized by the collaborating institutions and which could be widely disseminated in Latin America and the Caribbean. The technical assistance methodology and implementation manual will contain information about training staff to construct a local loan portfolio, conduct regional economic assessments, and manage remittance flows for sending region CFIs. The putting together of these lesson learned in disseminated form will provide needed insights and specific methodologies into how to CFIs can develop innovate ways to service the unique needs transnational communities.

V. COST AND FINANCING

- 5.1 The total cost of the Project is US\$649,000. Of that amount, US\$167,500 will be financed by the MIF, US\$263,000 by IFAD, and the remaining US\$218,500 by UCLA-NAID, according to the following breakdown:

	UCLA-NAID	MIF	IFAD	Total
I. Financial Market Assessment	65,000	63,500	96,000	224,500
- Financial corridor profiles	50,000		32,500	82,500
- Financial Institutions profile and scope	15,000	63,500	63,500	142,000
II. Rural Financial Services	85,500	95,000	152,000	332,500
- Training, outreach and recruitment of 1,200 Mexican immigrants, families in sending regions [MX and ES CFIs in-kind \$40,000]	73,500		127,000	200,500
- Product design for local/regional economic development	12,000	35,000		47,000
- Writing, production, and dissemination of manual for sending region CFIs		35,000		35,000
- Training for U.S. CFIs			25,000	25,000
- Training for MX and ESCFIs		25,000		25,000
III. Others	68,000	9,000	15,000	92,000
- Project coordination			15,000	15,000
- Administrative costs	68,000			68,000
- Evaluation (US\$4,000) and Auditing (US\$5,000)		9,000		9,000
Total	218,500	167,500	263,000	649,000
	33.7%	25.8%	40.5%	100.00%

- 5.2 The US\$4,000 for evaluation will be administered by the program for project evaluation activities in accordance with paragraph 5.2 of document MIF/GN-91. This amount will be deducted from the total contribution as of the effective date of the technical-cooperation letter of agreement, and the executing agency will not be required to submit a disbursement request. The Bank will contract the consulting assignments for program evaluations directly.

VI. EXECUTING AGENCY AND MECHANISM

A. Executing Agency

- 6.1 The UCLA NAID Center would be the executing agency for this technical cooperation project. The NAID Center is one of the University of California centers most involved in transnationalism, and this technical assistance work and its outcomes fit perfectly in the mission of the institution.
- 6.2 The North American Integration and Development (NAID) Center was created to conduct ongoing research concerning North American integration and to assist communities and governments with policies and investment projects for sustainable and equitable development across borders. Towards this goal, the NAID Center has sought to build linkages among a wide variety of institutions and organizations in North America, including the North American Development Bank (NADB).
- 6.3 In addition to the projects with the Ford Foundation, the MacArthur Foundation, and the Fundación para la Productividad en el Campo mentioned above, the NAID Center has:

assisted APEC with analyses of integration pathways; provided the U.S. Department of Labor and the State of California with estimates of North American Free Trade Agreement (NAFTA) impacts; designed projects for the NADB Community Adjustment and Investment Program in California, Florida, and Chicago; conducted surveys of migrants' remittance patterns for financial institutions and the governments of Jalisco and Zacatecas; held workshops on productive projects for HTAs; and held a series of conferences on U.S. investment in Mexican agriculture, the NAFTA side agreements, industrial restructuring under NAFTA, and migrant labor in North America.

B. Execution Mechanism

- 6.4 The project will be administered by UCLA, which will be responsible for the counterpart resources, for the accounting and procurement processes. The NAID Center will have an internal Project Executing Unit (PEU) with a Technical Project Coordinator (TPC) designated by NAID who will be responsible for the technical execution of the project, and a half time assistant hired with the Program's Contribution resources.
- 6.5 This PEU will: (i) prepare and execute annual work plans (AWP); (ii) coordinate and manage (plan, organize, execute, supervise, and review) project activities; (iii) conduct contracting processes in accordance with Bank rules and supervise procurement of goods and services; (iv) supervise the timely and effective execution of project components; (v) process disbursement requests to the MIF/IFAD program coordinator; (vi) prepare and submit account statements and management reports to the MIF/IFAD program; (vii) monitor the performance indicators established in the Logical Framework; (viii) conduct selection and procurement procedures for goods and services, consultants or firms; (ix) supervise and review the work of the consultants; (x) monitor budget management and execution using established procedures; (xi) prepare account statements for resources used; (xii) prepare administrative and technical reports for the Bank; (xiii) ensure that all the project management and execution mechanisms are in place; (xiv) deliver semiannual progress reports on the project; and (xv) disseminate project outcomes.
- 6.6 Specifically, the TPC will design and testing of surveys, coordinate the work of four teams in the United States, supervise surveying and data entry in Mexico and El Salvador, analyze data from surveys, train CFIs, write the manual for the CFIs. The TPC will work with CFIs selected according to the following eligibility criteria: (i) commitment to membership by transnational migrant families; (ii) have, or willing to invest in, the technological capability to receive remittances; and, (iii) financial sustainability for financial intermediation of remittance funds. The CFIs will implement the remittance programs and will develop outreach programs to the migrants' families in Mexico and El Salvador, in cooperation with the U.S.-side operations. The TPC will subcontract four teams to carry out the work with the migrants in the United States and to analyze the corridor in terms of investigation of remittance options in a given area; identification of migrants from selected sending regions; repeated meetings with groups of migrants from the selected regions, including bringing up from Mexico and El Salvador both representatives of the CFIs and village leaders to discuss the program with the migrants.

- 6.7 The NAID Center, through the TPC, would assist each team in developing an outreach program and an outreach office in cooperation with a selected local credit union. The credit union would offer a suite of services tailored to the migrants. The goal would be to attract as many migrants as possible into credit union membership.
- 6.8 **Acquisition of goods and services.** NAID will procure goods and consulting services in accordance with documents GN-2349-6 and GN-2350-6 respectively. Updates to the procurement plans are to be submitted with each semiannual progress report.
- 6.9 **Accounting and audits.** Project accounting and audits will be done in accordance with the MIF/IFAD program Operating regulations, with which the executing agency states it is familiar. The applicable paragraphs of the Operating Regulations are 4.27 and 4.28.
- 6.10 **Execution period and disbursements.** The estimated execution period for the project is 24 months, with disbursement over 30 months. Disbursements will be made through advances or replenishments of the revolving fund up to 20% of the net contribution, given that the project involves numerous simultaneous activities requiring large payments. No replenishment of the revolving fund will be permitted until the executing agency has duly justified the use of funds received, in accordance with the parameters set in the Logical Framework, specifically the conditions related to the design of environment modules as part of the training program as well as its implementation
- 6.11 **Responsibilities.** The MIF will have the technical responsibility of the project while the Unit with Disbursement Responsibility will be INT/RTC.

VII. MONITORING AND EVALUATION

- 7.1 **Performance monitoring reports.** NAID will prepare and submit progress reports to the MIF/IFAD Program within 30 days after the close of each six-month period, and a final report within 3 months after the last disbursement. Semiannual reports that coincide with the close of the fiscal year will include the annual work plan (AWP) for the following year. Information on monitoring reports, formats, type of information required, and frequency are all addressed in the program Operating Regulations, specifically paragraph 4.22.
- 7.2 **Evaluation.** The program will commission an overall evaluation of all program projects using the funds specified in paragraph 5.3. The MIF/IFAD program provides for the hiring of a Coordinator, one of whose responsibilities will be ongoing monitoring of the activities and execution of individual projects. This coordinator will work both with the Regional Technical Cooperation Division (INT/RTC) and the MIF Operations Unit (MIF/OPS). Individual project evaluation activities are addressed in the program Operating Regulations, specifically paragraph 4.22.

VIII. PROJECT RATIONALE AND RISKS

- 8.1 The NAID Center proposes to focus on four newly chosen corridors from areas in the United States that are linked via migration to specific sending regions in Mexico and El

Salvador. The TPC will choose the corridor taking into account criteria such as: (i) diversity of economic activities; (ii) urban and semi-rural areas in the United States; and (iii) presence of community based financial institutions. Areas that comply with these criteria, provide a laboratory in which to explore the efficacy of the NAID Center's methodology, which would then be widely applicable in areas of recent immigration across the United States. These sites also benefit from the existence of credit unions on the U.S. side that are interested in linking up with immigrants.

- 8.2 Within the four areas the NAID Center will have the four teams of contractors investigate the presence of different migrant networks comprised of male and female individuals and families from specific places in Mexico. The Mexican and Salvadoran sending sites and migrant networks will be chosen based also on the existence of qualified CFIs in the villages, the desire to experiment with a geographical dispersion of migrant sending regions and to a certain extent with the existence of organized migrant home town associations (HTAs) from the villages.
- 8.3 The greatest risk to the project lies in unanticipated responses of migrants and their families in a proposed corridor. Because the migrants from a particular village operate in a social network, it is possible that the leaders of a given network might resist sending their remittances to a CFI in the village for a variety of reasons, such as concerns about security or the administration of the CFI. Such difficulties could slow the progress of the project and even force the choice of alternative corridors. To mitigate these risks, the NAID Center will initially focus on careful selection of corridors and CFIs with upfront evaluations of the likelihood of establishing collaborative bonds between the social networks and the CFI.

IX. JUSTIFICATION

- 9.1 Through this Project, NAID Center will fill a vacuum in the articulation of low cost remittance transfers by using a financial intermediation through transnational corridors approach. By becoming the channel through which remittances are sent to families, CFIs can encourage savings and leverage the remittance flow for developmental loan programs in migrant sending regions.
- 9.2 **Beneficiaries.** The beneficiaries of this project will be: (i) 1200 migrants (300 migrants per corridor); (ii) 800 remittance recipient families in Mexico and 400 in El Salvador; and (iii) four credit unions and four microfinance institutions at the ends of the corridors in Mexico and El Salvador for a total of eight institutions.

X. ENVIRONMENTAL AND SOCIAL IMPACT

- 10.1 The Committee on Environment and Social Impact (CESI) reviewed the project on November 4, 2005, and determined that the project team's strategy to address environmental issues was appropriate.
- 10.2 The project itself has no adverse environmental impacts. However, NAID will introduce in the training sessions an environmental module that ensures that these entities are aware

of the negative list of activities ineligible for financing and to grant women preferential access to credit and to ensure that credit beneficiary enterprises meet industrial safety and labor standards.

XI. SPECIAL CONTRACTUAL CONDITIONS

- 11.1 As conditions precedent to the first disbursement, the following must be submitted to the Bank's satisfaction: (i) the terms of reference for (a) the work of the Coordinator; (b) consultants for market study of selected corridors; (c) the training and technical assistance to immigrants and CFIs, that must include the environmental module as stated in paragraph 10.2; and (ii) the first annual work plan, which will include a project executing timetable with dates for partial fulfillment of the agreed targets and an update of the initial procurement plan.

LOGICAL FRAMEWORK
UCLA North American Integration Development Center – NAID Center

Objectives	Indicators	Means of Verification	Assumptions
<p>Goal</p> <p>Contribute to the deepening of Mexico and El Salvador's financial system by broadening its scope and access to rural areas through a systematic link between remittance transfers and financial intermediation.</p>	<p>2 or 3 years after project completion:</p> <p>The level of remittances that are deposited into accounts of Community Financial Institutions (CFI) increases at least in 10% in the cross boarder areas where the project executed its activities.</p>	<p>Reports from both the Central Bank of Mexico and Central Bank of El Salvador</p>	<p>The remittance senders remain in economically viable condition to send money home to their families.</p>
<p>Purpose</p> <p>To establish transnational financial corridors between Mexico, El Salvador and the United States.</p>	<p>At the end of project execution:</p> <p>Four remittance transfer financial corridors between Mexico (3), El Salvador (1) and the United States in operation with at least 4 financial institutions in the US, 3 in Mexico and 1 in El Salvador.</p> <p>At least 1,200 remittance transfers will have been produced between CFIs in the US, Mexico and El Salvador.</p> <p>1,200 will have joined US credit unions or community banks, of which at least 40% will be women.</p> <p>1,200 remittance recipient households will have joined microfinance institutions in Mexico and El Salvador, of which, at least women will head 40%.</p>	<p>MIF/IFAD Final Evaluation Project Completion Report NAID Final Report CFIs statistics</p>	<p>The level of interest for financial intermediation services continues to grow.</p>

Objectives	Indicators	Means of Verification	Assumptions
Components Financial Market Assessment	<p>By the first 12 months of execution: NAID will have identified three viable CFIs in Mexico, one in El Salvador and four viable CFIs in the US.</p> <p>Four corridor baselines with profiles will have been established specifying number of transactions, volume/frequency of remittances and market preferences of remittance senders.</p> <p>By the 18th month of project execution:</p> <p>Mechanisms that allow transfers between CFI across selected corridors have been developed, establishing rules for credit approvals, mainly in terms of environmental feasibility (MIF exclusion list)</p> <p>4 remittance transfer agreements have been signed, according with ¶4.7 of the project document.</p>	<p>Midterm Evaluation</p> <p>NAID Progress Report</p> <p>MIF Project Performance and Monitoring Report (MPPMR)</p> <p>Project Completion Report</p> <p>CFIs statistics</p>	<p>The demand for remittance transfers continues to rise.</p>

Objectives	Indicators	Means of Verification	Assumptions
Rural Financial Services and Rural Productive Projects	<p>By the first 12 months of the project execution period:</p> <p>400 immigrants have received financial outreach and education in the US about sending money directly to CFI and joining these institutions</p> <p>600 remittance recipient families have received financial outreach and education in rural Mexico about withdrawing remittances through CFIs</p> <p>By the end of the project:</p> <p>1,200 immigrants have received financial outreach and education in the US about sending money directly to CFI and joining these institutions.</p> <p>3 CFIs in Mexico, 1 in El Salvador and 4 in the US have received training on transfer of remittances, credit technology and design of environmentally safe financial products. These CFIs have implemented credit regulations that exclude from financing the activities of the MIF exclusion list.</p> <p>1,200 remittance recipient families have received financial outreach and education in rural Mexico about withdrawing remittances through CFIs</p> <p>8 financial products will have been designed</p>		

Objectives	Indicators	Means of Verification	Assumptions
Activities Hiring of a consultancy for detecting the financial corridors Hiring consultancy for establishing the corridors baseline Consultancy for assessing CFIs Hiring of the team to asses promote transfers and bancarization. Consultancy for outreach, financial education and recruitment of migrants in the US and recipient families in Mexico and El Salvador Consultancies for product design and market these products to remittance recipients.	Four transnational corridors are identified and existing financial institutions, the marketplace of remittance mechanisms and competitors are detected. Corridor baselines or main financial and remittance profiles are established. The number of transactions in each one is determined as well as the volume and frequency of remittances; the market and financial preferences of remittance sending and receiving households are measured. Viable CFIs in Mexico and El Salvador are assessed. Optimal remittance mechanisms, that allow transfers among CFIs across the selected corridors, are assessed and remittance transfer agreements between U.S. and Mexican community financial institutions are promoted, signed and in execution. 1,200 migrants are recruited and trained on how to send their money directly to CFIs and joining these institutions. 1,200 remittance recipient families outreach and trained on how to better use the remittances and how to join CFIs as members or clients. Financial products that will help create new means of generating	Midterm Evaluation NAID Progress Report MIF Project Performance and Monitoring Report (MPPMR) Project Completion Report CFIs statistics	

Objectives	Indicators	Means of Verification	Assumptions
	income at the local level based on remittances are designed. 8 CFIs are trained on how to market remittances related products		

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION MIF/DE-___/06

Regional. Nonreimbursable Technical Cooperation ATN/ME-____-RG
Immigrant Remittance Corridors

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the UCLA North American Integration Development Center – NAID Center, and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-___ with respect to technical cooperation for immigrant remittance corridors.

2. That up to the amount of US\$167,500 or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

LEGIII/RG-694984-06
RG-M1075