



RE- 395

*An Evaluation Approach Paper:
Opportunities for the Majority
Initiative*

Office of Evaluation and Oversight

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ACRONYMS

BoP	Bottom of the Pyramid
CIDA	Canadian Development Agency
IDB	Inter-American Development Bank
IFC	International Finance Corporation
LAC	Latin America and the Caribbean
MNC	Multinational Corporation
MDB	Multilateral Development Bank
NGO	Nongovernmental Organization
DCD-DAC	Development Cooperation Directorate–Development Assistance Committee
OECD	Organization for Economic Cooperation and Development
OMJ	Opportunities for the Majority Initiative
OVE	Office of Evaluation and Oversight
PPP	Purchase Power Parity
SME	Small and Medium Enterprise
TOR	Terms of Reference
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WBCSD	World Business Council for Sustainable Development
WRI	World Resources Institute

EXECUTIVE SUMMARY

This is an approach paper to evaluate the Opportunities for the Majority Initiative (OMJ), which was approved by the Inter-American Development Bank (IDB)'s Board of Executive Directors in March 2007. At the time it was created, the Bank launched the OM Financing Facility, not to exceed a total of \$250 million, to finance individual non-sovereign guaranteed loans and guarantees to support market-based solutions for the poor and for low-income communities (GN- 2430-4). According to the Initiative, the amount of financing for any individual operation "shall not exceed the equivalent of US\$10 million from the Ordinary Capital resources of the Bank. All operations approved under the Facility will be counted against the 10% financing limit authorized by the Board of Governors (Resolution AG-9/01) to finance operations without sovereign guarantees" (GN-2430-4). The Board also approved the management recommendation (option 3) that "until month 36 [March 2010] full integration of the initiative with the Bank Group's activities and organization will be achieved" (GN-2430-6: 8).

This approach paper is organized in three sections. The first section provides some background on the OMJ. It describes the theoretical framework behind the launch of the initiative; summarizes other multilateral organizations' initiatives on this issue; and outlines the OMJ's objectives, assumptions, and portfolio. The second section presents the OMJ's evaluative framework, including its objectives, universe of analysis, and questions addressed. The final section presents the evaluation's methodology, including a description of the tools of evaluation, as well as the evaluation's timeline and resources.

I. BACKGROUND

A. Theoretical Framework

- 1.1 At the start of the last decade, several academics and research groups launched a new approach to poverty alleviation by promoting market solutions for poor and low-income communities.^{1 2} This new approach sought to address the so-called bottom of the pyramid (BoP), or the “more than 4 billion people with per capita income below US\$2 per day at purchasing power parity (PPP) rates” (Prahalad 2002, 2004).³ The general argument is that, globally, the BoP has been excluded from the benefits of economic growth.
- 1.2 The general assumptions of Prahalad’s so-called BoP approach are as follows:⁴ (i) there is much “untapped purchasing power” at the bottom of the pyramid; (ii) private companies can make significant profits by selling to the poor; (iii) by selling to the poor, private companies can bring prosperity to the poor, and thus help eradicate poverty; and (iv) large multinational companies (MNCs) should play the leading role in this process of selling to the poor.⁵
- 1.3 Adherents to the BoP approach argue that MNCs are in a better position to attend the BoP due to, among other things, their capacity to stress economies of scale and therefore reach the low-income people at a low average cost⁶. Hart (2005: 147), for instance, argues that “MNCs can [therefore] identify opportunities to both create consumer surplus and generate income through innovative technologies and business models”.
- 1.4 Though inspired by Prahalad’s contribution, others BoP’s authors have adopted a different framework, approaching the people in the BoP not only as consumers but as potential producers and entrepreneurs.⁷ This approach underlays the OMJ’s initiative, as discussed below.

B. Other Multilateral Organizations’ Initiatives

- 1.5 Several multilateral organizations have utilized the BoP approach in recent years. For instance, the United States Agency for International Development (USAID) launched the Global Development Alliance to encourage private sector partners to participate in grant programs to address poverty and inequality. The Canadian Development Agency (CIDA) has also expressed interest in the BoP approach. The Dutch Development Agency has partnered with the World Business Council for Sustainable Development (WBCSD) to implement projects engaging member companies of the WBCSD in BoP-focused business. The WBCSD has also partnered with the United Nations Development Programme (UNDP) to launch programs focused on the role of the private sector in alleviating poverty and catalyzing sustainable development (Hart 2005).
- 1.6 The World Bank and the International Financial Corporation (IFC) have engaged in a variety of initiatives to create wealth in poor communities. The IFC has a Grassroots Business Initiative to develop small businesses in the BoP.⁸ In 2007 the IFC and World Resource Institute (WRI) launched the *Next Four Billion Market Size and Business Strategy* at the BoP, which received IDB support to conduct studies in Latin America and the Caribbean (LAC). These studies defined the targeted population segment as “those with annual earnings of approximately US\$3,260 or less (at purchase power parity with 2005 as

the base year).” Also in 2007, the IDB launched a similar initiative of its own—the OMJ, analyzed in the following section.

C. Opportunities for the Majority Initiative (OMJ)

- 1.7 In March 2007 the Bank launched the OMJ and created the Opportunities for the Majority Financing Facility to finance individual, non sovereign guaranteed loans and guarantees to support market-based solutions for poor and low-income communities.⁹ According to the IDB’s Board decision, the amount of financing for any individual operation “shall not exceed the equivalent of US\$10 million from the Ordinary Capital resources of the Bank. All operations approved under the Facility will be counted against the 10% financing limit authorized by the Board of Governors (Resolution AG-9/01) to finance operations without sovereign guarantees.”¹⁰ The IDB’s Board also decided that the OMJ’s budget should not exceed a total of US\$250 million during the 36-year term of this initiative.¹¹
- 1.8 Based on both the BoP approach and the *Next 4 Billion Strategy*, the OMJ targeted 70 percent of the LAC population, comprising 360 million people with annual earnings of approximately US\$3,260 or less at purchasing power parity (the “majority”).¹² This majority comprises a market with US\$509 billion in potential purchasing power.¹³
- 1.9 The OMJ’s mission is to promote the inclusion of the majority in the LAC countries through market-oriented initiatives. The initiative goes steps further than the original BoP framework. On one hand, the OMJ approaches the majority as both consumers *and* producers. As is stated in GN-2430-6 (p. 1): “The goal of the OM initiative is to pilot a novel approach that complements the Bank’s efforts to improve the lives of those in the region who have been left behind. The potential of the OM initiative lies in promoting and financing an emerging business model that seeks to engage poor and low income communities, together with private business, in the development and delivery of quality products and services, the creation of employment opportunities and the integration of the majority in the productive sector”.
- 1.10 The OMJ also identifies partners other than MNCs. As stated in the GN-2430-6 (p.8):“New clients would have been identified through the outreach to NGOs, the public sector and businesses, large and small, and deployment of non financial and financial products”.
- 1.11 The OMJ hypothesizes that the private sector, working with communities and governments, can create jobs, increase income, and incorporate local communities in production—while being profitable. Going beyond the BoP approach, the OMJ aims to address the market failures that have constrained the private sector from reaching the majority. These market failures could be due “in part to information asymmetries that limit the understanding of target markets and the opportunities they present, due to the cost and difficulty of undertaking this type of analysis”.¹⁴
- 1.12 The OMJ identifies the need for a new business model that creates value for the BoP market (see box 1). To best achieve its goals, the OMJ should be coordinated with country strategies, country private sector development strategies, and the Bank’s programming processes.¹⁵

Box 1. The OMJ’s Business Model

- *Higher quality and lower price.* BoP markets have very specific needs. Increasing willingness to pay by driving down price, while maintaining or improving quality, requires innovation in product, process, or both—innovation that can be technologically driven.
- *Social value chains.* These involve enabling local, microentrepreneurs by using local ecosystems to build supply chains (vendors and suppliers) and distribution and marketing channels. Such efforts include microfranchising and agent-based marketing. Technology innovation and required standardization are embedded in franchise models and value creation is localized.
- *Cocreation.* This joins the development of new business opportunities and new business models. It also leverages local social and community organizations, nongovernmental organizations (NGOs), local social entrepreneurs, local governments, and social agents.
- *Access.* Companies adapt products and services to local consumption patterns by lowering unit price points and providing single-use packaging (“sachets”), prepaid services, and adaptive credit models.
- *Value enhancement.* In some markets, product value is not directly perceived in the product price itself and other attributes (such as financing) have to be built or bundled in.
- *Scaling and replicating.* Many BoP experiences can start on a pilot basis and can be designed to be scaled up, replicated, or both.¹⁶

Source: GN-2430-6, Appendix 1

- 1.13 The OMJ defines ten specific eligibility criteria for its operations: (i) innovation; (ii) scalability; (iii) country and project entity eligibility; (iv) development impact and majority focus; (v) additionality; (vi) sector eligibility; (vii) sponsorship; (viii) risk sharing; (ix) governance, organization, and authority of the project entity; and (x) environmental and social impacts.

II. EVALUATIVE FRAMEWORK

A. Objective

- 2.1 As part of the Office of Evaluation and Oversight (OVE) Working Plan for 2011–12 (RE-374) and to comply with the Board mandate, OVE will conduct an evaluation of the OMJ. OVE will use an adapted version of the OECD’s Development Co-operation Directorate–Development Assistance Committee (DCD-DAC) guiding framework. The main objectives of the evaluation are to assess the OMJ’s *relevance* regarding its mandate, the OMJ’s *effectiveness* in achieving its development goals, the OMJ’s *efficiency* in delivering its products, and the *sustainability* of both the projects and the “business model” supported by the initiative.
- 2.2 The evaluation will look for evidence to assess how effective and sustainable the OMJ projects are. Nevertheless, considering the early stage of disbursement of the OMJ projects, the evaluation will represent only a first stage assessment of OMJ results and sustainability. Whenever documented evidence cannot be inferred, the evaluation will look at the likely effect of the initiative on the markets.

B. Evaluation Questions

- **Relevance.** (*Targeting*) Are OMJ interventions addressing needs of lower-income groups? How and how well are OMJ projects targeted to this population? Are the OMJ's interventions analytically identifying the asymmetries and other constraints that it intends to address? (*Innovation*) How are OMJ operations incorporating low-income population to different markets? What are the technological and business innovations that allow OMJ operations to reach these markets? Did this innovation **already exist or was it generated by the OMJ project?** (*Partner Selection*) Is OMJ selecting partners who are likely to continue and expand their operations? (*Instrument*) Is the IDB's non sovereign guaranteed lending an appropriate instrument to promote inclusion of lower-income groups into markets? How does OMJ compare with other initiatives that tackle the same beneficiaries?
- **Effectiveness.** (*Business Model Impact*) What is the evidence that the OMJ's interventions are supporting business models that are simultaneously affordable to the low-income people and profitable to firms? (*Beneficiary Impact*) What is the evidence that the OMJ's interventions have affected incomes of low-income people? What is the evidence that the products and services provided by OMJ projects are effectively addressing the beneficiaries' needs? (*Market Impact*) What is the evidence that OMJ programs have had an impact on products and services offered in low-income markets?
- **Efficiency.** (*Instrument*) How do the OMJ's costs (price, tenure, diligence process) compare to other IDB private sector branches and other market solutions? What are the clients' perceptions of the OMJ's quality of work and added value? Are the OMJ's interventions clearly identifying their potential scalability? Has the OMJ's portfolio been designed and tracked efficiently to measure and achieve results? How is the OMJ's office equipped to prepare, monitor, and execute its projects?
- **Sustainability.** (*Benefits*) What is the evidence that the OMJ project benefits are to be (or will be) sustainable after the lending operations is terminated? (*Business Model*) To what extent (if any) will the business model be sustainable after the conclusion of the Bank's intervention? Are the OMJ's financial products adequate to address sustainable market-based solutions for the poor? (*Scalability*) What is the evidence that the model has been take up by other actors?

C. Universe of Analysis

2.3 By June 2011 the Bank had approved 24 OMJ projects (see Table A.1 in the Annex) and 24 technical cooperations. Regarding the projects, 4 out of 24 were regional and the others distributed among 11 countries (4 in Mexico, 4 in Peru, 4 in El Salvador, 1 in Argentina, 1 in Chile, 1 in Colombia, 1 in Guatemala, 1 in Ecuador, 1 in Brazil, 1 in Paraguay, and 1 in Nicaragua). Most of the projects went to the D countries (8), followed by the A (6) and B (6) countries; no project was designed for C countries¹⁷. As illustrated in Table A.1 (Annex), by June 2011, five projects were completely disbursed, while 3 had started disbursement. The initiative approved 4 projects in 2008, 7 in 2009, 10 in 2010, and 3 in 2011.

- 2.4 According to the IDB (document OP-610-1 of May 2011), the projects in the OMJ's pipeline are concentrated in six areas: infrastructure and basic services, housing and home improvement, financial services, health care and nutrition, education, IT and communication, small and medium enterprises (SMEs), and smallholder farmers.
- 2.5 Regarding the technical cooperations, 8 out of 24 are regional and the others distributed among 7 countries (2 in Colombia, 2 in Brazil, 2 in Chile, 4 in Mexico, 2 in El Salvador, 1 in Ecuador, and 1 in Peru)¹⁸ (see Table A.2 in the Annex). Most of the TCs are concentrated in 4 areas: Microenterprises and Self-Employment (9), Infrastructure and Basic Services (5), House and Home Improvement (4), and Financial Services (4)¹⁹.

III. EVALUATION METHODOLOGY

- 3.1 OVE will use four tools to assess OMJ results: desk reviews, field missions, surveys, and, where feasible, quantitative evaluations. Inputs from other OVE's product will be used to establish comparisons between IDB's non sovereign guaranteed instruments. OVE is currently conducting an evaluation of MIF and the validation exercise of IIC, SCF and MIF self-evaluations.

A. Evaluation Tools

- *Desk review of the OMJ initiative and projects.* During the desk review stage, all existing official documentation since the OMJ's launch will be reviewed, including private sector strategies, the OMJ's general documents, loan proposals, the projects' monitoring reports, and intermediary and final evaluations.²⁰ The review will analyze the project's design, implementation, and results by applying the project's templates and their evaluative questions.²¹ It will also include an overview of BoP literature but with emphasis on the OMJ framework.
- *Field missions.* The field missions will cover all projects in 10 countries. During these missions, interviews will be conducted with the Bank's country office staff members, the Bank's clients, the Bank's client beneficiaries, and other market participants. The aim of these missions is twofold: (i) to complement/validate the desk review assessments and (ii) to identify data requirements in order to answer questions that could not be answered using secondary data.
- *Surveys.* The evaluation will undertake questionnaire surveys of both the Bank's clients and their beneficiaries. The survey of the Bank's clients aims mainly to document their perceptions of the Bank's quality of work and value added. Finally, whenever possible, a survey of a sample of the Bank's client beneficiaries will also be conducted to collect the information necessary to assess to what extent the OMJ's project is supporting models affordable to the target population (that is, low-income people) and if the model is effectively reaching the intended market segment.
- *Quantitative evaluation work.* Specific and targeted impact evaluations will be performed to assess OMJ's effectiveness in the projects where data is available or feasible to collect during the field visits or through specific surveys.

Table 2 shows how the evaluative questions will be linked with the evaluation tools.²²

Table 2. Matrix of Evaluative Questions and Instruments

<i>Questions</i>	<i>Instruments</i>				
	Desk review	Field missions	Surveys		
			OMJ client	Client's beneficiaries (Qualitative)	Quantitative evaluation
Relevance	X	X	X	X	X
Effectiveness		X	X	X	X
Efficiency	X	X	X		
Sustainability		X	X	X	X

B. Timeline and Staffing

- 3.2 The OMJ evaluation is part of the OVE Work Plan for 2011-2012 (RE-374) and is planned for delivery in the first half of 2012.
- 3.3 The OMJ evaluation will be conducted by Jose Claudio Pires (team leader), Irani Arráiz, Caio Piza, Tulio Cravo, and Simon Lodato. A senior consultant will be hired to provide an overview and analytical inputs into the evaluation. Specifically, the consultant will analyze and provide feedback on the desk review, field missions, and the survey's data analyses. The senior consultant will provide comments on the intermediate and final version of the evaluation. Finally, local pollsters may be hired to administer surveys to a sample of the Bank's client beneficiaries, as discussed above.

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Annex

Table A.1. OMJ's Portfolio: List of Approved Projects

Loan name	B-Lender	Colender	OMJ amount	Approval date	SYN pricing memo	Preclosing meeting	Signed	Disbursed to date	Undisbursed (Yet)
RG-L1021	IGNIA		25	6/2008	√	√	29-Sep-08	\$1.75	\$23.25
GU-L1040	G&T		10	12/2008	√	√	25-Aug-09	\$10.0	
ES-L1018	FIDEMYPE		4	12/2008	√	√	19-Mar-10		\$7.0
NI-L1045	Agricorp	3	3.6	11/2009	√	√	8-Jun-10		\$3.6
PE-L1073	Mi Banco	26.2	9	10	12/2009	√	√	8-Jul-10	\$10.0
RG-L1027	Global Partnerships	10	5	12/2009	√	√	24-Sep-10	\$2.5	\$2.5
PE-L1096	Caja Ica	2.5	3	5/2010	√	√	24-Sep-10	\$3.0	
PE-L1095	Caja Maynas	2	2	6/2010	√	√	4-Oct-10	\$2.0	
ME-L1075	Mi Tienda		2	12/2009	√	√	15-Feb-11		\$2.0
EC-L1082	Credit for Community Development – Azuayo	6	3	11/2010	√	√	15-Feb-11	\$3.0	
ME-L1094	FINAE		2	11/2010	√	√	8-Mar-11	\$0.75	\$1.25
AR-L1096	Cooperativa La Riojana		2.9	10/2010	√	√	18-Apr-11		\$2.9
ES-L1038	Fedecredito	5	10	12/2010			Q2/2011		\$10.0
ES-L1035	FONAVIPO		7	8/2009			Q2/2011		\$7.0
CO-L1080	EPM		10	10/2009			Q2/2011		\$10.0
BR-L1270	Tenda		10	12/2010			Q2/2011		\$10.0
PE-L1102	Caja Sullana	(15)	5	12/2010			Q2/2011		\$0.0
RG-L1029	FOPEPRO	3	1	2	1/2011		Q2/2011		\$2.0
ES-L1055	Nutrition Sprinkles – ANCALMO		1.1	2/2011			Q2/2011		\$1.1
ME-L1044	Mejora Tu Calle		9.6	12/2008	√	√	20-Apr-10		\$10.0*
PR-L1057	Vision Bank		2.5	12/2010			Q2/2011		\$2.5*
CH-L1054	BCI		10	12/2009			Q2/2011		\$10.0*
ME-L1095	Small Farmer Sunflower Supply Chain Program – Sabritas		5	7/2010			Q2/2011		\$5.0*
RG-L1039	Patrimonio Hoy		10	6/2011					

Source: OMJ, July 2011.

*Outstanding amount.

Table A.2. OMJ's Portfolio: List of Technical Cooperations

Project	Related to OMJ Project	Fund	Project Name	Approval Date	Approved Current	% Disbursed	Current Expiration	Sector	To	Years executed
BR-T1124	N/A	Italian Trust Fund	Increased Access to Connectivity Services to the Majority in Poor Communities	05/10/10	110,000	55%	05/10/12	Infrastructure and Basic Services	07/31/11	1.23
CO-T1141	N/A	Japan Special Fund Poverty Reduction	Capacity Building for income generating activities: Minuto de Dios	06/10/09	80,544	55%	12/30/11	Housing and Home Improvement	07/31/11	2.14
CO-T1140	N/A	Korean Poverty Reduction	Support Low Income Housing Program	08/28/08	150,000	60%	08/28/11	Housing and Home Improvement	07/31/11	2.93
RG-T1675	N/A	Italian Trust Fund	Supporting Business in Guatemala, Paraguay and Haiti	08/30/09	150,000	89%	09/30/11	Micro-Enterprises and Self-Employment	07/31/11	1.92
RG-T1772	N/A	Fund for Special Operations	Leveraging the Impact of Conditional Cash Transfer programs in LAC	05/14/10	280,000	42%	12/30/11	Micro-Enterprises and Self-Employment	07/31/11	1.21
RG-T1845	N/A	Market-based Solutions for Social Change Multidonor Trust Fund	Corporate Leadership Program for Success in Majority Markets	06/07/10	300,000	67%	12/30/11	Micro-Enterprises and Self-Employment	07/31/11	1.15
RG-T1628	N/A	Fund for Special Operations	Tourism and Value Chains for the Majority	11/25/08	100,000	59%	11/25/11	Micro-Enterprises and Self-Employment	07/31/11	2.68
RG-T1955	N/A	Market-based Solutions for Social Change Multidonor Trust Fund	Micro franchising for the Base of the Pyramid: Vision Spring	08/30/10	200,000	76%	08/30/12	Micro-Enterprises and Self-Employment	07/31/11	0.92
RG-T1995	N/A	Fund for Special Operations	Promoting Market-Based Solutions for the Base of the Pyramid	12/20/10	80,000	8%	12/20/2011	Micro-Enterprises and Self-Employment	07/31/11	0.61
RG-T1981	N/A	Market-based Solutions for Social Change Multidonor Trust Fund	Promoting Market-Based Solutions for the Base of the Pyramid	12/20/10	420,000	87%	12/20/11	Micro-Enterprises and Self-Employment	07/31/11	0.61
CH-T1108	N/A	Korean Poverty Reduction	Connecting Chile: Access to Affordable IT for Low-Income Urban Households	07/18/11	180,000	0%	n/a	Infrastructure and Basic Services		

ME-T1130	ME-L1044 CEMEX	Spanish General Cooperation	Municipal Cadastral System Strengthening for the "Mejora tu Calle Program"	08/30/10	47,558	0%	02/28/13	Infrastructure and Basic Services	07/31/11	0.92
ME-T1130	ME-L1044 CEMEX	Japan Special Fund Poverty Reduction	Municipal Cadastral System Strengthening for the "Mejora tu Calle Program"	08/30/10	150,000	35%	02/28/13	Infrastructure and Basic Services	07/31/11	0.92
ES-T1145	ES-L1035 FONAVIPO	Korean Poverty Reduction	Integrated System to provide specialized services to assist El Salvador's housing demand	01/13/11	350,000	0%	2014	Housing and Home Improvement	07/31/11	0.55
ME-T1158	ME-L1104 Patrimonio Hoy	Market-based Solu- tions for Social Change Multidonor Trust Fund	Program to Strengthen the Direct Sales Capacity and Social Impact Assessment Sys	12/07/10	200,000	80%	7/13/2012	Housing and Home Improvement	07/31/11	0.65
BR-T1188	BR-L1270 Mundo Vox Tenda	Korean Poverty Reduction	Mundo Vox Tenda	07/12/10	270,000	0%		Micro-Enterprises and Self- Employment	07/31/11	1.05
EC-T1219	EC-L1082 COAC Jardin Azuayo	Spanish General Cooperation	Strengthening COAC Jardin Azuayo to sow hope	01/14/11	116,726	9%	02/01/13	Infrastructure and Basic Services	07/31/11	0.55
ME-T1177	ME-L1094 FINAE	Korean Poverty Reduction	Support for project: Loans for Access to University Education for Students at the Base of the Pyramid	n/a	270,000	0%		Education	n/a	n/a
PE-T1244	ME-L1094 FINAE	N/A	Support to: Building a Secure Mobile Financial Transactions System in Peru	n/a	383,000	0%		Financial Services	n/a	n/a
PE-M1066	N/A	MIF	Strengthening women entrepre- neurship in Peru	09/22/09	2,986,429	30%	07/03/14	Micro-Enterprises and Self- Employment	07/31/11	1.86
PE-M1059	N/A	MIF	Strengthening of Mortgage Lending among Microfinance Institutions	02/02/09	497,500	31%	07/01/12	Financial Services	07/31/11	2.50
CH-M1031	N/A	MIF	Support to Microfinance expan- sion and development of Inclu- sive Business in Chile	09/30/09	600,000	1%	10/20/13	Financial Services	07/31/11	1.83
ES-M1028	ES-L1018	MIF	Strengthening of Microfinance Institution in El Salvador	04/09/09	502,512	38%	01/23/13	Financial Services	07/31/11	2.31
RG-M1169	N/A	MIF	Fund for the Small Rural Pro- ducers of Latin America	06/02/10	200,000	0%	01/10/14	Smallholder Farm- ing	07/31/11	1.16

Table A.3. Detailed Matrix of Evaluative Questions and Instruments

<i>Questions</i>	<i>Instruments</i>				
	Desk review	Field missions	Surveys		Quantitative evaluation
			OMJ client	Client's beneficiaries (Qualitative)	
Relevance					
Are OMJ interventions addressing needs of lower-income groups?	X	X	X	X	X
How and how well are OMJ projects targeted to this population?	X	X	X	X	X
Are the OMJ's interventions analytically identifying the asymmetries and other constraints that it intends to address?	X	X	X	X	X
How are OMJ operations incorporating low-income population to different markets?	X	X	X	X	X
What are the technological and business innovations that allow OMJ operations to reach these markets?	X	X	X	X	X
Did this innovation already exist or was it generated by the OMJ project?		X	X	X	X
Is OMJ selecting partners who are likely to continue and expand their operations?	X	X	X	X	
Is the IDB's non sovereign guaranteed lending an appropriate instrument to promote inclusion of lower-income groups into markets?		X	X	X	X
How does OMJ compare with other initiatives that tackle the same beneficiaries?	X	X	X	X	X
Effectiveness					
What is the evidence that the OMJ's interventions are supporting business models that are simultaneously affordable to the low-income people and profitable to firms?		X	X	X	X
What is the evidence that the OMJ's interventions have impacted outcomes of low-income people?		X	X	X	X
What is the evidence that the products and services provided by OMJ's projects are effectively addressing the beneficiaries' needs?		X	X	X	X
What is the evidence that OMJ programs have had an impact on products and services offered in low-income markets?		X	X	X	X
Efficiency					
How do the OMJ's costs (price, tenure, diligence process) compare to other IDB private sector branches and other market solutions?	X	X	X	X	X
What are the clients' perceptions of the OMJ's quality of work and added value?		X	X	X	X
Are the OMJ's interventions clearly identifying their potential scalability?	X				
Has the OMJ's portfolio been designed and tracked efficiently to measure and achieve results?	X	X	X	X	X

How is the OMJ's office equipped to prepare, monitor, and execute its projects?	X	X		
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Sustainability

What is the evidence that the OMJ project benefits are to be (or will be) sustainable after the lending operations is terminated?	X	X	X	X
To what extent (if any) will the business model be sustainable after the conclusion of the Bank's intervention?	X	X	X	X
Are the OMJ's financial products adequate to address sustainable market-based solutions for the poor?	X	X	X	X
What is the evidence that the model has been take up by other actors?	X	X	X	X

End Notes

¹ In 2000 the University of North Carolina's Kenan-Flagler Business School launched the BoP Learning Laboratory, a consortium of large corporations, new ventures, and nongovernmental organizations (NGOs). The most prominent academic works were written by Prahalad and Hart (2002), Prahalad and Hammond (2002), Prahalad (2004), and Hart (2005). As part of a growing network, the lab's research groups were replicated in Mexico (2003), Brazil (2005), and Argentina (2005) (www.johnson.cornell.edu; www2.johnson.cornell.edu/sge/programs/BOP.html).

² In this document the terms *poor* and *low-income people* are used interchangeably, in line with the OMJ framework (see OP-610-1).

³ Prahalad and Hart (2002) stress that among the 4 billion people whose income is less than \$2 per day, there are 1 billion people whose per capita income is less than \$1 per day.

⁴ Prahalad 2004.

⁵ It is argued though that new business models are required and that MNCs are better placed, financially and technologically, to adapt their products or services to the needs of the BoP throughout their supply, distribution, and value chains.

⁶ See, for instance, Hart (2005).

⁷ See, for instance, Hart (2005).

⁸ GN-2430-3.

⁹ GN-2430-6.

¹⁰ GN-2430-4: 6.

¹¹ OP-610.

¹² See, for example, GN-2430-6: 2, footnote 1.

¹³ In accordance with Olson's (1996), "due to market imperfections, more than \$500 billion has been left on the sidewalk."

¹⁴ "Misperceptions that the poor don't pay, don't value quality or technology also have impeded the private sector's response to majority markets" (GN-2430-6: 1)

¹⁵ See GN -2430-6. Paragraph 1.22, for instance, states that the implementation of the staged integration of the initiative includes the following steps "integration inside the Bank Group: integration within the Bank Group will take place via joint project development, internal dissemination measures, and institutional coordination. Integration with countries: Country strategies and programming will consider OM activities. Visits to COFs and member countries will continue, as will meetings with public and private sector leaders. Relationship with other entities: alliances with other entities such as NGOs, academic institutions and private sector companies will be developed to strengthen the outreach and continue marketing the Bank's initiative."

¹⁶ The scaling and replicating component of the business model is generally asserted in OMJ documents. See, for instance, GN-2430-6.

¹⁷ According to the Report on the Ninth General Increase of Resources of the IDB (AB-2764: 69), A and B countries are those with gross domestic product (GDP) higher than \$127 billion, whereas C and D countries are those with GDP lower than \$55 billion. The A countries are Brazil, Argentina, Mexico, and Venezuela. Colombia, Chile, and Peru form the B group. The set of countries in category C includes the Bahamas, Barbados, Costa Rica, Jamaica, Panama, Suriname, Trinidad and Tobago, and Uruguay. Group D is composed of Belize, Bolivia, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Nicaragua, and Paraguay.

¹⁸ Beyond the 24 TCs in the OMJ's pipeline, there are 7 TCs already closed (fully disbursed), 5 regional, 1 in Mexico, and 1 in Colombia.

¹⁹ There is only one TC in Education as well as in Smallholder Farmers.

²⁰ Complementary interviews with staff members of both the OMJ and IDB Group and other MDB promoters of the BoP approach will be conducted as part of this stage of the evaluation.

²¹ In the desk review, project design evaluation will mainly be based on analysis of the OMJ's documents and loan documents. The project implementation and results will be based on existing monitoring reports.

²² The detailed Table A.3 specifies how each question is going to be answered and is provided in the Annex.