



THE IDB GROUP:  
EFFECTIVE DEVELOPMENT, BEST PRACTICES



**IDB**



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Multilateral Investment Fund  
Member of the IDB Group





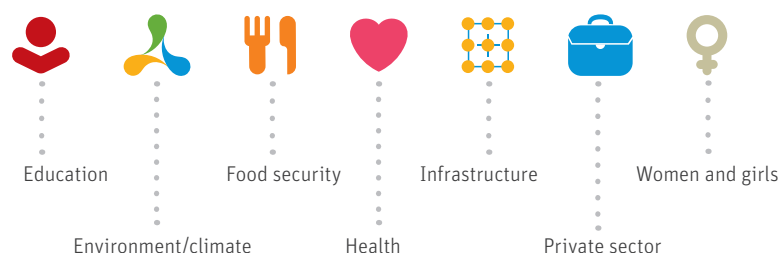


*The Inter-American Development Bank is the largest source of development financing for Latin America and the Caribbean, with a strong commitment to achieve measurable results, increased integrity, transparency and accountability. We have an evolving reform agenda that seeks to increase our development impact in the region.*

*The IDB Group is comprised of the Inter-American Development Bank, the Inter-American Investment Corporation and the Multilateral Investment Fund.*

*This document contains a selection of IDB Group projects that had a significant impact in terms of economic development for the poorest through innovative and best practice methods.*

*The projects in the following pages are divided by categories and aim to answer eight questions:*



## 1 Initial development problem

- Please describe the initial development problem that was identified and targeted by the project.

## 2 Unsuccessful previous approaches

- Please explain why previous approaches to the problem, if applicable, did not achieve the desired results.

## 3 Reason and method

- Please describe why and how the project was developed, including any cost-benefit, effectiveness, and results-based analysis.

## 4 Beneficiaries and how benefits were shared

- Who were the beneficiaries of the project and how were the benefits shared among them?

## 5 Monitoring, results, data and analysis

- How was the project monitored and how were results tracked? What type of data was collected and how was it analyzed? (Please note if any third-parties evaluated the project at any stage and if so, which group(s) conducted the evaluation.)

## 6 Risks

- Please describe any project risks and how they were addressed at the creation of the project and/or during the project lifecycle.

## 7 Results of this project used in other efforts

- How has the organization utilized the results of this project in other efforts?

## 8 Dissemination and Promotion

- Has the organization previously promoted this project externally? If so, how (e.g., Web site, brochure, media)?



Inter-American Development Bank



Inter-American Investment Corporation



Multilateral Investment Fund

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## List of submitted projects:



- Lumni: Student Loans for College Dreams
- Beyond Chalk and Talk



- Acre Sustainable Development Program
- TECNOSOL: Solar Power for the Rural Poor



- Terramiga: Sustainable Livelihoods



- Basic Nutrition Program
- Human Capital Investment Program
- Oportunidades: Human Development



- Access to Affordable Housing
- CNO AIG Surety Bond Project
- Linking Water Services to Health Insurance
- Monumenta: Urban Historic Heritage Preservation
- Safer Hillsides in Quito
- Water Running Uphill



- entra21: Preparing Youth for 21st Century Jobs
- FINPYME: a program to improve the capacity of SMEs to compete in the global economy
- Innova: Technology Program
- Salcajá: a Path to Financial Inclusion



- A Ganar: Preparing Youth for Life and Work
- Fonkoze: a Path to Financial Inclusion





## Lumni: Student Loans for College Dreams

### Project information

**Name:** Student Loans for College Dreams: Lumni

**Location:** Chile, Colombia and Mexico

**Amount:** MIF: \$837,000  
Lumni: \$613,000  
Total: \$1,450,000

**Project Dates:** Signed: January, 2008  
Expected to finish: January, 2012

**Primary Results:** A proof of concept for an innovative, market-driven higher education financing model tested with over 2,000 students and a default rate lower than 1%

*In several countries of Latin America, less than one third of students begin college. In a region where private universities are prohibitively expensive, Lumni, with the collaboration of the Multilateral Investment Fund (MIF), has created a market-driven and scalable solution to higher education financing. Lumni designs, structures and manages funds that provide merit-based financing with repayment schemes based on fixed percentages of future income.*

*As a social enterprise, Lumni focuses on clients hailing from low-income families, most of whom are the first generation to attend college. To date, default rates are less than 1%, pointing towards the potential growth in access to higher education for Latin America and the Caribbean. From the beginning, the MIF helped shape the Lumni model.*

*The MIF's role has been significant since the outset of the program. It financed a study to analyze the supply and demand of private financing for higher education and salaries at graduation. A strengthening of Lumni's management processes and information systems followed. In addition, the MIF helped design mentoring and job-placement systems for Lumni clients and information campaigns for students. As part of the effort to scale the program, the MIF assisted in launching the Lumni product beyond its 50-student small scale operation in Chile to over 2,000 students in Mexico and Colombia.*

## 1 Initial development problem

- Access to higher education in Latin America and the Caribbean is primarily determined by family income, not by an individual's talent.
- The public education system in the region currently faces a capacity limit, justifying a need for affordable alternatives.
- Although several public universities charge low or no tuition, other associated costs still hinder attendance. These costs include relocation, books, materials and cost of living increases.
- In countries like Mexico and Colombia, only 3 out of 10 students begin college.
- College attendance rates among indigenous minorities are as low as 3% in some countries.
- Huge income disparities exist between those who have higher education and those who do not. On average, worldwide, a worker with a higher education degree earns three times the income of a high school graduate. Evidence suggests the difference is magnified in developing countries.
- Companies' competitiveness suffers from a lack of adequately educated potential staff.
- The lack of appropriate financing is probably the largest challenge for increasing access to private higher education, since the market is highly inefficient and stunted.

## 2 Unsuccessful previous approaches

- Two traditional approaches to financing higher education in the region have been scholarships and student loans.
- Scholarships entail a sunk cost, since once a scholarship has been paid out there is no possibility of the money returning for another student to use it. Scholarships' lack of sustainability limits the educational opportunities for a vast majority of the population, as the model does not lend itself to scalability. Some research studies show that the attrition rate for students with scholarships is higher than in the case of students under a financing mechanism.
- Higher education loans provided by governments, universities, banks or other commercial products (i.e. credit cards) can entail a high financial risk for students because payments may not correlate to their employment or unemployment cycle, or to variations in their income curve. Such loans are also often contingent upon the availability of a cosigner or collateral and short payment terms. Inflation of private college prices makes it unfeasible for governments to finance all student needs and the required collateral for a student loan often discourages students from requesting a loan, therefore limiting their potential access to higher education.
- A description of financing alternatives for higher education with detailed advantages and disadvantages can be found in the annex.





### 3 Reason and method

- Lumni is a market-driven and scalable solution to higher education financing. Lumni designs, structures and manages funds that provide merit-based financing with repayment schemes based on fixed percentages of future income. As a social enterprise, Lumni focuses on clients hailing from low-income families, most of whom are first generation college attendees.
- At the start of the project, Lumni only had a single \$350,000 fund for 50 students in Chile. The MIF, however, identified the potential to scale-up the project and to realistically test the financing model which could also attract private funding.
- For each fund, Lumni's analysts forecast individual student's future income and align student selection and contract pricing with investors' objectives for financial and social returns. Lumni develops funds in partnership with individual investors, corporations, universities and non-profit partners.
- Lumni then forecasts the expected value and volatility of the students' future flow of income in order to establish the repayment commitment in terms of a percentage of the student's future income after graduation through a determined number of years. Other variables that are taken into account to define financing conditions for each student include time to graduation, likelihood of employment and probability of default. Managed-fund returns depend on investors' objectives, students' professional success and Lumni's investment and collection efficiency. Lumni receives fees for designing and managing funds.

### 4 Beneficiaries and how benefits were shared

- The project design set the target of providing loans to 2,150 talented youth who would otherwise have no access to higher education due to financial constraints. The project has already exceeded its target with 2,197 loans disbursed. Updated projections estimate an increase to 12,000 by 2013 due to the rapid rates in attracting additional funds and applicants. As of September 2011, the project has raised \$15 million across 20 funds and an additional \$10 million was in the pipeline for new funds available by early 2012.
- Lumni administers the various funds currently in operation in Mexico, Chile and Colombia.
- Several Lumni administered funds further specify characteristics of their beneficiaries. For example, in Mexico, a fund targets physically challenged individuals. In Chile, a fund targets future rural teachers. In Colombia, a fund targets ethnic minorities, internal refugees and demobilized former combatants.
- More than half of the project beneficiaries have been women. Nearly two thirds have been first generation college students.
- The direct benefit is access to higher education, while the indirect benefit is the ability of youth to better secure higher-paying jobs.
- To date the default rates are less than 1%, indicating graduates have secured jobs at their target salaries.



## 5 Monitoring, results, data and analysis

- A monitoring system stemming from data collection through data analyses was an integral part of the project's design and Lumni's business model. This allows Lumni to manage most of its funds, thus facilitating reporting to investors and loan management.
- Key operational indicators for the project include the number of funds (20 to date), funds' equity values (\$15 million to date), loan disbursement amounts and number of students financed (2,197 to date). These indicators provide information on the intensity of Lumni's activities and validate the demand for this type of financial product.
- Repayment and default rates (currently at less than 1%) as well as Lumni's profitability provide an indication on the viability, sustainability over time and growth potential of the business model.
- Salary levels of graduates combined with default rates indicate the effectiveness of Lumni's model as a social enterprise, since they show otherwise disadvantaged youth securing higher-paying jobs.
- Additional data collected include the following: students identified, students selected, students' grades, attrition rates and qualitative information on technical or professional careers after graduation.
- An impact evaluation will be conducted by the Massachusetts Institute of Technology's Abdul Latif Jamal Poverty Action Lab (J-PAL) to answer key questions about the effectiveness of the project, namely how much of Lumni students' career success can be attributed to the Lumni project. The impact evaluation will not only address differences in income between those who received Lumni financing and those who did not, but will also tackle issues of job satisfaction and quality of life.
- The project will include a summative final evaluation in 2012, which will observe the immediate results of the project and will make pre-post comparisons of outcome indicators. This evaluation will be performed by an external party.

## 6 Risks

- A key risk to the project's sustainability and an indication of its failure would be the inability of the graduates to repay their loans, namely due to their inability to secure high enough paying jobs.
- The loan repayment structures based on percentiles of income reduce the risk of default. In fact, these agreements allow students to transfer their risk of default to the fund itself, which is in turn incentivized to diversify its portfolio by investing in a larger group of students. This also puts pressures on fund managers to scale up their operations, thus increasing the project's reach.
- Lumni also manages default risk by providing coaching to students, thereby reducing attrition risk and providing students with better job placement opportunities.
- Another key risk to the project was Lumni's status as a new venture, its short track record, and its ability to grow at a rate of least 30% per year while building managerial capacity in three countries. To mitigate this risk, the project incorporated several activities oriented towards generating the institutional capacity needed to attract highly experienced members of the business community to its boards of directors. Lumni's operations have already broken even in Colombia and are expected to breakeven in Chile in late 2011. Breakeven of consolidated operations is expected in 2013, namely due to its rapid attraction of capital from impact investors and building a solid working capital reserve.





## 7 Results of this project used in other efforts

- Early yet promising project results have allowed the MIF and Lumni to attract new donors and more funds. For example, within the IDB Group, another department (Structured Corporate Finance Department) has sponsored and promoted investment in a fund targeting traditionally disadvantaged social groups, with an emphasis on [youth from indigenous and Afro-descendent Colombian communities](#).
- The IDB's support of Lumni has given it exposure, leading other private companies to create their own Lumni-managed funds.
- Lumni's methodology of investing in human capital is being transferred by the MIF to the Haitian Education and Leadership Program (HELP), an institution in Haiti with a mission to create, through merit-and needs-based scholarships, a community of young professionals and leaders who will promote a more just society in Haiti. To date, HELP has used Lumni's model to assist 250 low-income youth enter higher education studies. The MIF is supporting HELP in its goal to reach sustainability partly by adapting the Lumni model.

# 8

## Dissemination and Promotion

### Awards:

- World Economic Forum: Schwab Social Entrepreneur of the Year Award for Latin America (2011)
- Impact Assets 50 (2011) Lumni was elected one of the World's 50 Leading Impact Investing Funds
- [Poder Americas Business Council Social Entrepreneur of the Year in Latin America \(2010\)](#)
- Clinton Global Initiative (2010): Selected to make commitment at CGI's main 2010 event in NYC
- [Endeavor Entrepreneur \(2009\)](#)
- [Bloomberg Business Week: America's Most Promising Social Entrepreneurs \(2009\)](#)
- Ashoka Global Fellow

### Media exposure:

- [National Public Radio \(NPR\)](#)
- [The Economist](#)
- [Bloomberg Business Week \(article 1\)](#)
- [Bloomberg Business Week \(article 2\)](#)
- [Americas Quarterly](#)
- [Latin Trade Magazine](#)
- [Poder Business Awards](#)
- [Inter American Development Bank](#)
- [New York Times](#)
- [Lumni Web Site](#)
- A case study was developed by Darden School of Business of the University of Virginia.

## Annexes



MOVIE—[Lumni](#)

PDF: [Lumni's Current Funds](#)

PDF: [IDB Document](#)

## Project Contacts

**Contact Name:** Carolina Carrasco; Cesar Buenadicha; Francisco Rojo  
**Title:** MIF Specialist; MIF Senior Specialist; MIF Associate  
**Phone:** (562) 431-3769; (202) 623-2663; (202) 942-8120  
**E-mail:** carrascoc@iadb.org; cesarbu@iadb.org; franciscoro@iadb.org





## Beyond Chalk and Talk

### Project information

**Name:** Beyond Chalk and Talk: Students who Ask Questions Learn Faster in Argentina

**Location:** Provinces of Buenos Aires and Tucuman, Argentina

**Amount:** IDB: \$2,500,000  
Argentina Counterpart: \$200,000  
Total: \$2,700,000

**Project Dates:** The project was executed over 12 months.

Completed: October 2010

**Primary Results:** Students rapidly increased their math scores and became enthusiastically engaged in math games and hands-on science experiments. Teachers improved their knowledge of curricular content, their professional self-image and their beliefs about what their students can learn.

*The Ministry of Education of Argentina and the IDB partnered to search for effective ways to improve math and science learning in Argentine primary schools. Together they implemented and evaluated one math and two science education models, which switch teaching from traditional teacher-centered methods, typically characterized by memorization and rote learning, to an inquiry-based methodology, in which the main pillar is students' involvement, guided by the teacher, and questioning that leads to understanding. Given the success of the program, the Argentine government is expanding these cost-effective pedagogical models to every school in the country.*

## 1 Initial development problem

- Latin American students rank poorly in proficiency on international math and science exams. If the growth rates of the Program for International Student Assessment (PISA) scores of the past decades were maintained, it would take Latin American students 21 years to perform the same in math as the average current student in an OECD country. In science the results are even worse: the two worlds are separated by 42 years.

## 2 Unsuccessful previous approaches

- No similar approaches to the problem had taken place. Before joining the initiative, participating schools used a highly structured learning approach in which all students followed each lesson together in a pre-set sequence. The piloted approaches differ from traditional teacher-centered methods, in that they use an inquiry-based methodology, where the main pillar is students' involvement, guided by the teacher and questioning that leads to understanding. The new approaches are characterized by scientific reasoning, experimentation, group work and dialogue, showing a sharp departure from simple transmission of concepts, which was not effective in improving students' learning.



## 3 Reason and method

- The pilot intervention was implemented in 2009 in 465 vulnerable schools in the country, with the participation of some 20,000 students. The school selection was made based on the schools' vulnerability index, the unsatisfied basic needs index of the area in which the schools were located and the schools' test scores from the national exam (ONE) in mathematics and natural science. That is, schools participating in the project were ranked among the lowest according to Argentina's national test, were located in poor areas and were classified as the country's most vulnerable schools.
- The project included three innovative pedagogical models: two aimed at improving natural science– Science, Technology and Creativity (CTC) and the Scientific Literacy Program (PAC); and one play-based mathematics approach called Mathematics for All.
- All three models involve traditional teacher training as well as tutoring inside and outside the classroom. Teachers are encouraged to reflect on their practices and to share experiences and thoughts with other participating teachers. The pilot project activities included support for principals, teachers and other school staff working on strategies for teaching mathematics or natural science, training sessions and monitoring and planning meetings.
- Teachers received highly appreciated one-to-one tutoring sessions in the classroom to apply the inquiry base methodology. After just one academic year, teachers improved their knowledge of curricular concepts, their professional self-image and their expectations about what their students could learn in math and science.
- Nevertheless, the switch to the new pedagogical approach was clearly easier for students than for teachers. Teachers transitioned smoothly from blackboard-copying to enthusiastically engage in math games and hands-on science experiments. Students learned more than those in the





traditional (control) schools. The mathematics model had the strongest effect on learning, with the average test score of the fourth graders increasing by 44 points compared to 19 points among students who received the traditional curriculum. The effect was particularly strong among low-performing students.

- Evidence-based approaches that provide guidance for how to improve learning in mathematics and science in a context of underperforming teachers are rare, especially in Latin America. It is evident that the currently predominant approach (relying on memorization and rote learning) did not work, but what approach should be used to substitute it was unclear. The value-added of the project was to help Argentina produce evidence-based results on the effect of using more student-centered approaches. The evidence was used as a basis for policy decision-making regarding what approaches to use nationally to improve learning in math and science.
- Not only did the new approaches demonstrate an important, measurable, positive impact, but they also were implemented at low costs. MAT, for example, was implemented at \$17 per student-year, which is remarkably low compared to Argentina's average per student expenditure on primary education of \$1,023. It also compares favorably to math approaches used in other countries.
- As for the two science models, PAC was implemented at a lower cost (\$21 per student-year) than the CTC model (\$127 per student-year). The PAC model also had a greater impact, showing that more resources did not lead to better results in this study.
- The initiative revealed cost-effective pedagogical approaches that work when teachers have large content and pedagogical gaps, and that can be brought to scale to increase student achievement nationwide. Based on the positive results of the pilot, the Argentine government requested that the IDB use part of the resources of a new lending operation (\$29 million) to bring the pilot to national scale.

## 4 Beneficiaries and how benefits were shared

- A total of 465 schools from vulnerable areas and approximately 20,000 fourth-grade students benefited from the pilot. The beneficiaries were equally divided between the province of Buenos Aires and the northern province of Tucuman.

## 5 Monitoring, results, data and analysis

- The models were tested through an experimental evaluation in which schools were randomly assigned to one of the three groups (PAC, CTC and Mathematics for All) or to a control group, which used the traditional teaching approach. Students were tested before the program started and again at the end of the school year.
- The evaluation was carried out by a team of external evaluators from the Catholic University of Uruguay (UCUDAL) and the International Institute for Educational Planning (IIEP). With both quantitative and qualitative components, the evaluation considers a wide range of effects, such as the effectiveness of teaching models in improving achievement; the teaching environment, including classroom dynamics and gender relationships among student groups; the teachers' subjective assessments of the students' learning capacity; the teachers' subject-area and pedagogical knowledge; and the models' sustainability in terms of the cost of expanding them to the national level and the durability of pedagogical inputs.

## 6 Risks

- A main risk was that the teachers in the treatment group would simply reject the new pedagogical approach. Many teachers initially displayed hesitation about the new pedagogical approach. Most of these teachers were concerned that they would lose control of the classroom once students engaged in group work. Even convincing these teachers to reorganize the desks (from rows to groups of desks) was initially difficult. By using one-to-one tutoring of the teachers to help them move beyond their initial concerns, most changed their minds during the execution of the project.
- A risk associated with the evaluation was contamination. The monitoring of the intensity of treatment revealed some contamination (teachers in the control group had copied materials for teachers in the treatment group), but these occurrences were few.

## 7 Results of this project used in other efforts

- Based on the results, during the 2011 academic year the Argentine government brought two of the models, the Scientific Literacy Program and Mathematics for All, to every school in the country, with financial and technical support from the IDB. At a low per-student cost, Argentina will see more engaged and knowledgeable teachers and improved test scores in math and natural science nationwide.

## 8 Dissemination and Promotion

- Some results and findings of the project have been shared, but the results have not been widely disseminated. A seminar with Latin American policymakers was organized. Also, two short videos were produced, one showing the project as it was implemented and one [showing the results](#).

## Annexes



MOVIE—Beyond Chalk and Talk



PRESENTATION—Education

### Project Contact

Contact Name: Marina Bassi

Title: Education Specialist

Office Location: Washington, DC

Phone: (202) 623-3228

E-mail: [marinab@iadb.org](mailto:marinab@iadb.org)



## Acre Sustainable Development Program

### Project information

<b>Name:</b>	Acre Sustainable Development Program (PDSA)
<b>Location:</b>	State of Acre, Amazon Region of Brazil
<b>Amount:</b>	IDB: \$64,800,000 Government of State of Acre counterpart: \$43,200,000 Total: \$108,000,000
<b>Project Dates:</b>	Signed: June 2002 Completed: June 2010
<b>Primary Results:</b>	Improvements in agriculture, forestry and livestock productivity led to an increase in the average household monthly income for more than 20,000 of Acre's rural poor, from a baseline of R\$570 (Brazilian <i>reais</i> ) to R\$948 in eight years, while reducing deforestation by 65%.



*The government of the State of Acre, in partnership with the Inter-American Development Bank (IDB), designed and financed a multi-sector public investment program aimed at reducing deforestation and conserving forest resources while increasing the income and quality of life of the population. The program was built on the 1999 state Forestry Law to establish an effective operational network of institutions to demarcate various areas for forestry concessions, parks and sustainable use conservation, as well as protected areas for 12 traditional indigenous groups. It put in place an effective land titling mechanism and an environmental monitoring and enforcement system. At the same time the program financed the completion of 70 kilometers of critical stretches of National Highway BR-364 to reduce substantially the transaction costs of all transport in and out of the area, while avoiding squatter settlements and new land clearing.*

## 1 Initial development problem

- This region of the Amazon was being rapidly deforested at a rate of 0.4% annually, a level that the 2010 FAO Global Forest Resources Assessment characterized as “alarming.”
- Efforts to complete the highway network in the Amazon had until this time accelerated deforestation and led to increased squatter settlements, forest fires and land conflicts.
- Pervasive poverty and a 2.6 % contraction of the GDP in the region during the 1990s led to more non-sustainable use of natural resources, further undermining socio-economic standards by depleting land productivity.

## 2 Unsuccessful previous approaches

- Until the 1999 Forestry Law, and the program’s subsequent support establishing a sound institutional framework, there was no basis to set up and enforce land use management.
- Highway improvements in the Amazon, notably the BR-364, had failed to involve adjoining communities to address squatting and land clearing issues. The completion of previous sections of BR-364 was the subject of intense national and international criticism for having resulted in increased deforestation and squatting.
- Previous efforts to reduce deforestation and improve conditions in the Amazon tended to take a piecemeal approach, whereas this program offered a systemic approach to key areas and actors.

## 3 Reason and method

- The Acre administration elected to office in 1999 represented an inflection point between an old and a new generation which was galvanized by the assassination of Acre’s famous former rubber-tapper and environmental activist, Chico Mendes. A young forestry engineer elected governor, Jorge Viana, and his well-qualified team articulated a compelling strategic vision encapsulated by the term they coined, “Florestania” or “Government of the Forest.” The new administration received federal authorization to develop a loan program and selected the IDB. An IDB team worked closely with the Acre technical team to develop the program.
- The program design included a robust monitoring system (M&E), including base-line measurements and a Results Measurement Framework that measured indicators corresponding to each program component and subcomponent. A project management firm was hired to both guide implementation during the first two years and assure full M&E implementation and compliance.
- In addition to project monitoring, a core feature of the program design was the development of the capacity within the state environmental institute (IMAC) to incorporate satellite imagery in the monitoring of deforestation. The physical demarcation and geodesic grid developed under the program allowed Acre to become the only state in Amazon that supports 100% coverage for geo-positioning with high levels of precision to measure levels of deforestation.



## 4 Beneficiaries and how benefits were shared

- The program targeted 20,000 rural beneficiaries, equivalent to 25% of the estimated total of rural poor in Acre. Its total reach exceeded the target, ultimately benefiting over 24,000 people.
- The target beneficiaries increased their average household monthly incomes from a baseline of R\$570 (Brazilian reais) to R\$948 in eight years. These increases were derived principally from gains in agriculture, forestry and livestock productivity due to improved technologies and reduced transaction costs provided by the program.

## 5 Monitoring, results, data and analysis

- The following summarizes key indicators monitored and levels achieved by the program's end:
  - Land titles officially recognized (5,976) and definitive titles registered (9,453)
  - Sustainable forest concessions established (3,124)
  - Annual level of deforestation by end of project (0.14%)
  - Demarcated conservation zones established (4)
  - Protected areas established (4)
  - State Park established (1 = 695,303 hectares)
  - Percent of forest fires over 10 hectares in area controlled by end of project (100%)
  - Percent of territory with effective deforestation monitoring (100%)
  - Area of degraded lands reclaimed and put into sustainable production (72,759 hectares)
  - Increase in agro-forestry production by end of project (32%)
  - Sustainable agro-livestock demonstration projects (10)
  - Kilometers of all-weather national highway completed (70.1 km)
  - Index of beneficiaries completing maintenance of alternative energy generators (100%)

- Monitoring and evaluation of indicators were initially conducted by the program M&E system installed and launched by the project management team. These monitoring functions since have been transferred to the respective state line organizations such as ITERACRE for land titling, IMAC for environmental satellite-based remote sensing of deforestation and SEAPROF for agricultural production statistics.
- The final independent project evaluation was completed in December 2009 by Tellus Consultoria, Ltda.

## 6 Risks

- Based on decades of negative impacts caused by construction of highways in the Amazon, the central risk was accelerated deforestation and the establishment of squatter settlements. The program design and execution addressed the risk head-on through an innovative methodology that proved successful. Key elements included: 1) working with 100% of local population in the areas adjoining the proposed highway to clarify property rights before construction; 2) establishing state parks and sustainable production reserves in strategic areas; 3) strengthening the environmental oversight units; 4) instituting an environmental licensing system for land use permits; and 5) demonstrating private sector interest in using of sustainable forestry concessions.
- A second risk identified was the prospect of changes in the priorities of the authorities of the state of Acre after the implementation process had begun. The solution incorporated into the design entailed pro-active efforts to engage civil society to participate in the implementation. At the project management and strategic leadership level, a Commission for Evaluation and Monitoring of the Program was created that included representatives from federal and state authorities, indigenous organizations from the 12 different ethnic groups, labor groups, business associations and non-governmental organizations.

## 7 Results of this project used in other efforts

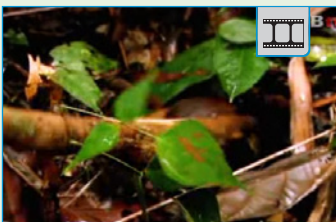
- Many of the key state public institutions did not exist or could not fully fulfill their mandates before passage of the 1999 Forestry Law and the subsequent start-up of this program. The key organizations in environmental monitoring, licensing and enforcement continue to fulfill their mandates and form the foundation of future advancement of the pursuit of sustainable forestry development.
- The community involvement methodology utilized to extend the national highway has now become the standard for the completion of the remainder of the highway and a precedent for highway construction anywhere in the Amazon region.
- The government of the state of Acre persuaded the federal Government of the importance of consolidating the gains of the PDSA-I and has requested a PDSA-II, which is currently being designed with the IDB. The operation concentrates on the development of sustainable timber and non-timber forestry supply chains within the forestry concessions established in the first phase.

## 8 Dissemination and Promotion

- The Inter-American Development Bank Outstanding Team Award for 2010 was awarded to the Acre Sustainable Development Team. The Learning Department of the IDB published an article documenting the “Lessons Learned from Implementing the [Sustainable Development Program](#) in the State of Acre Brazil,” August 2011.
- [A video was produced](#) in the state of Acre for IDBtv that has received significant dissemination through Youtube.
- In May 2010, a technical specialist representing the government of Acre and supported by the PDSA technical capability, presented a summary of PDSA and a preliminary sketch of future incentive schemes for payments in exchange for environmental services at an international colloquium in Banda Aceh, Indonesia. An earlier version of the tentative project scheme was vetted in March 2010 by Forest Trends, one of the top not-for-profit think tanks on these issues.

## Annexes

The December 2009, Independent Evaluation of the Acre Sustainable Development Program is available through the IDB Document system link or can be provided via CD (this file is over 30MB). The document is only available in the original Portuguese version. The 125-page document contains a series of photographs and maps that should prove of interest in addition to the content of the report.



[MOVIE—Acre Sustainable Development](#)



[PDF—IDB Document](#)

## Project Contact

**Contact Name:** John Horton  
**Title:** Lead Natural Resource Specialist  
**Office Location:** Brasilia, Brazil  
**Phone:** (55-61) 3317-4274  
**E-mail:** [johnho@iadb.org](mailto:johnho@iadb.org)





Environment/Climate



## TECNOSOL: Solar Power for the Rural Poor

### Project information

Name:	TECNOSOL: Solar Power for the Rural Poor
Location:	Autonomous Region of the South Atlantic and Chontales, Nicaragua
Amount:	MIF: \$520,000 TECNOSOL: \$45,000 Other donors: \$270,000 Total: \$835,000
Project Dates:	Signed: May 2006 Completed: May 2009
Primary Results:	A pioneer viable business model to supply clean energy to the poor by providing long-term financing for the purchase of solar panels.

*TECNOSOL, a small Nicaraguan energy company, partnered with the Multilateral Investment Fund (MIF) to pioneer a viable business model and serve the energy poor by providing long-term financing for the purchase of solar panels. The scalable effort reached remarkable results, installing over 45,000 solar panels, saving 11 million liters of kerosene and 26,000 tons of CO<sub>2</sub>e emissions. The company now operates 17 rural branches and is expanding into Honduras and El Salvador.*

*The MIF had previously indirectly supported TECNOSOL through an equity investment in a renewable energy fund, E+CO, which provided its first loan to TECNOSOL in 2003. For the Solar Power for the Rural Poor project in 2006, the MIF tested the proposed financing model that included a loan used to provide solar electricity to 900 families (4,500 people) living in rural, isolated areas of Nicaragua, credit lines to 10 new TECNOSOL distributors and inventory purchases for two remote branches. The project also included a grant to strengthen TECNOSOL's technical and operating capacity.*

## 1 Initial development problem

- More than 75% of Nicaragua's rural population (approximately 4 million people), has limited access to refrigeration and lighting in homes, schools and hospitals due to a lack of access to electricity.

## 2 Unsuccessful previous approaches

- Expanding the grid to reach these populations is not cost-effective for large electric companies.
- While alternative energy systems have been explored by other multilateral organizations, these projects relied heavily on subsidies, largely ignoring market forces and incentives for private sector engagement.

## 3 Reason and method

- A local alternative energy solutions company presented a proposal to the MIF to develop a market-based solution that would finance solar panels for rural, low-income, and isolated households.
- The project aligned with the MIF's objective of finding innovative solutions to problems poor households face.
- Solar panels were an attractive alternative given that their prices were steadily falling, and less prone to external shocks than other energy solutions.
- The MIF provided both a loan that allowed TECNOSOL to offer financing to customers and grant funding to establish a new loan monitoring system. This enabled TECNOSOL to offer terms of up to 5 years to the buyers of the solar panel systems, a longer tenure than offered by microfinance institutions.
- The MIF analyzed the institutional and financial capacity of TECNOSOL to ensure the projects' objectives could be met.
- The MIF also developed measurable indicators to monitor project implementation and results.







## 4 Beneficiaries and how benefits were shared

- The project specifically targeted 900 poor rural families and provided access to clean electricity from solar panels.
- 97% of solar panel systems installed were in operation by the end of the project, indicating users were applying maintenance techniques learned through the project.
- Shopkeepers and entrepreneurs benefitted from the access to clean electricity as it offered them new income generating opportunities from staying open later to being able to use machinery for refrigeration and other purposes.
- Children benefit from the ability to study at night.
- Families, in general, benefit as health improves since indoor air quality is better and food is kept refrigerated.
- The project accelerated TECNOSOL's results: 45,000 solar panels installed, resulting in 11 million liters of kerosene being saved and a reduction of 26,000 tons of CO<sub>2</sub>e emissions.

## 5 Monitoring, results, data and analysis

- The following indicators were monitored:
  - The number of solar panel installations (900)
  - Percent of units in operation (97%)
  - Preventive maintenance rates for systems (72%)
  - Percent of maintenance orders resolved (80%)
  - Default rate (7.3%)
- The project was monitored by the MIF. TECNOSOL submitted semi-annual project performance reports.
- External independent consultants performed a midterm and a final evaluation.

## 6 Risks

- The main risk was that TECNOSOL would not recover the consumer loans disbursed. However, TECNOSOL's previous experience installing solar panels for low-income people enabled the firm to analyze the repayment capacity of clients and tailor loan products accordingly. In addition, part of the technical cooperation provided by the MIF went toward improving loan monitoring processes.
- Another risk was that beneficiaries would not continue preventive maintenance which was critical to the long-term effective operation of the panels. TECNOSOL trained households in basic maintenance using teaching methods and materials tailored to beneficiaries' skills and level of education.
- A final risk was that users would exhaust battery capacity by not rationing domestic energy use. To resolve this issue TECNOSOL provided educational programs to its customers.

## 7 Results of this project used in other efforts

- Today, TECNOSOL has installed over 45,000 solar panels in isolated, rural, low-income households, saving 11 million liters of kerosene and reducing CO<sub>2</sub> emissions by 26,000 tons.
- TECNOSOL is expanding its operations into El Salvador and Honduras.
- TECNOSOL began partnering with microfinance institutions that now provide long-term financing options for the purchase of solar panels
- The MIF has partnered with Empresa de Comunicación, S.A. (ECAMI) to replicate the business model in Nicaragua with one nuance: RFID (Radio Frequency Identification) card technology, a cost-effective loan repayment tool, will be used.
- The MIF and TECNOSOL are implementing a new project that provides funds to a local financial intermediary, Fundación Covelo Honduras, which will offer loans for the purchase of solar panels.



## Dissemination and Promotion

- TECNOSOL founder Vladimir Delagneau was named Social Entrepreneur of the Year for Latin America in 2010 by the Schwab Foundation as part of the World Economic Forum.
- TECNOSOL won first place in the Ashden Awards for Sustainable Energy in 2010. Information can be found on the [Ashden Awards website](#), as well as a video featuring TECNOSOL.
- The IDB awarded TECNOSOL the Prize for Excellence in Business Development at the Inter-American Forum for Microenterprise in 2010. [The IDB has produced a short video featuring TECNOSOL](#).



## Annexes



MOVIE--TECNOSOL

## Project Contacts

• **Contact Name:** Ana Cecilia Sánchez; Griselda Soto  
• **Title:** MIF Senior Specialist; MIF Specialist  
• **Office Location:** Managua, Nicaragua  
• **Phone:** (505) 2264-9129; (505) 2264-9130  
• **E-mail:** anacs@iadb.org; griseldas@iadb.org



Food Security



## Terramiga: Sustainable Livelihoods

### Project information

**Name:** Sustainable Livelihoods through Sustainable Agriculture: Terramiga

**Location:** Southern Area of Bahia, Brazil

**Amount:** MIF: \$1,100,000  
Counterpart: \$1,100,000  
Total: \$2,200,000

**Project** Signed: November 2006

**Dates:** Completed: July 2011

**Primary Results:** More than 1,000 very poor families boosted their production and sales of cassava, hearts of palm, tilapia and piassava. Between 2007 and 2011, the project achieved a ten-fold increase in the average income of cassava producers; tilapia farmers saw their incomes increase by more than nine times.

*Beset by high levels of illiteracy and poor health services, southern Bahia is an impoverished region that survives on subsistence farming and government welfare programs. Local producers had limited access to modern farming technologies, marketing techniques or distribution networks. Terramiga, an agriculture development and poverty reduction project that worked with five local cooperatives, was initially conceived as an environmental conservation initiative. It became more ambitious, raising productivity, bolstering the region's food security, and giving local farmers much improved livelihood, and the cooperatives a new lease on life.*

*To achieve project goals, the MIF invested in training local farmers, linking them to consumers in wealthy markets, developing certifications and brands such as Cultiverde to add value to products and systems to better monitor the performance of the cooperatives. The MIF partnered with the Institute for Sustainable Development of Southern Bahia (IDES) to design this project, and provided 50% of its financing while the Odebrecht Foundation committed the other 50%.*

## 1 Initial development problem

- In spite of great natural wealth and cultural heritage, 52.1% of southern Bahia's population of 280,000 inhabitants lives below the poverty line.
  - Rates of functional illiteracy are close to 70%.
  - Most people live without sanitation, endure poor health services and survive on government welfare programs such as Bolsa Familia.
  - Most families in rural areas make a living in agriculture by using archaic production technologies with low yields.
  - Often, agricultural practices are environmentally harmful and threaten the farmers' own well-being.
  - Products were of poor quality and were sold at local farmers' markets for little or no profit, or passed on to middlemen who, privy to the best distribution channels, were able to increase the value of products and keep the profits for themselves.
  - Farmers had weak leverage in sales and distribution as there was not a social organization that could collectively strengthen and communicate the farmers' needs and demands.
- effectively managing their finances. In other cases, financing was not coupled with much-needed technical training. The misuse of natural resources, antiquated production techniques and low quality end-products prevented low-income producers from attaining the potential maximum value for their products.
- Conservation and preservation laws were passed to address environmental degradation specifically. But the environmental education aspects of projects were often inefficient and overlooked the linkage between the responsible use of natural resources with the ability to generate income.
  - Projects tended to treat the beneficiaries only as recipients and not as decision-makers, planners and an integral part of devising the solution. The typical vision was that the inhabitants of the region were victims of social injustice who should be saved by some other entity, such as the government. By not engaging the region's own beneficiaries as part of the solution, previous projects ignored important elements of sustainability, productive potential and commitment by this key group of stakeholders.

## 2 Unsuccessful previous approaches

- Previous projects tended to isolate one particular problem in the region, when, in fact, several problems were contributing to a broader system that was failing to provide social inclusion and economic prosperity to low-income people. Often, isolated solutions would generate new problems.
- Conditional cash transfers generated dependence on welfare and loss of incentives for productive activities.
- Low-interest financing often led to indebtedness, since many individuals lacked financial savvy or an understanding of

## 3 Reason and method

- The Terramiga Program was the result of a partnership between the Multilateral Investment Fund (MIF) of the Inter-American Development Bank, the Odebrecht Foundation and the Institute for Sustainable Development of Southern Bahia (IDES). Together, they invested \$2.35 million (\$1.25 million in financial contributions and \$1.1 million in in-kind contributions) in this initiative.





- In-depth stakeholder analyses and problem diagnoses were developed to help shape a project with a holistic approach to several systemic social, economic, and environmental problems in the region.
- The project was developed to provide integrated and sustainable business models to select productive chains, namely cassava (manioc), tilapia, heart of palm and piassava. Interventions were grouped into two lines of work: (i) capacity building of producers and (ii) support in accessing new markets through increased market intelligence, new product production, links to large buyers, and increased values achieved through certifications. The work was co-executed by the four cooperatives focused on each product.

to COOPALM's product, the program created a brand of sustainably grown hearts of palm called Cultiverde. Today, Cultiverde is the second most purchased in the country.

- The average family income of tilapia producers increased 844% between 2007 and 2011.
- The benefits observed by cooperative members became known and attractive to non-associated producers, resulting in an increase in cooperative memberships. Between 2004 and 2010, cooperative memberships increased over 550%. This positive spillover effect is a testament to the effectiveness of the project and extended reach beyond its original intentions.

## 4 Beneficiaries and how benefits were shared

- Direct beneficiaries included over 1,000 families, most of them members of five cooperatives: COOPALM, COOPATAN, COOPECON, COOPEMAR, and COOPRAP. Most of the redistribution of benefits to the producers was coordinated through these cooperatives. Indirectly, an additional 150,000 cooperative member families benefited from the cooperatives' improved management and institutional strengthening.
- Some key benefits included significant increases in crop productivity, increases in sales by the cooperatives, increases in the average monthly income of producers, increases in the value of products through certifications, and increases in market shares of products within the Brazilian market. For example:
  - The average family income of cassava producers increased 908% between 2007 and 2011.
  - Cassava production increased 53% in volume and 269% in billings, boosting not only family income but also the supply of the subsistence crop available for farmers' own consumption.
  - COOPALM's hearts of palm increased its market share from 1% to 7% between 2008 and 2011 and became the second most consumed hearts of palm in the country. To add value

## 5 Monitoring, results, data and analysis

- Data collection for the calculation of key performance indicators (see below) was carried out primarily through the tax records of movements of the production. All data are official and are input into an Enterprise Resource Planning system called SAPIENS, which serves as a tool to support cooperatives for financial management, accounting, production (received, processed and stored), and marketing.
- Each cooperative also had a Team of Technical Educators' Assistants (agricultural technicians) responsible for monitoring and supporting each of the producing family units, from planning production through tracking productivity and calculating project indicators.
- Key indicators collected over time included:
  - Average monthly income of the producing family unit;
  - Average productivity of family units;
  - Annual turnover of the cooperative; and
  - Number of producing family units associated with the cooperative.
- The project was evaluated by an external consultant twice, once at 18 months of execution and once at its conclusion. The consultant corroborated results of the project and opined on the level of efficiency during execution, which was determined to be extremely high (99.16% according to plan).

## 6 Risks

- Among the risks was a concern that the investment in products not exceed certain standards of quality to ensure sustainability of the cooperatives. To address this risk, the project design included conducting market research; preparing marketing plans; developing new products; developing a new brand of Cultiverde Sustainable Products; adding certifications for quality, environmental management, and environmental sustainability; and the identifying, acquiring and retaining partners (large retailers committed to the goals of the program) for fair trade products.
- A second risk was failure to fulfill the goal of balancing environmental sustainability with the productive strengthening. In the case of producing hearts of palm, organic product certification by the Rainforest Alliance was sought. In the process of adding value to cassava subproducts, special attention was given to developing a useful destination for *manipueira*, liquid waste arising from the pressing of the crushed root that is rich in important components of leaves and soil fertilization including nitrogen and minerals. Tilapia and piassava production were assessed as having negligible or positive environmental impacts.

## 7 Results of this project used in other efforts

- The Terramiga Program served as a model for the development of several other programs around the world, including projects developed by Odebrecht in Venezuela, Mexico, Angola and the Dominican Republic; a Wal-Mart project called the Producers' Club and the Sustainable

Product label project administered by the Gbarbosa Group in the Brazilian state of Sergipe.

- The Terramiga Program serves as an attractive model because of its explicit alignment with the broadly accepted United Nations Millennium Development Goals and the inclusive model that depends on the commitment and coordinated activities of local small-scale producers, the private sector, the public sector and civil society organizations.

## 8 Dissemination and Promotion

- In 2010, one of Terramiga's beneficiary cooperatives, COOPALM, was named Cooperative of the Year by the Organization of Cooperatives of Brazil.
- [An excerpt from the documentary about the experience of the Settlement of Mata do Sossego](#) (with English subtitles) provides a glimpse on the project from the perspective of beneficiaries.
- On July 8, 2011, in Salvador, Bahia, a one-day seminar was held as a closing session of the Terramiga Program. [A video including testimonials](#) was produced for dissemination.
- A book is planned with information about the experience of the program.
- The Terramiga Program was showcased in several events sponsored by various agencies of the United Nations, Brazilian government ministries and agencies at federal, state and municipal levels.
- Other videos explaining project results can be found within [Odebrecht Foundation's website](#)

## Annexes



MOVIE—[Terramiga](#)



PDF: [Summary](#)

## Project Contact

- **Contact Name:** Luciana Botafogo Brito
- **Title:** MIF Specialist
- **Office Location:** Brasília - Brazil
- **Phone:** (+5561) 3317-4242
- **E-mail:** [lucianab@iadb.org](mailto:lucianab@iadb.org)



Health



## Basic Nutrition Program

### Project information

**Name:** Basic Nutrition Program

**Location:** Poor communities in the 10 administrative regions of Guyana

**Amount:** IDB: \$5,000,000  
Counterpart: \$1,267,000  
Total: \$6,267,000

**Project** Project signed: December 2002

**Dates:** Project completed: May 2009

**Primary Results:** Distribution of micronutrient supplements (“sprinkles”) reduced overall cases of anemia by around 30 percent mainly in rural Amerindian communities where approximately 50% of pregnant women and children under five years old suffer from iron-deficiency anemia and high rates of chronic malnutrition.

Coupon distribution also reduced the prevalence of wasting by about 30 percent and stunted growth by 21 percent. Breastfeeding rates also improved 12 percent with the program.



*Guyana's Basic Nutrition Program (BNP) began in 2004 with the primary objective of reducing the prevalence of acute malnutrition (wasting) and anemia among young children aged 6 – 24 months attending health centers in depressed communities. The IDB funded interventions which included the distribution of an iron supplement in the form of Sprinkles® and a food coupon to facilitate the preparation of the children's daily meal (porridge).*

*The evaluation of the impact of Sprinkles and food coupons on beneficiaries attending the program in the 79 health centers, conducted by a monitoring and evaluation consultant, indicated that the prevalence of anemia among children receiving the intervention was reduced by 30.3%, while the prevalence of wasting was reduced by 49.1%. By the program's end, distribution of packets of Sprinkles to infants had been implemented in 79 health centers, exceeding the target of 15,000 beneficiaries by over 41,000.*

*Prior to the BNP, the IDB financially supported the government of Guyana's Social Impact Amelioration Program (SIMAP I and II), which financed the distribution of milk and rice to select communities. However, in 2000, evaluations found that while food distribution at health clinics was an effective mechanism for increasing demand for health care services, the transfers had little impact on child or maternal nutritional status due to the type of foods distributed and the lack of follow-up education and counseling. As a result, the milk and rice distribution subprogram was eliminated under SIMAP III. The BNP was the IDB's first stand-alone operation for the reduction of malnutrition in Guyana.*

## 1 Initial development problem

- In 1993 it was estimated that over one third of Guyanese children under five years of age in the poorest quintile suffered from mild to severe malnutrition.
- That same year, approximately 50 percent of pregnant women and children younger than five years old suffered from iron deficiency, a major cause of maternal death and childhood mortality.

## 2 Unsuccessful previous approaches

- Previous interventions were unsuccessful primarily due to the type of foods distributed and the lack of follow-up education and counseling at the level of the health centers and communities.
- Further problems with implementation were attributed to a lack of basic skills and training of community workers hired by the programs for the delivery of the basic elements of nutrition and nutrition counseling.

## 3 Reason and method

- On the heels of the earlier programs (SIMAP I, II and III), the Government of Guyana in 1998 developed a National Plan of Action on Nutrition (NPAN) to address the malnutrition challenges facing the country. The NPAN set out priority areas for intervention, including food and micronutrient supplementation, fortification, complementary feeding, education and management of sick children.
- In 2001, the Multiple Indicator Cluster Survey (MICS), conducted by UNICEF, revealed that levels of wasting in coastal communities and of stunting in Amerindian communities of Guyana continued to be high.
- The programs emphasized educating women of child-bearing age and mothers with young children on nutrition and promotion of breastfeeding to reduce acute malnutrition and iron deficiency. In view of limited funding availability, a decision was taken to focus on the primary nutritional problems of young children and pregnant women, namely wasting in children less than 24 months, and anemia in



young children and pregnant women. Associated factors identified were poverty, poor child feeding practices, a lack of knowledge and understanding of the importance of good nutrition, and the failure of the primary health care system to deliver good quality and effective nutrition counseling.

## 4 Beneficiaries and how benefits were shared

- The first two interventions targeted children aged 6-24 months who attended health centers and the latter two interventions had national coverage.
- In the latter part of 2009, the Basic Nutrition Program became part of the Maternal and Child Health Care Program of the Ministry of Health. The ministry used its own funds to expand the program to an additional 126 centers, thereby ensuring that all major health centers in Guyana became part of the program.
- In addition, a pilot study testing the acceptability of Sprinkles by pregnant women was successfully implemented among 400 pregnant women.

## 5 Monitoring, results, data and analysis

- During the course of the program, wasting and the prevalence of anemia were measured and the following were identified:
  - 20% reduction in prevalence of wasting and anemia in young children; and
  - 20% reduction in prevalence of anemia in pregnant women.
- The project was monitored by the IDB and also by the Health Sector Development Unit of the Ministry of Health. The Health Sector Development Unit submitted semi-annual project performance reports. External independent consultants performed a midterm and a final evaluation.

## 6 Risks

- Due to low salaries, there was both a shortage of qualified personnel and high staff turnover. To mitigate the risk and attract qualified personnel, ongoing nutrition training to primary health care workers was offered as a valuable incentive.
- Another possible risk was leakage of the food coupon through acceptance of coupons for purchase of ineligible items. The Ministry of Health trained shopkeepers on the program's rules and performed random monitoring for compliance.
- There exists a risk that shopkeepers in small, isolated communities may raise the price of the four items eligible to be purchased through the coupon. To mitigate this risk, the operation included an on-going, random monitoring system of shopkeepers to ensure they were following program rules.

## 7 Results of this project used in other efforts

- The successful results of this project have enabled the Maternal and Child Health Unit of the Ministry of Health to expand their services from 79 to 126 health centers nationwide.
- The results of the project contributed to the development of the National Nutrition Strategy for Guyana, which was formally established in 2010.
- The project raised the profile of nutrition in Guyana and led to the development of another \$5 million loan called the Expansion of the Basic Nutrition Program, where the mechanisms developed under the BNP will be enhanced and promoted nationwide.

## 8 Dissemination and Promotion

- The project has been promoted throughout the Bank and also to other donor agencies in Guyana. A description of the project was included in the document, 'Guyana and the IDB – Partners for Progress.'
- A short story was published on the Internet called [‘Guyana: A healthy future, one sprinkle at a time.’](#)
- A feature story was published in the newspaper, <http://www.stabroeknews.com/2008/archives/09/19/sprinkles-nutrition-programme-for-all-health-centres/>
- Please see the video that was produced by the government of Guyana and the IDB, on the Basic Nutrition Program <http://www.youtube.com/watch?v=mSQ3IDbSS9g>

### Annexes



IDB Web Story— Guyana:  
[A healthy future, one sprinkle at a time](#)



[MOVIE—Guyana Basic Nutrition](#)

### Project Contact

• **Contact Name:** Leticia Anita Ramjag  
• **Title:** Operations Senior Analyst  
• **Office Location:** Georgetown, Guyana  
• **Phone:** (592) 225-7950  
• **E-mail:** [lramjag@iadb.org](mailto:lramjag@iadb.org)





## Human Capital Investment Program

### Project information

**Name:** Human Capital Investment Program

**Location:** Rural areas of Guatemala

**Amount:** IDB/OC loan: \$ 200 million  
IDB/TC Grant: \$ 1.5 million  
Total: \$ 201.5 million

**Project Dates:** Signed: 2009  
Completed: 2010

**Primary Results:** Guatemala's Conditional Cash Transfer Program, aimed at reducing child malnutrition and primary school drop-out rates in largely indigenous rural communities, produced promising results in health and education indicators in just two years. It also provided some evidence that inter-agency cooperation and program effectiveness can be enhanced through international technical cooperation and financing instruments that link multilateral financing to compliance with tangible policy measures.

*Guatemala is one of the poorest countries in the Western Hemisphere, with almost half of all children suffering from chronic malnutrition. Policy-makers have long struggled to find a way to break the cycle of poverty because if children are malnourished and their parents cannot afford health care, the children are unlikely to do well in school and they will not be able to find good jobs as adults. Local officials wanted to introduce a Conditional Cash Transfer (CCT) program successfully adopted in Mexico and Brazil, which pays parents a small monthly stipend if they agree to keep their children in school and take them for regular health and nutrition checkups. The cash allows them to buy basic family supplies, which results in healthier children who stay in school longer. Guatemala needed more than outside financing to make the program a success: it needed the IDB's technical support, including a way to evaluate results.*

## 1 Initial development problem

- Guatemala has one of the highest poverty rates in Latin America.
- 70% of the poor live in hard-to-serve rural areas and are largely indigenous.
- Nearly 50% of Guatemalan children suffer from chronic malnutrition.
- Guatemala has one of the poorest primary-school completion rates in the region.

## 2 Unsuccessful previous approaches

- Traditionally, anti-poverty spending has been directed toward urban areas rather than rural zones where poverty is concentrated.
- Economic growth has little impact on the poor because income inequality is so severe.
- Lack of coordination among government agencies limits the impact of social spending.



## 3 Reason and method

- Rather than providing up-front financing for part of the Conditional Cash Transfer program's budget, as is traditionally the case, the IDB disbursed financing only upon proof that Guatemalan authorities had complied with carefully crafted policies designed to ensure the program's implementation and evaluation followed international best practices.
- The IDB also provided non-loan technical assistance grants to support compliance with those disbursement requirements.

## 4 Beneficiaries and how benefits were shared

- Although the CCT was implemented during a period of macroeconomic turmoil which worsened the living conditions of its beneficiaries, after two years the evaluation showed very promising results:
  - 87% of children in participating communities regularly received micronutrient powders to combat anemia;
  - School improvements were completed in 100% of targeted communities;
  - Consumption levels for almost 1 million households were protected from the effects of the financial crisis, thanks to the cash stipends; and
  - Vaccination rates increased and lower illness rates were registered among young children.

## 5 Monitoring, results, data and analysis

- Given Mexico's success in running its own Oportunidades CCT program, Mexico's National Institute of Public Health led the short-term impact evaluation of Guatemala's CCT program called MiFaPro.



- The evaluation followed a quasi-experimental design, collecting household level baseline data from some communities before the program start, and from some communities almost a year after the program started. The program's impact on both groups was measured and compared to data from communities that had not been included in the program due to budgetary restrictions. This allowed evaluators to effectively compare changes in outcomes between treatment and control groups.

## 6 Risks

- Given the urgency of reversing Guatemala's alarming child nutrition and school drop-out statistics, country officials were highly motivated to move ahead with an accelerated implementation program. However, that raised the risk of overwhelming government agencies and making it difficult to evaluate results.
- Although MiFaPro was supported by the Office of the Guatemalan President, inter-agency coordination was a major operational challenge that limited the government's success in providing services to CCT's beneficiaries.
- Although disbursement of loan resources according to the achievement of milestones had the desired effect of ensuring a certain level of results, many implementation gaps remain.

## 7 Results of this project used in other efforts

- As this two-year period of IDB financing and technical assistance for MiFaPro ended in 2010, the impact evaluation has only recently been completed. Nonetheless, initial results are highly promising and it is expected that important lessons will be drawn from this experience, particularly with regard to making CCTs more accessible to largely rural, indigenous populations most afflicted by poverty.

## 8 Dissemination and Promotion

- Promotion of the results of the MiFaPro project has only recently begun. A publication on the program's results and lessons learned will be made available in electronic format and as a printed brochure in the near future.
- [MiFaPro's website](#)





## Annexes



MOVIE—[Human Capital Investment Program](#)

### Project Contact

**Contact Name:** Isabel Nieves and Mario Sánchez

**Title:** Social Development Specialist

**Office Location:** Washington, DC

**Phone:** (202)623-1089

**E-mail:** [isabeln@iadb.org](mailto:isabeln@iadb.org)



Health



## Oportunidades: Human Development

### Project information

**Name:** Multiphase Program for the Consolidation and Expansion of the Oportunidades Human Development Program

**Location:** Mexico

**Amount:** IDB: \$2 billion  
Counterpart: \$2.7 billion  
Total: \$4.7 billion

**Project Dates:** The project was approved in two phases, 2002-2005 and 2005-2009, each with \$1 billion IDB financing. In 2009, the IDB approved a new \$2 billion phase, which is expected to finish in 2013.

**Primary Results:** Increases in school completion and progress rates among primary and secondary school boys and girls, reductions in the prevalence of child labor, lower incidences of illness in children between ages 0-5, and a decrease in the prevalence of chronic undernutrition among children 12-36 months.



*The conditional cash-transfer program (CCT) Oportunidades is, perhaps, the most influential social assistance program of the last decade, not just in Mexico but in the world. The most innovative aspect of the program is that it has broadened the traditional focus of social assistance to not only secure minimum consumption levels for poor households, but also leverage larger investments in childhood education and health to increase the odds that children will escape poverty in adulthood by their own means. The Mexican Government has praised the IDB for its key role in shaping and sustaining the program's evaluation strategy, the basis for its continuous improvement process.*

## 1 Initial development problem

- In 2000, around 4.5 million families in Mexico were living in extreme poverty and in need of immediate support to guarantee minimum consumption levels.
- The prevalence of moderate and severe malnutrition in some of the poorest Mexican states was above 20%.
- School dropout rates increased sharply after 12 years of age
- Among girls, only 33% were attending school at the age of 15.
- As many as 14% of women living in extreme poverty were not attending pre-natal clinics and 17% of pregnant women were not receiving any pre-natal checkups.

## 2 Unsuccessful previous approaches

- Before Oportunidades, Mexico's social assistance budget was funneled by way of inefficient in-kind transfers and through generalized price subsidies, which substantially benefited people who were not poor.
- There was no link between programs aiming to promote minimum consumption levels among the poor and increasing their capabilities to escape poverty by their own means in the future.



## 3 Reason and method

- Oportunidades replaced traditional social assistance strategies with a transparent, well-targeted and more efficient cash-transfer scheme.
- Directed mostly at mothers, the program makes cash payments conditional upon the regular use of educational, preventive health, and nutritional services by low-income families. It also provides families with advisory services on how to better manage their own nutrition and health.
- The program was carefully phased in to allow the implementation of a solid quasi-experimental impact evaluation, which showed commendable achievements including:
  - Increases in the overall level of consumption of the poor as well as improvements in the quality of their consumption (they spend proportionally more on food and nutrients).
  - Increases in school completion and progress rates among primary and secondary school boys and girls (particularly the latter), reductions in the prevalence of child labor, lower incidences of illness in children between ages 0 to 5 and a decrease in the prevalence of chronic under nutrition among children 12 to 36 months.

## 4 Beneficiaries and how benefits were shared

- Oportunidades reaches almost 6 million households (extreme and moderate poor), two thirds of whom live in rural areas and represent practically all of the indigenous communities.





## 5 Monitoring, results, data and analysis

- Since its start up, Oportunidades has had a permanent evaluation strategy consisting of impact, operational and qualitative evaluations.
- The program is celebrated around the world because of its impact evaluation. It used a quasi-experimental design that utilized information at the household level in comparable localities with and without the program to assess impact through double-differences (the difference in outcome variables after and before, between households in localities with and without the program).
- The International Food Policy Research Institute led the first round of impact evaluations followed by the Public Health National Institute of Mexico.

## 6 Risks

- The main risk that Oportunidades faced - and still faces - is a lack of coordination among government institutions responsible for providing CCT-linked services. The program created coordination bodies both at national and state levels that have proven to be effective in ensuring supply can meet increasing demand resulting from efforts to increase service usage. Challenges remain regarding coordination to increase the quality of those services.
- The program also faced the risk of having to go from a relatively small size during its evaluation phase to a nationwide program. Operations were effectively decentralized at the state level to deal with this risk.
- There was a risk of keeping the program running during changes of national administration. The results produced by its impact evaluations controlled for this risk.

## 7 Results of this project used in other efforts

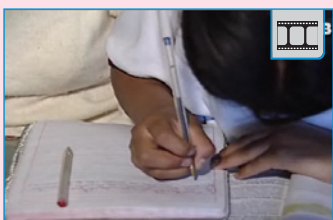
- Through 2009, the IDB was the sole international financing institution with loan operations for Oportunidades. Today the World Bank is also engaged in such operations.
- Based on the Mexican experience, many countries around the world have been adopting CCTs as a key tool for poverty reduction. Almost every country in Latin America has similar programs, as do Bangladesh, Indonesia, Turkey, Cambodia, Malawi, Morocco, Pakistan and South Africa, among others.
- The IDB has used its learning on the operations and results of Oportunidades extensively in the design and supervision of its more than 20 CCT operations, to date.

## Dissemination and Promotion

- Based on the demand it has for South-South cooperations, Oportunidades has continuously sought to [make available its results electronically](#). A good number of the dissemination publications have been financed by the IDB.
- The IDB promotes Oportunidades from its [Social Protection and Health Web page](#).



## Annexes



MOVIE— Oportunidades

## Project Contact

Contact Name: Mario Sánchez

Title: Senior Economist – Social Protection

Office Location: Buenos Aires, Argentina

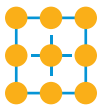
Phone: (5411) 4320-1814

E-mail: mariosan@iadb.org





Infrastructure



## Access to Affordable Housing

### Project information

**Name:** The Low Income Settlement Program (LIS)  
**Location:** Administrative Regions 2, 3, 4, 5, 6, 7 and 10, Guyana  
**Amount:** IDB: \$27,000,000  
Counterpart: \$3,000,000  
Total: \$30,000,000  
**Project Dates:** Signed: June 2000  
Completed: June 2007

**Primary Results:** The program promoted both investments and institutional reforms that would lead to progressive housing development for the poor, a sustainable response to squatting, updated legal structures for land use, long-term capacity building for Central Housing and Planning Authority (CH&PA), private sector incentives and low-income housing loans.



*The Low Income Settlement Program (LIS) developed by the IDB began execution in 2001.*

*The program provided the government of Guyana with the much needed resources that aided its in democratizing homeownership and galvanizing markets by divesting large amounts of land to low-income families for settlement in response to mounting public pressures for homeownership. The LIS was implemented through the Central Housing and Planning Authority (CH&PA) and was the first comprehensive donor-funded initiative in the housing sector in Guyana.*

## 1 Initial development problem

- Demand for housing was greater than the supply largely due to a growing population, the lack of funding and a slow and cumbersome titling and land development approval process.
- High costs for house lots and houses and high rents proved prohibitive to low-income families in a nation facing poverty levels of 35 % in 1998.
- Housing finance solutions provided by the commercial banks were not accessible to moderate and low-income households due to banking policies and high interest rates.
- These issues led to an increase in squatting and its associated negative effects. Squatting averaged 20% in the capital of Georgetown and approximately 10% in other urban areas.

## 2 Unsuccessful previous approaches

- A land divestiture program undertaken by CH&PA saw the creation of a number of housing schemes; however, the program had limited success with many schemes having virtually no infrastructure and most lacking titling provisions.
- A partnership program between CH&PA and private land developers broke down, prompting controversy and accusations on both sides and leaving would-be homeowners unhappy. In addition, the lack of transparency in the selection process and the large implicit subsidies provided by the government in the partnership benefited only middle-and upper-income families.
- In order to provide a systematic and transparent process for the allocation of house lots, the CH&PA formed an allocation unit to review and process applications; however, the process remained paper-based, which proved inefficient.
- A squatter upgrading program funded by another donor agency had limited success due to the program's minimal funding, which proved insufficient to extend the basic infrastructure necessary to regularize the targeted areas.

## 3 Reason and method

- The National Development Strategy of Guyana, developed in 1996, noted the very slow rate of housing development and called for reforms in land, shelter, housing finance markets and involvement private sector.
- In 1997, the IDB funded a consultancy to prepare a Background Analysis Report to further investigate and diagnose the problems within the shelter and settlement sector of Guyana. Based on this analysis, the Bank sought to develop a program (which later became the LIS program described here) to provide a comprehensive housing solution targeting the poor.
- A consulting firm was hired by the IDB to aid in developing a Project Design Report based on the background analysis. The report recommended the development of a LIS program that would need both investment and institutional reforms to improve the housing sector in Guyana, and more specifically, a viable housing solution to increase access of lower income families to housing.
- Given the government's limited resources, the IDB provided funding to develop effective strategies to ensure success. The IDB financing established the LIS with a new two-phased approach. Phase I included investments while Phase II focused on policy and institutional reforms that provided serviced and titled lots, squatter upgrading, the establishment of a one-stop-shop for processing and approvals, strengthening of CH&PA and the facilitation of local financial institutions to facilitate mortgages to moderate/low-income households.



## 4 Beneficiaries and how benefits were shared

- Approximately 19,224 (76,896 persons) from largely low-income families were provided with new, fully serviced house lots to build their homes. The house lots provided had accompanying basic services including roads and bridges, drainage, individual water connections and land titles. Technical assistance was provided to households to support their efforts to build an appropriate least-cost sanitary solution.
- Approximately 6,500 families (26,000 persons) benefited from their squatter settlements being upgraded. Households in squatter settlements benefited from the provision of titles, roads, bridges, drainage, communal standpipes for water provision and sanitary solutions; these services that were not present prior to the program.
- The CH&PA is now a modern, professional agency with qualified staff offering the public efficient and improved services in the area of applications processing, development approvals, land use planning, neighborhood outreach and upgrading.

## 5 Monitoring, results, data and analysis

- The following indicators were monitored:
  - The number of lots in new settlement schemes owned by low-income households. By the end of the program, 91% of occupied lots were owned by low-income households.
  - Community based organizations (CBOs) targeted were strengthened.
  - The increased number of sanitary standards of lots and squatter settlements that meet minimum environmental standards. At the program's end, 95% of LIS schemes and 71% of pre-LIS schemes had proper sanitary solutions that met minimum environmental standards.
  - The new public infrastructure developed under the program was adequately maintained by Neighborhood Development Councils in collaboration with CBOs.

- The policy reforms to establish one-stop shops for development approval/titling are in place.
- Incremental development standards for new settlements and squatter settlements were made operational.
- The project was monitored by the IDB and CH&PA. Beneficiary assessments, which relied on a multi-strategy research approach, were also conducted. External independent consultants performed a midterm and a final evaluation.

## 6 Risks

- The key risk for the program was that of the capacity weaknesses of CH&PA, especially its ability to attract and retain qualified personnel. This was mitigated by dedicating considerable resources to institutional strengthening, for example, training and organizational restructuring and the contracting of an engineering supervisory firm to oversee public works.
- Another risk was the fact that the local Democratic Council did not have the capacity or budgetary allocation to continue maintenance of roads. This risk was mitigated through the development of operation and maintenance plans in the design stage, the funding of contractors to maintain roads in the first 5 years and supporting neighborhood associations in maintaining infrastructure.
- The risk of low occupancy of the new house lots being developed under the program was mitigated through robust communication and engagement with beneficiaries, the engagement of water and electricity authorities to provide accompanying services in housing schemes and effective community planning strategies.
- The risk of insufficient capacity of the construction sector to carry out works without dislocation or price escalation was mitigated through streamlined procurement policies, effective contract management and the hiring of experienced supervisory engineering firms for all phases of contracting and construction with regard to infrastructure works.

# 7

## Results of this project used in other efforts

- The success of the project in effectively targeting low-income households led to the European Union joining in support of the sector through the 10 million euro “Support to the Low Income Housing Sector” project.
- The project provided many positives and the IDB sought to continue its support with the provision of a \$27.9 million loan in 2009 for the Second Low Income Settlement Program, which continued to provide viable housing solutions for poorer people and improve the capacity of CH&PA.
- CH&PA has expanded its one-stop-shop drives for application processing to include commercial banks, furniture companies and hardware firms, effectively providing beneficiaries with all the services needed to complete their homes.
- The development of the project has led to the Central Housing and Planning Authority agency developing the first Strategic Plan for the Housing Sector and a Housing Policy for Guyana.
- The project developed a beneficiary selection system, a verifiable means-tested selection system adopted by the Central Housing and Planning Authority, which is being used for all programs implemented by the agency.
- Realization of the need to develop the low-income mortgage market highlighted by the program has led to the government to provide incentives to commercial banks for lowering interesting rates for ‘low-income’ loans.

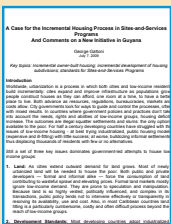
# 8

## Dissemination and Promotion

- The program was featured in ‘Guyana and the IDB – Partners for Progress.’ a publication for the IDB’s 50th anniversary by Country Office Guyana.
- The one-stop shop for housing applications processing and community strengthening and the program’s accomplishments are [regularly highlighted in the local media](#).



## Annexes



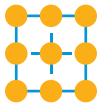
DOC—IDB Guyana Incremental



## Project Contact

**Contact Name:** Derise Williams  
**Title:** Operations Senior Associate  
**Office Location:** Georgetown, Guyana  
**Phone:** (592) 225-7950  
**E-mail:** [derisew@iadb.org](mailto:derisew@iadb.org)





## CNO AIG Surety Bond Project

### Project information

- Name:** CNO AIG Surety Bond Project
- Location:** Regional – Latin America and the Caribbean
- Amount:** IDB Partial Credit Guarantee: \$200 million  
AIG Risk Sharing: \$200 million  
Total: \$400 million
- Project Dates:** Signed: September 2007  
Ends: November 2015

**Primary Results:** One obstacle to improved infrastructure is the availability of financial instruments called surety bonds, which serve to guarantee construction companies' performance on infrastructure contracts. By offering a partial credit guarantee to this program of surety bonds, the IDB helped the company in question—and others that will follow this model—to increase significantly the number of projects it can carry out, especially in countries without investment-grade ratings. Because all IDB financing requires participants to comply with social and environmental norms, this instrument also helps spread good socio-environmental practices throughout the region.

*One of the biggest challenges in Latin America is improving physical infrastructure—including highways, bridges and ports; water and sewage facilities; and energy-generation projects. Modern transportation infrastructure makes it easier for people to get to work, school and to the hospital. It also reduces logistics costs, which can result in lower prices for consumers. Improved sanitation promotes better health, while extending electricity to rural areas benefits people who traditionally have had little access to public services.*

*The Project consists of a \$400 million Surety Bond Facility agreement between Construtora Norberto Odebrecht (CNO) of Brazil, AIG (now Chartis) and the IDB. Under the Facility, made available for 8 years, the IDB effectively reinsures up to 50% of AIG's reimbursement exposure to CNO under surety bonds issued by AIG to CNO to guarantee its performance under infrastructure contracts in Latin America and the Caribbean. The project involved the guidance from IDB to improve CNO's company-wide environmental and social management system.*

## 1 Initial development problem

- Surety bonds are guarantees of the performance of a contractor's obligations by an insurance company. Construction contracts require contractors to have surety bonds to become part of a contract. Therefore, surety bond capacity is the lifeblood of the infrastructure business.
- CNO, a major and growing contractor in the Latin American infrastructure markets, was experiencing large increases in demand for its services without the corresponding capacity among surety bond providers and their reinsurers, to provide the necessary bonds to back CNO's contracts.
- The project's objective was to enhance the ability of a key high-quality contractor to continue contributing to the development of infrastructure in the region and to create a replicable model for other contractors to obtain similar support from other official agencies.



## 2 Unsuccessful previous approaches

- Previous approaches focused on looking for scarce surety bonding capacity from the traditional sources, such as insurance and reinsurance companies.
- The insurance and reinsurance industry has recently experienced significant retrenchment and consolidation leading to a decrease in capacity.

## 3 Reason and method

- The joint effort developed between the IDB and CNO's insurance specialists was to respond to a severe bottleneck of capacity.
- The IDB facility represents a major innovation in the search for non-traditional surety bond reinsurance capacity in the multilateral agency market.
- The IDB's participation (half of the \$400 million program) would have a large leverage effect, since typically \$10 in surety bonds leverages \$140 in contract value.
- Key infrastructure markets and projects were selected to ensure the maximum impact.
- In-depth due diligence and research into the surety bond business was necessary, and innovative structuring was required to adapt an existing IDB product (the Partial Credit Guarantee) to the specific purpose of reinsuring surety bonds.





## 4 Beneficiaries and how benefits were shared

- The immediate beneficiaries are CNO, which can continue seeking new contracts, and AIG/Chartis, which can continue underwriting surety bonds for CNO by effectively reinsuring its exposure with the IDB.
  - Indirect beneficiaries are construction companies around the globe who are asking for similar support from their official agencies.
  - The ultimate beneficiaries are the people and the governments of those countries where infrastructure projects are successfully being executed by CNO, including Brazil, Panama, Dominican Republic, Ecuador, Argentina, Colombia, Peru and Venezuela in Latin America and the Caribbean, as well as other countries and regions such as the United States, Portugal, the Middle East and Africa. In addition, local communities benefit from the social impact initiatives implemented by CNO.
- increased capacity to post surety bonds (in part through the project) to secure more contracts.
  - CNO's revenues increased an average of 32.2% per year between 2007 and 2010, much higher than the 10% average per year benchmark set forth at the time of the closing.
  - The number of contracts backed by the facility surpassed the goals set at the time of the closing. By May 2009, the project already had supported 12 new contracts, a goal expected to be reached in June 2012.
  - CNO's social-environmental ratings, a required component of any IDB-backed project, continue to improve, with CNO receiving excellent ratings for high-risk projects, and very good ratings for medium and low-risk projects.
  - The IDB significantly helped to improve CNO's corporate-wide environmental and social management system (which includes monitoring, analysis and reporting) and that has contributed to CNO's success. An external consultant was involved in the design of the environmental and social management system. As result of IDB's involvement, CNO more effectively tracks and monitors social-environmental risks (including aspects managed by CNO's employers, previously not included) and has improved its standards of care related to community safety, biodiversity, and historical and cultural landmarks.

## 5 Monitoring, results, data and analysis

- The Project was approved in 2007 and is now being implemented. IDB's risk management office provided advice in the due diligence and structuring of the facility.
- Project impact is monitored through a review of the infrastructure projects and related contracts benefitting from the issuance of surety bonds by AIG/Chartis in several countries, including Panama, Brazil, the Dominican Republic and Ecuador.
- To date, \$166 million in reinsurance has been provided under the \$200 million IDB facility, leveraging infrastructure contracts worth \$2.3 billion, a 14x leverage effect.
- CNO's backlog of contracted works pending for execution as of December 2010 was \$26.3 billion, 96% higher than at the end of 2007 (\$13.3 billion). This is evidence of CNO's





## Risks

- Risks include: the performance risk of CNO; the creditworthiness of CNO as the source of repayment to the IDB – in case the IDB has to pay its share under a surety bond claim; and the expertise of AIG in administering the surety bonds backed by the IDB. The Structured and Corporate Finance Portfolio Management Unit of the IDB closely monitors these transactions through periodic reviews and visits to/from CNO and AIG/Chartis representatives.
- The risk of the IDB entering a new “market” (surety bond reinsurance) was mitigated by due diligence and structuring, so that the IDB was able to measure the likelihood of the guarantees being called and the risk of its not recovering its money. An issue of note is that this facility is uncommitted. IDB has the right, at its sole discretion, to suspend the issuance of guarantees should the circumstances of a project or CNO itself deem the project unsatisfactory.

## Results of this project used in other efforts

- The use of the IDB’s Partial Credit Guarantee to solve a major bottleneck in the infrastructure market represents a truly innovative deployment of an existing IDB product. The project has achieved its desired demonstration effect by leading to the replication of the structure by other multilateral and bilateral development agencies, such as CAF, IFC, Canada’s EDC, and Italy’s SACE. The IDB has also received inquiries about the project’s structure from the Asian Development Bank.

## Dissemination and Promotion

- The project won the Trade Finance Deal of the Year award in 2007 from Euromoney Magazine (see annex).
- In April 2011, the IDB discussed the project and the role of multilaterals in corporate expansion strategies at the São Paulo Exporta conference.

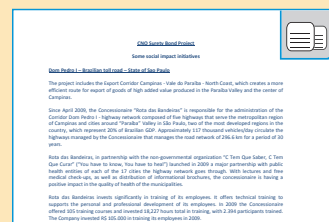
## Annexes



MEDIA: [Internal](#)



MEDIA: [Exporta conference](#)



DOC: [Social impact initiatives](#)



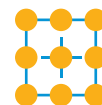
DOC: [TradeFinance article](#)

## Project Contact

**Contact Name:** Peter Stevenson; Antonio Estrada  
**Title:** Principal Investment Officer; Senior Portfolio Management Officer  
**Office Location:** Managua, Nicaragua; Washington, DC  
**Phone:** (505) 2264-9133; (202) 623-2765  
**E-mail:** [peters@iadb.org](mailto:peters@iadb.org); [antonioes@iadb.org](mailto:antonioes@iadb.org)



Infrastructure



## Linking Water Services to Health Insurance

### Project information

Name:	Basic Sanitation for Small Municipalities
Location:	Montero, a town of around 90,000 people in the tropical lowlands of eastern Bolivia
Amount:	IDB: \$6 million Counterpart: \$1.5 million Total: \$7.5 million
Project Dates:	Signed: July 2002 Completed: February 2005
Primary Results:	A water utility expanded coverage and improved the health of its clients by bundling a medical insurance service with the monthly water and sanitation fee.



*Cosmol, a water cooperative in Bolivia, financed an expansion program by covering two vital services with a single fee. In 2000, Cosmol members contacted the IDB office in La Paz to see if the Bank could help finance the expansion of Montero's sewer network. The IDB agreed and suggested that Cosmol consider introducing a monthly surcharge to generate a down payment on the expansion. As an incentive for cooperative members to pay, the cooperative used part of the surcharge to finance a basic health insurance program for its members.*

## 1 Initial development problem

- In 2000, the tap water in Montero was rust-colored due to the city's deteriorated pipes, which dated from the 1960s.
- Many members of Cosmol, the cooperative that provides water and sanitation services to Montero, were unhappy with the service's management board, which was failing to make repairs while disclosing little information about revenues and expenses.
- Only 20 percent of Cosmol's members were connected to the sewer service.



## 2 Unsuccessful previous approaches

- The problem had not been tackled by previous Cosmol administrations.
- An incentive structure for users to pay their bills was not in place.

## 3 Reason and method

- In 2000, Cosmol members elected a new management team and contacted the IDB office in La Paz to see if the Bank could help finance the expansion of Montero's sewer network through an existing IDB loan managed by the National Fund for Regional Development (FNDR, for its Spanish initials)
- The IDB suggested that Cosmol introduce a monthly surcharge to generate a down payment on the expansion project and pay for other services that might serve as an incentive to cooperative members.
- Cosmol's managers held meetings to ask members if they would be willing to pay a surcharge and to see what additional services they needed most. It soon became apparent that access to healthcare was the most pressing concern.
- Following IDB advice, Cosmol proposed creating a supplemental health insurance scheme that would cover basic hospital services. Both the insurance program and sewage surcharge would be paid for by a US\$2 increase in the monthly water rate. After each family had contributed the equivalent of US\$150 to the fund, the surcharge would drop to US\$0.50—enough to continue covering the insurance plan.
- Cooperative members voted to adopt the plan, and by late 2001 Cosmol had raised US\$1.5 million of the US\$7.5 million total costs of the project.
- At that point, the FNDR agreed to finance the balance of the project with IDB financing of US\$6 million. Work on the expansion of Montero's sewer network began in July of 2002 and was completed by early 2005.





- The health insurance plan covers routine preventive care at the Alfonso Gumuncio Reyes Hospital, with discounts ranging from 25 percent to 50 percent on surgery, tests and other procedures. Prior to the insurance program, a majority of Montero's residents were unable to afford the hospital's regular fees.
- Throughout the design and implementation of the project, the IDB provided technical assistance to Cosmol's administration, specifically on the analysis needed to make the project financially sustainable.

## 4 Beneficiaries and how benefits were shared

- Cosmol members make around 900 visits per month to the hospital, where occupancy rates have risen from 44 percent to more than 80 percent.
- Cosmol has attained performance indicators that are among the best in its sector. Around 97 percent of the families in its service area have in-home water connections, and 100 percent have water meters. Water quality control and customer service indicators are among the best in Bolivia.
- Cosmol's sewer network has been expanded to the point where it can serve 65 percent of Montero's population, up from 20 percent in 2002.

## 5 Monitoring, results, data and analysis

- Access to sanitation and better health services results in reduced incidence of disease and better quality of life. The following indicators, among others, were monitored:
  - Percent of households with sanitation service
  - Water quality control
  - Customer service indicators
  - Visits per month to the hospital

- The project was monitored by the IDB. Cosmol submitted semi-annual project performance reports.
- External independent consultants performed a midterm and a final evaluation of the project.

## 6 Risks

- The primary risk of the project was a potential lack of the public's willingness to pay for the monthly surcharge needed for the sanitation expansion project. The surcharge represented 3% of the average monthly wage of US\$70 in this agricultural region.
- This was mitigated by including a health insurance component to the surcharge that would directly benefit cooperative members from the project's start-up.

## 7 Results of this project used in other efforts

- Cosmol used the extra excavation material from the sewer project to raise and protect the riverbank area from seasonal flooding.
- With additional IDB financial support, Cosmol executed a self-construction sanitary module project that benefited 3,000 poor families and proved to be a powerful economic engine that expanded Cosmol's coverage in the community.

## 8 Dissemination and Promotion

- The project has been publicized by the IDB through a case study published on its website (<http://www.iadb.org/en/topics/water-sanitation/case-studies,1490.html>, see Montero case) and has also been cited in case studies by the International Cooperative Development Association and Germany's GTZ international development agency.

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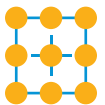
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Infrastructure



## Monumenta: Urban Historic Heritage Preservation

### Project information

**Name:** Urban Historic Heritage Preservation Program (Monumenta)

**Location:** 26 cities throughout Brazil

**Amount:** IDB: \$62.5 million  
Counterpart: \$62.5 million  
Total: \$125 million

**Project** Signed: December 1999

**Dates:** Completed: October 2010

**Primary Results:** The Monumenta program restored and rehabilitated 130 public and 371 privately-owned historic buildings in 26 cities throughout Brazil, nearly four times the initial goal. It resulted in historical research, the training of local cultural producers, the revival of traditional vocations, and the revitalization of communities.



*The Monumenta Program, coordinated by the Brazilian Ministry of Culture, contributed to the preservation of priority urban historic and cultural sites under federal protection; increased the Brazilian population's knowledge regarding its heritage and appreciation of its existence, cultural value and need its preservation; and defined criteria for implementing conservation priorities.*

*The IDB was involved throughout all aspects of the program, including conceptualization, interventions, and funding. The program represented an advancement in the management of Brazilian cultural heritage achieved through joint actions of preservation, local development, integration of different government levels, and partnerships with private sector and civil society organizations. The program did remarkably well on three fronts: economic and cultural dynamics optimization; integrated urban planning qualifications; and rehabilitation of privately-owned historic buildings.*

## 1 Initial development problem

- The Brazilian population had little knowledge of the vulnerability of its cultural and architectural heritage and of the role that Brazilians might play in helping to preserve it. Historic monuments and cultural sites in urban areas were deteriorating rapidly and were at risk of being permanently lost. Of 800 official national monuments, only 20% were considered to be in good condition.
- In 1999, just one-third of the country's historic buildings had modern-day uses that covered the cost of preserving their historic and artistic qualities.

## 2 Unsuccessful previous approaches

- Previous efforts were hampered by the lack of an integrated effort by federal, state and city agencies, as well as a lack of financial resources and incentives for private-sector participation.
- Earlier projects focused only on preserving the historic buildings, rather than of enhancing economic and cultural opportunities in the surrounding communities.

## 3 Reason and method

- Most historic buildings are no longer suited for the purposes for which they were originally designed. As buildings become obsolete, they are abandoned or under-utilized, and are frequently converted into tenement houses. As a result, the surrounding urban areas deteriorate and often become unsafe.
- The government's goal was to restore the buildings, find new uses that would cover the cost of maintaining the structures, and implement revitalization plans for the surrounding areas.
- The IDB helped the government come up with a strategy to help several different federal ministries and their counterparts at the state and local levels become effective partners in the process of preserving and protecting historic buildings and neighborhoods. The IDB not only provided funding for institutional capacity building, but also worked directly with the Brazilian Ministry of Culture to train staff and identify potential flaws in the planning and execution of the program. The program helped systematize and make transparent the way decisions on urban preservation projects are made. It set up a rigorous inventory and





classification system and established a system for assigning priorities for intervention.

- The program financed an organizational review to: reduce overlapping jurisdictions; encourage more participation by state and municipal governments, civil society and the private sector; and make tax incentives more cost-effective.
- Heavy emphasis was placed on education, public awareness and the training of skilled artisans.
- Financing was provided to 26 model programs to show how urban revitalization and heritage preservation can be sustainably achieved.
- Economic analysis took into account the expected increase in real estate and rental values resulting from rehabilitation of the historic areas, as well as the willingness of citizens and the private sector to support the idea of public maintenance of historic areas for their intrinsic value.

## 4 Beneficiaries and how benefits were shared

- Historic preservation and neighborhood revitalization benefits today's citizens and visitors as well as future generations. The benefits include: increased knowledge of the historic areas' history and heritage; a greater understanding of how important regional historic sites fit into Brazil's overall history; and increased cultural activities.
- Economic benefits include increased business activity and improved real estate values in the revitalized areas as well as a revival of traditional employment opportunities that had been lost due to neighborhood blight.
- Citizens and government alike benefit from more efficient and transparent administration of the country's heritage sites.

- Specific examples, that show the far-reaching impact of these rehabilitation projects, include the cities of Cachoeira and Laranjeiras, where university campuses were established in areas that had been in various states of deterioration. These areas were completely transformed and imbued with a new, sustainable economic dynamic that has given new meaning to the buildings' historic heritage, in addition to contributing to the growing need for higher education in the region.

## 5 Monitoring, results, data and analysis

- Numerous synergies between government ministries (including Brazil's Ministries of Cities, Environment, Tourism and Education) as well as public universities and national development banks, resulted from this initiative.
- Brazil's Ministry of Culture collected data to monitor the program's goals, which included:
  - ensuring that the historic sites were attractive, well-maintained, safe to visit and had viable economic activities consistent with their preservation;
  - maintaining heritage sites sustainably, so that they would not require additional federal funds;
  - requiring public spaces around project areas to be well-maintained by private owners and city governments; and
  - extending the restoration program to other historic sites not included in the program.
- Government-run surveys also monitored the increase in the public's knowledge and appreciation of its historic and cultural heritage, and its willingness to contribute time and money for its preservation.
- The IDB closely monitored the project. Brazil's Ministry of Culture and the beneficiary cities submitted semi-annual

project performance reports. The municipalities supervised the execution of the works according to each municipality's and National Historic and Artistic Heritage Institute's norms for protected historic areas. Environmental control agencies supervised compliance with requirements included in environmental licenses using their usual standard procedures.

- All involved parties participated in an independent final evaluation, which provided lessons learned and a template for future historic preservation initiatives.

## 6 Risks

- The main difficulty was the lack of institutional capacity of the executing agencies to handle so many program participants and the complexity of the actual restoration work on the ground.
- Another risk was the possibility that private investors might not step forward to embark on projects.
- These risks were mitigated by constant contact between the federal, state and municipal program executors, and by prior public consultations with communities and investors to determine their priorities and interest in participation.

## 7

### Results of this project used in other efforts

- The program served as the foundation for development of a federal public policy for urban heritage conservation that will preserve all 180 urban historic sites in Brazil.
- The IDB and Brazil are sharing their experiences with Chile, Colombia and Ecuador.

## 8

### Dissemination and Promotion

- [A website provides information on the project](#), including technical information on the restored buildings and revitalized neighborhoods, video documentaries and publications such as bilingual cultural tourism guides.
- The Program produced an exhibit called ExpoMonumenta, made up of 24 two-sided panels containing its history and achievements. It has been exhibited in over 30 Brazilian cities and is still touring.

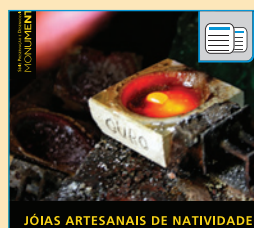
## Annexes



MOVIE—[Monumenta](#)



PDF: [Catálogo Exposição Monumenta](#)



PDF: [Jóias artesanais de natividade](#)

## Project Contact

**Contact Name:** Ana Lúcia Paiva Dezolt

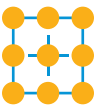
**Title:** Fiscal and Municipal Development Specialist

**Office Location:** Brasilia - Brazil

**Phone:** (5561) 3317-4256

**E-mail:** [anapa@iadb.org](mailto:anapa@iadb.org)





## Safer Hillsides in Quito

### Project information

- Name:** Water Supply & Sanitation Project Quito and Environmental Sanitation Program Phase I and II
- Location:** Quito metropolitan region, Ecuador
- Amount:** IDB: \$253 million  
Counterpart: \$76.7 million  
Total: \$329.7 million
- Project Dates:** Signed: 1994  
Completed: 2002  
Phase I of the Environmental Sanitation Program began in 2002 and concluded in 2007, while phase two began 2007 and is still in execution.
- Primary Results:** An integrated urban infrastructure program reduced the risk of landslides, revitalized historic districts, and brought better sanitation and safe public spaces to low-income communities in Quito.

*In 1996, Quito's public water and sanitation utility (EPMAPS, for its initials in Spanish) launched a comprehensive management plan for the hillside areas of the metropolitan area to reduce risks through land use laws and infrastructure projects that would stabilize slopes, collect sewage, and improve drainage. The program, called "Laderas de Pichincha", built hydraulic structures such as small dams, dikes, detention ponds, retention walls, and gutters in 33 creeks draining into the city. It also created a Municipal Control Office to prevent illegal settlements.*

*EPMAPS invested more than \$30 million and the IDB financing was \$136 million. 22,000 low-income households (reaching some 100,000 people) benefited from this first stage. In 2002, Quito's utility launched the Environmental Sanitation Program, which invested in infrastructure works to improve drainage in the historic center of the city while implementing a plan for solid waste management in coordination with local institutions and communities. An environmental and landscape restoration component of the program was carried out resulting in the recovery of valuable public spaces in Quito's historic downtown area.*

*Today, a new phase of the Environmental Sanitation Program is underway. In addition to the environmental and landscape restoration of 7 urban creeks and increased access to water and sanitation services for around 6,500 households, this new stage of the program includes environmental education activities aimed at improving solid waste management in the hillside neighborhoods. The program also assists families who live in houses at high risk from landslides through a voluntary relocation initiative. This stage of the program, which will conclude in 2013, will cost a total of \$112 million (\$67.1 million funded by IDB).*

## 1 Initial development problem

- Until the early 1990s, 171 people had died due to landslides and floods in Quito, which is home to 1.5 million people.
- Inadequate waste management.
- Lack of sewerage and storm drains.

## 2 Unsuccessful previous approaches

- The problem had not been tackled through integrated planning process.

## 3 Reason and method

- In 1996, the city's public water and sanitation utility (EPMAPS) launched a comprehensive management plan for Quito's hillside areas to reduce risks through land use laws and infrastructure projects that would stabilize slopes, collect sewage, and improve drainage.

- EPMAPS requested IDB financing and technical assistance for project implementation.
- In the first stage, hydraulic structures such as small dams, dikes, detention ponds, detention walls, and gutters in 33 creeks were built. A municipal control office to prevent illegal settlements was also created.
- In the second stage, infrastructure works to improve drainage in the historic center were built. A plan for solid waste management in coordination with local institutions and communities was implemented.
- In the final stage, in addition to the environmental and landscape restoration of 7 additional urban creeks, environmental education activities aimed at improving solid waste management are being implemented.
- Throughout the three stages, the IDB provided technical assistance to the utility both at the design and execution level.
- The IDB developed measurable indicators to monitor project implementation and results.





## 4 Beneficiaries and how benefits were shared

- Access to water and sanitation results in better quality of life, improvement of health conditions and offers new income opportunities. In addition, flood prevention efforts reduce the economic cost of natural disasters.
- 22,000 low-income households (around 100,000 people) benefited from infrastructure works that decreased their exposure to flooding and other natural disasters.
- 75,000 people benefited from the recovery of public spaces in Quito's historic downtown area.
- 6,500 low-income households (around 30,000 people) received access to water and sanitation services.
- A municipal control office was created to prevent illegal settlements.

## 5 Monitoring, results, data and analysis

- The following indicators, among others, were monitored:
  - Small dams, dikes, detention ponds, retention walls, and gutters built
  - Kilometers of water pipeline built
  - Non-revenue water studies developed
  - Macro and micro-level water meters installed
- The project was monitored by the IDB. EPMAPS submitted semi-annual project performance reports.
- External independent consultants performed a midterm and a final evaluation for each of the three projects.

## 6 Risks

- Time delays were the primary risk, due to the complexity of the Environmental Sanitation Program, which included the construction of multiple public works. EPMAPS was able to maintain its pace of work with the creation of a highly professionalized executing unit within the company.

## 7 Results of this project used in other efforts

- Wherever new installations were built without sufficient community participation, EPMAPS evidenced higher rates of vandalism with metallic poles and electric cables cut and sold for their compounds.
- As a result, EMPAS implemented a strategy for community acceptance and participation during the third stage of the project. The strategy included the creation of neighborhood committees that collaborate in the design, execution and management of infrastructure projects such as parks, soccer fields, playgrounds, pathways and access paths.

## 8 Dissemination and Promotion

- In 2009, EPMAPS received the [BID-FEMSA Water and Sanitation award](#).



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Contact Name: German Sturzenegger

**Title:** Water and Sanitation Specialist

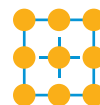
Office Location: Washington, DC

Phone: (202) 623-3332

E-mail: [germanstu@iadb.org](mailto:germanstu@iadb.org)



Infrastructure



## Water Running Uphill

### Project information

**Name:** Cartagena Expansion of Sewerage System

**Location:** Cartagena, Colombia.

**Amount:** IDB: \$24.3 million  
Counterpart: \$16.2 million  
Total: \$40.5 million

**Project** Signed: March 1998

**Dates:** Completed: March 2006

**Primary** A public-private partnership brought water and  
**Results:** sanitation to Cartagena's poorest communities  
by tailoring construction, customer service and  
billing practices to local needs.

*Until a few years ago, donkeys were the only means for the transport of potable water for tens of thousands of people who live on steep hills overlooking the historic port city of Cartagena. Informal vendors would use taps in the lower part of the city to fill large cans strapped to the backs of donkey, guide the animals up through dirt tracks to the shantytowns, and sell the water for many times what it cost in the neighborhoods connected to the municipal water service. Many families would spend the equivalent of \$40 per month for water from the so-called “burroductos.” For years, city officials had argued that those neighborhoods could not be served because the terrain was too steep.*

*In 1995, following IDB’s advice, Cartagena created a “mixed capital” company to run its water and sanitation services known as Aguas de Cartagena (ACUACAR). The strategy worked. 98 percent of the city’s residents currently have in-home water connections and nearly 90 percent have access to sewer lines (up from 73 percent and 60 percent, respectively, in 1995). Significantly, ACUACAR is now completing treatment facilities capable of processing 80 percent of the city’s wastewater. These numbers are especially impressive given that around 70 percent of the population in Cartagena is classified as poor.*

## 1 Initial development problem

- In the 1990s, after decades of neglect and lack of investment, Cartagena’s water and sanitation systems were near collapse.
- Although 73 percent of the population had in-home water connections, water pressure was so weak that water actually flowed for only a few hours per day.
- In the rapidly-growing slums in the hills surrounding Cartagena, water and sanitation services were essentially non-existent, forcing people to pay exorbitant sums for water from informal vendors.

## 2 Unsuccessful previous approaches

- For years, city officials had argued that those neighborhoods could not be served because the terrain was too steep and providing water and sanitation to those neighborhoods was too expensive.

## 3 Reason and method

- In 1995 the municipality of Cartagena created a “mixed capital” company to run its water and sanitation services. The municipal government would retain control of the utility’s assets and provide the investment capital, while contracting Aguas de Barcelona, a private Spanish firm, to operate and improve the service.
- Many *Cartageneros* were skeptical about the arrangement. When the new company, known as Aguas de Cartagena

(ACUACAR), opened for business, thousands of frustrated residents mobbed its headquarters to demand immediate improvements.

- ACUACAR promised to start sending up water trucks immediately. The water trucks provided water reliably at a fraction of the price charged by the “burroductos,” but that was a temporary solution. With funds transferred to the city from the central government, and an IDB loan for \$24.3 million, ACUACAR took on the massive job of extending water and sanitation services to some 350,000 people who had no water or sewerage connections.
- The efforts encountered unexpected difficulties. Long neglected by municipal authorities, the extremely poor communities on the margins of Cartagena had no experience with the construction of large-scale infrastructure projects. As a result, these poor communities were sometimes hostile toward ACUACAR officials and construction crews.
- Company officials quickly concluded that business as usual would not work in these areas. Instead, ACUACAR developed with IDB support a comprehensive strategy that involved: hiring social workers and community relations specialists to work in the field; conducting “water workshops” to get input from residents and explaining how the water and sewer services work; providing health education; and facilitating payment plans for people with irregular incomes. ACUACAR also decided to hire local residents to perform the unskilled labor required to install pipes and other tasks.





## 4 Beneficiaries and how benefits were shared

- The approximately 70 percent of the population in Cartagena classified as poor was the main beneficiary of the project. Virtually all of ACUACAR's activities focused on low-income areas.
- Today, instead of paying \$40 per month for small quantities of water delivered via the "burroductos", low-income families pay around \$8 per month for a 24-hour potable water service.
- In addition, 98 percent of the city's residents now have in-home water connections (up from 73 percent before the project) and nearly 90 percent of the city's residents have access to sewer lines (up from 60 percent before the project).
- ACUACAR is completing treatment facilities capable of processing 80 percent of the city's wastewater.

## 5 Monitoring, results, data and analysis

- The following indicators, among others, were monitored:
  - Water coverage (from 73% in 1995 to 99% in 2006)
  - Sanitation coverage (from 61% in 1995 to 79% in 2006)
  - Micrometering (from 77% in 1995 to 99% in 2006)
  - Non revenue water (from 54% in 1995 to 40% in 2006)
  - Water continuity (percentage of households with water 24/7 from 74% in 1995 to 99% in 2006)
  - Revenue collection rate (from 58% in 1995 to 93% in 2006)
  - Employees per 1000 connections (from 15 in 1995 to 2.3 in 2006)
- Access to water and sanitation and better health services results in better quality of life, improvement of health conditions and offers new income opportunities.
- The project was monitored by the IDB. ACUACAR submitted semi-annual project performance reports.
- External independent consultants performed a midterm and a final evaluation of the project.

## 6 Risks

- Long neglected by municipal authorities, the extremely poor communities had no experience with the construction of large-scale infrastructure projects. As a result they were sometimes hostile toward ACUACAR officials and construction crews.
- With IDB technical advice, ACUACAR officials developed a comprehensive strategy that involved hiring social workers and community relations specialists to work in the field, conducting "water workshops" to get input from residents, explain how the water and sewer services work, provide health education, and facilitate payment plans for people with irregular income. ACUACAR also decided to hire local residents to perform the unskilled labor required to install pipes and other tasks.

## 7 Results of this project used in other efforts

- ACUACAR continues to implement this participatory strategy with great success. In contrast to other areas where private investment in the water sector has provoked strong public opposition, in Cartagena the water company enjoys broad public support.

## 8 Dissemination and Promotion

- In 2010, this project received [BID-FEMSA Water and Sanitation award](#), and ACUACAR's low-income billing strategy was featured in a seminar at the 2010 World Water Week in Stockholm, Sweden.

- Project Contact

- Contact Name: German Sturzenegger

- Title: Water and Sanitation Specialist

- Office Location: Washington, DC

- Phone: (202) 623-3332

- E-mail: [germanstu@iadb.org](mailto:germanstu@iadb.org)



Private sector



## entra21: Preparing Youth for 21st Century Jobs

### Project information

**Name:** Preparing Youth for 21st Century Jobs: entra21

**Location:** Regional- Latin America and the Caribbean

**Amount:** MIF: \$20 million

Counterpart: \$34 million

Total Project: \$54 million

**Project** Signed: August 2001

**Dates:** Completed: December 2011

**Primary** The project has trained more than 111,000 youth,  
**Results:** many at-risk, in 22 countries for the job market.



*The International Youth Foundation (IYF) partnered with the Multilateral Investment Fund (MIF) in 2001 to launch Entra21, the MIF's largest initiative to support youth employment in Latin America and the Caribbean. The initiative has achieved job placement rates of 54% and 49% (the lower rates representing placements for more at-risk youth). The Entra21 model, pioneered with MIF's assistance, has been widely recognized in Latin America and the Caribbean as one of the most successful at achieving high job placement rates for the region's youth. This approach is now being replicated in sub-Saharan Africa and the Middle East. In 2007, the MIF approved a second phase of the Entra21 program, supporting 27 ventures with two general strategies: one targeting high-risk youth who are harder to employ and a second utilizing best practices from past experiences to reach significant scalability.*

## 1 Initial development problem

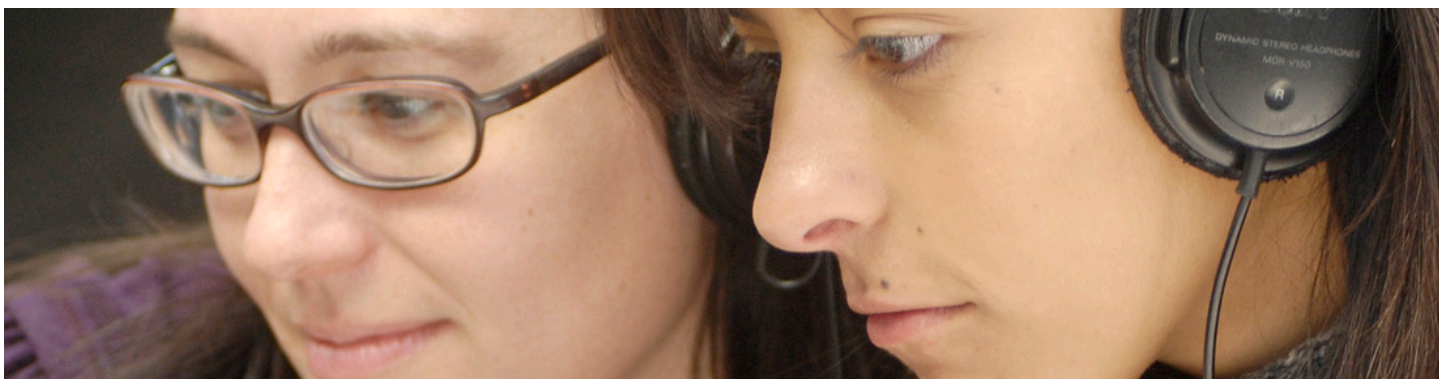
- Youth unemployment is rising across the globe and young people are three times more likely to be unemployed than adults.
- In Latin America and the Caribbean, over 20 million young people are neither working nor in school, representing approximately 20% of youth.
- Up to half the students finishing secondary school lack essential work readiness for decent 21st century jobs.
- Central America has an estimated 70,000 gang members, mostly men aged 15 to 34, who also account for the majority of homicide victims. In Central America, youths aged 18 to 25 are 10 times more likely to be homicide victims as compared with average global homicide levels.

## 2 Unsuccessful previous approaches

- A key lesson gleaned from previous large-scale youth employment initiatives (some of these financed by the IDB in Uruguay, Peru and Chile) was the importance of private sector engagement to secure employment for youth and ensure that course offerings responded to labor market demand.
- Most programs have focused on providing training. Partnerships with the private sector are necessary to ensure a broad cross-section of stakeholders are involved in youth job placement activities. Many previous larger-scale programs did not establish these key partnerships, which are essential when programmatic efforts go beyond training to job placement.

## 3 Reason and method

- Before the partnership with IYF, MIF pilot projects in the area of youth employment had had varying levels of success. The MIF sought to work with a renowned expert in youth development to test an entirely new and more holistic approach to address youth unemployment in the region.
- IYF possessed institutional capacity, legitimacy, and a broad network of partner organizations in the region -- key success factors for a youth employment program.
- Phase I of the entra21 program (2001-2007) provided information technology training across the region to youth between the ages of 16 and 29 who had completed secondary education or were in their final year of high school. Information technology training had been identified as a growth sector in the region, a field particularly attractive to young people and a great opportunity for job placement. The program design sought from the outset to achieve a 40% placement rate by developing strong relationships with local businesses
- The results from Phase I and the findings of external evaluations of specific interventions were taken into consideration in designing Phase II of entra21 (2007-present). Phase II has two subcomponents: (1) to scale successful projects from Phase I by working with local and national governments; and (2) to successfully reach, train and place harder to hire youth (i.e. those with incomplete formal education, disabilities, gang associations, the rural poor, etc.). Based on recommendations provided by the IDB's evaluations of the project's first phase, Phase II of the project provides for enhanced monitoring and evaluation systems; includes experimental designs and impact evaluations planned from the outset of interventions; and reinforces sustainability strategies through scaling up initiatives, encouraging public policy actions and institutional capacity building.



## 4 Beneficiaries and how benefits were shared

- As of June 30, 2011, the entra21 program has reached more than 111,000 youths between the ages of 16 and 29 in 22 countries throughout Latin America and the Caribbean.
- The program's beneficiaries are classified into two general sub-categories:
  - Unemployed, low wage or low-income youth (40th percentile) with secondary education completed or mostly completed.
  - Low-income youth who are also most at-risk and harder to place due to a variety of factors, including gang membership, distance from urban areas or displacement, discrimination due to ethnicity, disabilities, and lack of formal schooling (9 years or less).
- Placement rates ranged between 49% and 54%, the lower rates representing placements for more at-risk youth.
- Approximately three quarters of the beneficiaries earned at least minimum wage, and approximately one quarter at least 150% of the minimum wage.

## 5 Monitoring, results, data and analysis

- The entra21 program has a rigorous monitoring and evaluation system, which is used to measure impact and to monitor the progress and achievement of the program against objectives and targets.
- All entra21 interventions are required to track youth from the time they enter a project until at least six months after completion. Baseline and exit data for each youth enrolled in the training are captured through the use of standardized questionnaires. These surveys, designed by IYF and youth employment experts in the region, measure program outputs and outcomes, such as changes in employment, job quality and education outcomes, in addition to deriving descriptive statistics on the population served.
- Impact evaluations were conducted or are under way for several specific interventions, including the following:
  - Comfenalco/Alcaldia Medellin, Colombia – quasi-experimental design developed by Fedesarrollo.
  - TECSUP, Peru – quasi-experimental design conducted by an external consultant who found: 22% higher job insertion

rates of the treatment group compared to the control group; 24% higher monthly income compared to the control group; and a reduction of weekly hours worked of 7%.

- ADEC, Cordoba, Argentina – randomized design currently being undertaken by CEDLAS
- The project was monitored by the MIF. IYF submitted semi-annual project performance reports.
- In addition to the impact evaluations, external independent consultants performed performance process oriented midterm and final evaluations.

## 6 Risks

- Working on a large scale and with more vulnerable youth has led to difficulties in securing the support and involvement of the private sector to meet target job placement rates. To mitigate these challenges, during the design of the projects, the executing agency and IYF worked to enlist the commitment of local employers, business and civil associations for the internship phase of the training and developed a job placement strategy. Specific labor market studies were conducted to identify niches of unsatisfied demand for workers to ensure that the projects were able to meet its targets.
- Changes in the labor market during the project life cycle, particularly given the global economic crisis, pose a challenge and require that projects reassess the relevance of the training content to ensure it meets market demands. To this end, projects implemented a number of strategies, including continuous outreach to the private sector, updated local labor market studies, feedback from employers who had accepted youth as interns or employees.
- entra21's targeting of vulnerable youth came with the risk that some youth would not successfully complete the training. Many youth had not completed secondary school or lacked the basic competencies to fully participate in and understand the training. Projects added individual tutoring and/or training hours in basic reading and math skills as a precursor to IT training and the technical knowledge certain occupations require.

## 7 Results of this project used in other efforts

- IYF has incorporated best practices from entra21, into nearly every subsequent IYF program designed to improve young people's employability.
- The following programs have spun off entra 21's experience with the MIF:
  - Obra, a two-year, \$2 million program focused on at-risk youth in Latin America and the Caribbean, so that these beneficiaries have access to the programs and services needed to prepare them for citizenship, work and life. Obra borrows numerous elements from entra21, including an adaptation of its monitoring and evaluation system.
- In 2008, IYF took the best practices and the lessons learned from the entra21 program to regions outside of Latin America and the Caribbean.
  - Samsung Real Dreams, a work initiative supported by the Korean technology conglomerate benefited more than 6,000 African youth in Egypt, Kenya, Nigeria and South Africa.
  - The \$30 million Youth: Work Jordan initiative, started in 2008, has brought the entra21 model to community-based organizations and youth in the Middle East and North African regions.
- The MIF incorporated a job insertion goal in all youth-training projects, including projects with Grupo Ceiba in Guatemala and Galpao Aplauso in Brazil.

## 8 Dissemination and Promotion

- In 2009, the MIF edited and produced the final report of the entra21 Program Phase I: 2001-2007, a digital report in English and Spanish that presents the lessons learned and results achieved by entra21 in a comprehensive and informative manner to a wider audience.
- On June 21-22, 2011, IYF in partnership with the MIF, USAID and the United States Department of State hosted a two-day, high-level discussion on how to most effectively address the issues of unemployment and social exclusion facing youth at risk in Latin America and the Caribbean in the years ahead. The conference, "Youth-Partnerships-Employability Conference: From Innovation to Scale," assembled a highly distinguished group of speakers from the private, public and civil society sectors. For further information, please consult the [event report](#).
- All publications, events, and success stories are highlighted on IYF's website, [iyfnet.org](http://iyfnet.org), IYF's interactive platform, [iyflive.net](http://iyflive.net), and IYF and entra21's Facebook and Twitter pages. Over the course of 10 years, entra21 and its partners have been recognized as pioneers in youth employment in LAC and garnered significant media coverage, including: [Financial Times](#); [USAID GDA Alliance of the Year 2007](#); [World Development Report 2007](#); [CNN en Español](#); [CNN Chile](#); [Monday Developments Magazine](#); [Deutsche Welle](#); [The Baltimore Sun](#); [The World Bank Youth Development Notes](#); [The Multilateral Investment Fund](#).

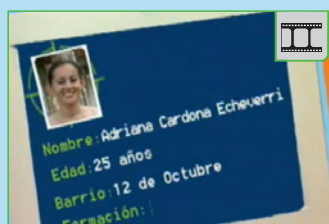
## Annexes



MOVIE—[entra21](#)



MOVIE—[entra21](#)



MOVIE—[entra21](#)

For more information about entra21, including links to all publications and videos, please visit the [entra21 website](#).

## Project Contact

- **Contact Name:** Elena Heredero
- **Title:** MIF Senior Specialist
- **Office Location:** Washington, DC
- **Phone:** (202) 942 8151
- **E-mail:** [elenah@iadb.org](mailto:elenah@iadb.org)





Private sector



# FINPYME: a program to improve the capacity of SMEs to compete in the global economy

## Project information

- Name: FINPYME: A program to improve the capacity of SMEs to compete in the global economy
- Location: Latin America and the Caribbean
- Amount: \$8.0 million
- Project Dates: Pilot Phase 2000-2001; Central America 2007-2011; Caribbean 2009-2011; and Colombia 2009-2011; Brazil and Mexico 2011-2013.

**Primary Results:** The program has allowed the IIC to identify the areas where SMEs need critical support. IIC addressed these needs through, the creation of a suite of value-added services under the FINPYME Program brand. To date, over 2,800 SMEs have benefitted from technical assistance through the following programs: FINPYME Diagnostics; FINPYME ExportPlus; FINPYME Family Business; FINPYME Integrity; FINPYME Technical Assistance; and GREENPYME.



*The IIC developed the FINPYME value-added services program to help SMEs respond to their business-related needs and to help them grow and prosper. FINPYME is not an academic exercise nor a simple research effort. It is a practical approach to help SMEs improve in areas where they can attain increased efficiencies, cleaner production, create better jobs, and more wealth for the local economies. It is also a program that helps SMEs become better and more transparent, proving that doing the right thing is good for business.*

## 1 Initial development problem

- SMEs seeking financing are unable and/or unprepared to present a comprehensive description of their business fundamentals.
- Without an analysis of the company's competitive position, basic financial, operational, ownership and governance information, providers of investment capital cannot make informed decisions. This situation can lead the company to making inappropriate management decisions (organizational, financial, operational, and strategic).
- The objective of the FINPYME program is to provide SMEs with a tool for analyzing and addressing competitive strengths and weaknesses to then develop a "road map" to access medium-and long-term financing.

## 2 Unsuccessful previous approaches

- In Latin America, programs to support SMEs focus on providing access to financing through government guarantees, special lower-cost financing, or compulsory on-lending by private banks.
- While these programs increase the volume of financing available, they do not increase the universe of SMEs eligible for financing, since banks tend to use this increased source of funding for their own existing clientele.
- Failure to address the fundamental problem of competitive analysis and basic information precludes many SMEs from these programs. If SME have any access to bank financing, it is limited to heavily collateralized short-term loans.

## 3 Reason and method

- The IIC developed FINPYME, a comprehensive technical assistance program to help assess the competitive position of SMEs, to provide SMEs with a road map for success, and to open the door to credit for these companies.
- To more effectively transfer knowledge and know-how in the different countries, local universities and business organizations were tapped to serve as FINPYME agents and to carry out the diagnostic studies on the SMEs.
- These agreements with the local entities stipulated that the IIC would work with them to create a database of eligible SMEs in each country, along with a financial market study. In addition, the IIC would then train the agents using the FINPYME methodology with diagnostics validated by the IIC.
- The FINPYME Program performs diagnostic reviews of SMEs to: (1) increase the creation of wealth and employment; (2) improve production and management efficiency; and (3) ensure the consolidation of business projects that spur economic development.
- The diagnostic review methodology takes into account factors that affect a company's operations. These include: the competitive and global environment; human resources; products or services; strategic orientation; potential for innovation; financial results; and prospects for the future.
- Upon completion of the diagnostic, a competitiveness improvement plan is provided to business owners as well as technical assistance to address vulnerabilities discovered in the diagnostic review (e.g., strategic planning, financial management, family business governance, energy efficiency, export potential and capabilities, and business ethics).

## 4 Beneficiaries and how benefits were shared

- FINPYME provides SMEs access to diagnostic tools that large corporations use to collect and analyze data about their operations, identify weaknesses, and define actions for improvement.
- In 2000-2001, the IIC launched FINPYME and provided diagnostics to a total of 50 SMEs (30 in Chile and 20 in Bolivia).
- In 2006, the program was introduced in seven other countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and the Dominican Republic) where a total of 160 diagnostic studies were completed.
- Five English-speaking Caribbean countries (The Bahamas, Barbados, Belize, Jamaica, and Trinidad and Tobago) were added in 2009, and 57 diagnostic studies were completed.
- In late 2009, the program was launched in Colombia, where 120 SMEs received diagnostic studies performed by professors and consultants from three major universities and the chambers of commerce of Bogota, Cali, and Medellin.
- A total of 387 diagnostic studies have been completed to date. In addition, 850 SMEs have received individual and group technical assistance in areas ranging from strategic planning and financial management to marketing strategies, family business planning, and environmental management.
- The IIC organized several workshops with the FINPYME agents to review results, share experiences, define technical assistance strategies, and collect feedback to improve the diagnostic tool.

## 5 Monitoring, results, data and analysis

- Upon completion of the project in Central America and the Caribbean in 2007, a thorough review/evaluation of the project was performed by KOSBI (the Korean Small Business Institute). Several recommendations were made and changes introduced to improve the project's potential for success. Among them were the need to add a web-based platform to facilitate the preparation of diagnostics and collection of data. A remuneration system was identified as another improvement to provide the right incentives for the business professors and expert consultants to complete the diagnostics. Improvements to the project's rollout were suggested in order to more quickly initiate the technical assistance process to participating companies.
- In 2010, Korea's Small and Medium Business Corporation (SBC) performed a second review of the program that recommended the need to introduce a self-diagnostic tool (currently under construction) for the benefit of SMEs throughout the region.
- The IIC assigned headquarters professionals to monitor and validate each of the diagnostics completed by the FINPYME

agents. The validation process proved to be very useful as individual experts measurements could differ depending upon the company, sector, or country. The validation process allowed the IIC to have a more uniform approach to the execution of diagnostics. The monitoring process permitted the IIC to ensure that companies selected for diagnostics were being properly informed about the diagnostic process and its confidential nature. Without IIC's validation, a diagnostic study could not be considered finalized.

## 6 Risks

- The main risk was in using business school professors and experts from business organizations to perform the diagnostic studies. The Latin American and Caribbean region does not have a strong connection between academia and the business community, and professors have many other duties that result in not having the time necessary to sufficiently support the program.
- The IIC carefully selected the institutions that would become the executing agents for the program and negotiated agreements to ensure the availability of trained experts to perform the diagnostics.
- Another concern was the management of the substantial volume of information being gathered through the preparation and execution of the project. A sophisticated web platform was developed allowing the business professors and consultants to perform the diagnostics online and host all relevant information in a usable format.
- The IIC now has a database that contains relevant information on SMEs, the macroeconomic environment in which they operate, and the main issues affecting their performance and competitiveness.

## 7 Results of this project used in other efforts

- The program has allowed the IIC to identify the areas where SMEs need critical support. IIC addressed these needs through the creation of a suite of value-added services under the FINPYME Program brand. To date, over 2,800 SMEs have benefitted from technical assistance through the following programs:
  1. **FINPYME Diagnostics:** diagnostic reviews of SMEs that allows for a systematic evaluation of their operations. The diagnostic reviews cover major aspects that may help determine the competitive position of an SME and provide a roadmap for its improvement.
  2. **FINPYME ExportPlus:** providing technical assistance to help SMEs improve their competitiveness and capacity to export.
  3. **FINPYME Family Business:** offering family businesses the opportunity to learn about typical family business



## 8 Dissemination and Promotion

- governance issues to boost their competitiveness and increase their chances of long-term continuity.
4. **FINPYME Integrity:** encouraging a robust and transparent business environment for SMEs in the region by working with SMEs to instill business ethics into their organization and daily operations.
  5. **GREENPYME:** helping SMEs reduce their energy consumption by adopting best practices of energy efficiency.
  6. **FINPYME Technical Assistance:** assisting potential and existing IIC SME clients in carrying out specific consulting work in areas such as environmental compliance, financial reviews, and technical evaluations.
- Notwithstanding the importance of these results and worthwhile efforts, the IIC recognizes that given its small size and limited resources it is difficult to expand FINPYME's reach. IIC turned this limitation into a strength by partnering with donors and various organizations to make the FINPYME Program more viable and scalable.
  - In addition to donors, the business schools and chambers of commerce, the IIC partnered with various business organizations and financial institutions that contribute human and financial resources to support the programs.
- Several documents, presentations, interviews, and videos disseminate information on the FINPYME initiative (See <http://www.finpyme.org/mediaroom>).
  - One particular case exemplifies the transformational impact of FINPYME. Subsole, a Chilean company, completed the diagnostic phase and received a competitiveness improvement plan. It implemented the recommendations to make the necessary adjustments to its strategic plan, training and certifying growers and cold storage and packing facilities.
  - After implementing these changes, Subsole received two loans from the IIC for capital expenditures required for growth. The first loan was prepaid after two years when the company gained access to long term loans which were previously unavailable from local financial institutions. More recently, Subsole received a second loan from the IIC to support its strong growth potential.



## Annexes



MOVIE: FINPYME



### Project Contact

**Contact Name:** Jorge Roldan  
**Title:** Division Chief Technical Assistance and Strategic Partnerships  
**Office Location:** Washington, DC  
**Phone:** (202) 623-3948  
**E-mail:** JORGERO@iadb.org



Private Sector



## Innova: Technology Program

### Project information

**Name:** Technology Development and Innovation Program (Chile Innova Program)

**Location:** Chile

**Amount:** IDB: \$100,000,000  
Counterpart: \$100,000,000  
Total: \$200,000,000

**Project Dates:** Signed: April 2001  
Final execution date: April 2005  
Completed: June 2006

**Primary Results:** The program supported investments to accelerate technology adoption and diffusion and increase innovation efforts among small and medium enterprises (SMEs) in Chile in four strategic programmatic areas: biotechnology, information and communications technology (ICT), clean production, and quality enhancement and certification systems. The program also supported the development of a national innovation strategy and the establishment of a high-level inter-institutional coordination mechanism to govern the formulation and execution of innovation policy. Results included significant increases in productivity among program beneficiaries.

*The general objective of this program was to enhance the productivity of Chilean small and medium enterprises (SMEs) through innovation, technology diffusion, energy efficiency, and quality certification. The program was organized around the following strategic action lines: (1) the establishment of a long term national innovation strategy; (2) the acceleration of the diffusion of information and communication technologies; (3) the improvement in the competitiveness of the natural resource base (agriculture, mining, forestry and aquaculture) through the widespread adoption of biotechnology; (4) the improvement of the environmental performance of SMEs through the adoption of clean production processes; and (5) the adoption by SMEs of quality certification and productivity enhancement systems. The IDB played a dual role in this project providing financing as well as technical assistance for the program's design and evaluation.*

## 1 Initial development problem

- Although Chile's growth rates had been remarkable since the mid 1980s, productivity grew at a far more modest pace in the mid 1990s when the economy had reached full capital utilization.
- Since the mid 1980s, the most important sources of growth had been an intensive exploitation of the country's natural resources and full utilization of production capacity in manufacturing. Towards the beginning of the 1990s, there were serious concerns that this model of growth was no longer sustainable without a dramatic increase in productivity.
- The assessment of the new democratic government of the early 1990s determined that a main reason for the low productivity rested in the very limited participation of the private sector in national innovation efforts. At that time, the private sector share of innovation investment in Chile was approximately 35%, compared to a 45% share in other emerging economies. Factors that explain this outcome are the difficulties in protecting intellectual property by innovators, insufficient human capital, lack of access to technological information and liquidity constraints that limited access to funding for technology upgrades by private SMEs.

## 2 Unsuccessful previous approaches

- In order to deal with these problems, the Chilean authorities set up a system of interventions with multiple instruments.
- This system was nurtured through two national programs: the Science and Technology Program (PCT, 1992-1995) and the Technology Innovation Program (PIT, 1996-2000). The first of these programs also had financial and technical support from IDB.
- These two programs put in place several institutional arrangements in order to create capabilities in the National Development Agency (CORFO) and the National Research Council (CONICYT) to address the innovation needs of the private sector and to foster collaboration between firms and universities. This was achieved through the creation of several financial mechanisms named Technology Development Funds.
- These funds followed a horizontal approach, supporting innovation across the economy based on projects submitted by firms. Problems of fragmentation, lack of a critical mass of innovative SMEs in many of the sectors, limited capacity of the financial system to respond to SMEs needs, and minimal technological diffusion among the SMEs negatively impacted early attempts to solve the problem. The two national programs sometimes were inefficient and failed to coordinate effectively with Chilean SMEs.



### 3 Reason and method

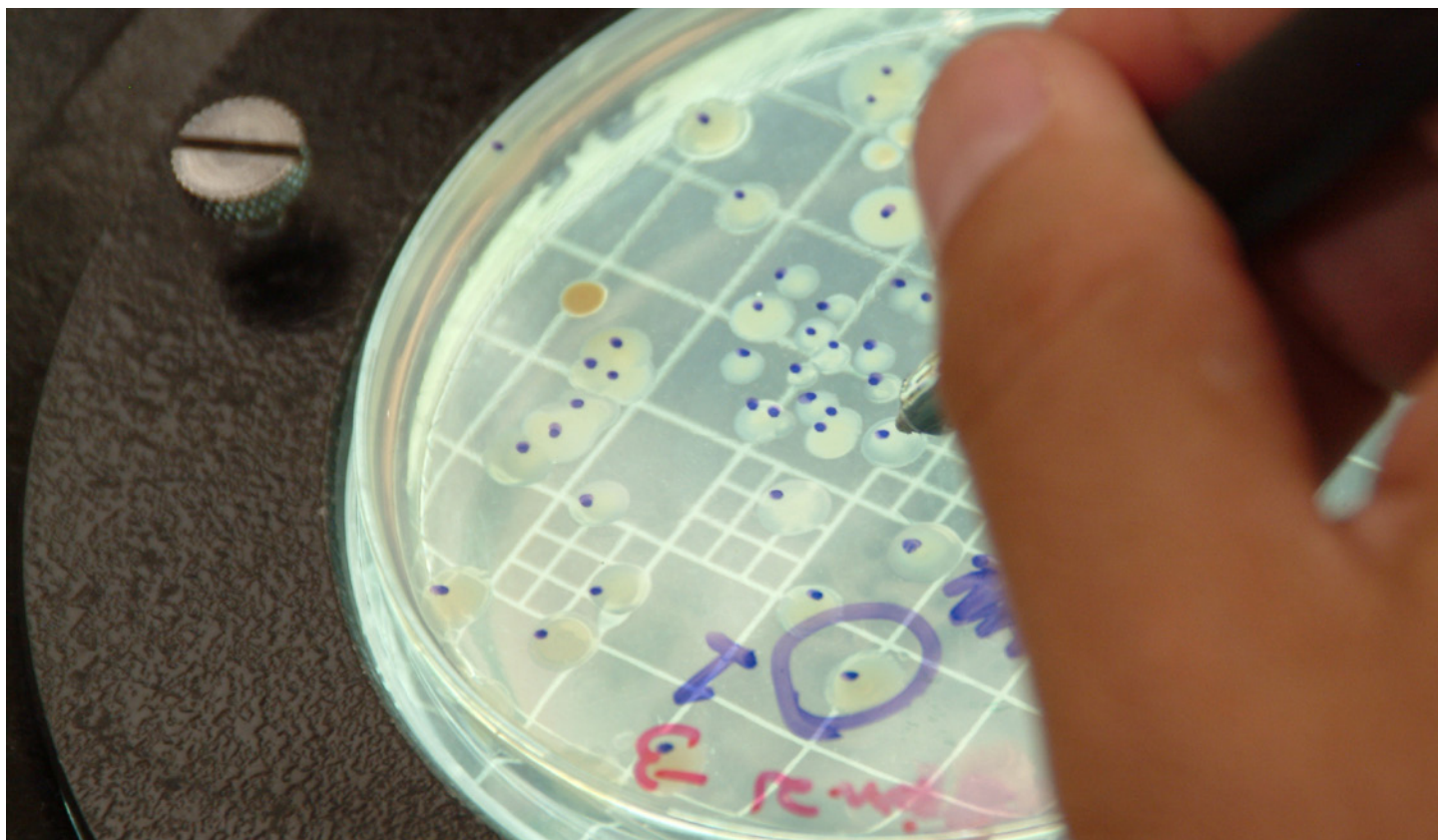
- In 1999, Chile's Ministry of Economics sought support from the IDB to design a new innovation support program. Later called Chile Innova, the program provided continuity to the previous efforts and took into consideration the lessons learned.
- During the preparation phase of the program, several impact evaluations showed that while these funds were already performing relatively well, their efficiency, in terms of impact, would increase dramatically by focusing activities in key strategy areas. Important payoffs could be reached by moving away from a rationale based on funds towards a rationale based on strategic programs.
- The Chile Innova design took advantage of the lessons learned under the previous policies by introducing a novel institutional coordination mechanism. In so doing, the program mitigated the problem of a lack of inter-agency coordination and by focusing the support on four programmatic areas: information and communication technologies, biotechnology, clean production and quality certification. In order to guide the work under these four programs, a technology foresight unit was established in Chile's Ministry of Economics. Chile Innova was the first innovation support program in Latin America and the Caribbean to have a unit with these characteristics.
- Given that several studies showed that the productivity problem in the Chilean economy was mainly due to the low productivity of SMEs, the Chile Innova program was the first innovation program in the region that explicitly established that support should focus on small and medium enterprises (SMEs).
- Chile Innova funded its beneficiaries through matching-grants awarded on the basis of a competitive project selection process. Subsidies were delivered through a reimbursement process minimizing the risks of moral hazard by the beneficiaries. In this delivery system the public agent acts as a screener, conveying the technical knowledge and know-how that the financial markets lack or are not willing to develop. This process could contribute to reducing the asymmetry of information between the financial sector and the innovative firm. Several program beneficiaries indicated that after receiving a grant they were able to obtain additional financing from commercial banks that they would not have otherwise obtained.
- The Chile Innova program also strengthened the monitoring and impact evaluation functions of the several executing agencies and the coordination unit. In order to achieve this, the science, technology and innovation indicator system was revamped (following the OECD guidelines) and

several impact evaluations were carried out by the Chilean authorities. An external intermediate evaluation was carried-out by the IDB and a full impact evaluation was carried out by the IDB's independent evaluation office at the end of the project.

### 4 Beneficiaries and how benefits were shared

- From 2001 to 2006, the Chile Innova Program supported a total of 8,600 innovation and technical assistance projects, of which approximately 500 were research and development projects undertaken either by individual firms or by firms in collaboration with universities. About 85% of the beneficiaries were SMEs. Important results were also achieved by subprograms:
- ICT Subprogram: 111 public institutions started providing online services, and 10 spin-off firms and 80,000 SMEs were trained in ICT technologies.
- Biotechnology Subprogram: Produced 77 PhDs in





Biotechnology sciences and 44 patents in Biotechnology.

- Clean Production Subprogram: 3,000 clean production agreements were put in place plus 7,000 firms supported with technical assistance services provided by the program.
- Quality Support Subprogram: 1,700 SMEs adopted quality management systems, 1,980 SMEs with quality certification, 10,000 employees were trained in quality management, 111 quality certification labs with new equipment and infrastructure.

## 5 Monitoring, results, data and analysis

- In addition to the regular monitoring reports, an external mid-term evaluation was carried out.
- In order to monitor and assess the impacts of Chile Innova on business performance several impact evaluations studies (quantitative and qualitative) were carried out by the IDB, the Chilean Ministry of Economics and other multilateral organizations such as the World Bank or Economic Commission for Latin America and the Caribbean.
- The impact evaluation implemented by the IDB's independent evaluation office suggested that Chile Innova beneficiaries increased their innovation budgets with minimum substitution of private investments.
- In terms of performance, results suggest that beneficiaries

increased productivity 10% to 25% with respect to the control group of similar unsupported firms.

## 6 Risks

- The main risk of the Chile Innova program was fragmentation and intervention overlap with the presence of multiple executing agencies.
- To mitigate this problem, the following actions were put in place:
- A central coordination unit was put under the supervision of an innovation council with the participation of the different ministries involved in Chile Innova including the ministries of Economics, Education, Agriculture, Mining and Finance.
- One executing unit was put in charge of each sub-program under the supervision of the central coordination unit. The relationship between these agencies was regulated by performance contracts that tied disbursement to performance results
- To foster coordination at the implementation level, there was cross-representation in the boards of the different agencies by both officers from agencies and also from private sector organizations.

## 7 Results of this project used in other efforts

- The Chile Innova program generated a range of lessons and benefits Chilean government, the IDB and other countries in the region.
- For the Chilean government, many of the institutional innovations put in place under the program have either remained in place or evolved adopting new structures. For example, the program's innovation council evolved to become the current Presidential Council for Innovation and Competitiveness (CNIC). The program coordination unit has become one of the managerial units of the National Development Agency (Chile Innova).
- Much of the work done by the technology foresight unit of the program (more than 40 studies) was used by the CNIC as input for the preparation of the current National Innovation Strategy.
- In order to guarantee the sustainability of many of the different sub-programs and to drastically augment the coverage of the innovation support system, the Innovation for Competitiveness Fund (FIC) fund was created and financed by a special tax on mining production.

- For the IDB, the main lesson emerging from the Chilean experience was that innovation support required long-term efforts of financing and institutional capacity building. Current innovation programs in place in Argentina, Colombia, Panama and Uruguay are organized as multiphase interventions that span over periods of 10 years or more.
- For other Latin American and Caribbean countries, the experience gained under the Chile Innova program has been disseminated over through different mechanisms ranging from the direct transfer of operation manuals, to the design of sector programs and the adaptation of similar institutional arrangements for governance. • Similar programs to Chile Innova are now being funded by the IDB in Argentina, Colombia, Peru, Paraguay and Uruguay. Many of the officers of Chile Innova are now collaborating in the field in these other countries.
- In order to give financial support to this process of spillovers, the IDB and the Chilean government established in 2008 the Chilean Fund for Science and Technology for Central America, a novel South-South collaboration model through which of technical cooperation for the strengthening of Central American innovation systems has been carried-out.



## 8 Dissemination and Promotion

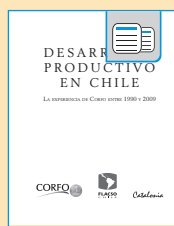
- The results of the project were summarized in several institutional publications:
- Two books were produced:
  - FLACSO (2010): [Productive Development in Chile, the experience of CORFO between 1990-2009](#).
  - Ministry of Economics (2006): [Innovar en Chile. Programa de Desarrollo e Innovacion Tecnologica](#) (2001-2006)
- A special prospectus of the program:
- Ministry of Economics (2003): [Chile Innova. La Innovacion Tecnologica es posible para las empresas del Chile de Hoy](#)
- Project Examples:
  - <http://www.iadb.org/en/news/webstories/2005-01-01/the-war-against-mealy-peaches,4938.html>
  - <http://www.iadb.org/en/news/webstories/2005-01-01/from-the-laboratory-to-the-investment-fund,5411.html>



## Annexes



[PDF—Innovar en Chile](#)



[PDF: Desarrollo productivo en Chile](#)



[PDF—La innovación tecnológica es posible](#)

### Project Contact

**Contact Name:** Flora Montealegre Painter  
**Title:** Chief, Science and Technology Specialist  
**Office Location:** Washington, DC, USA  
**Phone:** (202) 623 - 1215  
**E-mail:** [gcrespi@iadb.org](mailto:gcrespi@iadb.org)



Private sector



## Salcajá: a Path to Financial Inclusion

### Project information

**Name:** Remittances and a Path to Financial Inclusion: Salcajá

**Location:** Guatemala

**Amount:** MIF: \$198,000  
Counterpart: \$154,140  
Total: \$352,140

**Project Dates:** Signed: February 2006  
Completed: October 2010

**Primary Results:** The MIF helped Salcajá – a rural financial cooperative primarily serving indigenous women in Quetzaltenango and Totonicapán, Guatemala – expand financial services based on remittances.

*Financial products and services introduced for the first time in Quetzaltenango and Totonicapán included savings accounts, debit cards, credit card services, online account consultations, repatriation insurance, hospitalization insurance, funeral insurance and payment of utility bills. Salcajá also created a customer service program in local languages (Quiche, Mam) and developed an orientation program for new members.*

*Over the course of the project, the cooperative increased its membership from 18,000 to over 27,000 members. Salcajá has completely captured remittance transfers as a core business line for its rural clients. Remittance transfer services became more efficient and less costly. The cooperative also incentivized children's savings accounts. The MIF funded a market study and technical assistance needed to design and market new financial products, increase clients and update databases and information systems.*

## 1 Initial development problem

- The cities of Quetzaltenango and Totonicapán in the western region of Guatemala are among the poorest in the country in spite of receiving relatively large inflows of remittances. Remittances receivers had a tendency to use this income solely for consumption and not for investment in productive activities. This was largely explained by the lack of financial education, and most of all, poor access to financial services.

## 2 Unsuccessful previous approaches

- Microfinance institutions, cooperatives, and nongovernmental organizations providing financial services had traditionally focused on serving urban populations. Rural markets, especially in western Guatemala, were not considered attractive due to high transaction costs and perceived high risks.

## 3 Reason and method

- Salcajá (Cooperativa de Ahorro y Credito Salcajá R.L.) approached the MIF with a proposal to expand innovative financial services to the rural markets of western Guatemala.
- The proposal was aligned with the MIF's objective to increase access to finance in rural areas using remittances and other innovative products.
- The MIF conducted a rigorous institutional assessment and concluded that Salcajá was well positioned to undertake the project. The institution was a member of Fenacoac, a network of cooperatives that had a partnership with an international money transfer agency, had already operated as a remittance agent in western Guatemala, and had the capacity to design and implement a coherent strategy to introduce innovative financial products.
- The proposed model sought to connect unbanked populations with formal financial services by linking remittances services to other financial products such as savings accounts and insurance. This model was appealing to the MIF, and, at the time, groundbreaking in the microfinance industry.
- The MIF project commissioned an external and independent market study to help Salcajá understand the remittance market and identify the financial needs of remittance recipients in the target region.
- The MIF developed a logical framework, which included measurable indicators to track and assess project performance.







## 4 Beneficiaries and how benefits were shared

- One group of beneficiaries included more than 27,000 rural clients in western Guatemala who received remittances, 65% of whom were women and 72% indigenous. (The total population in this area was estimated at 46,000 people.)
- Of the more than 27,000 rural clients, 1,500 had access to financial products for the first time: savings accounts linked to remittances and children's savings accounts linked to a reforestation program. In addition, payment of utility bills, debit cards, credit card services and online account consultations were made available, as was repatriation insurance for deceased migrants, hospitalization insurance and funeral insurance. Other clients were able to access enhanced and more diversified financial services.
- Another group of beneficiaries included about 40,000 potential remittances senders in immigrant communities across the United States, whose remittance transfer costs fell due to the new partnership with the international remittance company, Viamericas.
- Remittance senders can now open bank accounts at Viamericas' more than 1,500 points of service in 20 U.S. states.
- Children became a target group for a savings product linked with tree planting to help the environment (the program gives each child opening a savings account a tree to grow with their savings). With each increment of 10 quetzales saved, the child account holder is given school supplies. Currently there are nearly 4,000 Mi Pinito (My Little Pinetree) accounts.
- External independent consultants conducted two comprehensive evaluations at mid-term and at the completion of the project.
- Some of the indicators that were tracked and reported include:
  - Clients accessing financial products and services for the first time (1,500 achieved vs. 1,200 planned).
  - Percentage increase in remittance transfers (26% achieved vs. 30% planned).
  - Percentage increase in number of clients (50% achieved vs. 30% planned – Salcajá's membership base increased from 18,000 to 27,000).

## 6 Risks

- A major risk to the project was associated with the potential decline of remittance flows as a result of poor economic conditions in the U.S. and changes in immigration policies. During the course of the project, remittances to Guatemala decreased 42%. Nonetheless, Salcajá was able to increase its remittance transactions by 26%, only 4 percentage points behind its original target.
- Another risk to the project was related to the low demand or low acceptance of the different financial products launched by Salcajá. To mitigate this risk, Salcajá relied on good market intelligence, solid customer relationships (credit officers speak local languages), and a comprehensive market study that determined the most suitable products for meeting the needs of rural clients in western Guatemala. Salcajá incorporated a number of incentives to make products more attractive and enhance customer loyalty. For example, customers meeting target health objectives received energy efficient water filters and lamps, and communities with best payment records were awarded energy-efficient stoves.
- These and other risks were periodically monitored by Salcajá and the MIF, which together evaluated and updated a project risk profile at least semi-annually.

## 5 Monitoring, results, data and analysis

- The project was closely monitored by the MIF through semi-annual performance reports submitted by Salcajá and through 3 field visits each year. The International Fund for Agricultural Development, which co-financed the project, conducted annual audits of the project.

## 7 Results of this project used in other efforts

- A major benefit of the project was the upgrading of human resources and the strengthening of institutional capacity within Salcajá and among borrowers. This has enabled Salcajá to undertake other ambitious programs such as the Program for Economic and Financial Development (PRODEFIC for its Spanish acronym), which provides technical assistance to rural producers, and the Housing Technical Unit (UTV for its Spanish acronym), which provides advisory services for housing construction projects in rural areas.

## 8 Dissemination and Promotion

- The MIF sponsored the participation of Salcajá officers and project coordinators in various regional and global fora, including MIF Remittance Cluster events (El Salvador 2007 and Costa Rica in 2009), the International Forum on Remittances (Washington, DC in 2007), and the RemesAmericas conference (Mexico in 2010.)
- The MIF produced a video of project beneficiaries, aired at regional events and widely disseminated online.
- The project with Salcajá has been featured as a successful model for banking the unbanked using remittances services in the MIF publication “Ten Years of Innovation in Remittances: Lessons Learned and Models for the Future”.

### Annexes



MOVIE—Salcajá



### Project Contact

• **Contact Name:** Natasha Bajuk  
• **Title:** MIF Senior Associate  
• **Office Location:** Washington, DC  
• **Phone:** (202)-623-2104  
• **E-mail:** natashab@iadb.org





Women and girls



## A Ganar: Preparing Youth for Life and Work

### Project information

**Name:** "A Ganar": Kickstarting Youth  
**Location:** Brazil, Ecuador, Uruguay  
**Amount:** MIF: \$ 3,626,171  
Partners of the Americas: \$ 2,378,400  
Total: \$ 6,004,571  
**Project Dates:** Signed: June 2005  
Completed: December 2008

**Primary Results:** A Ganar, which means "to win" as well as "to earn" in English, is a sports-based training program for disadvantaged youth in Latin America and the Caribbean that has benefited around 6,000 young people ages 15 to 24 throughout the region



*The program, which began in 2005 in Brazil, Ecuador and Uruguay, uses sports clinics to teach key employability skills such as teamwork, critical thinking, effective communication, negotiation, respect, discipline, leadership and drive for results. Participants also are eligible for workplace internships that often lead to full-time employment. Starting in 2009 the program was expanded to 10 other countries in Latin America and the Caribbean and now includes other sports in addition to soccer, such as baseball and rugby. After participating in the program, nearly 70% of the participants have found work, returned to school, or started a business.*

## 1 Initial development problem

- In Latin America and the Caribbean, over 20 million young people (approximately 20% of youth) are neither working nor in school.
- 16 million of these youths are not actively pursuing employment or looking to return to school. They are disengaged from productive activities and at risk of becoming involved in illicit activities. Drop-out rates among disadvantaged youth in traditional training programs are consistently high.
- In Latin America, 34% of women aged 20-24 neither work nor study, compared to 7% of young men.

## 2 Unsuccessful previous approaches

- Few existing youth training programs provide incentives that sustain youth engagement, improve school enrollment rates and decrease drop-out rates.
- They lack the time and resources needed to develop private-sector partnerships allowing them to place trained graduates in the work force. This is especially important in Latin America, where there is a weak internship culture.

## 3 Reason and method

- The MIF team selected Partners of the Americas (POA), a Washington, D.C. based NGO with an extensive network in Latin America and the Caribbean, to implement the program.
- To address the crucial problem of motivation, the training model introduced sports to provide a “hook” to engage youths, whether or not they excelled at sports.
- Sports also served to teach skills that are transferable to the workforce: team work, communication, respect, discipline, and self-improvement.
- To maximize the development impact of empowering young women, the project targeted at least 50% participation by girls.
- To create linkages to the private sector, a media outreach program helped raise funds and attract corporate partnerships. Local organizations have raised at least US\$333,000 from local and international sponsors. Sixty companies provided internships and work opportunities. Forty-five mentors engaged with trainees.
- Three local NGOs executed the project in Brazil, Ecuador and Uruguay.

## 4 Beneficiaries and how benefits were shared

- Of the 3,200 disadvantaged youths whose ages ranged from 15-24 were trained, 2,816 graduated and 1,096 found jobs during or shortly after completing the program.
- Program graduates were 14.8% more likely to maintain employment than youth who dropped out of the program or expressed initial interest but did not participate (25.7% vs. 10.9%).
- Graduates of the program were 3.7% more likely to find a job.
- Job earnings were higher.
- Over 50% of the beneficiaries of the project were girls. In Brazil, a special offshoot of the program, Vencedoras, is targeting 1,400 young women by 2012.





## 5 Monitoring, results, data and analysis

- The following indicators were monitored, among others:
  - Number of organizations equipped to provide training
  - Number of youth trained
  - Internship placements
  - Jobs
  - Duration and satisfaction with employment
  - Salaries and benefits
- The MIF monitored the project. Partners of the Americas submitted semi-annual performance reports. Consultant designed monitoring system for evaluating project outcomes in Brazil, Ecuador and Uruguay.
- External independent consultant performed midterm, final and impact evaluations.
- Brazil's program is monitored by a local organization, Promundo.
- Partners of the Americas continues to use the sports-based intervention as one of its core programs and plans to train another 8,000 youth in the next four years. USAID has funded the program in the Caribbean and recently approved expansion of the program to Central America.
- The MIF is already funding Phase Two of A Ganar in five new countries that includes baseball, cricket, rugby and field hockey.
- The model has also formed the basis of the Inter-American Development Bank's Sports for Development program.
- The program has been replicated by the International Labor Organization in Guinea.
- An academic from Australia, Ramón Spaaij, recognized the potential for international adoption of the concept by including the A Ganar Program in his book "Sport and Social Mobility."

## 6 Risks

- The project had two primary risks:
- Possible failure of sponsors and companies to step forward with funding, internships and post-training jobs. The program invested in marketing efforts using the promotional appeal of sports figures and high visibility events.
  - Potential lack of interest on the part of young women for team sports. However, young women identified the program's focus on jobs and joined to take advantage of that opportunity.

## 7 Results of this project used in other efforts

The sports-based training methodology had been adopted by four universities and seven NGOs at the time of the first impact evaluation, and since then, another 40 organizations have been trained in the methodology to develop local capacity in the region.

- In Brazil, the Nike Foundation provided \$1.9 million to fund a follow-up program specifically targeting young women.



# 8

## Dissemination and Promotion

- The project is promoted through its [own website](#) and [Facebook page](#) and through the [IDB's Sports and Development topic page](#).
- A Ganar has been featured on CNN and major TV programs in Brazil, Ecuador and Uruguay, and on public service spots during professional soccer matches in Uruguay
- Alliances and sponsorships have been established with the Nike Foundation, Microsoft, Liberty Mutual, Ecuador's Oleoducto de Crudos Pesados, Gatorade Ecuador, Coca-Cola Uruguay, the Uruguayan Football Association and the international NGO, StreetFootballWorld. Finalist in Ashoka/ Nike Inc. Changemaker's Sport for a Better World and Gamechangers – Women in Sports competitions.
- Program presented at events and conferences:
  - Keynote address at Nike Inc. and the Government of China's 2008, Sport for Social Change Forum in Beijing, China;
  - 2006 and 2011 IDB Board of Governors' Annual Meetings in Brazil and Canada;
  - 2011 panel on "Measuring the Impact of Sports on Youth Development" at the USAID conference on "Successful Models and Approaches on Youth Development and Crime Prevention";
  - Eighth US-Mexico Drug Demand Reduction Policy Meeting in Mexico City;
  - Eighth Annual Border Security Conference, Fostering a New Era of U.S.-Mexico Collaboration to Meet 21st Century Challenges, hosted by US Congressman Silvestre Reyes and the University of Texas at El Paso.
- Top athletes and coaches from Brazil, Uruguay, Ecuador and the U.S. have become involved in the program. Appeared in the US State Department's 2010 World Cup themed documentary, "Goal, Soccer for a Better Future."
- Featured in Americas Quarterly magazine in August 2011.

## Annexes



MOVIE—A Ganar vimeo



MOVIE—A Ganar CNN



MOVIE—A Ganar youtube 1



MOVIE—A Ganar youtube 2



MOVIE—A Ganar youtube 3

## Project Contact

Contact Name: Maritza Vela  
 Title: MIF Project Specialist  
 Office Location: Washington, DC  
 Phone: (202) 942-8206  
 E-mail: [maritzav@iadb.org](mailto:maritzav@iadb.org)





Women and girls



## Fonkoze: a Path to Financial Inclusion

### Project information

**Name:** Remittances and a Path to Financial Inclusion: Fonkoze

**Location:** Haiti

**Amount:** MIF contribution: \$260,000;  
Counterpart: \$203,020  
Total: \$463,020

**Project Dates:** Signed: February 2007  
Completed: August 2009

**Primary Results:** 58,965 remittance recipients, more than 95% of whom were women, gained access to savings mechanisms.

*Fonkoze, a microfinance institution with reach throughout rural areas of Haiti, used remittances as a way to provide poor women (95% of its clients) in isolated areas with financial services. Through this project, Fonkoze established alliances with the major money transfer operators, created a network of over 300 Haitian diaspora groups abroad and used technical assistance to reduce remittance transfer costs and channel remittances to savings accounts. The result was an increase in the number of transfers from 300 to 5,000 per month, representing a volume of nearly \$40 million.*

*Fonkoze expanded its network from 30 to 40 branches, and increased the number of clients by 45% to 190,000 clients and the number of borrowers by 18% to 55,000 as of 2009. As the global knowledge repository on remittances, the MIF was able to not only provide funding but also to provide overall technical support. The MIF worked with Haitian hometown associations to collect market intelligence on the needs of several rural communities. This allowed financial products to be developed and tailored to their clients' needs focusing on expanding and improving money transfer services.*

## 1 Initial development problem

- Haiti is the poorest country in Latin America and the Caribbean with an average income per capita of \$1,146 (in 2009 at purchasing power parity).
- Poor women in rural Haiti were generally unable to access either remittances or financial services, limiting their ability to access additional sources of income, make productive investments or accumulate savings to protect against income volatility.

## 2 Unsuccessful previous approaches

- Only a few financial institutions served rural areas and they lacked the technology and infrastructure to offer money transfer services.
- Remittances services in Haiti were provided by large money transfer companies that operated overwhelmingly in urban areas. Expanding payment networks into rural areas required an existing network of potential payout agents with the capacity to handle international transfers. Such an agent network was nonexistent in rural areas at the time.

## 3 Reason and method

- The MIF saw an opportunity to leverage the branch network of Fonkoze, an NGO-based microfinance institution, whose reach extends across rural Haiti, to bring money transfers and other financial services to unbanked populations.
- The Fonkoze project aligned with the MIF's objective of providing access to financial products and remittance services to women, underserved and rural populations.
- The project was developed as a partnership between Fonkoze and the MIF, with additional cofinancing from the International Fund for Agricultural Development (IFAD).
- It took advantage of the strong relationship between the Haitian diaspora and Haitian residents by creating a database/network of existing hometown associations in the United States, Canada and France that would be incorporated into a large network of associations.
- Fonkoze's branch network was expanded and equipped with technology such as satellites, batteries, inverters and computers so that it could process remittance payments and deposits.
- Fonkoze established alliances with the major money transfer operators that send money to Haiti, including MoneyGram, CAM and Unitransfer. Fonkoze became a payout agent for these operators in rural areas.
- The MIF developed measurable indicators to monitor project implementation and results.



## 4 Beneficiaries and how benefits were shared

- The beneficiaries were remittance recipients and remittance senders. Recipients were poor women living in rural Haiti. Senders were members of the Haitian diaspora living in the United States, Canada and France.
- The project provided access to savings mechanisms to 58,965 remittance recipients, more than 95% of whom were women.
- 8,400 previously unbanked Haitians accessed microcredit products through this project, contributing to Fonkoze's client base of 190,000 clients, of which 55,000 were borrowers.
- Fonkoze's transfers increased from 300 to 5,000 per month over the course of the project, for a volume of nearly \$40 million per year.
- 300 hometown associations in the United States, Canada and France formed a network with Fonkoze that reduced the cost of sending remittances. The network also provided information to its members about the needs of communities in Haiti and helped mobilize funds for future development projects in Haiti.
- Members of 15 hometown associations received training to improve their administration and capacity to educate their members about sending remittances more efficiently and at lower cost.

## 5 Monitoring, results, data and analysis

- The following indicators were monitored:
  - Volume of money transfers processed;
  - Number of savings clients;
  - Number of microcredit clients; and
  - Number of partnerships established with money transfer companies.
- The project was monitored by the MIF and Fonkoze submitted semi-annual project performance reports.
- External independent consultants performed a midterm and a final evaluation.

## 6 Risks

- One major risk was that the macroeconomic and political situation in Haiti would deteriorate significantly, thereby negatively impacting remittance senders' ability to send funds.
- The creation of the network of Haitian hometown associations and the Haitian diaspora enabled Fonkoze to establish a relationship with remittance senders to allow the institution to adjust its communications with the individuals initiating these transfers. Should there have been problems with the sending of funds, this channel of communication could help in establishing solutions and in communicating alternatives to remittance senders.

## 7 Results of this project used in other efforts

- Consultants completed needs assessments of two rural communities in Haiti during the project. These assessments were distributed to Hometown Associations in Boston, New York and Miami, so that they could better support their members' relatives and home communities in Haiti.
- The Haitian Hometown Resource Group (HHRG) provided a forum to promote Fonkoze services to senders of remittances. In addition, it assisted Fonkoze clients in the hurricanes of 2008 and the devastating 2010 earthquake, by acting as a channel to connect potential collective remittances with areas of the country in need.
- The MIF learned that the Haitian diaspora can participate in the development of their home country. The MIF is replicating this project model in other countries with large diaspora communities.
- The MIF is implementing a follow-on project with Fonkoze to launch a prepaid Visa Card, which will further reduce the cost of transferring remittances to Haiti.



# 8

## Dissemination and Promotion

- The MIF has supported Fonkoze’s participation in several regional and global fora, including at MIF Remittance Cluster Meetings (El Salvador in 2007 and Costa Rica in 2009), the “Sending Money Home” conference (Port au Prince in 2007), the International Forum on Remittances (Washington, DC in 2007), and RemesAmericas 2010, where the project coordinator and Fonkoze’s director had speaking roles.
- Project objectives and results were disseminated through presentations of MIF staff at various regional and global fora.
- A case study on the project was included in the 2010 publication “Ten Years of Innovation in Remittances: Lessons Learned and Models for the Future.”
- Fonkoze showcased it’s work at the Global Microfinance Summit (Cartagena, Colombia in 2008).

## Annexes



PHOTOS—[flickr folder](#)



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- **Project Contact**
- **Contact Name:** Natasha Bajuk
- **Title:** MIF Senior Associate
- **Office Location:** Washington, DC
- **Phone:** (202)-623-2104
- **E-mail:** [natashab@iadb.org](mailto:natashab@iadb.org)