



# Donors Committee

## Short Procedure

Expires on 16 December 2015

MIF/AT-1389  
2 December 2015  
Original: English  
**Public**

**To:** The MIF Representatives

**From:** The Secretary

**Subject:** Brazil. Nonreimbursable technical-cooperation funding for the project "Designing Financial Education Methodologies to Improve Financial Behavior among Low-income Women and Retirees in Brazil"

**Basic Information:**

Executing agency ..... *Associação de Educação Financeira do Brasil (AEF- Brasil)*

Amount ..... up to US\$511,328  
or its equivalent in other convertible currencies

Source ..... Multilateral Investment Fund

**Inquiries to:** Fermín Vivanco (extension 2912) or María Luisa Hayem (extension 3166)

**Remarks:** The Representatives are requested to inform the Secretary, in writing, no later than **16 December 2015** if they wish to interrupt this procedure. If no such communication is received by that date, the attached resolution will be considered adopted by the Donors Committee, and a record to that effect will be made in the minutes of a forthcoming meeting.

**Reference:** MIF/GN-123-3(9/07), MIF/AT-1119(3/11), MIF/DE-08/11, MIF/AT-1204(10/12), MIF/DE-36/12



DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

PUBLIC

**BRAZIL**

**DESIGNING FINANCIAL EDUCATION METHODOLOGIES TO IMPROVE FINANCIAL BEHAVIOR AMONG LOW-INCOME  
WOMEN AND RETIREES IN BRAZIL**

**(BR-M1131)**

**DONORS MEMORANDUM**

This document was prepared by the project team comprised of: Maria Luisa Hayem (MIF/ATF) team co-leader, Luciana Botafogo Brito (MIF/CBR) team co-leader, Fermin Vivanco (MIF/ATF), Avril Perez (MIF/ATF), Rebecca Rouse (MIF/ATF), Anita Fiore de Abreu (MIF/SRM), Ana Ines Grigera (MIF/MIL), Claudia Gutiérrez (MIF/MIL), Shoshana Grossman-Crist (MIF/MIL), and Luciane Medeiros (LEG/NSG).

Under the Access to Information Policy, this document is subject to public disclosure.

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## **PROJECT SUMMARY**

### **DESIGNING FINANCIAL EDUCATION METHODOLOGIES TO IMPROVE FINANCIAL BEHAVIOR AMONG LOW-INCOME WOMEN AND RETIREES IN BRAZIL**

**(BR-M1131)**

Two of Brazil's most vulnerable low-income segments, women recipients of the Conditional Cash Transfer (CCTs) program "Bolsa Família" and retirees, currently lack adequate financial capabilities to engage in financial decision making, leading to poor budget planning, low levels of savings accumulation, and over-indebtedness; the latter affecting particularly the elderly population. This leads to an increased economic vulnerability which affects the living conditions and capacity to overcome shocks of these populations.

Diverse efforts have been undertaken around the world aiming to strengthen the financial capabilities of low-income populations. However, many examples of initiatives that failed or had limited impact did not consider how people think, act, behave, and ultimately, how their brain imposes limitations on their actions and frames decision-making. This project is built to develop solutions that respond to the target population's unique realities, through financial education methodologies that suit their needs and can be easily incorporated into everyday life.

The new methodologies to be developed by this project will incorporate prior knowledge, approaches, insights, and research available within this field. Most importantly the development of these methodologies will heavily rely on behavioral science and will draw on key elements of the human centered design approach. During the project's initial phase, financial education content and channels will be designed and tested on each target segment in the field and will include a thorough analysis intended to determine each tool's effectiveness, successful uptake, and other particular reactions from the tested participants. Financial education methodologies will then be systematized, piloted and scaled-up in partnership with public sector institutions, including the Ministry of Social Security, the Ministry of Social Development, and local NGOs.

The direct beneficiaries of this project who will receive financial training are 4,000 women recipients of Bolsa Família and 4,000 low-income retirees (75% women, 25% men). Beneficiaries will be located in 5 Municipalities of 5 Brazilian States.

This project will contain a rigorous impact evaluation to measure the effectiveness of the financial training in Bolsa Família's recipients and low-income retirees. Such effectiveness will be determined based on two main elements, change in financial behavior (including budget planning and savings habits and debt reduction) and change in financial knowledge.

The Multilateral Investment Fund (MIF)'s technical expertise in financial inclusion in Latin America and the Caribbean, gained through its research and working with multiple financial intermediaries in the region will add value to this project in the development, piloting, and expansion phase of the financial training. Additionally, MIF's work evaluating the impact of its interventions will contribute to the evaluation stages of this project, placing a particular emphasis on measuring behavioral change in its target beneficiaries. It is also expected that MIF's participation in the project will add credibility to this intervention contributing to establish partnerships with various stakeholders. Finally, in order to ensure a systemic impact, MIF will contribute in the development and dissemination of knowledge products through its network within Brazil and at an international level.

## **ANNEXES**

ANNEX I	Logical Framework
ANNEX II	Budget Summary
ANNEX III	Quality for Effectiveness in Development (QED)

## **APPENDIXES**

Draft Resolution

### **INFORMATION AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF MIF PROJECT INFORMATION SYSTEM**

ANNEX IV	Detailed Budget
ANNEX V	Preliminary List of Milestones
ANNEX VI	Diagnostic of Needs of the Executing Agency (DNA)
ANNEX VII	Project Status Reports (PSR), Compliance with Milestones, Fiduciary Arrangements and Integrity Due Diligence
ANNEX VIII	Procurement and Contracting Plan
ANNEX IX	Project Activities Schedule

## ACRONYMS AND ABBREVIATIONS

<b>AOP</b>	Annual Operating Plan
	Brazilian Financial and Capital Markets
<b>ANBIMA</b>	Association/Associação Brasileira das Entidades dos Mercados Financeiros e de Capitais
	National Confederation of Insurance/Confederação Nacional das Empresas de Seguros Gerais, <b>Cnseg</b> Previdência Privada e Vida, Saúde Suplementar e Capitalização
<b>DNA</b>	Diagnostic of Executing Agency Needs
<b>IADB</b>	Inter-American Development Bank
<b>MIF</b>	Multilateral Investment Fund
<b>OR</b>	Operating Regulations
<b>PCU</b>	Project Coordination Unit
<b>QED</b>	Quality for Effectiveness in Development
<b>AEF-Brasil</b>	Financial Education Association of Brasil / Associação de Educação Financeira do Brasil
<b>MPS</b>	Ministry of Social Security/Ministério da Previdência Social
<b>MDS</b>	Ministry of Social Development/Ministério do Desenvolvimento Social
<b>FEBRABAN</b>	Brazilian Federation of Banks/Federação Brasileira de Bancos
<b>ENEF</b>	National Strategy for Financial Education/Estratégia Nacional de Educação Financeira
<b>CCT</b>	Conditional Cash Transfer
<b>CONEF</b>	National Committee of Financial Education/Comitê Nacional de Educação Financeira
<b>PSR</b>	Project Status Reports





**PROJECT INFORMATION**

**DESIGNING FINANCIAL EDUCATION METHODOLOGIES TO IMPROVE FINANCIAL BEHAVIOR AMONG LOW-INCOME WOMEN AND RETIREES IN BRAZIL**

**(BR-M1131)**

<b>Country and Geographic Location:</b>	Five municipalities in the North; Northeast; and Southeast region of Brazil		
<b>Executing Agency:</b>	Associação de Educação Financeira do Brasil (AEF- Brasil)		
<b>Access Area:</b>	Access to Finance (ATF)		
<b>Agenda:</b>	Savings, Payments and New Distribution Channels		
<b>Coordination with Other Donors/Bank Operations:</b>	RG-M1198 and RG-M1216		
<b>Direct Beneficiaries:</b>	4,000 women recipients of Conditional Cash Transfers (CCTs) (100% women) and 4,000 low-income retirees (75% women, 25% men) <sup>1</sup>		
<b>Indirect Beneficiaries:</b>	24,000 low-income people <sup>2</sup>		
<b>Financing:</b>	Technical Cooperation:	US \$511,328	
	Investment:	US\$ 000,000	
	Loan:	US\$ 000,000	
	<b>TOTAL MIF FUNDING:</b>	US \$511,328	36%
	Local Counterpart:	US\$ 899,038	64%

<sup>1</sup> These numbers includes CCT recipients and retirees who receive financial education in the pilot phase by AEF- Brasil and also by third parties, after the pilot phase is over.

<sup>2</sup> Assuming a total of 8,000 direct beneficiaries times 4 people per household.

	<b>TOTAL PROJECT BUDGET:</b>	US \$1,410,366	100%
<b>Execution and Disbursement Period:</b>	48 months of execution and 54 months of disbursement		
<b>Special Contractual Conditions:</b>	Conditions prior to first disbursement will be: (i) project manager selected by AEF- Brasil; (ii) operating regulations approved by IDB/MIF; and (iii) agreements signed with the Ministry of Social Development and Social Security with the commitment to participate in pilot phase and lead the expansion.		
<b>Environmental and Social Impact Review:</b>	This operation was screened and classified as required by the IDB's safeguard policy (OP-703). Given the limited impacts and risks, the proposed category for the project is C.		
<b>Unit with Disbursement Responsibility:</b>	The Country Office in Brazil will be responsible for supervising this project and making disbursements.		



## 1. BACKGROUND AND JUSTIFICATION

### A. Diagnosis of the problem to be addressed by the Project

- 1.1. **Context.** As the largest economy in Latin America and the Caribbean, Brazil has taken important strides towards advancing the financial and social inclusion of low-income populations as a means for poverty eradication. This included major public policy measures along two main lines: financial inclusion regulation and social welfare. In terms of regulation, Brazil was the first country in the region to authorize the use of banking agents as a distribution channel. From 2003 to 2008, the total number of bank agents tripled and according to the Central Bank, as of December 2013 there are over 400,000 agents in the country.<sup>3</sup> This along with the regulation on simplified accounts contributed to increasing the access to financial services in Brazil. According to Findex 2014 figures, 68.1% of adults have a bank account – above the region’s average of 51.4%.<sup>4</sup>
- 1.2. In addition to these measures, in 2003 the government launched *Bolsa Família*; a Conditional Cash Transfer (CCT) program that today provides cash subsidies to 14.1 million low-income beneficiaries. The beneficiaries can cash out their benefit with the Bolsa Família card, with “Conta Caixa Fácil” Card, or with the single- guide payment<sup>5</sup>, provided by Caixa in agencies. The program’s main objective is to contribute to alleviate poverty in the short-term and support families in exiting this condition. Approximately 93% of *Bolsa Família* recipients are women, 42% of which are single women and their household’s sole income generators.
- 1.3. A survey conducted by *Instituto Data Popular* in Brazil revealed low levels of knowledge on financial matters and provided evidence of non-sustainable household consumption and savings ratios.<sup>6</sup> Despite being the largest economy in the region, Brazil has a low national savings rate of approximately 16% of its GDP.<sup>7</sup> Policy makers have organized a working group involving public, private and civil society actors to address this issue, recognizing the risks involved in creating new opportunities for consumers that lack the capabilities to make adequate financial decisions. As a result in 2010, a presidential decree established its National Strategy for Financial Education (ENEF)<sup>8</sup>, which is coordinated and executed by the National Committee of Financial Education/Comitê Nacional de Educação Financeira (CONEF). The strategy focuses on three main areas of action: information, education/training, and advice. It operates through sector-based programs carried out by CONEF members and through cross-cutting programs coordinated by AEF-Brasil, the executing agency of this project. As part of this national strategy, ENEF supported a financial education program targeting school age children and is currently focused on promoting financial education among adults and retirees. This project complements these efforts by testing

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<sup>3</sup> <http://www.cgap.org/blog/do-agents-improve-financial-inclusion-evidence-brazil>

<sup>4</sup> Demircuc-Kunt, Asli, Leora Klapper, Dorothe Singer, and Peter Van Oudheusden. 2015. “The Global Findex Database 2014: Measuring Financial Inclusion around the World.” Policy Research Working Paper 7255, World Bank, Washington, DC.

<sup>5</sup> A personalized card that allows the beneficiary to make one single withdrawal monthly in any Caixa agency or affiliated agencies.

<sup>6</sup> <http://www.oecd-ilibrary.org/docserver/download/5k41zq7hp6d0.pdf?expires=1434390316&id=id&accname=guest&checksum=897C6C3A473B7A90649BBF205AEACB46>

<sup>7</sup> Bruhn, Miriam, Luciana Leao, Arianna Legovini, Rogelio Marchetti, and Bilal Zia. 2013. “The Impact of High School Financial Education: Experimental Evidence from Brazil,” World Bank Policy Research Working Paper 6723, World Bank, Washington, D.C.

<sup>8</sup> Institutions that participate in the ENEF include: Brazilian Banks Federation (FEBRABRAN); Banco do Brasil; Ministry of Social Security; Ministry of Finance; Ministry of Education; Ministry of Justice; Central Bank of Brazil (BCB); Private Insurance Superintendency (SUSEP); Brazilian Association of Financial and Capital Markets Entities (ANBIMA); Securities, Commodities and Futures Exchange (BM&FBOVESPA S.A.); and the National Confederation of Insurance Companies (CNSeg).

different financial education content and channels targeted to women recipients of Bolsa Família and low-income retirees, and piloting and scaling-up this training.

- 1.4. **The problem.** Two of Brazil's most vulnerable low-income segments, women recipients of Bolsa Família and retirees, currently lack adequate financial capabilities to engage in financial decision making, leading to poor budget planning, low levels of savings accumulation, and over-indebtedness; the latter affecting particularly the elderly population. This leads to an increased economic vulnerability which affects the living conditions and capacity to overcome shocks of these populations.
- 1.5. **Women recipients of Bolsa Família.** According to data collected in 2013, 72.4% of households recipients of Bolsa Família live in conditions of extreme poverty, 20.5% are considered poor, and 7.1% are low-income and are expected to graduate from the program sooner.<sup>9</sup> Women receiving this subsidy are located mainly in urban areas (75.3%) of the Northeast (50.2%) and Southeast (25.4%) regions of Brazil.<sup>10</sup> Reports reveal that 56% of the beneficiaries do not work; 41% have a job; and 3% have seasonal jobs or are taking time off from a job. Among the employed beneficiaries, 52% are self-employed, 20% are employed informally, and only 16% are employed formally<sup>11</sup>. Besides the fact that women recipients are the heads of 42.2% of the total beneficiary households; research on financial education and inclusion conducted by the Social Development Ministry (MDS), demonstrates that women are responsible for the financial decisions in most beneficiary households. Although the Bolsa Família delivers subsidies electronically through Caixa Fácil accounts, the program lacks a formal financial inclusion and education objective.
- 1.6. Demand-side research has revealed that very few recipients understand the benefits of account-based transfer, including debit functions and savings capabilities. In terms of income management, studies have also revealed that recipients have limited savings in their house, make extensive use of credit particularly for emergencies, and struggle matching cash inflows and outflows. Other data shows: 71% of women say in the end of the month, there is no money left; if still there is some money at the end of the month, approximately 16% spends on consumption (clothes, food, etc.) and 14% saves for short-term expenditures.<sup>12</sup>
- 1.7. Women in general have also limited opportunities for employment or engagement in entrepreneurial activities, compared to men. With limited resources to manage, women are often less likely to engage in long-term financial planning or to seek information about financial products and services. In addition, in many cases social norms can also limit the extent to which women can further their financial and economic knowledge, confidence, and skills.
- 1.8. For recipients of government payments, exiting poverty requires not only a higher income, but the ability to manage income over the long-term to achieve and maintain a better quality of life. This includes budgeting, saving, managing income volatility, investing in the home or small business, and using financial products adequately. Not being able to do this, increases the vulnerability of households to emergencies or unforeseen expenses, making it more difficult to overcome poverty.
- 1.9. **Low-income retirees.** This segment is among the most vulnerable of Brazil's population, with 37.8% living on 2 minimum wages and 42.2% of low-income retirees living on 1 minimum wage. A national household survey conducted in 2009 reported that 84.1% of low-income retirees live in urban areas,

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<sup>9</sup> CadÚnico (SENARC/MDS).

<sup>10</sup> Payroll of Bolsa Família (SENARC/MDS).

<sup>11</sup> Projeto BRA/04/028. Delineamento de fundamentos e diretrizes que orientem uma política pública de educação financeira. Produto 3 - Sistematização de Proposta de Projeto Político Pedagógico de Educação Financeira (PEF) do Programa Bolsa Família. FUNDEP/CEDEPLAR - UFMG, 2012.

<sup>12</sup> MDS/SAGI Report

21% of which are concentrated in South and Southeast regions. In addition, 55.8% of low-income retirees are women and 44.2% are men.<sup>13</sup> In recent years there has been increasing concern regarding the financial vulnerability of this segment, given the high levels of over-indebtedness that have been reported and seem to be worsening.

- 1.10. A 2008 study conducted by the *Instituto Data Popular* documented that 82% of Brazilian consumers are unaware of interest rates when borrowing money for consumption. Furthermore, it is estimated that in Brazil the expenses of the elderly population are six times higher than that of a 20 year old, yet 64% of Brazilians report that they are not saving or planning for their retirement (compared to the global figure of 48%), which lasts an average of 23 years. The survey also reveals that 39% of retirees between the ages of 60-69 continue working after retirement, because their expenses exceed the value of their pensions. Furthermore, in many cases the elderly remain the primary source of financial income for the entire household; from 1991 to 2000 the percentage of elderly heads of households increased from 60.4% to 62.4%. Others in this age group are relying excessively on credit to meet their financial needs and are having difficulty managing their resources to repay their debts.
- 1.11. While over-indebtedness has become increasingly common among Brazilians in general, it is particularly prevalent among the age group of people 65 and older, which exhibits the highest percentage (25%) of delinquency. This problem has been exacerbated through the creation of *crédito consignado*, a special loan leveraged against income, made available to workers, retirees and National Social Security (INSS) pensioners. This loan has lower interest rates and taxes relatively to other personal credit products and can be easily extended regardless of creditworthiness, because it is discounted directly from a person's payroll. According to the Ministry of Social Security out of 32 million social security beneficiaries, more than 25 million hold at least one *crédito consignado*. A survey conducted by the Universidade Federal do Rio Grande do Sul (UFRGS) revealed that 67% of the elderly who tried to renegotiate their *crédito consignado* loans did not succeed. According to the Social Security Ministry, there are approximately 25 million retirees living in the range of 1 to 2 minimum wages and a similar number of *crédito consignado* loans, discounted on the payroll credit, summing more than US\$ 25 billion stock of this type of credit instrument.<sup>14</sup>
- 1.12. Although the amount that can be taken out in the form of a *crédito consignado* loan is limited to 30% of a person's income, retirees resort to other credit products (credit cards and other loans) upon approaching this limit. This demonstrates an inability to manage this type of financial product and points to a lack of financial knowledge about the risks and outcomes of improper management. As a result, many low-income retirees become trapped in a cycle of debt and are not able to meet their financial commitments. Research from SPC (Credit Protection Service) showed that between the year 2013 and 2014, the most delinquent age group included people ages 65 to 84 and 84 to 95. A mapping on delinquency in Brazil conducted by the credit research firm SERASA showed that, the age group comprised of people ages 51 to 70 accounted for 17.1% of total credit defaults and the age group comprised of people over 70 years old accounted 10.3% of credit defaults.<sup>15</sup>
- 1.13. Moreover, field research conducted by AEF-Brasil showed that often members of the same family unit are the ones who urge their elderly to take loans used towards satisfying consumption needs. It also reported that financial intermediaries also play a role in aggravating this situation by employing selling tactics to offer loan products to customers regardless of their credit history. This situation is even worse for elderly women, that are particularly vulnerable given their typically shorter periods

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<sup>13</sup> PNAD 2009

<sup>14</sup> <http://www.previdencia.gov.br/noticias/emprestimo-consignado-operacoes-somam-r-5-bilhoes-em-fevereiro/>

<sup>15</sup> <http://www.serasaexperian.com.br/estudo-inadimplencia/>

of time participating in the labor force, and lower average incomes compared to men, and, they compose the majority of elderly population. As a result, women often have fewer resources to rely on, and for a longer period of time, making them more vulnerable to face poverty or financial hardship in old age. This scenario calls for financial education that is tailored to help this segment of the population to gain the financial knowledge and capabilities necessary to reduce and prevent conditions of indebtedness.

- 1.14. **Causes.** Surveys reveal that a lack of financial capabilities, particularly among low-income segments, can be particularly attributed to the lacking or poor financial education during childhood, both formal (classroom education) and informal (education in the household). This lack of basic training affects people's ability to understand financial products and concepts in later stages of their lives and prevents them from making decisions based on strong critical and analytical thinking.
- 1.15. Nonetheless in the case of low-income recipients of CCTs and low-income retirees, beyond a lack of basic education, there is a lack of tailored financial education initiatives and methodologies that take into account their particular characteristics, needs, financial reality and life cycle. A mapping of financial education initiatives in Brazil conducted by AEF-Brasil in partnership with Serasa Experian in November 2013<sup>16</sup> revealed that, among the most vulnerable populations to economic shocks, such as the elderly and residents of underserved regions, there was a lack of specific actions in terms of financial education to help them address these issues. Amongst the financial education programs that have been implemented, little to none have taken place outside of classroom settings. In fact, 45% of these initiatives have focused primarily on children and youth, while 43% have focused on adults; though not specifically to the elderly population. Of these initiatives 43% are offered regardless of education level, yet 39% focus on people with secondary education and 34% focus on people with higher education. It is also important to note that most existing programs do not take into consideration the uniqueness of each public addressed, proving often times to be ineffective in the purpose of changing financial behavior of the beneficiaries. Besides, regional financial education initiatives are mostly concentrated in the Southeast (55%) and Southern (32%) regions of Brazil, despite the fact that there is a high concentration of low-income populations in the Northern regions of the country.
- 1.16. Furthermore, financial institutions are often discouraged to offering financial education to low-income population given the high operational costs associated with serving this segment that typically transacts infrequently and in small amounts. It is also important to acknowledge that poor consumer protection practices further aggravate this problem among low-income segments that fail to obtain complete information or safeguards that can serve to guide healthy financial decisions. In the case of Brazil poor consumer protection safeguards to prevent aggressive selling of *crédito consignado* loans had a severe effect on the over-indebtedness of the retiree population in Brazil, though recent measures have been enacted to improve accountability and selling practices for this type of loan.

## **B. Proposed Project**

- 1.17. Given the lack of financial capabilities of the adult population of Brazil, particularly vulnerable segments such as women recipients of CCTs and low-income retirees, this project intends to design, test and evaluate financial education methodologies that are tailored to suit each segment. Through these methodologies the project intends to build financial capacity such that: 1) women recipients of CCTs can improve their financial management and planning in the short, medium and long-term, as well as increase their savings; and 2) low-income retirees can avoid and reduce conditions of over indebtedness.

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<sup>16</sup> Serasa Experian and AEF- Brasil National Mapping of Financial Education, 2013

- 1.18. During an initial phase the project will focus on testing different financial education content and channels, drawing on previous study in this field and the experiences of public entities working on financial education. This phase will result in the systematization<sup>17</sup> of two financial education methodologies, one tailored towards women recipients of CCTs and the other tailored towards low-income retirees.
- 1.19. A second phase of the project will focus on implementing a pilot using the systematized financial education methodologies and conducting an impact evaluation on each target segment. The results of the impact evaluation will be taken into account in formulating a subsequent plan for expansion and scale-up with key partners including the Ministry of Social Security, the Ministry of Social Development, local NGOs, and other entities.
- 1.20. Lastly, the project results, methodologies and lessons learned will be disseminated both on a national and regional level among public and financial sector actors, as well as academics and other stakeholders on this topic.

### **C. Project Beneficiaries**

- 1.21. The direct beneficiaries of this project who will receive training on the financial education methodologies developed through this intervention are 8,000, which include 1,500 women recipients of CCTs and 1,500 low-income retirees who will participate in the pilot phase. Another 2,500 women recipient of CCTs and 2,500 low-income retirees will participate in the expansion phase, to be implemented with key partners including the MDS, MPS, local NGOs, and other entities.
- 1.22. In addition, another 2,000 people (1,000 from each group of beneficiaries) will participate during the testing phase of the financial education methodologies. Since these beneficiaries are only participating in the testing phase of the project they will not be considered as full beneficiaries. Still, in some early methodology tests, beneficiaries did show some behavioral change, especially in the methodologies considered for further development.
- 1.23. The group of beneficiaries is comprised of low-income retirees, approximately 75% women and 25% men, based on the gender distribution found during prototyping phase, whose income level is equivalent to one to two minimum wages. Beneficiaries will be located in 5 Municipalities of 5 Brazilian States.

### **D. Contribution to MIF Mandate, Access Framework and IDB Strategy**

- 1.24. Consistent with the MIF mandate, this project and its activities focus on reducing economic vulnerability of low-income adult and elderly populations of Brazil, through promoting financial capabilities, with an emphasis on the economic empowerment of women. Through this project, the financial capabilities acquired by beneficiaries will contribute to improving short, medium and long-term financial planning and increase savings among low-income women, recipients of CCTs and will contribute to reducing and preventing over-indebtedness among the low-income senior population.
- 1.25. This project, mainly focused on strengthening financial capabilities, is also aligned with MIF's financial inclusion efforts aimed at expanding the access and use of quality financial products and services by individuals, households and firms previously excluded and/or under-served, that will contribute to improve socioeconomic conditions. The learning generated by this project will complement knowledge generated by other MIF projects incorporating a financial education

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<sup>17</sup> In this context, systematization refers to the structuring of the financial education methodology in a format that facilitates its implementation.



component associated with a financial product and implemented by the private sector. This project is innovative mainly because the financial education strategy will not be associated with a specific financial product. The main objective is to understand the social and behavioral characteristics of very specific target populations (Brazilian low-income women and retirees) to develop training material that will help them take more independent and better decisions. After this training, the target beneficiary will be empowered and have enough information to decide whether or not they want to access financial products and services.

- 1.26. Furthermore, this project will feed MIF's work through the Savings, Payments and New Distribution Channels Agenda, by generating knowledge on the design and implementation of financial education strategies to be later adopted by governments and private sector. The rigorous evaluation contained in this project will also shed light on the appropriate content and channels for financial education targeted to CCT recipients and retirees.
- 1.27. Collaboration with the Bank Group. This project is consistent with the Bank's strategy for Brazil because it is focusing mainly on women and beneficiaries of Bolsa Familia, which are the government's targeted beneficiaries. Also, those beneficiaries are highly concentrated in the Northeast Region of the country and in urban areas, which is a targeted area of this intervention and of the Bank in the Country. It is important to note that the methodologies will be implemented and scaled with both ministries (MPS and MDS) which represent the possibility of scaling up and full integration with the SVG side of the Bank. Finally, information generated by this project will be useful to efforts undertaken by the Capital Markets and Financial Institutions Division (CMF) of the IADB to develop financial inclusion strategies at a country and state level.

## **2. PROJECT DESCRIPTION**

### **A. Objectives**

- 2.1. At a result level, the project aims at strengthening the financial capabilities of low-income CCT recipients and retirees in Brazil. At an impact level, the projects will reduce the economic vulnerability and improve the living conditions of low-income populations in Brazil.

### **B. Description of Intervention**

- 2.2. Diverse efforts have been undertaken around the world aiming to strengthen the financial capabilities of low-income populations. However, only few of these initiatives and programs have been able to demonstrate significant impact in terms of positive changes in individuals' mid- and long-term financial decision making. Recent evidence suggests that an important reason for the limited success of past financial capability initiatives has been the limited attention paid to the psychological determinants of financial behavior. The latter include the way how people think, act, behave, and ultimately, how their brain imposes limitations on their actions and frames decision-making. Considering these aspects in the design of financial capability initiatives – for example through an attention to both the content of the information being provided as well as to the method in which it is delivered – appears to significantly increase the chances of their success<sup>18</sup>. In this regard, researchers and practitioners have also highlighted the need to clearly identify the

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<sup>18</sup> Bruhn, Miriam, Luciana Leao, Arianna Legovini, Rogelio Marchetti, and Bilal Zia. 2013. "The Impact of High School Financial Education: Experimental Evidence from Brazil," World Bank Policy Research Working Paper 6723, World Bank, Washington, D.C.

characteristics and financial needs of target populations which allows for the matching of instruction methods to beneficiaries' real demands<sup>19</sup>.

- 2.3. The new methodologies to be developed by this project will incorporate prior knowledge, approaches, insights, and research available within this field. Most importantly the development of these methodologies will heavily rely on behavioral science and will draw on key elements of the human centered design approach.<sup>20</sup> During the project's initial phase, different financial education tools will be designed and tested on each target segment in the field and will include a thorough analysis intended to determine each tool's effectiveness, successful uptake, and other particular reactions from the test participants. A total of three rounds of testing will be conducted to adjust, eliminate, incorporate new tools, or combine them in a process that will lead to eventually systematizing a financial education methodology for each target segment.
- 2.4. Upon successful systematization, the project will apply these methodologies to its target beneficiaries in a pilot phase and will also conduct an impact evaluation to assess each methodology's effectiveness and subsequently will partner with government agencies, local NGOs, and other entities to scale-up this financial training.
- 2.5. In the context of the inter-sectorial and multi-stakeholder articulation of ENEF and CONEF, and in order to ensure this project's sustainability, the executing agency will sign agreements with the Ministry of Social Development and the Ministry of Social Security to further scale-up financial training throughout the country beyond the life of the project through local agents. Local agents (public and private) will adopt, and implement the financial education methodologies in their municipalities. Agents will also be responsible of the mobilization of beneficiaries and monitoring and evaluating results.
- 2.6. The executing agency will meet with representatives from these entities at strategic stages during the project lifespan to incorporate their prior experience and lessons learned into the design process and to validate with them the systematized methodologies with the purpose of guaranteeing that these align with the objectives of the ministries and the resources each entity has available for conducting scale-up.
- 2.7. At the moment, a Technical Cooperation Agreement (ACT) has been already signed with the MPS, and the same model of ACT will be signed with the MDS. The Ministries agreed on providing ministry officials financial education training and subsequently replicate on beneficiaries. Both ACTs also determine that the Ministries will be responsible for participating in the selection of the beneficiaries, providing internal staff to support AEF in implementing the work plan defined in the project, and promoting the expansion of the selected methodologies aiming at the complete dissemination and scalability of the training programs to reach a greater number of beneficiaries.

## **C. Components**

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<sup>19</sup> Doi, Yoko, David McKenzie, and Bilal Zia. 2014. "Who you Train Matters: Identifying Complementary Effects of Financial Education on Migrant Households," *Journal of Development Economics* 109(C): 39-55.

<sup>20</sup> Human-centered design is a problem-solving approach which starts with a focus on the individual and ends with new solutions that are tailor made to suit their needs. This involves building a deep empathy with individuals, generating ideas, developing and testing potential solutions (prototypes) and eventually making the innovative solution available.

**Component I: Design of new financial education methodologies for low-income women recipients of CCTs and low-income retirees (MIF: US\$277,295; Counterpart: US\$92,000)**

- 2.8. This component will design, test and systematize financial education methodologies, including format, content and delivery channels, to strengthen financial capabilities of targeted populations: CCT recipients and low-income retirees. For recipients of Bolsa Família, this component aims to design a methodology conducive to proper financial planning and household budgeting and increased savings accumulation. Among the retiree population, this component aims to reduce and prevent over-indebtedness. Through this component, financial education methodologies will be tested on a sample of 1,000 people from each target segment to ensure proper uptake. In the testing phase various training materials and methodologies will be used to determine the most effective approach and delivery channel. CCT recipients and retirees participating in this testing will not necessarily be the same people that will receive the full training in the pilot phase. Some training material and methodologies may be considered unsuccessful and will not be implemented in the pilot phase.
- 2.9. The activities to be undertaken under this component are the following: 1) Testing of financial education methodologies targeted CCT women and the retirees; 2) Systematization of financial education methodologies; and 3) Refining financial education methodologies including impact evaluation results feedback.

**Component II: Implementation of financial education methodologies (MIF: US\$102,259; Counterpart: US\$492,541)**

- 2.10. The objective of this component is to implement the pilot and scale-up of the financial education methodologies developed under Component I. Where as in component I the methodologies are tested in 1,000 beneficiaries, in the pilot phase the most successful methodologies identified will be piloted in another 1,500 people from each target segment, who will receive financial training. In this pilot phase not only the training methodology will be tested but also the delivery channels. The scale-up portion of this component will feature the involvement of the MDS, MPS and local partners (both public or private) and NGO's that will adopt the methodologies and train 100 local agents to implement them in 5 municipalities in the 5 Brazilian Regions. Also, for the scale-up phase, available channels from both Ministries piloted in phase two will further be evaluated and the most appropriate selected for long term sustainability.
- 2.11. The activities of this component include: 1) Development of pilot and scale-up plan; 2) Implementation of pilot phase applying financial education methodologies on CCT recipients and retirees; 3) Implementation of scale-up phase applying revised financial education methodologies among CCT recipients and retirees.

**Component III: Knowledge and communication strategy (MIF: US\$23,262; Counterpart: US\$43,993)**

- 2.12. The objective of this component is to share the financial education methodologies developed and adjusted through the project and promote their adoption by public and private sector and NGOs, at a national level. Additionally, knowledge generated and results of evaluations of this project will be shared locally and internationally to learn from this intervention.
- 2.13. **Knowledge Gap:** Questions to be addressed in this project include: What methodologies are better suited to change financial behavior in the targeted public? What is the impact on the targeted populations after being submitted to the project's intervention?
- 2.14. Products developed through this component include: 1) How-to guide on the implementation of the developed methodology, both from a public and financial sector perspective; 2) Thematic study with recommendations for public sector; 3) Case study with recommendations for financial

sector<sup>21</sup>; 4) Infographic with impact evaluation results; 5) Video to facilitate the implementation of the methodology; and 6) Project fact sheet.

- 2.15. All knowledge products will be shared through a specific website developed for the project as well as in knowledge sharing workshops, international conferences on financial education, and several webinars.
- 2.16. All of the knowledge products and dissemination tools will follow the format and guidelines of the MIF's Knowledge and Strategic Communications Toolkit. In addition, some of the knowledge products to be developed in this component may be made available in Spanish, English and Portuguese. The audiences of these knowledge products include: public and private sector entities, academia, civil society, NGOs, evaluators, and other relevant industry players.

#### **D. Project Governance and Execution Mechanism**

- 2.17. AEF-Brasil will create a Project Coordination Unit to ensure all necessary activities are implemented in order to achieve the objectives of this intervention. AEF-Brasil will select a Project Coordinator who will lead this Unit and manage relationships within the organization and other external partners included the CONEF, the government body in charge of implementing the National Strategy for Financial Education – ENEF; MPS and MDS and financial sector representatives. The Project Coordinator will be supported by a Project Financial Coordinator and a Project Assistant.
- 2.18. The Project Coordinator will be responsible of: (i) Implementing and monitoring all activities of the project; (ii) Leading negotiations with government agencies and civil society; (iii) Producing technical reports for funders and supporters; (iv) Identifying and negotiating with services providers; (v) Ensuring compliance of service providers goals through appropriate management indicators; (vi) Proposing processes, plans, and actions in order to ensure compliance with quality goals and objectives established in the project; (vii) Selecting and managing a professional project team for the implementation and achievement of the goals of the project; (viii) Managing risks and seeking solutions for the development of the proposed activities in the project; and (ix) Managing the budget of the project, seeking to ensure that financial resources are optimized and managed in a transparent and ethical manner.
- 2.19. The Project Coordinator will follow the Annual Operating Plan (AOP), Operating Regulations (OR), and schedules and plans defined in this memorandum and attached documents. For the overall execution of the project, the PCU may contract consulting services and procure other goods and services, for which it will follow the policies and procedures established in the IDB/MIF regulations on procurement. The contracting of external consultants will require prior approval from designated IDB/MIF personnel.
- 2.20. During the first six months of the project, a Project Advisory Council will be formed. Its participants will include a representative from AEF- Brasil Management, FEBRABAN and Ministries of Social Security and Social Development to ensure the participation of all interested parties. The council will meet at least once every six months to review the project status reports (PSRs). The Advisory Council will make recommendations on actions to be taken to achieve the project's objectives.

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<sup>21</sup>The goal of this study is to provide recommendations on how financial education methodologies can be implemented into an entity's business model in a sustainable and feasible way.

- 2.21. In addition, all the knowledge products derived from this intervention will be consistent with the project's objectives and the needs of the various project audiences. The executing agency will submit a descriptive note for approval by the IDB/MIF on each knowledge product and event prior to its development.
- 2.22. Finally, AEF-Brasil will also rely on the MIF's input and lessons learned from prior experiences to feed the process of systematizing the final financial education methodologies.
- 2.23. At least one year before the project ends, a **sustainability workshop** will be held with all key stakeholders to identify specific actions needed to ensure the continuity of the project's activities act the project funding has been expended. The scope of this sustainability workshop will be agreed upon sufficiently in advance with the designated IDB/MIF personnel.

#### **E. Sustainability**

- 2.24. An essential aspect of this project is the participation of MPS and MDS in the development, piloting, and expansion phase of the financial training. This will ensure the sustainability of this project in the short, medium and longer term. In order to formalize the partnership with both Ministries, the executing agency will sign cooperation agreements with these institutions, which will commit by providing in-kind and financial resources. AEF- Brasil will also maintain an open dialogue with authorities throughout the implementation of the project to make sure the terms of the agreements are complied with.
- 2.25. Both Ministries are aware of the lack of financial abilities of vulnerable populations under their scope and of the importance of strengthening them in order to achieve their goals. Representatives of these institutions have already demonstrated their interest in working together with AEF –Brasil and have participated in the initial phases of the development of financial methodologies.
- 2.26. Also, to guarantee sustainability, AEF - Brasil will develop a communication strategy to better influence the right audiences in the adoption of the developed methodologies.

#### **F. Experience and Lessons Learned from MIF or other Institutions**

- 2.27. MIF's experience in promoting the financial inclusion of low-income segments across the LAC region has demonstrated that an adapted and tailored approach towards this population in terms of services and products offer is essential to ensuring uptake and usage. Financial education should also take into account the target population's characteristics, needs and preferences. This project has defined two target populations (CCT recipients and retirees) and will develop financial education methodologies, including content and channels that adapt to each population, in order to build financial capability among beneficiaries and promote adequate use of financial products and services. The human-centered approach incorporated in this project will help determine the most effective ways to reach the CCT recipients and retirees population and the most adequate messages and format to provide the financial education.
- 2.28. Different experiences across the region have also demonstrated that low-income populations have a demand for financial instruments and are capable of saving and engaging in financial planning, though often through the use of informal mechanisms<sup>22</sup>. This project will promote the creation of savings habits and improvement of budget planning among the beneficiaries of Bolsa Família, who are mainly women.

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<sup>22</sup> Martin, Xavier. 2014. "Note 1: What is commitment savings?" *Commitment Savings in Latin America Series*. ProSavings Program. Multilateral Investment Fund, member of the IDB Group.

- 2.29. The use of financial products such as credit entails a serious and long-term commitment for clients; thus, it is important that clients fully comprehend the characteristics of their loans to avoid late payments. It is necessary to provide the client with adequate financial education linked to consumer protection principles. This project takes into account retirees indebtedness challenges in Brazil and will raise awareness of the consequences of acquiring debt and on ways to reduce it.
- 2.30. In addition, AEF- Brasil 's Financial Education Program implemented in schools demonstrated that the impact of financial education can also be transmitted to other members of the household. In the pilot program implemented in schools, AEF-Brasil realized that the families that got involved with the project in some way had a better financial behavior. When possible, this project will incorporate other recipient's family members in the financial training to ensure this spillover effect.

#### **G. MIF Additionality**

- 2.31. Non-Financial Additionality. MIF technical expertise in financial inclusion in Latin America and the Caribbean, gained through its research and working with multiple financial intermediaries in the region will add value to this project in the development, piloting, and expansion phase of the financial training. Additionally, MIF's work evaluating the impact of its interventions will contribute to the evaluation stages of this project, placing a particular emphasis on measuring behavioral change in its target beneficiaries. It is also expected that MIF's participation in the project will add credibility to this intervention contributing to establish partnerships with various stakeholders. Finally, MIF's will contribute in the development and dissemination of knowledge products through its network within Brazil and at an international level.
- 2.32. Financial Additionality. MIF's counterpart is critical to this project given that it involves the development of financial education methodologies targeted to vulnerable populations by a specialized agent, AEF-Brasil, which will then be adopted by government institutions, including MPS and MDS. It is also expected that the private sector can adopt them as a whole or parts of it in its financial education efforts in order to reach vulnerable populations.<sup>23</sup>
- 2.33. Moreover, an important part of funds will serve to evaluate the project and share results and lessons learned to adjust and further expand the implementation of this financial training, which will be available to private, public and non-profit sector within Brazil and internationally.

#### **H. Project Results<sup>24</sup>**

- 2.34. This project will provide financial training to 4,000 Bolsa Família CCT recipients (100% women) and 4,000 retirees (75% women, 25% men).

#### **I. Project Impact<sup>25</sup>**

- 2.35. At the conclusion of this project it is expected that (i) 40% of CCT recipients increase their savings; (ii) 10% average annual formal savings growth among CCT recipients; (iii) 5% average annual informal savings growth among CCT recipients; (iv) 60% of CCT recipients improve their budget planning; (v) 50% of CCT recipients and retirees who improve their financial knowledge; (vi) 20%

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<sup>23</sup> MIF's industry surveys demonstrates that only 25% of financial sector institutions believe that financial education efforts can be covered by the financial intermediaries, as part of their business activities.

<sup>24</sup> To be disaggregated by gender

<sup>25</sup> Ibid

over indebted retirees' pension is used to cover their own basic needs; (vii) 20% of retirees reporting being on a delinquency condition; (viii) 30% of retirees reducing their debt; (ix) 40% of over indebted retirees have a structured plan to reduce over indebtedness; (x) Two key public and/or private sector actors adopt new practices based on project's knowledge.

#### **J. Systemic Impact**

- 2.36. By developing and piloting two financial education methodologies targeted to CCT's recipients and retirees, respectively, with the involvement the MPS and MDS, and a commitment by this government institutions to scale-up these methodologies, this project will benefit thousands of low-income individuals beyond the implementation of the project, having a systemic impact in Brazil. Additionally, the project will develop knowledge products and dissemination events to create awareness on this topic and promote the adoption of financial education methodologies by the private sector, including a "How to guide" on the implementation of the financial education methodologies and a case study with recommendations targeted to the financial sector. This knowledge products and dissemination events will also be accessible by governments, private sector and academics and NGOs internationally.

### **3. MONITORING AND EVALUATION STRATEGY**

- 3.1. Baseline: As part of the rigorous impact evaluation integrated in this project, sex-disaggregated baseline data will be collected at the beginning of the pilot phase, to both control and treatment group. Information gathered in this baseline will determine changes in indicators at the impact level contained in the Logical Framework (Annex I) of this project.
- 3.2. Monitoring: The executing agency will be responsible for gathering and analyzing relevant information for the continuous monitoring of project execution and the indicators at the result and component level contained in the project's Logical Framework. It will also be responsible for submitting to the IDB/MIF project status reports (PSRs) within the 30 days following the end of each six-month period or more frequently, and on dates determined by the IDB/MIF, informing the executing agency to that effect at least 60 days in advance. The PSR will report on progress made in terms of project execution, fulfillment of milestones, results obtained and their contribution to fulfillment of the project's objectives, based on the logical framework and other operational planning instruments. It will also report on problems encountered during execution and possible solutions; as well as lessons learned. Within 90 days after the end of the execution period, the executing agency will submit a final PSR to the IDB/MIF, giving priority to the results achieved, the project sustainability plan, findings from the final evaluation, and lessons learned.
- 3.3. Evaluation: This project will include a midterm and a final evaluation, as well as ex-post reviews. The midterm evaluation should answer questions of process and address the relevance of the intervention and the adequacy and effectiveness of the project's activities for achieving the proposed objectives. This evaluation will primarily review the project management by the executing agency and the implementation of the activities planned. The final evaluation will focus more on the scope of the outcomes and impacts of the intervention as well as learning and implications for future projects.
- 3.4. As mentioned above, this project will contain a rigorous impact evaluation which will be financed by AEF-Brasil (US\$111,000) and MIF's Impact Evaluation Account (US\$111,000), in order to measure the effectiveness of the financial training in Bolsa Família's recipients and retirees. Such effectiveness will be determined based on two main elements, change in financial behavior (including budget planning, savings habits and debt reduction) and change in financial knowledge.

To this end, activities to be undertaken by the evaluation firm to be hired by the executing agency, include: (a) Define a control and treatment group; (b) Develop a baseline survey; (c) Collect baseline data; (d) Collect ex-post data; (e) Analyze the data; and (f) elaborate evaluation report. The evaluation report will contain recommendations based on lessons learned through this intervention which will help to adjust the financial education methodologies to be implemented in the expansion plan. MIF's evaluation team will participate in the hiring of the firm and in the entire evaluation process.

- 3.5. Closing Workshop. The executing agency will organize a closing workshop to assess along with other key stakeholder the outcomes achieve, identify additional tasks to guarantee sustainability and disseminate lessons learned and best practices.

#### 4. COST AND FINANCING

- 4.1. The project has a total cost of US \$1,410,366 of which US\$511,328 (36%) will be provided by the MIF, and US\$899,038 (64%) by the counterpart. The execution period will be of 42 months and the disbursement period will be of 48 months.
- 4.2. Retroactive Recognition of Counterpart Funds. Counterpart expenditures in the amount totaling US\$68,483 (R\$237,500)<sup>26</sup> incurred on or after December 16, 2014 in relation to the first phase of activities will be recognized. Some of these activities were co-financed by other partners such as City Foundation and were related to the first phase of methodology testing in both public segments.

	MIF	Counterpart	Co-financing (if applicable)	Total
<b>Project Components</b>				
<b>Component I. Design of New Financial Education Methodologies for Low-Income Women Recipients of CCTs and Low-Income Retirees</b>	277,295	92,000		369,295
<b>Component II: Implementation of Financial Education Methodologies</b>	102,259	492,541		594,800
<b>Component III: Knowledge and Communication Strategy</b>	23,262	43,993		67,255
<b>Execution and Supervision</b>	40,512	153,504		194,016
<b>Mid-Term Evaluation</b>	12,000			12,000
<b>Final Evaluation</b>	12,000			12,000
<b>Ex post reviews</b>	28,000			28,000
<b>Impact Evaluation and Results Report</b>		111,000		111,000

<sup>26</sup> Exchange rate calculated as 1 US\$ = 3.46802 BRL on August 4<sup>th</sup>, 2015.



<b>Contingencies</b>	6,000	6,000		12,000
<b>Sub-total</b>	<b>612,328</b>	<b>899,038</b>		<b>1,511,366</b>
<b>% of Financing</b>	41%	59%		100%
<b>Institutional Strengthening</b>	10,000			10,000
<b>Grand Total</b>	<b>511,328</b>	<b>899,038</b>		<b>1,410,366</b>

## 5. EXECUTING AGENCY

- 5.1. The Associação de Educação Financeira do Brasil (AEF-Brasil) will be the Executing Agency of this project and will sign the agreement with the Bank. AEF-Brasil is a non-profit organization, founded in 2011 by the Brazilian Financial and Capital Markets Association (ANBIMA); Securities, Commodities and Futures Exchange (BM&FBOVESPA); National Confederation of Insurance, Private Pension and Life, Supplementary Health and Capitalization Companies (CNSeg); and the Brazilian Federation of Banks (FEBRABAN).
- 5.2. AEF-Brasil's mission is to promote Brazil's social and economic development, mainly through the advancement of financial education. AEF-Brasil has a technical team specialized in education and project development to create educational and social methodologies for a wide array of publics. On April 26, 2013, AEF-Brasil was given the status of a Civil Society Organization of Public Interest (OSCIP) by the Ministry of Justice. This facilitates partnerships and agreements with all levels of government and public agencies (federal, state and municipal) and make companies' donations income tax deductible.
- 5.3. Currently, AEF-Brasil works in cooperation with the CONEF in the design, planning, structuring, development, implementation and administration of financial education initiatives among other activities integrated under the nation's financial education strategy, ENEF.
- 5.4. AEF-Brasil has developed an educational technology for financial education in high schools, which was tested in 891 public schools from 5 States of Brazil and the Federal District, with the participation of approximately 27,000 students and 1,800 teachers. A rigorous evaluation undertaken to measure the impact of this intervention, pointed to greater capacity of youth to save, record monthly expenses, negotiate prices, operate different methods of payment, and conduct financial planning for achieving specific objectives.<sup>27</sup> This pilot initiative also involved the participation of parents, facilitating a strong parent-child dialogue about financial matters, such as household budgeting.

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<sup>27</sup> The evaluation results revealed a 1% increase in students' savings rates after receiving financial education. After receiving reinforcement on these concepts from their educators, students' savings rates revealed a 4% increase. Results also demonstrated that the financial education implemented had a positive effect on students' financial capabilities, financial autonomy, and on their intention to save.

- 5.5. AEF-Brasil has experience developing partnerships with public and private sector actors in the promotion of financial education and social inclusion. This project aligns with AEF- Brasil core's business of developing and coordinating financial education projects to offer Brazilian citizens adequate tools and information required to better plan and utilize their resources such that they may improve their living conditions; thus contributing to the nation's overall economic growth.

## 6. PROJECT RISKS

- 6.1. The following risks have been identified as potentially preventing the achievement of the project's objectives: (i) Changes in partners priorities. **Actions to mitigate these risks:** The executing agency will sign cooperation agreements with the various partners in the project, including the ministries (MDS, MPS) in order to institutionalize the commitment (financial and non-financial) to collaborate during the development, piloting, evaluation and scale-up phase in a long-term basis. AEF- Brasil will also maintain an open dialogue with partners to make sure the terms of the agreement are complied with; (ii) Low engagement of local agents may lead to a lower number of implementers in the expansion. **Action to mitigate this risk:** An invitation will be made by the MDS to agents with the capacity and interest in implementing the project. These institutions will become part of the project at its early stages. Additionally, training will be provided to participant agents including information on evidence of the value of financial education on vulnerable populations; (iii) AEF-Brasil's technical board may request changes in format and content to the methodologies causing delays. **Action to mitigate this risk:** AEF-Brasil will engage technical board in the process of designing the financial education methodologies, in order to incorporate their feedback and avoids delays; and (iv) Lack of involvement of the private sector in the development and adoption of financial education methodologies. **Actions to mitigate this risk:** A Project Advisory Council will be created to ensure the participation of all interested parties throughout the life of the project, including FEBRABAN. Additionally, the project will develop knowledge products and dissemination events to create awareness on this topic and promote the adoption of financial education methodologies by the private sector, including a "How to guide" on the implementation of the financial education methodologies and a case study targeted to the financial sector.

## 7. ENVIRONMENTAL AND SOCIAL EFFECTS

- 7.1. This operation has been pre-evaluated and classified in accordance with the requirements of the Bank's Environment and Safeguards Compliance Policy (OP-703). Since the impacts and risks are limited, the project has been proposed as a category "C" operation. In terms of social spillover effects this project is expected to have a positive contribution in terms of social inclusion and women empowerment.

## 8. COMPLIANCE WITH MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 8.1. **Disbursement by Results and Fiduciary Arrangements.** The Executing Agency will adhere to the standard MIF disbursement by results, procurement and financial management arrangements specified in Annex VIII.
- 8.2. For the implementation of components I and II, AEF-Brasil will make a direct hiring the company Flow Brasil, which was selected through a competitive process<sup>28</sup>, prior to the approval of this project, for the first phase of the development of the financial education methodologies targeted to adults relying on behavioral science and key elements of the human centered design approach. In the first phase of the project, Flow Brasil was responsible for mapping the behavioral characteristics of each targeted beneficiaries in order to develop suited solutions for each

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<sup>28</sup> Elements taken into account in the selection included: costs, technical capacity, experience in the financial education area, and capacity to work in collaboration AEF-Brasil.

beneficiary group. Because there must be a consistency in the designing of the methodologies, it is not convenient to change suppliers at this stage.

#### **9. INFORMATION DISCLOSURE AND INTELLECTUAL PROPERTY**

- 9.1 **Information Disclosure.** The information associated with this project is not considered confidential under the Bank's Access to Information Policy.
- 9.2 **Intellectual Property.** The Bank will own the intellectual property of any work produced or results under this project.

## Logical Framework

### Designing Financial Education Methodologies to Improve Financial Behavior among Low-Income Women and Retirees (BR-M1131)

IMPACT							RISKS
Reduce the economic vulnerability and improve the living conditions of low income populations in Brazil <sup>1</sup>	<b>Indicator 1</b>	<i>Month 0 Baseline</i>	<i>Month 12</i>	<i>Month 24 (Cumulative)</i>	<i>Month 32 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>	Economic situation in Brazil leads to a rise in unemployment and inflation rates that could decrease household income thus hindering savings capacity, and could increase the use of credit fueling over indebtedness and delinquency.
	Percentage of CCT recipients who increase their savings				40%	40%	
	<b>Formula/Definition</b>						
	Percentage of CCT recipients reporting having increased savings <sup>2</sup> from the total population of CCT recipients receiving financial education	<b>Source:</b> baseline and ex-post surveys based on CCT recipient self-declaration.					
	<b>Indicator 2</b>	<i>Month 0 Baseline</i>	<i>Month 12</i>	<i>Month 24 (Cumulative)</i>	<i>Month 32 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>	Recent regulations that expanded the terms (number of years) for paying the payroll credit and that allows access of this type of credit through internet will increase the access and might contribute to increase the over indebtedness.
	Average annual formal savings growth among CCT recipients (310300)				10%	10%	
	<b>Formula/Definition</b>						
	Increase in savings in a financial institution of CCT recipients receiving financial education	<b>Source:</b> baseline and ex-post surveys based on CCT recipient self-declaration.					
	<b>Indicator 3</b>	<i>Month 0 Baseline</i>	<i>Month 12</i>	<i>Month 24 (Cumulative)</i>	<i>Month 32 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>	
	Average annual informal savings growth among CCT recipients				5%	5%	
	<b>Formula/Definition</b>						

<sup>1</sup> Indicators at the impact level will be measured through the impact evaluation to be conducted through this project. The total population considered for this study includes 1,500 CCT recipients and 1,500 retirees, beneficiaries of the financial education in the pilot phase of this project. Indicators on retirees will be disaggregated by gender.

<sup>2</sup> The impact evaluation will disaggregate by formal and informal savings

Increase of informal savings of CCT recipients	<b>Source:</b> baseline and ex-post surveys based on CCT recipient self-declaration.				
<b>Indicator 4</b>	<i>Month 0 Baseline</i>	<i>Month 12</i>	<i>Month 24 (Cumulative)</i>	<i>Month 32 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>
Percentage of CCT recipients who improve their budget planning				60%	60%
<b>Formula/Definition</b>					
Percentage of CCT recipients receiving financial education who report moving from awareness of inflows and outflows to control and/or plan of their finances	<b>Source:</b> baseline and ex-post surveys based on women self-declaration.				
<b>Indicator 5</b>	<i>Month 0 Baseline</i>	<i>Month 12</i>	<i>Month 24 (Cumulative)</i>	<i>Month 32 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>
Percentage of CCT recipients and retirees who improve their financial knowledge				50%	50%
<b>Formula/Definition</b>					
Percentage of CCT recipients and retirees receiving financial education who improve their knowledge	<b>Source:</b> baseline and ex post surveys and tests undertaken after the financial education has been provided.				
<b>Indicator 6</b>	<i>Month 0 Baseline</i>	<i>Month 12</i>	<i>Month 24 (Cumulative)</i>	<i>Month 32 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>
Percentage of over indebted retirees' pension used to cover their own basic needs				20%	20%
<b>Formula/Definition</b>					
Percentage of over indebted retirees receiving financial education who report utilizing pension to cover their own basic needs. The over indebted refers to any person who is unable to pay with their monthly income all her/his debts, without seriously compromising	<b>Source:</b> baseline and ex-post surveys based on retiree's self-declaration.				

Results may not be entirely captured because of the time constraints of the impact evaluation.

the livelihood (basic needs) of oneself and her/his family.					
<b>Indicator 7</b>	<i>Month 0 Baseline</i>	<i>Month 12</i>	<i>Month 24 (Cumulative)</i>	<i>Month 32 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>
Percentage of retirees reporting being on a delinquency condition.				20%	20%
<b>Formula/Definition</b>					
Percentage of retirees under delinquency conditions receiving financial education who report being on this status. Delinquency refers to the default of financial obligations and compromised payments on their maturity date. In Brazil, depending on the institution, there is a two to three months term of non-payment to a person be considered delinquent	<b>Source:</b> baseline and ex-post surveys based on retiree's self-declaration.				
<b>Indicator 8</b>	<i>Month 0 Baseline</i>	<i>Month 12</i>	<i>Month 24 (Cumulative)</i>	<i>Month 32 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>
Percentage of retirees reducing their debt				30%	30%
<b>Formula/Definition</b>					
Percentage of retirees receiving financial education reporting that they have reduced their debt.	<b>Source:</b> baseline and ex-post surveys based on retiree's self-declaration.				
<b>Indicator 9</b>	<i>Month 0 Baseline</i>	<i>Month 12</i>	<i>Month 24 (Cumulative)</i>	<i>Month 36 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>
Percentage of over indebted retirees that have a structured plan to reduce over indebtedness.				40%	40%
<b>Formula/Definition</b>					
Percentage of over indebted retirees receiving financial education who report having a structured plan to reduce over indebtedness.	<b>Source:</b> baseline and ex-post surveys based on retiree's self-declaration.				

The process of overcoming over indebtedness and delinquency takes time and great part of the impact of this intervention might not be revealed in the impact evaluation results, because of time limitations.

	<b>Indicator 10</b>	Month 0 Baseline	Month 12	Month 24 (Cumulative)	Month 36 (Cumulative )	Month 42 (Cumulative)	
	Key public / private / actors adopt new practices based on project’s knowledge (450300)					72	
	<b>Formula/Definition</b>						
	Number of public and private actors adopting or changing or applying the financial education methodology developed by this project.	<b>Source:</b> Executing agency report					
<b>RESULTS</b>							<b>RISKS</b>
Strengthen financial capabilities of low income CCT recipients and retirees in Brazil	<b>Indicator 1</b>	Month 0 Baseline	Month 12	Month 28 (Cumulative)	Month 32 (Cumulative)	Month 42 (Cumulative)	Changes in partners priorities
	Number of CCT recipients who received financial education			1,500		4,000 <sup>3</sup>	
	<b>Formula/Definition</b>						
	Number of CCT recipients who attend the entire training program	<b>Source:</b> participants data base					
	<b>Indicator 2</b>	Month 0 Baseline	Month 12	Month 28(Cumulative )	Month 32 (Cumulative)	Month 42 (Cumulative)	
	Number of retirees who received financial education			1,500		4,000 <sup>4</sup>	
	<b>Formula/Definition</b>						
	Number of retirees who attend the entire training program	<b>Source:</b> participants data base					
<b>COMPONENT 1</b>							<b>RISKS</b>
Design of new financial education methodologies (including format, content, and delivery	<b>Indicator 1</b>	Month 0 Baseline	Month 6	Month 24 (Cumulative)	Month 36 (Cumulative)	Month 42 (Cumulative)	AEF-Brasil’s technical board may request changes in format and content to the methodologies causing
	Number of CCT recipients that participated in development of		1,000			1,000	

<sup>3</sup> This number includes 2,500 of CCT recipients who receive financial education offered by third parties, after the pilot phase.

<sup>4</sup> This number includes 2,500 of retirees who receive financial education offered by third parties, after the pilot phase.

channels) for low-income women recipients of CCTS and low income retirees	methodology						delays
	<b>Formula/Definition</b>						
	Number of CCT recipients that attended prototyping sessions	<b>Source:</b> participants data base					
	<b>Indicator 2</b>	<i>Month 0 Baseline</i>	<i>Month 6</i>	<i>Month 24 (Cumulative)</i>	<i>Month 36 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>	
	Number of retirees that participated in development of methodology		1,000			1,000	
	<b>Formula/Definition</b>						
	Number retirees that attended prototyping sessions	<b>Source:</b> participants data base					
	<b>Indicator 3</b>	<i>Month 0 Baseline</i>	<i>Month 8</i>	<i>Month 24 (Cumulative)</i>	<i>Month 36 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>	
	Financial education methodology targeting CCT recipients systematized.		1			1	
	<b>Formula/Definition</b>						
	Content and tools of the methodology are structured and organized in a format that enables dissemination, application and knowledge sharing	<b>Source:</b> toolkit of financial education methodologies					
	<b>Indicator 4</b>	<i>Month 0 Baseline</i>	<i>Month 8</i>	<i>Month 24 (Cumulative)</i>	<i>Month 36 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>	
	Financial education methodology targeting retirees recipients systematized		1			1	
	<b>Formula/Definition</b>						
	Toolkit of financial education methodologies for retirees	<b>Source:</b> toolkit of financial education methodologies					
	<b>Indicator 5</b>	<i>Month 0 Baseline</i>	<i>Month 12</i>	<i>Month 24 (Cumulative)</i>	<i>Month 34(Cumulativ e)</i>	<i>Month 42 (Cumulative)</i>	
	Adapted methodologies based on impact evaluation				2	2	
<b>Formula/Definition</b>							
Both CCT and retirees financial education toolkits adapted	<b>Source:</b> adjustment report						



COMPONENT 2							RISKS
Implementation of financial education methodologies (including scale up plan)	<b>Indicator 1</b>	Month 0 Baseline	Month 12	Month 32 (Cumulative)	Month 36 (Cumulative)	Month 42 (Cumulative)	Lack of involvement of the private sector in the adoption of financial education methodologies developed.  Low engagement of local agents may lead to a lower number of implementers in the expansion
	Scale-up plans developed for CCT and retirees				2	2	
	<b>Formula/Definition</b>						
	Scale-up plans developed for both target populations	<b>Source:</b> Scale-up reports and agreements with third parties					
	<b>Indicator 2</b>	Month 0 Baseline	Month 16	Month 32 (Cumulative)	Month 36 (Cumulative)	Month 42 (Cumulative)	
	Number of local implementers trained on CCT recipients and retirees financial education methodologies		120			120	
	<b>Formula/Definition</b>						
	Local implementers that received training	<b>Source:</b> List of participants and participants' assessment					
COMPONENT 3							RISKS
Knowledge and communication strategy	<b>Indicator 1</b>	Month 0 Baseline	Month 12	Month 24 (Cumulative)	Month 34 (Cumulative)	Month 42 (Cumulative)	
	Number of public sector actors that receive the project fact sheet, the infographic, the how-to-guide, and the thematic study with recommendations for public sector					80	
	<b>Formula/Definition</b>						
	Public sector representatives from the Ministry of Social Development (MDS) and Ministry of Social Security (MPS) and other relevant authorities in Brazil.	<b>Source:</b> Email communications, website visits, and attendance lists of knowledge sharing workshops and dissemination events					
	<b>Indicator 2</b>	Month 0 Baseline	Month 12	Month 24 (Cumulative)	Month 39(Cumulativ e)	Month 42 (Cumulative)	
	Number of private sector actors that receive the infographic, the					40	

how-to-guide, and the case study with recommendations for private sector.					
<b>Formula/Definition</b>					
Financial entities in Brazil.	<b>Source:</b> Email communications, website visits, and attendance lists of knowledge sharing workshops and dissemination events				
<b>Indicator 3</b>	<i>Month 0 Baseline</i>	<i>Month 12</i>	<i>Month 24 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>
Number of international public sector actors that receive the project fact sheet, the infographic, the how-to-guide, and the thematic study with recommendations for public sector					20
<b>Formula/Definition</b>					
Public sector representatives from LAC countries.	<b>Source:</b> Email communications, website visits, and attendance lists of knowledge sharing workshops and dissemination events				
<b>Indicator 4</b>	<i>Month 0 Baseline</i>	<i>Month 12</i>	<i>Month 24 (Cumulative)</i>	<i>Month 38 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>
Number of international private sector actors that receive the infographic, the how-to-guide, and the case study with recommendations for private sector.					50
<b>Formula/Definition</b>					
Financial entities in LAC	<b>Source:</b> Email communications, website visits, and attendance lists of knowledge sharing workshops and dissemination events				
<b>Indicator 5</b>	<i>Month 0 Baseline</i>	<i>Month 12</i>	<i>Month 24 (Cumulative)</i>	<i>Month 38 (Cumulative)</i>	<i>Month 42 (Cumulative)</i>
Number of academics and NGOs that receive the project fact sheet, the infographic, the video, the how-to guide					50
<b>Formula/Definition</b>					
National and international	<b>Source:</b> Email communications, website visits, and attendance lists of				

	academics and NGO representatives	knowledge sharing workshops and dissemination events	
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**Annex II. DETAILED BUDGET**  
**Designing Financial Education Methodologies to Improve Financial Behavior among Low-Income Women and Retirees**  
**(BR-M1131)**

	COMPONENTS	Project Total Amount	MIF	Local Counterpart		
				Cash	In Kind	Counterpart Total
	<b>COMPONENT I: Design of New Financial Education Methodologies for Low-Income Women Recipients of CCTs and Low-Income Retirees</b>	<b>\$369,295</b>	<b>\$277,295</b>	<b>\$84,000</b>	<b>\$8,000</b>	<b>\$92,000</b>
1.1.	Testing of financial education methodologies targeted to CCT recipients and retirees	\$305,397	\$221,397	\$84,000	\$0	\$84,000
1.1.1.	Development of methodologies to be tested (content, format, distribution channels)	\$212,004	\$148,004	\$64,000	\$0	\$64,000
1.1.2.	Production of testing material	\$50,321	\$39,321	\$11,000	\$0	\$11,000
1.1.3.	Field visits to test methodology	\$43,071	\$34,071	\$9,000	\$0	\$9,000
1.2.	<b>Systematization of financial education methodologies</b>	<b>\$55,898</b>	<b>\$55,898</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
1.2.1.	Prepare methodology toolkits	\$54,005	\$54,005	\$0	\$0	\$0
1.2.2.	Validation workshops	\$1,893	\$1,893	\$0	\$0	\$0
1.3	<b>Refine financial education methodologies including feedback from impact evaluation results</b>	<b>\$8,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,000</b>	<b>\$8,000</b>
1.3.1.	Review and adjust methodology	\$8,000	\$0	\$0	\$8,000	\$8,000
	<b>COMPONENT II: Implementation of Financial Education Methodologies</b>	<b>\$594,800</b>	<b>\$102,259</b>	<b>\$115,541</b>	<b>\$377,000</b>	<b>\$492,541</b>
2.1	<b>Develop pilot and scale-up plan</b>	<b>\$15,714</b>	<b>\$0</b>	<b>\$14,714</b>	<b>\$1,000</b>	<b>\$15,714</b>
2.1.1.	Workshop	\$10,714	\$0	\$10,714	\$0	\$10,714
2.1.2.	Workshop logistics	\$4,000	\$0	\$4,000	\$0	\$4,000
2.1.3.	Revise scale-up plan	\$1,000	\$0	\$0	\$1,000	\$1,000
2.2.	<b>Train local implementers</b>	<b>\$161,654</b>	<b>\$80,827</b>	<b>\$80,827</b>	<b>\$0</b>	<b>\$80,827</b>
2.2.1.	Toolkit production and printing	\$32,018	\$16,009	\$16,009	\$0	\$16,009
2.2.2.	Capacity building sessions	\$23,500	\$11,750	\$11,750	\$0	\$11,750
2.2.3.	Trainers	\$53,068	\$26,534	\$26,534	\$0	\$26,534
2.2.4.	Monitoring of the application	\$53,068	\$26,534	\$26,534	\$0	\$26,534
2.3.	<b>Implementation of pilot phase applying financial education methodologies on CCT recipients</b>	<b>\$99,000</b>	<b>\$0</b>	<b>\$5,000</b>	<b>\$94,000</b>	<b>\$99,000</b>
2.3.1.	Articulate with local government and NGOs	\$4,000	\$0	\$0	\$4,000	\$4,000
2.3.2.	Application of the methodology by partners	\$90,000	\$0	\$0	\$90,000	\$90,000
2.3.3.	Field visits	\$5,000	\$0	\$5,000	\$0	\$5,000
2.4.	<b>Implementation of pilot phase applying financial education methodologies on retirees</b>	<b>\$99,000</b>	<b>\$0</b>	<b>\$5,000</b>	<b>\$94,000</b>	<b>\$99,000</b>
2.4.1.	Articulate with local government and NGOs	\$4,000	\$0	\$0	\$4,000	\$4,000
2.4.2.	Application of the methodology by partners	\$90,000	\$0	\$0	\$90,000	\$90,000
2.4.3.	Field visits	\$5,000	\$0	\$5,000	\$0	\$5,000
2.5	<b>Implementation of scale-up phase of revised financial education methodologies among CCT recipients</b>	<b>\$99,000</b>	<b>\$0</b>	<b>\$5,000</b>	<b>\$94,000</b>	<b>\$99,000</b>
2.5.1.	Articulate with local government and NGOs	\$4,000	\$0	\$0	\$4,000	\$4,000
2.5.2.	Application of the methodology by partners	\$90,000	\$0	\$0	\$90,000	\$90,000
2.5.3.	Field visits	\$5,000	\$0	\$5,000	\$0	\$5,000
2.6	<b>Implementation of scale-up of revised financial education methodologies among retirees</b>	<b>\$99,000</b>	<b>\$0</b>	<b>\$5,000</b>	<b>\$94,000</b>	<b>\$99,000</b>
2.6.1.	Articulate with local government and NGOs	\$4,000	\$0	\$0	\$4,000	\$4,000
2.6.2.	Application of the methodology by partners	\$90,000	\$0	\$0	\$90,000	\$90,000
2.6.3.	Field visits	\$5,000	\$0	\$5,000	\$0	\$5,000
2.7	<b>Supervise implementation of scale-up plan</b>	<b>\$21,432</b>	<b>\$21,432</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
2.7.1.	Project Assistant	\$21,432	\$21,432	\$0	\$0	\$0
	<b>COMPONENT III: Knowledge and Communication Strategy</b>	<b>\$67,255</b>	<b>\$23,262</b>	<b>\$43,993</b>	<b>\$0</b>	<b>\$43,993</b>
3.1	<b>Develop project website</b>	<b>\$22,500</b>	<b>\$0</b>	<b>\$22,500</b>	<b>\$0</b>	<b>\$22,500</b>
3.1.1.	Web designer	\$12,500	\$0	\$12,500	\$0	\$12,500
3.1.2.	Video Production	\$10,000	\$0	\$10,000	\$0	\$10,000
3.2	<b>Develop how-to guide about the implementation of methodology</b>	<b>\$7,679</b>	<b>\$7,679</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
3.2.1	Graphic Designer	\$3,571	\$3,571	\$0	\$0	\$0
3.2.2	Print Material	\$4,107	\$4,107	\$0	\$0	\$0
3.3	<b>Organize knowledge sharing workshops</b>	<b>\$6,000</b>	<b>\$0</b>	<b>\$6,000</b>	<b>\$0</b>	<b>\$6,000</b>
3.3.1	Event development, organization, coordination, and logistics	\$6,000	\$0	\$6,000	\$0	\$6,000
3.4	<b>Develop thematic study with recommendations for public sector</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
3.4.1	Thematic study development	\$10,000	\$10,000	\$0	\$0	\$0
3.5	<b>Develop case study with recommendations for financial sectors</b>	<b>\$10,000</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$5,000</b>
3.5.1	Case study development	\$10,000	\$5,000	\$5,000	\$0	\$5,000
3.6	<b>Prepare infographic with impact evaluation results</b>	<b>\$1,000</b>	<b>\$500</b>	<b>\$500</b>	<b>\$0</b>	<b>\$500</b>
3.6.1	Graphic design	\$1,000	\$500	\$500	\$0	\$500
3.7	<b>Organize international conference on financial education</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$5,000</b>
3.7.1	Event development, organization, coordination and logistics	\$5,000	\$0	\$5,000	\$0	\$5,000
3.8	<b>Organize webinars to disseminate project results and lessons learned</b>	<b>\$76</b>	<b>\$0</b>	<b>\$76</b>	<b>\$0</b>	<b>\$76</b>
3.8.1	Online invitations	\$76	\$0	\$76	\$0	\$76
3.9	<b>Translations</b>	<b>\$5,000</b>	<b>\$83</b>	<b>\$4,917</b>	<b>\$0</b>	<b>\$4,917</b>
3.9.1	Translator	\$5,000	\$83	\$4,917	\$0	\$4,917
	<b>Execution and Supervision</b>	<b>\$194,016</b>	<b>\$40,512</b>	<b>\$0</b>	<b>\$153,504</b>	<b>\$153,504</b>
	Project Coordinator	\$108,912	\$0	\$0	\$108,912	\$108,912
	Project Financial Coordinator	\$44,592	\$0	\$0	\$44,592	\$44,592
	Project Assistant	\$21,432	\$21,432	\$0	\$0	\$0
	Project Administrative Intern	\$19,080	\$19,080	\$0	\$0	\$0
	<b>Monitoring, Evaluation and Ex-post Reviews</b>	<b>\$185,000</b>	<b>\$68,000</b>	<b>\$117,000</b>	<b>\$0</b>	<b>\$117,000</b>
	Mid-Term Evaluation	\$12,000	\$12,000	\$0	\$0	\$0
	Final Evaluation	\$12,000	\$12,000	\$0	\$0	\$0
	Ex-Post Reviews	\$28,000	\$28,000	\$0	\$0	\$0
	Impact evaluation and results report	\$111,000	\$0	\$111,000	\$0	\$111,000
	Contingencies	\$12,000	\$6,000	\$6,000	\$0	\$6,000
	Institutional Strengthening (Financial Management and/or Procurement Training)	\$10,000	\$10,000	\$0	\$0	\$0
	<b>TOTAL</b>	<b>\$1,410,366</b>	<b>\$511,328</b>	<b>\$360,534</b>	<b>\$538,504</b>	<b>\$899,038</b>

# Quality for Effectiveness in Development - (QED)

Donors Memorandum

October 16, 2015

## SECTION 1: PROJECT SUMMARY

<b>PROJECT NAME:</b> Promoting Financial Education among Low-Income Women and Retirees	Project Number: BR-M1131
<b>DESIGN TEAM LEADER:</b> Fermin Vivanco	

## SECTION 2: QED CONTENT

1. Project Characteristics and alignment	<b>6.5</b>
<b>Specific benefits for women (5 Points)</b>	
1.1.1. The project has specific benefits for women	2
<b>Specific benefits for excluded populations and at-risk youth (2 Points)</b>	
1.1.2. The project has specific benefits for excluded populations	1
1.1.3. The project has specific benefits for this excluded populations	0
<b>The project targets firms with significant growth and job potential (3 Points)</b>	
1.1.4. The project targets firms with significant growth and job potential	0
<b>Specific benefits for the environment(2 Points)</b>	
1.1.5. The project has specific benefits for the enviroment (GHG reduction, water savings, conservation, biodiversity)	0
<b>Systemic Impact (3 Points)</b>	
1.1.6. The project contributes to systemic impact, by (i) creating or expanding markets, (ii) scaling or replicating development models, or (iii) improving policies, regulations, or legal frameworks, or (iv) promoting adoption of practices by key public or private actors or institutions.	2
<b>Innovation (3 Points)</b>	
1.1.7. The project seeks to introduce new products or services into markets or fosters new processes within businesses or organizations	1
<b>Experimentation (2 Points)</b>	
1.1.8. The project will test new solution(s) to a specific problem under controlled conditions, using rigorous methodologies.	2
<b>Target 1: Private Sector Development (50 Points)</b>	
1.2.1. Foster entrepreneurship including innovative early stage firms	0
1.2.2. Improve the productivity of micro and small firms and small farms	0
1.2.3. Strengthen business environment including public/private collaboration	2
1.2.4. Inclusive Green Growth	0
1.2.5. Expand inclusive access to markets	0
1.2.6. Expand access to financial services and develop financial markets and institutions	2
1.2.7. Expand private sector provision of basic services	0
<b>Target 2: Poverty reduction (20 Points)</b>	
1.2.8. The project will be implemented in a region with a high incidence of poverty or target beneficiaries from the poor strata	2
1.3.1. Collaboration within the Bank Group. The document mentions how the project aligns with other Bank interventions, in both the public and private sectors, as appropriate.	1
1.3.2. Collaboration with outside actors for scalability and policy impact. The project has potential for scalability after execution. Project design includes activities aimed at fostering partnerships with the intention to scale, raising additional funds for replication and/or	2

other similar activities.	
<b>2. Project Diagnosis</b>	<b>6.9</b>
<b>Diagnostic of the problem (60 Points)</b>	
2.1. The problem is identified	1
2.2. The causes of the problem are identified	2
2.3. The effects of the problem are identified	2
2.4. Gender inequality issues are identified	1
2.5. Beneficiary identification	2
<b>Proposed Solution (40 Points)</b>	
2.6. Logic of the intervention	1
2.7. Description of the model	1
2.8. Description of the components	1
2.9. Gender issues addressed by the components	0
2.10. Lessons learned	1
2.11. Evidence	0
<b>3. Additionality</b>	<b>10.0</b>
3.1. Non-financial contribution	2
3.2. Financial contribution	2
3.3. Additional funding	2
3.4. Executing agency strengthening	2
<b>4. Monitoring &amp; Evaluation, Knowledge Sharing and Strategic Communication</b>	<b>5.3</b>
<b>Monitoring &amp; Evaluation (50 Points)</b>	
4.1. Monitoring mechanisms	1
4.2. Evaluation questions	0
4.3. Evaluation methodology	2
4.4. Evaluation activities	1
<b>Knowledge Sharing &amp; Strategic Communication (50 Points)</b>	
4.5. Knowledge gap	0
4.6. Knowledge sharing products are defined and appropriate to the audiences	2
4.7. Communication strategy	2
<b>5. Logical Framework Quality</b>	<b>10.0</b>
5.1. Project impact and results	2
5.2. Vertical logic	2
5.3. Horizontal logic	2
5.4. Baseline, intermediate and target values	2
5.5. SMART Indicators	2
5.6. Indicators are sex-disaggregated	2

5.7. Source, or means for collecting data	2
5.8. Risks/assumptions column of the logical framework	2
<b>6. Risks</b>	<b>6.3</b>
6.1. Experience and the skills of the executing agency	0
6.2. Risks identification	1
6.3. Mitigation measures	2
6.4. IDB environmental/social policies	2

<b>TOTAL</b>	<b>7.5</b>

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION MIF/DE-\_\_\_/15

Brazil. Nonreimbursable Technical Cooperation ATN/ME-\_\_\_\_-BR  
Designing Financial Education Methodologies to Improve Financial  
Behavior among Low-Income Women and Retirees in Brazil

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with Associação de Educação Financeira do Brasil (AEF- Brasil), and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-\_\_\_ with respect to technical cooperation for designing financial education methodologies to improve financial behavior among low-income women and retirees in Brazil.

2. That up to the amount of US\$511,328 or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the resources of the Multilateral Investment Fund.

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

(Adopted on \_\_ \_\_\_\_\_ 2015)

LEG/NSG/IDBDOCS:39902323  
BR-M1131