



## RESULTS-BASED FINANCING AT THE WORLD BANK

# Mexico

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**PROJECT NAME:** Support to Oportunidades Project**TIME PERIOD:** 2009-2013**LENDING INSTRUMENT:** Specific Investment Loan (SIL)**PROJECT ID:** P115067 & P122349 (Additional Financing-AF)**TTL:** Theresa Jones**RBF COMPONENT OR PROJECT:** Project**UNIT:** LCSHS-DPT**AMOUNT (USD):** US\$1,503.76 Million and US\$1,498 Million (AF)**PILOT (Y/N):** No

Characteristic	Description
<b>CONTEXT AND RATIONALE</b>	<p>Since its creation in 1997, Oportunidades (then called PROGRESA) has received widespread attention for its success in helping millions of poor families exit the poverty cycle. Oportunidades focuses on nutrition, health and education. In 1997, coverage began with 300,000 families in defined rural areas; in 2001, the program had expanded to include semi-urban areas and by 2002 had reached the urban areas. Now in its fourteenth year of operation, Oportunidades covers more than 5.5 million poor families (approximately 25 percent of the country's population) nationwide. Bank support to Oportunidades comprises of financing, knowledge and convening services that aims to expand and strengthen the program. The Bank initially committed US\$1.5 billion in 2009, and devoted US\$1.25 billion in additional financing to help scale-up activities in 2010.</p>
<b>OBJECTIVE OF PROGRAM</b>	<p>The project aims to support the Government of Mexico's conditional cash transfer (CCT) program Oportunidades, which as of December 2010 served about 5.8 million families. The Bank's operation principal Project Development Objectives (PDO) are:</p> <ul style="list-style-type: none"> <li>• Increase capacities in health, nutrition and education of poor families through human capital investment by promoting regular health checkups, improving health status, and raising school enrollment and attendance rates.</li> <li>• Build sustainable connection between Oportunidades and other social programs of the Government of Mexico in order to improve health and education outcomes for Program participants.</li> </ul> <p>The first component of the Bank project provided up to US\$1498 million to finance bi-monthly cash payments of up to 5 cash transfers to participating families who comply with the conditions. With the additional financing approved in 2010, the component received an additional US\$1244 million.</p>
<b>BENEFICIARIES</b>	<p>The program has expanded rapidly, from 300,000 families mostly rural villagers in its early stages to becoming an integral part of the nation's social policy. At the end of 2009 it enrolled 5.2 million households in 95,000 localities. By December 2010, the project witnessed a 9 percent increase to 5.8 million families from largely urban areas. A combination of geographical targeting and proxy means testing is used to identify eligible households. Every 5 to 6 years, the program recertifies the eligibility of participating families. Families who do not continue to qualify after the re-certification process receive an alternative limited scheme of support or exit the program.</p>
<b>TYPE OF RBF INTERVENTION</b>	<p>Oportunidades is a conditional cash transfer (CCT) program.</p>

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<b>TYPE AND AMOUNT OF INCENTIVE PROVIDED</b>	<p>Oportunidades disburses cash transfers (grants) to extremely poor families, conditional on compliance with certain requirements. There is a full structure of cash transfers that are awarded under the program which covers, education, youth, elderly, health and nutrition. In 2010, the health and nutrition cash transfer to families was US\$16.2 per month. In addition to the cash transfers, the program provides in-kind transfers: A basic package of health services free of charge and bimonthly delivery of food supplements for young children, malnourished children, pregnant and lactating mothers</p>
<b>TARGETS AND INDICATORS FOR RECEIVING PAYMENTS</b>	<p>Beneficiary families must comply with the following co-responsibilities in order to receive their cash payments. Currently, these include:</p> <ul style="list-style-type: none"> <li>• Ensuring that all household members visit health centers at least twice a year (more frequently for pregnant women, newborns, and children under 24 months, all according to established protocols);</li> <li>• Assuring that children or youth from third grade to 21 years old enroll in school and, for those students from the third grade of primary school to the 3rd level of secondary school, attend classes no less than 85% of the time; and</li> <li>• Assuring that an adult (greater than 15 years of age) member of the family attends a monthly health information workshop.</li> </ul>
<b>PAYMENT RULES AND MECHANISM</b>	<p>The payment process is overseen by the National Coordination Agency (NCA). The agency contracts specialized financial institutions (liquidadoras) to make payments directly to families or to deposit the transfers into personal saving accounts. Families who have met their co-responsibilities and are thus eligible for the payment receive their support either at the local branch of the paying institution or at temporary pay points set up for the purpose. These institutions adhere to a schedule of payment laid out by the NCA. The Program is in the process of modernizing their payment system so that payments can be made through beneficiary bank accounts or debit cards. However, many beneficiaries still receive their benefits in cash envelopes, after they have presented their personal identification cards and personalized vouchers, containing barcodes and other security elements. The use of vouchers mitigates: (i) the beneficiary leakage risk, as only beneficiaries with authorized vouchers issued by the NCA may receive payments; and (ii) liquidadora leakage risk, as every payment to beneficiaries has to be supported with the receipt end of the voucher. For verification purposes, payments are fully reconciled after each cycle. If the family (usually the mother/ female head) does not pick up the payment, a re-payment can be requested. According to program guidelines, this can be done for up to two payment cycles. Unused funds for beneficiaries who did not receive their payments are returned to the NCA. In 2010, the program started making electronic payments into debit card accounts, especially in the urban areas. More than 2 million families are now receiving the payment electronically and are required to attend a workshop on financial education.</p>
<b>MONITORING AND VERIFICATION PROCESS</b>	<p>There are three main structures in place to monitor the program results: The first structure extracts information from the MIR (Matrix of Indicators on Results) and from the providers of health and education services to track the number of beneficiaries and their composition, the beneficiaries' compliance with conditions, the payment of program grants, the intermediate outcome indicators in relation to education and health, and the management indicators that monitor different phases of the program. As of 2009, the operational rules set out 33 indicators that are monitored in the MIR. The second structure is a survey of beneficiaries and program providers called sentinel points. Conducted semi-annually since 2000, this survey produces information on perceptions of service quality. The third structure consists of regular assessments of program operations by external experts using the monitoring and management data. The public has access to all data and assessments on the program's website.</p>

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<p><b>INSTITUTIONAL ARRANGEMENTS AND ROLES</b></p>	<p>With over a decade worth of experience, Oportunidades has well-developed institutions with clearly defined roles and responsibilities. At the federal level, four institutions participate in the operation of Oportunidades: the Departments of Social Development (Secretaria de Desarrollo Social – SEDESOL), Education (Secretaria de Educación Pública – SEP), Health, and the Mexican Social Security Institute (Instituto Mexicano de Seguro Social – IMSS). SEDESOL is responsible for general coordination of Oportunidades through the National Coordination Agency of the Program. The National Coordination Agency reports to SEDESOL, but has technical and operational autonomy.</p> <p>The National Coordination Agency is headed by a Presidential appointee and works with a Council and a Technical Committee in order to carry out its functions. The Council authorizes policies on coordination, monitoring, supervision, and evaluation; defines operational strategy; reviews results and makes recommendations for improvements. The Technical Committee is responsible for overall coordination and operation of the Program, and has the following specific roles: approve the Operational Rules and any modifications; supervise the Program; adapt measures to ensure efficient and transparent operation of the Program; and review the performance of the agencies participating in the Program and facilitate their coordination.</p> <p>There are Coordination Agencies (who also report to SEDESOL) in each state (32 states, including the Federal District). These agencies are responsible for attending to the families and for operating and supervising the program at the state level. State governments and/or representatives of federal programs are responsible for providing the education and health services for Oportunidades families.</p> <p>The mechanism for inter-institutional coordination at the state level between federal and state authorities in the area of health, education, and social development, is provided by State level Technical Committees. The main responsibilities of these committees include the identification of new families to be incorporated; supervision, particularly the delivery of health and education services; proposing changes in operating procedures; ensuring the validity of data on compliance with conditions by program participants, and ensuring the timely response to complaints, allegations, and general requests of participants. The primary role at the municipal level is to provide logistical support. Neither state nor municipal governments can modify the operational rules of the program, nor make any changes in the list of beneficiaries or their representatives.</p> <p>Oportunidades operates on an “Attention and Service Model” which aims to provide the beneficiary families with guidance and to facilitate the efficient management and processing of administrative procedures. Municipalities are grouped into zones and in each zone there is a Center of Attention and Registry. These are supplemented at the community level with Attention and Service Desks. Volunteers selected by and among Program participants are organized into Community Promotion Committees whose purpose is to improve the link between the families and the personnel of the various services and the National Coordination Agency.</p>

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<p><b>EVALUATION STRATEGY AND RESULTS</b></p>	<p>Oportunidades has been described as iconic for the rigor of its impact evaluation design, which was explicitly built into the program from the start. As a result, since 1997 extensive qualitative and quantitative data has been collected. This section focuses on some of the most recent results emanating from 2007 surveys conducted from rural areas and 2009 for urban areas. In the case of health, a recent study of long term effects showed increases in prenatal care, less likelihood of adolescents to engage in risky behavior, and reductions in obesity and chronic illness among program participants. In 2008, a ten-year analysis of households in rural areas confirmed the increases in overall food consumption have been sustained over time. In the case of indigenous peoples who are generally poorer at baseline, the consumption impact was found to be greater, implying that the program has helped to close the gap with other population groups. Other results include:</p> <p><b>Health</b></p> <ul style="list-style-type: none"> <li>• Less morbidity of beneficiaries below the age of 2 during the last 15 days compared to non-beneficiaries : 35.5 percent vs 39.9 percent</li> <li>• Less prevalence of diarrhea in beneficiaries below the age of 2 compared to non-beneficiaries: 9.1 versus 11.8 percent</li> <li>• Increase of 57 percent in the use of contraceptive methods in female beneficiaries between 15 and 49 years</li> </ul> <p><b>Nutrition</b></p> <ul style="list-style-type: none"> <li>• Reduction by 22.2 percentage points in the prevalence of stunting in beneficiaries below the age of two.</li> <li>• Reduction of 11.8 percentage points in the prevalence of anemia in beneficiaries below the age of two</li> <li>• Reduction by 5.4 (urban areas) and 14.2 (rural areas) percentage points in the prevalence of anemia in pregnant women between 17 and 22 years.</li> </ul> <p><b>Education</b></p> <ul style="list-style-type: none"> <li>• Increase in additional years of schooling</li> <li>• Female and male beneficiaries (17-22 years): 0.85 and 0.65 additional years in school</li> <li>• Youth (19-20years): 0.9 additional years in school</li> <li>• Indigenous beneficiaries 0.64 (women), 0.84 (men) additional years in school</li> <li>• Increase of 10 percent in the scores on the Woodcock-Johnson exams in mathematics for men and women between 19-22 years.</li> </ul> <p>Overall, the available evidence on the program shows that it has been largely successful in raising households' income, putting more children in school, and improving the health and nutrition status of its participants of all ages. Some challenges, however, remain. Though the program has had a positive impact on child nutrition, the impact is lower than anticipated and the prevalence of stunting continues to be very high among the beneficiary population. Results on cognitive development are also mixed, underscoring the importance of having existing interventions complemented with promotion of early childhood stimulation by parents.</p>
<p><b>STATUS REPORT</b></p>	<p>In 2010, the project received additional financing in the amount of US \$1250 million to help finance the costs associated with the operation of Oportunidades during 2011-2013, including scaled-up activities and continued support for improvements in its effectiveness. With the additional financing the goal is to increase coverage from 5.2 million to 5.8 million families. The project's objectives and implementation progress were both rated as satisfactory in a recent Implementation Status Report (ISR), noting that the outcomes of the project exceeds expectations set out in the project appraisal document in most areas.</p>

**LINKS TO REFERENCES AND OTHER WEB RESOURCES**

**The World Bank.** Mexico-Support to the Oportunidades Project (Project Appraisal Document). Published March 13, 2009. Available at: [http://imagebank.worldbank.org/servlet/WDSContentServer/IB/2009/03/24/000333038\\_20090324025531/Rendered/PDF/468210PAD0P1151e0only10R20091005811.pdf](http://imagebank.worldbank.org/servlet/WDSContentServer/IB/2009/03/24/000333038_20090324025531/Rendered/PDF/468210PAD0P1151e0only10R20091005811.pdf)

**The World Bank.** Mexico- Support to the Oportunidades Project-Additional Financing (Project Paper). Published October 6, 2010. Available at: [http://imagebank.worldbank.org/servlet/WDSContentServer/IB/2010/10/22/000333037\\_20101022002142/Rendered/PDF/558590PJPROP1210official0Use00nly191.pdf](http://imagebank.worldbank.org/servlet/WDSContentServer/IB/2010/10/22/000333037_20101022002142/Rendered/PDF/558590PJPROP1210official0Use00nly191.pdf)

**The World Bank.** Mexico-Support to Oportunidades Project (Implementation Status and Results Report). Published January 23, 2011. Available at: [http://imagebank.worldbank.org/servlet/WDSContentServer/IB/LCR/2011/02/04/0DDCC6E65088DAC68525782E00165161/1\\_0/Rendered/PDF/P1150670ISR0Di0204201111296878626125.pdf](http://imagebank.worldbank.org/servlet/WDSContentServer/IB/LCR/2011/02/04/0DDCC6E65088DAC68525782E00165161/1_0/Rendered/PDF/P1150670ISR0Di0204201111296878626125.pdf)

**Oportunidades Program**, main webpage: Available at: <http://www.oportunidades.gob.mx>