DISPROPORTIONATE IMPACT

CATALYZING INNOVATIVE PRIVATE-SECTOR DEVELOPMENT IN LATIN AMERICA AND THE CARIBBEAN 2007–2015

MIN
Multilateral Investment Fund
Member of the **IDB Group**

CONTENTS

Our Constant is Change. Our *Modus Operandi* Is Adaptability to Regional Needs.

20+ years of supporting private-sector-led innovation benefiting low-income populations and the poor

For more than two decades, the Multilateral Investment Fund (MIF) has responded to changing conditions in Latin America and the Caribbean. From the booming market reforms of the 1990s and early 2000s, through the financial crisis that began in 2007, the precipitous decline in commodities prices in the past few years, and natural disasters like the 2010 Haiti earthquake, the MIF has accompanied the region to support systemic change in crucial sectors that offer economic opportunities to poor and vulnerable populations.

In 2007, with the approval of the MIF II mandate and replenishment of our fund, we changed gears once again to continue carrying out our purpose of helping the region, this time by catalyzing market transformation in commercial microfinance, venture capital, climate change, remittances, youth employment and skills training, and public-private partnerships.

2015 witnessed a sea change in thinking and practice about the private sector's role in development. The international community has recognized that stubborn development problems cannot be solved by the public sector alone; the private sector must play a leading role. Crowding in private-sector resources to address development challenges can't be done in the same business-as-usual way: not for the development community, nor for the private sector. There is a need for disruption and innovation, employing completely new ways of approaching and solving development issues.

In response to these challenges, and building on its 23-year track record, the MIF recently revamped its strategy. We are consolidating our position as the innovation lab for the Inter-American Development Bank (IDB) Group, with an eye toward scaling up innovative solutions and leveraging our work via our IDB Group "family"—the IDB and the Inter-American Investment Corporation (IIC). The MIF's recently approved business plan for 2016-2018 prioritizes the creation, use, and adoption of innovative solutions to crowd in private resources and promote Latin America and the Caribbean as a region of Climate-Smart Agriculture, Inclusive Cities, and Knowledge Economies.

The MIF's daily mission is to address poverty and vulnerability by focusing on emerging businesses and smallholder farmers with the capacity to grow and create economic opportunities. By learning from our experiences and those of others, we plan to spark the innovation required to help the region face the challenges and seize the opportunities of the next decade.

Brigit Helms
General Manager
Multilateral Investment Fund

INTRODUCTION

The Multilateral Investment Fund (MIF) was created in 1993 by 21 donor countries. In 2007, 39 donor countries replenished the fund with a renewed mandate to support economic growth and reduce poverty in Latin American and the Caribbean.

This book highlights the major achievements of MIF II from 2007 through 2015, as it adapted and accompanied the region through changing economic and social conditions. During this period, the MIF continued fostering systemic change in critical sectors that support economic growth for poor and vulnerable populations in the region.

Haiti, 2010

MIF II TIMELINE

2007 was the fourth consecutive year of strong growth in Latin America and the Caribbean. Inflation held at moderate levels in nearly all countries, and fiscal and external balances remained positive for the region as a whole. Against this backdrop of stability and growth, unemployment and poverty continued to decline. However, the reduction in unemployment rates was very modest, and the costs of food and energy were rising in several countries.

2007

Global financial crisis begins

Youth employment

entra21, the MIF's regional youth employment program, entered its second phase. It provided disadvantaged youth ages 16 to 29 with training in information technology and job skills, and access to quality jobs. By forging partnerships between businesses, governments, and nongovernmental organizations, with the goal of creating training programs specific to the demands of local labor markets, *entra21* supplied businesses with skilled workers, and trainees with possibilities for internships and jobs. During its full lifespan, from 2001 to 2011, *entra21* benefited more than 135,000 youth in 22 countries and achieved job-placement rates of 49 percent to 54 percent.

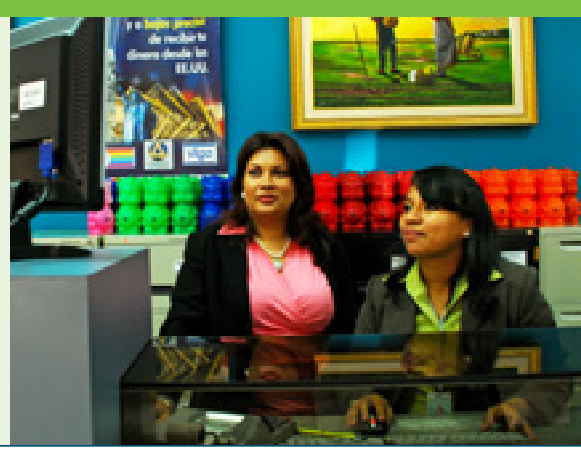
Public-private partnership

The MIF's resources ($675,000) helped leverage more than $300 million in private investment in the first public-private partnership (PPP) road project in the history of Brazil. The consortium created by the project revitalized highway MG-050, a key artery in the state of Minas Gerais. By harnessing private competition, the project improved transport logistics for seven cities along the route, and improved the flow of goods from major markets such as São Paulo and Rio de Janeiro to other states.

2008

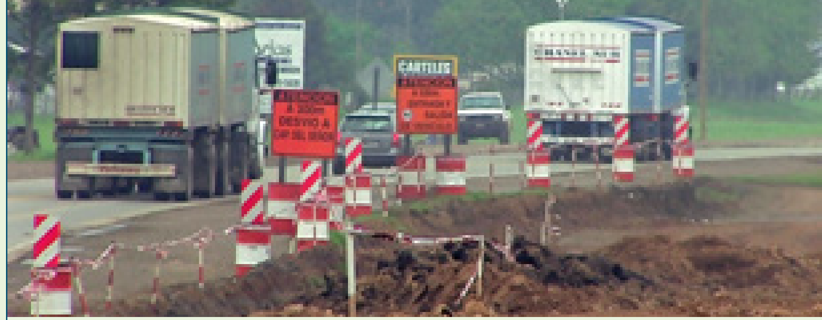
Remittances

The MIF's remittances program completed large-scale surveys of remittance senders and recipients for many years. The MIF made these surveys public, through press conferences and a series of events in Latin America and the Caribbean, to raise awareness of the high costs of sending the money. In 2008, the publicity generated helped drive down the cost of sending remittances, from 15 percent per transaction in 2000, to 5.6 percent. This represented a savings of approximately $6.25 billion for migrant workers and their families that year.



INOVAR

The Brazilian government's Funding Authority for Studies and Projects and Ministry of Science and Technology approached the MIF in 2000 to work on bridging gaps in the venture capital (VC) and private equity (PE) industries in Brazil. The resulting $11 million program, INOVAR, profoundly changed the VC landscape in Brazil. The program supported the development of a supportive ecosystem for VC investments, forged institutional relationships between local and international investors, and established a regulatory framework and legal vehicles for on-shore VC/PE investment. When INOVAR ended in 2008, 45 companies had received more than $2 billion in VC/PE investment. The program's success inspired similar efforts in other countries in the region, and the MIF launched INOVAR II that same year to focus on seed investments and the creation of angel networks.



PPPAmericas

The MIF held the first edition of PPPAmericas, a conference that has become the seminal event on innovative trends in PPPs in Latin America and the Caribbean. The conference brings together government officials and private-sector experts involved in the design and implementation of PPPs to discuss best practices in preparing projects and in managing partnerships to attract private investment. To date, the MIF has executed 18 PPPs, representing a total investment of more than $20 million. This portfolio has catalyzed another $2.7 billion in private investment.

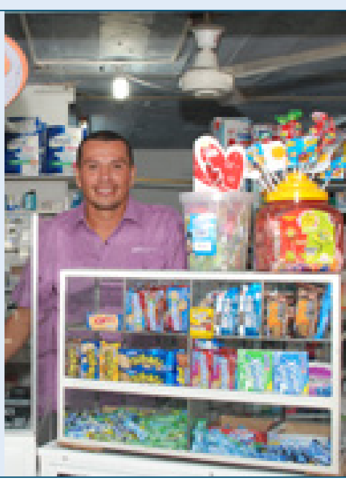
2009

Regional Initiative for Inclusive Recycling

The MIF partnered with AVINA Foundation to cofinance programs that seek to improve the living standards of marginalized "waste pickers," by helping them become professional recyclers. With the assistance of the Inter-American Development Bank (IDB), these programs were implemented in Brazil and Peru (2008), Colombia (2009), and Argentina and Bolivia (2010). The efforts gained traction with the addition of Colombia in 2009, and were consolidated into the Regional Initiative for Inclusive Recycling in 2011, with the objective of not only helping recyclers, but also integrating them into public waste management systems and into the recycling efforts of large companies. By 2015, the initiative was being developed in 16 countries, and had benefited 17,000 recyclers. Every $1 spent by the MIF leveraged $4.6 from other partners. Furthermore, MIF inclusive recycling models were scaled up into Inter-American Investment Corporation (IIC) operations totaling $79 million and IDB operations totaling $619 million.

MiGroF

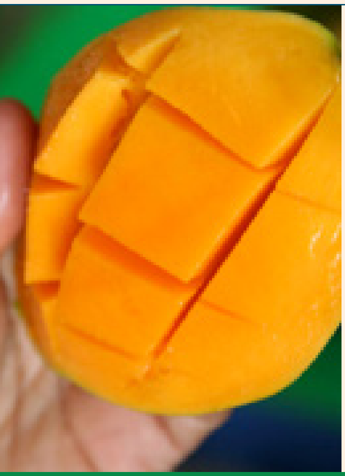
In partnership with the IIC and the United States government's Overseas Private Investment Corporation (OPIC), the MIF spearheaded the structuring of the Microfinance Growth Fund (MiGroF) to help microfinance institutions meet the needs of micro, small, and medium-sized enterprises in Latin America and the Caribbean after the global financial crisis. The partners sought funding from a diverse group of international public and private partners and raised a total commitment of $35 million in equity capital, which allowed the fund to obtain a $125 million OPIC loan. So far, the fund has provided medium- and long-term financing to more than 40 microfinance institutions in 13 countries, which in turn have supplied financing to approximately 4 million smaller enterprises.



2010

HESAR

Within 10 days of the catastrophic January 12 earthquake in Haiti, the MIF approved a $3 million facility, Haiti Emergency Spending Allocation Request (HESAR). It aimed to help Haitian nonprofits and other enterprises that partnered with the MIF on development projects get back in business, and to restore the country's microfinance and remittances sectors to ensure that money flows reached recipients. Thanks to HESAR, the MIF partners were able to restart operations within four to five weeks, compared with the 12 to 14 it would have taken without support. An estimated 180,000 Haitian families benefitted from the services provided by the 16 institutions that received support.



Haiti Hope

A project to raise the income of mango growers in Haiti was financed by the MIF in partnership with Coca-Cola, the United States Agency for International Development (USAID), and the nongovernmental organization TechnoServe. The Haiti Hope project organized smallholder farmers into producer business groups. The project trained producers in best practices in production, harvest, and post-harvest techniques, and taught the groups business skills and commercialization, which helped the producers connect directly with exporters. The project reached more than 24,000 smallholders, nearly half of them women. Participants reported adopting best practices at a greater rate than non-participants: 27 percent adopted a grafting technique for higher-value mangoes, compared with 17 percent for non-participants.

2011

Fall in commodity prices begins

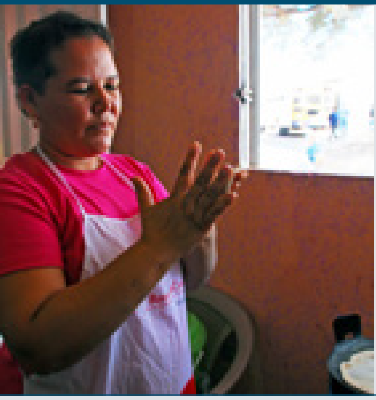
Tigo Paraguay

The MIF partnered with Tigo Paraguay—the country's biggest mobile service provider—on its mobile wallet called Tigo Money, which provided services such as transferring money between people for a small fee. The MIF provided support to Tigo Paraguay as it forged alliances with banks, so that its digital services could be paired with financial services. The result: Tigo Paraguay formed a partnership with Banco Familiar, which in the first six months extended nearly 45,000 loans, averaging $270 each, through Tigo Money and its network of more than 3,000 agents. As of 2015, these credits had reached 15,000 customers who previously had no access to banking services.

ProSavings

Recipients of government social protection payments in Latin America and the Caribbean are overwhelmingly female, low income, and unbanked. The MIF launched ProSavings to support the expansion of liquid and planned savings products tailored to the needs of this population, in partnership with Citi Foundation; CAF: Development Bank of Latin America; the Australian Agency for International Development; and Canada's International Development Research Centre (IDRC). As of 2015, 60,000 conditional cash transfer recipients in six different countries had savings accounts in formal institutions because of activities financed by the initiative.

2012



WEempower & weB

The MIF created a comprehensive Women's Economic Empowerment (WEempower) initiative that sought to make gender a consideration in all of its projects, and to develop initiatives to help women entrepreneurs start and grow their businesses. WEempower's first achievement was the launching, in partnership with the IDB, of the women entrepreneurshipBanking (weB) initiative at the Summit of the Americas in Cartagena, Colombia, in April 2012. weB's goal was to provide incentives to financial institutions to test innovative and inclusive lending models suited to women-owned small businesses.

NEO

Improving employment opportunities for 1 million disadvantaged youth in Latin America and the Caribbean, at least half of them female, by 2022 is the goal of the New Employment Opportunities program (NEO), which the MIF launched with the IDB, the International Youth Foundation, and a group of large companies. The initiative brings together businesses, governments, providers of youth job services, and youth themselves to design employability strategies, including market-relevant training and job-placement services. As of 2015, NEO had a presence in 12 countries and had established 10 multi-sector alliances, and 102,533 young people had participated in the program.

2013

Proadapt

The MIF and the Nordic Development Fund jointly launched an $11.9 million regional facility to support micro, small, and medium-sized enterprises in increasing their resilience to climate change and accessing "green" business opportunities. The Proadapt facility will work with an estimated 2,000 smaller businesses to develop new tools, business models, and knowledge that will increase their climate resilience—for example, their ability to withstand interruptions in basic services such as electricity and water. Participating businesses will receive support in accessing business opportunities that are driven by the demand for new services and products needed to protect businesses, personal property, and communities from extreme weather events.

Ejidos Forestry and Agribusiness

The MIF designed and supervised the world's first private-sector Forest Investment Program project financed by Climate Investment Funds. In collaboration with financial intermediaries, local and national governments in Mexico, and community forestry enterprises, the Ejidos Forestry and Agribusiness project created a guarantee fund to provide access to formal credit for community members who individually farm designated parcels on communal land and collectively maintain communal holdings, known as *ejidos*, on that property. The project also sought to demonstrate that community forestry enterprise projects are financially viable and deliver social, economic, and environmental benefits.

2014

Galpão Aplauso

A program that uses the performing arts as an avenue to employment for at-risk youth in the slums of Rio de Janeiro, Brazil was recognized with a Development Impact Honors award from the United States Treasury Department. The MIF partnered with Galpão Aplauso in 2009 to increase job opportunities for the youth, using performance activities such as dance and theater to teach key life skills like cooperation and leadership, and also delivering training in literacy, numeracy, and workplace skills. As of 2014, more than 500 youth had completed the program; 85 percent had found jobs. In 2015, the MIF approved a project to expand the successful model to other regions in Brazil.

EcoMicro

The MIF's EcoMicro green energy finance program was recognized as a "2014 Lighthouse Activity" by the Momentum for Change Initiative of the United Nations Framework Convention on Climate Change, which highlights shining examples of climate change solutions. EcoMicro develops finance products for Latin American and Caribbean microfinance institutions that they can offer to small enterprises and low-income households to help them access clean energy, increase their energy efficiency, or adapt to the effects of climate change. The program, cofinanced by the MIF and the Nordic Development Fund, also helps microfinance institutions "green" their operations and reduce their loan portfolios' vulnerability to climate change.

2015

SAFE

A new partnership aims to coordinate agricultural sustainability efforts in Latin America and the Caribbean. The SAFE (Sustainable Agriculture, Food, and Environment) platform was established in August 2015 by the MIF with initial funding of $2.6 million. The founding members of SAFE—including Starbucks, Keurig Green Mountain, Catholic Relief Services, and the Grameen Foundation—have committed to supporting 150,000 small farmers of various crops with financing and services that allow the farmers to expand their production and to strengthen their linkages with higher-value markets. Initial support will go to coffee and cocoa producers in Central America and the Andean region.

NAMA

Significant advances were made toward the world's first Nationally Appropriate Mitigation Action (NAMA) for an agricultural product, in the Costa Rican coffee sector, with the support of the MIF and other IDB Group units. NAMA, which emerged at the United Nations Climate Change Conference in 2007, consists of policies and actions to reduce greenhouse gas emissions. The Costa Rica plan, which aims to reduce the impacts of fertilizers and coffee processing waste, sets the global standard for one of the most important economic sectors in Latin America and the Caribbean. Its pilot projects are expected to create 50,000 more competitive and climate-resilient coffee farming facilities, and reduce emissions by 1.8 million tons.

In **2015**, Latin America and the Caribbean faced an uncertain global scenario. Key commodity prices had fallen to their lowest levels in more than a decade. Economic, political, and social growth slowed, and it was unclear whether improvements achieved in previous years could be sustained. Pressures increased on countries that were net exporters of commodities, and economic conditions worsened for countries that were less integrated into the global financial system.

Clearing a Path for Commercial **MICROFINANCE** and Financial Inclusion

The MIF has been a leader among multilateral and bilateral development institutions in supporting the growth of the microfinance sector in Latin America and the Caribbean:

- In the past 10 years (2006-2015), the MIF approved more than 200 projects, totaling $292 million, that support financial inclusion—the delivery of financial services at affordable costs to disadvantaged and low-income populations.
- The MIF has supported about 250 institutions working in financial inclusion, or close to one of every three institutions in the region, either directly with loans, equity, and/or grants, or indirectly through specialized investment funds.
- The number of individual beneficiaries has surpassed 5 million.
- The MIF set a goal in 2007 of tripling the amount of microcredit available in Latin America and the Caribbean in five years, and saw that goal realized in 2012, when the portfolio reached $20 billion. (Recent estimates give the total microcredit portfolio in the region at $40 billion for more than 20 million clients.)

One of the MIF's crucial roles has been as a provider of seed capital to create and strengthen emerging microfinance institutions and help them evolve into specialized banks or regulated financial entities.

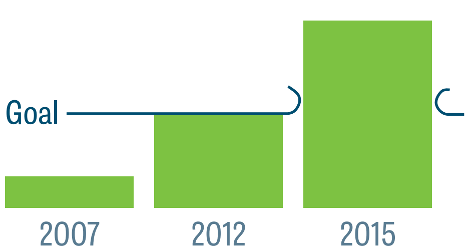
Today, about 70 percent of all microcredit clients in Latin America and the Caribbean are served by regulated institutions that have developed new delivery channels—such as ATMs, banking agents, and mobile phones. This is a marked contrast with the 1990s or even early 2000s, when most new development was by nongovernmental organizations.

More generally, the MIF has worked to create the foundations of a solid microfinance industry in Latin America and the Caribbean by building up individual financial institutions, testing new lending methodologies and products, and leveraging funds.

MIF technical cooperation grants have been used to support regulators, bank associations, and rating agencies. This was accompanied by specialized research and financial inclusion events, to disseminate lessons learned and best practices.

Pioneering achievements include:

- **ProFund**, the world's first specialized microfinance investment fund, launched in 1996. This was followed by several microfinance investment funds that experimented with new ideas and funding structures, which have gradually been adopted by private investment funds, for example, funds focused on topics such as local currency lending and rural finance.
- **Products** that take advantage of new technologies, such as mobile wallet initiatives in Paraguay and Peru.
- **Foromic**, the annual MIF conference on financial inclusion in Latin America and the Caribbean. It has become the premier platform for networking about this topic, and the venue where national initiatives in financial inclusion are showcased regionally.
- **The Microscope report and index**. In 2007, the MIF championed the first tool to analyze the business environment for financial inclusion in Latin America and the Caribbean, with the creation of the first *Global Microscope*. The report has scaled to 55 countries globally, and it is one of the dominant publications on financial inclusion.



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From Investor, to Catalyst, to Connector in VENTURE CAPITAL

Support for small and medium-sized enterprises often pays the greatest developmental dividends for one simple reason: these businesses create the vast majority of jobs in the formal economy, providing, on average, 66 percent of jobs worldwide and the greatest share of jobs in low-income countries.

These companies often have difficulty obtaining much-needed early-stage financing in the form of equity investments, loans, insurance, and other financial products necessary for managing risk and funding further growth. Therefore, the MIF focused on stimulating the development of the venture capital industry in Latin America and the Caribbean.

- The MIF has invested $280 million in 74 **early-stage venture capital funds** that are active in more than 20 countries in the region, leveraging more than $1.1 billion in co-investment by other parties.
- The MIF's venture capital portfolio has provided funding for more than 660 **individual small businesses**; these firms have generated more than $1 billion in revenues and created more than 28,000 jobs.
- Given that **women entrepreneurs** receive only 5 percent of venture capital finance globally, the MIF has explicitly targeted women in its startup and early-stage equity investments.

As the venture capital industry developed in Latin America and the Caribbean, the MIF´s role shifted to that of a catalyst fostering the entrance of private-sector investors, and providing added value because of its knowledge of local markets.

The MIF helped expand the frontiers of venture capital by creating vehicles for smaller business than the incipient industry was targeting, venturing into underserved geographic regions or countries, and financing new industry sectors (eco-friendly investments, clean technologies, education, and fintech).

The MIF also has taken an ecosystem approach to building the sector by providing grants to train and support investors that are new to the region, local emerging fund managers, and entrepreneurs; creating investor networks and industry associations; and helping governments develop appropriate policies and regulations.

In 2013, the MIF undertook the consolidation of the angel investment segment in Latin America and the Caribbean. Partnering with the Institute of Entrepreneurship Studies of Montevideo, it implemented a groundbreaking regional program to support entrepreneurs, investors, and angel networks. The program gave financial assistance to more than 20 networks in 12 countries; and provided training, access to information, and contacts to more than 60 other networks.

In 2015, the MIF commissioned an impact study on the effectiveness of three recent venture capital fund investments that are representative of its active portfolio, including regional seed fund NXTP Labs (see page 14). The study shows that the MIF's funding and engagement markedly improved the venture capital ecosystems in which the funds operated. Additional benefit came from the MIF offering networking opportunities and business training to the companies, as well as providing risk capital in equity- and credit-constrained environments.

Going forward, the MIF increasingly will work as a connector between regional markets and global markets, helping entrepreneurs internationalize their companies beyond Latin America and the Caribbean.

$1 invested in venture capital can generate up to $6.45 in economic activity through wages, payments to providers, and taxes

> **"It is clear that the MIF has supported funds that are expanding the local venture capital ecosystem and creating role-model companies that demonstrate the opportunities available through entrepreneurship."**
>
> —**Bella Research Group impact study**, April 2015

A Woman-Led **EARLY-STAGE COMPANY** Offers Tech-Driven Jobs to Low-Income People

Zolvers, a tech-driven startup founded in Argentina, has developed an online and mobile marketplace that matches clients with cleaners, plumbers, and other maintenance specialists. After two years of piloting its digital matchmaking platform, Zolvers is on its way to becoming a B Corporation—a firm that uses the power of business to solve social problems—with a presence across Latin America.

"Te ponen en blanco," says Nancy Sanchez, 61, a Zolvers housekeeper in Buenos Aires, using a phrase that means she is now part of the formal employment system. Zolvers' policies encourage its clients to offer workers contracts, social security payments, and other benefits. Furthermore, Zolvers' fixed rate of payment for its employees is almost 40 percent higher than the average hourly rate in Argentina. The company also operates in Chile, Colombia, and Mexico.

Zolvers has 50,000 registered service providers and 180,000 clients. Women offering housekeeping services make up the bulk of its workforce.

The company was born two years ago when two women, Cecilia Retegui and Mariana Sorribes, teamed up after crossing paths at **NXTP Labs**—a MIF-sponsored regional early-stage fund that accelerates entrepreneurs with seed funding and mentoring. The MIF invested in NXTP Labs in 2012 as one of its venture capital fund investments (see page 12).

"We don't invest in projects. We invest in people," says Marta Cruz, one of NXTP Labs' four founders who, inspired by Silicon Valley's Y-Combinator, in 2011 disrupted the realm of investment in Latin America and created the region's first early-stage fund/accelerator focused entirely on tech-driven companies.

The new fund discovered that what entrepreneurs need most in their early stages is not capital alone, but "relational investors that offer intelligent capital, open doors, share contacts, and transfer knowledge," Cruz says.

NXTP Labs asks its investors for a relatively small amount, but also requires them to offer their time as mentors. The fund has raised $38.5 million and invested in 174 companies, nine of which have been successfully sold for a profit (the most recent example and most profitable has been Tutum). The fund also has a pool of 200 mentors.

And five years after its inception, NXTP Labs has created 1,200 jobs in startups that it has funded, and 120,000 indirect employment opportunities.

Although NXTP Labs was not initially designed to focus on social impact, some of the startups it has supported, like Zolvers, are hiring or otherwise benefiting low-income or otherwise vulnerable people. Another investment, **Satellogic** (which may well become the fund's first "unicorn," or firm with a market valuation of more than $1 billion), is building a "constellation of satellites" around the earth whose data may help address key social and environmental issues.

Moving forward, the MIF will focus on similar tech-driven funds and startups that have social impact as a main driver for success.

"We don't invest in projects. We invest in people."

—**Marta Cruz**, NXTP Labs cofounder



Leveraging Global Funds to Confront CLIMATE CHANGE

The Latin American and Caribbean region is endowed with natural resources that are of crucial importance to its sustainable development. The increasingly intense effects of climate change on these resources have economic, social, and environmental implications that disproportionately affect poor and vulnerable populations in the region.

At the same time, countries' commitments to mitigate climate change effects require them to develop low-carbon solutions in areas spanning from renewable energy to agroforestry.

In the last few years, the MIF's climate change work has evolved to include mitigation and adaptation initiatives in urban areas, coastal zones, forests, and agricultural lands. Initiatives include an urban renewal project to prevent flooding in an historic area of Tegucigalpa, Honduras; and innovative financing and insurance mechanisms—for example, insurance for low-income smallholder farmers in Central America and Paraguay that bases payouts on triggering weather events.

The MIF plays a unique role within the IDB Group, partnering with various global climate funds—Climate Investment Funds, Global Environment Facility, and Green Climate Fund—to support private-sector-led solutions to climate problems.

Some $39 million in MIF funding is leveraging $745 million in international climate funds cofinancing.

The MIF has received regional and global recognition for its transformative climate change initiatives:

- The world's first **Nationally Appropriate Mitigation Action (NAMA)** for an agricultural product, in the Costa Rican coffee sector. The MIF provided support for the NAMA, which aims to reduce the negative impacts of fertilizers and coffee-processing waste and improve smallholder farmers' productivity.
- The world's first private-sector **Forest Investment Program** project financed by Climate Investment Funds, in Mexico. The MIF designed this project, which created lines of credit and training programs for forest enterprises located in low-income communities and in *ejidos*—lands that are titled and used communally.
- The **EcoMicro** program, which develops green products for Latin American and Caribbean microfinance institutions that they can offer to small enterprises and low-income households to adopt clean energy, improve their energy efficiency, or adapt to the effects of climate change. The MIF won a United Nations Framework Convention on Climate Change Award for this program in 2014.

Going forward, the MIF will step up its involvement with climate funds and climate change initiatives. Two of the three newly established focus areas of the MIF—climate-smart agriculture and inclusive cities—prioritize climate change mitigation and adaptation solutions in rural and urban environments.

$39 million in MIF funding is leveraging $745 million in international climate funds cofinancing


CAJA 1
CAJA 2
REMESAS

Harnessing the Power of REMITTANCES

Today, remittances to Latin America and the Caribbean add up to more than $65 billion annually. However, before the year 2000, it would have been impossible to make such a statement. There was little factual information available on the flow of money across borders.

During the following decade, the MIF undertook an intensive effort to analyze the volume, transaction costs, and **potential impact on economic development of international remittance flows** to Latin America and the Caribbean.

The MIF has committed close to $30 million in investments in the private sector, and approximately $50 million in more than 50 technical assistance projects to help both public- and private-sector entities build remittance markets and make them more secure and efficient.

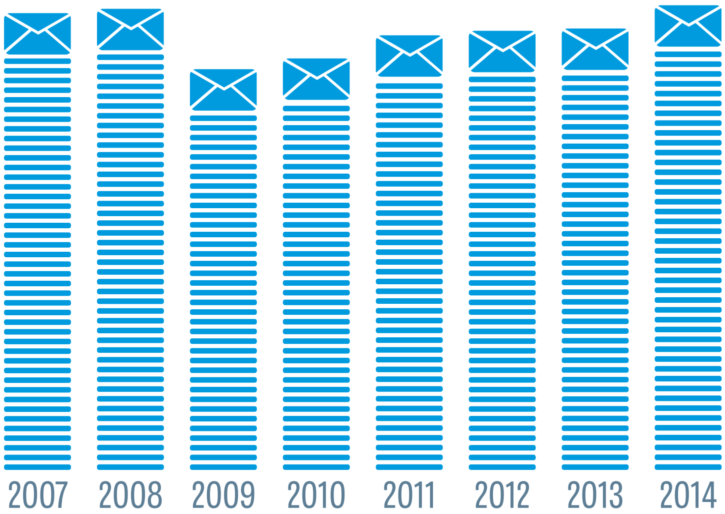
The MIF's work **contributed to a significant decrease in the cost of sending remittances**, from 15 percent of the amount being sent before 2000, to about 5 percent in 2010, benefiting millions of immigrants and their families. In addition, the MIF's work improved official data measurement, promoted appropriate regulations, and increased remittance clients' access to financial services—all of which positioned the MIF as a leader in this topic.

The MIF has **promoted the development of supportive laws and regulations** and the increased availability of disaggregated remittances data (including origin, destination, collection and payment methods, and type of remittance service provider), to enable more private-sector innovation in this area.

The MIF's remittances partners include the World Bank and other multilateral organizations, and CEMLA, the association of central banks in Latin America and the Caribbean.

In 2014, remittances to the region set a new record high of $65.4 billion, surpassing pre-financial crisis levels observed in 2008. For countries such as El Salvador, Honduras, Guyana, and Haiti, these flows represent more than 15 percent of their gross domestic product (GDP).

Given the importance of these flows, the IDB Group is now scaling the work that was tested with MIF support and is committed to bringing more remittance clients into the formal financial system.



In 2014, remittances to the region set a new record high of $65.4 billion, surpassing levels observed in 2008, before the financial crisis. For countries such as El Salvador, Honduras, Guyana, and Haiti, these flows represent more than 15% of their GDP.

Taking a Comprehensive Approach to YOUTH EMPLOYABILITY

7.8 million of the region's young people are looking for work. Unemployment for these 15-24-year-olds averages 13.6 percent, nearly three times the adult unemployment rate. This figure is particularly high for young women, at 17.2 percent. Yet at the same time, nearly half the employers in Latin America and the Caribbean reported difficulty in filling jobs in 2015.

It's no easier for young people who try the route of entrepreneurship. Very few financial institutions provide financial services to youth.

The MIF's experience—gained from more than 120 projects in more than 20 countries focused on youth employment and entrepreneurship —has shown that programs with the best results take a comprehensive approach, combining technical and life-skills training with internship experience, job-placement services, and counseling support. Similarly, in youth entrepreneurship training, successful models offer a range of services, from core business skills to mentoring.

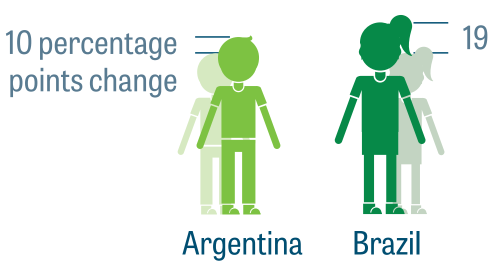
A 2012 external evaluation of the MIF's youth-training portfolio found that overall, the projects successfully targeted poor and vulnerable youth (roughly 25 percent of beneficiaries fit this category), and improved both their employability and their earnings.

- **Training scaled up.** MIF projects directly trained more than 235,000 youth. Furthermore, MIF programs such as *A Ganar* and *entra21* were replicated by public- and private-sector organizations, which have trained even larger numbers.
- **High job-placement rates.** Rates for the overall portfolio were between 50 percent and 70 percent.
- **Better, high-paying jobs.** Rigorous randomized controlled trials that evaluated the MIF's youth programs in Argentina and Brazil show that average monthly earnings for participating youth were $100 higher in Argentina and $60 higher in Brazil. In Argentina, the evaluation also found evidence of increased salaries 18 months after the program ended.

The MIF responded with two initiatives to scale its results:

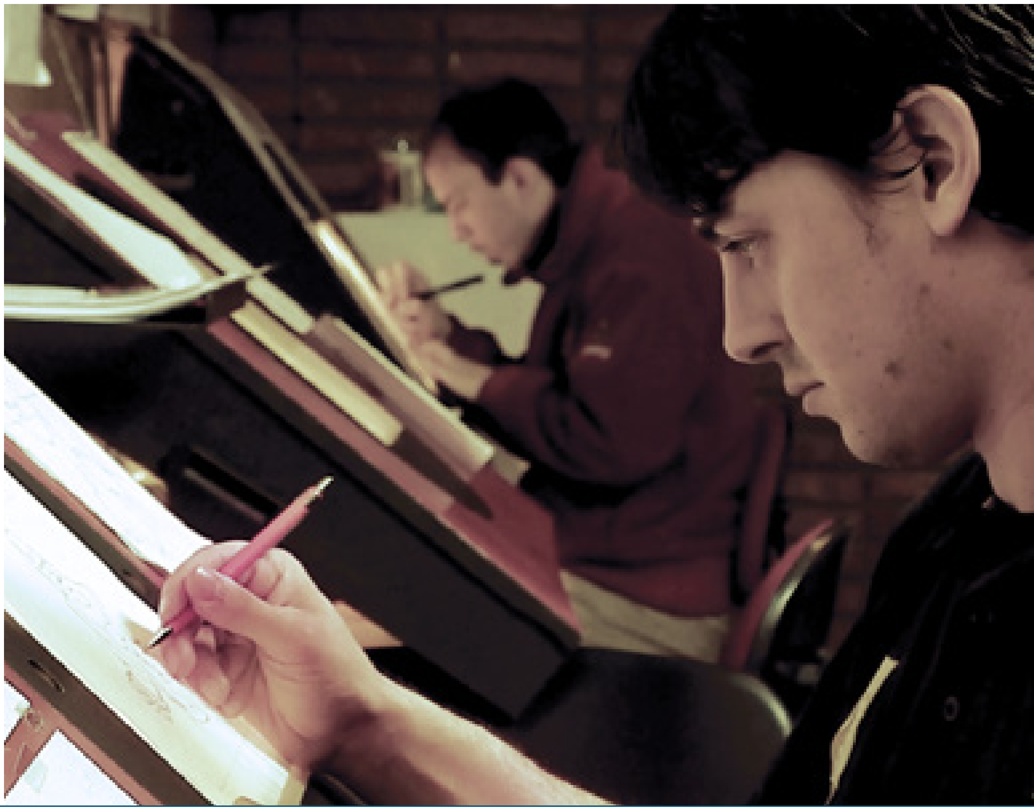
1. **New Employment Opportunities (NEO).** Launched in alliance with five multinational companies, plus governments and civil society organizations, the initiative sets the ambitious goal of training 1 million youth, placing half of them in jobs, and mobilizing at least 1,000 companies to offer internships and jobs. It aims to work with its different stakeholders to scale up the most effective models throughout the region.
2. **Technology Fund for Youth Labor Intermediation Program.** Cofinanced by the MIF and Microsoft, this program achieved employment rates of 40 percent for the 6,000 youth that participated—and as high as 60 percent for youth who simply improved their software competencies. The program was executed by an Argentine foundation, in partnership with 29 civil society organizations, in nine very different countries.

Moving forward, the MIF's youth work will focus on a third generation of programs and projects, more focused on the insertion of youth (especially young women) in knowledge economy jobs. Recent projects like "Laboratoria" in Peru and "Women in STEM" with RedEmprendia already embrace this principle.



Randomized controlled trials commissioned to evaluate the MIF's youth programs in Argentina and Brazil show consequential and lasting impacts, including improved employment


VENCER



A Hub for Knowledge about PUBLIC-PRIVATE PARTNERSHIPS

To meet growing infrastructure requirements, the region is increasingly turning to the private sector for funding and direct engagement. In Latin America and the Caribbean, public-private arrangements are gaining ground, in alignment with the principles of the United Nations' Sustainable Development Goals and its Financing for Development conference in Addis Ababa in 2015.

The MIF has an impressive track record with PPPs in the region, having:

- deployed more than **$20 million in advisory projects** in the last 10 years, serving as a catalyst for more than $4 billion in private investment in PPPs; and
- implemented **18 technical cooperation projects in 16 different countries** that:
  - enabled governments to pass 28 supportive laws and regulations that help attract private investment;
  - helped train more than 2,200 public-sector specialists; and
  - helped national and local governments establish 22 dedicated government units that are responsible for leading the development and implementation of PPPs.

The MIF's work—often carried out in collaboration with other donors, including the World Bank and Caribbean Development Bank—has made it an internationally recognized PPP knowledge hub for Latin America and the Caribbean.

One example was an $8 million initiative in 2012 to help national governments in small and less-developed countries and inexperienced local governments attract private-sector participation in infrastructure projects, and design, execute, and manage PPPs. The focus was on "green" PPPs with environmental benefits, and social sector PPPs that support health, education, and urban sustainability.

In addition to funding and technical assistance, the MIF has supported the exchange of best practices related to PPPs through a variety of tools: various technical papers, advisory services, an international conference, and—most recently—a Massive Open Online Course (MOOC).

Since 2008, the MIF has organized **PPPAmericas**, a conference that brings together government officials and private-sector experts involved in the design and implementation of PPPs to discuss lessons learned and best practices. The conference's seventh edition, in Santiago, Chile, in June 2016, attracted more than 400 participants.

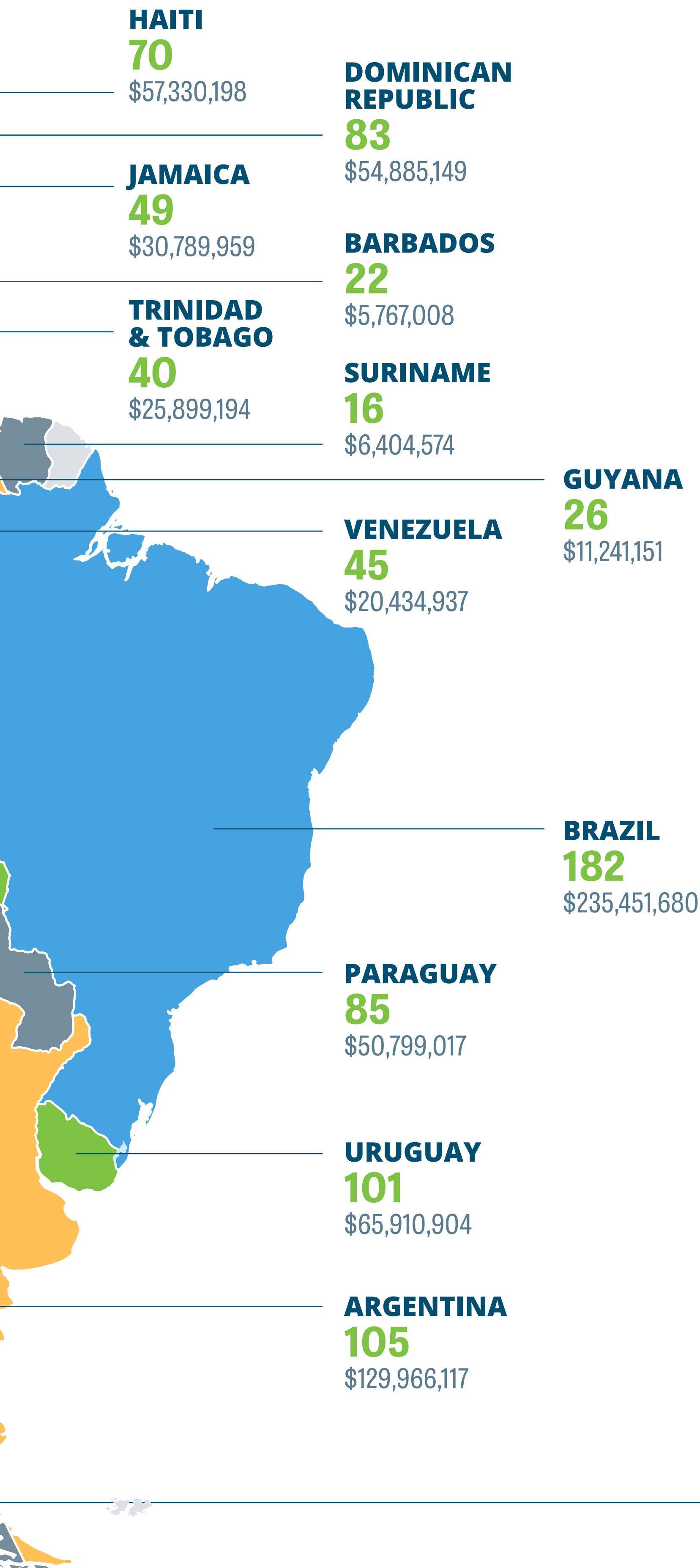
In response to the growing demand for and interest in PPPs, in 2015 the IDB Group—with assistance from the MIF—launched the **first MOOC on PPPs**, which explains how to plan, design, and implement the projects in Latin America and the Caribbean. This course is part of a series of MOOCs on development topics developed by the IDB Group with edX, the MOOC platform of Harvard University and the Massachusetts Institute of Technology.

28 laws and regulations have been passed, and more than 2,200 public-sector specialists have received training

WHERE WE WORK

Projects and dollars mobilized

Shows data for the MIF, 1993-2015. Includes projects belonging to the IDB's Social Entrepreneurship Program, administered by the MIF since 2007.

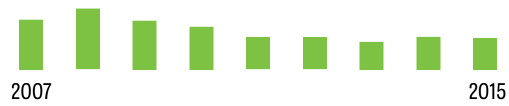


MIF II IN NUMBERS

2007–2015

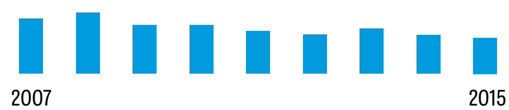
847

Approved projects



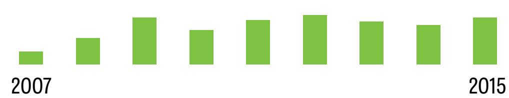
Almost $1 billion

Approved for MIF projects ($992.3 million)



An additional $2.7 billion

Mobilized for the region by MIF approvals



2,000

Institutions the MIF has partnered with

ABOUT THE MIF

The Multilateral Investment Fund is the innovation lab for the Inter-American Development Bank Group. It conducts high-risk experiments to test new models for engaging and inspiring the private sector to solve economic development problems in Latin America and the Caribbean. The MIF addresses poverty and vulnerability by focusing on emerging businesses and smallholder farmers with the capacity to grow and create economic opportunities. Learn more at **www.fomin.org**

Credits

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Editing and proofreading were provided by Carolina Landsberger and Elizabeth Terry.

Design coordination was handled by Claudia M. Sáenz.

Design by Sensical Design & Communication

Photography

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