

PROJECT STATUS REPORT

JANUARY 2014 - JUNE 2014

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Support to La Inmaculada Credit Union

Project Number: BL-S1001 - Operation Number: ATN/OC-13615-BL, SP/OC-12-11-BL

Result: The purpose is to increase the access to financial services to small micro-entrepreneurs in rural areas, who are interested in diversifying their economic activities from agriculture.

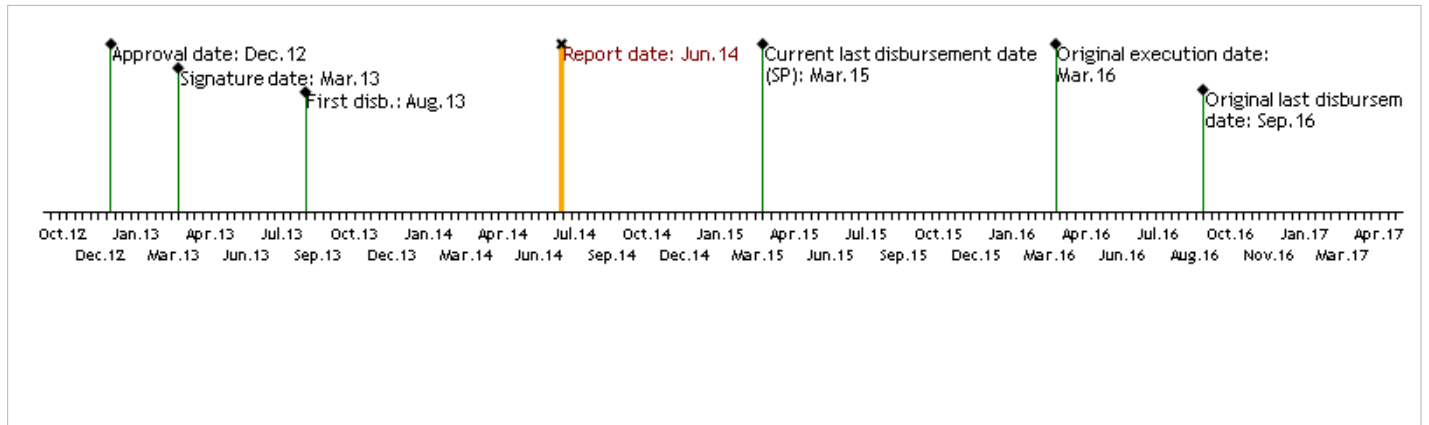
Country Administrator
BELIZE

Beneficiary Country
BELIZE

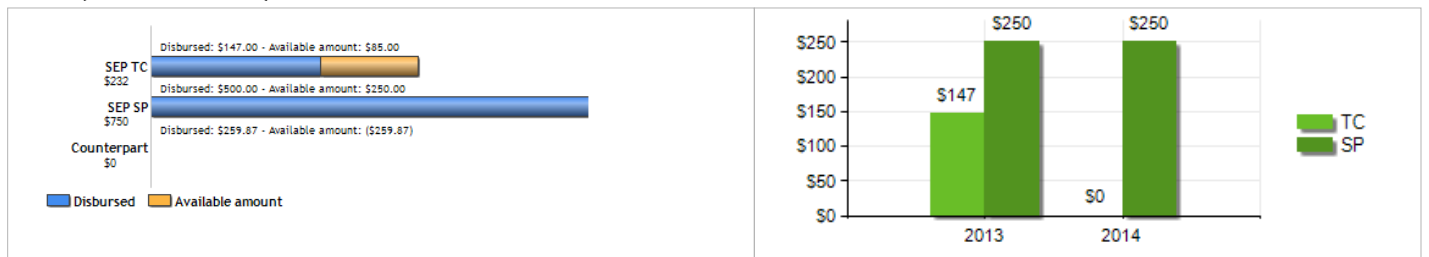
Executing Agency: LA INMACULADA CREDIT UNION

Design Team Leader: Rivera, Edgar
Supervision Team Leader: Beecher, Wayne

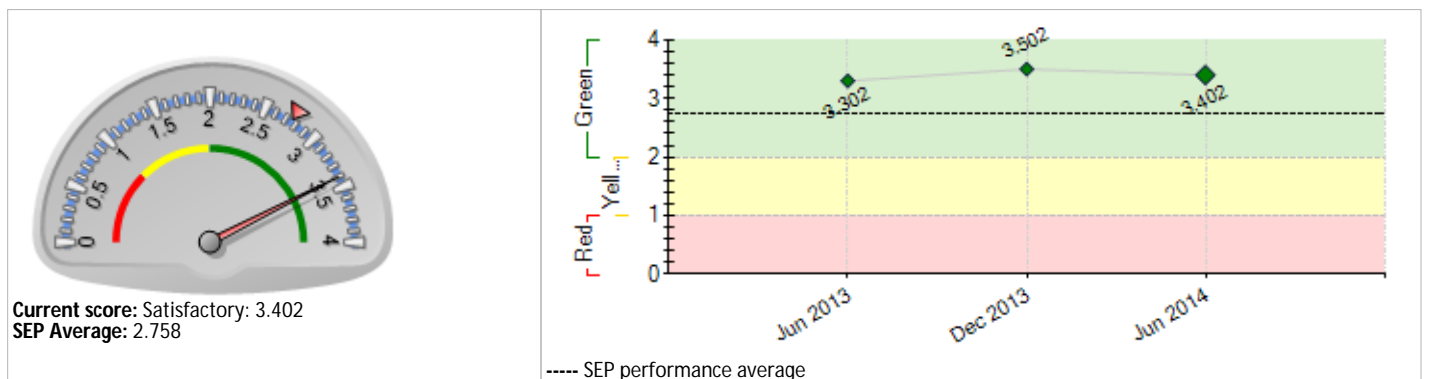
TIMELINE



FUNDS (IN USD THOUSANDS)



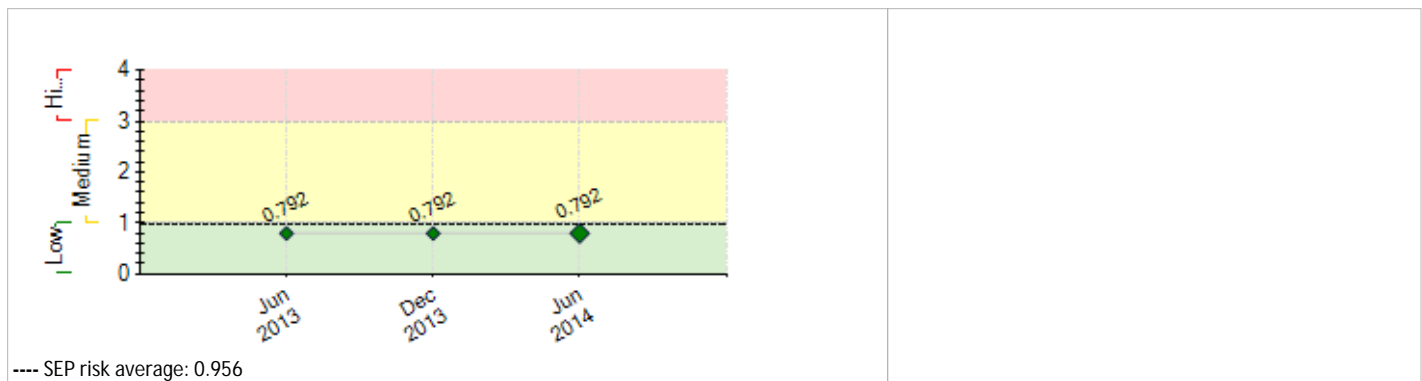
PERFORMANCE SCORE



EXTERNAL RISKS

INSTITUTIONAL CAPACITY

Risk
Financial Management: Low
Procurement: Low
Technical Capacity: Low



SECTION 2: PERFORMANCE

Summary of project performance since inception

1. To date the SEP has approved a total of \$424,220.80 for non-traditional activities in the Orange Walk, Corozal and Cayo Districts. A total of 314 members/owners are currently participating as borrowers in this program. The SEP has assisted tremendously in the opening of the Belmopan Branch which was opened in October of 2013. Of the 7 milestones, 5 have been totally completed, 1 is in provisional compliance and 1 other is pending for September 2014.
2. The major difficulty has been encountered in the procurement of specialists for the three consultancies. The Project Management Team is working closely with the IDB Procurement Specialist and this activity is now on track and all consultancies should be completed by October 2014.
3. No major risks are envisaged from here until the end of the next semester.
4. It is highly optimistic that the project will meet and surpass its objectives and expectations. LICU's staff and management is fully supportive of this action and results are expected to be met by December 2014.
5. The major actions to be carried out from here to the end of 2014 are: a) completion of training for all staff members, ii) increased number of capacity building sessions and activities, iii) an increase in the SEP portfolio, iv) active monitoring of loans and repayment of these. This project will likely be completed in a shorter time frame than anticipated.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

1. This semester saw an increase in the delivery of micro-financial services to the rural areas as evidenced by the vast increase in membership and accounts. This semester we opened 1,892 new accounts mobilizing \$577,182.72 in new capital through shares. 253 persons participated in capacity building sessions in Orange Walk and Corozal; 81 new loans were approved through the SEP.
2. This semester saw significant delays in the procurement process for consultancies. It must be mentioned that this delay was caused mostly by project staff's inexperience in IDB procurement procedures.
3. This semester will see the completion of all consultancies, an increase in lending and financial literacy capacity building. All pending milestones (2) will be achieved by October 2014. This project will be achieved before the due date.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Result: The purpose is to increase the access to financial services to small micro-entrepreneurs in rural areas, who are interested in diversifying their economic activities from agriculture.	R.1 Number of clients receiving microloan to finance non-agricultural activities. (At least 133 rural clients per year)	0				400 Mar 2020	318 Jun 2014	
	R.2 Number of clients opened a savings account	0				400 Mar 2020	4655 Jun 2014	
	R.3 Amount of loaned of loans for non-traditional Economic Activities (at least US\$282,000 per year)	0				859000 Mar 2020	79122.11 Jun 2014	
Component 1: Line of Credit (Reimbursable) Weight: 50% Classification: Satisfactory	C1.I1 Amount of Total credit portfolio	13900000 Mar 2013	18500000 Mar 2014	21300000 Mar 2015		23500000 Mar 2016	20496622.45 Jun 2014	On Course
Component 2: Technical Cooperation - Institutional Strengthening and MSME Development and Strengthening Weight: 25% Classification: High Satisfactory	C2.I1 Improved delivery of financial services					Mar 2014	Yes Jun 2014	Finished
	C2.I2 Commissioning of SSEDAT Centre	0 Apr 2013				1 Sep 2014	1 Jul 2013	Finished
	C2.I3 Market Survey Completed	0 Mar 2013				1 Nov 2014	1 Jul 2013	Finished
	C2.I4 Improvement and Validation of Loan Policy Manuals	0 Mar 2013				1 Feb 2015	0 Dec 2013	On Course
	C2.I5 Train and Deploy MicroFinance Service Providers	0 Mar 2013	1 Nov 2014			2 Jun 2015	2 Jul 2013	Finished
	C2.I6 Business development and financial literacy training for MSMEs	0 Mar 2013	120 Jul 2014	240 Sep 2015		400 Jan 2016	407 Jun 2014	On Course
Component 3: Sustainability and financial analysis	C3.I1 Provisioning complies fully with Central Bank's ratio:	35 Apr 2013	60 Aug 2014			65 Aug 2015	326443.5 Jun 2014	On Course
	C3.I2 PAR>30	35	10			7	3.61	On Course

Weight: 25%

Classification: Satisfactory

Mar 2013

Aug 2014

Aug 2015

Jun 2014

Milestones	Planned	Due Date	Achieved	Date achieved	Status
M1 Conditions Prior	6	Sep 2013	6	Jul 2013	Achieved
M5 Achieve Conditions for 1st loan disbursement	1	Sep 2013	1	Jul 2013	Achieved
M2 Market study completed	1	Sep 2013	1	Jul 2013	Achieved
M6 Achieve Conditions for 2nd loan disbursement	1	Mar 2014	1	Dec 2013	Achieved
M3 [*] Loan Policy Manuals Improved and Validated	1	Mar 2014	1	Mar 2014	Achieved
M4 [*] LICU staff fully trained on Loan Product	1	Jul 2014			
M7 [*] Achieve Conditions for 3rd loan disbursement	1	Sep 2014			

[*] Indicate that the milestone has been reformulated

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Purchase difficulties

SECTION 4: RISKS**MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE**

	Level	Mitigation action	Responsible
1. The national economy remains stable or improves	Medium	1. Re-visit the interest rates; 2. Widen the sectors eligible for lending; 3. Re-visit Terms and Conditions with MIF/SEP; 4. Streamline Administrative Expenditure	Project Guest
2. Major natural disasters	Medium	1. Re-visit Terms and Conditions of loans; 2. Advocate for micro-finance;	Project Guest
3. Government is not committed to MSMEs.	Low	1. Re-visit interest rates; 2. Advocate through Chamber of Commerce; 3. Re-align Terms and Conditions with MIF	Project Guest
4. The sugar industry is not stable and or does not improve.	Low	1. Re-visit interest rates; 2. Re-align Terms and Conditions of loans;	Project Guest
5. LICU is not committed to MSME development and outreach programs	Low	1. Re-visit strategic plan;	Project Guest

PROJECT RISK LEVEL: Low TOTAL NUMBER OF RISKS: 5 IN EFFECT RISKS: 5 NOT IN EFFECT RISKS: 0 MITIGATED RISKS: 0

SECTION 5: SUSTAINABILITY

Likelihood of project sustainability after project completion: P - Probable

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

[None reported in this period]

Actions related to sustainability which will be or have been implemented:

1. The Belmopan Branch of LICU has been expanded and fully functional.
2. 81 new loans during this period; a total of 314 borrowers in the SEP.
3. Micro-finance outreach program fully rolled out in the Cayo and Orange Walk districts.
4. Staff in Belmopan Branch increased to 5 full time employees.

SECTION 6: PRACTICAL LESSONS

[No lessons learned added yet.]