

# PROJECT STATUS REPORT

JULY 2014 - DECEMBER 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.

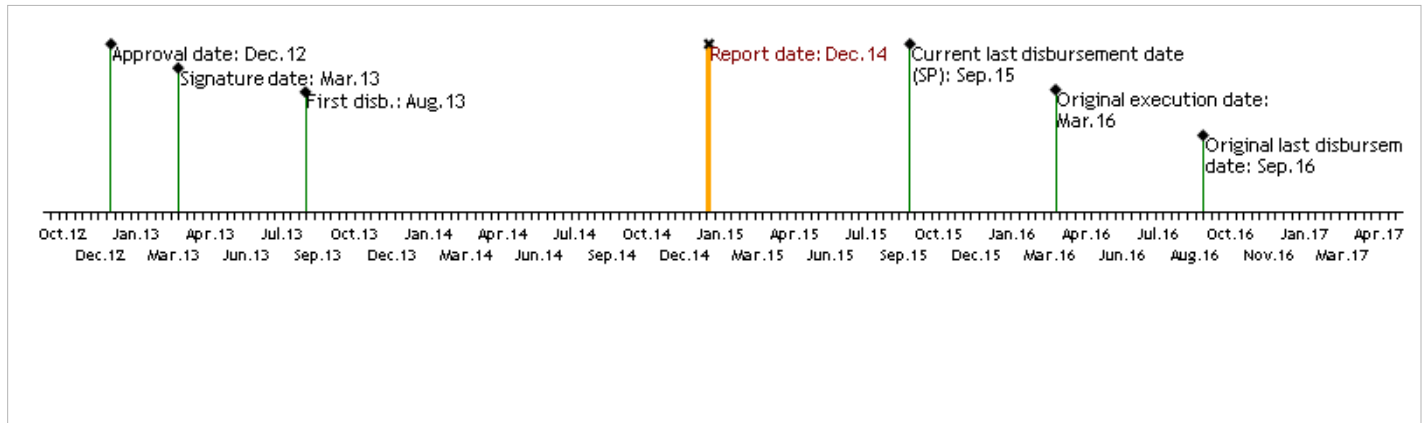
**Country Administrator**  
BELIZE

**Beneficiary Country**  
BELIZE

**Executing agency:** LA INMACULADA CREDIT UNION

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

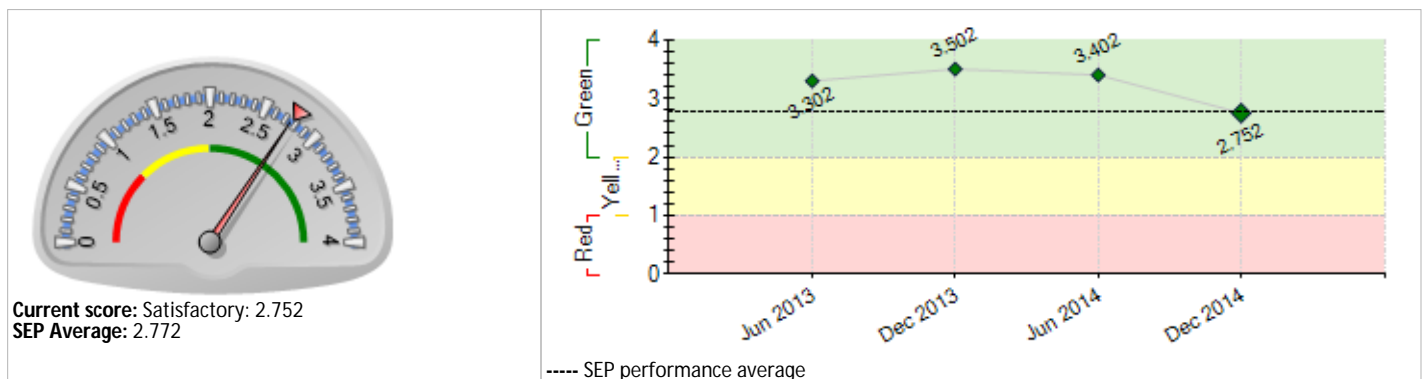
### TIMELINE



### FUNDS (IN USD THOUSANDS)



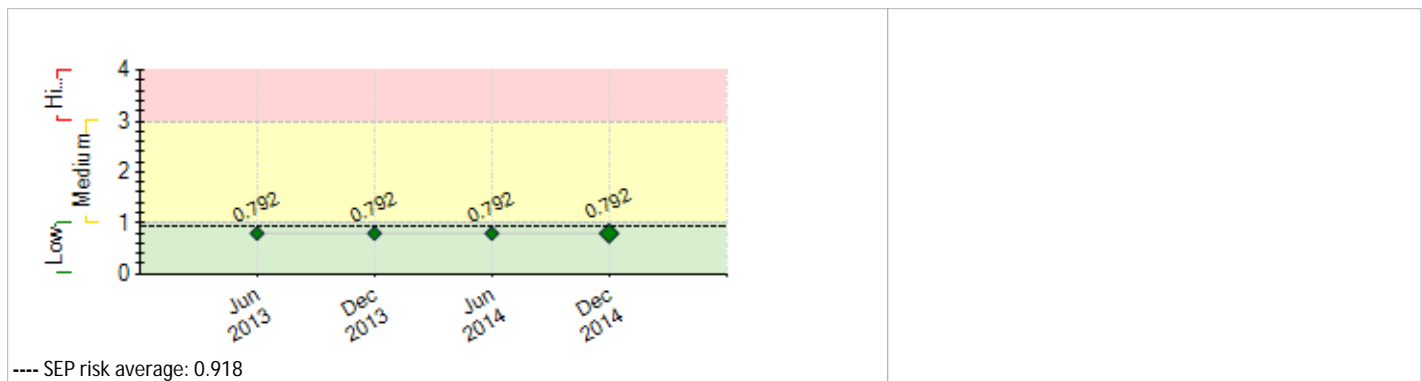
### PERFORMANCE SCORE



### 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 project has managed to provide financing to at least 430 clients for non-traditional economic activities. The PAR >30 is slightly above the required 4% but we are currently working on it. All provisioning complies with the Central Bank of Belize's requirements and the credit portfolio of LICU has greatly surpassed the goal of US\$16 million and now stands at above US\$ 22 million. Trainings have been provided for LICU greatly enhancing the skills and capacities and over 700 persons have participated in our on-going training sessions.
2. Some delays were encountered in the procurement of specialists for the consultancies; however these were resolved through the adjustment of delivery dates.
3. One of the most important risks lies in increased in delinquency; however, LICU has taken decisive steps to strengthen the Credit and the Loans Monitoring Departments to address this situation.
4. We are very optimistic about this project and we believe that we will achieve the goals even before the allocated time. LICU has been in the business of credit so this component of the project should pose absolutely no problem in achieving.
5. The Executing Unit will concentrate its efforts in:
  - a. achieving the rest of the goals still pending
  - b. encouraging and promoting increased capacity building and training among our staff and MSMEs
  - c. tracking and supporting our MSMEs in their enterprise
  - d. promoting the project both nationally and regionally.

### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

### Summary of project performance in the last six months

1. This semester we managed to increase the number of borrowers participating in the program as well as to increase the portfolio. LICU staff participated in trainings in credit delivery and also in drafting of a marketing strategy. We also participated with the consultant in the on-going baseline study which should be completed by March 2015.
2. The most significant delay is in the delivery of the trainings, the marketing strategy and the baseline study. The major cause of these delays were the Executing Agency's inexperience; however these have been addressed and the only consultancy still pending is the Baseline Study. This should be completed by March 2015.
3. The following semester, the Executing Agency will concentrate its efforts in fully implementing the Marketing Strategy, following up on additional training for our staff in order to strengthen LICU, and to follow up and provide support to our MSMEs who borrow from the program for their enterprises. A special effort will be placed in improving the quality of the portfolio by introducing new processes recommended from the training sessions received to reduce delinquency and strengthen the portfolio.

### 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
<b>Result:</b> 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.	<b>R.1</b> Number of clients receiving microloan to finance non-agricultural activities. (At least 133 rural clients per year)	0				400	430	
	<b>R.2</b> Number of clients opened a savings account	0				Mar 2020	Dec 2014	
	<b>R.3</b> Amount of loaned of loans for non-traditional Economic Activities (at least US\$282,000 per year)	0				400	4826	
						Mar 2020	Dec 2014	
<b>Component 1:</b> Line of Credit (Reimbursable)  <b>Weight:</b> 50% <b>Classification:</b> Satisfactory	<b>C1.11</b> Amount of Total credit portfolio	13900000	18500000	21300000		23500000	22486021.76	Finished
		Mar 2013	Mar 2014	Mar 2015		Mar 2016	Dec 2014	
<b>Component 2:</b> Technical Cooperation - Institutional Strengthening and MSME Development and Strengthening  <b>Weight:</b> 25% <b>Classification:</b> High Satisfactory	<b>C2.11</b> Improved delivery of financial services					Mar 2014	Dec 2014	Finished
	<b>C2.12</b> Commissioning of SSEDAT Centre	0				1	1	Finished
		Apr 2013				Sep 2014	Jul 2013	
	<b>C2.13</b> Market Survey Completed	0				1	1	Finished
		Mar 2013				Nov 2014	Jul 2013	
	<b>C2.14</b> Improvement and Validation of Loan Policy Manuals	0				1	1	Finished
		Mar 2013				Feb 2015	Oct 2014	
	<b>C2.15</b> Train and Deploy MicroFinance Service Providers	0	1			2	2	Finished
		Mar 2013	Nov 2014			Jun 2015	Jul 2013	
	<b>C2.16</b> Business development and financial literacy training for	0	120	240		400	738	Finished

MSMEs		Mar 2013	Jul 2014	Sep 2015		Jan 2016	Dec 2014	
<b>Component 3:</b> Sustainability and financial analysis	<b>C3.I1</b> Provisioning complies fully with Central Bank's ratio:	35	60			65	65	Finished
		Apr 2013	Aug 2014			Aug 2015	Dec 2014	
	<b>C3.I2</b> PAR>30	35	10			7	4.4	Delayed
		Mar 2013	Aug 2014			Aug 2015	Nov 2014	

Weight: 25%

Classification: Satisfactory

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

[\*] Indicate that the milestone has been reformulated

**CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE**

- [X] Executing agency institutional capacity
- [X] Delays in fulfilling the contract terms

**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: HP - Highly Probable

**CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY**

[None reported in this period]

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

LICU has undertaken a deliberate and conscious effort to strengthen Loans Monitoring activities at all levels and to re-assess "trouble" credits based on the recent Training completed by the staff in Improved Credit Delivery.

**SECTION 6: PRACTICAL LESSONS**

[No lessons learned added yet.]