

PROJECT STATUS REPORT

JANUARY 2015 - JUNE 2015

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Support to La Inmaculada Credit Union

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

Purpose: 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 Admin

BELIZE

Country Beneficiary

BELIZE

Executing Agency:

LA INMACULADA CREDIT UNION

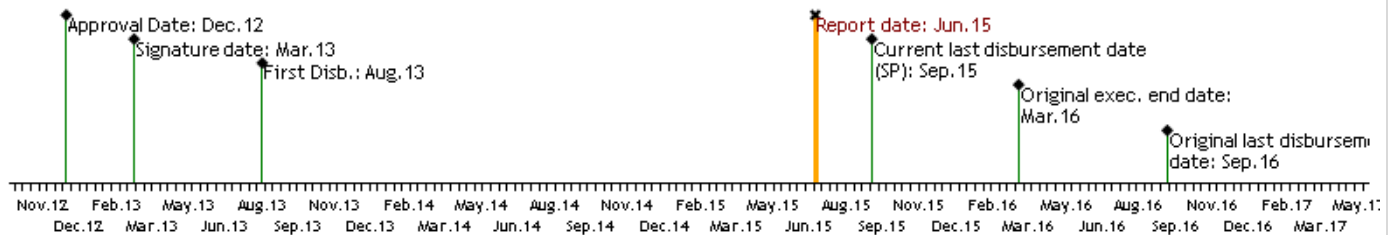
Design Team Leader:

EDGAR RIVERA

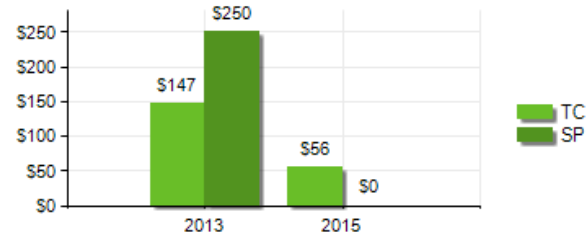
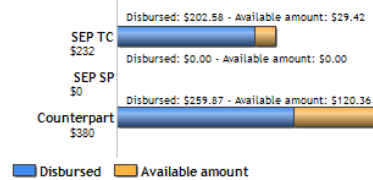
Supervision Team Leader:

WAYNE BEECHER

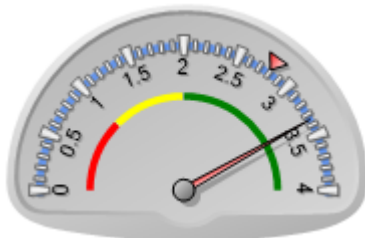
PROJECT CYCLE



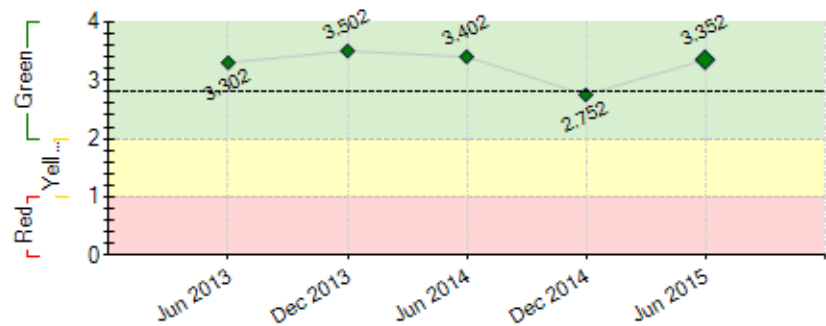
FUNDS (IN USD THOUSANDS)



PERFORMANCE SCORE



Current score: Satisfactory: 3.352
SEP Average: 2.796



----- SEP performance average

EXTERNAL RISKS

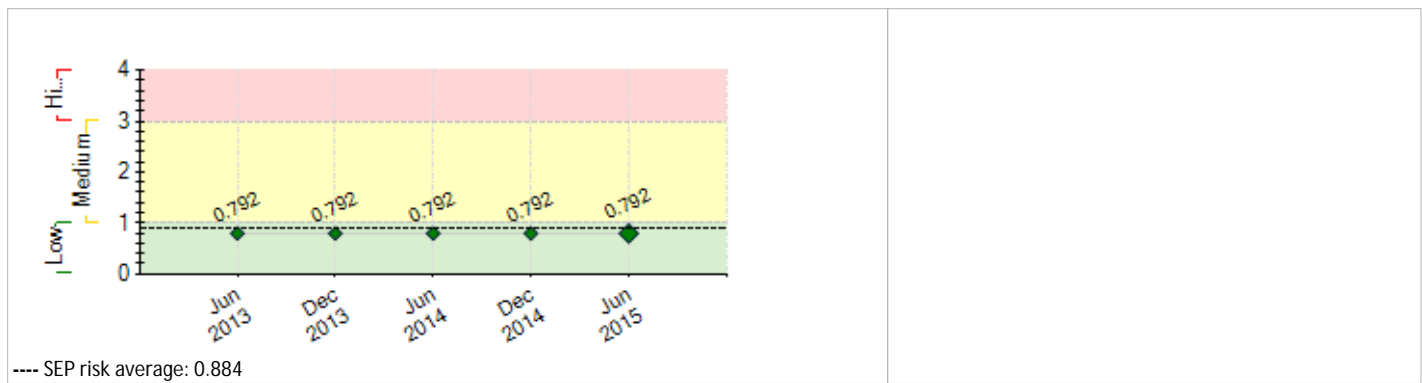
INSTITUTIONAL CAPACITY

Risk

Financial Management: Low

Procurement: Low

Technical Capacity: Low



SECTION 2: PERFORMANCE

Summary of project performance since inception

1. To date all milestones have been achieved. Total credit portfolio has reached a value of US \$23.260 Million and 6,011 new accounts have been opened. Loan Policy Manuals were improved and validated in October 2014. To date 37 training sessions have been conducted with the participation of 966 beneficiaries. PAR >30 stands at 3.65 and total value of loans stands at US \$981,631.
2. The major difficulty encountered so far is the excess liquidity situation facing the financial system in Belize making it difficult for LICU to be able to withdraw the last disbursement of US \$250,000.00. Unexpended funds will be requested to be used for marketing of the SEP credit line to speed up its uptake by entrepreneurs.
3. The most important risk will be that the total line of credit from the IDB may not be able to be withdrawn by LICU. All efforts will be made to increase awareness by borrowers through the strengthening of the marketing program.
4. The project has achieved all its technical indicators and milestones already and is now only depending on the possibility of disbursing all loan funds.
5. The Executing Unit will monitor all loan activities more closely on a monthly basis to ensure as much as possible that funds are taken up by the entrepreneurs; the marketing strategy will be strengthened to increase awareness of the SEP; the Executing Unit will work closely with IDB team to ensure funds are taken up as much as possible.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments
Excess liquidity in the credit market seems likely to further impact the draw down on the loan component of the operations.

Summary of project performance in the last six months

1. This semester saw a significant increase in loan activity and in the opening of new accounts. 346 new small business loans were approved for a value of US \$536,714.81. A total of 1,185 new accounts were opened making available the services and benefits of the credit union to these new members-owners. Total portfolio of LICU grew to US \$23,260,819.00. Ten (10) training sessions were held in which 228 persons participated. To date all milestones have been achieved. PAR >30 was reduced to 3.65 for this semester.
2. The only delay experienced to date is the completion of the final report of the Baseline Study which is expected to be completed by August 2015.
3. In the next 6 months the project will concentrate on completing the Baseline Study, continued training, expansion of membership and delivery of credit services to Orange Walk and Belmopan.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

It was noted that there was a change in management at the Credit Union due to fiduciary concerns surrounding the previous manager. However, this issue seems to have no impact on the project performance

SECTION 3: INDICATORS AND MILESTONES

Indicators	Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Purpose: 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	578 Jun 2015	
	R.2 Number of clients opened a savings account	0			400 Mar 2020	6011 Jun 2015	
	R.3 Amount of loaned of loans for non-traditional Economic Activities (at least US\$282,000 per year)	0			859000 Mar 2020	981631 Jun 2015	
Component 1: Line of Credit (Reimbursable) Weight: 50% Classification:	C1.I1 Amount of Total credit portfolio	13900000 Mar 2013	18500000 Mar 2014	21300000 Mar 2015	23500000 Mar 2016	23260819 Jun 2015	Finished
Component 2: Technical Cooperation - Institutional Strengthening and MSME Development and Strengthening Weight: 25% Classification:	C2.I1 Improved delivery of financial services				Mar 2014	Yes Jun 2015	On Course
	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	1 Oct 2014	Finished
	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	966 Jun 2015	On Course
Component 3: Sustainability and financial analysis Weight: 25% Classification:	C3.I1 Provisioning complies fully with Central Bank's ratio:	35 Apr 2013	60 Aug 2014		65 Aug 2015	339061 Mar 2015	On Course
	C3.I2 PAR>30	35 Mar 2013	10 Aug 2014		7 Aug 2015	3.65 Jun 2015	Delayed

Milestones	Planned	Due Date	Achieved	Date of achievement	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	1	Jul 2014	Achieved
M7 [*] 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] Environmental restrictions

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 have been taken in the reporting period:

In this past semester LICU has continued supporting the MFFO salaries through its own resources. Trainings and financial outreach have continued as per the Annual Operational Plan and the number of accounts opened through outreach efforts have increased to 6,011 and the value of loans approved through this effort has increased to US \$981,631. LICU has acquired transportation for all three Micro-Finance Field Officers and has lately made available a pickup truck to increase mobility during the rainy season and to ensure security of mobilization of finances.

SECTION 6: PRACTICAL LESSONS

	Relative to Implementation	Author
1. There is a need to provide more training to our own staff in-house for them to appreciate the importance of project delivery and the need to achieve indicators agreed upon. There may be a disjoint between project execution staff and credit staff leading to a sort of weakened communication and clear articulation of goals. It is also advisable that these projects be monitored on a monthly basis as opposed to every six months, at least internally.		Vargas, Albino G.