

PROJECT STATUS REPORT

JULY 2015 - DECEMBER 2015

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Support to La Inmaculada Credit Union

Project Number: BL-S1001 - Project Num.: ATN/OC-13615-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

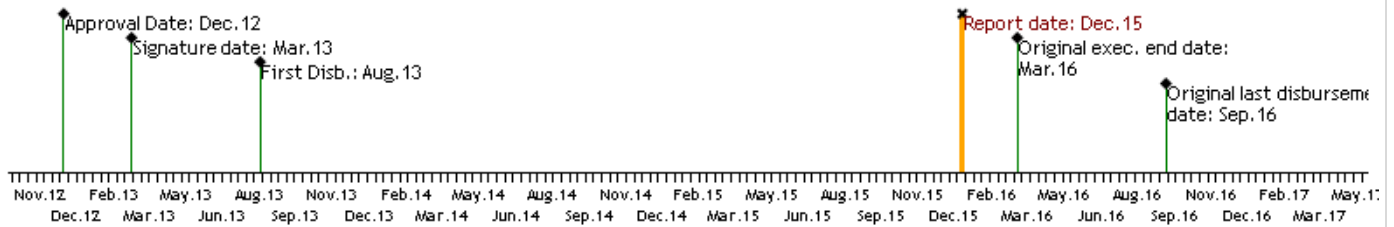
Design Team Leader:

EDGAR RIVERA

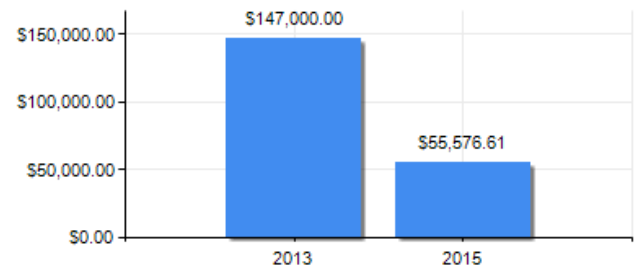
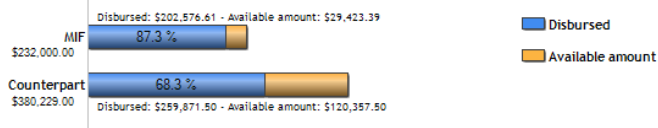
Supervision Team Leader:

WAYNE BEECHER

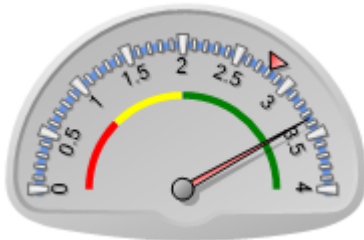
PROJECT CYCLE



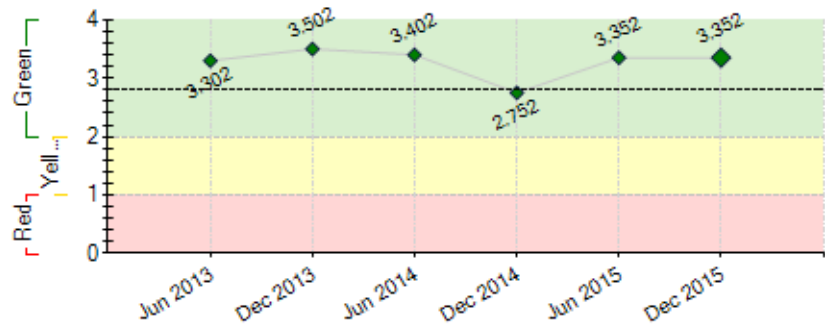
FUNDS (IN USD THOUSANDS)



PERFORMANCE SCORE



Current score: Satisfactory: 3.352
SEP Average: 2.806



----- SEP performance average

EXTERNAL RISKS

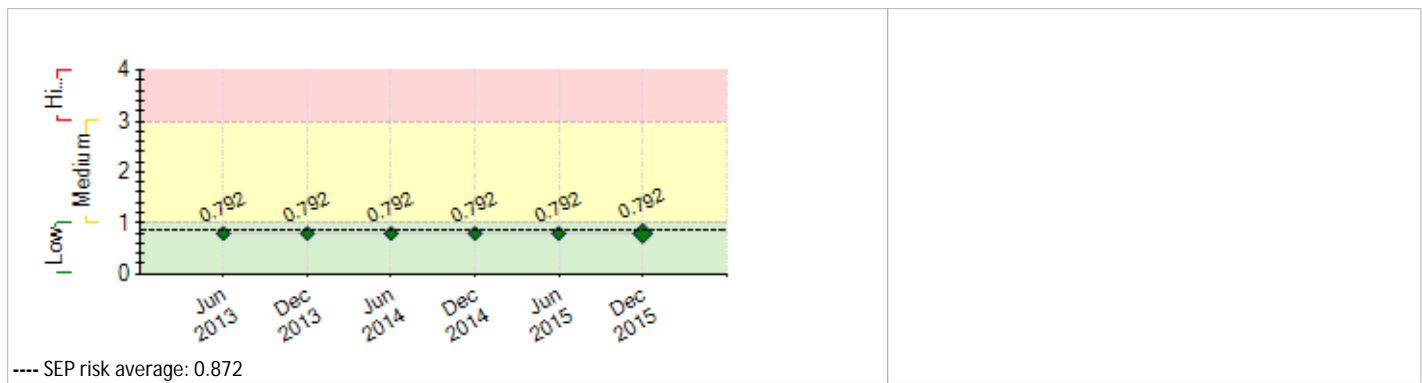
INSTITUTIONAL CAPACITY

Risk

Financial Management: Low

Procurement: Low

Technical Capacity: Low



SECTION 2: PERFORMANCE

Summary of project performance since inception

1. To date the project has met or exceeded all the expected results. The number of persons receiving a loan from this facility has more than doubled the expected figure of 400. The number of new accounts has surpassed the 6,900 figure and the loan portfolio has grown to over \$25M. All milestones have been achieved within an average of 15 days of their due dates.
2. Excess liquidity in the financial system has caused LICU to forfeit the third tranche of the credit facility. The different culture of lending and borrowing in the communities where the new branch has been opened is also a challenge.
3. To date the main risk is the possibility of delinquency increasing, however, processes and checks are being put in place to avoid over-indebtedness and to ensure repayment capacity through enhanced due diligence and more rigorous loans monitoring and recovery.
4. The project has achieved most of its objectives and the likelihood of it winding down successfully for March 2016 is highly optimistic. Two additional training sessions to strengthen the credit staff will be pursued.
5. Along with the EU we agreed to forfeit the last tranche. Also, on the Executing Unit's advice we will be requesting the Bank's no-objection for re-allocation of funds for the two additional training sessions. Training on Bank procedures have also been facilitated by the local representation of the IDB.

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 approved more small business loans targeting more females than males and trying to increase youth participation. At the branch level we managed to organize a Market and Awareness Day in October of 2015 and promoted our small business loans among the communities of the Cayo District.
2. Due to the high liquidity status at our credit union, LICU has decided to forfeit the third and last disbursement from the credit facility. A total of \$500,000.00 will be drawn down from the facility only.
3. All milestones have been achieved to date and the credit union will focus on continuing to deliver quality service and credit to the rural communities through the established revolving fund facility.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

The project was well executed. However, market liquidity adversely impact the demand for the 3rd tranche of the disbursement

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	852	
R.2	Number of clients opened a savings account	0				Mar 2020	Dec 2015	
						400	6950	
						Mar 2020	Dec 2015	
R.3	Amount of loaned of loans for non-traditional Economic Activities (at least US\$282,000 per year)	0				859000	1422586	
						Mar 2020	Dec 2015	

Component 1: Line of Credit (Reimbursable)

Weight: 50%

Classification: Satisfactory

C1.I1	Amount of Total credit portfolio	13900000	18500000	21300000		23500000	25399590	Finished
		Mar 2013	Mar 2014	Mar 2015		Mar 2016	Dec 2015	

Component 2: Technical Cooperation - Institutional Strengthening and MSME Development and Strengthening

Weight: 25%

Classification: High Satisfactory

C2.I1	Improved delivery of financial services						Yes	On Course
						Mar 2014	Jun 2015	
C2.I2	Commissioning of SSEDAT Centre	0				1	1	Finished
		Apr 2013				Sep 2014	Jul 2013	
C2.I3	Market Survey Completed	0				1	1	Finished
		Mar 2013				Nov 2014	Jul 2013	
C2.I4	Improvement and Validation of Loan Policy Manuals	0				1	1	Finished
		Mar 2013				Feb 2015	Oct 2014	
C2.I5	Train and Deploy MicroFinance Service Providers	0	1			2	2	Finished
		Mar 2013	Nov 2014			Jun 2015	Jul 2013	
C2.I6	Business development and financial literacy training for MSMEs	0	120	240		400	995	Finished
		Mar 2013	Jul 2014	Sep 2015		Jan 2016	Dec 2015	

Component 3: Sustainability and financial analysis

Weight: 25%

Classification: Satisfactory

C3.I1	Provisioning complies fully with Central Bank's ratio:	35	60			65	339061	On Course
		Apr 2013	Aug 2014			Aug 2015	Mar 2015	
C3.I2	PAR>30	35	10			7	3.65	On Course
		Mar 2013	Aug 2014			Aug 2015	Jun 2015	

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

[None reported in this period]

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 have been taken in the reporting period:

After a period of strengthening of the credit department and implementing processes to improve due diligence, the outreach staff is once more in the field recruiting new membership and offering all financial services to the membership at large.

SECTION 6: PRACTICAL LESSONS

[No lessons learned found]