

# PROJECT STATUS REPORT

JULY 2014 - DECEMBER 2014

## SECTION 1: PROJECT SUMMARY

**PROJECT NAME:** Rural finance partnership for Latin America and the Caribbean

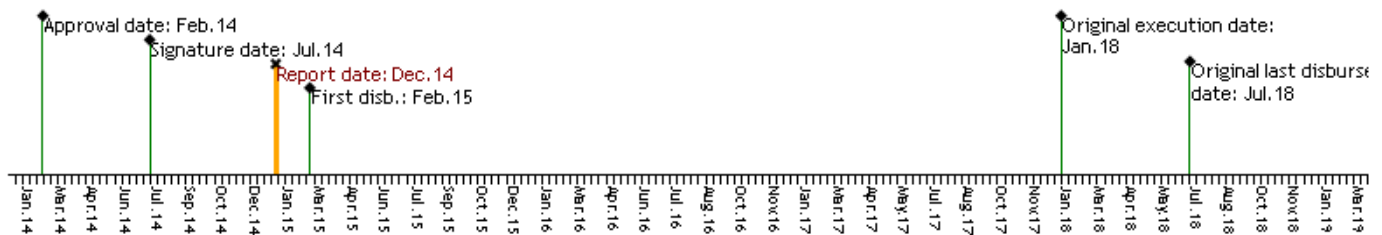
Project number: RG-M1230 - Operation Number: ATN/ME-14307-RG

**Result:** Increase outreach and improve the capacity (operational and financial) of selected MFIs in LAC to provide adequate sustainable financial services catering the needs of rural poor and low income population

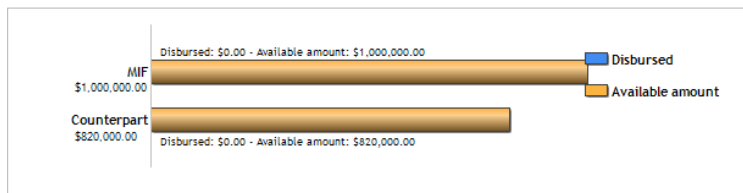
Country Administrator	Beneficiary Country	Group	Subgroup
UNITED STATES	COLOMBIA, ECUADOR, GUATEMALA, MEXICO, PERU	MIC - Microenterprise Development	MFIN - Microfinance

**Executing agency:** INCOFIN INVESTMENT MANAGEMENT COMM VA **Design Team Leader:** Torrez, Gabriela  
**Supervision Team Leader:** Torrez, Gabriela

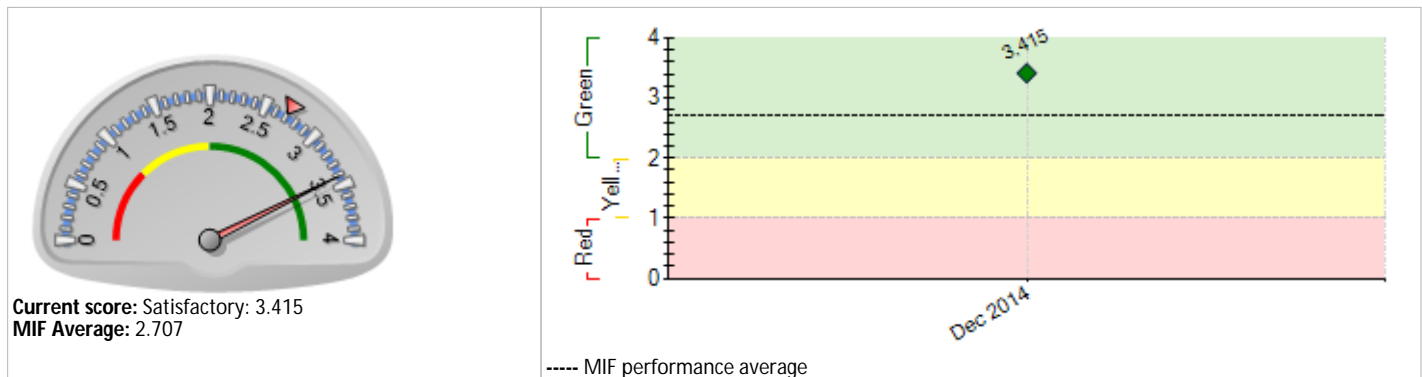
### TIMELINE



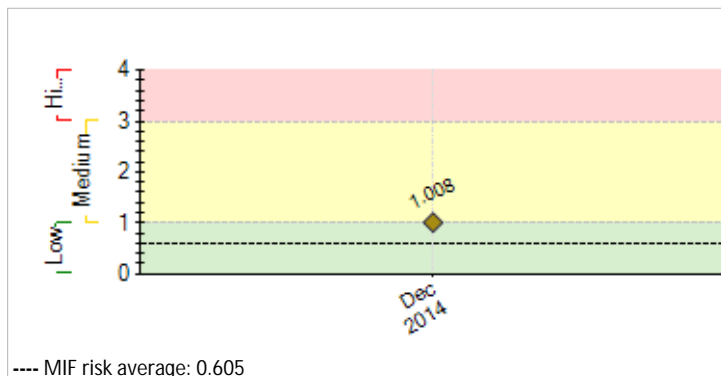
### FUNDS



### PERFORMANCE SCORE



### EXTERNAL RISKS



### INSTITUTIONAL CAPACITY

	Risk
Financial Management:	Medium
Procurement:	High
Technical Capacity:	Medium

## SECTION 2: PERFORMANCE

## Summary of project performance in the last six months

No se recibió respuesta, el ejecutor se encontraba cumpliendo condiciones previas

## Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Durante el periodo Julio-diciembre 2014, la agencia ejecutora estuvo preparando los documentos para el cumplimiento de condiciones previas. Al mismo tiempo se tuvieron avances en la preparación de propuestas de TA habiéndose aprobado dos, una propuesta con CREZCAMOS (CO) y otra con EDPYME Alternativa (PE).

La elegibilidad del proyecto se otorgó en enero de 2015 por lo que estas propuestas iniciarán su ejecución.

## SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
<b>Result:</b> Increase outreach and improve the capacity (operational and financial) of selected MFIs in LAC to provide adequate sustainable financial services catering the needs of rural poor and low income population	<b>R.1</b> Number of MFIs participating in the RFP	0	3	6		10	0	
			Jul 2015	Jul 2016		Jul 2018		
	<b>R.2</b> Number of active clients with microloans in rural areas from the RFP MFIs	0	60000			130000	0	
			Jul 2016			Jul 2018		
	<b>R.3</b> Increase in Gross portfolio in rural areas from the RFP MFIs (in US\$ millions)	0	100			250	0	
			Jul 2016			Jul 2018		
	<b>R.4</b> Growth rate of agro-related portfolio from RFP MFIs	0	3			6	0	
			Jul 2016			Jul 2018		
	<b>R.5</b> Portfolio quality of RFP MFIs (Max. Avg PAR 30)	0	10	10		10	0	
			Jul 2016	Jul 2017		Jul 2018		
<b>Component 1:</b> Product Development <b>Weight:</b> 35% <b>Classification:</b> Satisfactory	<b>C1.11</b> Number of rural clients of the participating MFIs using new financial products developed by the RFP at the end of reporting period	0	500			2500		
			Jul 2016			Jan 2018		
	<b>C1.12</b> Number of new / reviewed financial products developed and rolled out	0	1	2		6		
			Jul 2016	Jan 2017		Jan 2018		
	<b>C1.13</b> Number of new financial products focusing on agro-related activities rolled out	0	1	2		2		
			Jul 2016	Jan 2017		Jan 2018		
	<b>C1.14</b> Number of RFP MFI staff trained to deliver new financial products	0	50			100		
			Jan 2017			Jul 2018		
<b>Component 2:</b> Exploring delivery channels <b>Weight:</b> 10% <b>Classification:</b> Satisfactory	<b>C2.11</b> Number of MFIs conducting a feasibility study for innovative delivery channels	0	1			3		
			Jan 2017			Jan 2018		
	<b>C2.12</b> Number of strategies approved to set up a new delivery channels in the coming two years	0	1			3		
			Jan 2017			Jan 2018		
<b>Component 3:</b> Social Performance Management <b>Weight:</b> 25% <b>Classification:</b> Satisfactory	<b>C3.11</b> Number of RFP MFIs who have developed a SPM/ CPP action plan	0	3			6		
			Jul 2016			Jul 2018		
	<b>C3.12</b> Number of RFP MFIs who have changed/started a good practice in client protection/prevention of over-indebtedness	0	2			4		
			Jul 2016			Jul 2018		
	<b>C3.13</b> Number of RFP MFIs that improved at least one level in the ECHOS Tool rating	0	3			5		
			Jul 2016			Jul 2018		
	<b>C3.14</b> Number of RFP MFIs using an SPM tracking tool	0	2			4		
			Jul 2016			Jul 2018		
<b>Component 4:</b> Capacity building in specific areas <b>Weight:</b> 15% <b>Classification:</b> Satisfactory	<b>C4.11</b> Number of RFP MFIs that adopted and/or adjusted risk management practices	0	1			3		
			Jul 2016			Jul 2018		
	<b>C4.12</b> Number of RFP MFIs that adopted new human resources best practices/ governance practices	0	1			3		
			Jul 2016			Jul 2018		
<b>Component 5:</b> Knowledge Management and Strategic Communication <b>Weight:</b> 15% <b>Classification:</b> Satisfactory	<b>C5.11</b> Number of Regional workshops	0	2			3		
			Jul 2016			Jul 2018		
	<b>C5.12</b> External event of dissemination	0				1		
						Jul 2018		
	<b>C5.13</b> Number of people attending the events	0	10			50		
			Jul 2016			Jul 2018		

Milestones	Planned	Due Date	Achieved	Date achieved	Status
<b>M1</b> Conditions Prior	1	Jan 2015			
<b>M1</b> Signature of 2 TA agreements	2	Jul 2015			
<b>M2</b> Signature of 5 TA agreements (cumulative)	5	Jul 2016			
<b>M3</b> Participant MFI actively implementing the SPM action plan	1	Jul 2016			
<b>M4</b> Participant MFIs that adopted and /or adjusted risk management practices/department	1	Jul 2016			
<b>M5</b> Three pilot testing of products launched	3	Jan 2017			
<b>M6</b> Signature of TA Agreements (cumulative)	9	Jul 2017			
<b>M7</b> Number of rural clients using the new financial products developed	375	Jul 2017			
<b>M8</b> Number of regional workshops with the RFP participant MFIs	2	Jul 2017			
<b>M9</b> Number of participant MFIs that are actively implementing the SPM action plan	3	Jan 2018			
<b>M10</b> Number of participant MFIs that improved at least one level in the ECHOS tool assessment	4	Jan 2018			
<b>M12</b> Number of clients benefitted of the new products rolled out	2000	Jan 2018			

M11	Number of participant MFIs with social rating completed	2	Jul 2018		
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**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. External risks in terms of political, economic and financial downturns might be an issue of concern, including changes in the microfinance business enabling environment (new Laws, regulation procedures relating to the microfinance industry), financial crisis that affect liquidity/returns/portfolio quality in countries, as well as economic crisis in the real sector affecting agro related or rural markets and lack of security in rural areas.	Medium	Even though, these risks are difficult to mitigate with the project, the vast experience and knowledge of the MIF and Incofin IM can contribute to provide early warnings and useful insights to help MFIs to endure the difficulties.	Project Guest
2. Low levels of sustainability of the products and channels generated by the project due to lack of commitment of the MFIs to objectively develop or adjust their products as well as a low demand from the rural clients	Medium	-Incofin IM will foster commitment and involvement of the MFI Board of Directors (BoD) throughout the design and execution of the project. -The concept of sustainability of the MFIs will be required as one of the eligibility criteria for the MFIs to qualify to the program. -As part of the feasibility analysis of the development of products, financial viability and markets studies will be included in the scope of work of consultancies.	Project Guest
3. No adoption of Social Performance Management principles by the MFIs due to increase of costs of implementing them and/or issues with credibility of the tools in the microfinance industry.	Medium	This risk will be mitigated with eligible criteria (ECHOS Tool score more than 50%) that shows initial commitment and driven social mission as well as close monitoring by Incofin.	Project Guest
4. Low consultant performance resulting in low quality of deliverables of the project	Medium	Incofin will sign results-based contracts with the consultants as well as will include strict selection processes combined with close follow-up and review of the deliverables.	Project Guest
5. Lack of commitment of participant MFIs in improving capacity and performance	Medium	INCOFIN will apply strict selection criteria to choose the participant MFIs and will accompany them in preparing and developing the TA project.	Project Guest

**PROJECT RISK LEVEL: Medium 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:****SECTION 6: PRACTICAL LESSONS***[No lessons learned added yet.]*