

# PROJECT STATUS REPORT

JULY 2016 - DECEMBER 2016

## SECTION 1: PROJECT SUMMARY

**PROJECT NAME:** EcoMicro: Access to Financial Services

Project Number: JA-X1010 - Project Num.: ATN/NV-15061-JA

**Purpose:** Clients of Access Financial Services (AFSL), MSMEs and low-income households use green loans to access clean and efficient energy solutions

**Country Admin**

JAMAICA

**Country Beneficiary**

JAMAICA

**Executing Agency:**

ACCESS FINANCIAL SERVICES

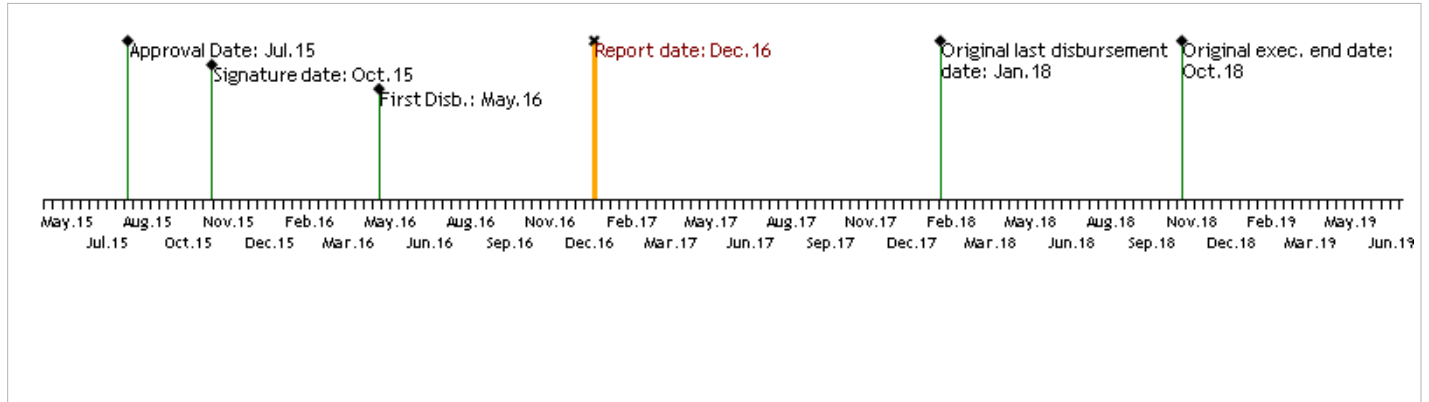
**Design Team Leader:**

GREGORY WATSON

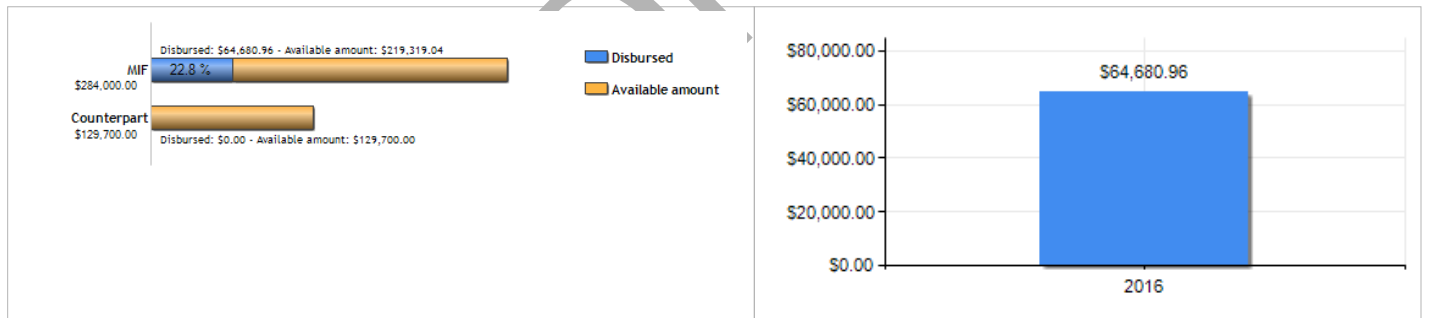
**Supervision Team Leader:**

WAYNE BEECHER

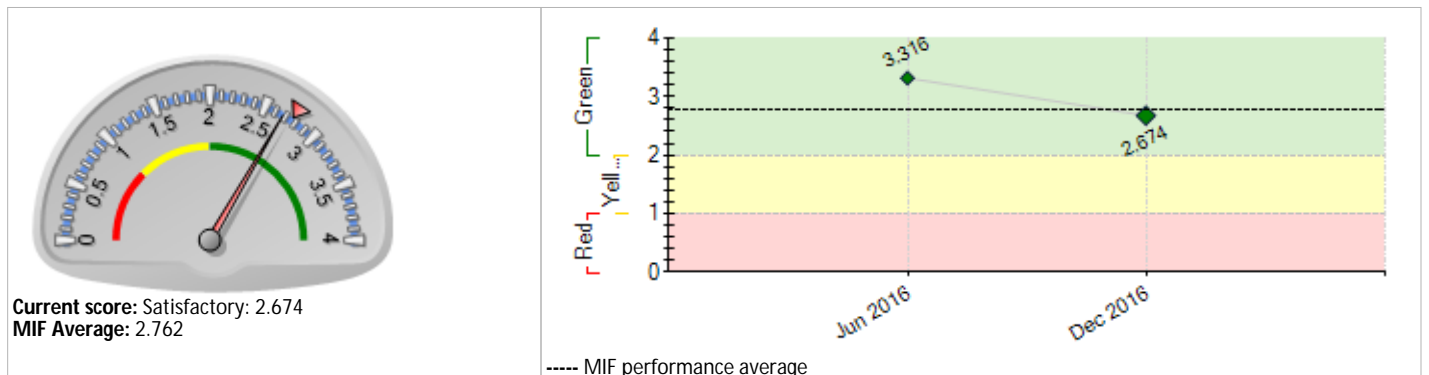
### PROJECT CYCLE



### FUNDS



### PERFORMANCE SCORE



### EXTERNAL RISKS

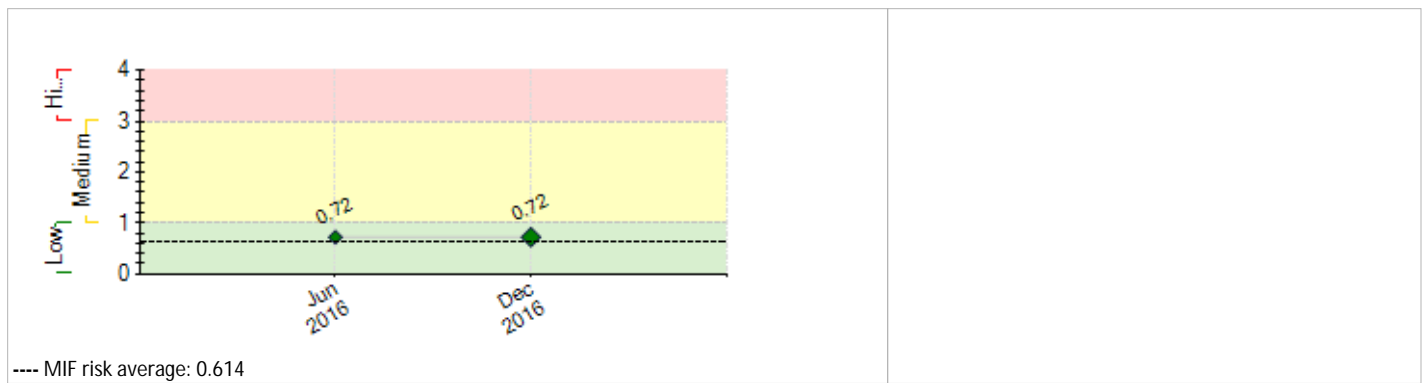
### INSTITUTIONAL CAPACITY

**Risk**

**Financial Management:** Low

**Procurement:** Low

**Technical Capacity:** Low



## SECTION 2: PERFORMANCE

### Summary of project performance since inception

The achievements of the semester are a kin to those previously reported in period ended June 2016. As though it was indicated that there were two PSR only one was allowed to be completed as such the July to December 2016 semester achievements were reported in the June period. The achievements of the semester were :

- Staff training at Micro SME and housing finance summer academy at FSB.
- Component 1: -Energy audit conducted and energy baseline developed.
- Component 3 : Market study completed to facilitate the development of the green loan product.

There were no difficulties or delays experienced during the period. Initially we experienced a delay in getting the project started due to the availability of the consultants.

### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

The activities are ongoing and should be completed for an improve report for the Jan -Jun 2017 semester

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

Activity during the period relates to the completion of the market research. The study indicated potential high demand and coincided with the component 3 level indicator. The critical actions for next semester are :

- Finalization of the baseline report, Environmental policy and training of AFSL staff members.
- Start the portfolio risk assessment to climate change and
- Subsequently to begin work on the development of the green financial product.

### 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>Goal:</b> Improve competitiveness of MSMEs through reduction of energy costs and increase of disposable income of households through lower energy costs	I.1 Average reduction in annual energy costs of MSMEs (330400) and of low-income households (320200). This reduction will depend on the type of technology implemented that will be defined as part of the Market Study in Component 3	0 Oct 2015			1 Jul 2017	0	
	I.2 Reduction of Greenhouses emissions: tons of CO2 in GHG emissions reduced as a result of the implementation of energy efficiency measures. (340100)	0 Oct 2015			1 Jul 2017	0	
	I.3 Average reduction in annual energy costs of the microfinance institution. Including headquarters (Kingston) and Montego Bay offices.	0 Oct 2015			1 Jul 2017	0	
<b>Purpose:</b> Clients of Access Financial Services (AFSL), MSMEs and low-income households use green loans to access clean and efficient energy solutions	R.1 Number of MSMEs (230500) and low income households (210800) that have access to new green loans developed by AFSL	0 Oct 2015			100 Apr 2017	0	
	R.2 Total value (US\$) of the new green loans commercialized by AFSL. This value will be determined depending on the technologies to be financed	0 Oct 2015			1 Apr 2017	0	
<b>Component 1:</b> Greening AFS Operations <b>Weight:</b> 20% <b>Classification:</b> Unsatisfactory	C1.I1 Diagnosis of the energy efficiency needs of AFSL and steps to reduce the institutional carbon foot print	0 Oct 2015			1 Apr 2016		Delayed
	C1.I2 Development of an environmental policy including carbon footprint calculator	0 Oct 2015			1 Oct 2016		Delayed
	C1.I3 Personnel from administrative unit will be trained on how to	0			150		Delayed

	use the carbon footprint calculator and personnel from the human resources department, branch managers and all branch personnel will receive general training on the new environmental policy	Oct 2015				Oct 2016		
<b>Component 2:</b> Loan portfolio assessment of climate change risk  <b>Weight:</b> 13%  <b>Classification:</b> Unsatisfactory	C2.I1	Assessment of vulnerability of portfolio to climate change carried out	0			1		Delayed
			Oct 2015			Apr 2016		
	C2.I2	Development of a risk management tool associated to climate change	0			1		Delayed
			Oct 2015			Oct 2016		
	C2.I3	Training of Credit administration department employees	0			60		Delayed
			Oct 2015			Oct 2016		
<b>Component 3:</b> Development of a green financial product  <b>Weight:</b> 63%  <b>Classification:</b> Satisfactory	C3.I1	Market study done	0			1	1	On Course
			Oct 2015			Apr 2016	Dec 2016	
	C3.I2	Green loan developed. The development of the green financial product will include loan methodology, marketing, operative process to work with technology providers, etc. The loan methodology and final product will be approved by the Board.	0			1		Delayed
			Oct 2015			Oct 2016		
	C3.I3	Training of employees about the new green loan	0			60		Delayed
			Oct 2015			Oct 2016		
	C3.I4	Report on evaluation of pilot	0			1		
			Oct 2015			Jul 2017		
	C3.I5	Plan for launching the new green loan at a larger scale	0			1		
			Oct 2015			Jul 2017		
<b>Component 4:</b> Knowledge management and strategic communication  <b>Weight:</b> 4%  <b>Classification:</b> Satisfactory	C4.I1	Number of MFIs that have access to the case study	0			10		
						Jul 2017		
	C4.I2	Number of technology providers that attend the Green Forum Expo	0			10		
						Jul 2017		

Milestones		Planned	Due Date	Achieved	Date of achievement	Status
M1	Conditions Prior	7	Apr 2016	7	Apr 2016	Achieved
M1	Market study	1	Dec 2016	1	Dec 2016	Achieved late
M2	Green loan developed	1	Mar 2017			
M3	Green loans disbursed as part of the pilot project	100	Aug 2017			

**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 new green product may not be feasible from a financing standpoint.	Medium	Green finance instruments could require new credit methodologies that will affect AFSL asset-liability management. Green finance loans could imply larger loan amounts and longer repayment periods. AFSL might find it risky both to increase loan size and repayment periods as their success is based on managing small short-term loans. Consulting consortium will address this risk by considering asset liability management of AFSL balance sheets and train risk management officers on this matter. New credit mechanisms might include energy savings as part of loan repayment reducing the amount of regular payment installments and collateral by using clean energy devices as the guarantee for the repayment of the loan, therefore reducing risk. Finally, partnerships with energy companies or other players might help reach greater scale and reduce unit costs and therefore loan amounts.	Project Coordinator
2. Mitigation/reduction of emissions of GHG may require high investments which are not economically viable.	Medium	A cost-benefit analysis will be done in order to give priority to those investments that have the most GHG and energy consumption impact relative to its required investment.  Clarity will be achieved in this regard once the finalized report is submitted.	Project Coordinator
3. Limited number of local technology suppliers.	Low	The market study has identified many new entrants in the market as well as established market participants. The issue of practicality of supply and cost minimization for customers will remain a key focus.	Project Coordinator
4. Limited appetite of AFSL clients for green financing products.	Low	The market research conducted indicated that there is demand for green financing products. It also indicated that this demand is not limited to only AFSL client but non AFSL clients as well. Additionally during the product design we will look at initiatives to raise awareness on climate change and its impact as a pull and or push strategy to build demand.	Project Coordinator
<b>PROJECT RISK LEVEL:</b> Low <b>TOTAL NUMBER OF RISKS:</b> 4 <b>IN EFFECT RISKS:</b> 4 <b>NOT IN EFFECT RISKS:</b> 0 <b>MITIGATED RISKS:</b> 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:**

During the period under review there were no issues identified that would impact the sustainability of the project

### SECTION 6: PRACTICAL LESSONS

	<b>Relative to Implementation</b>	<b>Author</b>
1. The product success is hinged on training of the target market to bring awareness and sensitivity to the impact of greenhouse gases. More household focus on the impact on a household level in terms of savings and not on an environmental levels in terms of impact.		Davis, Karen Felicia

Draft