

# PROJECT STATUS REPORT

JULY 2017 - DECEMBER 2017

## 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

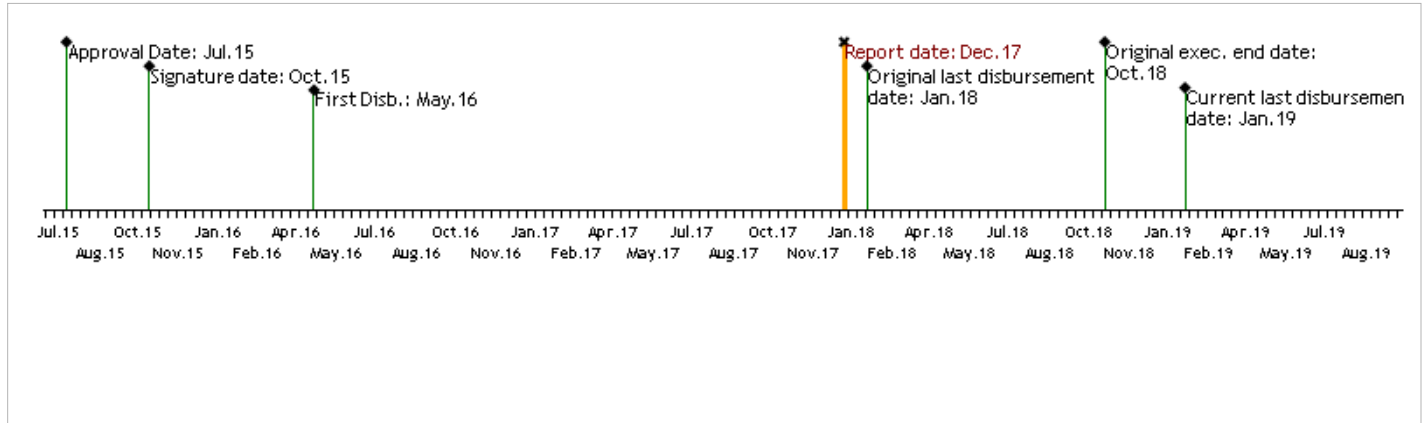
**Design Team Leader:**

GREGORY WATSON

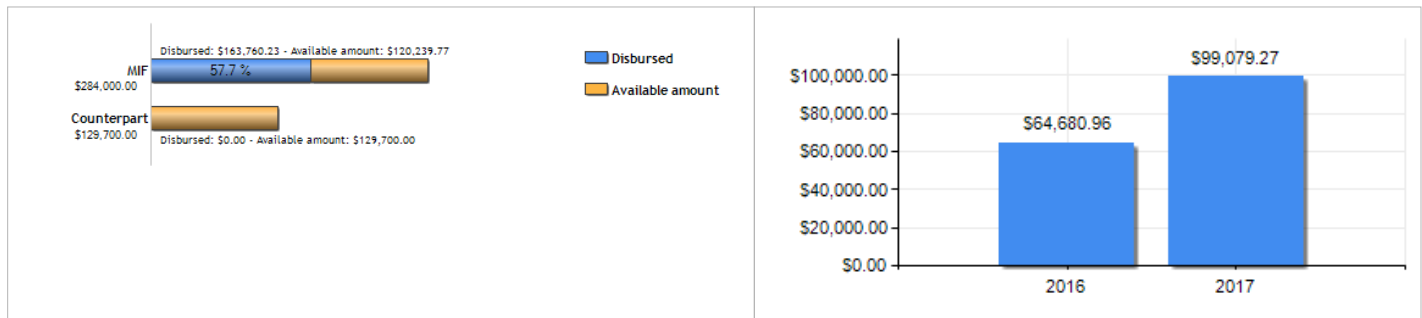
**Supervision Team Leader:**

SEGEE TERRY-ANN SHARLENE

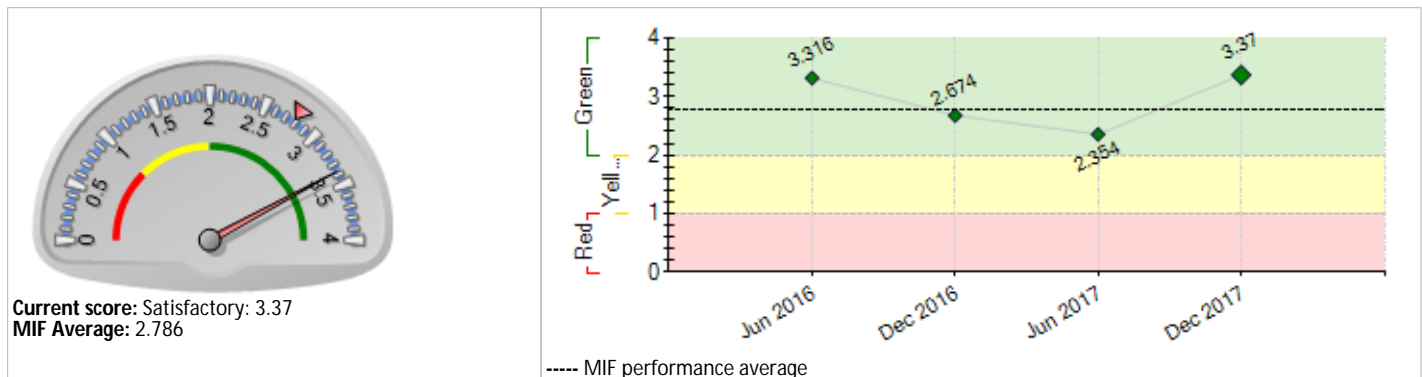
### PROJECT CYCLE



### FUNDS



### PERFORMANCE SCORE



### EXTERNAL RISKS

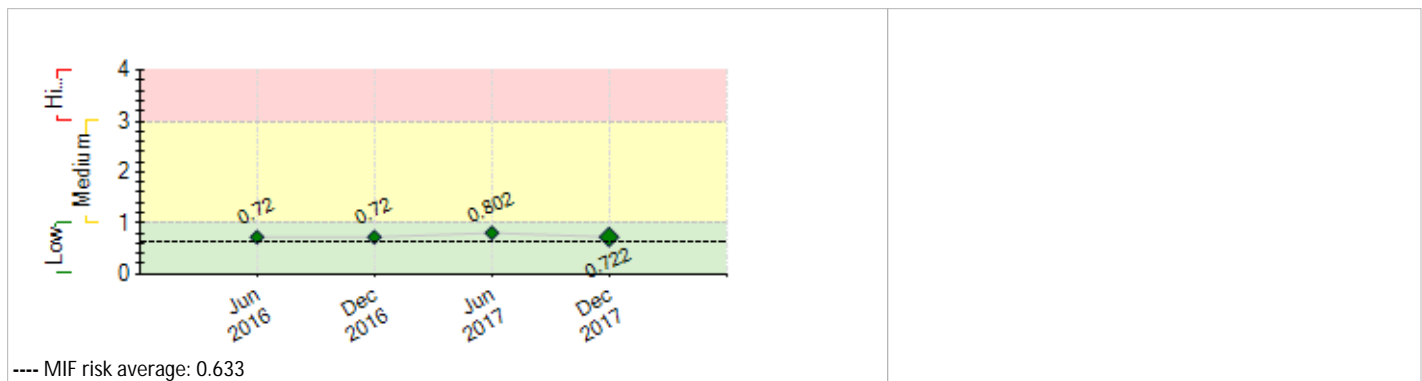
### INSTITUTIONAL CAPACITY

**Risk**

**Financial Management:** Low

**Procurement:** Low

**Technical Capacity:** Low



## SECTION 2: PERFORMANCE

### Summary of project performance since inception

Achievements thus far: **Component 1- Greening AFS Operations** Assessment of AFSL was completed, along with an environmental policy, training of staff and the completion of the measurement tool. **Component 2- (Loan portfolio assessment of climate change risk)** Risk assessment completed and reports submitted for review. **Component 3-Development of a green financial product** completion of the market study and conceptualization of the loan products and Greening component of AFS operations. Loan products were launched. **Difficulties or delays:** The project initially started later than planned due to the availability of the consulting team. However, we have moved speedily and ensure that the project timeline will still be maintained. **Important risk identified:** Viability of the product continued to be a key issue. Much deliberation was done about offering a single digit interest rate but the cost to the organization and the demand of other stakeholders proved challenging. We were able to offer an interest rate that is relatively acceptable by all stakeholders. Educational awareness continued to be a risk. The issue of securing the loans also came to the forefront. The use of the solar panels to secure the loans presented a risk in the event of default, these would have been installed on homes and have become part and parcel of the property. Secondly the market for reposed solar panels and whether the full value of the item should be used to secure the loan

#### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

The EA has completed most of the activities under the project however, the loan product has not received much traction. One final marketing and promotion attempt will be made before the project closes early 2019.

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

**Component 2- (Loan portfolio assessment of climate change risk)** – Reviewed Vulnerability Assessment report and the risk assessment tool to determine suitability for the organization. **Component 3-** We trained staff across the island and launched two products dubbed: Access Green”: a personal loan product and a business loan product. We partnered with Fosrich Group of companies, an electrical and lighting company with over seventeen (17) years of business experience. They have come on board as our first partner for the supply of energy efficient equipment.

#### 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	3 Nov 2017	
	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> High Satisfactory	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	1 Oct 2016	Finished
	C1.I2 Development of an environmental policy including carbon footprint calculator	0 Oct 2015				1 Oct 2016	1 Feb 2017	On Course
	C1.I3 Personnel from administrative unit will be trained on how to 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	0 Oct 2015				150 Oct 2016	189 Mar 2017	Finished

<b>Component 2:</b> Loan portfolio assessment of climate change risk  <b>Weight:</b> 13%  <b>Classification:</b> High Satisfactory	C2.11	Assessment of vulnerability of portfolio to climate change carried out	0 Oct 2015				1 Apr 2016	1 Sep 2017	On Course
	C2.12	Development of a risk management tool associated to climate change	0 Oct 2015				1 Oct 2016	1 Sep 2017	Finished
	C2.13	Training of Credit administration department employees	0 Oct 2015				60 Oct 2016	60 Nov 2017	Finished
<b>Component 3:</b> Development of a green financial product  <b>Weight:</b> 63%  <b>Classification:</b> Satisfactory	C3.11	Market study done	0 Oct 2015				1 Apr 2016	1 Dec 2016	On Course
	C3.12	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 Oct 2015				1 Oct 2016	1 Apr 2017	On Course
	C3.13	Training of employees about the new green loan	0 Oct 2015				60 Oct 2016	49 Nov 2017	Finished
	C3.14	Report on evaluation of pilot	0 Oct 2015				1 Jul 2017		Delayed
	C3.15	Plan for launching the new green loan at a larger scale	0 Oct 2015				1 Jul 2017	1 Nov 2017	On Course
<b>Component 4:</b> Knowledge management and strategic communication  <b>Weight:</b> 4%  <b>Classification:</b> Very Unsatisfactory	C4.11	Number of MFIs that have access to the case study	0 Jul 2017				10 Jul 2017		Delayed
	C4.12	Number of technology providers that attend the Green Forum Expo	0 Jul 2017				10 Jul 2017		Delayed

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
M2 Green loan developed	1	Mar 2017	1	Apr 2017	Achieved
M3 [*] Green loans disbursed as part of the pilot project	50	Aug 2018			

[\*] 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 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 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
4. 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
<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**

Issue	Comments
<p>[X] A <b>market</b> is not generated for the project's services and/or activities (low payment capacity or low demand for those services)</p>	<p><b>Actions related to sustainability which have been taken in the reporting period:</b></p> <p>We have focused our sustainability efforts for this loans product in two ways:</p> <p>(1) Education - We are developing a public education campaign that will be first limited to specific branches and target to our customer base. This we hope will build interest in the product.</p> <p>(2) Security -We are currently researching using the solar panels as security to make the loans more accessible.</p> <p>(3) Partners - we are seeking to added additional partners to allow for greater prospects from referrals.</p> <p>(4) Interest rate - review ongoing to improve attractiveness of the product.</p>

## SECTION 6: PRACTICAL LESSONS

1. • This loan type was new to Access as a company and so we struggled with the use of the panel as security for the loan based on the fact that no market existed in Jamaica for used equipment's of these nature, hence impacting our ability to recover in the event of default. Also, as these items were attached to premises in the event of default where would Access stand in claiming or removing these items. We initially opted to get other type of security until have gained comfort in this area.	Relative to Implementation	Author Davis, Karen Felicia
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