

PROJECT STATUS REPORT

JANUARY 2018 - JUNE 2018

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

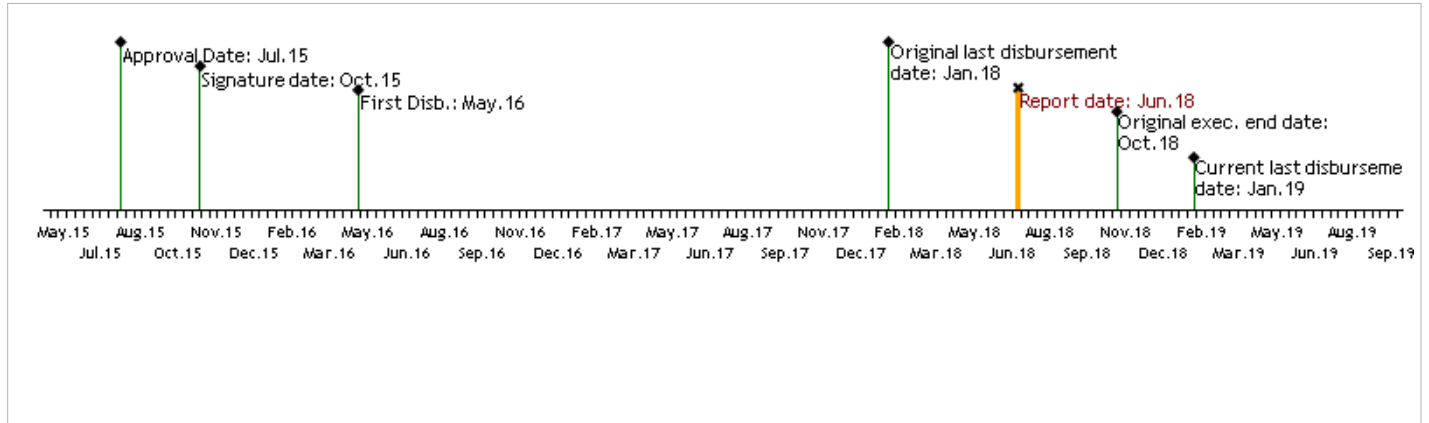
JAMAICA

Executing Agency: ACCESS FINANCIAL SERVICES

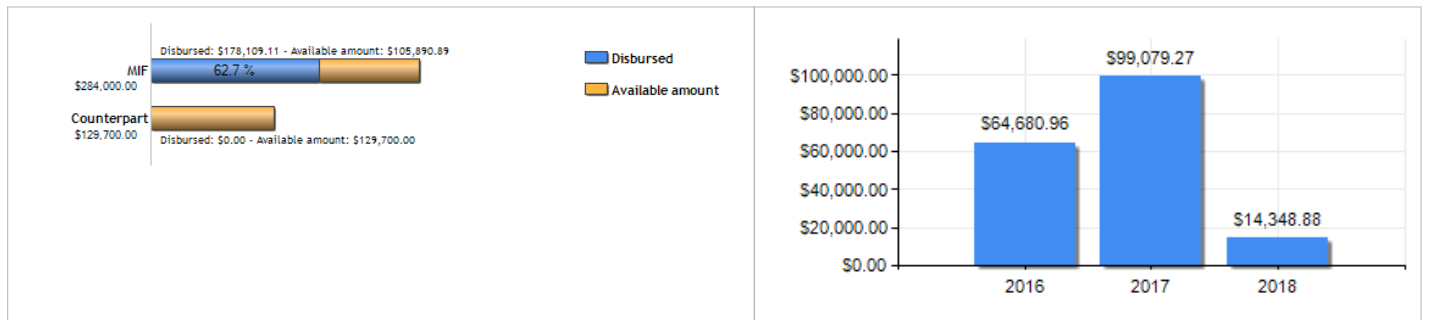
Design Team Leader: GREGORY WATSON

Supervision Team Leader: SEGREE TERRY-ANN SHARLENE

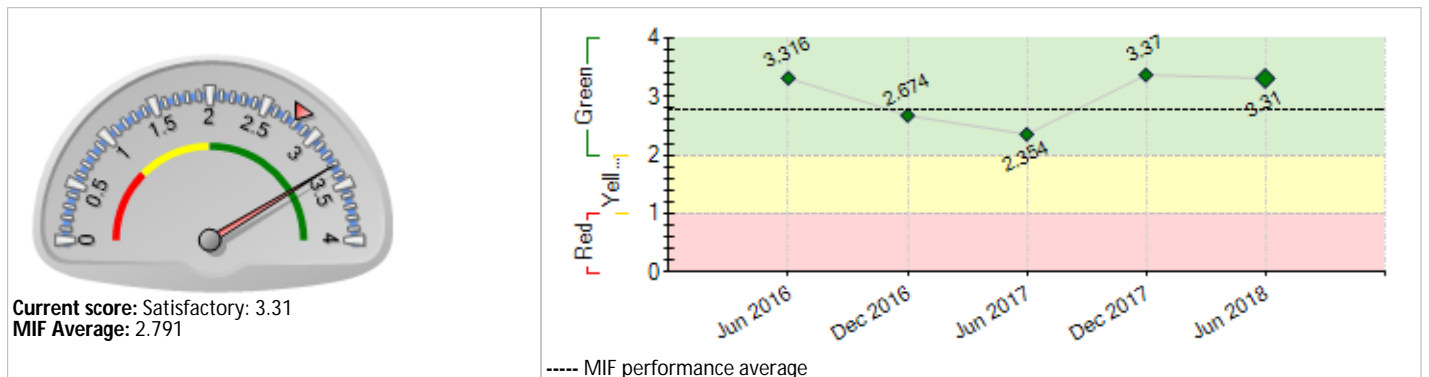
PROJECT CYCLE



FUNDS



PERFORMANCE SCORE



EXTERNAL RISKS

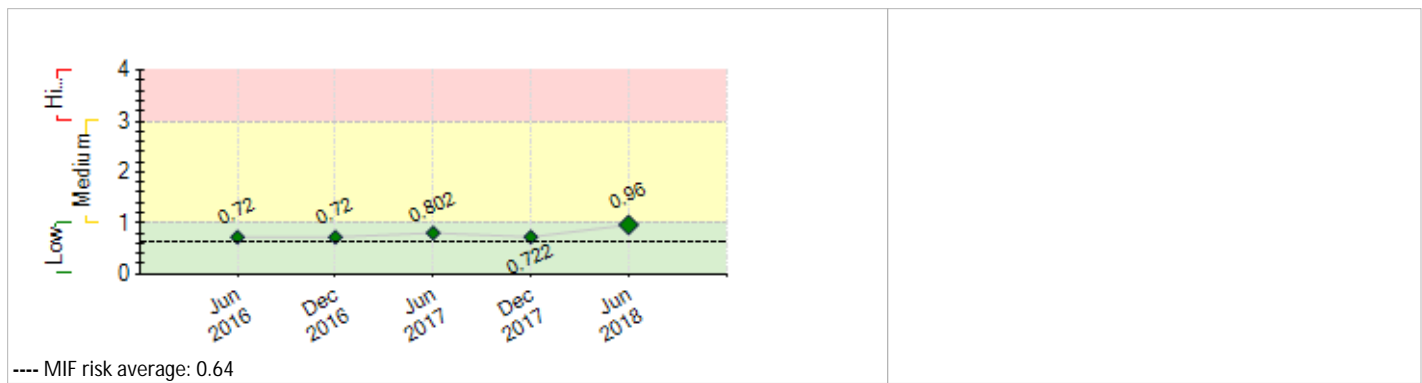
INSTITUTIONAL CAPACITY

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. Sales Trust and the creation of the knowledge product. Sales trust employed to fuel the uptake of the eco-micro loan products. The uptake during the period was low due to several factors, chief of which is the perception, indicative of a need for extensive educational initiatives. **Component 4:** First draft of a knowledge product: **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. Loans disbursed to- date are significantly behind based on target. Initiatives are being reviewed to address same. **Important risk identified:** The main risk identified continues to be the viability of the product based on it's the current loan terms and as such its attractiveness to our client base.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

For the period under review, no major activity was undertaken. We continued to introduce the loan product to our customer based with greater trust to our business clients. The management team also reviewed the loan product in light of the lessons learned. To make the product more sustainable the management team proposed to offer the loan product as a benefit to those personal loan clients in good standing. A personal loan customer would benefit as he process would be relatively simple considering they are already in the system and have a current loan, the interest rate for the product would be reduced compared to the current interest rate for personal loans as well as we would work with those individuals to achieved targeted cost reduction.

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
Goal: 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	
Purpose: 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	
Component 1: Greening AFS Operations Weight: 20% Classification: 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
Component 2: Loan portfolio assessment of climate change risk	C2.I1 Assessment of vulnerability of portfolio to climate change carried out	0 Oct 2015				1 Apr 2016	1 Sep 2017	On Course
	C2.I2 Development of a risk management tool associated to	0				1	1	Finished

Weight: 13% Classification: High Satisfactory	climate change	Oct 2015				Oct 2016	Sep 2017	
	C2.I3 Training of Credit administration department employees	0				60	60	Finished
		Oct 2015				Oct 2016	Nov 2017	
Component 3: Development of a green financial product Weight: 63% Classification: 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	1	On Course
		Oct 2015				Oct 2016	Apr 2017	
	C3.I3 Training of employees about the new green loan	0				60	49	Finished
		Oct 2015				Oct 2016	Nov 2017	
	C3.I4 Report on evaluation of pilot	0				1		Delayed
Component 4: Knowledge management and strategic communication Weight: 4% Classification: Very Unsatisfactory		Oct 2015				Jul 2017		
	C3.I5 Plan for launching the new green loan at a larger scale	0				1	1	On Course
		Oct 2015				Jul 2017	Nov 2017	
	C4.I1 Number of MFIs that have access to the case study	0				10		Delayed
						Jul 2017		
	C4.I2 Number of technology providers that attend the Green Forum Expo	0				10		Delayed
						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
M2	Green loan developed	1	Mar 2017	1	Apr 2017	Achieved
M3	[*] Green loans disbursed as part of the pilot project	50	Aug 2018	0	Jan 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. Limited appetite of AFSL clients for green financing products.	Medium	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
3. 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
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
PROJECT RISK LEVEL: Medium TOTAL NUMBER OF RISKS: 4 IN EFFECT RISKS: 4 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**

Issue	Comments
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[X] A **market** is not generated for the project's services and/or activities (low payment capacity or low demand for those services)

Actions related to sustainability which have been taken in the reporting period:

To improve the sustainability of the product, we have offered the product to our personal loan customers who currently have a loan as a benefit. Essentially these customer by virtue of having a current loan in good standing will benefit from the Green energy loan. By inter- weaving the green loan product along with our more tenured loan product the sustainability level will improve.

SECTION 6: PRACTICAL LESSONS

[No lessons learned found]