

PROJECT STATUS REPORT (PSR)

07/01/2022 - 12/31/2022 - PSR-09529

PROJECT SUMMARY

Operation number

SU-T1145

Suboperation number

ATN/CN-19043-SU

Project Name

EcoMicro - Southern Commercial Bank - Green Finance for MSMEs and Low-Income Households

Team Leader

Ruth Houlston

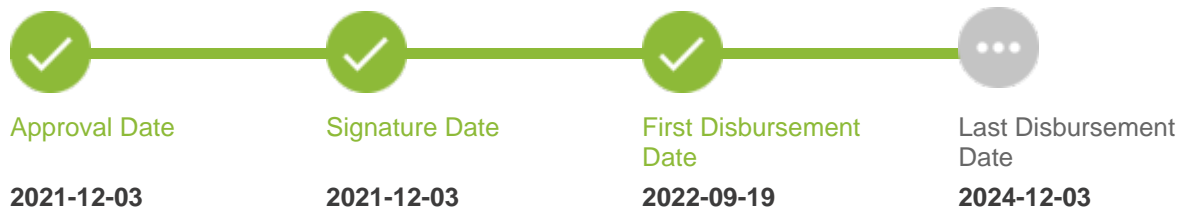
Executing Agency

Inter-American Development Bank

Purpose



Project cycle



PSR SCORE



- 0 - 1 Red Flag
- 1 - 2 Yellow Flag
- 2 - 4 Green Flag

LEARNINGS

1. Risk and Lessons

1.1. Risk

1.1.1. What do you think is the biggest risk that threatens the achievement of the project objectives?

The greatest foreseen risks to the project objectives are: 1. The limited appetite among MSMEs and low-income households for green financing given the impacts of COVID-19. 2. The limited amount of RE/EE and adaption technology suppliers in Suriname.

1.2. Greatest Achievement or Failure

1.2.1. What has been the greatest achievement or failure in the last semester that affected the implementation of the project?

During the first five months of the project's implementation, the major tasks undertaken by the Consulting Partner focused on detailed preparation and partial execution of Component I – Design and Implementation of Green Finance Products. The key activities included the execution of the first in-country mission, preparation and delivery of respective reports listed below, and adjustments to the project schedule and staffing arrangements, as explained below. Overall, project implementation has followed the work schedule as amended and all project deliverables were submitted as planned. As of 2022, the following reports and plans were delivered following the amended workplan: Inception report; Final workplan; Schedule of deliverables; First annual workplan; Market study; Gender analysis; Technology guide; Operations manual; Outreach and awareness strategy; Training materials on the operations manual and green finance products. Additionally, the first in-country mission of the Consulting Firm, GreenMax, took place from September 22 to September 29, 2022 and included meetings with external stakeholders and as well as with the SCom Team.

1.3. Findings and Lessons

1.3.1. What are the most useful findings and lessons from this project that when taken into consideration could improve the execution and results of existing projects and the design of similar projects in the future? A finding describes an action, circumstance or decision that was critical in determining the positive or negative evolution of the project (for example, switching from the development of a blockchain platform to a web-based shared database reduced the cost and time devoted to implementing the traceability capabilities required by the project). A lesson is a concrete, actionable proposal based on a finding that, in similar circumstances, would facilitate problem solving, risk mitigation, and the achievement of results (for example, Develop guidelines and criteria to identify candidates that could benefit from the implementation of a blockchain platform, and assess during the design if the selected project satisfies the criteria before committing to develop one).

Risks: The transition from several months of preparatory work – including the market assessment, product development, and upcoming staff training – to rolling out the green products for target clients in the market will test the internal capabilities of SCom. Since green finance is a new type of lending for the bank, there are risks that during the initial phase, the green loans will not be assessed properly or their volume will be below expectations. Mitigation: The relevant training of staff, as envisioned in the workplan, and transaction support by consultants for “the first-of-its-kind” project, made available at SCom’s request, will mitigate risks associated with the initial lending phase. Risks: Market demand will influence the green loan off-take. There are many factors determining a demand for SCom green products, only some of which can be addressed by SCom internally. The residual risk of insufficient demand is due to external factors out of SCom’s control, such as the macroeconomic environment, grants from other institutions, or a limited role for private sector commercial lending. Mitigation: SCom cannot influence the overall macroeconomic environment, and especially the lending market, so must fully rely on the success of the GoS economic stabilization efforts. Some other risks can

be mitigated by partnerships and close cooperation with governmental agencies/public programs, international donors, and the local private sector.

2. Scalability and replicability

2.1. Scalability Plan

2.1.1. Now that the Project is in the execution phase, have you developed any concrete plan or action that will allow it to reach a greater number of users/clients/beneficiaries (or broader environmental or resilience to climate change and natural disasters impacts) in the future?

This project is in the early execution phase. Therefore, a plan for scale has not been developed yet.

2.2. Costs and Partners to Scale

2.2.1. Now that the project is in the execution phase, do you know how much it costs to offer your product / service per user / client / beneficiary? Is this a factor that could affect reaching a greater number of users / clients / beneficiaries in the future? Has any public or private institution requested this information from you, looking for scaling or replicating the model / product / service?

This project is in the early execution phase. Information on the cost of the product will be available following the market study and landscape analysis. This Analysis will identify existing and potential household demand and business demand for RE/EE and adaptation products and price the green finance product accordingly, with appropriate interest rates, collateral requirements, loan tenors, etc.

2.3. Facilitating or Hindering Factors

2.3.1. Has any of these factors affected the number of users/clients/beneficiaries (more/fewer) reached by the project compared to what was originally planned (or environmental or resilience to climate change and natural disasters impacts)?

[Other]

Others, Which?

Given that the project is very early in the execution phase, the facilitating or hindering factors will be better accessed once the green finance products are rolled out into the market. A mid-term evaluation is also anticipated to determine performance of the pilot compared to what was originally planned and put forward alternative strategies based on the findings.

2.4. Scalability Scope

2.4.1. How feasible it is that the organization could reach a number of users/clients/beneficiaries 5, 10 or 100 times the number originally planned in the project design, five years after the project ends?

[It could reach between 5 times and 10 times the number of users/clients/beneficiaries originally planned in the project design five years after its closure]

2.4.2. How likely is the organization to reach that number five years after the project ends?

[Probable (more than 50% but less than 90% chance)]

2.6. Replicability Partners

2.6.1. Are you aware of any other entity at a national or international level that has copied / replicated completely or partially the business model of the project? Did you collaborate in the process with that entity?

[Yes]

If Yes, Explain

This project has been implemented as a part of the overall EcoMicro facility which has implemented similar operations with FIs across the region. As a key part of the overall program, it can anticipated that knowledge sharing initiatives will be implemented to share lessons learnt, best practice, and experiences across all of the Executing Agencies as they undertake their respective pilots.

2.7. Replicability Scope

2.7.1. Number of users / clients / beneficiaries reached by entities that have fully or partially replicated / copied the business model / products / services implemented with the support of the project?

[At least 10 times but less than 100 times the number of users / clients / beneficiaries planned in the original project design]

2.8. Sustainability

2.8.1. How do you think the project will continue once the IDB Lab financing ends? Examples: it has identified external financing sources to continue operating, it has reached the breakeven point through the sale of services and products, it has obtained the support of public institutions or the private sector, it will adjust the business model to remain viable (via franchises, etc.)

This project is very early in the execution phase, therefore information on this is not currently available. As detailed above, a scale strategy will be provided in the final year of the project.

3. Implementation

3.1. Facilitating or Hindering Factors

3.1.1. What specific aspects have (positively or negatively) affected the implementation of the project the most?

[Other]

Others, Which?

The low response rate in the primary market research.

3.1.2. Explain in detail how these factors that you identified have made the implementation of the project easier or more difficult

The primary market research did not achieve the expected response rate from the target clients. Although several hundred questionnaires were distributed electronically, only 19 households, 10 MSMEs, and 2 suppliers responded. Therefore, only qualitative conclusions could be derived from the small sample of respondents.

3.2. Novel Technologies Factors

3.2.1. If the project makes use of novel technologies or methodologies, what factors have facilitated or hindered the implementation of the technological solution initially proposed by the project?

[Access to subject matter experts by executing agency/client]

4. Development Outcomes (Quantitative)

4.0 Has your project contributed to any of the following indicators in the last 12 months (last year)?

[4.6. Not contribute]

5. Development Outcomes (Qualitative)

5.1. Target population identified in the design

Is the target population that was identified in the design being reached by the project? Select the target population actually reached by the project that was originally identified in the project design.

[None]

5.2. Population served NOT identified in the project design

5.2.1. Select if there are Groups that were NOT originally identified in the project design but are being reached in the execution phase?

[None]

5.3. Facilitating or Hindering Factors

5.3.1. Factors that have affected (facilitated or hindered) reaching these groups, or the resilience/environmental impacts, in the numbers/dimensions that the project had originally planned.

[Other]

Others

Given that the project is very early in the execution phase, the aspects affecting the implementation of the project will be better accessed once the green finance products are rolled out into the market. A mid-term evaluation is also anticipated to determine performance of the pilot compared to what was originally planned and put forward alternative strategies based on the findings.

5.3.2. Explain in detail how these factors that you have identified have affected the ability of the project to reach the groups (achieve resilience/environmental impacts) in the numbers/dimensions originally expected

Given that the project is very early in the execution phase, the aspects affecting the implementation of the project will be better accessed once the green finance products are rolled out into the market. A mid-term evaluation is also anticipated to determine performance of the pilot compared to what was originally planned and put forward alternative strategies based on the findings.









INDICATORS

 Overachieved  Achieved  Pending  In process  Overdue

C1: Design & Implementation of Green Finance Project

Weight: 25%



Qualification: Satisfactory

12% 88%				
Indicators	Planned	Achieved	Status	
I1	1 (2022-12-03)	1 (2022-11-30)		
I2	2 (2022-12-03)			
I3	25 (2024-12-03)			
I4	50 (2024-12-03)			
I5	120000 (2024-12-03)			
I7	100 (2024-12-03)			
I6	16 (2022-12-03)			
I8	1 (2024-12-03)			

C2: Analyzing the Vulnerability of the FI Loan Portfolio to Climate Change

Weight: 25%

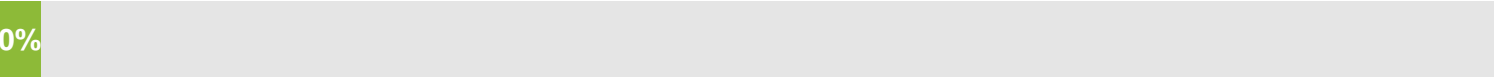
Qualification: High Satisfactory







0%				
Indicators	Planned	Achieved	Status	
I1	100 (2023-12-03)			
I2	1 (2023-12-03)			

I3	16 (2023-12-03)	
I4	1 (2024-12-03)	

C3: Reducing the Environmental Impact of the Finance Institution

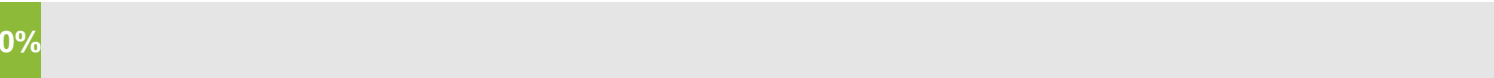
Weight: 25% Qualification: High Satisfactory



	Indicators	Planned	Achieved	Status
I1	% of FI's facilities with completed energy consumption diagnostic/carbon footprint analysis	100 (2024-12-03)		
I2		1 (2024-12-03)		
I4		1 (2024-12-03)		
I3		16 (2024-12-03)		
I5		0 (2021-12-03)		
I6		0 (2021-12-03)		

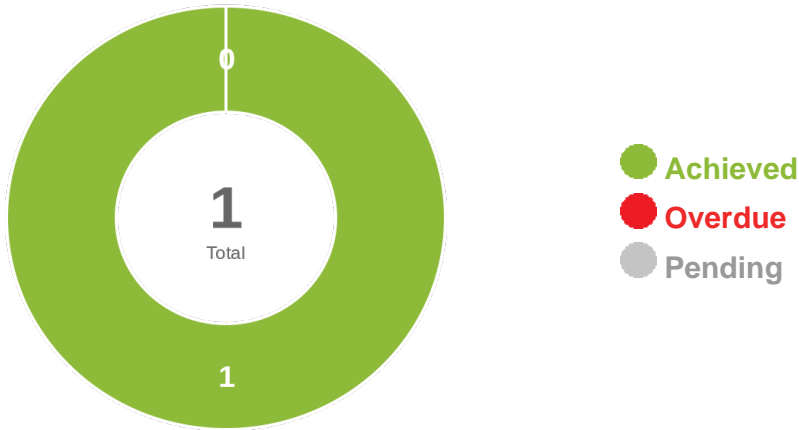
C4: Knowledge Management and Communications

Weight: 25% Qualification: High Satisfactory



	Indicators	Planned	Achieved	Status
I1		10 (2024-12-03)		
I2		1 (2024-12-03)		
I3		3 (2024-12-03)		
I4		76 (2024-12-03)		
I5		1 (2024-12-03)		

MILESTONES



Milestones	Achieved Value	Due Date	Achieved Date	Status
*Condiciones Previas / Prior Conditions	1	2022-06-03	2022-06-18	