

PROJECT STATUS REPORT

JULY 2014 - DECEMBER 2014

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Microfinance and Insurance Payment Platform for Small Island markets.

Project number: BH-M1011 - Operation Number: ATN/ME-13709-BH

Result: To increase access and use of credit products among poor and low income people in The Bahamas.

Country Administrator
BAHAMAS

Beneficiary Country
BAHAMAS

Executing agency:

Transfer Solutions Providers Ltd. (TSP) Mango Card

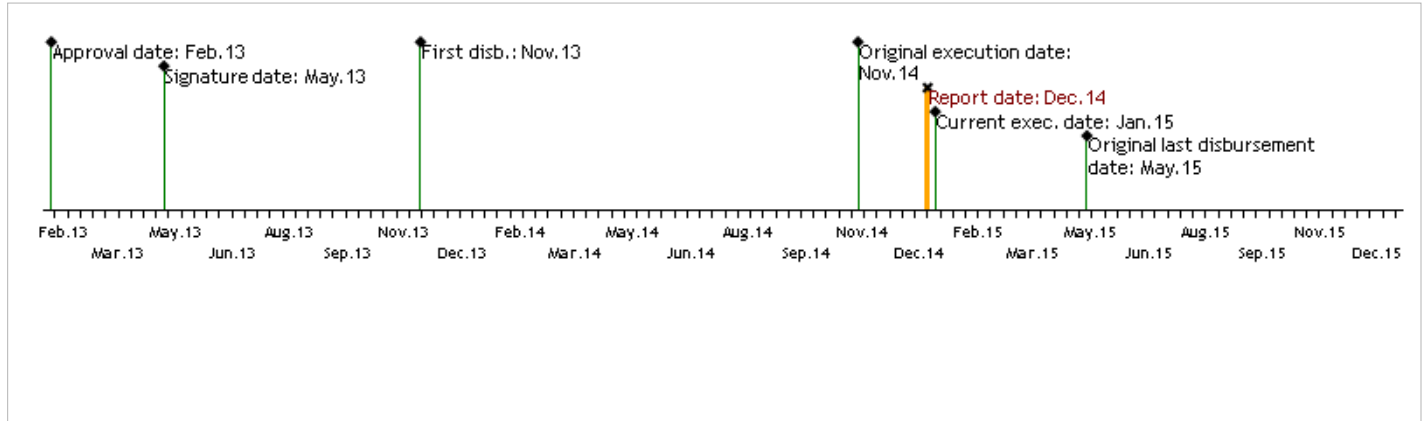
Design Team Leader:

Bajuk, Natasha

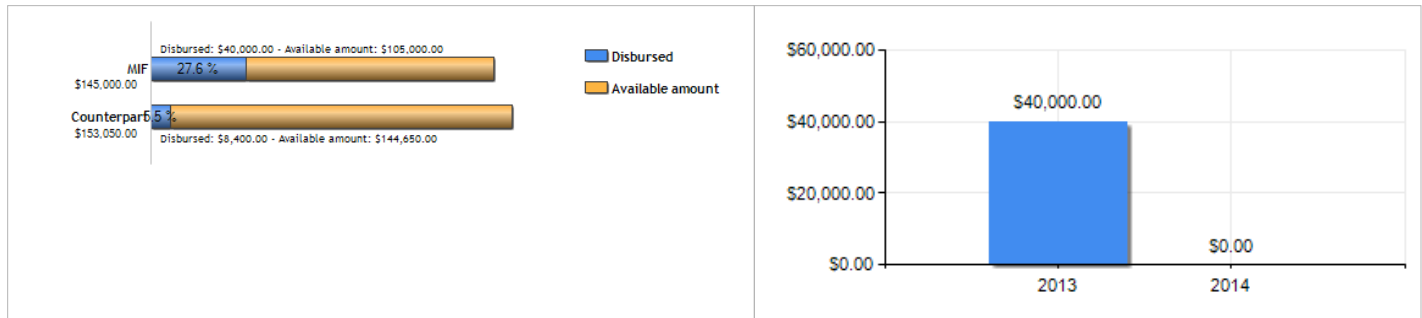
Supervision Team Leader:

Beecher, Wayne

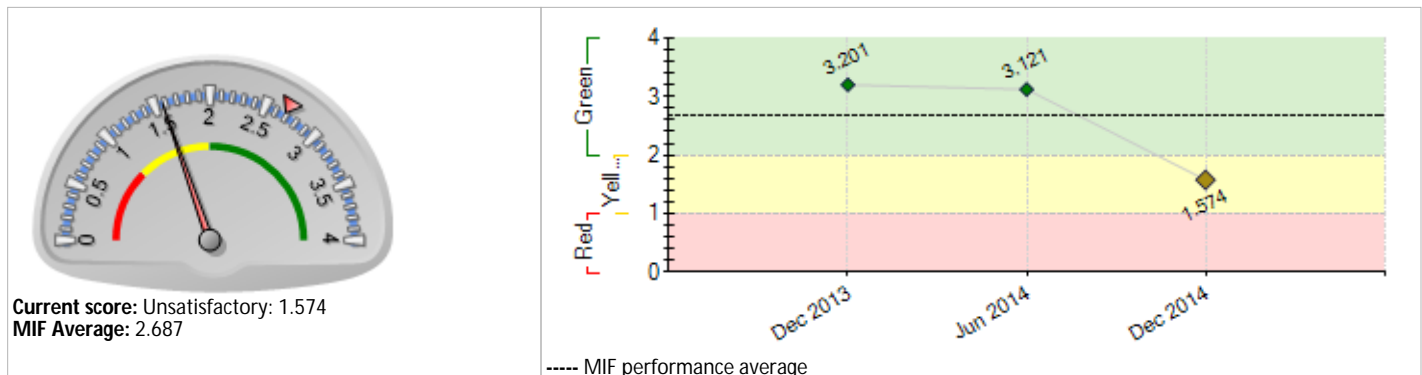
TIMELINE



FUNDS



PERFORMANCE SCORE



EXTERNAL RISKS

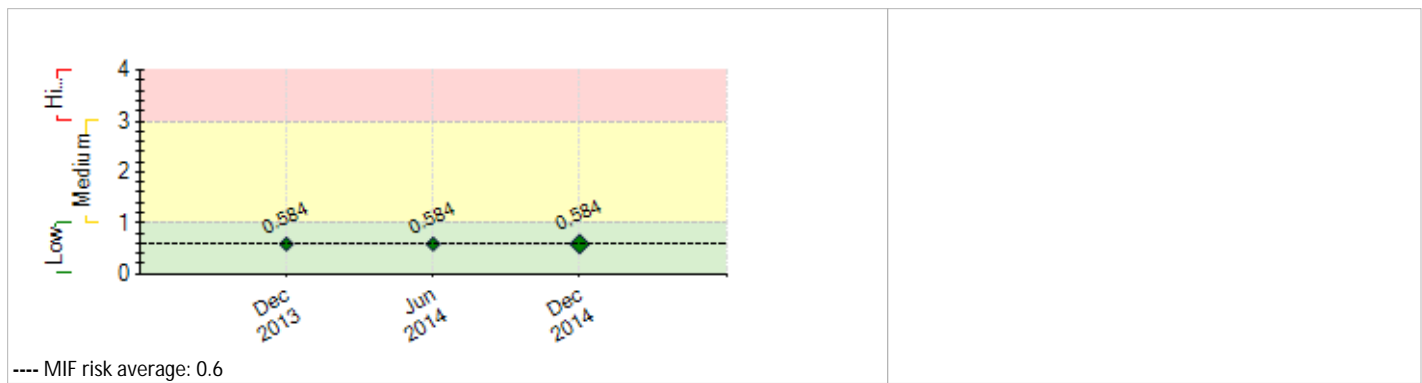
INSTITUTIONAL CAPACITY

Risk

Financial Management: Medium

Procurement: High

Technical Capacity: Medium



SECTION 2: PERFORMANCE

Summary of project performance since inception

The major achievement to date is the draft Credit Risk & Procedures Manual. The Executing Agency is very committed to achieving the project objectives in the current extended timeline. A revised version of the Credit Risk Methodology is attached towards the fulfillment of the milestone and will be further updated based on results from the un-banked survey. The un-banked survey is the next key step towards fulfilling project objectives.

Within the last semester the executing agency successfully launched the micro-product credit offering which is linked to the objectives of this project. The success of the product launched was so extensive that it demanded additional focus of the Executing Agency. As a result there has been some delay and the mitigation actions has included the following: project extension; re-alignment of resources towards the project.

The most important risk identified is a) Consumer challenge is understanding the importance of building good credit; mitigated by ensuring its addressed in the consumer education program and b) Technical support for development of the Risk Rating Methodology; mitigated by communication with MIF/HQ/Jamaica Office and TECH-IN regarding additional support.

The likelihood of achieving the objectives are Optimistic

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

The EA reached the limits of their capacity during the execution of the project and the launch of a new micro credit product. They have committed to additional resources to ensure the successful execution of the project.

Summary of project performance in the last six months

The main achievement has been the Credit Risk Methodology which will be further updated with the results of the Unbanked Survey and the Focus Group Meetings.

Significant delay: impact of the success of the EA FlashCash product (aligned with the objectives of the program) impacted the focus on the project. Actions taken a) realignment of resources within the EA b) meetings with MIF/HQ and TECH-IN for additional support c) request for a re-scoping of the project to add capacity building.

Critical actions that will be a focus is the completion of the The Unbanked Survey and focus groups. This process will include the core target market from their various communities as well as the MANGO locations. As MANGO has launched their micro credit product - FlashCash - a sampling from their existing customer base will also be included in the process. This is the main milestone to be achieved. Additionally the TOR for the Consumer Education Program, a significant segment of the project, is being developed so that this can commence as soon as the Survey is completed.

With the launch of the FlashCash product, MANGO implemented a new software application (loan management) to manage the process. The Credit Risk Methodology will be integrated into this loan application software. The other milestones for the next six months includes; user acceptance and IT integration and pilot execution.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Capacity issues lead to the delay in implementation. As a result the project had to be extended

SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Result: To increase access and use of credit products among poor and	R.1 9500 existing MANGO clients will have access to the microcredit product developed through the Project	0	1000			9500	0	
		May 2013	May 2014			May 2015		
	R.2 1000 individuals use the microcredit product (active	0	400			1000	0	

low income people in The Bahamas.	microloan at the end of the reporting period)	May 2013	May 2014			May 2015		
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Component 1: Microcredit product developed and piloted. Weight: 40% Classification: Unsatisfactory	C1.11	At least 5 MANGO personnel will have received training (2 in microcredit administration and at least 3 others will have received basic training on the benefits of microfinance.)	0				5		Delayed
							Oct 2014		
	C1.12	850 persons will have provided input data for inclusion in risk rating system, either through study of unbanked (quantitative) or focus groups (qualitative.)	0				850		Delayed
							Sep 2014		
	C1.13	MANGO's portfolio performance management systems and related platforms will be operational, having been adjusted according to pilot experience.							Delayed
							Nov 2014		
Component 2: Consumer education program conducted Weight: 40% Classification: Unsatisfactory	C2.11	At least 500 persons will have received booklets and personalized consumer education, and will have applied for a micro-credit product.	0				500		
							Dec 2014		
	C2.12	A total of 2500 individuals will receive personalized consumer education (at month 6, 200; at month 12, 1200)	0	200	1200		2500		Delayed
			May 2013	Jul 2014	Dec 2014		Apr 2015		
Component 3: Disseminate knowledge from project Weight: 20% Classification: Satisfactory	C3.11	Case study completed	0				1		
							May 2015		
	C3.12	Video testimonial of beneficiaries	0				1		
							May 2015		
	C3.13	Rollout out of product post-pilot designed	0				1		
							May 2015		

Milestones	Planned	Due Date	Achieved	Date achieved	Status	
M2	Conditions prior to first disbursement	1	Nov 2013	1	Oct 2013	Achieved
M3	[*] Market survey of unbank completed	1	Jul 2014	0	Jul 2014	Not Achieved
M4	[*] Credit Risk Methodology Developed	1	Jul 2014	0	Jul 2014	Not Achieved
M5	[*] User acceptance of credit product and IT Integration completed	1	Apr 2015			
M6	[*] At least 300 individuals use the microcredit product as a result of the pilot test	300	Apr 2015			
M7	[*] At least 1000 individuals use the microcredit product as a result of the pilot test	1000	Jun 2015			

[*] Indicate that the milestone has been reformulated

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Executing agency institutional capacity
[X] Supplier/contractor performance
[X] Inappropriate Consultants performance
[X] Delays in fulfilling the contract terms

SECTION 4: RISKS**MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE**

	Level	Mitigation action	Responsible
1. Existing unbanked persons will not wish to replace cash with another method of payment.	Medium	Particular caution in study of the unbanked and in user acceptance survey questionnaire to elicit needs and preferences of the unbanked population, and how the product can replace the perceived benefits of cash. Incorporate these findings in the consumer education and market awareness campaigns, particularly at agent locations.	Project Coordinator
2. Technical support will be not available to assist with the development of the risk rating model.	Medium	Ensure fluid communication with MIF team both in The Bahamas, Jamaica and HQ in order to ensure that adequate technical support is on hand for the credit risk rating model.	Evaluator
3. Consumers will not understand the importance of building a good credit history.	Low	Ensure that the consumer education program and market awareness efforts address this issue adequately.	Project Coordinator
4. The regulatory environment will undergo changes that are not conducive to the provision of financial services for the unbanked in The Bahamas .	Low	Ensure that the country authorities are a priority audience for all of the knowledge activities planned in the project.	Project Coordinator
5. Regulatory authorities will object to information on spending patterns being evaluated in the absence of a local Credit Bureau.	Low	Ensure that country regulatory authorities are a priority audience for all knowledge efforts in the project.	Evaluator
PROJECT RISK LEVEL: Low TOTAL NUMBER OF RISKS: 7 IN EFFECT RISKS: 6 NOT IN EFFECT RISKS: 0 MITIGATED RISKS: 1			

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:

While not directly project related, the Executing Agency launched a micro lending product during the period that was received extremely well. This provided additional proof for the need the type of products emanating from the project as well as provided some useful data on persons outside of the project target

market that can benefit from the results of the project.

SECTION 6: PRACTICAL LESSONS

1. Launching a new microcredit product in a frontier market require the commitment of additional institutional resources that's distinct from the project team.	Relative to Implementation	Author Beecher, Wayne [MIF]
2. Reducing the budget impacted the EA's capacity to attract qualified consultant. For this project an overseas consultant with experience in microfinancing is required, give that this is a frontier market with no microfinance expertise. However, the reduce project budget restricted this option	Design	Beecher, Wayne [MIF]