

# PROJECT STATUS REPORT

JANUARY 2015 - JUNE 2015

## SECTION 1: PROJECT SUMMARY

**PROJECT NAME:** Improving Access to Financial Services of Rural Microentrepreneurs in Jamaica

Project Number: JA-S1002 - Project Num.: ATN/OC-13616-JA, SP/OC-12-13-JA

**Purpose:** To expand access to financial services for small scale microenterprises and producers in rural Jamaica through the creation of new loan products and delivery mechanisms.

**Country Admin**

JAMAICA

**Country Beneficiary**

JAMAICA

**Executing Agency:**

ACCESS FINANCIAL SERVICES

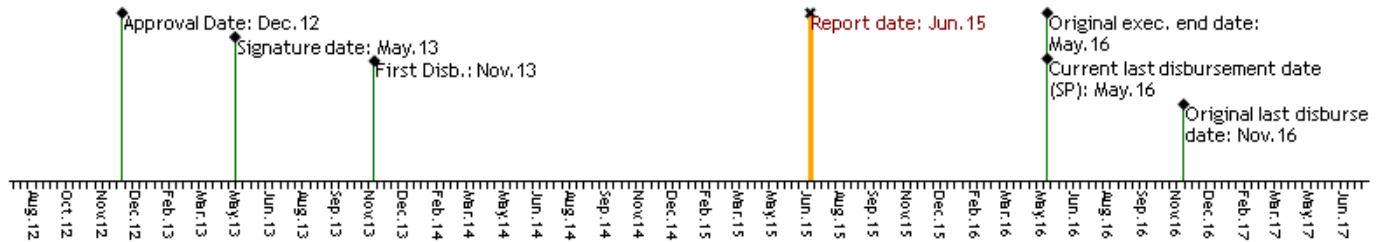
**Design Team Leader:**

ALEJANDRO ESCOBAR A.

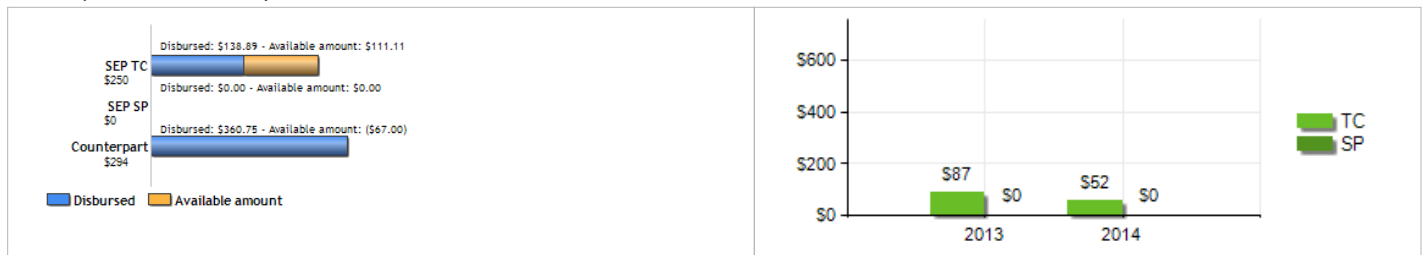
**Supervision Team Leader:**

WAYNE BEECHER

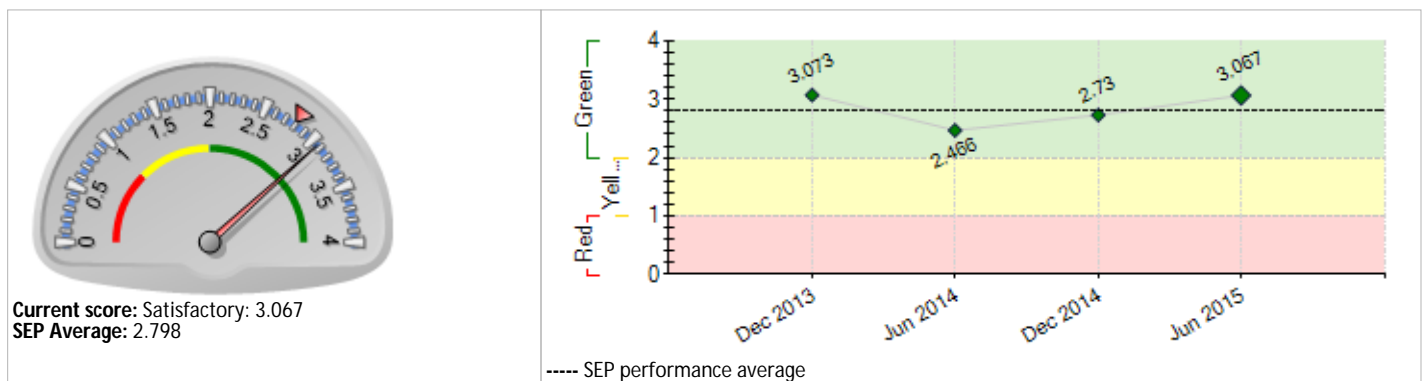
### PROJECT CYCLE



### FUNDS (IN USD THOUSANDS)



### PERFORMANCE SCORE



### EXTERNAL RISKS

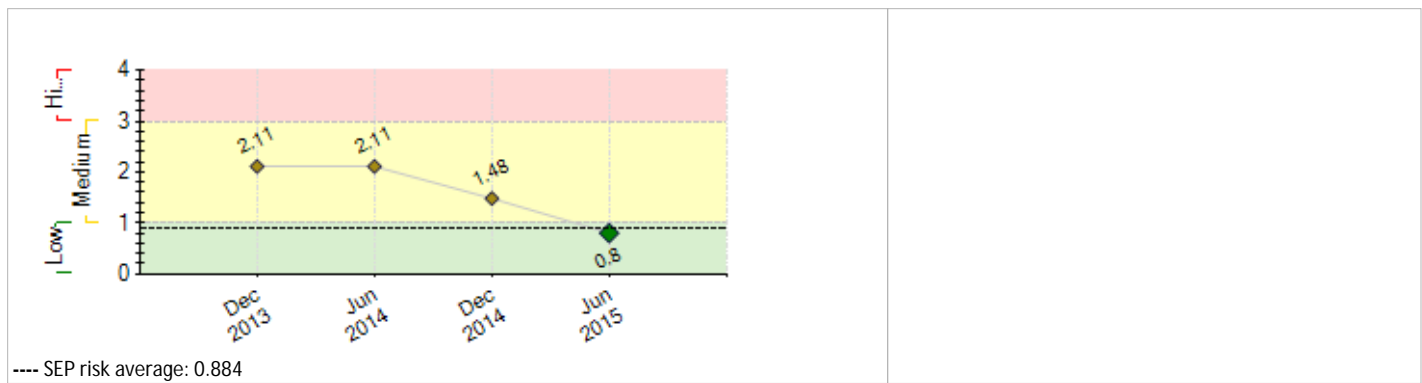
### INSTITUTIONAL CAPACITY

Risk

Financial Management:

Procurement:

Technical Capacity:



## SECTION 2: PERFORMANCE

### Summary of project performance since inception

As at June 30, 2015, the following were achieved under the project:

- All activities under sub-components 1 and 3 were completed.
- Newly developed loan products were pilot-tested and modified.
- The Project Officer is retained on a full-time basis.
- Work began on the video case study.
- The first tranche of the loan was disbursed.

### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

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

The project achievements during the January-June 2015 period are as follows:

### Component 1: Building knowledge and capacity to serve rural markets

- During the period 46 staff of Access Financial Staff (15 Managers and 31 Loans Officers) received agriculture trainings. Topics covered were introduction to land/soil types and crop sustainability; production cycles for various crops and livestock; risks related to farming and risk management techniques; business planning for agribusiness; sales and marketing of agricultural produce and basic record keeping for farmers.

### Component 2: Designing new loan products

The component was completed.

- pilot phase of the new loan product was completed during the period.
- A total sum of US\$157,200 (J\$18,117,505) was disbursed between January and March
- The Project Officer is now assigned to the project on a full-time basis.

### Component 5: Knowledge dissemination, evaluation and audit

Comments from the Supervision Team Leader: The video case study and the script is being prepared by the company.

Agree with the Executing Agency comments

## SECTION 3: INDICATORS AND MILESTONES

Indicators

Baseline Intermediate 1 Intermediate 2 Intermediate 3 Planned Achieved Status

<b>Purpose:</b> To expand access to financial services for small scale microenterprises and producers in rural Jamaica through the creation of new loan products and delivery mechanisms.	R.1	Access will have 750 new clients in rural areas, of which 60% will be women	0				750	139	
	R.2	4 new rural communities served, including the establishment of at least 2 new branches in rural areas	0				Jun 2017	Mar 2015	
	R.3	An expansion in the agribusiness portfolio from US\$164,000 to US\$750,000	164000				Jun 2017	Jan 2013	
	R.4	An expansion in the overall rural lending portfolio from US\$1,100,000 to US\$1,900,000	1100000				Jun 2017	0	

<b>Component 5:</b> Financing Component: Loan Financing for Rural Expansion  <b>Weight:</b> 50% <b>Classification:</b>	C5.I1	Gross Rural business portfolio	1100000	1155000	1350000	1600000	1900000	1603176.63	On Course
	C5.I2	Gross Agribusiness Portfolio	164000	188000	300000	480000	750000	235215.25	On Course
	C5.I3	PAR30 (agri business portfolio)	10.1	9	8	7	7	4.44	On Course
	C5.I4	Number of agribusiness borrowers	668	700	950	1200	1400	920	On Course
	C5.I5	Number of clients served by mobile unit each year	0	1	50	150	250	54	On Course

<b>Component 6:</b> Non-Reimbursable Technical Cooperation  <b>Weight:</b> 50% <b>Classification:</b>	C6.I1	1 market study completed to inform the development of new agribusiness loan products	0				1	1	Finished
	C6.I2	1 knowledge exchange completed with a leading rural MFI	0				1	1	Finished
	C6.I3	50 Access staff trained in the basics of rural microfinance	0				50	40	On Course
	C6.I4	25 credit officers trained on the requirements of new loan products	0				25	11	On Course
	C6.I5	1 new risk methodology for rural finance developed and incorporated into Access' credit appraisal system	0				1	1	Finished
	C6.I6	2 new loan products designed for rural and agricultural microenterprises	0				2	2	Finished
	C6.I7	2 new products piloted in rural areas	0				2	2	Finished
	C6.I8	1 new LMS developed and appropriate for rural lending	0				1	1	Finished
	C6.I9	1 new credit appraisal system for rural lending	0				1	1	Finished
	C6.I10	1 cloud based operations system rolled out in rural areas	0				1	1	On Course
	C6.I11	Mobile lending capability extended to 4 communities	0				1	4	On Course
	C6.I12	Knowledge Dissemination	0				1		
			Jun 2013				Apr 2017		
			Jun 2013				Apr 2017		
			Jun 2013				Apr 2017		

Milestones	Planned	Due Date	Achieved	Date of achievement	Status
M1 Conditions Prior	7	Nov 2013	7	Nov 2013	Achieved
M2 [*] 1 new cloud based operations system deployed	1	May 2014	1	Jun 2014	Achieved late
M3 [*] 2 new products designed for rural and agricultural microenterprises & Credit manual updated with rural lending methodology	2	Nov 2014	2	Dec 2014	Achieved late
M4 2 new loan products pilot tested and modified	2	Feb 2015	2	Feb 2015	Achieved late
M5 [*] Two new loan products are part of the loan portfolio	2	Nov 2015			
M6 [*] 1 video case study produced & Dissemination Seminar held	1	Apr 2016			

[\*] 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. Market risk	High	The project has included this lower growth scenario in the financial projection. However, the project is expected to benefit from the strong performance from the agriculture, forestry and fishing sector, which expanded by 9.5% year-on-year due to supportive weather conditions	Project Coordinator
2. Exchange rate risk	Low	The SEP is designed to provide local currency financing for borrowers in countries with relatively less developed capital markets. In designing the financial terms of the loan, a suitable local interest rate has been negotiated based on an expected fixed return in US dollars. To further mitigate this risk, the loan will be disbursed in three tranches	Project Coordinator
3. Weather and climate risk The successful expansion of the agribusiness loan portfolio will depend on favorable weather conditions during the project execution period. Natural disasters and bad weather could affect the growth of the agribusiness portfolio and the uptake of the new loan products in the short term	Low	The period following natural disasters is often when agricultural and rural micro enterprises need financing the most. In the event of adverse weather conditions, the project should be able to adjust to the market and provide "recovery" financing to small businesses. As a result, the project will be adjusted if necessary to provide appropriate loan products and financing that could help microenterprises to recover from natural disasters	Project Coordinator

PROJECT RISK LEVEL: Medium TOTAL NUMBER OF RISKS: 4 IN EFFECT RISKS: 3 NOT IN EFFECT RISKS: 0 MITIGATED RISKS: 1

## SECTION 5: SUSTAINABILITY

Likelihood of project sustainability after project completion: HP - Highly 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 January to June period, 46 team members of Access Financial Services received training in agriculture. The areas covered include:

1. Land crop and suitability issues
2. Risks related to agriculture and risk management strategies
3. Sales and marketing of agricultural produce

The main purpose of the training was to familiarize team members with agriculture as a business venture in order for them to be better able to assess suitability of business operations of clients. The training also provided information on tools and resources that staff can use to ascertain more information on the potential earnings from different farming activities.

Plans are being formulated to have clients trained in sustainable agricultural practices.

## SECTION 6: PRACTICAL LESSONS

	Relative to	Author
1. The methodologies have improved the loan officer's ability to make a thorough assessment of the client's income from agriculture as well as other sources of income, in addition to the timelines when they will be able to repay the loans. Hence, this will reduce the likelihood of the loans falling into arrears as it is built around the client's ability to repay.	Implementation	Francis, Kerryan
2. The methodology used for assessing the clients under the new loan products are more in-depth. Initially, some clients are somewhat resistant to aspects of the evaluation tool that they deem intrusive. However, they usually provide the answers after some explanation as to why the information is needed and how it will be used.	Implementation	Francis, Kerryan
3. Procurement	Implementation	Francis, Kerryan
1. Because of the IDB policies/procurement guidelines, more time needs to be allocated to procurement than would normally be the case for the Access Financial procurement policies.		