

PROJECT STATUS REPORT

JULY 2014 - DECEMBER 2014

SECTION 1: PROJECT SUMMARY

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

Project number: JA-S1002 - Operation Number: ATN/OC-13616-JA, SP/OC-12-13-JA

Result: 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 Administrator
JAMAICA

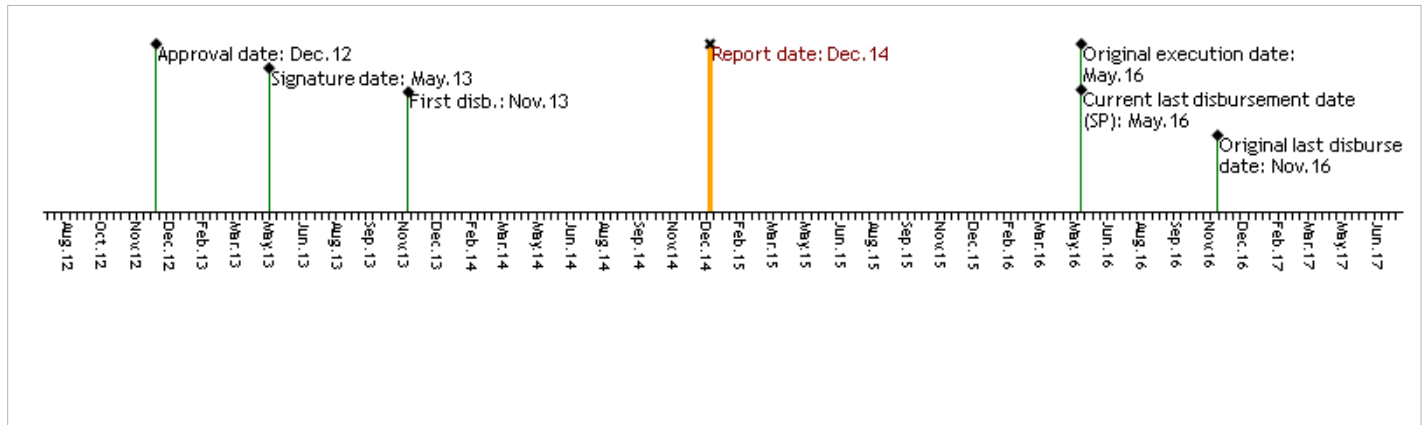
Beneficiary Country
JAMAICA

Executing agency: ACCESS FINANCIAL SERVICES

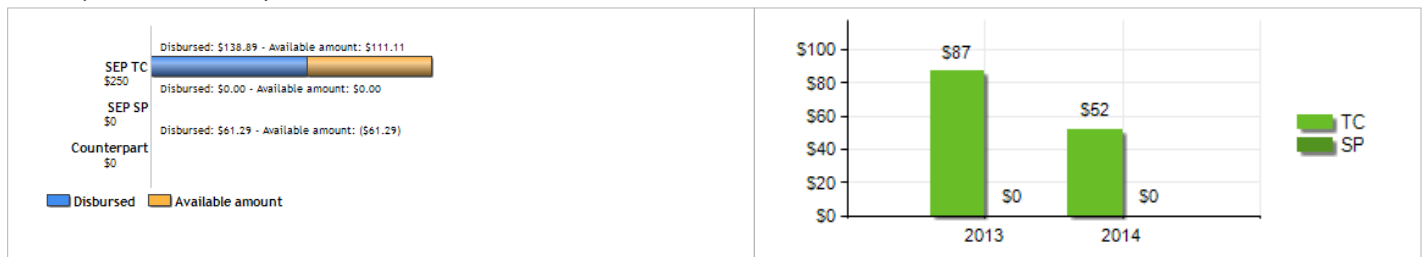
Design Team Leader: Escobar A., Alejandro

Supervision Team Leader: Beecher, Wayne

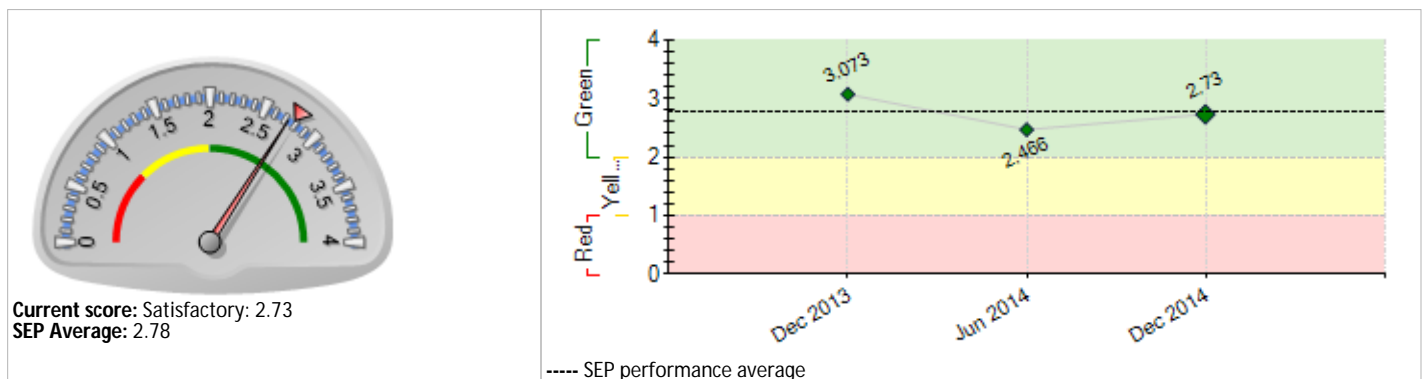
TIMELINE



FUNDS (IN USD THOUSANDS)



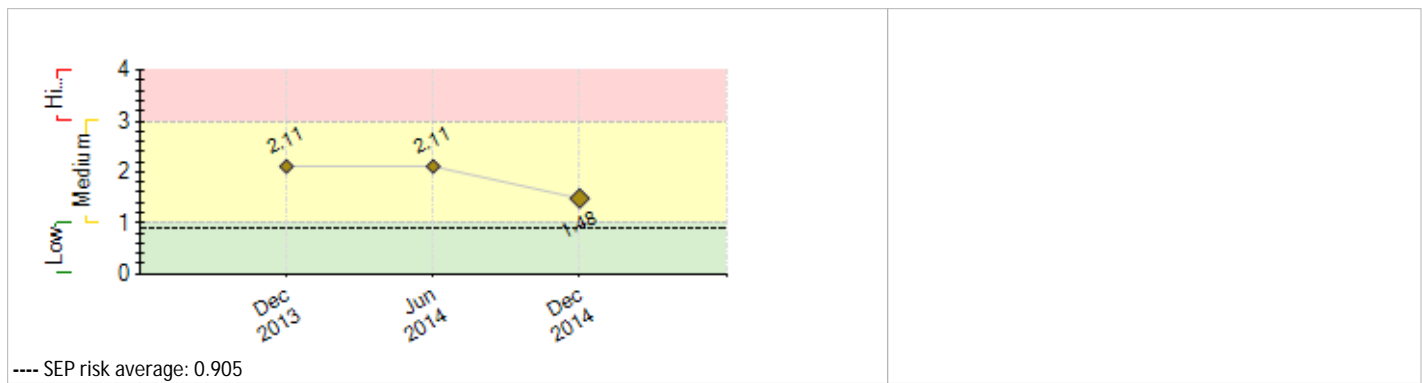
PERFORMANCE SCORE



EXTERNAL RISKS

INSTITUTIONAL CAPACITY

Risk
Financial Management: Medium
Procurement: Medium
Technical Capacity: Medium



SECTION 2: PERFORMANCE

Summary of project performance since inception

The main results achieved since the start of the project are outlined below as per the relevant sub-components:

Sub-component 1: Building knowledge and capacity to serve rural markets

All planned activities under this component were completed.

Sub-component 2: Designing new loan products

2.1 - Procurement of consultant to design new agri-business loan products was completed.

2.2 Consultancy for new methodologies and credit processes for agricultural lending was completed and three new loans were designed.

2.3 Printing of manuals. The manual was updated during the consultancy and will be printed after the completion of the pilot testing of the loan products.

2.4 Pilot/testing for new products (6 months testing phase in 2 rural branches. The pilot testing is currently in process and will be completed in February 2015.

Sub-component 3: Improving IT infrastructure for cost effective outreach

The activities under this sub-component have been completed.

Sub-component 4: Project Management and Administration

The project team is in place and a Project Assistant was employed to support the management of the project execution.

The accountant assigned the project was changed from Mrs. Alicia Henry-Wright to Gavin Champagnie.

Sub-component 5: Knowledge dissemination, evaluation and audit

Activity 5.2 - Knowledge products and dissemination of results (1 video case study)

A consultant was selection and contract negotiations were underway at the end of the period.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

During the period under review, the following targets were achieved:

Sub-component 1: Building knowledge & capacity to serve rural markets

*Staff training on rural and agricultural microfinance completed

*Intensive Staff training on new loan products and methodologies

Sub-component 2: Designing new loan products that meet customers' needs

*The consultancy for designing two new loan products that meet customers' needs was completed during the period.

The following activities were in progress during the period:

Sub-component 2: Designing new loan products that meet customers' needs

2.4 Pilot/testing for new products (6 months testing phase in 2 rural branches

Sub-component 5: Knowledge dissemination, evaluation and audit

5.2 Knowledge products and dissemination of results (1 video case study)

At the end of the period under review contract negotiations were in progress with the selected company.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

The EA has not yet requested the 1st loan disbursement. They had challenge with some of their shareholders and are currently undergoing an organizational restructuring. However, these issues have not impacted the execution of the TA component of the program.

SECTION 3: INDICATORS AND MILESTONES

	Indicators	Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Result: 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 Jun 2017	0	
	R.2 4 new rural communities served, including the establishment of at least 2 new branches in rural areas	0				4 Jun 2017	2 Jan 2013	
	R.3 An expansion in the agribusiness portfolio from US\$164,000 to US\$750,000	164000 Jun 2014				750000 Jun 2017	0	
	R.4 An expansion in the overall rural lending portfolio from US\$1,100,000 to US\$1,900,000	1100000 Jun 2014				1900000 Jun 2017	0	
	Component 5: Financing Component: Loan Financing for Rural Expansion Weight: 50% Classification: Satisfactory	C5.I1 Gross Rural business portfolio	1100000 Jun 2013	1155000 Jun 2014	1350000 Jun 2015	1600000 Jun 2016	1900000 Jun 2017	1603176.63 Jun 2014
C5.I2 Gross Agribusiness Portfolio		164000 Jun 2013	188000 Jun 2014	300000 Jun 2015	480000 Jun 2016	750000 Jun 2017	235215.25 Jun 2014	On Course
C5.I3 PAR30 (agri business portfolio)		10.1 Jun 2013	9 Jun 2014	8 Jun 2015	7 Jun 2016	7 Jun 2017	4.44 Jun 2014	Delayed
C5.I4 Number of agribusiness borrowers		668 Jun 2013	700 Jun 2014	950 Jun 2015	1200 Jun 2016	1400 Jun 2017	920 Jun 2014	On Course
C5.I5 Number of clients served by mobile unit each year		0 Jun 2013	1 Jun 2014	50 Jun 2015	150 Jun 2016	250 Jun 2017	54 Dec 2014	On Course
Component 6: Non-Reimbursable Technical Cooperation Weight: 50% Classification: High Satisfactory		C6.I1 1 market study completed to inform the development of new agribusiness loan products	0 Jun 2013				1 Jun 2014	1 Jun 2013
	C6.I2 1 knowledge exchange completed with a leading rural MFI	0 Jun 2013				1 Jun 2014	1 Apr 2014	Finished
	C6.I3 50 Access staff trained in the basics of rural microfinance	0 Jun 2013				50 Jun 2015	40 Oct 2014	On Course
	C6.I4 25 credit officers trained on the requirements of new loan products	0 Jun 2013				25 Jun 2015	27 Oct 2014	On Course
	C6.I5 1 new risk methodology for rural finance developed and incorporated into Access' credit appraisal system	0 Jun 2013				1 Apr 2015		
	C6.I6 2 new loan products designed for rural and agricultural microenterprises	0 Jun 2013				2 Apr 2016		
	C6.I7 2 new products piloted in rural areas	0 Jun 2013				2 Apr 2016	2 Dec 2014	On Course
	C6.I8 1 new LMS developed and appropriate for rural lending	0 Jun 2013				1 Apr 2015		
	C6.I9 1 new credit appraisal system for rural lending	0 Jun 2013				1 Apr 2015		
	C6.I10 1 cloud based operations system rolled out in rural areas	0 Jun 2013				1 Apr 2016		
	C6.I11 Mobile lending capability extended to 4 communities	0 Jun 2013				1 Apr 2017		
	C6.I12 Knowledge Dissemination	0 Jun 2013				1 Apr 2017		
	M1 Conditions Prior	1	Nov 2013	7	Nov 2013	Achieved late		
	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		

[*] Indicate that the milestone has been reformulated

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Borrower/executing agency commitments

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	Medium	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	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	Project Coordinator

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

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 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: 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:

Procurement is currently underway for a consultant to carry out a capacity building training for loans officers to increase their knowledge and awareness of agriculture. This training is aimed at providing the officers with an appreciation of planting cycles and inputs and processes related to livestock rearing in order to help them better assess and meet the needs of clients.

SECTION 6: PRACTICAL LESSONS

1. A key lesson learned over the period of implementation was related to the procurement of technical services. As a result more time will have to be allocated going forward for procuring goods and services locally

Relative to
Implementation

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