

PROJECT STATUS REPORT

JANUARY 2014 - JUNE 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

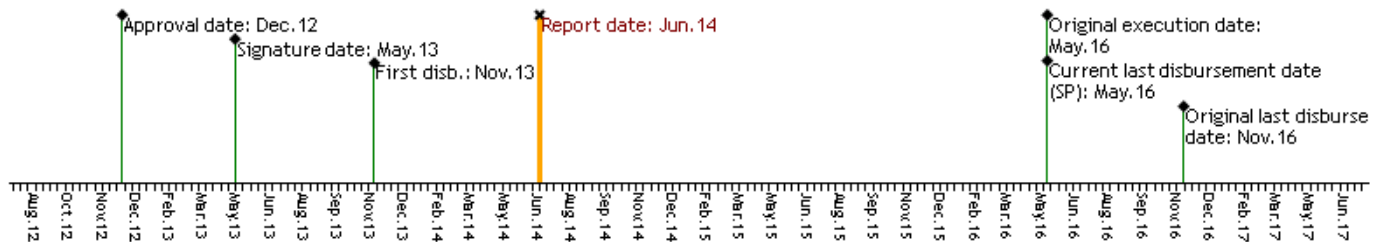
Beneficiary Country
JAMAICA

Executing Agency: ACCESS FINANCIAL SERVICES

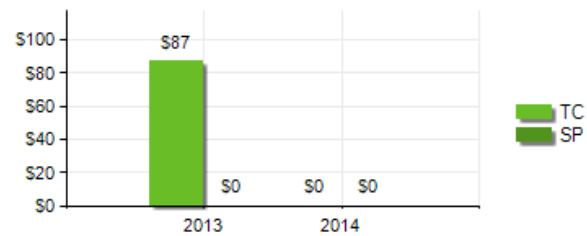
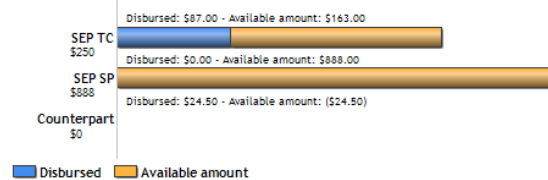
Design Team Leader: Escobar A., Alejandro

Supervision Team Leader: Beecher, Wayne

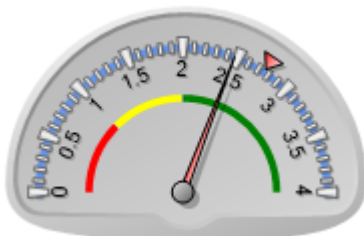
TIMELINE



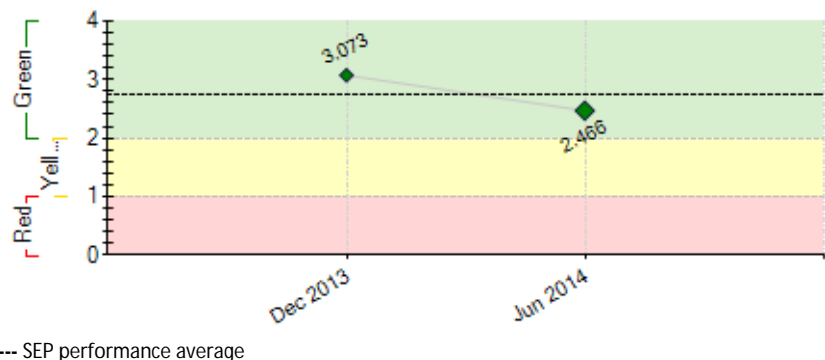
FUNDS (IN USD THOUSANDS)



PERFORMANCE SCORE



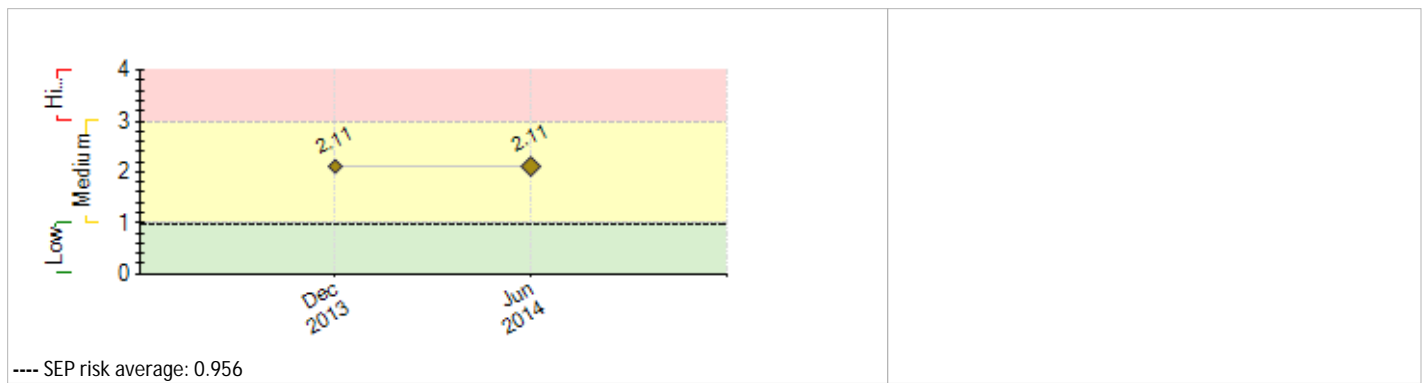
Current score: Satisfactory: 2.466
SEP Average: 2.76



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

The following activities under this component were completed:

- 1.1 Market Research (Phase 1)
- 1.1(a) Market Research (Phase 2)
- 1.2 Institutional knowledge trip

Sub-component 2: Designing new loan products

Activity 2.1 - Procurement of consultant to design new agri-business loan products

-The contract was signed and the consultancy is now underway.

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.

Sub-component 5: Knowledge dissemination, evaluation and audit

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

The procurement documents were prepared and submitted to a list of consultants who were asked to submit proposals.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

During the period January-June 2014, The following targets were met

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

Market Research (Phase 2) and Institutional knowledge trip were completed.

Other achievements during the period include

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

Sub-component 5: Knowledge dissemination, evaluation and audit

Activity 5.2 - Knowledge products and dissemination of results (1 video case study). The RFP was sent to a list of consultants who were asked to submit proposals.

The following planned activities were not achieved

Design of new loan products and Training of staff on rural microfinance

The procurement of the consultant was completed. However, the aim was to see the new loan products completed and staff trained on rural microfinance. The design of the products was not achieved due to the longer than anticipated procurement process for the consultant. The training of staff on rural microfinance was not achieved during the period.

Challenges faced during the period under review

Change in Project Accountant. The main challenge faced during the period was the change of Project Accountant. The accountant who started with the company left the company during the period under review and was replaced. It took some time for the new Accountant to be familiarized with the project. This, however, did not have any major negative impacts on the project execution.

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

Milestones	Planned	Due Date	Achieved	Date achieved	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			
M4 2 new loan products pilot tested and modified	2	Feb 2015			
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. Increasing local competition	High	Competitive pressures are less intense for business loans and in rural areas. In seeking to expand to rural areas, Access will need appropriate market research, well designed products and cost effective delivery mechanisms to reach customers	Project Coordinator
3. 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
4. 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	Medium	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:** 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

[None reported in this period]

Actions related to sustainability which will be or have been implemented:

The Marketing Manager was included in the project team to ensure that she is kept up to date as it relates to the project process and to ensure that the results of the project relating specifically to her area of work will be sustained after the close of the project.

SECTION 6: PRACTICAL LESSONS

[No lessons learned added yet.]