

PROJECT STATUS REPORT

JULY 2013 - DECEMBER 2013

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

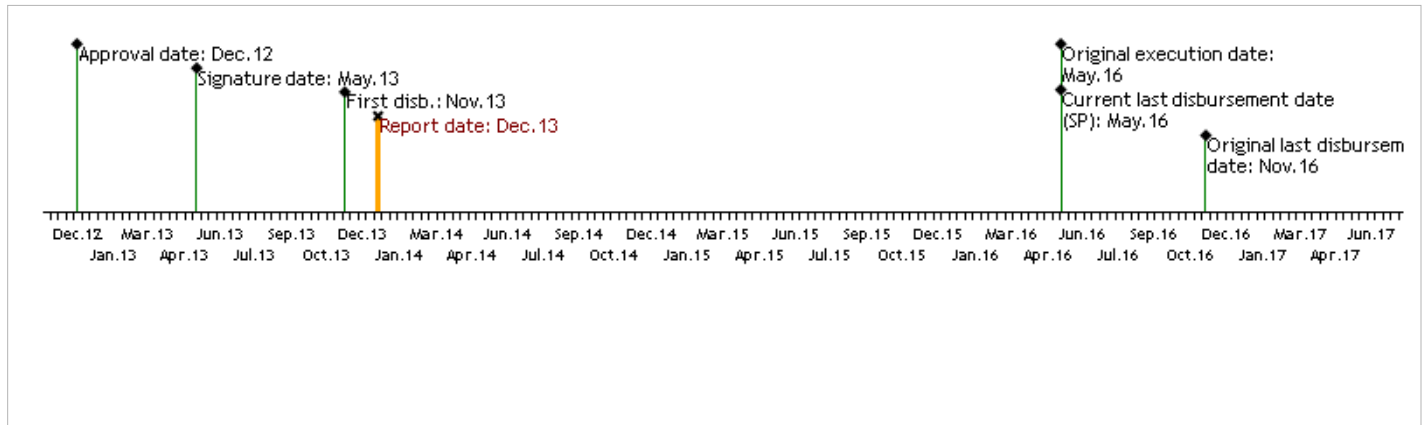
Beneficiary Country
JAMAICA

Executing Agency: ACCESS FINANCIAL SERVICES

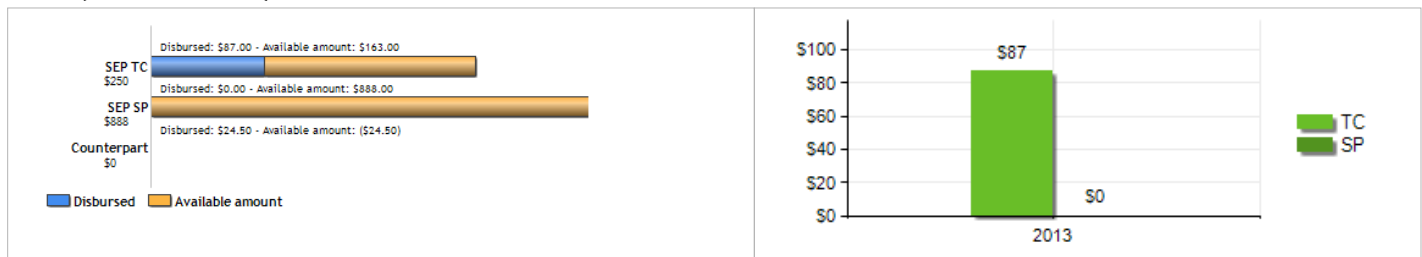
Design Team Leader: Escobar A., Alejandro

Supervision Team Leader: Beecher, Wayne

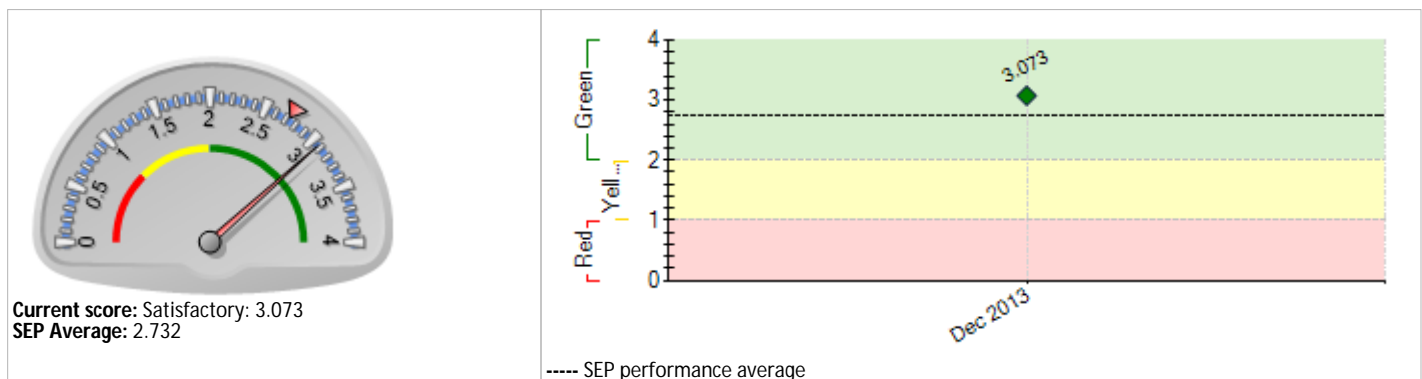
TIMELINE



FUNDS (IN USD THOUSANDS)



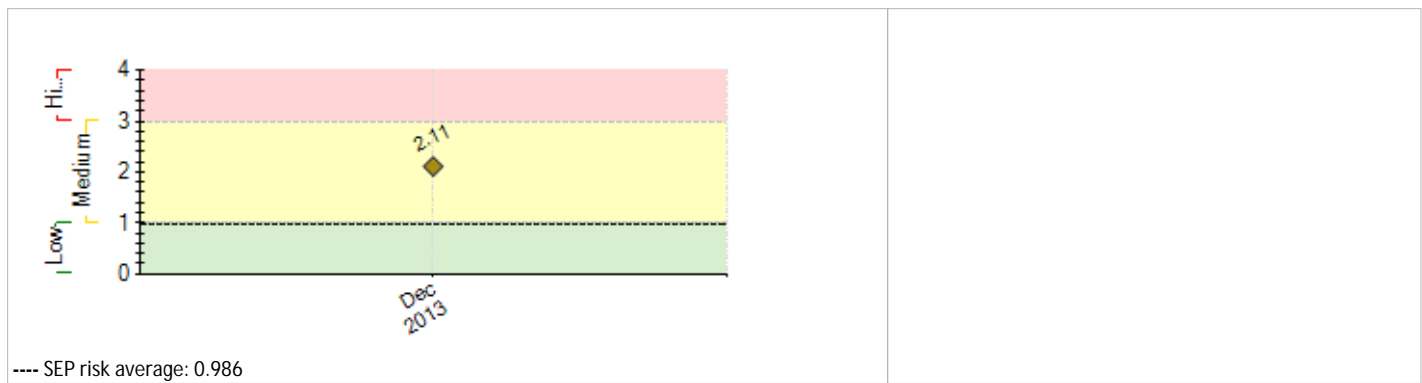
PERFORMANCE SCORE



EXTERNAL RISKS

INSTITUTIONAL CAPACITY

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



SECTION 2: PERFORMANCE

Summary of project performance in the last six months

- Results since project inception are as follows:
 - The conditions prior to disbursement were achieved.
 - The Project Officer was engaged and there is a project team in place lead by the Project Coordinator and supported by the Project Accountant.
 - The first phase of the market research was complete.
- Over the period of the next semester, the following actions will be of focus:
 - Updating of the Loan Management System
 - Completion of market research phase II
 - Completion of institutional visit on microfinance
 - Development of two new loan products
 - Training of staff in rural microfinance

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 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				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		
	C5.I2 Gross Agribusiness Portfolio	164000 Jun 2013	188000 Jun 2014	300000 Jun 2015	480000 Jun 2016	750000 Jun 2017		
	C5.I3 PAR30 (agri business portfolio)	10.1 Jun 2013	9 Jun 2014	8 Jun 2015	7 Jun 2016	7 Jun 2017		
	C5.I4 Number of agribusiness borrowers	668 Jun 2013	700 Jun 2014	950 Jun 2015	1200 Jun 2016	1400 Jun 2017		
	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		
Component 6: Non-Reimbursable Technical Cooperation	C6.I1 1 market study completed to inform the development of new agribusiness loan products	0 Jun 2013				1 Jun 2014	1 Jun 2013	Finished
	C6.I2 1 knowledge exchange completed with a leading rural MFI	0				1		

Weight: 50%			Jun 2013				Jun 2014		
	Classification: Satisfactory	C6.13	50 Access staff trained in the basics of rural microfinance	0			50		
			Jun 2013				Jun 2015		
		C6.14	25 credit officers trained on the requirements of new loan products	0			25		
			Jun 2013				Jun 2015		
		C6.15	1 new risk methodology for rural finance developed and incorporated into Access' credit appraisal system	0			1		
			Jun 2013				Apr 2015		
		C6.16	2 new loan products designed for rural and agricultural microenterprises	0			2		
			Jun 2013				Apr 2016		
		C6.17	2 new products piloted in rural areas	0			2		
			Jun 2013				Apr 2016		
		C6.18	1 new LMS developed and appropriate for rural lending	0			1		
			Jun 2013				Apr 2015		
		C6.19	1 new credit appraisal system for rural lending	0			1		
			Jun 2013				Apr 2015		
		C6.110	1 cloud based operations system rolled out in rural areas	0			1		
			Jun 2013				Apr 2016		
		C6.111	Mobile lending capability extended to 4 communities	0			1		
			Jun 2013				Apr 2017		
		C6.112	Knowledge Dissemination	0			1		
			Jun 2013				Apr 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			
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 track record of Access Financial Services and its strength as a company will ensure that the gains made under the project will be sustained over the long term.

SECTION 6: PRACTICAL LESSONS

	Relative to	Author
1. Lessons learned will be reported later in the project as we are early in the project implementation	Risk	Francis, Kerryan
2. Lessons learned will be reported later in the project as we are early in the project implementation	Sustainability	Francis, Kerryan
3. Lessons learned will be reported later in the project as we are early in the project implementation	Design	Francis, Kerryan
4. Lessons learned will be reported later in the project as we are early in the project implementation	Implementation	Francis, Kerryan