

PROJECT STATUS REPORT

01/01/2020 - 06/30/2020

SECTION 1: PROJECT SUMMARY

Operation number: RG-M1205

Suboperation number: ATN/ME-12961-RG

Project Name: ECOMICRO - Green Finance for MSMEs and Low-Income Households. The EcoMicro Program

Purpose: The purpose of the Program is to train MFIs (Financial institutions include orga

Country admin	Country beneficiary:	Group:	SubGroup:
BARBADOS	REGIONAL	C	

Executing Agency: Inter-American Development Bank

Team Leader: RUTHH

Project cycle:

Report Date: 2020 - 07 - 07

Approval Date: 2011 - 10 - 05

Signature Date: 2011 - 10 - 05

First disbursement date: 2012 - 01 - 31

Original Execution End Date: 2015 - 11 - 05

Current Execution End Date: 2015 - 11 - 05

Original Last Disbursement Date: 2016 - 06 - 05

Last Current Disbursement date: 2022 - 11 - 30

SECTION 2: PERFORMANCE

Project's performance summary since the beginning

As at June 30, 2020, the EcoMicro Program has a geographically-diverse portfolio of 28 projects across 19 countries: Argentina, Belize, Bolivia, Colombia, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru, Saint Lucia, Trinidad and Tobago. Of the initial 12 projects prepared under EcoMicro I, all are now closed. Four new projects entered the EcoMicro pipeline between January to June, bringing the total number of projects under EcoMicro II to 16. This included 2 new projects under NDF, Peru (PE-T1423 – pending disbursement eligibility) and Bolivia (BO-T1369 - design), and 2 new projects under GAC - Regional (RG-T3780 - design) and Trinidad and Tobago (TT-T0195 – design). A significant effort for this bi-annual period went into monitoring project implementation and mobilizing technical support following the impact of COVID-19 on partner FIs and their individual EcoMicro projects. At the end of the reporting period, 10 out of 16 EcoMicro II projects are disbursing; out of the remaining 6, 3 are in design and 3 are pending disbursement eligibility.

Supervision Team Leader comments

Project's performance summary in the last 6 months

For the period January-June 2020, the EcoMicro Team has centered its efforts largely on mitigating the impact of COVID-19 on the portfolio in an effort to sustain momentum for finance in general and climate finance more specifically in the region. This despite (i) liquidity constraints; (ii) reduced appetite and financial spread of end-clients to take up green loans as an immediate investment priority post COVID-19; and (iii) project implementation delays. The Team has commissioned as a COVID-19 recovery support assignment, a Financial and Socio-Economic Impact Assessment of the Caribbean EcoMicro FI Partners which is focused on the impact of the coronacrisis on EcoMicro partner FIs current loan portfolio and end-clients. This in turn will provide a foundation on which to seek relevant, effective, and complementary recovery responses. The EcoMicro Team has also initiated a consultancy to support the design and pilot a climate finance-gender lens methodology toolkit that promotes entry points for gender mainstreaming within Financial Intermediaries under the EcoMicro Program and with their MSME clients. Its application will be piloted with one Caribbean FI partners, the National Development Foundation of Dominica (NDFD). This will include strategies both at the level of the FI and also at the level of their MSME clients. As it relates to mobilization of funds to promote post-pilot scale opportunities among EcoMicro partner FIs, the EcoMicro Team was successful in its application to the Clean Technology Fund and received US\$8.3 million to be channeled to loans via microfinance program that are part of EcoMicro. The Team also submitted an application to the Government of Canada's International Assistance Innovation Program (IAIP) for US\$20,000 to support a blended finance instrument comprising a mix of reimbursable products (loans) and non-reimbursable products (technical cooperation grants, prototypes and contingent recoveries) that would go together to provide additional investments to bring climate action to scale in the Caribbean. The application is still pending review at the time of this submission.

Supervision Team Leader comments

SECTION 3: INDICATORS AND MILESTONES

C1 : Promotion, program preparation and awareness raising

Weight 2%

Qualification ~not selected~

Indicators	Baseline	Planned	Achieved	Status
I1 Select Program Coordinator	0	1 (2011 - 11 - 05)	1 (2012 - 01 - 16)	Finished
I2 Consulting firms for LAC (MIF/NDF) Program selected and MIF Selection Committee appointed	0	1 (2013 - 01 - 05)	1 (2013 - 04 - 01)	Finished

I3 Dissemination plan	0	1 (2013 - 02 - 05)	1 (2016 - 12 - 30)	Finished
I4 Launch call for MFI Proposals	0	1 (2013 - 02 - 05)	1 (2014 - 08 - 17)	Finished
I5 Consulting firms for Caribbean Program (MIF/GAC) selected	0	1 (2018 - 07 - 05)	1 (2017 - 07 - 25)	Finished
I6 Caribbean Market Study	0	1 (2018 - 05 - 05)	1 (2017 - 05 - 27)	Finished
I7 Caribbean Call for Proposals completed	0	1 (2018 - 09 - 05)	1 (2017 - 09 - 30)	Finished

C2 : Implementation of Individual Projects **Weight 82%** **Qualification ~not selected~**

Indicators	Baseline	Planned	Achieved	Status
I1 Design of sustainable green financial products.	0	27 (2020 - 12 - 05)	28 (2020 - 06 - 30)	Finished
I2 USD value of loan portfolio of green finance products created by Program during pilot stage - aggregated from all projects	0	6750000 (2020 - 12 - 05)	5281046 (2020 - 11 - 02)	In progress
I3 Number of MFIs/FIs designed Climate Risk Management tools (At least 10 in the Caribbean)	0	27 (2020 - 12 - 05)	14 (2020 - 02 - 12)	In progress
I4 Number of MFIs/FIs institutional greening/environmental policies designed (at least 10 in the Caribbean)	0	22 (2020 - 12 - 05)	17 (2020 - 06 - 30)	In progress
I5 Selection of 10 Caribbean FIs (MIF/GAC)	0	10 (2020 - 12 - 05)	13 (2017 - 12 - 19)	Finished
I6 Approval of individual Projects by MIF	0	27 (2020 - 12 - 05)	24 (2020 - 03 - 31)	In progress
I7 Selection Latin America and Caribbean MFIs (MIF and NDF Funds, First Phase of Program)	0	12 (2015 - 10 - 05)	12 (2013 - 11 - 03)	Finished

C3 : Knowledge Capturing and dissemination of resources **Weight 16%** **Qualification ~not selected~**

Indicators	Baseline	Planned	Achieved	Status
I1 1 how-to guide.	0	1 (2020 - 09 - 05)		In progress
I2 Final Reports prepared by EA/consulting partner for each project detailing experience of the pilot	0	27 (2020 - 12 - 05)	9 (2020 - 02 - 13)	In progress
I3 Knowledge Exchange at events/fora with relevant audiences/ecosystem partners	0	12 (2020 - 12 - 05)	12 (2020 - 06 - 30)	Finished
I4 Research studies and other knowledge products	0	12 (2019 - 12 - 05)	14 (2020 - 06 - 30)	Finished
I5 Three annual knowledge sharing meetings.	0	3 (2011 - 10 - 05)	5 (2015 - 12 - 31)	Finished
I6 Two International knowledge sharing events	0	2 (2011 - 10 - 05)	2 (2014 - 12 - 31)	Finished
I7 Number of EcoMicro MFIs/FIs scaling pilots with additional resources from investors or own resources after end of pilot	0	20 (2020 - 12 - 05)	7 (2020 - 02 - 13)	In progress
I8 2016-2020 EcoMicro Phase II - Knowledge Exchange Meetings of EAs	0	3 (2020 - 12 - 05)	2 (2020 - 02 - 13)	In progress

Milestones	Planned Value	Achieved Value	Due Date	Achieved Date	Status
Conditions Prior	1	1	2012 - 04 - 02	2012 - 04 - 02	Achieved

CRITICAL FACTS THAT HAVE AFFECTED PROJECT'S PERFORMANCE

Others, Which?

Impact of COVID-19: The implications of the COVID-19 pandemic on the EcoMicro Caribbean Program are significant, with partner FIs already reporting multi-scalar impacts both at the operational and loan portfolio level as well as socio-economic impacts on the clients which they serve, predominantly MSMEs and low-income households, the main target beneficiaries under the Program. Importantly and perhaps critically, are the economic implications at both the loan portfolio and end-client levels. All EcoMicro partner FIs have reported large sections of their loan portfolios being affected due to business closures, layoffs and subsequent rising unemployment levels in critical sectors of the economy to which they provide support. Notable among these is the impact on the tourism sector as well as other ancillary sectors such as agriculture, agro-processing and transportation, which are simultaneously being affected by the loss of markets (e.g. milk dumping in Belize). Importantly, moratoriums are already being granted to affected clients. However, where end-clients are increasingly unable to service their loans in the short to medium term, this is translating into a significant portion of FIs' loan portfolio in arrears, with it further being foreseen that non-performing loans will eventually have to be written off. This is expected to lead to FI liquidity constraints, a situation compounded in several cases by lender debt capital restrictions, which exclude for example working capital financing, thus further compromising FIs' credit delivery function. The above described assessment places the deployment of climate finance in the Region as envisaged under EcoMicro at risk for three main reasons: (i) uncertainty surrounding FIs' current ability to mobilize their balance sheets and place new green finance products in the market in light of capital shortfalls; (ii) reduced appetite and financial spread of end-clients to take up green loans as an immediate investment priority post COVID-19; (iii) project implementation delays (these are being closely monitored and will continue to be assessed as the situation unfolds with workplan adjustments being made as needed). In order to mitigate this risk and provide support, the EcoMicro Program commissioned during the period an EcoMicro COVID-19 – Financial & Socio-Economic Impact Assessment of Caribbean Financial Intermediary Partners in order to provide initial rapid response support to FI partners, using dynamic predictive modeling that captures a series of scenarios, including varying durations of the interruption in business, alternative policy responses and projected recovery scenarios. The assignment is also developing a dynamic predictive modelling tool that will enable Caribbean FI partners to examine current and sustain impact of the coronacrisis and other future disruptive events (as the situation develops) beyond the lifespan of the Consultancy.

SECTION 4: RISKS

	Impact Area	Severity	Prob.	Date	Responsible	Mitigation action
Conflict of interest between the consulting firms and the MFIs they advise	Promotion, program preparation and awareness raising	(1) Very Low	Medium 60%	2020 - 02 - 14	Project Coordinator	Mitigation action: competitive selection process to select consulting firms so that there is no conflict of interest. During implementation, if conflict of interest arises, according to the TORs of the Program Coordinator can re-open the screening process of consulting firms at any given time to replace a consulting firm that proves unable to deliver the quality of services required for the successful execution of a project. The inability of the consulting firm will be determined by the MFI, in coordination with the Consultant. The MFI will be required to provide written proof of the consulting firm's deficiencies and make a request for the consulting firm to be replaced.
Knowledge is only shared between the MFIs and consulting firms, and not collected	Final Outcome	(1) Very Low	Very Low 20%	2020 - 02 - 14	Project Coordinator	Mitigation action: a fourth component has been added to the Projects to ensure knowledge capturing and dissemination. It will be required that the EA submits a full report and compilation of all documents during project implementation which includes a case study and major deliverables of the project. Additionally, a webinar will be organized (1Q 2015) with all participant MFIs so information is shared among MFIs and EcoMicro team at headquarters
Lessons learned are not applicable in other geographical regions	Promotion, program preparation and awareness raising	(1) Very Low	Very Low 20%	2020 - 02 - 14	Project Coordinator	Mitigation action
Lessons learned are not applicable to different institutions	Intermediary Outcome	(1) Very Low	Very Low 20%	2020 - 02 - 14	Project Coordinator	Mitigation action
The web page where we receive applications from MFIs does not work	Promotion, program preparation and awareness raising	(3) Medium	Very Low 20%	2020 - 02 - 14	Project Coordinator	Work with MIF IT to solve the problems. If the web does not work we can always use word questionnaires and an evaluation matrix in excel to make the process manually.
Web page is dysfunctional	Promotion, program preparation and awareness raising	(3) Medium	Medium 60%	2020 - 02 - 14	Project Coordinator	Work with MIF IT to solve the problems. If the web does not work we can always use word questionnaires and an evaluation matrix in excel to make the process manually.
Financial impact of COVID-19 pandemic places climate finance at risk	Final Outcome, Intermediary Outcome	(2) Low	Low 40%	2020 - 11 - 10	Project Coordinator	EcoMicro COVID-19 – Financial & Socio-Economic Impact Assessment of Caribbean Financial Intermediary Partners has been commissioned to using dynamic predictive modeling that captures a series of scenarios, including varying durations of the interruption in business, alternative policy responses and projected recovery scenarios. This will allow FI partners to (i) identify specific financial needs to adequately address impact - including for immediate business interruption recovery as well as longer term economic recovery; (ii) identify financial needs to sustain efforts to promote mitigation and/or adaptation finance (considering the FI commitment to mobilize their balance sheet for piloting green loans) rely on hard data based on sound analytical modeling to support the definition and implementation of immediate, medium- and long-term responses.

TOTAL RISKS QUANTITY: 7 IN EFFECT RISKS: 7 NOT IN EFFECT RISKS: 0 MITIGATED RISKS: 0

SECTION 5: SUSTAINABILITY

Indicate likelihood of project sustainability after project completion:

HP

Justification

All EcoMicro Caribbean projects will be developing a Scale Strategy before project closure which will inform the various pathways to scale once the green finance products are developed and tested in the market.

ASPECTS THAT PUT THE PROJECT SUSTAINABILITY AT RISK

[There were no aspects reported during this period]

Actions related to sustainability which have been implemented in the project:

All EcoMicro Caribbean projects will be developing a Scale Strategy before project closure which will inform the various pathways to scale once the green finance products are developed and tested in the market.

In addition, the EcoMicro Program is actively engaging with other 3rd party funds to secure concessional finance that can be offered to EcoMicro FIs through a line of credit to expand their green finance offering. One such partnership is with the Climate Technology Fund which was approved in February 13, 2020 for a total of US\$8.3 million (see approved project document attached). This will be channeled to loans via microfinance program that are part of EcoMicro—a successful program that support the promotion of green lines of finance for the adoption of EE/RE technologies by MSMEs and households. The proposed USD 18.45 million CTF contribution will be used to complement various RE/EE and clean transport. The CTF resources will be key to the provision of blended finance that go together to enhance climate finance impact and generate a catalyzing investment environment, that crowds in more private investments. In addition, the EcoMicro Program has also submitted in March 2020 an application to the Government of Canada's International Assistance Innovation Program (IAIP) for a total of CAD23,300,000 with the aim of increasing access to green finance in the Caribbean, including gender-smart green finance. The application is currently pending a decision.

SECTION 6: PRACTICAL LESSONS

	Relative to	Author	Date
EcoMicro Program Implementation Support. It is important for the executing unit of the program to be appropriately dimensioned and composed. External consultants and firms need to be matched well to tasks and some tasks can only be achieved by resources that have access to Bank systems.	Implementation	Ruth Houliston	2019 - 10 - 22
Consistent and comprehensive reporting at the project level by FIs/firms (and supervised by COFs) is fundamental to ensure that reporting at the programmatic level remains accurate.	Implementation	Ruth Houliston	2019 - 10 - 22
The Project team have developed a comprehensive and interactive M&E system to ensure that knowledge generated at project level is consistently captured at the programmatic level. This system is essential to ensure reporting to donors and MIF Management.	Implementation	Ruth Houliston	2019 - 10 - 22
Building in knowledge capture and dissemination metrics/deliverables as a key component of the project helps to systematize the quality of knowledge (i.e. lessons learnt and best practices) generated during project implementation.	Design	Ruth Houliston	2019 - 10 - 22
Consistent and comprehensive reporting at the project level by FIs/firms (and supervised by COFs) is fundamental to ensure that reporting at the programmatic level remains accurate.	Implementation	Ruth Houliston	2019 - 10 - 22
At program level, if the regional competitive process relies on an on -line platform for compiling applications, the whole site needs to be tested (considering different scenarios)in advance. Project implementation schedule should include a test period before real time launch.	Implementation	Avril Benchimol	2019 - 10 - 22
In the design of adaptation projects, the execution period and design of activities should be linked to the agricultural cycle. Longer execution periods (minimum of 2 years) are necessary to ensure sufficient time for activities to be conducted prior to starting point of agricultural cycle and to compile results of a full agricultural cycle for results (and eventually impact) measurement. The program structure (4 years) allowed this lengthening to happen for projects selected in the 1st and 2nd rounds. Third round projects might be happen too late in the process (year 3 out of 4) to be able to accommodate a longer execution period. In future adaptation projects that involve agricultural activities, longer periods of time need to be considered.	Design	Avril Benchimol	2019 - 10 - 22
If a program or project is designed to have a regional competitive process, the platform/ operational process is crucial for successful and timely implementation of the overall program/project. In the EcoMicro case, website technical problems delayed the selection process for almost a full quarter the second round selection process. We also lost candidates in the process because they repeatedly submitted applications that were not registered and ended up not submitting at all. Finally, these technical problems became a reputational risk for FOMIN, as MFIs (who may be client/partners of the MIF in other projects/initiatives) may be damaged or upset with these problems.	Implementation	Avril Benchimol	2019 - 10 - 22
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