

PROJECT STATUS REPORT

JULY 2016 - DECEMBER 2016

SECTION 1: PROJECT SUMMARY

PROJECT NAME: REGIONAL PROGRAM ON GREEN MICROFINANCE THE "ECOMICRO" PROGRAM

Project Number: RG-M1205 - Project Num.: ATN/ME-12961-RG

Purpose: The purpose of the Program is to train MFIs (Financial institutions include organizations providing financial services for the poor, regulated and unregulated, including commercial banks willing to downscale as well as savings banks, cooperatives, NGOs, or credit unions) to provide new green finance instruments in order to capitalize on new opportunities in clean energy financing, adjusting their risk management models to climate change risk, and incorporating climate impact into their internal policies and operations.

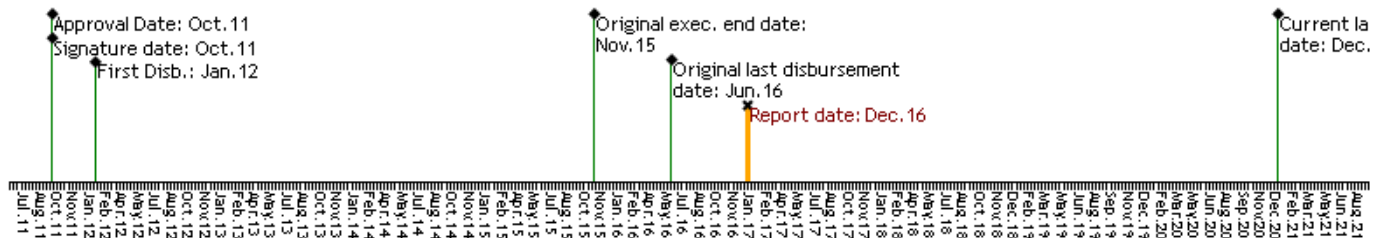
Country Admin
BARBADOS

Country Beneficiary
BARBADOS

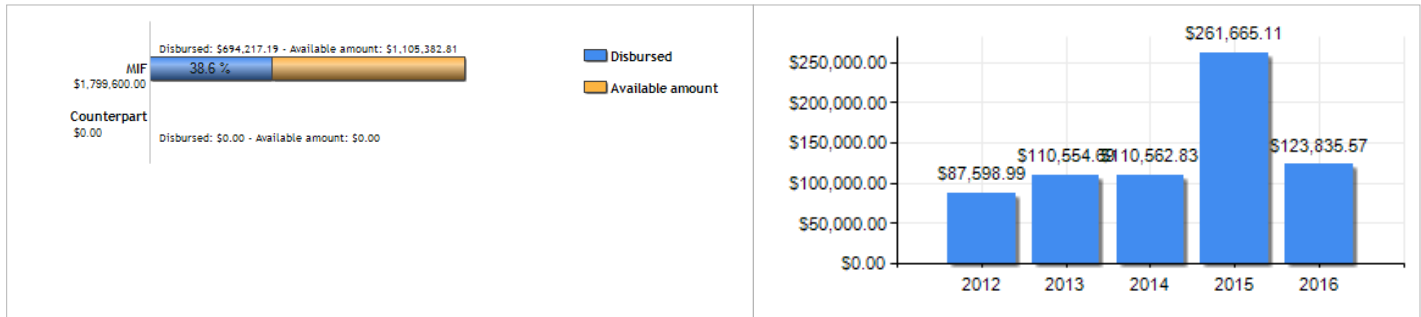
Executing Agency: INTER-AMERICAN DEVELOPMENT BANK

Design Team Leader: GREGORY WATSON
Supervision Team Leader: GREGORY WATSON

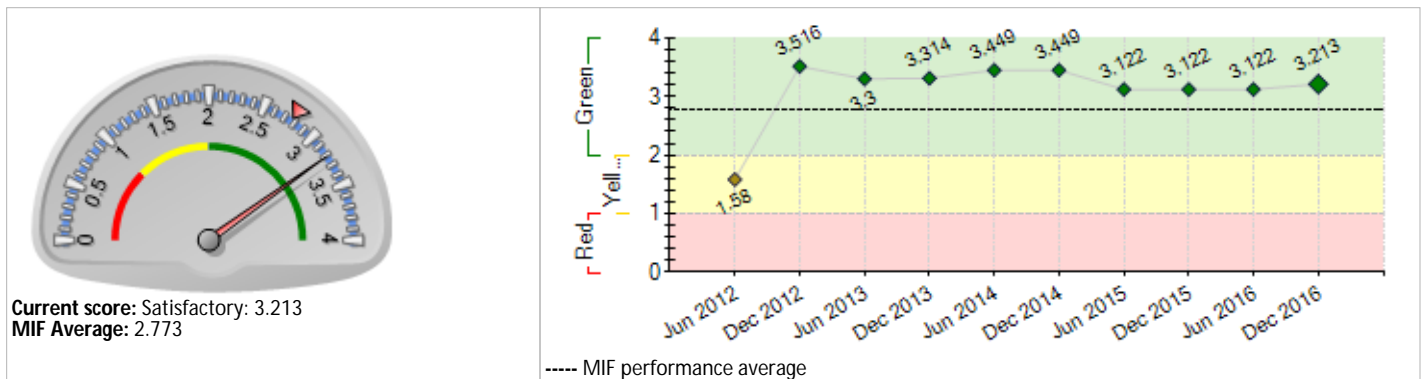
PROJECT CYCLE



FUNDS



PERFORMANCE SCORE

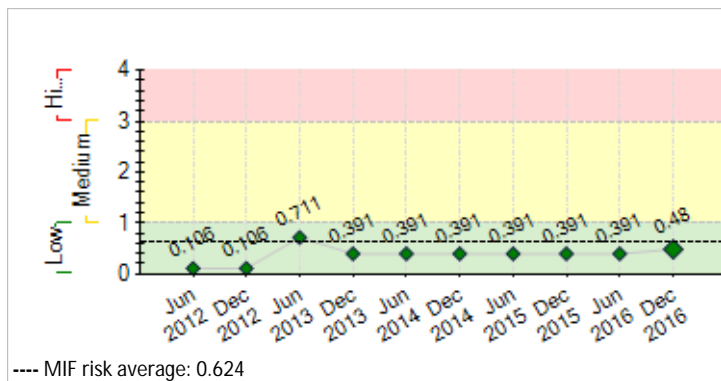


EXTERNAL RISKS

INSTITUTIONAL CAPACITY

Risk

- Financial Management:** Medium
- Procurement:** Medium
- Technical Capacity:** Low



SECTION 2: PERFORMANCE

Summary of project performance since inception

Projects execution: EcoMicro projects are being designed according to plan, out of the total 12, three are completed, two will be completed first quarter of 2017 and the seven remaining are in various stages of execution.

Knowledge and Communication: the program has continued the implementation of the knowledge strategy. One webinar was done and published on “Finanzas Carbono” platform, it was attended largely by microfinance institutions from the region. EcoMicro was also represented at the Proadapt Conference organized by the MIF as well as in during Foromic 2016 where a panel on green finance was sponsored by the program.

Global Affairs Canada has joined the MIF and NDF as a new donor. It funds will be exclusively dedicated to develop the program in the Caribbean where it is expected that 10 to 15 projects will be executed in the course of the next four years.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

Execution of projects: the last project of the 12 has been approved during Q3 of 2016.

Some operational changes have been introduced to the program to make it more flexible and to introduce tailor-made elements for the Caribbean. While the program in the Caribbean will continue to source projects following a call for proposals-method and will continue to be prescriptive in the content of projects, in the rest of the region projects will be sourced following the standard MIF procedures.

Since the changes were introduced, one project with a crowd-lending platform has been developed and is expected to be approved in January 2017.

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 |
|---|--|----------|-------------------|-------------------|-------------------|---------------------|---------------------|--------|
| Purpose: The purpose of the Program is to train MFIs (Financial institutions include organizations providing financial services for the poor, regulated and unregulated, including commercial banks willing to downscale as well as savings banks, cooperatives, NGOs, or credit unions) to provide new green finance instruments in order to capitalize on new opportunities in clean energy financing, adjusting their risk management models to climate change risk, and incorporating climate impact into their internal policies and operations. | R.1 At least 12 sustainable green financial products offered (1 per MFI). | 0 | | | | 12 Dec 2016 | 5 Dec 2016 | |
| | R.2 2% of MFI portfolio represented by green lending. | 0 | | | | 99 Dec 2016 | 0 | |
| | R.3 \$3 million in financing mobilized for development and consumption energy efficiency and clean energy products and services. | 0 | | | | 3000000 Dec 2016 | 1000000 Mar 2014 | |
| | R.4 At least 12 partnerships defined between MFIs and local tech providers, suppliers, etc. | 0 | | | | 12 Dec 2016 | 5 Dec 2016 | |
| | R.5 At least 12 risk management models incorporate climate change risk | 0 | | | | 12 Dec 2016 | 5 Dec 2016 | |
| | R.6 At least 12 loan disbursement methodologies that contemplate climate risk (1 per MFI). | 0 | | | | 12 Dec 2016 | 5 Dec 2016 | |
| | R.7 At least 12 new supervision and loan management methodologies that include indicators for climate risk. | 0 | | | | 12 Dec 2016 | 5 Dec 2016 | |
| | R.8 At least 12 new environmental internal policies. | 0 | | | | 12 Dec 2016 | 5 Dec 2016 | |

| | | | | | | | | | | |
|---|-------|---|---|----------|----------|----------|----------|----------|----------|-----------|
| Component 1: Promotion, program preparation and awareness raising Weight: 2% Classification: High Satisfactory | C1.I1 | Select Program Coordinator | | | | | | Nov 2011 | Yes | Finished |
| | C1.I2 | Consulting firms selected and MIF Selection Committee appointed | | | | | | Jan 2012 | Yes | Finished |
| | C1.I3 | Dissemination plan | | | | | | Jan 2012 | Apr 2013 | Finished |
| | C1.I4 | Launch call for MFI Proposals | | | | | | Feb 2012 | Yes | Finished |
| Component 2: Implementation of Individual Projects Weight: 82% Classification: Satisfactory | C2.I1 | Selection of 12 MFIs | 0 | 4 | 8 | 13 | 12 | 12 | 12 | Finished |
| | C2.I2 | At least 12 completed in-depth consultations | 0 | May 2012 | Nov 2012 | Nov 2013 | 12 | 12 | Dec 2016 | Finished |
| | C2.I3 | Design of at least 12 sustainable green financial products. | 0 | Nov 2013 | May 2014 | Dec 2016 | Dec 2016 | Oct 2015 | 5 | On Course |
| | C2.I4 | Financing mobilize in USD for consumption EE&CE products and adaptation products and services | 0 | | | | Dec 2016 | Dec 2016 | 3000000 | On Course |
| | C2.I5 | Portfolio vulnerability assessment and risk mitigation recommendations. | | | | | Dec 2016 | Dec 2016 | Yes | On Course |
| | C2.I6 | New methodologies for loan disbursement and monitoring | | | | | Dec 2016 | Dec 2016 | Yes | On Course |
| | C2.I7 | 12 new environmental internal policies developed and implemented internally. | 0 | 4 | 8 | 12 | 12 | 5 | Dec 2016 | Delayed |
| | C2.I8 | MFI Internal energy savings in USD (Cost savings in energy efficiency may be calculated as a function of KWHs saved or reduced) | 0 | Nov 2013 | May 2014 | Dec 2016 | Dec 2016 | Dec 2016 | 0 | On Course |
| Component 3: Knowledge Capturing and dissemination of resources Weight: 16% Classification: Satisfactory | C3.I1 | 1 how-to guide. | 0 | | | | 1 | | Dec 2016 | |
| | C3.I2 | 12 Case Studies | 0 | 4 | 8 | 12 | 12 | 2 | Dec 2016 | On Course |
| | C3.I3 | Dissemination at 6 platforms. | 0 | Jun 2014 | Jan 2015 | Dec 2016 | Dec 2016 | Jun 2015 | 9 | On Course |
| | C3.I4 | Research studies and other knowledge products | 0 | | | | Nov 2015 | Dec 2016 | 6 | On Course |
| | C3.I5 | Three annual knowledge sharing meetings. | 0 | 1 | 2 | 3 | 3 | 5 | Dec 2016 | Finished |
| | C3.I6 | Two International knowledge sharing events | 0 | Oct 2012 | Oct 2013 | Oct 2014 | Jan 1900 | Dec 2015 | 2 | Finished |

| Milestones | Planned | Due Date | Achieved | Date of achievement | Status |
|---------------------|---------|----------|----------|---------------------|----------|
| M1 Conditions Prior | 1 | Apr 2012 | 1 | Oct 2011 | Achieved |

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. Web page is dysfunctional | Medium | 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. | Project Coordinator |
| 2. Conflict of interest between the consulting firms and the MFIs they advise | Low | 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. | Project Coordinator |
| 3. Knowledge is only shared between the MFIs and consulting firms, and not collected holistically for the project | Low | 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 | Project Coordinator |
| 4. Lessons learned are not applicable to different institutions | Low | Mitigation action | Project Coordinator |
| 5. Lessons learned are not applicable in other geographical regions | Low | Mitigation action | Project Coordinator |
| PROJECT RISK LEVEL: Low TOTAL NUMBER OF RISKS: 6 IN EFFECT RISKS: 6 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 have been taken in the reporting period:

Individual projects under the facility are expected to be sustainable, but the facility itself is not designed for sustainability.

SECTION 6: PRACTICAL LESSONS

| | | |
|--|--------------------|------------------------|
| <p>1. 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.</p> <p>2. 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.</p> <p>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.</p> | Relative to Design | Author Clarke, Judi |
| | Implementation | Clarke, Judi |