

PMR Operational Report

| | | | |
|-----------------------------|-----------------------------|---|----------|
| Operation Number | BH-L1046 | Chief of Operations Validation Date | 04/26/20 |
| Year- PMR Cycle | Second period Jan-Dec 2019 | Division Chief Validation Date | 04/29/20 |
| Last Update | 04/21/20 | Country Representative Validation Date | 04/30/20 |
| PMR Validation Stage | Validated by Representative | | |

Basic Data

Operation Profile

| | | | |
|---------------------------|--|---|--|
| Operation Name | Credit Enhancement Program for Micro, Small and Medium Enterprises | Loan Number | 4846/OC-BH |
| Executing Agency | Small Business Development Center | Sector/Subsector | PS-PYM - PRIVATE FIRMS AND SME DEVELOPMENT-SMALL AND MEDIUM ENTERPRISE |
| Team Leader | DE OLLOQUI, FERNANDO | Overall Stage | Approved/Pending prior Legislative Approval |
| Operation Type | Loan Operation | Country | Bahamas |
| Lending Instrument | Investment Loan | Convergence related Operation(s) | |
| Borrower | THE COMMONWEALTH OF THE BAHAMAS | | |

Environmental and Social Safeguards

| | | | |
|---|-----|--|----|
| Impacts Category | B13 | Was/Were the objective(s) of this operation reformulated? | NO |
| Safeguard Performance Rating | | Date of approval | |
| Safeguard Performance Rating - Rationale | | | |

Financial Data

| Item | Total Cost and Source | | | | | Available Funds (US\$) | | | |
|------------|-----------------------|-------------|-------------------|------------------------|---------------------|------------------------|----------------------|--------|--------------------|
| | Original IDB | Current IDB | Local Counterpart | Co-Financing / Country | Total Original Cost | Current IDB | Disb. Amount to Date | % Disb | Undisbursed Amount |
| BH-L1046 | 25,000,000 | 25,000,000 | 0 | 0 | 25,000,000 | 25,000,000 | 0 | 0.00% | 25,000,000 |
| Aggregated | 25,000,000 | 25,000,000 | 0 | 0 | 25,000,000 | 25,000,000 | 0 | 0.00% | 25,000,000 |

Expense Categories by Loan Contract (cumulative values)

Please note that inactive indicators and outputs are not displayed; totals in the actual cost table may not match the sum of the cost of the outputs displayed, due to the cost of inactive outputs.

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RESULTS MATRIX

IMPACTS

Impact Nbr. 1: IMPACT #1: IMPROVED ECONOMIC ACTIVITY OF THE BENEFICIARIES

Observation:

| | Indicator | Unit of Measure | Baseline | Baseline Year | | 2020 | 2021 | 2022 | 2023 | 2024 | EOP 2025 |
|-----|--|-----------------|----------|---------------|------|------|------|------|------|------|----------|
| 1.0 | Average percentage growth of revenue of project's beneficiaries vis-à-vis a control group. | % | 0.00 | 2018 | P | | | | | | 6.00 |
| | | | | | P(a) | | | | | | |
| | | | | | A | | | | | | |

Details

Means of verification: SBDC information system

Observations: This indicator is measured as the difference between the average growth rate of revenue of project beneficiaries minus the average growth of revenue of firm that registered with SBDC but did not receive credit. The baseline equals zero because at the baseline there is no difference in growth between both groups. Note: According to data from the SBDC information system, the baseline value of sales, in US\$, is US\$130,312.

Pro-Gender No **Pro-Ethnicity** No

| | Indicator | Unit of Measure | Baseline | Baseline Year | | 2020 | 2021 | 2022 | 2023 | 2024 | EOP 2025 |
|-----|------------------------------|-----------------|----------|---------------|------|------|------|------|------|------|----------|
| 1.2 | Ease of Getting Credit Score | # | 30.00 | 2019 | P | | | | | | 35.00 |
| | | | | | P(a) | | | | | | |
| | | | | | A | | | | | | |

Details

Means of verification: World Bank Doing Business Report

Observations: This indicator is a component of the Ease of Doing Business indicator. It aggregates measures of credit information sharing and legal rights of borrowers and lenders. It is expected that the program will contribute in the long run to this indicator. This indicator is measured every year by the World Bank.

Pro-Gender No **Pro-Ethnicity** No

| | Indicator | Unit of Measure | Baseline | Baseline Year | | 2020 | 2021 | 2022 | 2023 | 2024 | EOP 2025 |
|-----|--|-----------------|----------|---------------|------|------|------|------|------|------|----------|
| 1.3 | Three-year annual average change of total loans to MSME by banks | US\$ million | -20.00 | 2018 | P | | | | | | -10.50 |
| | | | | | P(a) | | | | | | |
| | | | | | A | | | | | | |

Details

Means of verification: SBDC information system

Observations: This indicator measures the three-year average annual change in disbursements of credit to MSME by banks in The Bahamas. The indicator is in US\$ and not in percentage change. Baseline is equivalent average annual change in total credit to MSME for the period 2015-2018. The target value will measure the average annual change for the years 2022, 2023 and 2024. Average program's annual disbursements plus the expected credit from repayments are added to the baseline to calculate the target value. Since the trend of credit issuance to the private sector has been negative in recent years, including the baseline year, it is expected that the program at the very least will collaborate to reduce the annual decline in financing.

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IMPACTS

Pro-Gender

No

Pro-Ethnicity

No

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OUTCOMES

Outcome Nbr. 1: OUTCOME # 1: ACCESS TO FINANCE ENHANCED

Observation:

| Indicator | | Unit of Measure | Baseline | Baseline Year | | EOP 2025 |
|-----------|---|-----------------|----------|---------------|------|----------|
| 1.0 | Average percentage growth of revenue of project's beneficiaries | % | 2.20 | 2018 | P | 4.00 |
| | | | | | P(a) | |
| | | | | | A | |

Details

Means of verification: SBDC information system

Observations: This indicator is measured as the average annual growth rate of revenue for the beneficiaries of credits guaranteed by project's funds. The baseline is equal to the baseline growth rate estimated in the Economic Analysis. Once the first cohorts of beneficiaries are known, the baseline will be adjusted accordingly. For the final evaluation, a before and after analysis of this indicator will be carried. Note: According to data from the SBDC information system, the baseline value of sales, in US\$, is US\$130,312.

Pro-Gender No **Pro-Ethnicity** No

| Indicator | | Unit of Measure | Baseline | Baseline Year | | EOP 2025 |
|-----------|--|-----------------|----------|---------------|------|----------|
| 1.1 | Credit success rate of MSME assisted by SBDC | % | 0.00 | 2019 | P | 24.00 |
| | | | | | P(a) | |
| | | | | | A | |

Details

Means of verification: SBDC information system

Observations: This indicator is measured as the percentage of SBDC-assisted firms that received credit by Financial Intermediaries (banks), supported by the guarantee from the Credit Enhancement Facility (CEF). The baseline is zero because at the time of preparation the CEF is not issuing guarantees. The numerator consists of the expected number of MSME assisted and vetted by SBDC that will receive a loan. The denominator includes MSME that receive assistance for financial statements and/or business models (see product indicator). It should be noted that the value is less than 100 due to factors such as not all assisted MSME are expected to apply for a loan and the amount of CEF funds available is limited. The measurement of this indicator will be done for the first cohorts of project's beneficiaries so that enough time is left for the outcomes to materialize before the end of execution period.

Pro-Gender No **Pro-Ethnicity** No

| Indicator | | Unit of Measure | Baseline | Baseline Year | | EOP 2025 |
|-----------|--|-----------------|----------|---------------|------|----------|
| 1.2 | Average Non-Performing Loans (NPL) rate for the portfolio of loans guaranteed by project's funds | % | 7.50 | 2018 | P | 6.00 |
| | | | | | P(a) | |
| | | | | | A | |

Details

Means of verification: SBDC information system

Observations: This indicator is measured as the ratio of total NPL to total loans of the portfolio generated by the guarantees issued by SBDC using project's funds. The baseline is an average of the NPL rate at the end of 2017 and 2018. It is expected that the project will improve this ratio to the target value of 6% for the beneficiaries.

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RESULTS MATRIX

OUTCOMES

| | | | |
|------------|----|---------------|----|
| Pro-Gender | No | Pro-Ethnicity | No |
|------------|----|---------------|----|

RESULTS MATRIX

OUTPUTS: ANNUAL PHYSICAL AND FINANCIAL PROGRESS

Component Nbr. 1 Component # 1: Credit Enhancement Facility (CEF)

| | Output | Unit of Measure | | PHYSICAL PROGRESS | | FINANCIAL PROGRESS | |
|-----|------------------------|-----------------|------|-------------------|----------|--------------------|------------|
| | | | | 2019 | EOP 2025 | 2019 | EOP 2025 |
| 1.1 | Funds allocated to CEF | US\$ million | P | | 22 | | 22,000,000 |
| | | | P(a) | | 0 | | 0 |
| | | | A | 0 | 0 | 0 | |

Component Nbr. 2 Component # 2: Support to MSME in business advisory services and institutional strengthening of SBDC

| | Output | Unit of Measure | | PHYSICAL PROGRESS | | FINANCIAL PROGRESS | |
|-----|--|-----------------|------|-------------------|----------|--------------------|-----------|
| | | | | 2019 | EOP 2025 | 2019 | EOP 2025 |
| 2.1 | Personnel hired to strengthen the institutional capacity of SBDC | # | P | | 3 | | 605,000 |
| | | | P(a) | | 0 | | 0 |
| | | | A | 0 | 0 | | |
| 2.2 | Number of MSME assisted by SBDC with business advisory services | # | P | | 3,115 | | 2,335,000 |
| | | | P(a) | | 0 | | 0 |
| | | | A | 0 | 0 | 0 | |

Other Cost

| | | | | | | |
|--|---|------|--|--|---|--------|
| | Program monitoring, auditing and evaluation | P | | | | 60,000 |
| | | P(a) | | | | 0 |
| | | A | | | 0 | 0 |

Total Cost

| | | | | | | |
|--|------------|------|--|--|---|------------|
| | Total Cost | P | | | | 25,000,000 |
| | | P(a) | | | | 0 |
| | | A | | | 0 | 0 |

CHANGES TO THE MATRIX

No information available for this section

PMR Operational Report

IMPLEMENTATION STATUS AND LEARNING

| Lesson Learned - Categories |
|---|
| Legal aspects and public processes |
| Others - Dimensions Related to Public Processes/ Actors |
| Stakeholder Priorities |