

PMR Public Report

Operation Number	BL-L1037	Chief of Operations Validation Date	05/06/22
Year- PMR Cycle	Second period Jan-Dec 2021	Division Chief Validation Date	05/06/22
Last Update	05/05/22	Country Representative Validation Date	05/06/22
PMR Validation Stage	Validated by Representative		

Basic Data

Operation Profile

Operation Name	Global Credit Program for Safeguarding the Productive Sectors and Employment	Loan Number	5318/OC-BL
Executing Agency	DEVELOPMENT FINANCE CORPORATION	Sector/Subsector	FINANCIAL MARKETS-CAPITAL MARKET DEVELOPMENT
Team Leader	SIERRA GONZALEZ, EDUARDO	Overall Stage	Disbursing (From eligibility until all the Operations are closed)
Operation Type	Loan Operation	Country	Belize
Lending Instrument	Investment Loan	Convergence related Operation(s)	
Borrower	DEVELOPMENT FINANCE CORPORATION		

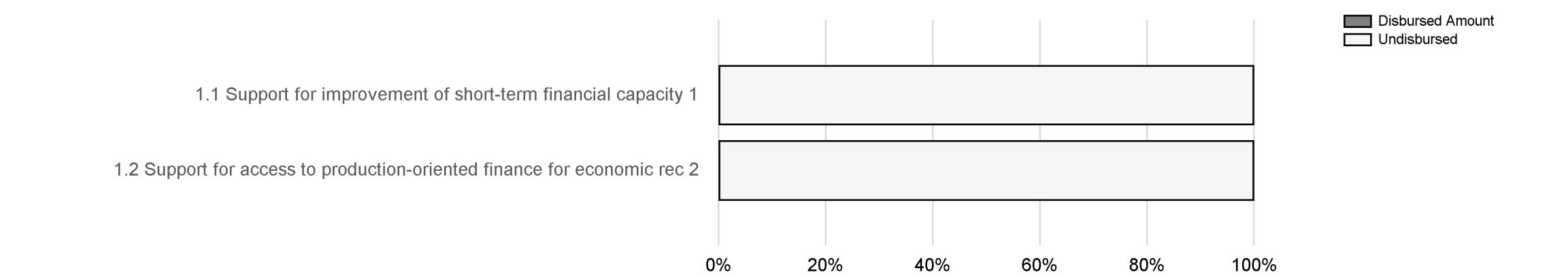
Environmental and Social Safeguards

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

	Total Cost and Source					Available Funds (US\$)			
Operations	Original IDB	Current IDB	Local Counterpart	Co-Financing / Country	Total Original Cost	Current IDB	Disb. Amount to Date	% Disbursed	Undisbursed Amount
BL-L1037	15,000,000	15,000,000	0	0	15,000,000	15,000,000	2,000,000	13.33%	13,000,000
Aggregated	15,000,000	15,000,000	0	0	15,000,000	15,000,000	2,000,000	13.33%	13,000,000

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.

RESULTS MATRIX

General Development Objectives

General Development Objectives Nbr. 1: Support the sustainability of Micro, Small and Medium Enterprises (MSMEs) as employment providers in Belize amid the COVID-19 crisis

Observation:

Indicator		Unit of Measure	Baseline	Baseline Year	Expected Year of Achievement	EOP 2023	
1.0	Yearly sales revenue at MSMEs	US\$	56386	2020	2023	P	56,386
						A	-
Details							

Means of Verification: Statistical Institute of Belize (SIB) and information collected by the Development Finance Corporation (DFC).

Observations: The program is expected to help maintain the MSMEs yearly’s sector’s sales. The baseline corresponds to the calculation using 2016 data of the revenue generated by MSMEs in Belize (BES, 2016). In this report, it shows 73% of businesses reporting revenues of less than BZ\$40,000 (US\$19,801) annually and 12% of businesses generate more than BZ\$120,000 (US \$59,405) in revenues annually, with the remaining 15% of business generate between BZ\$40,000 (US\$19,801) and BZ\$120,000 (US\$59,405). The weighted average results in an average sales revenue for MSMEs is of BZ\$113,900 (US\$56,386). The exchange rate used is the one registered on June 4th, of 2.02 BZ\$ per dollar (Central Bank of Belize). The final target is expected to be accomplished after the termination of the operation. After conversations with the counterpart, there is indeed a will to measure the yearly sales revenue at MSMEs in the near future, but there is no official commitment as to when this will be available

The General Development Objective indicator target is expected to be observed by the operation's "Fully Justified" date in Convergence (CO): Yes

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator					
Indicator				Unit of Measure	Baseline	Baseline Year	Expected Year of Achievement	EOP 2023	
1.3	Percentage of employment registered in MSMEs over total employment registered in the country			%	33	2020	2023	P	33
								A	-
Details									

Means of Verification: SIB and information collected by the DFC

Observations: The baseline corresponds to the calculation using 2016 data of the MSMEs classification in Belize (BES, 2016); 33% of the firms are considered as MSMEs in this classification. The final target is expected to be accomplished after the termination of the operation. This value will be verified through the next report available for employment in MSMEs. After conversations with the counterpart, there is indeed a will to measure the percentage of employment registered in MSMEs in the near future, but there is no official commitment as to when this will be available

The General Development Objective indicator target is expected to be observed by the operation's "Fully Justified" date in Convergence (CO): Yes

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator			

RESULTS MATRIX

Specific Development Objectives

Specific Development Objectives Nbr. 1: Support the short-term financial sustainability of MSMEs

Observation:

	Indicator	Unit of Measure	Baseline	Baseline Year		2023	EOP 2023
1.0	Rate of non-performing Loans (NPL) of the MSME working capital financing portfolio over rate of NPL of the total financial system, 6 months after the beginning of the project	Unit	2.65	2020	P	-	2.65
					A	-	-

Details

Means of Verification: DCF will provide DFC’s NPL. Data from the total financial system will be verified through Belize’s Article IV Consultation and Central Bank of Belize

Observations: This indicator is constructed as a fraction in which the numerator is the average NPL in the working capital financing portfolio of DFC, and the denominator is the NPL rate of the total financial system. For 2020, DFC’s short-term NPL of the productive portfolio was 20.37%. For the total financial system, as of end 2020, the rate of NPL was of 7.7% as per Belize’s Article IV. DFC’s short-term NPL at the time of program preparation is 2.65 times higher than the NPL of the total financial system. With the program support, it is anticipated that at least the rate of NPL would maintain its current level. The final target will be verified at the end of the program

Evaluation Methodology: -

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator	

	Indicator	Unit of Measure	Baseline	Baseline Year		2023	EOP 2023
1.3	Survival rate of companies supported with short-term financing instruments up to 24 months after the declaration of a pandemic due to the COVID-19 disease	%	71.9	2020	P	-	71.9
					A	-	-

Details

Means of Verification: Follow-up and monitoring information of the program collected by the DFC

Observations: Based on the available empirical evidence a firm survival rate of 71.9%, corresponding to the rate observed on the Business Establishment Survey for firms before the crisis. The window for this survey was one year, meaning that number of firms registered were compared to those one year after. The survival of the MSMEs supported by the program will be verified by comparing the company's Tax Identification Number at the beginning of the program and at the end to verify which MSMEs continue to make the corresponding tax settlements. The companies that continue to be registered will be considered as surviving companies. On the other hand, those companies which are no longer registered in the Belize Tax Services Department will be considered as companies that have ceased to survive. With the program support, it is anticipated that at least the same survival rate of companies will be maintained. The survival window to be considered for the final target will be of one year

Evaluation Methodology: -

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator	

Specific Development Objectives Nbr. 2: Promote the economic recovery of MSMEs through access to production-oriented finance

Observation:

	Indicator	Unit of Measure	Baseline	Baseline Year		2023	EOP 2023
2.0	Rate of NPL of the productive MSME financing portfolio over rate of NPL of the total financial system, 24 months after the beginning of the project	Unit	1.24	2020	P	-	1.24
					A	-	-

Details

Means of Verification: Follow-up and monitoring information of the program collected by the DFC

Observations: This indicator is constructed as a fraction in which the numerator is the average NPL in the productive financing portfolio of DFC, and the denominator is the NPL rate of the total financial system. For 2020, DFC’s NPL of the productive portfolio was 9.52%. For the total financial system, as of end-2020, the rate of NPL was of 7.7% as per Belize’s Article IV. DFC’s NPL of the productive portfolio at the time of program preparation is 1.24 times higher than the NPL of the total financial system. With the program support, it is anticipated that at least the rate of NPL would maintain its current level. The final target will be verified at the end of the program

Evaluation Methodology: -

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator	

	Indicator	Unit of Measure	Baseline	Baseline Year		2023	EOP 2023
2.3	Proportion of medium-term credit (more than 36 months) in the relevant portfolio	%	71.29	2020	P	-	78.65
					A	-	-

Details

Means of Verification: Follow-up and monitoring information of the program collected by the DFC

Observations: The relevant portfolio is DFC’s current medium-term credit (more than 36 months) in the productive sector. DFC’s credit productive portfolio value reached BZ\$70.28 million as of 2020, or US \$34.79 million as per the exchange rate registered on June 4th, of 2.02 BZ\$ is applied, per dollar (Central Bank of Belize), of which BZ\$50.10 million (US\$24.80 million) is greater than 36 months. Based on DFC’s projections, DFC’s portfolio for the financing of the MSME’s medium-term credit would maintain its current total amount in the next 24 months. With the program support (US\$12 million), it is anticipated that medium-term credit would increase its current total amount at the end of the program

Evaluation Methodology: -

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator					
Indicator		Unit of Measure		Baseline	Baseline Year		2023	EOP 2023	
2.4	Percentage of the value of loans allocated to women MSMEs in the productive sectors portfolio			%	16	2020	P	-	25
							A	-	-
Details									

Means of Verification: Follow-up and monitoring information of the program collected by the DFC

Observations: WMSMEs is understood to be those companies led or owned by women (with more than 50% of the shareholding in the hands of women or with at least 25% of the shareholding in the hands of women and at least one woman in a position decision). The program will allocate at least 25% of the resources to financing WMSMEs. WMSMEs represented 16% of the total amount of loans in the productive portfolio, with an average loan size of BZ\$9,451 (US\$4,678 taking into account the exchange rate registered on June 4th, of 2.02 BZ\$ is applied, per dollar (Central Bank of Belize))

Evaluation Methodology: -

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator					
Indicator		Unit of Measure		Baseline	Baseline Year	2023		EOP 2023	
2.5	Percentage of the program’s relevant portfolio destined to support a more sustainable and resilient economic recovery promoted through financing new investments in climate change adaptation and mitigation			%	1.75	2020	P	-	30
							A	-	-
Details									

Means of Verification: Follow-up and monitoring information of the program collected by the DFC

Observations: DFC’s % of the portfolio destined to support a more sustainable and resilient economic recovery promoted through financing new investments in climate change adaptation and mitigation is currently 1.75%. The goal corresponds to the expected percentage of investments considered as climate change mitigation and adaptation finance. The identification of these investments in the portfolio will be based on eligibility criteria established in the RC. The program will allocate at least 30% of total IDB funding for this operation to climate change mitigation and adaptation activities to promote a more sustainable and resilient economic recovery. This contributes to the IDBG’s climate finance goal of 30% of approvals by 2021

Evaluation Methodology: -

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator						
Indicator					Unit of Measure	Baseline	Baseline Year		2023	EOP 2023
2.6	Total mobilization of medium-term private resources achieved as a result of program support.				Million s of US\$	12	2020	P	-	14.12
								A	-	-
Details										

Means of Verification: Follow-up and monitoring information of the program collected by the DFC

Observations: The mobilization as a result of the program support is of 15% of the medium-term resources, with a baseline of US\$12 million. In order to achieve the baseline in 2021, the US\$12 million were divided by 85%, amounting a final target of US\$14.12 million

Evaluation Methodology: -

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator					
Indicator		Unit of Measure		Baseline	Baseline Year		2023	EOP 2023	
2.7	Total amount of the relevant portfolio of production-oriented finance achieved as a result of program support			Millions of US\$	24.8	2020	P	-	36.8
							A	-	-
Details									

Means of Verification: Follow-up and monitoring information of the program collected by the DFC

Observations: Baseline condition corresponds to the long-term, size of the portfolio for production-oriented financing for MSMEs. DFC considers long term financing as from 36 months. Less than 36 months it is considered short-term. The total portfolio for productive sector financing is BZ\$70.284 million (US\$34.79 million) of which BZ\$50.101 million (US\$24.80 million) corresponds to long term financing. The final target will be the baseline value in addition to the US\$12 million dedicated from the program to production-oriented finance. The exchange rate used is the one registered on June 4th, of 2.02 BZ\$ per dollar (Central Bank of Belize).

Evaluation Methodology: -

Pro-Gender	No	Pro-Ethnicity	No	CRF indicator	

RESULTS MATRIX

OUTPUTS: ANNUAL PHYSICAL AND FINANCIAL PROGRESS

Component Nbr. 1 Support for improvement of short-term financial capacity (US\$3 million)

				PHYSICAL PROGRESS		FINANCIAL PROGRESS	
	Output	Unit of Measure		2021	EOP 2023	2021	EOP 2023
1.01	Amount of MSME working capital financed with program resources	US\$	P	73,390	3,000,000	73,390	3,000,000
			P (a)	73,390	3,000,000	73,390	3,000,000
			A	73,390	73,390	73,390	73,390

Component Nbr. 2 Support for access to production-oriented finance for economic recovery (US\$12 million)

				PHYSICAL PROGRESS		FINANCIAL PROGRESS	
	Output	Unit of Measure		2021	EOP 2023	2021	EOP 2023
2.01	Amount for MSME access to production-oriented financing	US\$	P	1,926,609	12,000,000	1,926,609	12,000,000
			P (a)	1,926,609	12,000,000	1,926,609	12,000,000
			A	1,926,609	1,926,609	1,926,609	1,926,609

Total Cost				
	Total Cost		P	1,999,999
			P (a)	1,999,999
			A	1,999,999

CHANGES TO THE MATRIX

No information available for this section

RISKS AND PLANNED RESPONSES

Risk ID	Risk Status		Risk Taxonomy
1	Active		Environmental and Social Safeguards
	Response Actions		
	1.0	Management Strategy	Status
		-	

Risk ID	Risk Status		Risk Taxonomy
2	Active		Organizational Structure
	Response Actions		
	2.0	Management Strategy	Status
		-	

Risk ID	Risk Status		Risk Taxonomy
3	Active		Economic and Financial Environment
	Response Actions		
	3.0	Management Strategy	Status
		-	

Risk ID	Risk Status		Risk Taxonomy
4	Active		Economic and Financial Environment
	Response Actions		
	4.0	Management Strategy	Status
		-	

Risk ID	Risk Status		Risk Taxonomy
5	Active		Economic and Financial Environment
	Response Actions		
	5.0	Management Strategy	Status
		-	

Risk ID	Risk Status		Risk Taxonomy
6	Active		Economic and Financial Environment
	Response Actions		
	6.0	Management Strategy	Status
		-	

IMPLEMENTATION STATUS AND LEARNING

No Information available for this Section