

# PROJECT STATUS REPORT (PSR)

07/01/2022 - 12/31/2022 - PSR-09588

## PROJECT SUMMARY

Operation number

RG-T3255

Suboperation number

ATN/CN-17185-RG

Project Name

EcoMicro - Grenada Development Bank - Green Finance for MSMEs & Low-Income Households

Team Leader

Ruth Houlston

Executing Agency

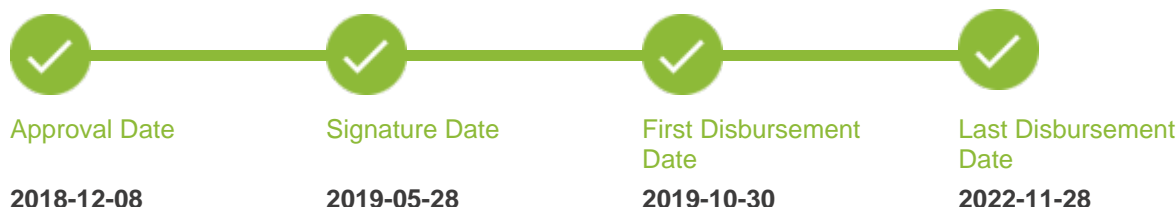
Grenada Development Bank

Purpose

To build climate resilience of Grenada's productive and housing sectors, through new green finance that enables the acquisition of RE/EE technologies and implementation of adaptation methodologies



## Project cycle



## PSR SCORE



- 0 - 1 Red Flag
- 1 - 2 Yellow Flag
- 2 - 4 Green Flag

# LEARNINGS

## 1. Risk and Lessons

### 1.1. Risk

1.1.1. What do you think is the biggest risk that threatens the achievement of the project objectives?

Investment hesitancy due to the slow pace of recovery from the Covid-19 pandemic in some sectors as well as the looming possibility of international economic recession caused by increases in oil and food prices and the war in Ukraine continue to suppress the uptake of loans.

### 1.2. Greatest Achievement or Failure

1.2.1. What has been the greatest achievement or failure in the last semester that affected the implementation of the project?

The GDB was able to realize an additional 30 loans in the last half of 2022 although these were at a smaller average (US\$16K). This is primarily due to the Bank being able to mobilise concessional financing through its collaboration on private sector related climate resilience projects. The potential impact of these additional loans is significant as they specifically target vulnerable households and businesses

### 1.3. Findings and Lessons

1.3.1. What are the most useful findings and lessons from this project that when taken into consideration could improve the execution and results of existing projects and the design of similar projects in the future? A finding describes an action, circumstance or decision that was critical in determining the positive or negative evolution of the project (for example, switching from the development of a blockchain platform to a web-based shared database reduced the cost and time devoted to implementing the traceability capabilities required by the project). A lesson is a concrete, actionable proposal based on a finding that, in similar circumstances, would facilitate problem solving, risk mitigation, and the achievement of results (for example, Develop guidelines and criteria to identify candidates that could benefit from the implementation of a blockchain platform, and assess during the design if the selected project satisfies the criteria before committing to develop one).

The following elements are critical success factors for projects of this nature

1. Flexibility and the Ability to Pivot - The Covid-19 crises created circumstances that required significant changes in the implementation approach particularly related to public engagements. The ability to develop unconventional methods were important to the pilot's success
2. Mobilisation of balance sheet resources - As a DFI that principally borrows to on-lend, the GDB was particularly challenged to provide the financial resources that were required for pilot loans which is important if the targets set are to be met. Many avenues were explored in this regard in order to be able to allocate financing to these loans.
3. The Buy-in of Management - The ownership of the project by Management within the Bank was necessary for us to accomplish important tasks and meet deadlines that were set. There were occasions where approval was required by the Board of Directors requiring the advocacy of senior management in order to ensure timeframes were met.
4. The need for concessional financing - The cost of resilience building is something that cannot be overly emphasised and as a result it was important that concessional sources of funding were optimized in order to ensure that the persons who are most affected can benefit.
5. Collaboration with key stakeholders - Throughout the implementation of the program the Bank relied on established relationships among critical stakeholders in order to succeed. Whether these were arms of government who provided the opportunity for the Bank to implement of private sector components of climate finance projects providing much needed balance sheet resources or an NGO which assisted with facilitating data gathering in the advent of Covid, this has not been a unilateral process.
6. Education and public awareness to drive engagement - Knowledge and awareness while prerequisites, are not indicators of behavioural

change by themselves. We have discovered that while a significant segment of Grenada's population is aware of climate change and its impacts on their individual lives, the transformation in personal actions that are required have been slow in coming and therefore continuous reinforcement of ideals and principles is key.

## **2. Scalability and replicability**

### **2.1. Scalability Plan**

2.1.1. Now that the Project is in the execution phase, have you developed any concrete plan or action that will allow it to reach a greater number of users/clients/beneficiaries (or broader environmental or resilience to climate change and natural disasters impacts) in the future?

The Bank has had its Climate Finance Scale Strategy approved by the Board of Directors in November 2022. This is positioned on several key tenets over the next five years which include:

1. Uptake of Green Loans in particular funding and technical assistance requirements 2. Beneficiary Outreach and Awareness Raising 3. Capacity Building and Staff Requirements 4. Risk Management

### **2.2. Costs and Partners to Scale**

2.2.1. Now that the project is in the execution phase, do you know how much it costs to offer your product / service per user / client / beneficiary? Is this a factor that could affect reaching a greater number of users / clients / beneficiaries in the future? Has any public or private institution requested this information from you, looking for scaling or replicating the model / product / service?

The costs to offer our products and services per customer depends on many variables not the least of which is the cost of borrowing to the Bank. Periodically the administration fee is remodeled in order to determine a weighted average that can be applied. I cannot recall this information being requested in recent times however it is used internally to determine the interest rates that can be charged for various product offerings.

### **2.3. Facilitating or Hindering Factors**

2.3.1. Has any of these factors affected the number of users/clients/beneficiaries (more/fewer) reached by the project compared to what was originally planned (or environmental or resilience to climate change and natural disasters impacts)?

[Behavioral changes required by users/clients/beneficiaries, Market size that could be reached, Evidence of advantages of the solution for partners/allies/key market players, Proposed solution responds to key/persistent/priority problem, Other]

Others, Which?

Economic and geo-political factors

### **2.4. Scalability Scope**

2.4.1. How feasible it is that the organization could reach a number of users/clients/beneficiaries 5, 10 or 100 times the number originally planned in the project design, five years after the project ends?

[It could reach between 5 times and 10 times the number of users/clients/beneficiaries originally planned in the project design five years after its closure]

2.4.2. How likely is the organization to reach that number five years after the project ends?

[Probable (more than 50% but less than 90% chance)]

### **2.5. IDB Group business relation**

2.5.1. Has a business relation been created with another part of the IDB Group different from IDB Lab?

No

### **2.6. Replicability Partners**

2.6.1. Are you aware of any other entity at a national or international level that has copied / replicated completely or partially the business model of the project? Did you collaborate in the process with that entity?

[No]

## 2.7. Replicability Scope

2.7.1. Number of users / clients / beneficiaries reached by entities that have fully or partially replicated / copied the business model / products / services implemented with the support of the project?

[N/A]

2.7.2. Have you experienced, in the last year, significant expansion (50% or more) of the reach of the business model of the project beyond what was expected in the original project design (due to increasing of the organizational size, operational scope or geographic spread)?

[No]

2.7.3. Number of users / clients / beneficiaries reached as of the end of the year?

[N/A]

## 2.8. Sustainability

2.8.1. How do you think the project will continue once the IDB Lab financing ends? Examples: it has identified external financing sources to continue operating, it has reached the breakeven point through the sale of services and products, it has obtained the support of public institutions or the private sector, it will adjust the business model to remain viable (via franchises, etc.)

There are elements of the project that would continue after the IDB financing ends with funding from other sources. These include the completion of an Environmental and Social Management System which incorporates the use of the Risk Assessment Tool developed under the EcoMicro project. Additionally it is anticipated that funding of projects will continue as the Bank deploys its scale strategy. A drawdown of US\$800K from a supporting project was made during the month of December for climate resilience interventions additionally the Bank has included in its priority objectives for 2023 the sourcing of funding for the installation of its Solar PV system. This was earmarked to be the largest contributor to its Greening initiatives as outlined in its action plan but due to challenges with the existing building and future plans for same this had to be deferred

## 3. Implementation

### 3.1. Facilitating or Hindering Factors

3.1.1. What specific aspects have (positively or negatively) affected the implementation of the project the most?

[Coordination with third parties, External shocks that affect the economy in general (natural disasters), Quality of consultants / suppliers]

3.1.2. Explain in detail how these factors that you identified have made the implementation of the project easier or more difficult

As previously mentioned, our ability to coordinate with third parties was responsible for many of the benefits we were able to realize under the project. Our consulting partners also assisted greatly in causing us to maintain the project focus when so many challenges were presenting themselves. They also provided guidance and the level of output that allowed our management and board of directors to make informed decisions during the project. Conversely, the covid-19 pandemic happened just as we had begun our implementation creating economic and operational impacts that was unprecedented in their complexity and changing our approach.

### 3.2. Novel Technologies Factors

3.2.1. If the project makes use of novel technologies or methodologies, what factors have facilitated or hindered the implementation of the technological solution initially proposed by the project?

[Availability of suppliers / consultants, Public recognition of the innovation of the project]

## 4. Development Outcomes (Quantitative)

4.0 Has your project contributed to any of the following indicators in the last 12 months (last year)?

[4.2. Direct jobs generated by the project or financing, 4.3. Households/People with improved living conditions, 4.4. Reduced CO2 emissions]

4.2. Direct jobs generated by the project. How many people were directly employed as a result of the project funded by IDB Lab?

Total

122

Jobs created: number of men

98

Jobs created: number of women

24

4.2.2. Indicate which indicator in the results matrix is related to your answer, or how did you calculate this number?

On average two persons were employed by each project financed at a rate of approximately 80% male and 20% female.

4.3. Number of Households/People with improved living conditions

[Households]

4.3.1. Total

46

Men

21

Women

25

4.3.3. Indicate which indicator in the results matrix is related to your answer, or how did you calculate this number?

This relates to household head. Where there are joint borrowers it is assumed that the male is the household head.

4.3.4. Please select the type of benefit

[Improved access to water and sanitation, Improved access to energy services, Improved access to housing solutions]

4.4. Reduced CO2 emissions

4.4.1.1. Indicate which indicator in the results matrix is related to your answer, or how did you calculate this number?

Value of greenhouse gas emissions reduced or avoided not available at this time

4.4.2.1. Indicate which indicator in the results matrix is related to your answer, or how did you calculate this number?

Value not available at this time

4.5. Data Source

4.5.1. What kind of verification sources have you used to report the data you provided in this section? (Please select all that apply)

[Administrative information, Evaluation]

## 5. Development Outcomes (Qualitative)

5.2. Population served NOT identified in the project design

5.2.1. Select if there are Groups that were NOT originally identified in the project design but are being reached in the execution phase?

[SMEs, Women, Rural population, People with disabilities, Poor/vulnerable/low income population]

### 5.3. Facilitating or Hindering Factors

5.3.1. Factors that have affected (facilitated or hindered) reaching these groups, or the resilience/environmental impacts, in the numbers/dimensions that the project had originally planned.

[Other]

Others

These baselines were not defined in the original project design

5.3.2. Explain in detail how these factors that you have identified have affected the ability of the project to reach the groups (achieve resilience/environmental impacts) in the numbers/dimensions originally expected

N/A - Unable to provide an explanation as there isn't any comparative data available

## INDICATORS









 Overachieved  Achieved  Pending  In process  Overdue

### C1: Design & Implementation of Green Finance Products

**Weight:** 25%

**Qualification:** High Satisfactory

100%

Indicators	Planned	Achieved	Status
I1	1 ( 2020-11-28)	1 ( 2020-06-03)	
I7	500 ( 2022-05-28)	524 ( 2021-06-30)	
I2	2 ( 2021-11-28)	5 ( 2020-09-10)	
I5	1250000 ( 2022-11-28)	1520055 ( 2022-12-31)	
I3	50 ( 2022-11-28)	61 ( 2022-12-31)	
I4	260 ( 2022-05-28)	388 ( 2022-06-30)	
I6	28 ( 2022-05-28)	35 ( 2022-06-30)	
I8	1 ( 2022-11-28)	1 ( 2022-10-27)	

### C2: Analyzing the Vulnerability of the Finance Institution Loan Portfolio to Climate

**Weight:** 25%

**Qualification:** Satisfactory

75%

25%

Indicators	Planned	Achieved	Status
I1	100 ( 2022-11-28)	100 ( 2022-09-30)	
I2	1 ( 2022-11-28)	1 ( 2022-05-27)	
I3	10 ( 2022-05-28)	12 ( 2022-06-30)	
I4	100 ( 2023-05-28)	10 ( 2022-12-31)	

### C3: Reducing the Environmental Impact of the Finance Institution

Weight: 25%

Qualification: High Satisfactory

60%		40%	
Indicators	Planned	Achieved	Status
I1	100 ( 2022-11-28)	100 ( 2021-06-30)	✓
I2	1 ( 2022-05-28)	1 ( 2022-06-30)	✓
I3	1 ( 2022-05-28)	0 ( 2022-12-31)	⚠
I4	0 ( 2023-05-28)	2332 ( 2022-12-31)	⚙
I5	28 ( 2022-05-28)	30 ( 2022-12-31)	🚀

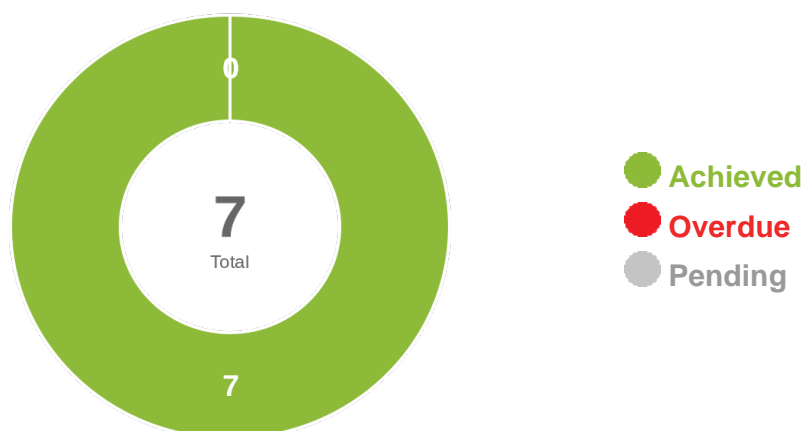
### C4: Knowledge Management and Communications

Weight: 25%

Qualification: High Satisfactory





60%		40%	
Indicators	Planned	Achieved	Status
I1	13 ( 2022-11-28)	14 ( 2022-11-30)	🚀
I2	1 ( 2022-11-28)	1 ( 2022-11-28)	✓
I3	3 ( 2022-11-28)	2 ( 2021-12-31)	⚙
I4	75 ( 2022-06-08)		⚙
I5	1 ( 2022-11-28)	1 ( 2022-11-28)	✓

## MILESTONES



#### Milestones

	Achieved Value	Due Date	Achieved Date	Status
*Conditions Prior	1	2019-11-24	2019-10-07	✓
*Market Study (including Gender Analysis) completed	1	2020-05-28	2020-05-04	✓

*Operational Guide and Internal Processes for the new green finance product	1	2021-08-26	2021-08-19	
*Climate Risk Assessment Tool developed and approved by Board	1	2022-05-28	2022-05-27	
*Plan for Scale: strategy for post-pilot roll out of the Green Finance Product	1	2022-10-30	2022-10-27	
*Institutional Assessment completed	1	2020-11-28	2020-02-17	
*Technology Guide	1	2021-11-28	2021-12-31	