

# PROJECT STATUS REPORT

JULY 2013 - DECEMBER 2013

## SECTION 1: PROJECT SUMMARY

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

Project Number: RG-M1205 - Operation Number: ATN/ME-12961-RG

**Result:** 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 Administrator**  
UNITED STATES

**Beneficiary Country**  
UNITED STATES

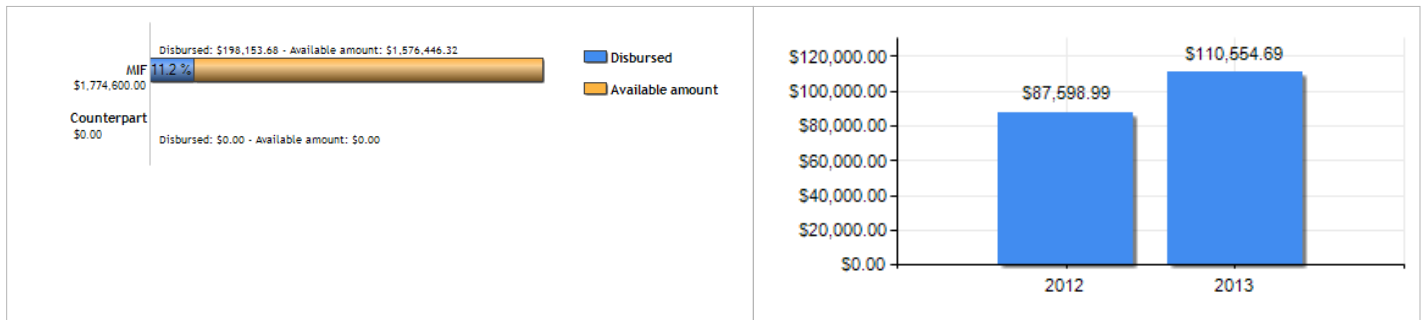
**Executing Agency:**

**Design Team Leader:** Watson, Gregory  
**Supervision Team Leader:** Watson, Gregory

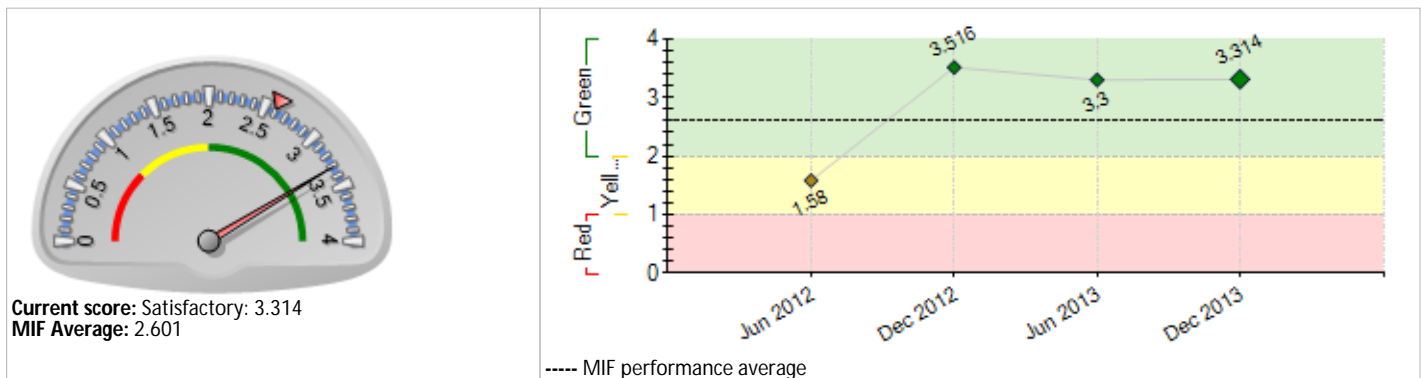
### TIMELINE



### FUNDS



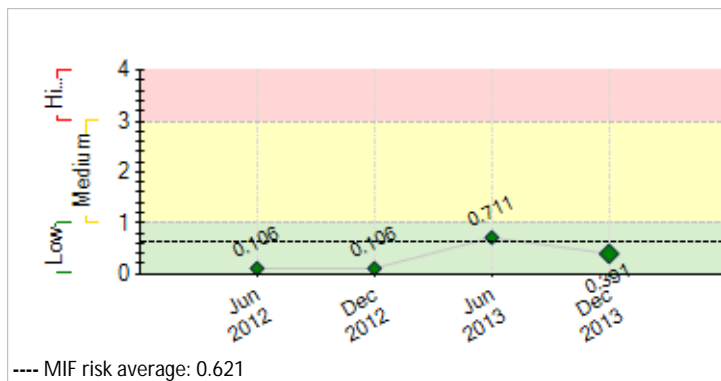
### PERFORMANCE SCORE



### EXTERNAL RISKS

#### INSTITUTIONAL CAPACITY

**Risk**  
**Financial Management:** Low  
**Procurement:** Low  
**Technical Capacity:** Low



## SECTION 2: PERFORMANCE

### Summary of project performance since inception

During 2H2013, four new MFIs were selected as second round winners. In total, 2013 ended with 8 selected projects (out of the total 12 to be selected under the Program); 3 projects approved, and 1 project under design (Diaconia in Bolivia).

Awareness raising activities and knowledge dissemination events occurred at international forums such as the FOROMIC and an NDF seminar on innovative climate finance mechanisms in Helsinki (Finland). In the former (FOROMIC) we hosted a plenary session on green banking, and a one day forum on MFI green strategies led by ADA Luxembourg and MicroEnergy. In the latter (NDF event), representatives of Nordic countries ministries and GIZ representatives, as well as regional multilateral banks, academia and private sector actors attended and participated in the event. In both events, we did share EcoMicro model and lessons learned so far.

#### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

### Summary of project performance in the last six months

Following technical difficulties with the webpage, the second selection round of EcoMicro closed in August 2013 with a 3 month delay. The Program received 64 applications from 17 different countries which exceeded first round results (54 applications from 15 countries). Highest interest came from Colombia and Peru, but it is important to note increasing interest from Caribbean countries. Critical action taken with on line difficulties is to re-test the whole web and application process in 1H2014 (before launching 3rd selection round).

The 4 second round winners were selected by an appointed selection committee. Selected entities were: Bancamia (Colombia), El Comercio (Paraguay), Apoyo Integral (El Salvador) and Surfuturo (Dominican Republic). The announcement of these results took place at the FOROMIC in a private ceremony hosted by the MIF general manager Nancy Lee.

By year end, the MFIs concluded their own selection process to appoint consulting firms (earlier pre-qualified by the MIF) with the following results:

- El Comercio-Paraguay selected Planet Finance consortium; Integral- El Salvador: selected Enclude; Surfuturo -Dominican Republic selected Frankfurt School of Management; and Bancamia- Colombia selected MicroEnergy consortium.

On the project design angle, the team conducted a design mission to Bolivia at the end of November 2013. The Diaconia project (that substitutes the ProCredit project) will be sent for approval to MIF general Manager on 1Q2013.

#### 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
<b>Result:</b> 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	R.1	At least 13 sustainable green financial products offered (1 per MFI).	0			13 Oct 2015	0	
	R.2	2% of MFI portfolio represented by green lending.	0			99 Oct 2015	0	
	R.3	\$3.25 million in financing mobilized for development and consumption energy efficiency and clean energy products and services.	0			3250000 Oct 2015	0	
	R.4	At least 13 partnerships defined between MFIs and local tech providers, suppliers, etc.	0			13 Oct 2015	0	
	R.5	At least 13 risk management models incorporate climate change risk	0			13 Oct 2015	0	
	R.6	At least 13 loan disbursement methodologies that contemplate climate risk (1 per MFI).	0			13 Oct 2015	0	

clean energy financing, adjusting their risk management models to climate change risk, and incorporating climate impact into their internal policies and operations.

<b>R.7</b>	At least 13 new supervision and loan management methodologies that include indicators for climate risk.	0				13	0	
<b>R.8</b>	At least 13 new environmental internal policies.	0				13	0	
						Oct 2015		
						Oct 2015		

**Component 1:** Promotion, program preparation and awareness raising

**Weight:** 2%

**Classification:** High Satisfactory

<b>C1.11</b>	Select Program Coordinator					Nov 2011	Yes	
<b>C1.12</b>	Consulting firms selected and MIF Selection Committee appointed					Jan 2012	Yes	
<b>C1.13</b>	Dissemination plan					Feb 2012	No	Delayed
<b>C1.14</b>	Launch call for MFI Proposals					Feb 2012	No	Delayed
						Jul 2013		

**Component 2:** Implementation of Individual Projects

**Weight:** 82%

**Classification:** Satisfactory

<b>C2.11</b>	Selection of 13 MFIs	0	4	8	13	13	8	
			May 2012	Nov 2012	Nov 2013	Oct 2015	Sep 2013	
<b>C2.12</b>	At least 13 completed in-depth consultancies	0	4	8	13	13	4	Finished
			Nov 2013	May 2014	May 2015	Oct 2015	Dec 2012	
<b>C2.13</b>	Design of at least 13 sustainable green financial products.	0				13		
						Oct 2015		
<b>C2.14</b>	Financing mobilize in USD for consumption EE&CE products and adaptation products and services	0				3250000		
						Oct 2015		
<b>C2.15</b>	Portfolio vulnerability assessment and risk mitigation recommendations.					Oct 2015		
<b>C2.16</b>	New methodologies for loan disbursement and monitoring					Oct 2015		
<b>C2.17</b>	13 new environmental internal policies developed and implemented internally.	0	4	8	13	13		Delayed
			Nov 2013	May 2014	May 2015	Oct 2015		
<b>C2.18</b>	MFI Internal energy savings in USD (Cost savings in energy efficiency may be calculated as a function of KWHs saved or reduced)	99				99		
						Oct 2015		

**Component 3:** Knowledge Capturing and dissemination of resources

**Weight:** 16%

**Classification:** Satisfactory

<b>C3.11</b>	1 how-to guide.	0				1		
						Oct 2015		
<b>C3.12</b>	13 Case Studies	0	4	8	13	13		
			Jun 2014	Jan 2015	Aug 2015	Oct 2015		
<b>C3.13</b>	Dissemination at 6 platforms.	0				6	4	
						Nov 2015	Oct 2013	
<b>C3.14</b>	Research studies	0				6		
						Nov 2015		
<b>C3.15</b>	Three annual knowledge sharing meetings.	0	1	2	3	3	3	
			Oct 2012	Oct 2013	Oct 2014		Oct 2012	
<b>C3.16</b>	Two International knowledge sharing events	0	1			2	1	Delayed
			Oct 2013				Nov 2013	

Milestones		Planned	Due Date	Achieved	Date achieved	Status
<b>M1</b>	Conditions Prior	1	Apr 2012	1	Apr 2012	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.	Coordinador del proyecto
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.	Invitado Proyecto
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	Invitado Proyecto
4. Lessons learned are not applicable to different institutions	Low	Mitigation action	Invitado Proyecto
5. Lessons learned are not applicable in other geographical regions	Low	Mitigation action	Invitado Proyecto

**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**

Issue	Comments
[X] Lack of a <b>sustainability plan</b> or its inadequate implementation	Individual projects under the facility are expected to be sustainable, but the facility itself is not designed for sustainability.

**Actions related to sustainability which will be or have been implemented:**

There was no need for action related to sustainability was undertaken in this period.

## SECTION 6: PRACTICAL LESSONS

	Relative to Implementation	Author
1. 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.		Benchimol, Avril
2. 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	Benchimol, Avril