

# PROJECT STATUS REPORT

JULY 2014 - DECEMBER 2014

## 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.

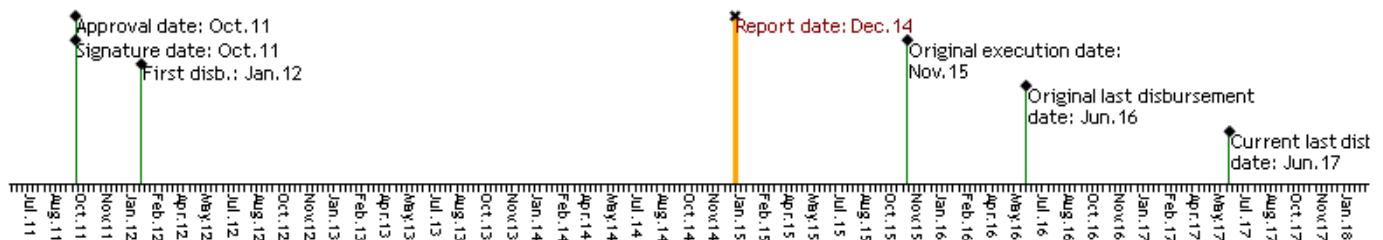
**Country Administrator**  
UNITED STATES

**Beneficiary Country**  
UNITED STATES

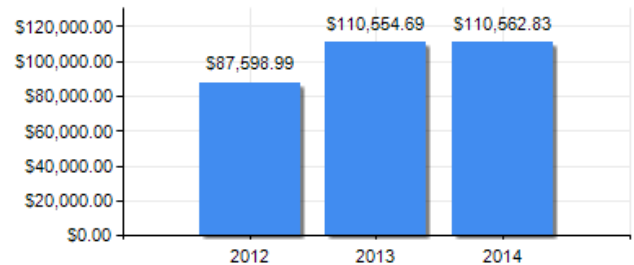
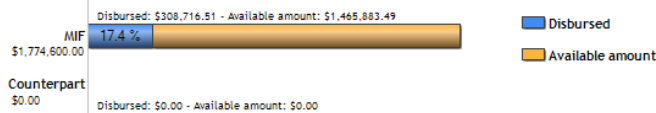
**Executing agency:** INTER-AMERICAN DEVELOPMENT BANK

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

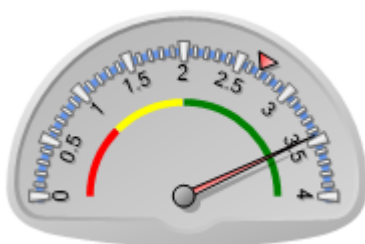
### TIMELINE



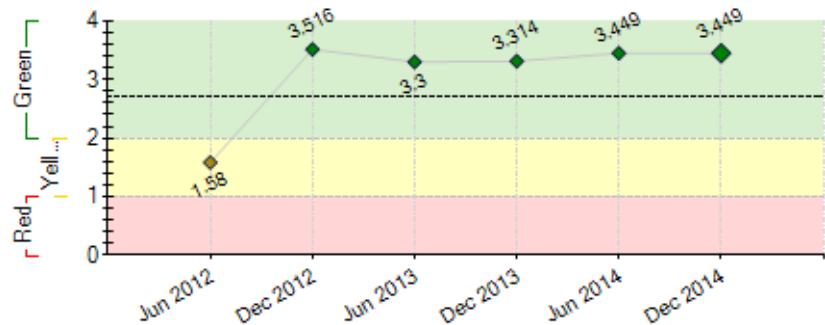
### FUNDS



### PERFORMANCE SCORE



Current score: Satisfactory: 3.449  
MIF Average: 2.696

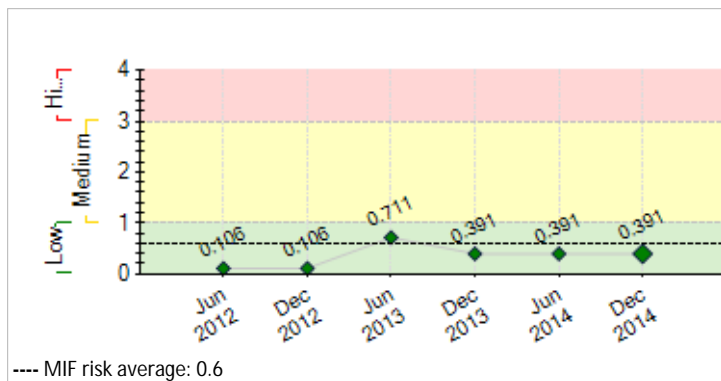


----- MIF performance average

### EXTERNAL RISKS

### INSTITUTIONAL CAPACITY

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



## SECTION 2: PERFORMANCE

### Summary of project performance since inception

EcoMicro activities are being executed according to plan. There has been no major delay in any of the microfinance institutions implementing the program except for BancaMia in Colombia (selected Oct 2013). At their request the design has been postponed, it is expected to be approved during Q2 2015.

The first project with Te Creemos has been fully disbursed and it is expected to close in February 2015; it has been a complete success, all indicators have been met and Te Creemos will continue to provide green loans in the future by themselves. They have not accepted a loan from OMJ but have own resources to scale this new product.

The second project with Caja Arequipa has also been fully disbursed but the indicator on number of loans to disbursed is only 50% met. COF has given them an extension to meet the goal and a monitoring visit will be done in March/April to help with this and to capture lessons learned.

FDL Nicaragua tried to include microinsurance to the adaptation loan. While efforts have been done, the insurance company and program who was supporting this microinsurance have pulled out of the country due to absence of collaboration of the public organization. Nevertheless, EcoMicro is progressing as planned.

EcoMicro was awarded the Momentum for Change Award by UNFCCC. Greg Watson received it at the COP 20 in Lima and presented the program at the event. This has given big exposure to the program and it has spawn the interest of donors and impact investors in it.

#### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

EcoMicro is progressing well. The MIF and NDF have expressed interest in supporting a second project, which is under design.

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

During Q2 of 2014 the project with Fundacion Sur Futuro in Dominican Republic has been approved and agreement was signed. Two design trips to Paraguay and El Salvador were done; they are expected to be approved in Q1 2015.

Third and last round was completed and four new MFIs were selected through the competitive process: Access Financial Services in Jamaica, Sartawi in Bolivia, Fundacion Paraguaya in Paraguay and Fundacion Coomeva in Colombia. These MFIs have already selected consulting firms and have received further information to prepare their projects. They are expected to be approved between June-September 2015.

EcoMicro participated to two regional events: Foromic 2014 in Ecuador and Microfinance and Adaptation event in Lima. Program coordinator and Supervisor Team Leader were respectively panelists. During Foromic program coordinator met with impact investors, MFI networks and other actors in the industry to discuss ways to collaborate and promote green microfinance. High interest was shown by MFI networks in Bolivia and Colombia for workshops and by impact investors to know more about green finance.

EcoMicro will participate in a publication on Green Microfinance with an article together with 3 other international organizations. The article will be published in September 2015 by the European Journal of Microfinance.

EcoMicro has been invited by the Fundação Getulio Vargas to participate in an international seminar on green microfinance in Brazil in March 2015.

#### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Since this was written, the El Comercio project has been approved.

## 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 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 13 sustainable green financial products offered (1 per MFI).	0			13	4	
	R.2 2% of MFI portfolio represented by green lending.	0			Oct 2015	Dec 2014	
	R.3 \$3.25 million in financing mobilized for development and consumption energy efficiency and clean energy products and services.	0			99	0	
	R.4 At least 13 partnerships defined between MFIs and local tech providers, suppliers, etc.	0			Oct 2015		
	R.5 At least 13 risk management models incorporate climate change risk.	0			3250000	1000000	
	R.6 At least 13 loan disbursement methodologies that contemplate climate risk (1 per MFI).	0			Oct 2015	Mar 2014	
	R.7 At least 13 new supervision and loan management methodologies that include indicators for climate risk.	0			13	3	
	R.8 At least 13 new environmental internal policies.	0			Oct 2015	Jun 2014	

<b>Component 1:</b> Promotion, program preparation and awareness raising  <b>Weight:</b> 2%  <b>Classification:</b> High Satisfactory	C1.I1 Select Program Coordinator					Nov 2011	Yes	Jan 2012	Finished
	C1.I2 Consulting firms selected and MIF Selection Committee appointed					Jan 2012	Yes	Apr 2013	Finished
	C1.I3 Dissemination plan					Feb 2012	No	Dec 2014	Delayed
	C1.I4 Launch call for MFI Proposals					Feb 2012	Yes	Aug 2014	Finished

<b>Component 2:</b> Implementation of Individual Projects  <b>Weight:</b> 82%  <b>Classification:</b> Satisfactory	C2.I1 Selection of 13 MFIs	0	4	8	13	13	12		Finished
	C2.I2 At least 13 completed in-depth consultancies	0	May 2012	Nov 2012	Nov 2013	Oct 2015	Oct 2014		On Course
	C2.I3 Design of at least 13 sustainable green financial products.	0	Nov 2013	May 2014	May 2015	Oct 2015	Nov 2013		On Course
	C2.I4 Financing mobilize in USD for consumption EE&CE products and adaptation products and services	0				Oct 2015	Dec 2014		On Course
	C2.I5 Portfolio vulnerability assessment and risk mitigation recommendations.					Oct 2015	Mar 2014		On Course
	C2.I6 New methodologies for loan disbursement and monitoring					Oct 2015	No	Dec 2014	On Course
	C2.I7 13 new environmental internal policies developed and implemented internally.	0	4	8	13	13	4		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)	99	Nov 2013	May 2014	May 2015	Oct 2015	Dec 2014		

<b>Component 3:</b> Knowledge Capturing and dissemination of resources  <b>Weight:</b> 16%  <b>Classification:</b> Satisfactory	C3.I1 1 how-to guide.	0				1			
	C3.I2 13 Case Studies	0	4	8	13	Oct 2015	13	1	Delayed
	C3.I3 Dissemination at 6 platforms.	0	Jun 2014	Jan 2015	Aug 2015	Oct 2015	Dec 2014		Finished
	C3.I4 Research studies	0				6	6		
	C3.I5 Three annual knowledge sharing meetings.	0	1	2	3	Nov 2015	Dec 2014		
	C3.I6 Two International knowledge sharing events	0	Oct 2012	Oct 2013	Oct 2014	3	4		Finished

Milestones	Planned	Due Date	Achieved	Date achieved	Status
M1 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.	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	Project Guest

		to provide written proof of the consulting firm's deficiencies and make a request for the consulting firm to be replaced.	
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 Guest
4. Lessons learned are not applicable to different institutions	Low	Mitigation action	Project Guest
5. Lessons learned are not applicable in other geographical regions	Low	Mitigation action	Project Guest
<b>PROJECT RISK LEVEL: Low    TOTAL NUMBER OF RISKS: 6    IN EFFECT RISKS: 6    NOT IN EFFECT RISKS: 0    MITIGATED RISKS: 0</b>			

## SECTION 5: SUSTAINABILITY

**Likelihood of project sustainability after project completion:** HP - Highly Probable

### CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

*[None reported in this period]*

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

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

## SECTION 6: PRACTICAL LESSONS

	Relative to	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.	Implementation	Loza, Arantza
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	Loza, Arantza
3. 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	Implementation	Loza, Arantza