

PROJECT STATUS REPORT

JANUARY 2010 - JUNE 2010

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Caribbean Microfinance Capacity-Building Project (Carib-Cap)

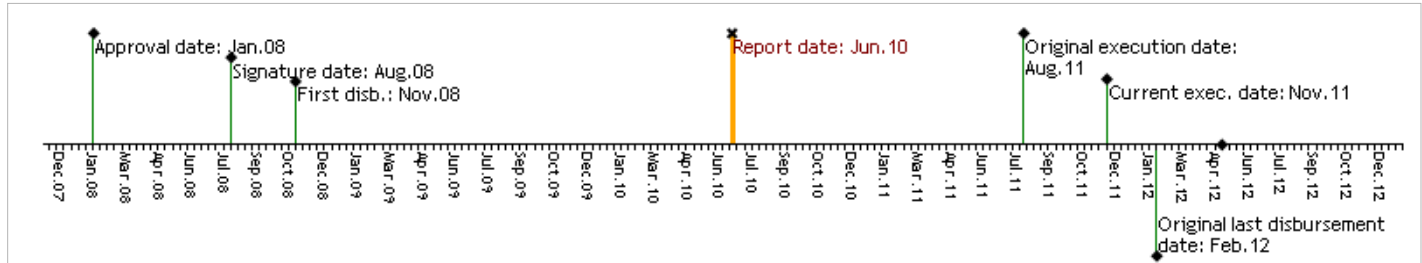
Project Number: RG-M1106 - Operation Number: ATN/ME-10809-RG

Purpose: The purpose of the project is to implement a capacity-building project that will enable the English-speaking Caribbean MFIs to improve the financial performance and outreach.

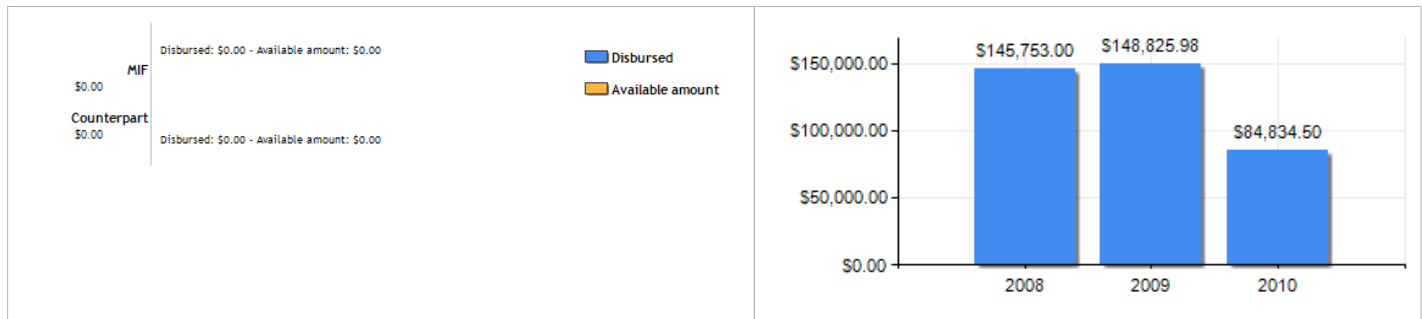
Country Administrator	Beneficiary Country	Group	Subgroup
JAMAICA	JAMAICA	MIC - Microenterprise Development	MFIN - Microfinance

Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK	Design Team Leader:	Saenz-Samper, Maria Victoria
		Supervision Team Leader:	Leslie, Winsome

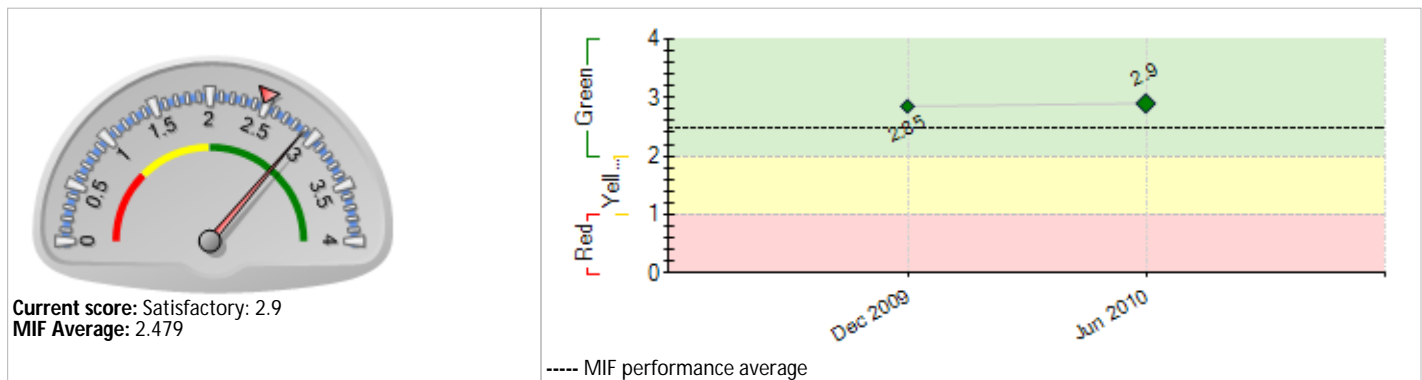
TIMELINE



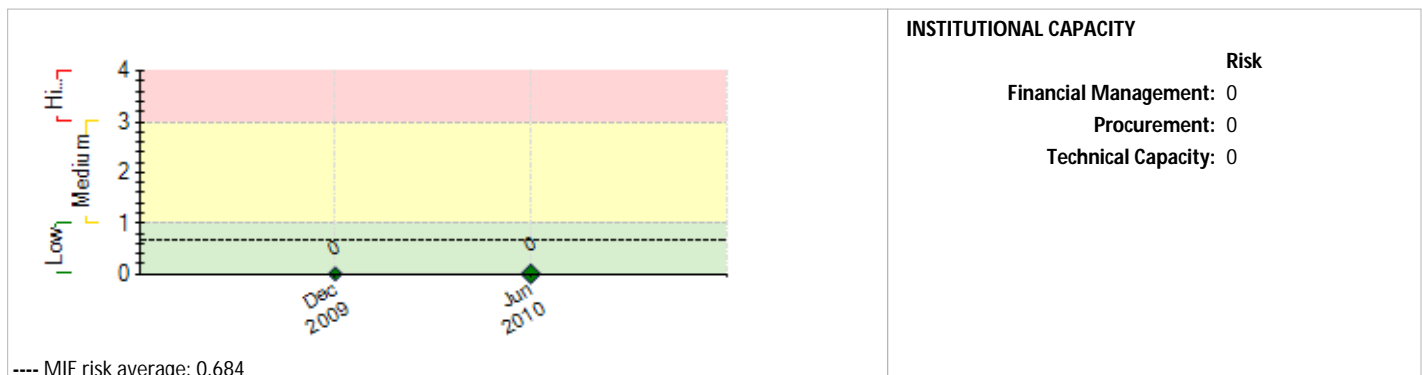
FUNDS



PERFORMANCE SCORE



EXTERNAL RISKS



INSTITUTIONAL CAPACITY

	Risk
Financial Management:	0
Procurement:	0
Technical Capacity:	0

SECTION 2: PERFORMANCE

Summary of project performance since inception

Performance Assessments have been completed. As indicated in Risk Log, there were challenges identify the target number of MFIs for inclusion, this despite a revision of the requirements for participation. 18 MFIs were Assessed. In lieu of the required Policy Round Table the Project hosted inaugural Caribbean wide Forum which brought together practitioners from 23 MFIs in 10 countries in the Caribbean.

Project has experienced delays as a result of the contracting process for undertaking the Performance Assessments. The primary implication is that this could result in a shortened capacity building component and/or a necessary project extension. The project remains on target to achieve the objective of increasing the efficiency of participating MFIs.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

The Performance Assessment consultant, MicroRate, submitted its final report to FOMIN. Eighteen MFIs were assessed. The summary report was circulated to the members of the Steering Committee.

Work on the Demand for Financial Services (DFS) study started in January. All field work was completed during the quarter under review.

The TOR for the Capacity Building Consultant was posted and 21 EOIs were received at close of the period.

FOMIN completed assessment of EOIs and have selected six firms to receive the RFP for the Capacity Building Component

The first and second drafts of the Demand for Financial Services (DFS) study were submitted during the quarter. The consultant received the comments of FOMIN.

10 MFIs presented a capacity building plan proposal to FOMIN.

The Capacity Building Consultant Desjardin Développement international (DID) has been selected. The consultant will provide direct capacity building to ten selected MFI's and general training to other MFIs.

Planning for the 2nd Carib Microfinance Forum is underway. Carib-Cap Project is partnering with the CTSF for elements of Forum.

Critical Delay Areas:

Contracting of service provider to deliver capacity building component.

Caribbean MFN Leadership unable to reactivate the network.

Critical Next Steps:

Ensure immediate start up of the Capacity Building Field activities.

Ensure successful Caribbean MicroFinance Forum II

Demand for Financial Services is completed.

Alternative to CMN is established.

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
Purpose: The purpose of the project is to implement a capacity-building project that will enable the English-speaking Caribbean MFIs to improve the financial performance and outreach.	P.I1	Percentage of participant MFIs that have improved their main financial ratios	0			80	50	
						Nov 2011	Nov 2011	
	P.I2	Percentage of participant MFIs that have increased their clients	0			80	80	
						Nov 2011	Nov 2011	
Component 1: Performance Assessments (PA) Weight: 10% Classification: Satisfactory	C1.I1	Number of technical performance assessments completed.	0			34	18	Finished
						Aug 2009	Mar 2010	
Component 2: Implementation of the CBPs Weight: 35% Classification: Satisfactory	C2.I1	At least 15 MFIs with PA will have a CBP implemented	0			15		Finished
						Aug 2011		
	C2.I2	At least 70% of participating institutions will report their performance data to the MIX no later than 12 months after launching their CBPs.	0			70		Finished
						Sep 2010		
	C2.I3	5 knowledge exchanges among other Caribbean MFIs and MFIs from Latin America, Asia and Africa.	0			5		Finished
						Aug 2011		
Component 3: Good practice incentive (GPI) Weight: 10% Classification: Satisfactory	C3.I1	Two prizes for large MFIs (equivalent of US\$ 75,000)	0			2		Finished
						Aug 2011		
	C3.I2	Ten prizes for smaller MFIs (equivalent of US\$25,000)	0			10		Finished
						Aug 2011		

Component 4: Strengthening of the CMN Weight: 25% Classification: Satisfactory	C4.11	CMN increased membership by at least 50% over the life of the project	0				50		Finished
	C4.12	CMN is recognized by the governments in the region as a technical organization of the microfinance sector.	0				1		On Course
							Aug 2011		
Component 5: Dissemination and Lessons Learned Weight: 20% Classification: Satisfactory	C5.11	A CD-ROM with cases and lessons learned is distributed in the Region.	0				1		Delayed
							Aug 2011		

Milestones		Planned	Due Date	Achieved	Date achieved	Status
M0	Previous Conditions	1	Feb 2009	1	Oct 2008	Achieved

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE*[None reported in this period]***SECTION 4: RISKS****MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE****PROJECT RISK LEVEL:** Low **TOTAL NUMBER OF RISKS:** 2 **IN EFFECT RISKS:** 0 **NOT IN EFFECT RISKS:** 1 **MITIGATED RISKS:** 1**SECTION 5: SUSTAINABILITY****Likelihood of project sustainability after project completion:** P - Probable**CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY***[None reported in this period]***Actions related to sustainability which will be or have been implemented:**

Move to establish annual Caribbean wide Forum to discuss micro finance issues building on the inaugural Forum held September 2009 funded by the Carib Cap.

SECTION 6: PRACTICAL LESSONS

	Relative to Implementation	Author
1. 1. Issue: The design of the Carib Cap Project was based on a general analysis of the situation of the Caribbean microfinance sector, taking into account the findings of global studies. It wasn't until the Project promotion undertaken by the Project Management Unit and the Performance Assessment that details emerged about the number and type of institutions engaged in microfinance and their weaknesses and needs. Lesson: reality based project design is of great importance. An inception phase can be necessary to fine-tune the intervention model, review the project objectives and make adjustments to the logical framework. Where relevant such changes should lead to budget adjustments.		Webber, Maureen
2. Issue: a low budget study about the demand for financial services was carried out in six countries well into the second year of the Project. It had little influence on the Project activities and orientation. Lesson: Carib Cap being a regional initiative to promote micro finance in a new market among institutions with little knowledge and belief in microfinance could have benefitted from the undertaking of gained by carrying out a more in depth demand study in an inception phase and by systematically sharing it with the wider (micro)finance industry.		
3. Issue: project design focused on support to existing institutions where microfinance would be a key activity. Other types of providers and delivery channels were not considered. Lesson: this might have been a logical choice in 2008 but by the end of the Project it became clear that promoting other types of providers (banks, greenfields) can be a parallel strategy to promote financial inclusion.		
4. Issue: project design paid little attention to the regulatory and institutional peculiarities of (micro)finance in the Caribbean region. Lesson: a full understanding of the regulatory framework and of its dynamics is important in order to assure that capacity building efforts take into account the limitations imposed by the framework and are oriented at institutions that can really engage in microfinance.		
5. Issue: savings occupied a marginal spot in the Project as the latter was designed as a support project oriented at promoting microcredit. The Demand for Financial Services Study and the focus of the TA provider DID on savings brought this financial product somewhat more to the foreground. Lesson: the strength of the Credit Unions as providers of savings services and the uniqueness of the Caribbean in that sense could have been exploited more through capacity building in the provision of savings and by focusing on savings as an entry point for responsible finance and		

financial education.