

PROJECT STATUS REPORT

JULY 2010 - DECEMBER 2010

SECTION 1: PROJECT SUMMARY

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

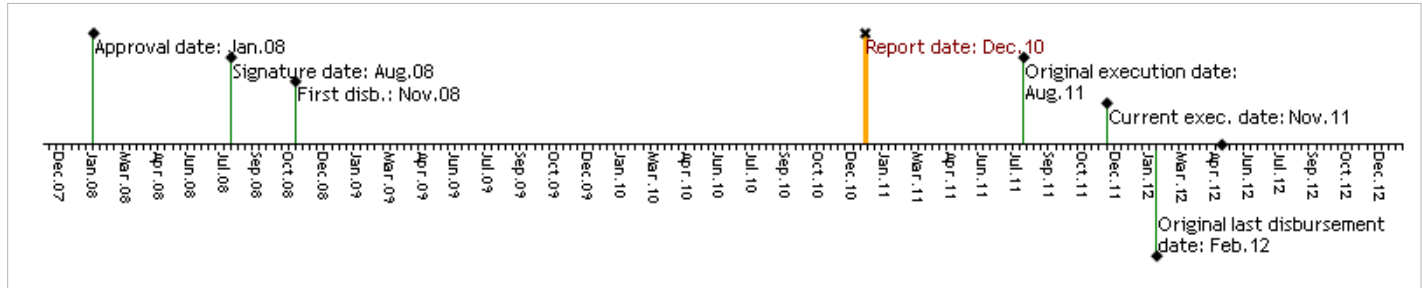
Project Number: RG-M1106 - Operation Number: ATN/ME-10809-RG

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.

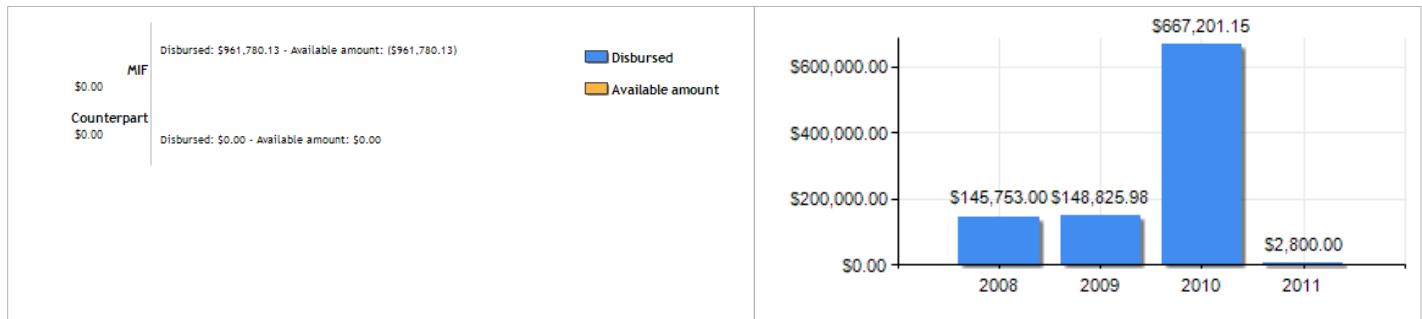
Country Administrator JAMAICA	Beneficiary Country JAMAICA	Group MIC - Microenterprise Development	Subgroup MFIN - Microfinance
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Executing Agency: INTER-AMERICAN DEVELOPMENT BANK	Design Team Leader: Saenz-Samper, Maria Victoria
	Supervision Team Leader: Leslie, Winsome

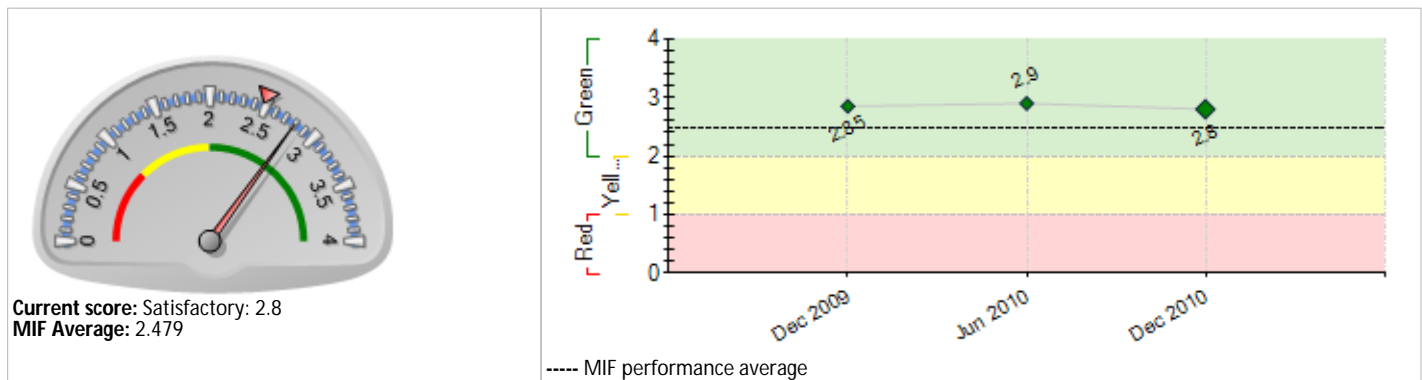
TIMELINE



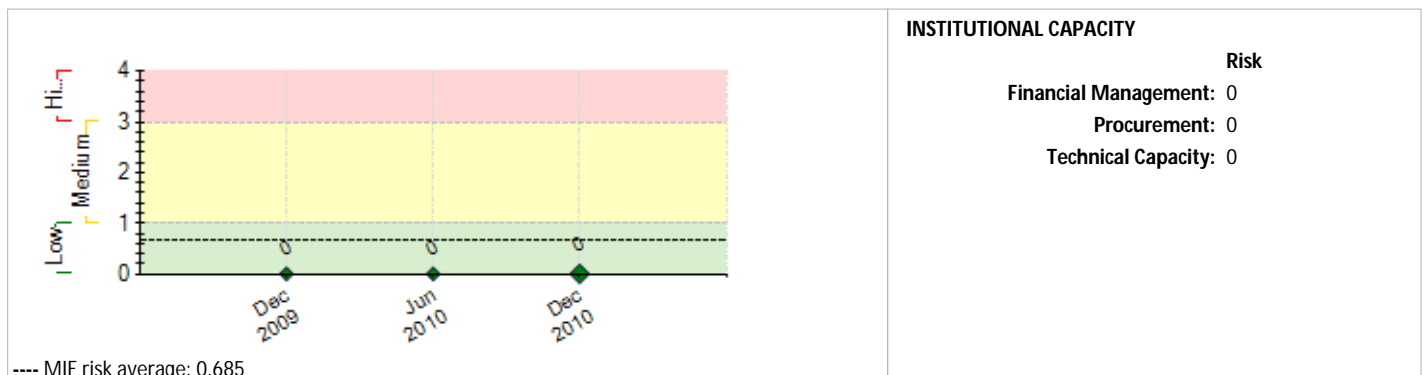
FUNDS



PERFORMANCE SCORE



EXTERNAL RISKS



INSTITUTIONAL CAPACITY

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

SECTION 2: PERFORMANCE

Summary of project performance since inception

The first of three General Training sessions for all 18 MFIs who participated in Component I was held.

The primary project activity, providing capacity building through hands on support is well underway with all 10 indicating that they were satisfied with the approach and content of the consultanting team. Despite initial delays there are already indications that primary objectives of the project will be met.

There was a commitment to the establishment of an alliance and at the close of 2011 the PMU and IDB provided support (in kind for the former and cash for the latter) to establish a secretariat for the alliance.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Please note that the PMU and IDB/MIF support for the establishment of the Alliance came at the close of 2010 not 2011.

Summary of project performance in the last six months

Summary of activities of the eighth quarter:

- The Capacity Building Consultant Desjardin Développement International (DID) began its field work, undertook the first general training event and completed its first training/technical assistance activity with one of the ten selected MFIs. Capacity building was delivered to 10 MFIs.
- The Project organized and hosted the second Caribbean Microfinance Forum (CMF II). This successful event took place in Belize with the participation of 26 MFIs/CUs from the Caribbean.
- The idea of a new Caribbean microfinance network – the Caribbean Micro Finance Alliance (CMFA) was fully accepted by the Forum participants launched and representatives of seven (7) MFIs/CU's committed themselves to working as part of a Core Group to launch the network and support its development.
- The final report of the DFS (5 countries) was presented at the CMF II. The draft of the DFS study for Belize was submitted to the PMU.Fin
- The Caribbean Micro Finance Alliance (CMFA) has selected an Interim Chair and Board and has developed a draft charter.
- The Mid Term evaluation of CARIB CAP was carried out, indicating that the CARIB-CAP Project has already impacted on the perception of the potential or micro finance; it has increased the interest of MFIs to focus on efficiencies to increase their market share.

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.I.1 Percentage of participant MFIs that have improved their main financial ratios	0				80 Nov 2011	50 Nov 2011	
	P.I.2 Percentage of participant MFIs that have increased their clients	0				80 Nov 2011	80 Nov 2011	
Component 1: Performance Assessments (PA) Weight: 10% Classification: Satisfactory	C1.I1 Number of technical performance assessments completed.	0				34 Aug 2009	18 Mar 2010	Finished
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 Aug 2011		Finished
	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 Sep 2010	0 Dec 2010	Finished
	C2.I3 5 knowledge exchanges among other Caribbean MFIs and MFIs from Latin America, Asia and Africa.	0				5 Aug 2011		Finished
Component 3: Good practice incentive (GPI)	C3.I1 Two prizes for large MFIs (equivalent of US\$ 75.000)	0				2 Aug 2011		Finished

Weight: 10%	C3.12 Ten prizes for smaller MFIs (equivalent of US\$25,000)	0				10		Finished
						Aug 2011		
Classification: Satisfactory								
Component 4: Strengthening of the CMN	C4.11 CMN increased membership by at least 50% over the life of the project	0				50		Finished
						Aug 2011		
Weight: 25%	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		
Classification: Satisfactory								
Component 5: Dissemination and Lessons Learned	C5.11 A CD-ROM with cases and lessons learned is distributed in the Region.	0				1		Delayed
						Aug 2011		
Weight: 20%								
Classification: Satisfactory								

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:**

Two primary areas of sustainability were the focus during this reporting period:

- 1) establishing a viable Caribbean MicroFinance Network. The PMU took the lead in preparing objectives and immediate actions for such a group. FOMIn provided the funding for a facilitator.
- 2) The hosting of the Caribbean Microfinance Forum II firmly established that this is a 'calendar event' and the PMU was charged with preparing the framework, concept paper and a draft agenda for CMF III

SECTION 6: PRACTICAL LESSONS

	Relative to Implementation	Author
1. Issue: the capacity building shows characteristics of effective technical assistance. DID's approach is highly appreciated as it combines knowledge of the issues at hand (in particular related to Credit Unions) with an open and non aggressive approach. Part of the approach is taking the time to learn about and understand the institution. Another element that contributes to trust is the establishment of parameters and deadlines as to what has to be achieved. Lesson: Trust building makes it easier for the TA provider to enter into the core business of the advised institution and to influence decision making. Follow up through a Project extension will be necessary to capitalize on this initial trust and achieve the planned performance improvements.		Webber, Maureen
2. Issue: one of the innovations was the application of cost sharing. By paying US\$4,200 the participating institutions got access to services worth tens of thousands of US dollar. None of the institutions withdrew from the Project because of the cost sharing requirement. Lesson: from the standpoint of innovation the cost sharing principle has been successfully put in practice. Work is required to develop a simple billing, payment and monitoring system.	Design	Webber, Maureen
3. Issue: In view of the incipient development of micro finance in the Caribbean, the criteria for selecting participating institutions were strict. Performance and benchmarks of microfinance in Latin America. This limited the entrance of weak MFI's and might have left out promising young MFIs. Lesson: The "infancy" of the industry should have been factored in the design and planned project activities. In particular allotting more time for the capacity building.	Design	Webber, Maureen
4. 11. Issue: the performance improvements in the MFIs have been limited and lower than planned at the beginning of the Capacity Building (2010), this in spite of a cost of approximately US\$ 150,000 per assisted institution.	Implementation	Webber, Maureen
Lessons:		

- Organizational change takes time. Changing deeply rooted ways of doing business is a slow process.

- 12 months of (part time) capacity building is not enough to transform institutions, to change their mindset and to achieve visible and sustainable performance improvement.

5. 6. Project efficiency was reduced by the multi layered management structure. At the level of the IDB and FOMIN, four people have been directly involved, slowing down decision making.

Design

Webber, Maureen

Lessons:

- it is important to designate one project responsible and to communicate this to all stakeholders, assuring that they are also informed about the authority levels of that person.

- In a set-up where FOMIN contracts a consulting firm to manage, namely a PMU, a clear task distribution between FOMIN and the PMU is crucial for efficient project execution.