

PROJECT STATUS REPORT

JANUARY 2016 - JUNE 2016

SECTION 1: PROJECT SUMMARY

PROJECT NAME: EcoMicro: Access to Financial Services

Project Number: JA-X1010 - Project Num.: ATN/NV-15061-JA

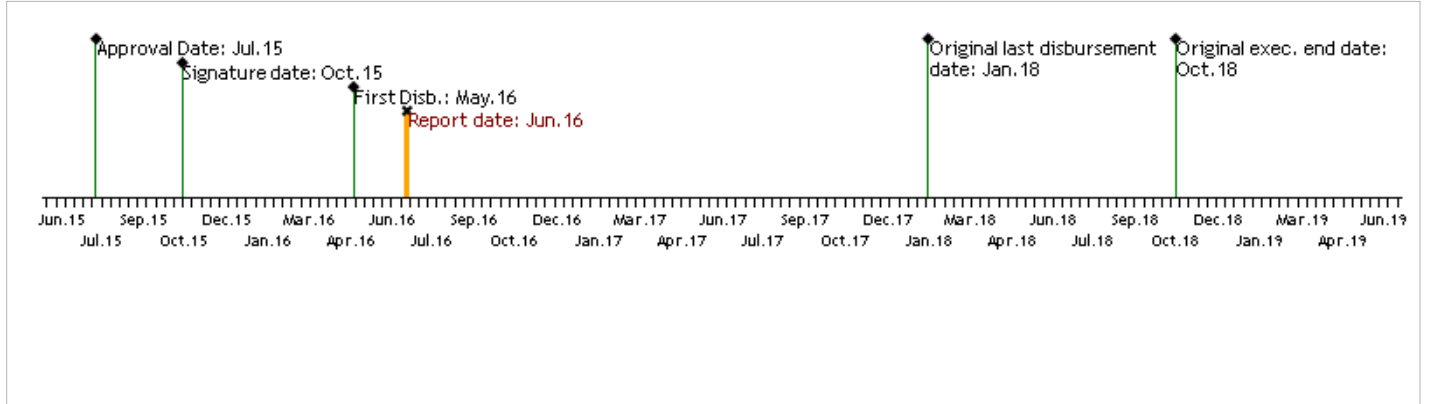
Purpose: Clients of Access Financial Services (AFSL), MSMEs and low-income households use green loans to access clean and efficient energy solutions

Country Admin: JAMAICA
Country Beneficiary: JAMAICA

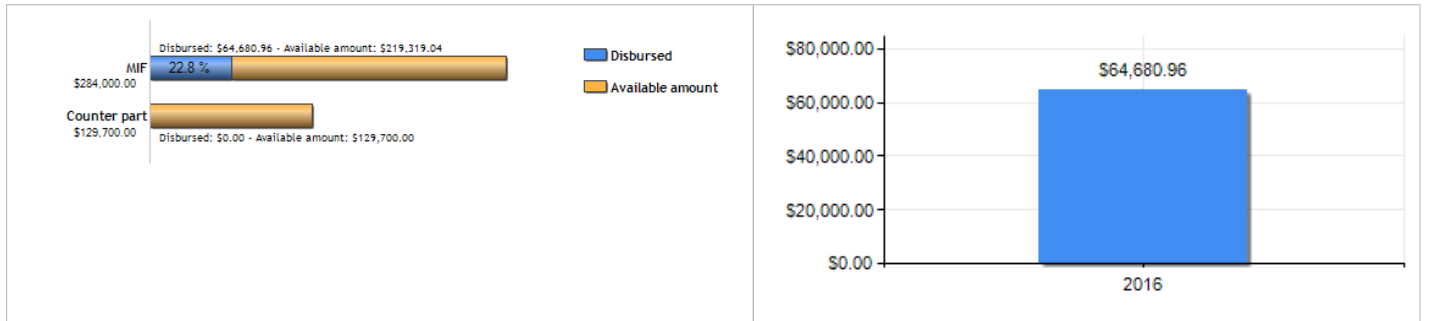
Executing Agency: ACCESS FINANCIAL SERVICES

Design Team Leader: GREGORY WATSON
Supervision Team Leader: WAYNE BEECHER

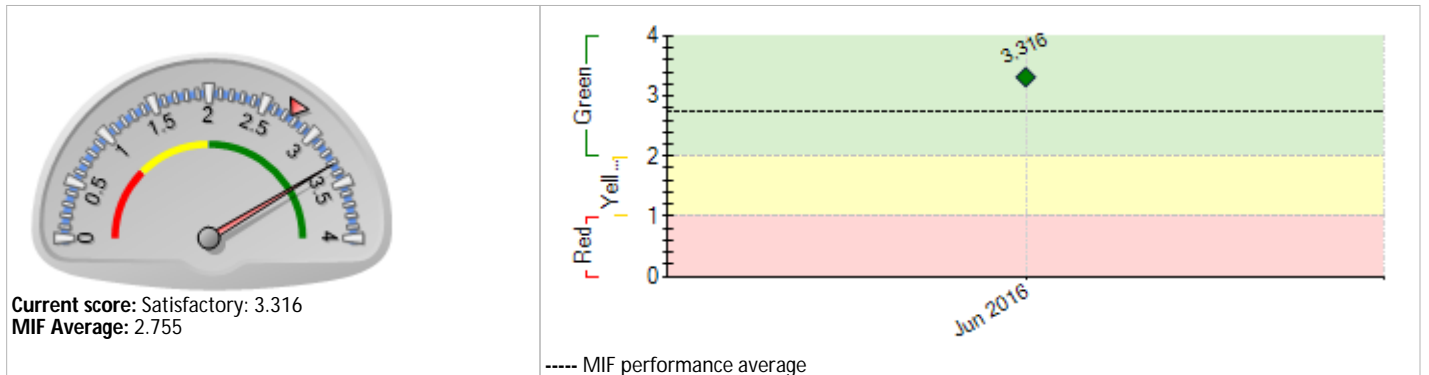
PROJECT CYCLE



FUNDS



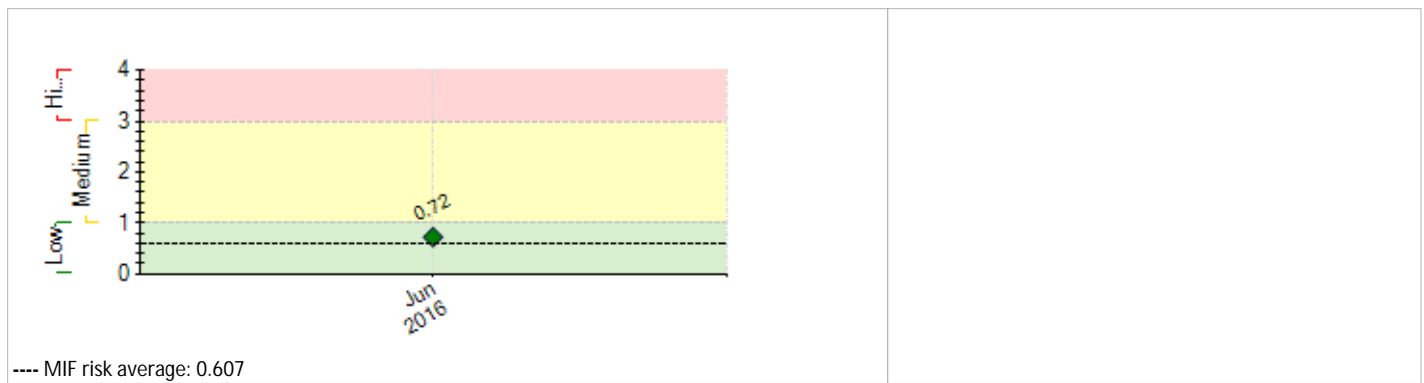
PERFORMANCE SCORE



EXTERNAL RISKS

INSTITUTIONAL CAPACITY

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



SECTION 2: PERFORMANCE

Summary of project performance in the last six months

Achievements of the semester

- **Staff training-** attendance at Micro SME and Housing finance summer academy 2016 at FSFB in July.
- **Component. 1- Greening AFS Operations** Energy audit conducted and the energy baseline and action plan completed. The methodology used to assess AFS emission was along three scope; looking at four sources of emission: consumption of gasoline and or diesel, Electrical energy and paper usage. Preliminary report was submitted to management for review.
- **Component. 3-Development of a green financial product** –Market study was conducted that looked at the demand for a green loan product within the context of the current economic environment and the micro-finance landscape.

During the semester there were no delays and or difficulties encountered.

Critical actions for the next semester:

- Component 1- (Greening Access Financial Operations) –finalization of the baseline report and the Climate Change Environmental Policy. Training of AFS staff members on Climate Change, habits for efficient use of energy as well as our environmental policy.
- Component 2- (Loan portfolio assessment of climate change risk) assessment of the vulnerability of AFS' current loan portfolio, to climate change.
- Subsequently work will begin on developing a green financial loan product building on the results of the loan portfolio vulnerability assessment and insights from the market research.

Deliverables during the next semester is the training of AFS staff on the environmental policy.

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
Goal: Improve competitiveness of MSMEs through reduction of energy costs and increase of disposable income of households through lower energy costs	I.1 Average reduction in annual energy costs of MSMEs (330400) and of low-income households (320200). This reduction will depend on the type of technology implemented that will be defined as part of the Market Study in Component 3	0 Oct 2015			1 Jul 2017	0	
	I.2 Reduction of Greenhouses emissions: tons of CO2 in GHG emissions reduced as a result of the implementation of energy efficiency measures. (340100)	0 Oct 2015			1 Jul 2017	0	
	I.3 Average reduction in annual energy costs of the microfinance institution. Including headquarters (Kingston) and Montego Bay offices.	0 Oct 2015			1 Jul 2017	0	
Purpose: Clients of Access Financial Services (AFSL), MSMEs and low-income households use green loans to access clean and efficient energy solutions	R.1 Number of MSMEs (230500) and low income households (210800) that have access to new green loans developed by AFSL	0 Oct 2015			100 Apr 2017	0	
	R.2 Total value (US\$) of the new green loans commercialized by AFSL. This value will be determined depending on the technologies to be financed	0 Oct 2015			1 Apr 2017	0	
Component 1: Greening AFS Operations Weight: 20% Classification: Satisfactory	C1.I1 Diagnosis of the energy efficiency needs of AFSL and steps to reduce the institutional carbon foot print	0 Oct 2015			1 Apr 2016		Delayed
	C1.I2 Development of an environmental policy including carbon footprint calculator	0 Oct 2015			1 Oct 2016		
	C1.I3 Personnel from administrative unit will be trained on how to use the carbon footprint calculator and personnel from the human resources department, branch managers and all branch personnel will receive general training on the new environmental policy	0 Oct 2015			150 Oct 2016		
Component 2: Loan portfolio assessment of climate change risk	C2.I1 Assessment of vulnerability of portfolio to climate change carried out	0 Oct 2015			1 Apr 2016		Delayed

Weight: 13%	C2.I2 Development of a risk management tool associated to climate change	0				1		
		Oct 2015				Oct 2016		
Classification: Satisfactory	C2.I3 Training of Credit administration department employees	0				60		
		Oct 2015				Oct 2016		
Component 3: Development of a green financial product Weight: 63% Classification: Satisfactory	C3.I1 Market study done	0				1		Delayed
		Oct 2015				Apr 2016		
	C3.I2 Green loan developed. The development of the green financial product will include loan methodology, marketing, operative process to work with technology providers, etc. The loan methodology and final product will be approved by the Board.	0				1		
		Oct 2015				Oct 2016		
	C3.I3 Training of employees about the new green loan	0				60		
		Oct 2015				Oct 2016		
C3.I4 Report on evaluation of pilot	0				1			
	Oct 2015				Jul 2017			
C3.I5 Plan for launching the new green loan at a larger scale	0				1			
	Oct 2015				Jul 2017			
Component 4: Knowledge management and strategic communication Weight: 4% Classification: Satisfactory	C4.I1 Number of MFIs that have access to the case study	0				10		
						Jul 2017		
	C4.I2 Number of technology providers that attend the Green Forum Expo	0				10		
						Jul 2017		

Milestones	Planned	Due Date	Achieved	Date of achievement	Status
M1 Conditions Prior	7	Apr 2016	7	Apr 2016	Achieved
M1 Market study	1	Dec 2016			
M2 Green loan developed	1	Mar 2017			
M3 Green loans disbursed as part of the pilot project	100	Aug 2017			

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. The new green product may not be feasible from a financing standpoint.	Medium	Green finance instruments could require new credit methodologies that will affect AFSL asset-liability management. Green finance loans could imply larger loan amounts and longer repayment periods. AFSL might find it risky both to increase loan size and repayment periods as their success is based on managing small short-term loans. Consulting consortium will address this risk by considering asset liability management of AFSL balance sheets and train risk management officers on this matter. New credit mechanisms might include energy savings as part of loan repayment reducing the amount of regular payment installments and collateral by using clean energy devices as the guarantee for the repayment of the loan, therefore reducing risk. Finally, partnerships with energy companies or other players might help reach greater scale and reduce unit costs and therefore loan amounts.	Project Coordinator
2. Mitigation/reduction of emissions of GHG may require high investments which are not economically viable.	Medium	A cost-benefit analysis will be done in order to give priority to those investments that have the most GHG and energy consumption impact relative to its required investment. Clarity will be achieved in this regard once the finalized report is submitted.	Project Coordinator
3. Limited number of local technology suppliers.	Low	The market study has identified many new entrants in the market as well as established market participants. The issue of practicality of supply and cost minimization for customers will remain a key focus.	Project Coordinator
4. Limited appetite of AFSL clients for green financing products.	Low	The market research conducted indicated that there is demand for green financing products. It also indicated that this demand is not limited to only AFSL client but non AFSL clients as well. Additionally during the product design we will look at initiatives to raise awareness on climate change and its impact as a pull and or push strategy to build demand.	Project Coordinator
PROJECT RISK LEVEL: Low TOTAL NUMBER OF RISKS: 4 IN EFFECT RISKS: 4 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

[None reported in this period]

Actions related to sustainability which have been taken in the reporting period:

The new products developed under the project, will be added to the suit of product offerings to our client base.

SECTION 6: PRACTICAL LESSONS

	Relative to	Author
1. Imperative to product success would be the training of the target market, bring awareness and sensitivity to the impact of greenhouse gases. Many individuals have a general knowledge and tend to link green initiatives with the reduction of electricity cost and not the impact it has on the environment.	Implementation	Davis, Karen Felicia