



Liberia MSME & Rural Finance post Ebola Reconstruction (P157797)

AFRICA | Liberia | Finance, Competitiveness and Innovation Global Practice |
 Recipient Executed Activities | Investment Project Financing | FY 2016 | Seq No: 1 | ARCHIVED on 04-Oct-2018 | ISR29013 |

Implementing Agencies: Ministry of Finance and Development Planning, Central Bank of Liberia

Key Dates

Key Project Dates

Bank Approval Date:04-Apr-2016

Effectiveness Date:03-Aug-2016

Original Closing Date:30-Mar-2019

Revised Closing Date:30-Mar-2019

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective (PDO) is to support the development of a framework to provide MSMEs finance on sustainable terms, enhance the capacity of local private sector financial institutions to lend profitably to MSMEs and objectively measure outcomes.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	--	● Moderately Satisfactory
Overall Implementation Progress (IP)	--	● Moderately Satisfactory

Implementation Status and Key Decisions

The objective of the MSME project is to support the development of a framework to provide MSMEs finance on sustainable terms, enhance the capacity of local private sector financial institutions to lend profitably to MSMEs and objectively measure outcomes. The project has successfully established a credit facility that on-lends to PFIs (selected based on due diligence) on a market basis. Moreover, the project demonstrates that financial institutions demand and can use market-based finance to on-lend to consumers. The project has disbursed 85% of the overall funding (\$4.8 million), including \$4 million to 3 commercial banks and 4 microfinance institutions for onlending to small businesses.



Risks

Overall Risk Rating

Risk Category	Rating at Approval	Previous Rating	Current Rating
Overall	--	--	● Substantial

Comments

Risk to achieving the PDO is considered substantial as measured by the PDO indicators (but not in achieving the broad objectives as captured in the Project Status and Decisions section), while significant progress has been made towards achieving project development objectives from other another WB project. PDO indicators #1 (number of loans) has been achieved, in fact surpassing the goal. There will be greater clarity on PDO indicator # 3 (loan quality) with 2018 Q3 reports from PFIs to be received in October 2018. PDO# 4 (innovation in lending) will be achieved through planned TA activities on training MFIs and banks to design new products and services. PDO #4 indicator is also supported by complementary WB TA that is supporting the introduction of digital credit and which facilitated the introduction of the Agent Banking model. PDO indicator #5 (monitoring and evaluation) will be supported when the MoF support person is hired; although the impact of this may be limited given that the project closes in March 2019. One PDO indicator is unmeasurable (PDO #2 jobs created). Additionally, as previously noted in the Project Status and Decisions section “the PDO indicators do not accurately measure this impact [that of the project], as there are no indicators on the establishment of the financing model embodied in the project or the planned effort in a forthcoming TA to design a permanent financing facility to house project funds after project closure.”

Risk to achieving the PDO is considered substantial as measured by the PDO indicators (but not in achieving the broad objectives as captured in the Project Status and Decisions section), while significant progress has been made towards achieving project development objectives from other another WB project. PDO indicators #1 (number of loans) has been achieved, in fact surpassing the goal. There will be greater clarity on PDO indicator # 3 (loan quality) with 2018 Q3 reports from PFIs to be received in October 2018. PDO# 4 (innovation in lending) will be achieved through planned TA activities on training MFIs and banks to design new products and services. PDO #4 indicator is also supported by complementary WB TA that is supporting the introduction of digital credit and which facilitated the introduction of the Agent Banking model. PDO indicator #5 (monitoring and evaluation) will be supported when the MoF support person is hired; although the impact of this may be limited given that the project closes in March 2019. One PDO indicator is unmeasurable (PDO #2 jobs created). Additionally, as previously noted in the Project Status and Decisions section “the PDO indicators do not accurately measure this impact [that of the project], as there are no indicators on the establishment of the financing model embodied in the project or the planned effort in a forthcoming TA to design a permanent financing facility to house project funds after project closure.”

Results

Project Development Objective Indicators

►Loans made or restructured (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	845.00	300.00
Date	07-Mar-2016	--	30-Jun-2018	31-Mar-2019



Comments

as of June 30, 2018, Microfinance institutions have approved 795 loans, and commercial banks have approved 50 loans

►Jobs created or sustained (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	1,000.00
Date	07-Mar-2016	--	14-Sep-2018	31-Mar-2019

Comments

Indicator has not been measured due to measurement challenges, and lack of attribution. It should be removed during restructuring.

►New Loan Quality (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	15.00
Date	07-Mar-2016	--	29-Jun-2017	31-Mar-2019

Comments

"Non-performing status for new loans financed under the project will be below 10 percent"

Data is incomplete, as some institutions have not submitted reports. However, for those institutions that have reported data, the non-performing status is well under project target of below 10%. The next ISR will contain a full report on non-performing status of loans supported under the project.

►Innovation in Lending (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	1.00	1.00



Date	07-Mar-2016	--	14-Sep-2018	31-Mar-2019
------	-------------	----	-------------	-------------

Comments

1 . At least one MSME lending initiative will be developed which makes use of mobile money (or another technique or practice new to Liberia supported by this project)

The project is collaborating with a parallel project on Financial Inclusion, which is supporting the roll-out of Agent Banking and mobile micro-credit. The objective is therefore on track to be achieved.

►Monitoring and Evaluation (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	1.00
Date	07-Mar-2016	--	29-Jun-2017	31-Mar-2019

Comments

"An objective evaluation of all directed credit operations since 2010 will be compiled, assessing key outcomes such as disbursement, recovery, Non-performing status, and, where possible, data such as jobs created and/or sustainability and gender breakdown"

As of September 14, 2018, the activity supporting this PDO is still under procurement.

Overall Comments

Intermediate Results Indicators

►Loan Applications Considered (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	500.00
Date	07-Mar-2016	--	29-Jun-2017	31-Mar-2019

Overall Comments



Data has not been collected to measure this objective. However, given that over 500 loans have been approved, the PDO indicator is considering to be achieved.

Data on Financial Performance

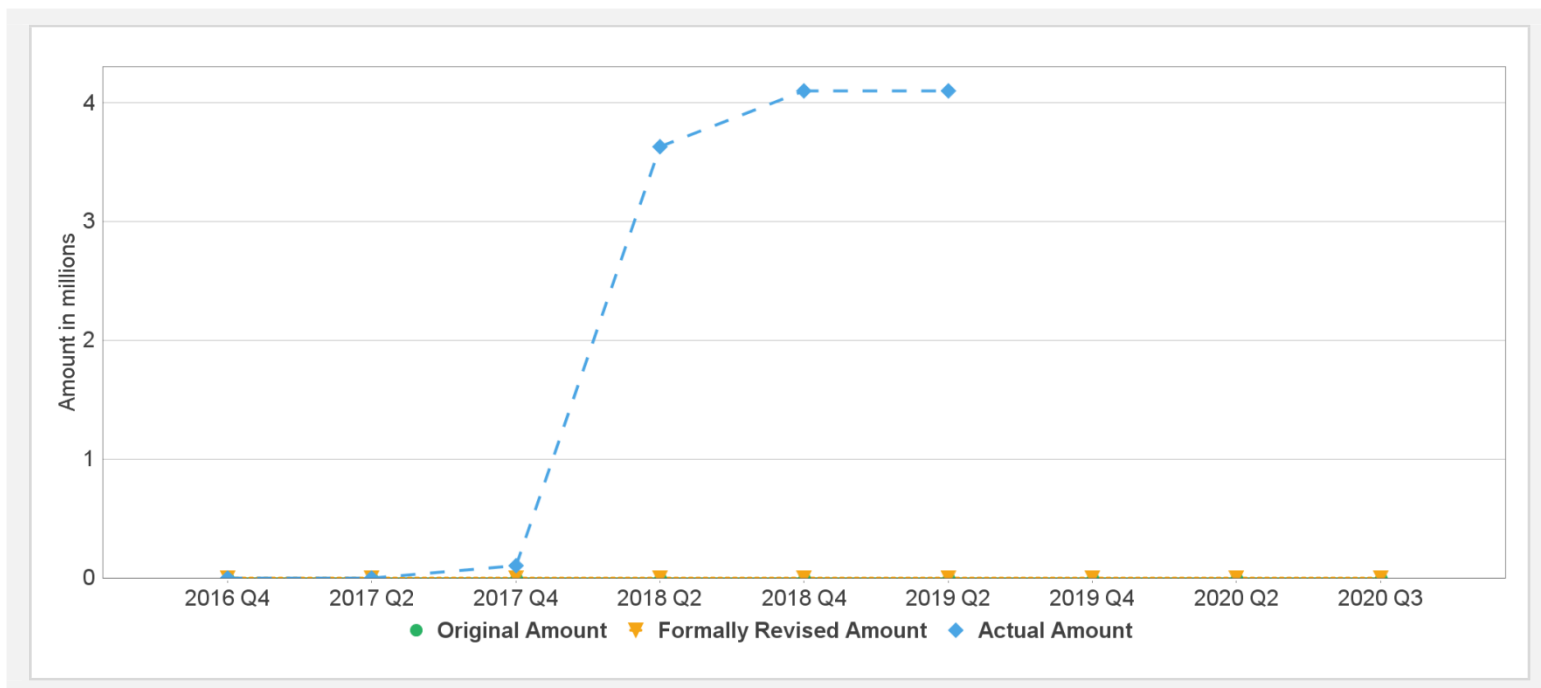
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P157797	TF-A2356	Effective	USD	4.80	4.80	0.00	4.10	0.70	85%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P157797	TF-A2356	Effective	04-Apr-2016	02-Jun-2016	03-Aug-2016	30-Mar-2019	30-Mar-2019

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.



Related Project(s)

There are no related projects.
