



Caribbean Technical Support Facility (CTSf)



Administración de Fondos

OMTRIX

Consultoría Financiera





The Caribbean Technical Support Facility (CTSF)

- What is the CTSF?
 - The CTSF is a donor-funded technical assistance program designed to improve natural disaster risk management – preparation and recovery – among financial institutions serving low-income and marginalized populations in the Caribbean
 - Funded jointly by the Multilateral Investment Fund of the Inter-American Development Bank and the Caribbean Development Bank and has a total of US \$630,000 to serve microfinance institutions and cooperatives in the Caribbean
 - Managed by Omtrix, Inc., a San José, Costa Rica based fund manager and technical assistance provider for microfinance institutions (MFIs) throughout Latin America and the Caribbean
 - Target countries include: Bahamas, Barbados, Belize, Guyana, Haiti, Jamaica, Suriname, Trinidad and Tobago, OECS Countries



CTSF – Background and Goals

- Natural disasters have an increasingly adverse impact on national economies in the Latin America and the Caribbean
 - Due to both climate change and accelerating economic development
- Caribbean countries are relatively more vulnerable to the effects of natural disasters
 - Higher frequency of major disasters (i.e. hurricanes)
 - Disasters have a relatively larger impact, in terms of cost per capita, on Small Island Developing States (according to UNDP report)
- CTSF aims to support Caribbean MFIs by improving understanding of and disseminating best-practices for MFIs concerning natural disaster preparation and recovery, with the ultimate goal of helping microentrepreneur clients better prepare for and survive natural disasters.



CTSF – TA Program

- CTSF is implemented by a team of Caribbean-based specialists with expertise in microfinance, risk management, and physical hazard assessment
- The program includes two visits to the institution:
 - During the first visit, the specialists collect information about the institution and its' clients, including meetings with management and visits to clients homes/ businesses. This information forms the foundation for the Disaster Risk Analysis and Contingency Plan
 - The specialists then prepare the **Disaster Risk Analysis**, a comprehensive diagnostic, and **Contingency Plan**, a series of steps the institution can take to better prepare for a disaster
 - Then, during the second visit, the specialists review both the Risk Analysis and Contingency plan with management, train the institution to analyze the natural hazards that affect operations, present an Information/ Training Session for clients, and review the tools provided in the Contingency Plan to better manage post-disaster recovery



CTSF – Deliverables

Risk Analysis

Risk + Threat = Vulnerability

- Vulnerability Analysis
 - Institutional Vulnerabilities
 - Client/ Social Vulnerability
 - Physical Vulnerabilities
 - Portfolio/ Client Vulnerability
- Threat Analysis
 - History of disasters for the local region/ area
 - Natural events (hurricanes, landslides, earthquakes, mudslides, etc)
 - Man-made events (fire, vandalism, fraud, riots, economic crisis)
- Pilot Analysis based on one or two branches of the MFI
 - Identify specific risk factors



CTSF – Deliverables

Contingency Plan

- Two complementary levels to assist the MFI:
 - Ex Ante/ Preparatory – oriented towards the adoption of preventative measures that improve the level of disaster preparedness of the institution and the clients
 - Ex Post/ Recovery – oriented towards a faster, more organized recovery in the wake of a disaster
- The Ex Ante level includes concrete steps the MFI can take to reduce institutional, social, physical, and client vulnerabilities before a disaster strikes
- The Ex Post level provides something of a manual or guide to organize and streamline the recovery effort and to better support client rebuilding



CTSF – Eligibility Criteria

- The CTSF is actively recruiting additional MFIs, eligibility requirements include:
 - Independent legal entity with at least one year of operating experience
 - Loan portfolio of at least US \$400,000
 - Externally audited financial statements or a commitment to begin auditing at the close of the present fiscal year
 - At least 50% of the loan portfolio must be dedicated to “microcredits”
 - In the case of a Credit Union, at least 2,500 active members
 - The microfinance program must be separate from other activities
 - If the MFI already has a comprehensive contingency plan in place, it is not eligible
 - The MFI must be willing to share financial and institutional information with Omrix as the administrator of the CTSF



Omtrix, Inc.

- Omtrix, Inc. manages several investment funds and technical assistance programs, all directed to MFIs, from its offices in San José, Costa Rica.
- Omtrix was founded 14 years ago to manage an equity investment fund for microfinance (ProFund - the first of its kind), and since has developed other niche funds and facilities that address key bottlenecks for development oriented financial institutions
- These funds/facilities include:
 - The Emergency Liquidity Facility (ELF) – a lender of last resort for MFIs
 - The Short Term Liquidity Facility (STLF) – a bridge-financing facility
 - The Antares Fund – a niche equity investment fund
 - The Risk Management Facility (RMF) – a technical assistance program designed to improve financial risk management at MFIs
 - The Caribbean Technical Support Facility (CTSF)



Omtrix, Inc. and ELF

- Through this experience, particularly with ProFund, Omtrix has developed a thorough understanding of the challenges facing MFIs, especially during times of crisis
- Omtrix created the Emergency Liquidity Facility (ELF) in 2005 – a lender of last resort for MFIs facing a liquidity shortfall due to an external shock (i.e. natural disaster)
 - Experience had shown that while natural disasters particularly impact microentrepreneurs, an appropriate response from MFIs can speed recovery
 - Omtrix also created a technical assistance facility, the Technical Support Facility, to help ELF affiliates better prepare ex ante and ex post to overcome external shocks
- ELF currently has affiliated 51 MFIs throughout Latin America and the Caribbean and has disbursed over US \$26 million
 - All of the original 51 affiliates have received the technical assistance program offered by the TSF



Experience with ELF/ TSF

- The TSF developed its natural disaster preparation and recovery methodologies by uniting diverse best-practices for MFIs
 - The complete methodology proved very powerful for affiliated MFIs (volcanic eruption in Ecuador and earthquake in Peru as examples)
- However, ELF was not able to affiliate many institutions in the Caribbean, where its support is arguably most needed
- Therefore the IDB, CDB and Omtrix launched the CTSF in June 2008
 - Worked with Caribbean based microfinance and disaster experts to fully adapt the methodologies of ELF to the realities of Caribbean MFIs
 - Now implemented the program with six institutions in five different countries



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