

PROJECT STATUS REPORT

JULY 2011 - DECEMBER 2011

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Improving remittance services and promoting investments in Haiti

Project Number: HA-M1020 - Operation Number: ATN/ME-11795-HA

Purpose: Faciliter les transferts de fonds de la diaspora haïtienne vers les zones rurales d'Haiti en utilisant la technologie des cartes de crédit/débit.

Country Administrator
HAITI

Beneficiary Country
HAITI

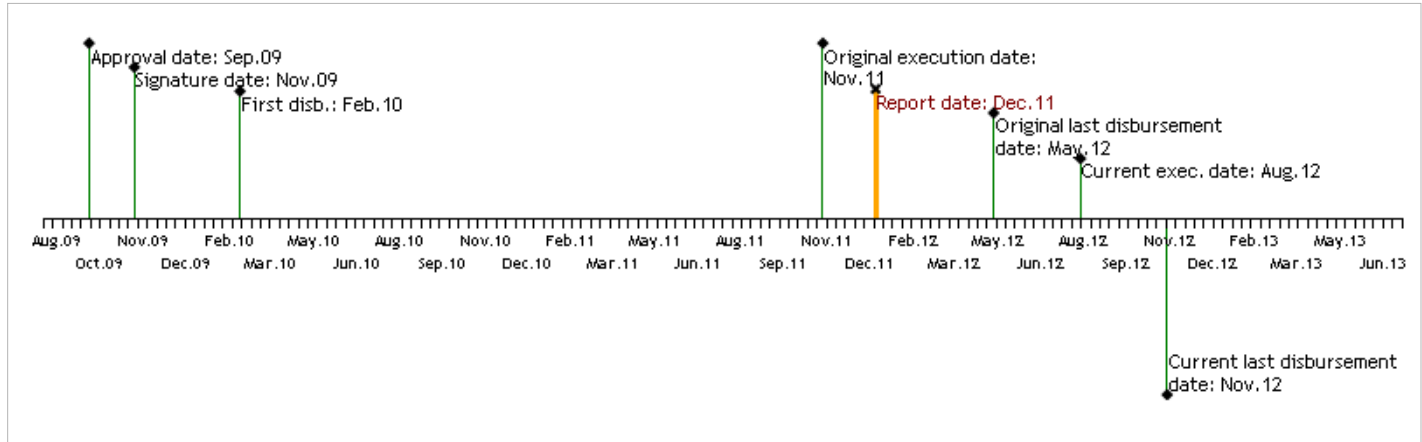
Group
SME - Small and Medium Enterprise
Development

Subgroup
REMS - Remittances

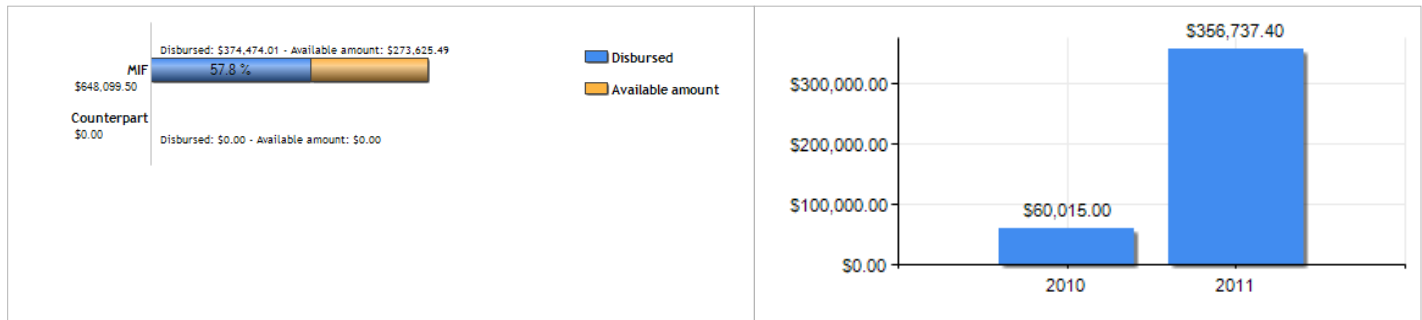
Executing Agency: Fundación FONKOZE

Design Team Leader: Fils-Aimé, Jempsy
Supervision Team Leader: Fils-Aimé, Jempsy

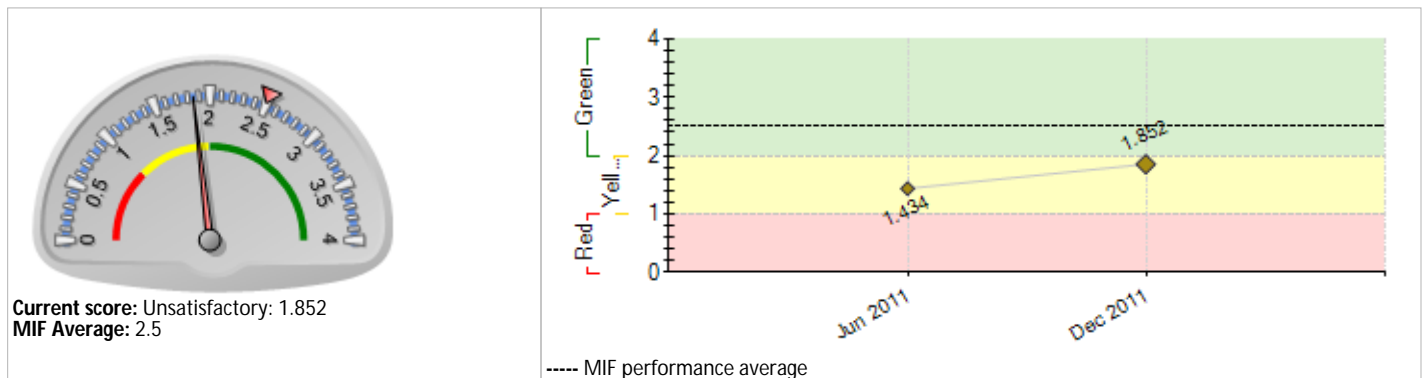
TIMELINE



FUNDS



PERFORMANCE SCORE



EXTERNAL RISKS

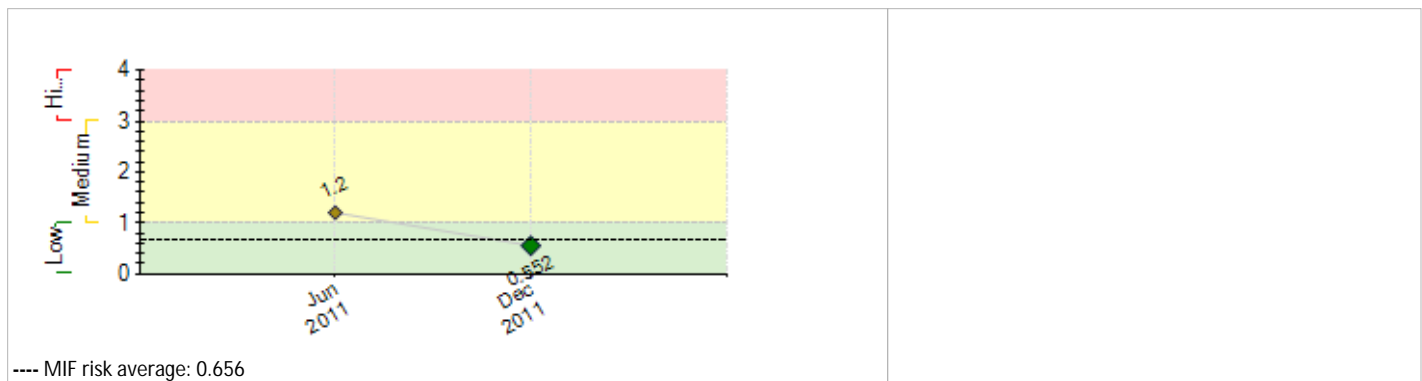
INSTITUTIONAL CAPACITY

Risk

Financial Management: Medium

Procurement: Medium

Technical Capacity: Medium



SECTION 2: PERFORMANCE

Summary of project performance since inception

Overall the project execution extension as been approved to achieve the objectives of the project related to the card, the training of receivers and Fonkoze institutional strengthening. Media and marketing plans are completed. Appearances in radio show and diaspora TV were done mainly in Florida and NY. We have a low number of cardholders due to new regulation targeting employers. This milestone will have to be revisited. A series of 8 focus groups and 6 employers' surveys were done in Miami and NY to define a new strategy during the last two semesters. Training for recipients on Starting a Business will start on in Q12012 – consultant has been identified and program redesigned. Non-objection has been submitted for the program design, consulting firm and work plan. Zafen has been under restructuring and improving processes to reach sustainability. Optimization and sustainability of Zafen operation in Haiti is the most important challenge we are facing at this time. Website redesign as been delay due to site technical issues, Solution will produce it in Q12012. Nevertheless Zafen surpassed milestones target for the semester. Fonkoze leadership has designed an investment fund for NGOs who want to contribute to SMEs in Haiti using Zafen infrastructure. Zafen reopened discussion with Kiva to increase web traffic.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

During the period July-December 2011, the PSR for this project was in review in order to reflect the changes made in the project. As a result, the executing agency could not report. Therefore, we gave a "waiver" for this Semester report. Thus, the progress will be reported in the Semester report January-June 2012.

Summary of project performance in the last six months

For the institutional strengthening of Fonkoze is going seeking to hire a consultant to develop a business plan for spinning off our SME portfolio into a commercial SME bank. RFP draft as been deposit for feedback to IDB. For the prepaid card we conducted 8 Focus groups in Miami to understand the results and customers barriers. Fonkoze also started negotiation with mobile remittance provider MVia who had developed a product called BOOM. The interest for such product was also tested during the focus groups with the sponsorship of Mercycorps. Fonkoze, CNB and Anza in the light of the results of the research have decided to close the prepaid card program. It would take a major investment in marketing to change the customer's behavior, we don't have the financial resources to do so. Fonkoze call center will contact all the prepaid card clients in informing that the program as been cancelled and offering alternate remittance products. Training for recipients on "Starting a Business" will be done. For sustainability of this new program we have redesigned our approach to be able to reach more people via video projections at the branches waiting areas and increase training of the staff members. For Zafen 3 business analysts from Zafen have left the program and were replaced. Nevertheless, Zafen attracted \$386,444 in loans, 84 businesses and 18 organizations, 52 business development vouchers, 12 with diaspora link and created 212 verified jobs.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

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SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Purpose: Faciliter les transferts de fonds de la diaspora haïtienne vers les zones rurales d'Haiti en utilisant la technologie des cartes de crédit/débit.	P.11 Nombre de titulaire de la carte	0				600 Nov 2010	600 Jan 2012	
	P.12 Des nouveaux comptes d'investissement Fonkoze auront été ouverts.	0				2000 Nov 2010	324 Jun 2012	
	P.13 Le montant total des dépôts des transferts aura augmenté.	0				30 Nov 2010	115 Jun 2012	
Component 1: Renforcement institutionnel Weight: 10% Classification: Satisfactory	C1.11 Un appel à proposition est lancé	0				1 May 2012		Finished
	C1.12 Rapport de la firme de consultation sur la situation de Fonkoze	0				1 Sep 2012		
	C1.13 Lettre concernant la décision prise par Fonkoze sur sa transformation	0				1 Nov 2012		
Component 2: Campagne d'éducation dans les médias Weight: 15%	C2.11 Campagne d'éducation dans les médias exécutée à New York et Miami	0				2 Feb 2011	2 Feb 2011	Finished

Classification: Satisfactory

Component 3: Promotion auprès de la communauté et de l'employeur

Weight: 15%

Classification: Satisfactory

C3.I1	Nombre de titulaires de cartes	0				600	600	Finished
						Nov 2012	Dec 2011	

Component 4: Liens entre les transferts de fonds et le développement des microentreprises et diffusion des enseignements des expériences

Weight: 20%

Classification: Unsatisfactory

C4.I1	Baseline	0				1	1	Finished
						Feb 2011	Jan 2011	
C4.I2	Video de sensibilisation et d'information	0				1		On Course
						Sep 2012		
C4.I3	Nombre de bénéficiaire de transferts ayant créé ou renforcé une micro-entreprise	0				200		On Course
						Nov 2012		
C4.I4	Video sur le modèle Transferts pour entreprises	0				1		On Course
						Jun 2012		

Component 5: Promotion de l'aide de la Diaspora aux MPME en Haïti à travers des dons et des prêts sans intérêt

Weight: 40%

Classification: High Satisfactory

C5.I1	A la fin de la première année de l'amendement du projet, au moins 50 projets sont financés par ZAFEN	0				50	87	Finished
						Jun 2011	Dec 2011	
C5.I2	A la fin de la première année de l'amendement du projet, au moins US\$150,000 ont été accordés à titre de crédit sans intérêt	0				150000	431919	Finished
						Nov 2012	Dec 2011	
C5.I3	A la fin du projet au moins 192 projets sont financés par ZAFEN	0				192	87	On Course
						Nov 2012	Dec 2011	
C5.I4	A la fin du projet au moins US\$ 1000,000 ont été accordés à titre de crédit sans intérêt	0				1000000	431919	On Course
						Nov 2012	Dec 2011	
C5.I5	A la fin du projet au moins 384 nouveaux emplois ont été créés par ZAFEN	0				384	213	On Course
						Nov 2012	Dec 2011	

Milestones	Planned	Due Date	Achieved	Date achieved	Status
M0 [*] Previous Conditions	8	May 2010	8	Jun 2010	Achieved late
M3 [*] La stratégie de marketing disponible et validée par le conseil d'administration de Fonkoze	1	Nov 2010	1	Jun 2010	Achieved
M4 [*] Nombre cumulé de projets intégrés sur le site Web de ZAFEN	25	Nov 2010	67	Jun 2011	Achieved late
M5 [*] Montant cumulé approuvé en USD par ZAFEN (don, et prêts)	75000	Nov 2010	1	Nov 2010	Not Achieved
M11 [*] Nombre cumulatif d'emplois durables créés par les entreprises soutenus par le projet	50	Nov 2010	300	Dec 2011	Achieved late
M1 [*] Rapport de l'étude de base	1	May 2011	1	Jan 2011	Achieved
M13 [*] Nombre cumulé de projets intégrés sur le site Web de ZAFEN	50	May 2011	191	Nov 2011	Achieved late
M17 [*] Montant cumulé financé en USD par ZAFEN (don, et prêts)	100000	May 2011	140000	Sep 2011	Achieved
M27 Nombre cumulatif d'emplois durables créés par les entreprises soutenus par le projet (temps plein)	100	May 2011			Not Achieved
M9 [*] Une augmentation du volume total des fonds transmis par le biais de dépôts aux comptes d'investissement de Fonkoze	10	Nov 2011			Not Achieved
M8 [*] Nombre total de compte d'investissement ouvert	400	Nov 2011	268900	Nov 2011	Achieved
M6 [*] Nombre total de titulaires de cartes acquises	500	Nov 2011			Not Achieved
M4 [*] Nombre cumulé de projets intégrés sur le site Web de ZAFEN	150	Nov 2011			Not Achieved
M18 Montant cumulé financé en USD par ZAFEN (don, et prêts)	200000	Nov 2011			Not Achieved
M28 Nombre cumulatif d'emplois durables créés par les entreprises soutenus par le projet (temps plein)	200	Nov 2011			Not Achieved
M15 Nombre cumulé de projets intégrés sur le site Web de ZAFEN	300	May 2012			
M19 Montant cumulé financé en USD par ZAFEN (don, et prêts)	400000	May 2012			
M21 Nombre total de titulaires de cartes acquises	600	May 2012	600	May 2011	Achieved
M22 Nombre total de compte d'investissement ouvert	1000	May 2012			
M24 Une augmentation du volume total des fonds transmis par le biais de dépôts aux comptes d'investissement de Fonkoze.	15	May 2012			
M29 Nombre cumulatif d'emplois durables créés par les entreprises soutenus par le projet (temps plein)	250	May 2012			
M16 Nombre cumulé de projets intégrés sur le site Web de ZAFEN	500	Nov 2012			
M20 Montant cumulé financé en USD par ZAFEN (don, et prêts)	600000	Nov 2012			
M23 Nombre total de compte d'investissement ouvert	2000	Nov 2012			
M25 Une augmentation du volume total des fonds transmis par le biais de dépôts aux comptes d'investissement de Fonkoze.	20	Nov 2012			
M26 [*] Nombre cumulatif de nouvelles micro entreprises créées par les bénéficiaires des transferts.	200	Feb 2013			
M10 [*] Nombre cumulatif de nouvelles micro entreprises créées par les bénéficiaires des transferts	100	Jun 2013			

[*] Indicate that the milestone has been reformulated

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. Difficultés majeures avec le site web qui font que Zafen perd la confiance des utilisateurs.	Medium	Nous travaillons avec la firme de TI "Solutions" pour adresser les problèmes et nous essayons de communiquer de façon régulière avec les usagers touchés.	Project Coordinator
2. Les clients n'adoptent pas les nouveaux services par le projet. Le produit est un nouveau service qui n'est pas utilisé par ces marchés à ce moment.	Low	L'éducation et les programmes promotionnels sont désignés pour mitiger ce risque.	Project Coordinator
3. Quelques bénéficiaires ne fournissent d'information sur leurs transferts de fonds mais voudraient recevoir de la formation sur comment utiliser ces fonds pour investir dans	Low	Les risques seraient minimisés par une augmentation de la connaissance afin d'utiliser les fonds pour investir dans les micro-entreprises pendant l'implémentation du projet.	Project Coordinator

les micro-entreprises.

PROJECT RISK LEVEL: Low **TOTAL NUMBER OF RISKS:** 4 **IN EFFECT RISKS:** 3 **NOT IN EFFECT RISKS:** 1 **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 will be or have been implemented:

For Zafen due to the size of the Haitian SGBs/SMEs market and their extreme fragility, we know that our loan portfolio will never be large enough to generate the interest revenue needed to cover Zafen's operating costs. We need to be creative and develop a business plan that will bring us to sustainability. We believe that model will involve a balance of interest rates, partnerships to cover BDS, administration fees, and grants. Crowd sourcing platforms like Zafen need to attract a high volume of visitors in order to fund projects. To get this type of web traffic (volume), we need to invest heavily in marketing, or partner with other platforms that already have a high volume of visitors. 2 years of trial and error regarding the marketing of our web platform, have led us to conclude an alliance with Kiva (an alliance also based on Kiva's desire to develop its SGB sector, our main strength in Haiti) This will increase our web visibility, help us manage our marketing costs, and reduce our maintenance costs for the web platform. With millions of visitors per month and thus increased visibility, funding loans will be more accessible to Zafen. For this period no additional comments

SECTION 6: PRACTICAL LESSONS

	Relative to	Author
1. - Zafen's loan were a one size fit all 12months with 2 month grace period no interest. We realized that we need to adapt the loans to fit the different needs i.e equipment, agriculture and trade (working Capital). - also we need to charge interest(or service fees) for the loan even if it is a soft loan(no collateral) to the enterprises. - most of the businesses that we serve are not micro but still small and fall in the category of small growing businesses (SGBs), community projects and some SMEs. - Most of them need business support (BDS) to succeed, we cannot just give access to finance. --Business Analysts will need to have key messaging(i.e talking points) to share with business owners to improve their businesses. --we need to partner with NGOs and BDS providers to reduce the credit risk and help the businesses graduate to commercial loans. - crowd sourcing platforms like Zafen need to attract a lot of visitors to be able to fund projects. To get this type of traffic we need to invest in marketing or to partner with other platforms like Kiva who already have a high volume of visitors. (We are in the process of making an alliance with Kiva). - social impact metrics need to be discussed and agreed upon with the partners. Once these social metrics alongside the financial metrics have been agreed on, We need to introduce the BAs and partners to a scorecard that will track them(this would be a shared responsibility) through the life of the project(s). - We cannot process a large loan portfolio in Haiti because of the size of the market which means the interest rate will never cover our total operational costs. We are working on a sustainability model that will involve a balance of interest rates, fees and partnerships to cover BDS and admin fees.	Design	Katleen , Felix
2. While the possibility for cheaper and more secure remittances highlights a key selling point for the project, there still will remain a number of challenges to a successful implementation. Perhaps most difficult will be changing the Haitian Diaspora mindset about transfer services and their comfort level with mobile technology. Although alternative transfer services remain expensive, studies indicate little aversion to paying high prices in return for reliable service. At the same time, using phones to store and send money remains a new concept. Moving forward, Fonkoze and partners hope to highlight the comparative advantages of speed, security, and convenience that mobile remittances can provide.	Design	Katleen , Felix