

PUBLIC

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

HAITI

**SCALING THE DELIVERY OF CLEAN ENERGY IN HAITI THROUGH DIASPORA ENGAGEMENT AND
AGENT SALES**

(HA-M1052)

DONORS MEMORANDUM

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PROJECT SUMMARY

SCALING THE DELIVERY OF CLEAN ENERGY IN HAITI THROUGH DIASPORA ENGAGEMENT AND AGENT SALES

(HA-M1052)

In 2011, only 32% of the Haitian population had access to grid electricity¹. That same year, Haiti received just over \$2 billion in remittances, constituting about 26% of the country's GDP². To address this "energy gap" and take advantage of the huge remittance flows, the MIF helped finance a pilot project³ to demonstrate the potential of using remittances as a source of end-user finance for small-scale clean energy products, and remittance networks as product distribution points, with a focus on low-income consumers in Haiti. The pilot was a success, with more than 15,500 solar lamps sold⁴ through a Miami-based remittance platform and through retail at remittance pick-up locations in Haiti. To date, the project has benefitted more than 15,000 Haitian households, demonstrating the basic feasibility of the remittance transfer and retail models.

From this pilot it became apparent in the final evaluation that the model had potential to achieve even larger scale in clean energy product distribution in Haiti if products were distributed through street agents. There was also an opportunity to increase the scale of the sales of products through the original remittance platform by linking to large remittance companies, now that the remittance model was proven.

This project will support the scale-up of the new distribution model by professionalizing and expanding the nascent street agent network, increasing the reach of sales, and thus bringing clean energy to a larger number of unserved Haitian rural and urban households. The agents are an existing cadre of street vendors used by SogeXpress to sell Digicel phones and this project will tap into the same street agent network to sell clean energy devices. The sale of the devices will be realized using a consignment model⁵ which will allow agents to advance inventory for sales.

The original Diaspora-led remittance-sales portion of the pilot project model will also be expanded globally (starting with an initial full North American roll-out as a first step) through a partnership with a large international remittance company, Western Union (WU). Expanding the remittance model through WU's Quick Pay service represents a significant move in scaling as it will establish a link between the existing SogeXpress remittance sales platform and WU Quick Pay technology, which will facilitate expansion of the reach of Diaspora sales, and could

¹ Source: Statistics and Data Processing Institute of Haiti (IHSI)

² According to MIF publication 'Remittances to Latin America and the Caribbean in 2011 – Regaining Growth'

³ HA-M1038 'Increasing Access to Sustainable Energy Technologies Using Remittances as a Source of End-User Finance'

⁴ Between April 2012 and September 2014

⁵ Products are received on a consignment basis by the street agents who in turn sell the products to local Haitians and return any cash received to SogeXpress keeping an agreed consignment fee as profit

enable the Haitian diaspora in other countries around the world to send products to their families – a significant expansion beyond the Miami-based focus of the pilot. SogeXpress is the number one agent of Western Union in Haiti and making use of the WU Quick Pay system to enable the sale of clean energy products is a new business model for Western Union. The activities related to this enhancement of the pilot project can be done with marginal cost and will contribute to filling the energy gap in Haiti. Through the involvement of WU, future replications of this model will be possible for remittance corridors in other countries and regions.

The goal of the project is to increase the use of clean energy products in poor and low income households in Haiti while improving the income opportunities of street agents who distribute these energy products. While the partnership with Western Union will be beneficial to achieving overall scale, it is not the main objective of the project and it is expected that the street agent network will be the key aspect to achieving the objectives of this project.

The clean energy product portfolio of the street agents will initially consist of solar lamps with cell phone charging functionality. The product focus of the remittance platform will be modular solar home systems, which offer the option to light entire rooms and/or power additional household devices. Depending on market demand and distribution channel suitability, the clean energy device portfolios may be adjusted to also include other types of clean energy devices, such as clean cookstoves.

The target beneficiaries will include i) low-income purchasers of solar lamps, and the users of these lamps –typically women and children– who benefit from improved environments to study and work, as well as improved safety; ii) the environment, benefitting from reduced emissions; and iii) the street agents, who will increase their income by selling new products (solar lamps). The geographical area of intervention will include both urban and rural areas of Haiti, with the percentage of beneficiaries expected to be higher in urban areas.

Project achievements will include: 1) Established and implemented street agent business model, including a) detailed street agent structure and incentive program; b) a card-based loyalty system to track street agent performance and sales and development indicators, and to manage agent inventory; c) product tailoring and diversification; 2) an internal product consignment mechanism for the street agents; and, 3) expanded linkages of the remittance-based product with WU Quick Pay⁶, expanding diaspora sales from a narrow focus on Miami to a much broader reach.

MIF non-reimbursable funding will contribute to i) development of the street agent business and distribution model, ii) adaptation of the clean energy product IT platform to track agents and product consignment activity, iii) design and implementation of an energy literacy campaign, including awareness building for both the street agents and clients, iv) monitoring and evaluation tools and training, as well as v) knowledge management and strategic communication. USAID will provide co-financing for this project, and has already begun to roll-out their financing.

⁶ This will be achieved by adding WU Quick Pay, a cross-border bill payment system, to the SogeXpress remittance platform to enable it to sell clean energy products.

ANNEXES

ANNEX I	Logical Framework
ANNEX II	Budget Summary
ANNEX III	Quality for Effectiveness in Development (QED)

APPENDIXES

Draft Resolution

INFORMATION AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF MIF PROJECT INFORMATION SYSTEM

ANNEX IV	Detailed Budget
ANNEX V	Preliminary List of Milestones
ANNEX VI	Diagnostic of Needs of the Executing Agency (DNA)
ANNEX VII	Project Status Reports (PSR), Compliance with Milestones, Fiduciary Arrangements and Integrity Due Diligence
ANNEX VIII	Procurement and Contracting Plan
ANNEX IX	Project Activities Schedule
ANNEX X	Operating Regulations
ANNEX XI	Terms of Reference of the Project Coordinator
ANNEX XII	Monitoring and Evaluation Plan for Impact Evaluations

ACRONYMS AND ABBREVIATIONS

AOP	Annual Operating Plan
ARC	Arc Finance, Ltd.
DNA	Diagnostic of Executing Agency Needs
IADB	Inter-American Development Bank
MIF	Multilateral Investment Fund
OR	Operating Regulations
PCU	Project Coordination Unit
QED	Quality for Effectiveness in Development
TOR	Terms of Reference

1. PROJECT INFORMATION

SCALING THE DELIVERY OF CLEAN ENERGY IN HAITI THROUGH DIASPORA ENGAGEMENT AND AGENT SALES

(HA-M1052)

Country and Geographic Location:	Haiti, country-wide		
Executing Agency:	Arc Finance, Ltd.		
Access Area:	Access to Basic Services and Green Growth (ABG)		
Agenda:	Clean and Efficient Energy		
Coordination with Other Donors/Bank Operations:	USAID will provide co-financing for this project in the amount of US\$295,018. This contribution has already been approved for disbursement by USAID which is currently funding project activities.		
Direct Beneficiaries:	75,000 households ⁷ as end users of clean energy products 1,000 street agents (vendors)		
Indirect Beneficiaries:	300,000 household members ⁸ as end users of clean energy products 500,000 remittance recipients and 300,000 remittance senders through the energy literacy campaign, including awareness building		
Financing:	Technical Cooperation:	US\$ 899,029	47%
	Investment:	US\$ 000,000	
	Loan:	US\$ 000,000	
	TOTAL MIF FUNDING:	US\$ 899,029	
	Counterpart: SogeXpress	US\$ 725,000	38%
	Co-financing: USAID	US\$ 295,018	15%
	TOTAL PROJECT BUDGET:	US\$ 1,919,047	100%
Execution and Disbursement Period:	18 months of execution and 24 months of disbursement.		
Special Contractual Conditions:	As conditions precedent to the first disbursement of funds, Arc Finance will submit, to the Bank's satisfaction, evidence that: (i) operating regulations for the project were approved; (ii)		

⁷ 75,000 clean energy devices will be sold. The end users will be mainly households, but also micro businesses.

⁸ Average household size in Haiti: 5 (Source: Haiti: Social Resilience and State Fragility in Haiti a County Social Analysis, World Bank, April 2006: http://siteresources.worldbank.org/SOCIALANALYSIS/1104894-1115795935771/20938696/Haiti_CSA.pdf), therefore number of indirect beneficiaries: 5 - 1 (i.e. the direct beneficiary who purchased the clean energy product) times the number of sold products.

	project coordinator has been selected; (iii) Arc Finance has agreements in place with USAID, SogeXpress and any other applicable implementing partners showing their financial and other commitments; (iv) SogeXpress has an agreement in place with Western Union to link the remittance sales platform; (v) establishment by Arc Finance of an executing unit for the project; and, (vi) approval of the AOP.
Environmental and Social Impact Review:	This operation was screened and classified as required by the IDB's safeguard policy (OP-703). Given the limited impacts and risks, the proposed category for the project is C.
Unit with Disbursement Responsibility:	MIF will supervise this project from Headquarters, as the EA is located in the United States, and USAID HQ is providing co-financing.

2. BACKGROUND AND JUSTIFICATION

A. Diagnosis of the Problem to be addressed by the Project

- 2.1. In 2011, only 32% of the Haitian population had access to grid electricity¹. That same year, Haiti received just over \$2 billion in remittances, constituting about 26% of the country's GDP². The problems addressed by this project include: i) lack of access to energy (in turn resulting in social and health challenges) in low income households in Haiti, especially for women and children, ii) lack of fully developed, field-tested, effective and sustainable business and distribution models for energy product sales in Haiti, iii) lack of access to finance for clean energy product distributors, which hinders development of this distribution channel and limits vendor sales and income.
- 2.2. The project builds on a MIF pilot project³ that demonstrated the potential of using remittances as a source of end-user finance for small-scale clean energy products, with a focus on low-income consumers in Haiti. As confirmed by the final evaluation, the pilot project executed by Arc Finance achieved very good results, especially with respect to products sold⁹, end consumer product satisfaction¹⁰, project impact¹¹ and results dissemination¹². The pilot demonstrated that the model had potential to achieve scale in access to clean energy products in Haiti by expanding both sales through a new distribution channel of street agents and scaling-up the reach of the remittance-based platform for these products. The key conclusions from the pilot include:
- *Existence of a market in Haiti for small-scale clean energy products:* Over 15,000 solar lamps were sold as part of the pilot project with demand concentrating at the base of the pyramid. Project surveys indicated significant unmet demand among end consumers' families, friends and neighbors.
 - *Products respond to real needs and provide excellent value:* Replacing kerosene lamps and candles with solar lamps meets basic energy needs (lighting and cell phone charging) and provides excellent value to the low-income consumers, in particular with respect to economic savings (US\$10 – US\$20 per month), health and safety benefits (no smoke exposure or fire hazard), as well as educational benefits (more time to study after sun set), and safety.
 - *Street agent network key to overall success and sustainability:* The small number of street agents who began to sell and distribute clean energy products to low-income consumers in Haiti in the pilot project was unplanned and not considered in the pilot project strategy. Their involvement evolved organically, was successful, and offers the biggest potential for long-term sustainability of the model.

⁹ +22% in comparison to targets

¹⁰ 99% satisfaction rate

¹¹ Overachievement of economic (revenue, customers), environmental (CO2 reduction) and social (number of beneficiaries, including women) impacts

¹² +146% in comparison to targets

- *Lacking business and marketing plans:* Due to the unplanned emergence of the street agent-based model, the main project partner SogeXpress lacked business and promotion plans for this type of model.
- *Remittances were successful, but lack strategic scale:* The pilot project demonstrated partial success of the remittance platform (mostly for the more expensive product types), in turn restricted by limited scaling opportunities due the pilot's Miami-focus of the remittance platform.
- *Lacking consumer awareness:* Increased awareness among end consumers regarding the clean energy products and their characteristics, including with respect to the products' existence, benefits, usage and guarantee, would increase demand and sales to even higher levels.

The problems confronted by the different beneficiary groups are as follows:

- 2.3. **Low income households, especially women and children:** The lack of reliable energy to provide lighting after dark limits home study, with adverse educational effects. Current energy sources such as kerosene lamps are a fire hazard and result in indoor air pollution. Low light can contribute to crime and insecurity for poor households. The absence of energy sources reduces productivity of micro businesses, as economic activity stops when the sun sets.
- 2.4. **Street agents:** The pilot project showed that demand for solar products from street agent customers is high and that utilization of a network of street agents can create further capillary distribution channels for products. These agents, however, cannot seem to meet consumer demand, which is in part due to the fact that they hold and sell few units at a time and do not inventory. They also operate with low levels of business sophistication, neither tracking their inventories nor sales.
- 2.5. At the macro level, these problems are related to Haiti's challenges regarding low levels of access to energy. Medium-term electricity infrastructure solutions are being developed by the Haitian government and the IDB, and a private sector approach is viewed as an important complementary contribution to solving the energy access problem for low-income populations in the short-term.
- 2.6. In the small-scale energy product market in Haiti, the increased product supply as a result of this project is mostly expected to serve end consumers that so far have not had access to these types of products due to limitations in the reach of the remittance model tested in the pilot - for instance in rural areas which will now be served by the street agent distribution network. Given this context, the project is expected to contribute to a growth of the market given that this project will complement existing small-scale energy product sales channels and business models.
- 2.7. Two key players currently selling solar devices in Haiti are TiSoleil and Total. TiSoleil products are inexpensive, less reliable solar lamps that are distributed through informal sales channels. Total offers small-scale clean energy devices through its gas stations. The SogeXpress model differentiates itself from these competitors through higher quality products, better after-sales service and warranty, as well as the much larger

reach of its sales and distribution channels (street agents, remittance platform, and direct cash sales). Through the addition of new products, increased competition at the wholesale/importer level is expected, which -also due to an increased focus on product quality and warranty- is expected to drive down prices, as well as further enhance product reliability over time, thereby also further improving the affordability of these products by low-income end consumers.

- 2.8. At the micro level, until the pilot project, SogeXpress had not contemplated using its agent network to sell solar lamps or other devices. Entrepreneurs within the SogeXpress network organically began selling these products on the street, and SogeXpress managers informally began offering supplier financing on a short-term basis. As a result of the pilot, SogeXpress decided to actively examine how it could leverage its agent network for solar energy product sales. Increased sales will create additional income for low-income street vendors, and the sold products will increase access to energy for their customers.

B. Project Beneficiaries

- 2.9. There are two project beneficiary groups:

a) **Poor and low-income households** as consumers of clean energy products, mostly solar lamps. These beneficiaries are the market for the products, and represent the universe from which sales will occur.

These are low-income households in Haiti who -based on two follow-up surveys carried out for the pilot project- have the following profile:

- The majority either lack grid access or have very limited (e.g. 3 hours a day) or unreliable access to electricity (e.g. frequent power cuts).
- Of those lacking access to grid electricity, nearly half use kerosene lamps, resulting in indoor air pollution and high fuel costs¹³.
- Many have cell phones, which cannot be charged without electricity. Currently they pay a fee to charge phones at third-party locations.
- Many are already remittance clients and live in homes with at least five household members, including children and women.
- Around half of the end user households live on less than US\$2/day¹⁴.

- 2.10. Based on population statistics for Haiti, it is estimated that 49% of the beneficiaries are male and 51% female, however, given that many household tasks are done by women, the benefit of energy access can be felt more significantly by women.¹⁵

¹³ Around \$10-20/month as per the evaluation report of the first project.

¹⁴ <http://www.worldbank.org/en/country/haiti/overview>

b) Street agents (microbusinesses):

- 2.11. Street agents are very common in Haiti. These are independent self-employed street vendors who sell products, such as food, 'Pap Padap' (mobile phone recharge) and other mobile phone products (e.g. Digicel). The integration of clean and efficient energy devices into their offerings would represent a new line of business, thereby diversifying and expanding their existing commercial activities. These vendors are predominantly male (around 80%), the majority of them are between 22 and 35 years old, and they specialize in selling relatively cheap products on the street. The income generated by agents is mostly used to support their families (paying for food, school fees, and other basic needs).
- 2.12. **Number of Beneficiaries:** The direct beneficiaries include the 75,000 households as end users of the clean energy products¹⁶, as well as the 1,000 street agents.
- 2.13. The indirect beneficiaries include 300,000 household members¹⁷ as end users of the clean energy products as well as 500,000 remittance recipients and 300,000 remittance senders benefitting from the energy literacy campaign, including awareness building.

C. Contribution to MIF Mandate, Access Framework and IDB Strategy

- 2.14. The project contributes to the MIF's mandate for private sector development and poverty reduction by promoting market-oriented approaches that increase income and improve access to clean and efficient energy at the household as well as micro and small business levels. The project is linked to the access to basic services-related aspects of the MIF Priorities in Haiti¹⁸ by focusing on poor and vulnerable populations lacking services or populations already served but with poor-quality services. Both, this project, as well as the MIF Haiti Priorities aim to explore market-led business models, and the willingness and the capacity to pay of these two target groups.

Link to the Agenda

- 2.15. The results and knowledge generated will contribute to the systemic objectives of the Green Growth Agendas with respect to expansion of the access to clean and efficient energy for low income populations by developing and scaling a new business and distribution model. This project contributes to the knowledge objective of the clean and efficient energy agenda to develop effective business models and finance mechanisms for catalyzing clean and efficient energy products and services. The

¹⁵ Women report that they feel more secure when they have access to light. In homes lit by kerosene lamps, women generally spend more time at home, disproportionately suffering from indoor air pollution and burns.

¹⁶ The clean energy products will be sourced from reputable Haitian and international manufacturers and distributors

¹⁷ Average household size in Haiti: 5 (Source: Haiti: Social Resilience and State Fragility in Haiti a County Social Analysis, World Bank, April 2006: http://siteresources.worldbank.org/SOCIALANALYSIS/1104894-1115795935771/20938696/Haiti_CSA.pdf), therefore number of indirect beneficiaries: 5 - 1 (i.e. the direct beneficiary who purchased the clean energy product) times the number of sold products.

¹⁸ 'MIF Priorities in Haiti: An Agenda for Change'

agenda's knowledge gaps that will be addressed by this project include seeking better information on the development of i) effective distribution and business models for clean energy products and ii) effective ways to increase access to supplier finance for clean energy products.

Collaboration with the Bank Group

- 2.16. This project complements other clean energy-related initiatives at the IDB in Haiti, by bringing energy to those who are currently unserved by the grid. The IDB Energy Division in Haiti implemented a project that provided solar powered energy generation and lighting as part of an IDB/GEF disaster management and reconstruction project¹⁹. The project provided solar-powered solutions for i) 100 solar street lamps for two refugee camps in the Port-au-Prince area and ii) power generation and refrigeration for 12 health centers in the south of the country.
- 2.17. The IDB Energy Division²⁰ is also providing support to the Government of Haiti by developing a sustainable energy matrix that promotes access to electricity through renewable energy (RE) sources and energy efficiency (EE) measures, with the objectives to: a) improve access to electricity by promoting RE off- and on-grid rural and urban energy solutions; b) provide efficient use of fossil fuels; c) support the development of a regulatory framework and sustainable energy action plan; and d) create capacity building and institutional strengthening for key entities of the energy sector.
- 2.18. This project is complementary to the Bank's infrastructure efforts by providing a quickly implementable, inexpensive, replicable, scalable and private sector-led approach to providing basic energy needs (lighting and powering of basic household devices) for poor/low-income households and microenterprises to bridge the gap until infrastructure reaches all Haitians.

3. PROJECT DESCRIPTION

A. Objectives

- 3.1. To address the identified problems, this project will develop a street agent business and distribution model for small-scale clean energy products (mostly solar lamps that can include cell phone charging functionality), which will include relevant training to improve their business skills, as well as the establishment of an internal consignment⁵ mechanism for the street agents. The development of this market was suggested as a recommendation of the final evaluation of the pilot project³. An energy literacy campaign, including awareness building will be undertaken to inform Haitian consumers of the myriad benefits of solar lighting, and to market the street agent and improved remittance-sales service. Increased awareness will result in a) an increase in the use of clean energy products in poor and low income households in Haiti, while b)

¹⁹ HA-X1018 and HA-X1019: 'Emergency Program for Solar Power Generation for Haiti'

²⁰ HA-T1176, HA-T1178 and HA-T1183: 'Sustainable Energy for Haiti'

creating a market for clean energy devices that can result in income opportunities for street agents who distribute these products. Furthermore, given that the clean energy products will replace fossil fuel-based energy products (predominantly kerosene lamps) this will result in a reduction of GHG emissions.

- 3.2. The intended results of the project include the adoption of new business practices by street agents to include clean energy products (mostly solar lamps and small-scale solar home systems) and the improved access to energy in poor and low-income households, for those clients who purchase solar lights or systems. The intended impacts include growth of street agents' businesses, reduction of households' annual energy costs and reduction in GHG emissions.

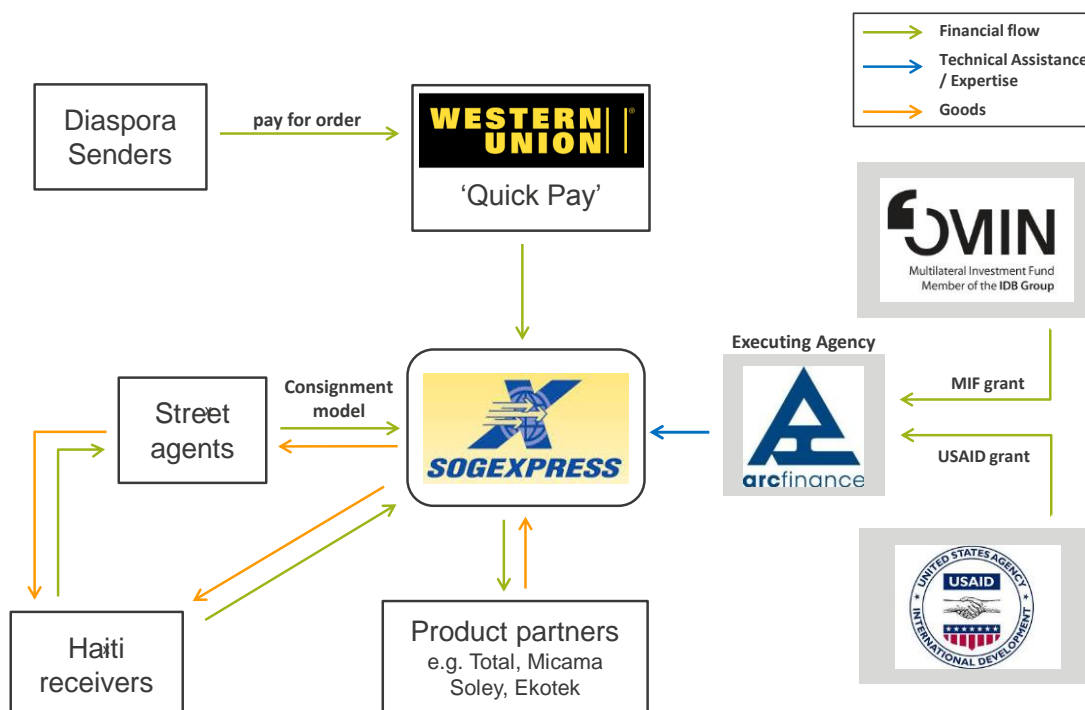
B. Description of Model/Solution/Intervention

- 3.3. The MIF financed a pilot (HA-M1038) to demonstrate the potential of using remittances as a source of end-user finance for small-scale clean energy products, with a focus on low-income consumers in Haiti. The pilot was a success, with more than 15,500 solar lamps sold through a Miami-based remittance platform and through retail at remittance pick-up locations in Haiti. To date, the project has benefitted more than 15,000 Haitian households, thereby demonstrating the basic feasibility of the remittance transfer model. From this pilot it became apparent that even greater scale could be achieved by selling products locally through street agents (i.e. street vendors).
- 3.4. To test the initial viability of this sales method, at the end of the pilot project SogeXpress began to use a small number (340) of its cadre of 10,000 street agents to sell lamps. Sales were strong, but the test demonstrated a need to professionalize and track the street agents, and a need for a source of supplier inventory finance in order to fully test the model and increase sustainability. This new project will support this new distribution model by professionalizing and expanding the nascent street agent network, increasing the reach of sales, and thus bringing clean energy to a larger number of unserved Haitian rural and urban households in an economically sustainable way. The agents are an existing cadre of street vendors used by SogeXpress to sell Digicel phones and this project will tap into the same street agent network to sell clean energy devices. The sale of the devices will be realized using a consignment model which will help streamline the network. The project will promote a range of benefits to potential customers including financial/economic benefits (money saved¹³ and incomes increased), social benefits (education, security, safety and gender aspects) and environmental benefits (reduction in CO₂).
- 3.5. In addition, the final evaluation of the pilot project showed that the remittance-led approach of the pilot, while successful, could have reached greater scale and increased sales through the extension of the reach of the remittance service to a greater number of remittance senders by working with a larger remittance company. Building on that advice, this project will seek to take advantage of economies of scale to expand the remittance service globally (starting with an initial full North American roll out as a first step towards global expansion) through a partnership with a large international remittance company, Western Union (WU). Expanding the remittance model through

WU's Quick Pay service represents a significant move in scaling as it will establish a link between the existing SogeXpress remittance sales platform and WU Quick Pay technology (which enables cross-border payments), which can result in exponential expansion of the reach of Diaspora sales – enabling the Haitian diaspora outside the U.S. to send products to their families²¹. The activities related to this enhancement of the pilot project can be done with marginal cost to the MIF and will contribute to filling the energy gap in Haiti.

- 3.6. The clean energy product portfolio of the street agents will initially consist of solar lamps with cell phone charging functionality. The product focus of the remittance platform will be modular solar home systems, which offer the option to light entire rooms and/or power additional household devices. Depending on market demand and distribution channel suitability, the clean energy device portfolios may be adjusted to also include other types of clean energy devices, such as clean cook-stoves. SogeXpress will finance the ongoing purchase of the clean energy devices.
- 3.7. The below diagram graphically illustrates the relationship between the different project actors, as well as the related flow of finance, goods and technical assistance.

HA-M1052: Flows of goods, finance, technical assistance / expertise



²¹ Over 1 million persons of Haitian descent are estimated to live in the U.S. – roughly 43% of the global Haitian diaspora (Source: <http://cgsd.columbia.edu/files/2013/07/ENGAGING-THE-HAITIAN-DIASPORA.pdf>, p.59)

C. Components

Component I: Development of detailed business model. (MIF: US\$106,422; Counterpart + Co-financing: US\$146,133)

- 3.8. This component contains much of the feasibility work that needs to be done to develop the street agent distribution model. The objective of this component is to design and refine the formal street agent business model, based on information coming from the pilot project, to maximize street agents' performance (incentives, tracking, monitoring, inventory management), as well as to tailor the street vendor products and pricing to meet end user needs, preferences and economic abilities. This will allow for a wider distribution of clean energy products within Haiti through sales to clients not served through remittance or retail channels. Given that client satisfaction is a key variable in this type of commercial relationship, warranty and after-sales service will be embedded in the distributor agreements. The detailed business model-relevant aspects of the energy literacy campaign will be developed, as well.
- 3.9. The activities and products of this component are the following:
- Conducting market research to determine the best products and sales strategies for vendors; Product: market research report;
 - Research and design of a vendor loyalty card and inventory tracking systems; Product: report summarizing research and design conclusions;
 - Development of a pricing strategy that ensures that products are accessible to consumers but that the model is also economically sustainable in the long-term for the vendors; Product: description of pricing strategy;
 - Design of commission system; Product: system manuals;
 - Design of detailed agent business model; Product: detailed business model;
 - Design of detailed business model-relevant energy literacy campaign aspects; Product: selected energy literacy materials.

Component II: Implementation. (MIF: US\$66,662; Counterpart + Co-financing: US\$635,781)

- 3.10. The objective of this component is to implement the new business model, develop and put in place a consignment mechanism as well as the product inventory, adapt IT systems, and train SogeXpress staff and street agents to familiarize them with the business model.
- 3.11. The SogeXpress IT system will be adapted to support the agent sales and consignment model. In addition, as the IT systems are adapted, the project will take advantage of new relationships with Western Union to enhance the remittance-based sales model that was tested in the pilot. SogeXpress will formalize an agreement with WU to link the remittances sales platform with the Western Union Quick Pay technology. The WU Quick Pay technology will allow members of the Haitian Diaspora to be able to enter a Western Union agent location and send a clean energy device to their family in Haiti.

This is a substantial expansion of the original remittance platform designed in the pilot, and can be achieved at marginal additional cost. While the remittance sales platform is not the main focus of this project, there are economies of scale that can be capitalized on to generate awareness of this expansion of the product while communicating and marketing the street vendor product.

3.12. The activities and the products of this component are the following:

- Implementation of a loyalty card scheme to identify and track street agents and facilitate tracking of inventory, consignment balances, and sales; Product: loyalty cards provided to every street vendor in the project;
- Development of consignment mechanism; Product: Established mechanism, as well as manuals, methodologies, product inventory and draft vendor consignment agreements;
- Adaptation of SogeXpress IT systems to track street vendor inventories, sales, and consignment re-payments; Product: Adapted SogeXpress IT system;
- Linkage of SogeXpress Diaspora sales platform with WU Quick Pay technology; Product: Linkage between SogeXpress and Western Union systems to allow expanded payment options to the Diaspora;
- Training SogeXpress staff on the new model, including consignment mechanism methodologies, street vendor management and organization; Product: Training materials and product implementation manuals;
- Training the agents/vendors on the loyalty card, the consignment product, sales strategies, inventory management; Product: Training manuals;
- SogeXpress will create an internal funding pool for the ongoing purchase of inventory. Product: Inventory funding pool.

Component III: Energy literacy campaign, including awareness building. (MIF: US\$366,029; Counterpart + Co-financing: US\$88,000)

3.13. The lessons learned from the pilot project's final evaluation included that those consumers that were surveyed confirmed that they were satisfied (99% satisfaction rate) with the clean energy product that they had purchased, and that their family, friends and neighbors were also interested in these clean energy devices. One of the key limitations preventing an even higher penetration of clean energy devices was a lack of energy literacy among consumers and low awareness of the existence and characteristics of these devices. The pilot project's evaluation report also identified a clear positive correlation between awareness building/promotional events that were carried out and the clean energy devices' sales figures in Haiti, and the evaluator suggested that increased resources be allocated to promotion in future projects. As a result, this component has been developed to address these issues by designing and implementing a targeted and comprehensive energy literacy campaign, including awareness building in Haiti and in the diaspora.

- 3.14. The objective of this component is the design and implementation of an energy literacy campaign, including awareness building about the myriad benefits of clean energy technology for poor consumers in Haiti and in the diaspora. The campaign will focus on promoting a range of benefits to potential customers including financial/economic benefits (money saved and incomes increased), social benefits (education, security, safety and gender aspects) and environmental benefits (reduction in CO2).
- 3.15. The campaign will be implemented as part of a two-step process: After receiving training from Arc Finance regarding the characteristics and benefits of the clean energy products, the street agents will disseminate the knowledge to clients and potential clients. The understanding of these benefits by the end users -along with the quality of the products and after-sales service- is fundamental to the sales strategy of the street agents, and therefore to the success of this business and distribution model. The team will document which strategies, tactics, messages and media most resonate with end-consumers – information that will be useful in other projects seeking to sell clean energy technology to the base of the pyramid.
- 3.16. The activities and products of this component are the following:
- Activities: Design and implementation of an energy literacy campaign, including awareness building²², dissemination of the campaign throughout Haiti and within the Diaspora, linkage of the campaign with solar product offerings, to meet increased demand;
 - Products: Awareness building campaign, including awareness building messages and materials and campaign via the following media: TV/Radio/Press, telephone SMS, internet, as well as street and diaspora awareness building and events. Energy literacy methodologies and documentation, which in turn can be adopted by other key private, public and development actors - both within, as well as beyond the region.

Component IV: Monitoring systems and evaluation. (MIF: US\$23,871; Counterpart + Co-financing: US\$45,216)

- 3.17. The objective of this component is to monitor and document the results of the project, including the development and configuration of relevant tools, as well as software and hardware. SogeXpress staff and street agents will receive relevant training to capture data, as well.
- 3.18. The activities and products of this component are the following:
- Determination of baseline; Product: Baseline analysis, including number of i) agents, ii) current net sales of products, iii) number of products previously sold, iv) characteristics of end consumers at the household level
 - Determination of metrics to measure indicators; Product: Indicator metrics

²² The campaign will reach at least 500,000 remittance recipients and 300,000 remittance senders, respectively

- Definition and development of monitoring tools and manuals; Product: Monitoring tools
- Configuration of software and hardware to track impact data; Product: Configured software and hardware, impact reports
- Training for monitoring and evaluation; Product: Training documentation and completed training

Component V: Knowledge Management and Strategic Communication. (MIF: US\$80,020; Counterpart + Co-financing: US\$8,994)

- 3.19. The objective of this component is to systematize, document, and disseminate the experience and knowledge generated, with the aim of sharing a new sustainable business model. This component also includes knowledge generation and scaling-up strategy-related aspects. All products will be co-branded and described as a joint project co-financed by the MIF and USAID. The main knowledge products include a case study and a workshop -both of which will cover achievements, lessons learned and best practices of how to build the small-scale clean energy product sector in Haiti via a street agent distribution model-, as well as a how-to-guide which will document the business and distribution model, including the supplier consignment component and the methodology for mobilizing an agent network. Furthermore, on an annual basis, the Executing Agency will update the Project Fact Sheet (template provided by the MIF), which contains basic information on the project, its challenges, the intervention strategy and results.
- 3.20. The target audiences for this project include
- entities providing technical assistance and/or concessional financing, including multilateral organizations;
 - local and international remittance businesses with an interest in expanding their service offerings into clean energy;
 - clean energy businesses interested in strengthening their demand base (remittances as additional revenue stream) and distribution models (agent-based network);
 - stakeholders with an interest in access to energy issues, including entities undertaking research (think tanks, academia, etc.), for instance for application in different geographical regions and/or similar applicable sectors;
- 3.21. The messages to be conveyed and appropriate channels to be utilized to achieve the knowledge objectives have been analyzed for each type of target audience.
- 3.22. The activities and products of this component are the following:
- Development of co-branded knowledge products; Products: Case study, workshops, and how-to-guide.

- Dissemination of results using appropriate dissemination channels; Products/channels: (i) Participation by key stakeholders in relevant events, such as energy/finance events; (ii) Media kit for local and international media, consisting of co-branded fact sheets about the joint MIF/USAID project in several languages, previously published media articles about the project and co-branded press releases. Results will also be disseminated via social media channels, including Facebook and Twitter.
- Planning and execution of closing workshop, to be attended by the MIF, USAID, Sogexpress, other stakeholders, and then opened to the public/media; Products: Closing workshop agenda, summary and conclusions;

D. Project Governance and Execution Mechanism

- 3.23. Arc Finance, the Executing Agency, will establish an agreement with Sogexpress, the Haitian partner, to ensure that all the goals of the project are outlined. Arc will monitor the agreement to ensure that the goals are met. Sogexpress has an existing agreement with Western Union that ensures the provision of WU's Quick Pay technology to send directed remittances by the Haitian Diaspora. The three parties will create an additional agreement to ensure coordination among them for the implementation of this project. Arc Finance will support the implementation of the project by working with Sogexpress to ensure that appropriate procurement processes are followed for the selection and purchasing of energy products and for any services provided for the project. Arc Finance will support Sogexpress to identify a range of innovative but cost-effective technology solutions to build out the various components of the project. Arc Finance will also ensure that adequate systems are in place to ensure that the monitoring and evaluation components can be realized and the reporting can happen in an effective manner. Arc Finance will conduct satisfaction surveys with end-consumers to ensure that the project is achieving its goals. At least 3 months before the project closes, a sustainability workshop will be held with all key stakeholders to identify specific actions needed to ensure the continuity of the project's activities once the project funding has been expended. This workshop may take place in conjunction with the closing workshop.

E. Sustainability

- 3.24. Benefitting from its private sector-driven approach, the overall sustainability of the intervention's model and outputs is strongly expected to be maintained and even strengthened beyond the life of this project as the product being sold is expected to be profitable. The integration of clean energy devices into the agent business model represents a diversification and strengthening of existing commercial activities. The clear incentive structures and the relatively low risk profile of the model (simple and mature clean energy technologies; reasonable adaptation cost of the existing agent system; integration of previous lessons learned; etc.) further contribute to the

sustainability. The project outcomes can also easily be used for further scaling and replication in other geographical areas and sectors.

- 3.25. The project will create a consignment mechanism to enable inventory management for both, the street agents, as well as SogeXpress. In this context, \$25,000 has been included in the contingencies line of the budget to cover potential losses from potentially dishonored agent consignment agreements. It is expected that these funds will not be used and are likely to be returned to the MIF at the end of the project – for the following main reasons: The consignment mechanism will be introduced as an extension of an established commercial relationship between the street agents and SogeXpress²³. Street agents will start with a very small allocation of consignment products, and will need to build a track record of successfully repaid consignment products before qualifying for a small increase in the allocation of consignment products. Street agents will in all cases have to repay their consignment products before receiving a new set of clean energy consignment products from SogeXpress. The agreed consignment fee (i.e. the street agents' profit for successfully selling and repaying the consignment product) will be set at a sustainable level to ensure that the business model will remain lucrative enough for both the street agents as well as SogeXpress.

F. Experience and Lessons Learned from MIF or other Institutions

- 3.26. This project leverages work conducted in a MIF pilot project where a market for clean energy products in Haiti was established and the use of remittances as a means to finance clean energy was validated. Although it was not the main goal of the pilot project, an incipient local street agent sales force organically developed leading the project team and the partner organization in Haiti, SogeXpress, to recognize the tremendous potential of the agent network. Thus, this project seeks to leverage that potential in Haiti. It will also take advantage of the MIF's knowledge of main remittance industry players to bring them into the project to scale the Diaspora sales model of the pilot project. Arc Finance has experience testing agent models in Uganda and India and will bring this knowledge to bear in the Haiti case.

- 3.27. The lessons learned from the pilot project are as follows:

Aspect	Description	Incorporation into project design
Design and implementation	Market research is crucial for the identification of the project components, the selection of the products for the platform, the	The market research component includes all identified lessons learned from the pilot project, mostly

²³ The street agents are an existing cadre of street vendors used by SogeXpress to sell Digicel phones and this project will tap into the same street agent network to sell clean energy devices.

Aspect	Description	Incorporation into project design
	most suitable business model, as well as Haitian consumer preferences and behavior.	related to the requirements relevant to develop the street agent network.
Capacity building	Tailored training for agents is essential.	The project includes more specifically tailored training for agents.
Warranty and after-sales service	Warranty and after-sales service needs to be embedded in the distributor agreements, taking into account that client satisfaction is a key variable in this type of commercial relationship.	This is reflected in the development of the business and distribution model.
Platform	Currently used for solar energy devices only.	As the design of the platform is modified it could support a range of other products, including potentially efficient cook-stoves.
Customer-responsive marketing	Understanding customer purchasing behavior is key to developing an effective awareness building strategy and campaign.	The energy literacy campaign, including awareness building ²⁴ will take into account country-specific promotion approaches such as the appeal of “special promotions” and “hands-on experience” to Haitians.
Product suppliers	Being dependent on a single supplier reduces one’s bargaining power and potential business opportunities. There is also the risk, when demand increases, that the supplier becomes a direct competitor in the market (if there is not exclusivity).	The project will have more than one product supplier, thereby mitigating potential price, operation and competition risks.

G. MIF Additionality

3.28. Non-Financial Additionality

The MIF pioneered the initial market research and basic business modeling that resulted in the pilot project model. Given that this is a model that had not yet been

²⁴ One of the lessons learned from the pilot project is that awareness building campaigns are most efficient at the local, street agent level versus the previously utilized more approach via traditional media channels.

tested anywhere else in the world, it was path breaking. The MIF now has the opportunity to support another path breaking adaptation of this model through the expansion of the agent network. In addition, as a result of its long-term work in remittances and industry contacts, and the documented success of the pilot, the MIF has been able to secure the involvement of Western Union, a world leader in money transfer with 500,000 agent locations in over 200 countries. The role of WU in this project will be to offer the capability to send directed remittances by the Haitian Diaspora (starting with an initial full North American roll out as a first step towards global expansion). WU is also interested in learning from the pilot to potentially expand the program to other countries and products. The MIF has clear added value in this project given its great knowledge of remittances and access foci on clean and efficient energy, financing mechanisms, and Haiti.

3.29. Financial Additionality

The MIF intervention is required to bridge the pioneer gap and pilot this new agent distribution model in Haiti, given that upfront investment to establish this model requires grant funding and the establishment of an internal consignment mechanism for the vendors, which is currently not financeable on commercial terms. Support for the expansion of the Diaspora business is also required, as the MIF acts as an honest broker between the project partners and a large international remittance company. Finally, MIF financing enables USAID provision of co-financing for this project, which would otherwise not be available.

- 3.30. The establishment of this business model in Haiti requires: a) training of the agents to become familiarized with the new sales and distribution model and the tailored product platform, b) the adaptation of the sustainable energy IT platform to track agents and consignment mechanism, c) energy literacy campaign, including awareness building, and d) knowledge management and communications strategy. Therefore, the MIF grant is crucial to moving this project forward by covering business model development, training, monitoring and evaluation as well as dissemination costs.

H. Project Results

- 3.31. The project results will include improved business skills and access to supplier consignment financing on the street agents' side, as well as access to clean energy solutions on the end consumer side.
- 3.32. The following metrics will be used to track and measure the project results:

Expected results	Results Indicators (*denotes disaggregated by gender) (CRF indicator number)
<i>Street agents</i>	
Training sessions completed with street agents.	Number of people trained in improved business skills* (110100)

Access to supplier consignment financing for street agents	Number of people who access credit products* (210800)
End consumers	
75,000 clean and efficient energy products sold	Number of households with access to clean energy solutions (220200) ²⁵

- 3.33. The project also includes other results metrics measuring dissemination of and access to the knowledge results.

I. Project Impact

- 3.34. The project impact for direct and indirect beneficiaries will cover increased street agents' sales growth, as well as reduction in both, energy costs and GHG emissions.

- 3.35. The metrics that will be used to track and measure project impacts are as follows:

Expected impacts	Impact Indicators (*denotes disaggregated by gender) (CRF indicator number)
Significant increase in sales per street agent.	Average street agents'* (micro businesses') annual sales growth (330100)
Significant increase in sales per street agent.	Number of street agents* (micro businesses) with an average annual sales growth rate of 10% or more (330101)
Significant reduction in annual energy costs.	Average of households' percent reduction in annual energy costs (320200)
Significant number of households with reduced annual energy costs.	Number of households with reduced annual energy costs (320201)
Reduction in GHG emissions ²⁶	Tons of CO2e in GHG emissions reduced or saved (340100)

J. Systemic Impact

- 3.36. This project will create a business and distribution model to achieve significant market growth of clean and efficient energy products for low-income consumers and micro and small businesses in Haiti. The project outcomes can be used for further scaling and replication in other developing countries. The agent model can be adapted for use by microfinance institutions or other intermediaries.
- 3.37. The partnership with Western Union is potentially a game changer and could radically alter the accessibility to finance for clean energy, as this model could be replicated

²⁵ Requires further analysis to identify which households did not have access to these services before the purchase of the product.

²⁶ The GHG emission reduction calculation will follow an established methodology developed by the United Nations Framework Convention for Climate Change (UNFCCC). The calculation includes average CO2 reductions per type of product per month for kerosene lamp displacements.

and/or scaled up, with WU support, elsewhere. The metrics that will be used to track and measure systemic impact are as follows:

Expected systemic impacts	Systemic Impact Indicators (*denotes disaggregated by gender and ethnicity) (CRF indicator number)
Expansion of the clean and efficient energy product sector into new geographical areas of Haiti.	Sectors that emerged with MIF support (450600).
Application of business and distribution model by SogeXpress (using the Western Union platform) to achieve significant market growth of clean and efficient energy products for low-income consumers and micro and small businesses in Haiti.	Key private sector actor adopting or changing or applying new practices based on MIF knowledge sharing or projects (450300).

4. MONITORING AND EVALUATION STRATEGY

- 4.1. Baseline: Baseline data will be established from existing and new market research and reporting at the time of signing up for the loyalty card. The card will track street agent performance, consignment, and inventory. It will also track sales and revenue of street agents.
- 4.2. A baseline analysis of the characteristics of household beneficiaries will also be completed, taking into account poverty levels. All data on vendors and households will be disaggregated by gender, as necessary.
- 4.3. Monitoring: The baseline diagnostic will be revisited half way through the project to assess change. Given the 18 months project duration, changes in the indicators are best assessed half way through the project. The indicators will be monitored via surveys of both vendors and customers conducted by the EA, while the use of the loyalty card and vendor tracking systems developed in components 2 and 4 will allow the tracking of street agents' sales, consignment and inventory. Day to day supervision of the project's activities and results will be done by Arc Finance. Arc Finance will have remote access to the street vendor tracking system, which will provide up to the minute information on sales, consignments, and profits. Arc Finance will also undertake regular trips to Haiti (around every six to eight weeks) to verify information accuracy and track other indicators and activities with SogeXpress. Furthermore, regular domestic trips within the U.S. will be undertaken to track the diaspora-related activities, including the collaboration with Western Union.
- 4.4. Evaluation: In consultation with the other project partners, a common evaluation methodology will be agreed upon that can serve the MIF and other partners. The project is expected to have one external evaluation, at a time that will allow reporting

on interim results, while still allowing for the option to correct potentially suboptimal project aspects before the end. The evaluation will take place after three quarters of the project has been completed and will focus on the process and areas of improvement of the project and the type of results that can already be extracted at that stage with respect to the relevant indicators. The decision to have only one evaluation was made due to the short timeline of the project, with an eye on cost efficiency. Evaluation questions will include: What is the impact of having access to small-scale clean energy devices in the beneficiary communities? What is the impact of the project's supply of clean energy devices on the overall clean energy device market in Haiti? Are solar lamp sales a significant portion of agent income? What is the capacity of agents to manage and service supplier consignment? What is the impact of having a large remittance company on the ability of the Diaspora sales model to reach clients?

- 4.5. It is not anticipated that this project will have an impact evaluation.
- 4.6. USAID has indicated that it will fund Arc Finance to replicate the project in Africa. Arc Finance will draft reports and produce case studies and blogs on this replication which can be shared with the MIF team. The replicated project in Africa is expected to begin during the implementation phase of the MIF project. Both projects will benefit from a mutual exchange of lessons learned and best practices.
- 4.7. Closing Workshop. The executing agency will organize a closing workshop at the appropriate time to assess along with other key stakeholder the outcomes achieved, identify additional tasks to guarantee sustainability and identify and disseminate lessons learned and best practices.

5. COST AND FINANCING

- 5.1. The project has a total cost of US\$1,919,047, of which US\$899,029 (47%) will be provided by the MIF, and US\$1,020,018 (53%) by counterpart and co-financing contributions, including US\$725,000 (38%) by SogeXpress and US\$295,018 (15%) by USAID. The execution period will be 18 months and the disbursement period will be 24 months.
- 5.2. Retroactive Recognition of Counterpart Funds. USAID funds up to US\$295,018 and used from 18 months prior to project approval will be considered by the MIF as co-financing to the project. As per the Bank's policies, the MIF will not reimburse any costs accrued before the date of approval.

	MIF	Counterpart (SogeXpress)	Co-financing (USAID)	Total
Project Components				
Component 1: Development of detailed business model	US\$106,422	US\$61,200	US\$84,933	US\$252,555
Component 2: Implementation	US\$66,662	US\$553,250	US\$82,531	US\$702,443
Component 3: Energy literacy campaign, including awareness building	US\$366,029	US\$78,000	US\$10,000	US\$454,029
Component 4: Monitoring and evaluation	US\$23,871	US\$28,350	US\$16,866	US\$69,087

	MIF	Counterpart (SogeXpress)	Co-financing (USAID)	Total
Component 5: Knowledge management and strategic communication	US\$80,020	US\$4,200	US\$4,794	US\$89,014
Execution and Supervision Components				
Project administration, including travel, accounting and auditing / review	US\$194,606		US\$95,894	US\$290,500
Final evaluation	US\$25,000			US\$25,000
Contingencies ²⁷	US\$36,419			US\$36,419
Grand Total	US\$899,029	US\$725,000	US\$295,018	US\$1,919,047
% of Financing	47%	38%	15%	100%

6. EXECUTING AGENCY

- 6.1. Arc Finance, Ltd. will be the Executing Agency of this project and will sign the agreement with the Bank. Arc Finance is the non-profit organization that carried out the pilot project (also as EA) on which this intervention is based. That pilot demonstrated the potential of using remittance flows as a source of end-user finance for clean energy products, with a focus on low-income consumers in Haiti. Arc Finance is particularly well suited to execute this project given its long-standing experience in this area (both technical, as well as geographical) and its successful role in the MIF pilot.
- 6.2. Established in 2008, Arc Finance's mission is to promote and expand access to financing for energy, water and other basic needs to build the income and assets of poor people around the world. The organization's core business is to bring together practitioners, funders, pro-poor enterprises, and end users to develop solutions for access to finance for clean energy and water. Arc Finance's expertise is in the provision of the tools, technical services, catalytic investment, and linkages that allow these diverse groups to find common opportunity and achieve mutual benefits. The executing agency, Arc Finance, already implemented the pilot project in Haiti on which this project is based, and has experience working with multiple donor agencies. It has passed multiple donor audits and has adequate financial and procurement management skills. The executing agency has strong convening power and is a recognized leader in the sector (the Managing Director is the Co-Chair of the Sustainable Energy Working Group on Finance and Investment and has over 20 years of experience in the field). This convening power will be helpful to the project in seeking replication opportunities and systemic impact.
- 6.3. Arc Finance will partner with SogeXpress, the leading Haitian Money Transfer Organization (MTO) for the implementation in Haiti, and with Western Union (WU), a world leading cross-border financial services company and MTO.
- 6.4. SogeXpress is a large Haitian remittance company, and a member of the Soge Group of institutions which includes 7 subsidiaries with a focus on different parts of the finance

²⁷ Up to \$25,000 within the contingencies line may be used to reimburse SogeXpress for any losses resulting from non-payment of consignments by agents. It is not expected that these funds will need to be tapped, and even if they are, losses should be minimal as controls will be set so that agents do not have large value or long-term outstanding consignments.

value chain. Founded in October 2002, Sogexpress is the leading money transfer agent in Haiti. It controls about 30% of the total market share of the country's money transfer business, with annual revenues of approximately 40 million Gourdes (USD \$922,762) and over 350 employees. Sogexpress has national coverage with 58 flag ship stores around Haiti and is the number one Western Union agent in the country. In addition to the ongoing money transfers, Sogexpress has an alliance with the mobile phone company Digicel and sells phones through its flagship stores and agent network of over 1,000 street agents. Sogexpress was the Haitian partner for the pilot project with Arc Finance and has worked with Arc Finance in the past.

- 6.5. The roles of Sogexpress and WU will be as follows: Sogexpress will be the implementing partner in Haiti. The project will leverage its agent network and its remittances platform for the project. The role of WU will be to provide use of its Quick Pay technology to allow the Diaspora worldwide to send products using the remittance platform. Agreements will be signed between Arc Finance, WU, and Sogexpress detailing each entity's roles and responsibilities.
- 6.6. USAID will provide cash financing for this project, and is contributing to all components. It has played a key role in funding design and start-up activities critical to maintaining momentum gathered from the pilot. USAID will also support knowledge dissemination and may seek to replicate the consignment and remittance models elsewhere. Arc Finance and USAID already have a signed agreement for the funding of this project.
- 6.7. Based on the successful execution approach of the pilot project and responding to the specific needs of this project, Arc Finance will establish an executing unit and the necessary structure to effectively and efficiently execute project activities and manage project resources. Arc Finance will also be responsible for providing progress reports on project implementation. Details on the structure of the execution unit and reporting requirements are in Annex VII in the project technical files.
- 6.8. The MIF, USAID, Sogex Express and Arc Finance will form an informal project steering committee that will have quarterly phone calls to discuss project status and resolve any outstanding issues. This coordination will increase the likelihood of the project being implemented in a timely and efficient manner.

7. PROJECT RISKS

- 7.1. Several risks could undermine the project's ability to achieve success, including:
 - External risks: Haiti is the least developed country in the region, and as such is particularly vulnerable to potential external shocks that could affect the normal development of the project execution. Mitigation includes close monitoring of these aspects and suitable risk management strategies.
 - Sector risks: Potential emergence of similar, competing clean and efficient energy products, and misperception regarding the value for money of higher-priced products. Mitigation measures include observation of the relevant market, as well as targeted marketing activities.

- Sustainability risks: Due to i) varying and/or suboptimal street agents' sales performance, ii) insufficient quality of the clean and efficient energy products, iii) insufficient after-sales service, iv) insufficient availability and/or suitability of financial products for higher priced products, v) insufficient quality and/or relevance of the project's business and/or distribution model, replication/scale up aspects and/or knowledge products, vi) suboptimal functionality of any of the financial aspects of the project, vii) suboptimal functionality of any of the IT-related aspects of the project (e.g. adaptation of the clean energy IT platform to track agents' business-related activities). Mitigated by training, research and quality control.
- Potential financial risks stemming from unforeseen impacts to the operational and/or financial capacity of the counterpart. Mitigation through due diligence and risk management.
- Reputational and/or environmental risks potentially arising from suboptimal functionality of clean energy products to be sold, resulting in health/safety issues. Mitigated by quality control and risk management.

8. ENVIRONMENTAL AND SOCIAL EFFECTS

- 8.1. Positive environmental benefits resulting from the project activities are reduced CO₂e emissions (replacement of kerosene).
- 8.2. The social spillover effects will include: i) provision of reliable light after dark, ii) promotion of home study, resulting in positive educational effects, iii) creation of an atmosphere of safety and security for women and children, and iv) if efficient cook-stoves are sold, reduction of daily wood fuel collection time for women and children thereby facilitating the participation of children in school and positively impacting their literacy levels.

9. COMPLIANCE WITH MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 9.1. **Disbursement by Results and Fiduciary Arrangements.** The Executing Agency will adhere to the standard MIF disbursement by results, procurement and financial management arrangements specified in Annex VIII.
- 9.2. **Special contractual arrangements:** Given the specialized expertise required to execute this program, Arc Finance may assign, as a Senior Expert for the project, Nicola Armacost, one of the founders of Arc Finance. Ms. Armacost possesses unique expertise in both clean energy and remittances that cannot be found elsewhere, and is thus considered to be the only person qualified for the assignment. The project coordinator, Yara Akkari, will be contracted under sole source contracting method, considering her excellent work and important contribution to the previous MIF project that served as pilot for this project, after being selected as part of a competitive process. According to the Bank policy under GN-2350-9, par. 5.4, sole source contracting is allowed when *“(a) tasks that are a continuation of previous work that the consultant has carried out and for which the consultant was selected competitively”*.

10. INFORMATION DISCLOSURE AND INTELLECTUAL PROPERTY

- 10.1. **Information Disclosure.** The final SogeXpress business plan will remain confidential as will any data related to the specific financials of the company. Any detailed technical specifications of the platform or data related to the Western Union partnership will also remain confidential. Non-sensitive information on the model and sales at a high level will be included in the project's knowledge products.
- 10.2. **Intellectual Property.** For the purposes of any agreements to be entered into by the Bank with third parties in relation to the project, the Bank may evaluate several legal alternatives regarding the ownership of the project's intellectual property rights as well as any licensing agreements to such rights, as applicable. All such alternatives shall be subject to (i) the Bank's applicable policies and procedures; (ii) confidential obligations agreed upon by the parties involved; and (iii) the Bank's institutional interest in disseminating the project's deliverables (including but not limited to business model, reports, survey results and other data, case studies, media kit, graphic depictions of project results and other workshop supporting materials) and replicating and/or further expanding the project. For the purposes of any agreements to be entered into by USAID with third parties in relation to the project, such agreements shall be subject to USAID's applicable policies and procedures.