

PROJECT STATUS REPORT

JULY 2016 - DECEMBER 2016

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Serving rural communities of Surinam through microfranchising

Project Number: SU-M1018 - Project Num.: ATN/ME-13636-SU

Purpose:

The purpose of the project is to test and validate a microfranchising methodology for engine maintenance in communities of the three interior districts of Suriname.

Country Admin

SURINAME

Country Beneficiary

SURINAME

Executing Agency:

Fonds Ontwikkeling Binnenland

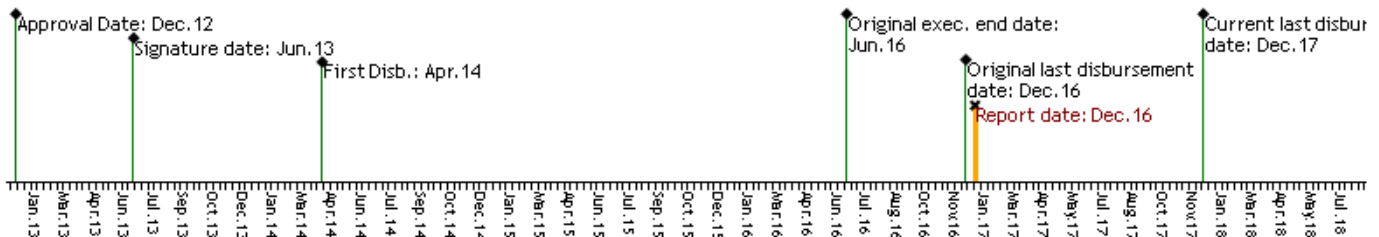
Design Team Leader:

CÉSAR BUENADICHA

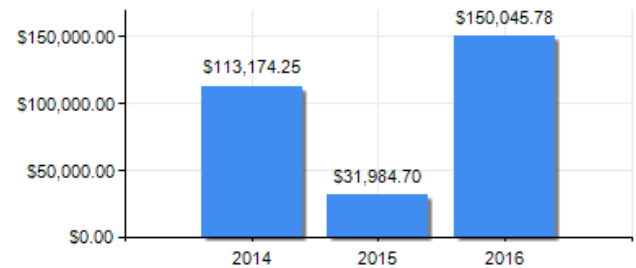
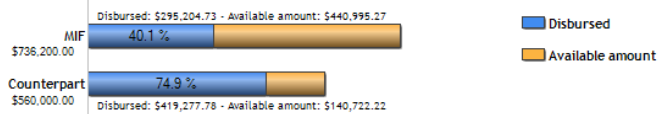
Supervision Team Leader:

VASHTIE DOOKIESINGH

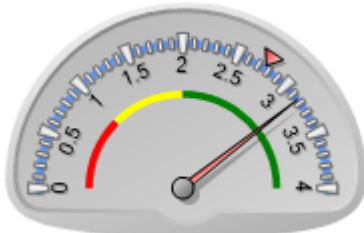
PROJECT CYCLE



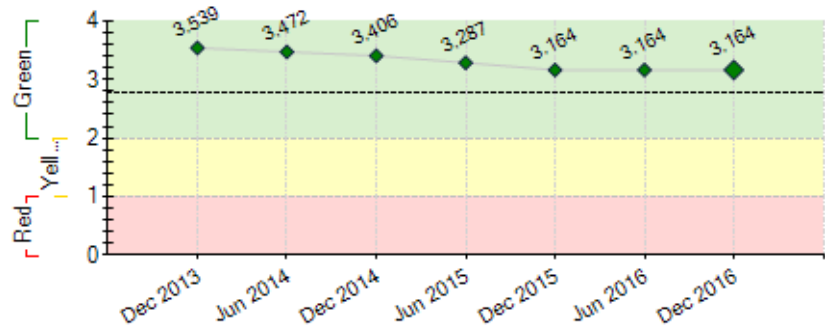
FUNDS



PERFORMANCE SCORE



Current score: Satisfactory: 3.164
MIF Average: 2.762

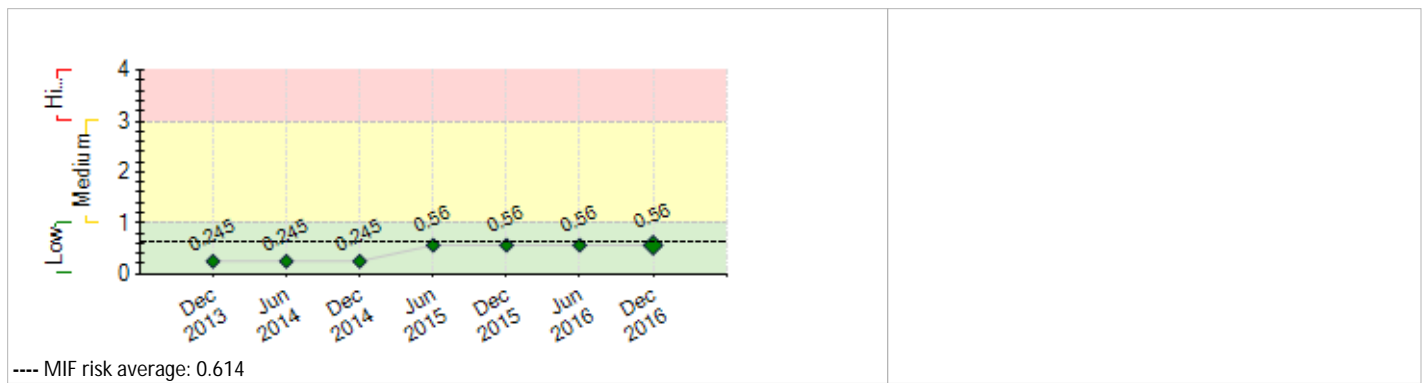


----- MIF performance average

EXTERNAL RISKS

INSTITUTIONAL CAPACITY

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



SECTION 2: PERFORMANCE

Summary of project performance since inception

1. Milestones achieved: -120 candidates (sex-aggregated) have been selected for the expansion phase (C5.I1) -Refined ASW Model is elaborated that adapts, facilitates and simplifies the creation of ASW (C6.I2) -80 additional mechanics (sex-aggregated) are trained (C7.I4) -30 additional satellites are in operation
2. Delays regarding the absence of a Project Coordinator at certain times throughout the life of the project. A interim Project Coordinator is installed to achieve the project objectives
3. Due to the difficult economic conditions, this does not favor the expansion of the project (Risk 1)
Cultural norms stagnate the inclusion of women in the ASW enterprises (Risk 3)
4. The likelihood of the project achieving its final objectives are moderately optimistic because of a lack of start up costs for the mechanics, income opportunities in the various communities are limited and the readiness to phase up a level in this project is becoming increasingly difficult
5. Hire the following consultancies to substantially finalize the project and reach the purpose is to conduct the Market Analysis, finalize the Strategic Plan for SHTTDF, perform a Business & administrative training for the Mechanics and hire a Micro finance consultant to identify the opportunities for lending out micro loans

Comments from the Supervision Team Leader

Agree with the Executing Agency comments
Progress has been made in establishing the ASW network but original targets are perhaps over ambitious given the deterioration in market conditions which may be a barrier to investment by beneficiaries. In addition the partnership structure between Datsun Suriname as technical lead and SFOB as Executing Agency continues to prove challenging to timely implementation of the project.

Summary of project performance in the last six months

1. Main achievements are the additional mechanics that have been trained to become 1S mechanics and thereby could be eligible for a micro loan. Also the mechanics who moved up a step to the 2S status have been sustained
2. A lack of micro loans for the construction of a repair shop and funding for the promotion of the Authorized Service Workshops. Actions that will be taken are the development of Business Plans for the areas wherein the mechanics operate, so that the applications for a micro loan becomes easier
3. Critical actions should be taken regarding the establishment of more ASW's and Satellites, the expansion of the Micro franchise Model that is adaptable in various areas in the country and the deployment of the Strategic Framework for SHTTDF to sustain the activities after project completion

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Purpose: 1 The purpose of the project is to test and validate a microfranchising methodology for engine	R.1	150 mechanics (sex-disaggregated) fully operating Authorized Service Workshop microfranchisees.	0			150 Jun 2016	0	
	R.2	Approximately 15,000 people from 30 communities of the interior have access to quality engine maintenance.	0			15000 Jun 2016	0	
	R.3	25% increase in profit of new ASW microfranchises compared with similar workshops in the interior.	0			25 Jun 2016	0	

maintenance in communities of the three interior districts of Suriname.	R.4	Microfranchisor direct sales and service maintenance of engines in the interior of the country has increased by 50%.	0				50	0	
	R.5	80% of population in communities with access to ASWs express satisfaction with services.	0				Jun 2016	80	0
							Jun 2016		

Component 5: Market analysis and ASW microfranchise model building Weight: 9% Classification: Satisfactory	C5.I1	120 candidates (sex-disaggregated) have been selected for the expansion phase.	0				120	116	Delayed
	C5.I2	19 Communities have been evaluated for suitability as ASW locations	0				Apr 2016	Apr 2016	Finished
							19	19	
							Dec 2014	Oct 2014	

Component 6: Piloting ASW initiatives and refining the model. Weight: 33% Classification: Satisfactory	C6.I1	5 ASW have been piloted	0				5	5	Finished
	C6.I2	Refined ASW model is elaborated that adapts, facilitates and simplifies the creation of ASW.	0				Jan 2015	Jan 2015	Delayed
	C6.I3	A financing methodology for Datsun Suriname to facilitate working capital for the ASW model has been implemented.	0				Nov 2015	Nov 2015	Delayed
	C6.I4	At least 10 satellites operate expanding the services of the ASW to smaller communities.	0				1	0	Delayed
	C6.I5	50 workshops have access to credit through the implementation of a credit facility.	0				Nov 2015	Dec 2015	Finished
							10	10	
							Oct 2015	Oct 2015	
							50	3	On Course
							Jun 2016	May 2016	

Component 7: Expansion of the refined ASW microfranchise model. Weight: 50% Classification: Satisfactory	C7.I1	At least an additional 10 ASW are created (15 in total with the pilot)	5				15	8	On Course
	C7.I2	20 additional satellites are in operation	10				Mar 2016	Mar 2016	Finished
	C7.I3	50 additional mechanics (sex-disaggregated) are trained.	0				Jun 2016	Jul 2016	Finished
	C7.I4	80 additional mechanics (sex-disaggregated) are trained.	50				50	120	On Course
	C7.I5	15 additional ASW are created (total of 30)	15				Jun 2016	Jun 2016	Delayed
	C7.I6	30 additional satellites are in operation .	20				130	120	Delayed
	C7.I7	50 ASW and satellite operators assist the convention of ASW in Suriname.	Jun 2015				Jun 2016		Delayed
	C7.I8	90% of the ASW continue in full operations serving the communities.	0				30	8	Delayed
	C7.I9	At least 30 female mechanics are working at the Authorized Service Workshops.	0				Jun 2016	Jun 2016	Delayed
							50		Delayed
							Jun 2016		Delayed
							90		Delayed
							Jun 2016		Delayed
							30		Delayed
							Jun 2016		

Component 8: Knowledge creation, dissemination and expansion plan for other countries. Weight: 8% Classification: Unsatisfactory	C8.I1	A communication strategy and work plan is defined.	0				1	1	Delayed
	C8.I2	A study on the potential of ASWs in other country is elaborated in collaboration with Yamaha.	0				Nov 2015	Dec 2015	Delayed
	C8.I3	2 case studies have been developed regarding the project and disseminated in relevant media.	0				1		Delayed
	C8.I4	At least 5 Yamaha distributors express their interest in implementing the ASW refine model.	0				Jul 2016		Delayed
							2		Delayed
							Jun 2016		Delayed
							5		Delayed
							Jun 2016		

Milestones	Planned	Due Date	Achieved	Date of achievement	Status
M0 Conditions Prior	7	Mar 2014	7	Mar 2014	Achieved
M1 [*] At least 19 potential communities have been evaluated for the implementation of an ASW	19	Dec 2014	19	Dec 2014	Achieved
M5 [*] 5 ASW pilots have been initiated	5	Jan 2015	5	Jan 2015	Achieved
M6 [*] At least an additional 5 ASW are created (10 in total) and 10 satellites are in operation	15	Jun 2016	35	Jun 2016	Achieved
M4 [*] Business plan for roll out of ASW model adapted to conditions in Suriname completed together with guidance materials for franchisees	1	Jul 2016	1	Mar 2016	Achieved
M3 [*] SHTTDF has developed a strategic framework to promote the sustainability and expansion of its activities.	1	Jul 2016	1	Nov 2015	Achieved
M7 [*] 2 case studies have been developed regarding the project and disseminated in relevant media.	1	Sep 2017			
M8 [*] A total of 30 ASW are created and 90 satellites are in operation	120	Oct 2017			

[*] Indicate that the milestone has been reformulated

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Executing agency institutional capacity
[X] Supplier/contractor performance
[X] Others, which?: Worsening of economic conditions and devaluation of currency has proved a challenge to ASW expansion

SECTION 4: RISKS**MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE**

	Level	Mitigation action	Responsible
1. There are economic and legal conditions do not favor the consolidation and expansion of the model.	Medium	Analysis of legal and economic conditions will confirm adequacy of existing conditions. Regarding the legal conditions consultations will be held with government and local authorities to discuss the possibilities. Economic conditions (such as start up capital) will be defined in a financing methodology that will be developed and implemented within the project.	Project Guest
2. Deterioration of physical security conditions in the rural communities during	Low	Strategic partnerships will be forged with institutions with credibility in the interior that will facilitate access to key leaders of the	Project Guest

the operation and expansion of the project.		communities to facilitate the project operations. In addition, training materials will be cultural sensitive (use of pictographs and similar), and the trainers will receive specific information about the cultural reality of the rural communities.	
3. Challenging cultural norms by promoting women in traditionally male-dominated enterprises could lead to increased incidences of domestic violence	Low	A training will be provided in gender-responsive programming, and the project will take a systematic approach to researching gender roles and responsibilities in the villages and designing a culturally sensitive model that promotes women's participation as mechanics and managers.	Project Guest
4. Inability to effectively pilot ASW initiative due to challenges of working and coordinating with 30 communities with very different cultures and characteristics (Indigenous populations and Maroons).	Low	SHTTDF will forge partnerships with institutions with credibility in the interior that will facilitate access to key leaders of the communities to facilitate the project operations. In addition, training materials will be cultural sensitive (pictograms and similar), and the trainers will receive specific formation about the cultural reality of the interior.	Project Guest
5. Insufficient interest of public and private sectors and civil society in the potential of microfranchising as a tool for working with low income populations.	Low	Development of a strategic communication plan regarding pilot successes, best practices and lessons learned. Workshops will be conducted at the local, national and international level in order to disseminate results and generate interest in public and private sectors and civil society. An informational and promotional video will be created of an ASW model in practice. Case studies will be developed and disseminated to relevant actors and the public.	Project Guest
PROJECT RISK LEVEL: Low TOTAL NUMBER OF RISKS: 5 IN EFFECT RISKS: 5 NOT IN EFFECT RISKS: 0 MITIGATED RISKS: 0			

SECTION 5: SUSTAINABILITY

Likelihood of project sustainability after project completion: P - Probable

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

Issue	Comments
[X] A market is not generated for the project's services and/or activities (low payment capacity or low demand for those services)	Continued deterioration in economic conditions may threaten the sustainability of ASWs
Actions related to sustainability which have been taken in the reporting period:	
Actions related to sustainability are the improved technical skills that the mechanics have acquired to perform repairs and parts reach the customers faster due to the set up of more Authorized Service Workshops.	

SECTION 6: PRACTICAL LESSONS

[No lessons learned found]