

PROJECT STATUS REPORT

JULY 2017 - DECEMBER 2017

SECTION 1: PROJECT SUMMARY

PROJECT NAME: MOKAFE, A Cup of Hope Coffee Project

Project Number: HA-S1013 - Project Num.: ATN/OC-15396-HA

Purpose: To increase the supply of café pile within Geo Wiener's value chain through strengthening the linkage between the coffee cooperatives and the company in a win-win strategy.

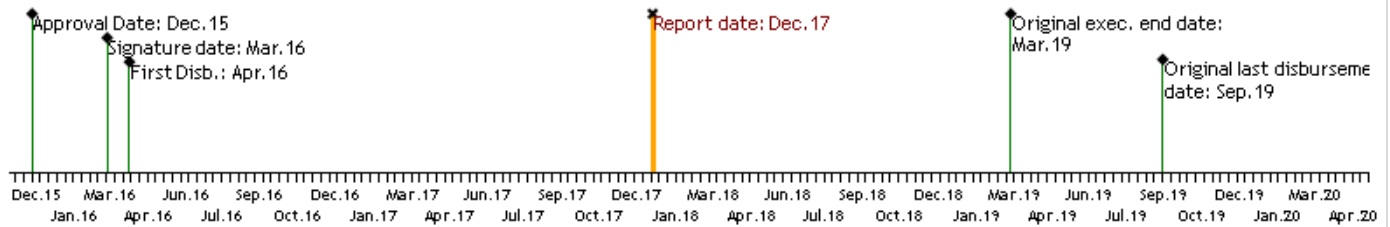
Country Admin
HAITI

Country Beneficiary
HAITI

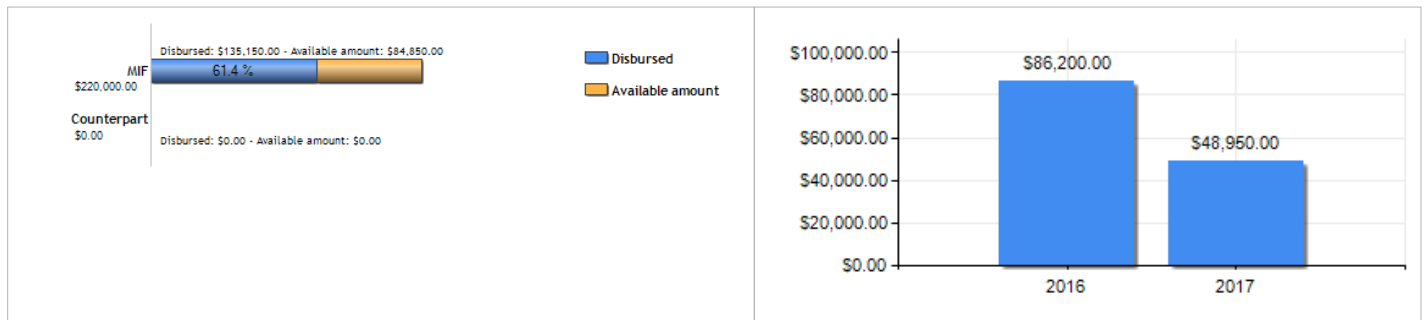
Executing Agency: GEO WIENER S.A.

Design Team Leader: YOLANDA STRACHAN
Supervision Team Leader: YOLANDA STRACHAN

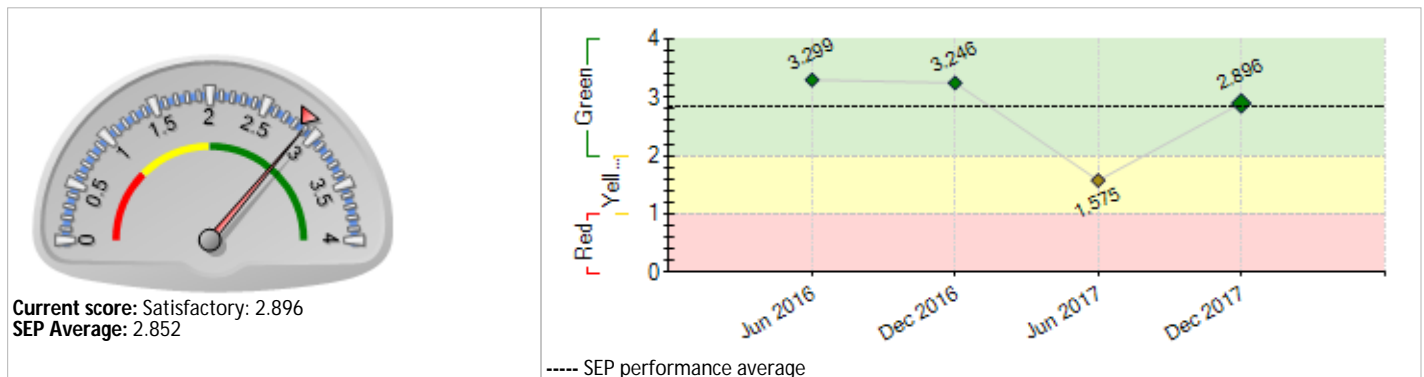
PROJECT CYCLE



FUNDS (IN USD THOUSANDS)



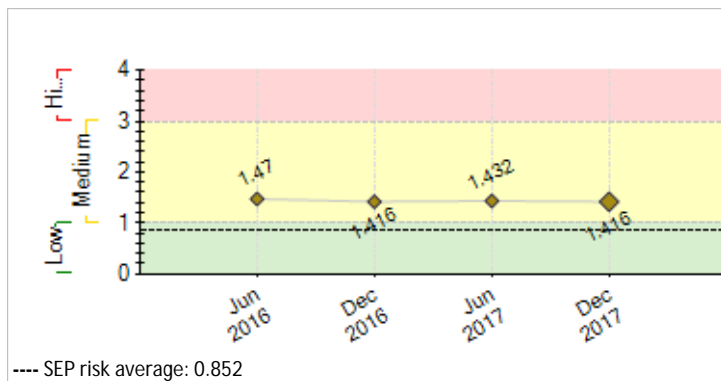
PERFORMANCE SCORE



EXTERNAL RISKS

INSTITUTIONAL CAPACITY

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



SECTION 2: PERFORMANCE

Summary of project performance since inception

MACH has incorporated the 5 associations to its network which are APCAB, APIAB, APAS, ADAIB Sohaderk. They received the business training on the credit regulation policy. For the managerial part of the cooperative to strengthen their business capacity, APCAB responds better to the trainings as we evaluate them based on the report they submitted and how they manage their funds. APAS and ADAIB need more guidance which we continue to provide by helping them with their selling strategy to their members. We are still having difficulties on the quality improvement as cafe pile can still be sold regardless of the quality to different interested buyers. Agritech came up with a well received strategy to impact the quality positively. We introduced the Mokafe Care program which provides free healthcare to the members of the participating coops in Thiotte. I am highly positive that the project will achieve its goals as we have the US distributor which sells on Amazon prime and to different retailers. We are on 46 stores in Canada including Jean Coutu and we are negotiating a contract with China. But I am moderately optimistic for improving the quality. It will take more than 3 years to change a lifetime concept. The farmers are used to cafe pile as being sold as it is. But Agritech and Geo Wiener will strategically enforce the quality by using the Healthcare initiative and by pushing the agronomist to do more on the field supervision. Also the "nats" were distributed to dry better.

Comments from the Supervision Team Leader

Partially Agree with the Executing Agency comments

For this PSR a more detailed report is needed. The Logical Framework entered is wrong and the MIF should fix this before the next PSR season.

Summary of project performance in the last six months

The most important result of this semester is that APCAB sold all their plantules from the revolving fund and are producing their second 50,000 plantules for the year 2018. This confirms that they are implementing our strategy and it is well received by the community. APIAB and Sohaderk started producing their plantules (50,000 each) and received their business training. Materials in regards of improving the quality of cafe pile were distributed to the new added cooperative. The area with significant delay is the improvement on the coffee quality which does not reflect on the price that we are paying for it. There is also delay on receiving coffee from ADAIB which needs more time to the coffee that they lost in the hurricane. Such delay makes it harder for us to secure more contracts. Agritech is focusing on the health care initiative incentive to improve the quality of coffee from APCAB, APAS and APIAB to overcome this challenge. This semester Sohaderk and APIAB members will be trained to properly prepare cafe pile which shall cover milestone 6. It will also put us in the right path to achieve milestone 5 and to be able to secure more coffee to respond to our international contracts. We will also evaluate APIAB and SOHADERK on how they are implementing their business training.

Comments from the Supervision Team Leader

Partially Agree with the Executing Agency comments

This report shows very little work compared to what the project's objectives are. There will be more clarification during the post PSR visit.

SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Goal: To increase high value market opportunities in café pile (natural coffee) for small-scale coffee producers in the 5 cooperatives participating in the project	I.1 Average annual sales growth for quality café pile from small-scale coffee producers in the 5 cooperatives participating in the project (CRF 330100)	0 Mar 2016	5 Mar 2017	10 Mar 2018		30 Mar 2019	1220 Jan 2017	
	I.2 % of Geo Wiener's café pile that is sourced from the 5 participating cooperatives	42 Mar 2016	44 Mar 2017	48 Mar 2018		50 Mar 2019	0	
Purpose: To increase the supply of café pile within Geo Wiener's value chain through strengthening the linkage between the coffee cooperatives and the company in a win-win strategy.	R.1 Volume of natural coffee sold by participating cooperatives to Geo Wiener annually. Kilograms of café pile (natural coffee)	94000 Mar 2016	109000 Mar 2017	125000 Mar 2018		145000 Mar 2019	119100 Feb 2017	
	R.2 Total \$ value of new working capital for cooperatives provided by Geo Wiener (CRF 230700)	0 Mar 2016	500000 Mar 2017	700000 Mar 2018		1000000 Mar 2019	0	
	R.3 Number of cooperatives with links to strategic business partners (CRF230200)	0 Mar 2016	1 Mar 2017	2 Mar 2018		5 Mar 2019	3 Feb 2017	
	R.4 Increase sales of Mokafe & Geo Wiener lines of roasted coffee locally and internationally (USD). Annual sales of all GW lines of roasted coffee (USD)	1092375 Mar 2016	1300000 Mar 2017	1500000 Mar 2018		1700000 Mar 2019	0	
Component 1: Enhancing productivity Weight: 25% Classification: Satisfactory	C1.I1 Number of cooperatives receiving working capital advances	0 Mar 2016	5 Mar 2017	3 Mar 2018		5 Mar 2019	3 Feb 2017	Delayed
Component 2: Improving Quality of Café Pile: Weight: 25%								

Classification: Satisfactory

Component 3: Building Business
Capacity of Coffee Cooperatives

Weight: 25%

Classification: Unsatisfactory

Component 4: Knowledge Management
and Communication

Weight: 25%

Classification: Satisfactory

Milestones	Planned	Due Date	Achieved	Date of achievement	Status
M1 Conditions Prior	1	Sep 2016	9	Mar 2016	Achieved
M1 Credit and pricing policy developed and agreed with the participating cooperatives (before the first 6 months of the project implementation)	1	Sep 2016	1	Sep 2016	Achieved
M2 Number of Cooperatives trained on credit management (for working capital) and pricing policies	5	Mar 2017	5	Dec 2017	Achieved
M4 Number of small-farmers trained in natural coffee production techniques and GAP	500	Sep 2017	500	Jun 2017	Achieved
M3 Volume of natural coffee in tons sold by participating cooperatives to Geo Wiener. 124,895 kgs	124895	Mar 2018			
M6 Number of small-farmers trained in natural coffee production techniques and GAP	1000	Sep 2018			
M5 Volume of natural coffee in tons sold by participating cooperatives to Geo Wiener (143,629 kgs)	143629	Mar 2019			

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. Climate risks. Natural phenomena, as well as pests and disease, pose a risk because they may have an adverse effect on the productive activity of beneficiaries and, as a result, on GW's supplier cooperatives and GW itself.	Medium	Mitigating factors for this risk include: (i) development of partners' internal policies to arrange for early recovery of the credits; and (ii) diversification of GW's investments in project execution, with producer partners organizations in different geographical areas; (iii) use of disease resistance coffee seedlings.	Project Coordinator
2. Credit risk from coffee cooperatives. There is a risk that the farmers' organizations are unable to repay the working capital advances.	Medium	The funds will be provided directly to the producer organizations by Geo Wiener S.A's cash advances management unit; this unit has a good track record in managing advance funds given to suppliers. The procedure to provide the funds to the cooperatives will be in the form of a Purchase Order Agreement. It will include all of the mutually agreed-upon details which shall be: 1) the price of the coffee beans which will vary depending on the quality; 2) the quantity of beans that shall be purchased from each cooperative; 3) repayment in beans, i.e. 0% interest rate; 4) time frame for coffee bean delivery; 5) partial cash advance towards the total quantity listed on the Purchase Order Form (POF). The remaining will be given upon the completion of the delivery. The cooperative will make repayment in the form of coffee beans in each Purchase Order Agreement and credit will be automatically renewed based on the performance and financial results of the each organization.	Project Coordinator
3. The associated risk is the level of content that the farmers are experiencing with the current market of cafe pile. They do not have the drive and desire to take on the challenge of producing quality cafe pile.	Medium	In order to generate the drive for the farmers to produce quality cafe pile, we need to give them the incentives. 1) With our current advance program, they will have less financial pressure to be able to produce the quality cafe pile desired. 2) With the training program, we will educate them on all the benefits that comes with producing quality cafe pile such as making more money per Pound (Bonus for Grade A), to be able to export this quality coffee and instructing them about the added value that the cafe pile represent not just financially but also environmentally.	Project Coordinator
4. The risk remain the improvement of the quality of the coffee against the price we are purchasing it. It is challenging to change what the farmers are custom to all their life. It will take more time.	Medium	Healthcare initiatives which provides free health care to the members of the cooperatives in Thiotte. Such incentive will guide them to improve the quality of the coffee.	Project Coordinator
5. It represents a challenge to select two additional coops. The key priority to select a coop it's its reliability to repay the loan and its ability to source café pile in its region. Currently only two regions are producing enough; Thiotte and Beaumont. The other regions due to lack of coffee supply lost their credibility to source enough coffee to repay any loan given to them.	Medium	AGRITech along with GEO WEINER S.A will select 2 additional cooperatives which is so far COCANO and RECARB that has the ability to quickly recover using the seedling funds. Close monitoring from the agronomic team and business cooperatives specialist will be expected. th	Project Coordinator

PROJECT RISK LEVEL: Medium TOTAL NUMBER OF RISKS: 7 IN EFFECT RISKS: 7 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

[None reported in this period]

Actions related to sustainability which have been taken in the reporting period:

In this period, APCAB sold the plantules produced from the revolving fund to their members and now resigned with Agritech to produced an additional 50,000 plantules for the 2018 season. We are replicating the same strategy with APIAB and SOHADERK which are our new added cooperatives. Such initiative helps to keep producing 50,000 yearly plantules.

SECTION 6: PRACTICAL LESSONS

[No lessons learned found]