

PROJECT STATUS REPORT

JANUARY 2012 - JUNE 2012

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Provision of Remittance & Other Financial Services for the Rural Poor in Jamaica

Project Number: JA-M1019 - Operation Number: ATN/ME-11784-JA

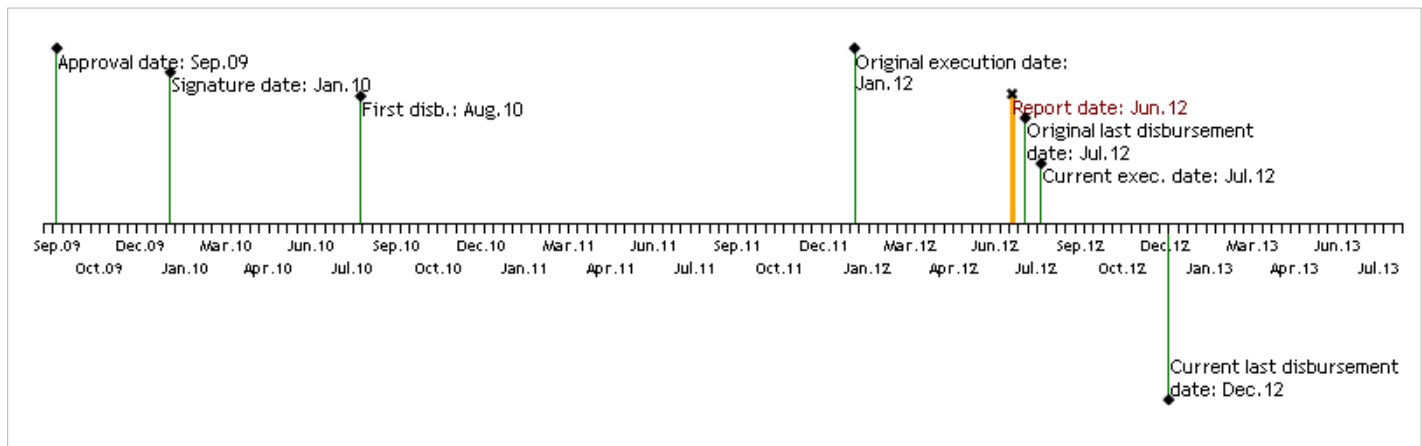
Result:

The purpose of the project is to provide increased affordable access to remittance and other financial services for individuals and small businesses within targeted rural communities.

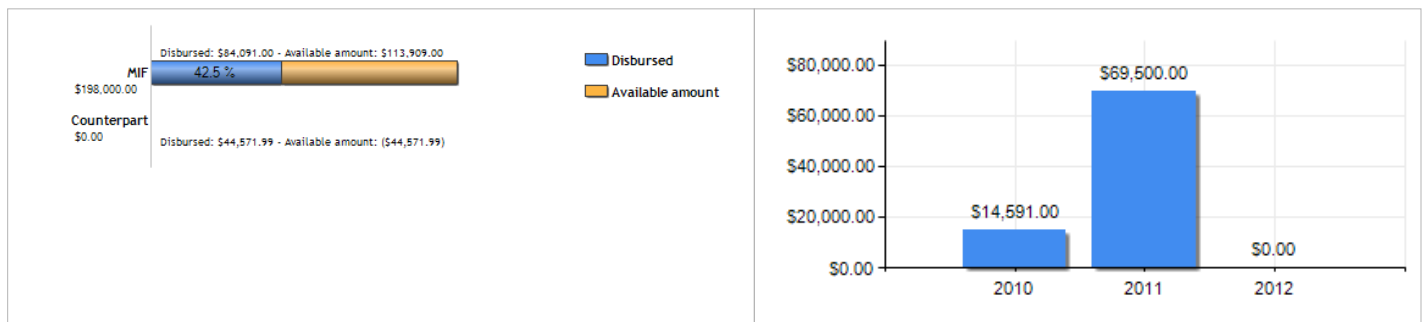
Country Administrator	Beneficiary Country	Group	Subgroup
JAMAICA	JAMAICA	SME - Small and Medium Enterprise Development	REMS - Remittances

Executing Agency:	Design Team Leader:
JAMAICA NATIONAL BUILDING SOCIETY FOUNDATION	Cockburn, Carina
	Supervision Team Leader:
	Beecher, Wayne

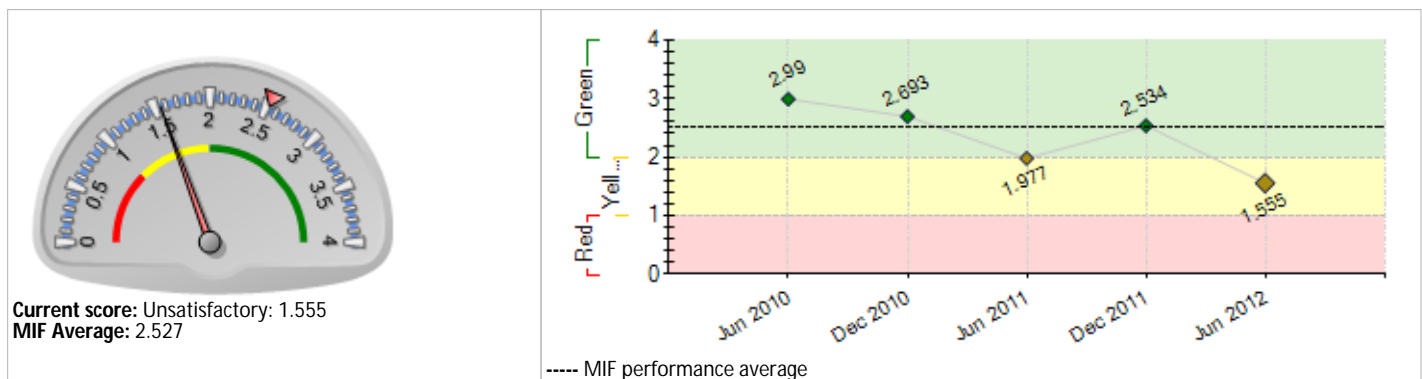
TIMELINE



FUNDS



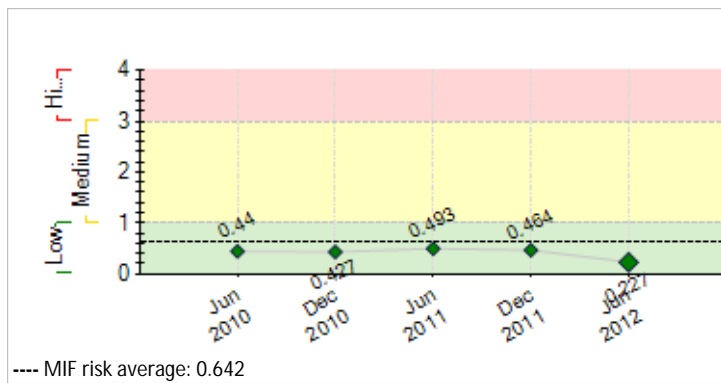
PERFORMANCE SCORE



EXTERNAL RISKS

INSTITUTIONAL CAPACITY

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



SECTION 2: PERFORMANCE

Summary of project performance since inception

- Project Coordinator recruited 2010 with a new Project Coordinator assuming responsibility in December 2012 due to poor performance and resignation by first PC. This delayed the project considerably.
- Project steering committee meetings held regularly during duration of the project
- 10 Communities selected and approved by PSC. Upon signing up of Merchants, it was discovered that a number of the merchants could not qualify for business accounts as they were not up to date with their registration. As such, only 7 communities ended up in the pilot.
- Selection of 10 Merchants - as stated above, only 7 merchants met the requirements
- POS network operational at the end of June 2012. Software development was delayed due to delay caused by the initial PC.
- Sensitization campaign - materials and information prepared and campaign commenced.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

- Semester performance has been strong.
- Software development for Cash payout and purchases module completed and implemented.
- Marketing materials finalised and printed.
- Merchant Agreements finalised.
- Operations Manuals developed and completed for POS Cash Payout and POS Loan Collections.
- Training of merchants in use of both POS modules completed and manuals delivered.
- 7 Merchants signed on to project.
- Sensitization campaign developed and commenced end of June with remaining communities to be sensitized and launched in July 2012.
- Three new loan products designed and submitted to IADB for approval.
- Promotion of new loan product was included in community sensitization

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

The EA made considerable effort in getting the project back on schedule.

SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Result: The purpose of the project is to provide increased affordable access to remittance and other financial services for individuals and small businesses within targeted rural communities.	P.11 Customers from targeted communities have accessed the JN merchant network.	0				500 Jul 2012	0	
	P.12 % satisfaction of customers using the services of the network.	0				70 Jul 2012	0	
	P.13 % decline in estimated costs of accessing remittances	0 Jan 2010				10 Jul 2012	0	
Component 1: Development of Merchant Network and Operating System to increase access to remittances and other financial services Weight: 64% Classification: Unsatisfactory	C1.11 Pilot communities will be identified.	0				10 Jul 2010	2 Jun 2011	Delayed
	C1.12 Merchants sign formal contracts with JN.	0				10 Jan 2011	2 Apr 2012	Delayed
	C1.13 The POS terminal network system will be developed, implemented and operational at the offices of JN and the merchants.	0				1 Jul 2011	1 Jun 2012	
	C1.14 An Operations manual for the use of the POS system will be developed and approved by the Steering Committee.	0				1 Jul 2011	1 Jun 2012	
	C1.15 Registered merchants will be trained on the use of the network to provide financial services.	0				10 Jul 2011	2 Dec 2011	Delayed
Component 2: Sensitization and Training of Beneficiaries to use Merchant network	C2.11 Individuals will be sensitized to the benefits of using the merchant network and will receive financial literacy training at 10 community events.	0				300 Jan 2012	2 Dec 2011	
	C2.12 Advertisements placed in local publications.	0				10		Delayed

Weight: 16%							Jan 2012	Jun 2012	
Classification: Satisfactory									
Component 3: Development of New Remittance-based Lending Approach	C3.I1	New remittance-based loan product approved by regulator.	0				1	2	
Weight: 20%							Jan 2012	Dec 2011	
Classification: Satisfactory	C3.I2	New remittance-based loan product launched.	0				1		
							Jul 2012	Jun 2012	

Milestones	Planned	Due Date	Achieved	Date achieved	Status
M0 Previous Conditions	6	Jul 2010	6	Jul 2010	Achieved
M1 First Steering Committee Held	2	Jan 2011	1	Jul 2011	Not Achieved
M2 -Selection of Pilot communities -Selection of 10 merchants	3	Jan 2011	3	Jun 2011	Achieved late
M3 [*] Point of Sale network operational	4	Mar 2012	4	Jun 2012	Achieved late
M4 [*] Sensitization campaign completed	5	Apr 2012	5	Jun 2012	Achieved late
M5 [*] -Launch of new loan product -Approved sustainability plan	6	Jun 2012	0	Jun 2012	Not Achieved

[*] Indicate that the milestone has been reformulated

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Executing agency institutional capacity
[X] Design of project/Components
[X] Inappropriate Consultants performance
[X] Delays in fulfilling the contract terms

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

	Level	Mitigation action	Responsible
1. Community members are not responsive to new information and are unwilling to participate in community events.	Low	JNBSF has worked at the community level for a number of years. They enjoy a good reputation in most communities and expect to be able to attract community members to project events. The events will also be designed and promoted to be attractive to community members.	Project Coordinator
2. There is limited demand for financial services in rural communities	Low	The project will reduce transaction costs for the final beneficiaries. It is therefore expected that their interest in the project and demand for the services will be high.	Project Coordinator
3. Potential customers are unwilling to use technology eg. swipe cards.	Low	The high mobile penetration in Jamaica and the use of mobile phones to conduct complex transactions eg. transfer of call credit is evidence of citizens' willingness to use technology. The use of debit cards are a familiar medium so it is highly unlikely that the potential customers will be unwilling to use swipe cards.	Project Coordinator
4. Loan infrastructure is not compatible with product design.	Low	The new loan product will be designed based on the capabilities and functionalities of JN's loan system. JN Small Business Loans is a partner in the execution and will play an active role in the design of the new loan product.	Project Coordinator
5. Less than 10 communities meet the eligibility requirements.	Low	Risks identified include ineligible communities totalling more than 5 - this would lead to less than 10 communities in the pilot project. Mitigation is in the selection criteria now agreed.	Project Guest
PROJECT RISK LEVEL: Low TOTAL NUMBER OF RISKS: 9 IN EFFECT RISKS: 6 NOT IN EFFECT RISKS: 1 MITIGATED RISKS: 2			

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)	
Actions related to sustainability which will be or have been implemented:	
Marketing materials are expected to promote the service across communities, with semi-permanent decals and banners mounted at merchant sites. POS service is to be transferred to JNBS E-channels for ongoing management and growth and forms part of a wider goal of mobile and remote banking for JNBS as it continues to develop initiative for reaching the underbanked.	

SECTION 6: PRACTICAL LESSONS

1. Merchant capacity to meet the requirements and regulations of opening accounts should have been looked at more closely during design. The mitigation may have been that the smallest communities with informal merchants would not be right for this product, and therefore the critical mass must exist where you would normally find merchants who are registered and up to date.

Relative to
Design

Author
Brown, Saffrey