

# PROJECT STATUS REPORT

JULY 2011 - DECEMBER 2011

## 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

**Purpose:**

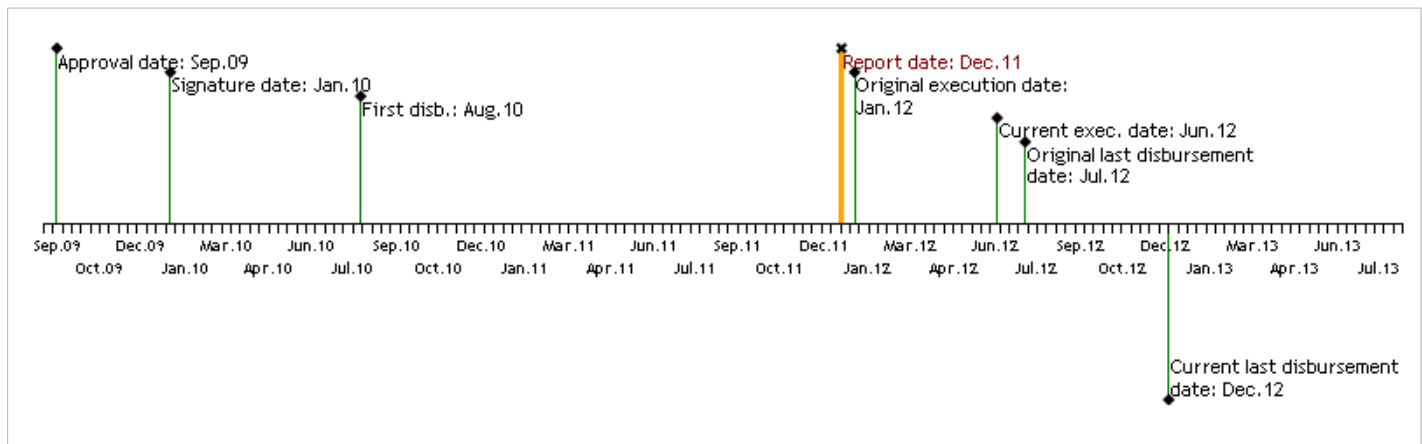
The purpose of the project is to provide increased affordable access to remittance and other financial services for individuals and small businesses within targeted rural communities.

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

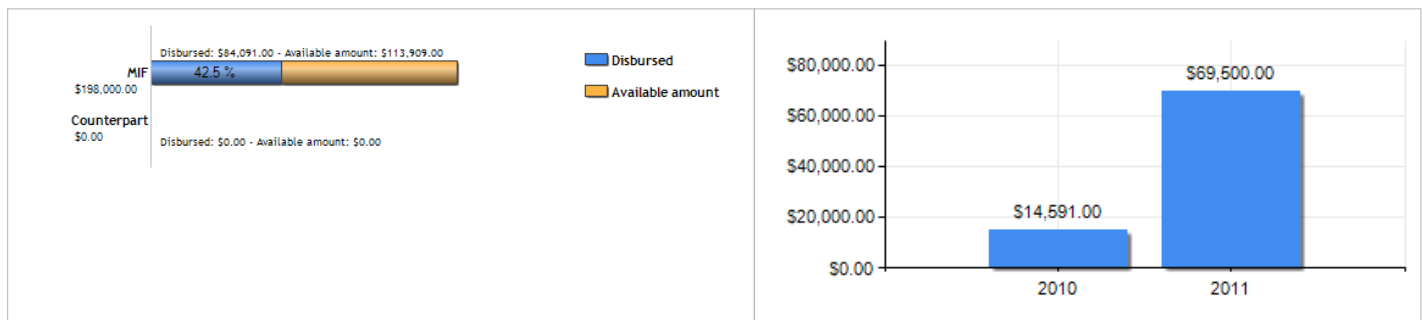
**Executing Agency:** JAMAICA NATIONAL BUILDING SOCIETY FOUNDATION

**Design Team Leader:** Cockburn, Carina  
**Supervision Team Leader:** Beecher, Wayne

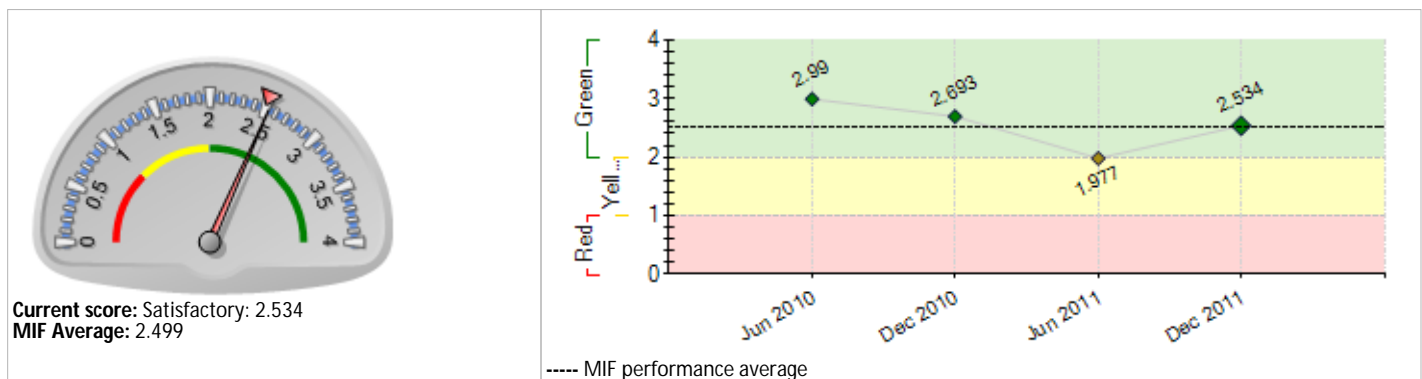
### TIMELINE



### FUNDS



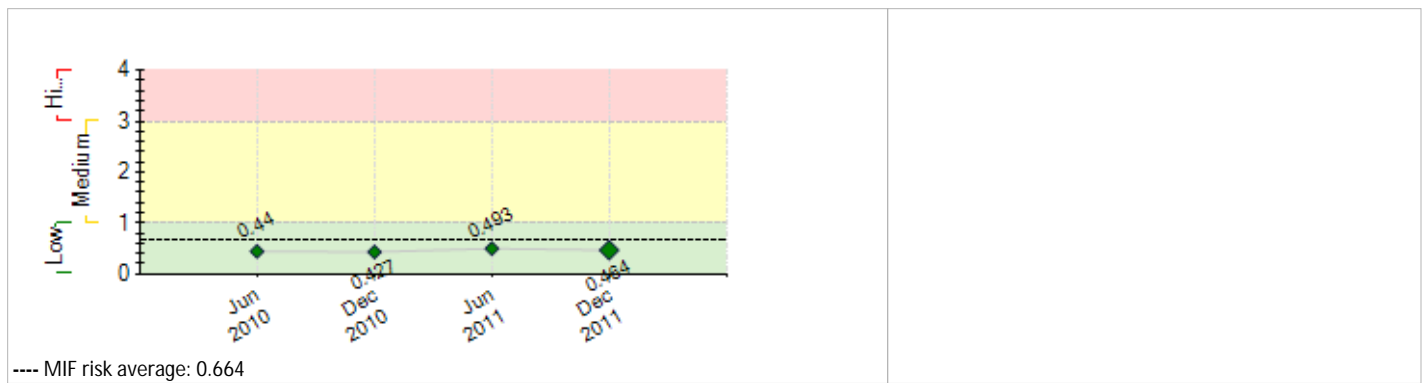
### PERFORMANCE SCORE



### EXTERNAL RISKS

### INSTITUTIONAL CAPACITY

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



## SECTION 2: PERFORMANCE

### Summary of project performance since inception

The project has received a 6 month extension due to reported delays. However, many aspects of the projects development were progressing in tandem, and came together this semester. As such, the project will deliver within the new extended deadline of July 2012.

#### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

### Summary of project performance in the last six months

This semester saw the achievement of very important deliverables, including 1: the procurement of the Consultant to develop the Operations Manual and train Merchants, 2: the procurement and commencement of the Consultancy to develop the new Loan Product, 3: the procurement of the consultancy to provide Marketing services and Community sensitization, 4: the procurement of the hardware, 5: the procurement of software solutions, 6: the commencement of the software development, 7: the collection of Merchant applications and 8: the near completion of the merchant agreement.

The main issue was again the capacity and competence of the Project Coordinator. The PC was issued another written warning and as a result of the increased need for the meeting of deliverables, and an inability to do so; resigned from the project in the middle of semester 4. In spite of all of this, the project has been able to gain momentum and many of the components have been falling in to place as a result of increased time and resources from within the JN Gorup.

#### Next Semester

- Approval of the Operations Manual by the PSC
- Training of the Merchants on the POS Terminal
- Sensitization campaign
- Placement of local advertisements
- Launch of the POS Merchant Network
- Launch of the new remittance based loan product

#### 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   |
|--|--|----------|----------------|----------------|----------------|-----------------|---------------|----------|
| <b>Purpose:</b><br><br>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. | <b>P.11</b> Customers from targeted communities have accessed the JN merchant network.   | 0        |                |                |                | 500<br>Jul 2012 | 0             |          |
|  | <b>P.12</b> % satisfaction of customers using the services of the network.   | 0        |                |                |                | 70<br>Jul 2012  | 0             |          |
|  | <b>P.13</b> % decline in estimated costs of accessing remittances  | 0        |                |                |                | 10<br>Jul 2012  | 0             |          |
|  |  | Jan 2010 |                |                |                |                 |               |          |
| <b>Component 1:</b> Development of Merchant Network and Operating System to increase access to remittances and other financial services<br><br><b>Weight:</b> 64%<br><br><b>Classification:</b> Unsatisfactory | <b>C1.11</b> Pilot communities will be identified.   | 0        |                |                |                | 10<br>Jul 2010  | 2<br>Jun 2011 | Finished |
|  | <b>C1.12</b> Merchants sign formal contracts with JN.  | 0        |                |                |                | 10<br>Jan 2011  |               | Delayed  |
|  | <b>C1.13</b> The POS terminal network system will be developed, implemented and operational at the offices of JN and the merchants.                            | 0        |                |                |                | 1<br>Jul 2011   | 2<br>Dec 2011 | Delayed  |
|  | <b>C1.14</b> An Operations manual for the use of the POS system will be developed and approved by the Steering Committee.                                      | 0        |                |                |                | 1<br>Jul 2011   | 2<br>Dec 2011 | Delayed  |
|  | <b>C1.15</b> Registered merchants will be trained on the use of the network to provide financial services.   | 0        |                |                |                | 10<br>Jul 2011  | 2<br>Dec 2011 | Delayed  |
| <b>Component 2:</b> Sensitization and Training of Beneficiaries to use Merchant network<br><br><b>Weight:</b> 16%<br><br><b>Classification:</b> Unsatisfactory   | <b>C2.11</b> Individuals will be sensitized to the benefits of using the merchant network and will receive financial literacy training at 10 community events. | 0        |                |                |                | 300<br>Jan 2012 | 2<br>Dec 2011 | Delayed  |
|  | <b>C2.12</b> Advertisements placed in local publications.  | 0        |                |                |                | 10<br>Jan 2012  |               |          |

**Component 3: Development of New Remittance-based Lending Approach****Weight:** 20%**Classification:** Unsatisfactory

|              |  |   |  |  |  |          |          |           |
|--------------|--|---|--|--|--|----------|----------|-----------|
| <b>C3.11</b> | New remittance-based loan product approved by regulator. | 0 |  |  |  | 1        | 2        | On Course |
|              |  |   |  |  |  | Jan 2012 | Dec 2011 |           |
| <b>C3.12</b> | New remittance-based loan product launched.              | 0 |  |  |  | 1        |          |           |
|              |  |   |  |  |  | Jul 2012 |          |           |

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

[\*] Indicate that the milestone has been reformulated

**CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE**

- [X] Executing agency institutional capacity
- [X] Supplier/contractor performance
- [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 based businesses are unwilling to join merchant network   | Medium | Merchants in the network will benefit from a new income stream, increased traffic in their stores and more efficient use of the cash generated by their businesses. Potential merchants will be approached directly by JN to communicate this value proposition.   | Project Coordinator |
| 2. 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 |
| 3. 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 |
| 4. 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 |
| 5. 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 |
| <b>PROJECT RISK LEVEL: Low    TOTAL NUMBER OF RISKS: 9    IN EFFECT RISKS: 5    NOT IN EFFECT RISKS: 2    MITIGATED RISKS: 2</b> |        |  |                     |

**SECTION 5: SUSTAINABILITY****Likelihood of project sustainability after project completion:** P - Probable**CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY***[None reported in this period]***Actions related to sustainability which will be or have been implemented:**

Consultants agreements have been completed and non-objections received from the IADB. We believe that the experience and skills of the procured consultants will lead to effective development and delivery of the merchant network, software solutions and marketing and community sensitization. This in turn will allow the project to grow into a successful financial service for rural communities.

**SECTION 6: PRACTICAL LESSONS**

|  |                              |                                 |
|--|------------------------------|---------------------------------|
| 1. In terms of product development, the involvement of the necessary inputs into the creation of a new product must be at the fore of project development. Whilst the merchant network component is one that promises to have far reaching benefits, the issue surrounding compliance, risk and legal matters were not fully developed at the point of project development, and as such, the increased | <b>Relative to</b><br>Design | <b>Author</b><br>Brown, Saffrey |
|--|------------------------------|---------------------------------|

time and manpower required within the JN Group to resolve issues has been vastly more than anticipated.

2. The success of the Project is directly related to the capacity of the Project Coordinator (PC) to meet deliverables. Where the PC is unable to achieve deliverables, then immediate action must be taken in the interest of the project.

Implementation

Brown, Saffrey