

PROJECT STATUS REPORT

JULY 2010 - DECEMBER 2010

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:

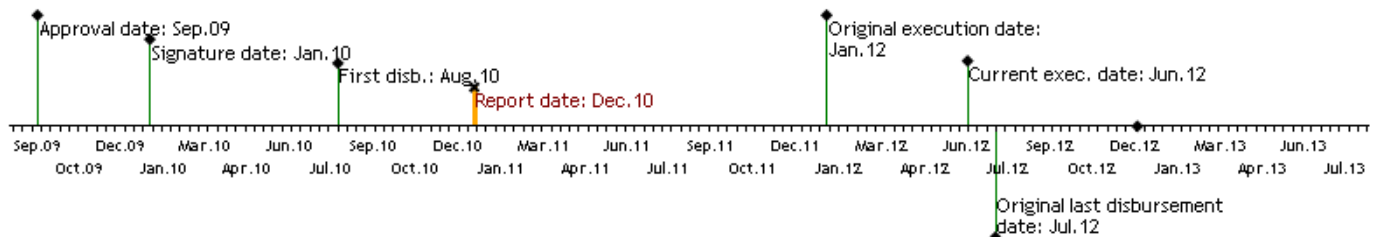
The purpose of the project is to provide increased affordable access to remittance and other financial services for individuals and small businesses within targeted rural communities.

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

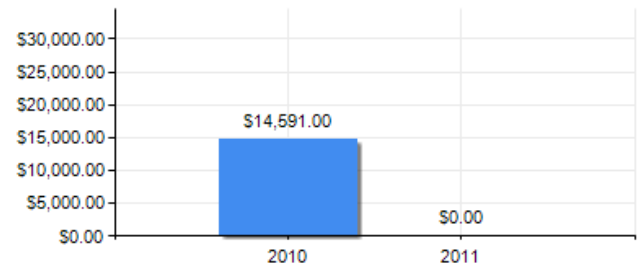
TIMELINE



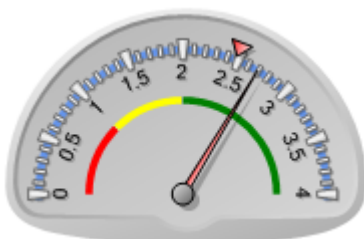
FUNDS

Disbursed: \$0.00 - Available amount: \$0.00
MIF
\$0.00
Counterpart
\$0.00
Disbursed: \$0.00 - Available amount: \$0.00

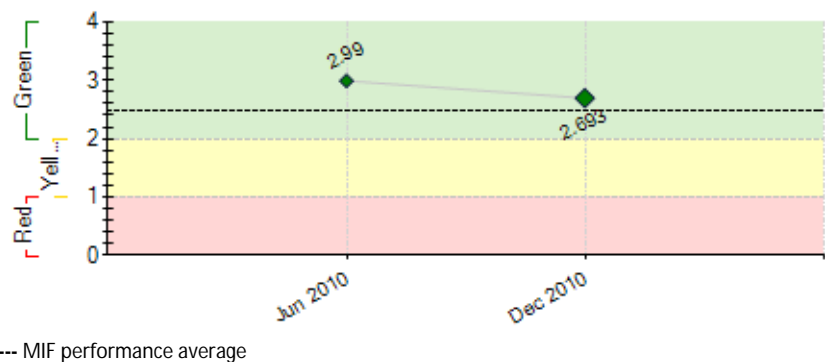
Disbursed
Available amount



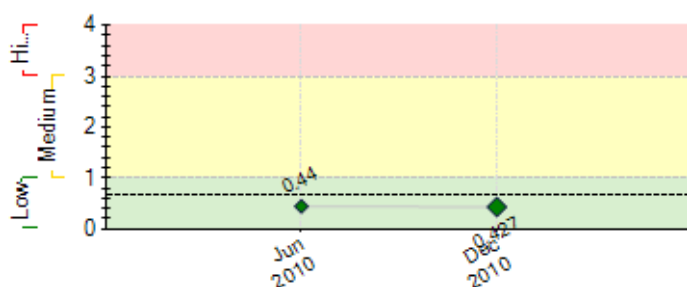
PERFORMANCE SCORE



Current score: Satisfactory: 2.693
MIF Average: 2.479



EXTERNAL RISKS



INSTITUTIONAL CAPACITY

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

---- MIF risk average: 0.687

SECTION 2: PERFORMANCE

Summary of project performance since inception

- 1 Communities and Merchant Selection – 10 Communities: Selection of communities underway and primary data collected on sample size of 30% which includes merchants. More in-depth time needs to be allotted to determining the criteria for the community selection, as this activity required much more time than was allocated. Part of the reason for this was the negotiations that took place between JN and the IADB on settling the criteria so that enough communities could fit the requirements to be considered for the project. Also, because of lack of secondary data, primary data collection had to be utilized and this required increased man-hours. This caused a delay in conducting the survey.
- 2 Merchant selection process is lengthy and involved, requiring input from over 10 departments within the Group. This requires much more collaborative working.
- 3 Survey instrument is now agreed and will be conducted in Semester 3 including merchant canvassing.
- 4 Risks identified include ineligible communities totalling more than 5 - this would lead to less than 10 communities in the pilot project. Mitigation is the selection criteria now agreed.
- 5 Likelihood of project achieving its final objectives are highly likely due to the executing agency's capacity to deliver financial and community based initiatives.
- 6 Executing agency will be utilising increased support and technical expertise from the main partners including JNBS IT department, legal, compliance and risk

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

- Communities and Merchant Selection – 10 Communities: Selection of communities underway and primary data collected on sample size of 30% which includes merchants. Extended delay in this activity.
- Merchant agreement in draft form
- JNBS is willing to expand its Licensing Agreement for Software to facilitate the expansion for the Merchant Agent Network for this Project. This now allows for the development of the Merchant Agent Network. Investigations were conducted into the sourcing of network equipment and work progressed with the Operations Department on the Network Development to be established
- Critical actions for the next period are the selection of the pilot communities, agreement on the merchant selection process, development of terms of references for loan product consultant, operations manual consultant and marketing and sensitization consultancy.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

The EA has overcome many of the initial challenges and there is now a concerted effort to bring the project back on track. An improved level of management commitment has result in greater leverage of the JN Group resources to drive for results

SECTION 3: INDICATORS AND MILESTONES

Indicators	Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
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.	P.I1 Customers from targeted communities have accessed the JN merchant network.	0			500	0	
					Jul 2012		
	P.I2 % satisfaction of customers using the services of the network.	0			70	0	
					Jul 2012		
	P.I3 % decline in estimated costs of accessing remittances	0			10	0	
		Jan 2010			Jul 2012		
Component 1: Development of Merchant Network and Operating System to increase access to remittances and other financial services Weight: 64% Classification: Unsatisfactory	C1.I1 Pilot communities will be identified.	0			10		Finished
					Jul 2010		
	C1.I2 Merchants sign formal contracts with JN.	0			10		
					Jan 2011		
	C1.I3 The POS terminal network system will be developed, implemented and operational at the offices of JN and the merchants.	0			1		
					Jul 2011		
	C1.I4 An Operations manual for the use of the POS system will be developed and approved by the Steering Committee.	0			1		
					Jul 2011		
	C1.I5 Registered merchants will be trained on the use of the network to provide financial services.	0			10		
					Jul 2011		
Component 2: Sensitization and Training of Beneficiaries to use Merchant network Weight: 16% Classification: Unsatisfactory	C2.I1 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		
	C2.I2 Advertisements placed in local publications.	0			10		
					Jan 2012		
Component 3: Development of New Remittance-based Lending Approach Weight: 20% Classification: Unsatisfactory	C3.I1 New remittance-based loan product approved by regulator.	0			1		
					Jan 2012		
	C3.I2 New remittance-based loan product launched.	0			1		
					Jul 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	2	Jun 2010	Achieved
M2	-Selection of Pilot communities -Selection of 10 merchants	3	Jan 2011			
M3	Point of Sale network operational	4	Jul 2011			
M4	Sensitization campaign completed	5	Jan 2012			
M5	-Launch of new loan product -Approved sustainability plan	6	Apr 2012			

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Design of project/Components

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. Regulatory conditions are unfavourable.	Low	The project is being undertaken in accordance within existing banking regulations. The new loan product to be developed under Component 2 will require regulatory approval. The product will be designed in keep with existing regulations and initial consultations with the regulators have already taken place.	Project Coordinator
3. 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
4. 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 Steering Committee
5. Available technology does not allow the provision of financial services in rural communities	Low	Prior to the project, the EA determined that the appropriate technology was available.	Project Coordinator

PROJECT RISK LEVEL: Low **TOTAL NUMBER OF RISKS:** 9 **IN EFFECT RISKS:** 9 **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 will be or have been implemented:**

Community selection is imperative to the sustainability of the project. Extra time was taken to ensure that the communities under the project will have a demand and ability to absorb the services under the project. Merchant selection also ensures that merchants are 1 willing and 2 able to deliver the services and that it helps them meet their own business objectives.

SECTION 6: PRACTICAL LESSONS

	Relative to Implementation	Author
1. More in-depth time needs to be allotted to determining the criteria for the community selection, as this activity required much more time than was allocated. Part of the reason for this was the negotiations that took place between JN and the IADB on settling the criteria so that enough communities could fit the requirements to be considered for the project. Also, because of lack of secondary data, primary data collection had to be utilized and this required increased man-hours.		Brown, Saffrey