

PROJECT STATUS REPORT

JULY 2013 - DECEMBER 2013

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Impact Sourcing as a tool to Generate Opportunities for Disadvantage Youth

Project Number: PE-M1091 - Operation Number: ATN/ME-13849-PE

Result: Impact sourcing business model in Peru is financially viable while empowering disadvantaged youth with workforce experience and marketable skills.

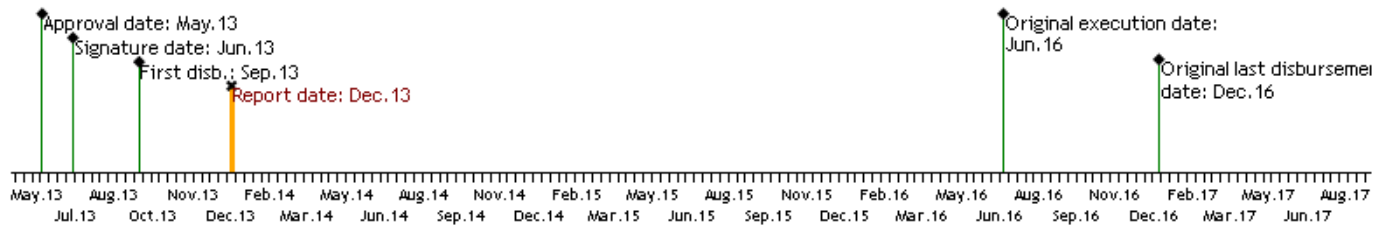
Country Administrator
UNITED STATES

Beneficiary Country
UNITED STATES

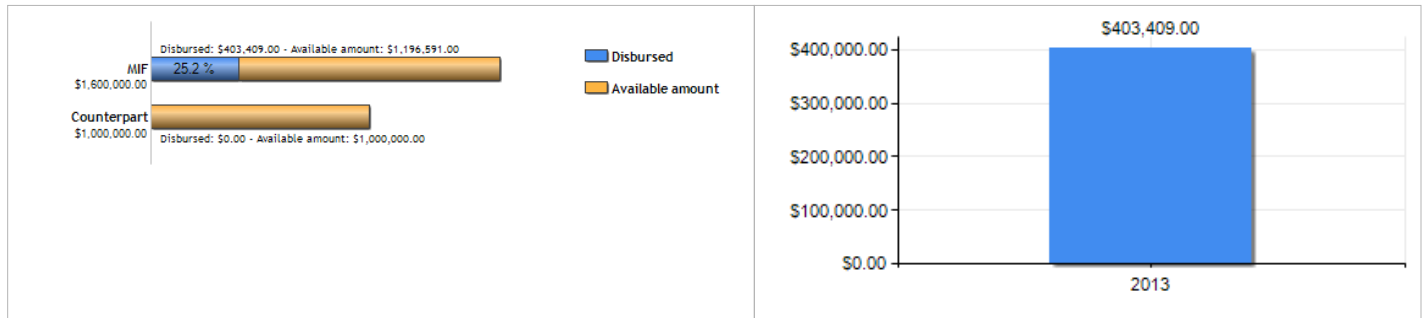
Executing Agency:

Design Team Leader: Buenadicha, Cesar M.
Supervision Team Leader: Buenadicha, Cesar M.

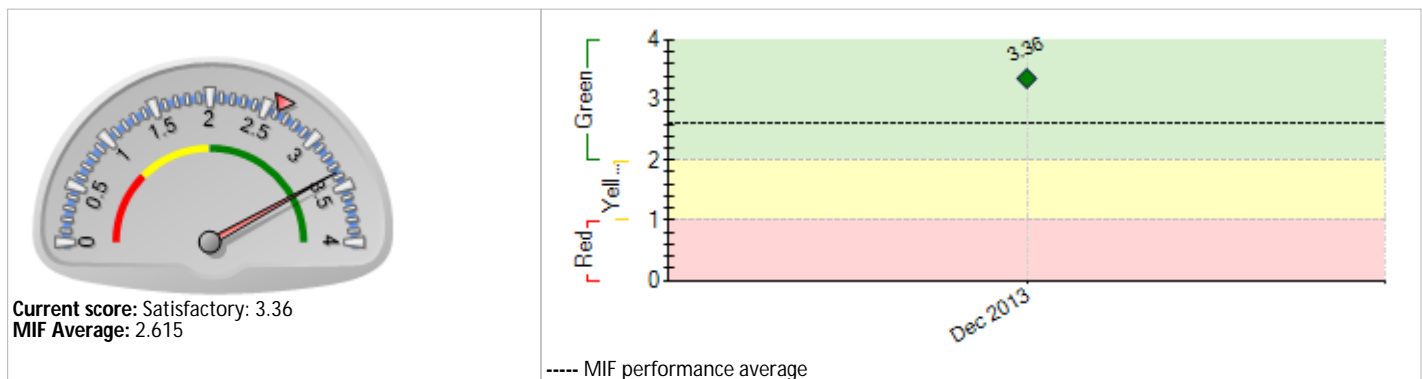
TIMELINE



FUNDS



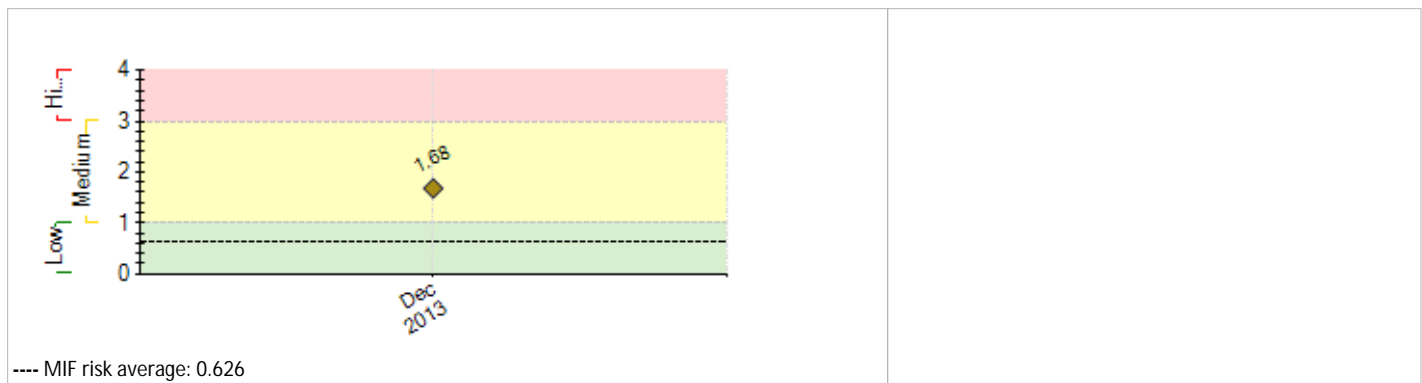
PERFORMANCE SCORE



EXTERNAL RISKS

INSTITUTIONAL CAPACITY

Risk
Financial Management: High
Procurement: High
Technical Capacity: 0



SECTION 2: PERFORMANCE

Summary of project performance in the last six months

I. Main achievements

Market study and localization plan

- Deloitte Peru engaged for market study 12/18/2013

Administration

- Entrepreneurial consultant hired 8/9/2013
- Administration consultant hired 12/30/2013

Build initial client base

- Developing interests from various sectors (Iron Mountain, Telefonica del Peru, MIMP, Camposol)

Establish DDD local social enterprise

- Guided by Miranda y Amado law firm as legal counsel

Develop and manage a plan for financial sustainability

- First draft of financial model done

Development Impact Sourcing Guide in LAC

- Hired NESST Nov. 2013

II. Delays

- Selection of Individual Consultant for market study (due 11/15/2013)

- First draft of market study (due 12/28/2013)

Cause: There was difficulty in finding experienced consultants on the Peru BPO space that could cover the scope of our market study and within budget. We invested more time to cultivate a partnership with Deloitte to ensure the quality of the study while keeping within the allotted budget.

III. Next actions

- Complete and present results of market study
- Develop partnerships for local expansion
- Cultivate more client demand for services
- Establish legal entity of DDD Peru and secure office space
- Secure agreements for recruiting and training
- Present a financial model created for the program
- Secure at least 1 proportional counterpart funding commitment
- Complete, present and disseminate IS Guide for LAC

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

El proyecto progresa adecuadamente. Existen pequeñas discrepancias entre la sede en USA de la entidad ejecutora y la delegación en Perú sobre el momento de constituir la entidad peruana y dar comienzo efectivo a las operaciones. El equipo de FOMIN que da seguimiento a la operación conversará con el equipo de DDD para acordar el ritmo más adecuado para los próximos pasos del proyecto.

SECTION 3: INDICATORS AND MILESTONES

Indicators	Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Result: Impact sourcing business model in Peru is financially viable while empowering disadvantaged youth with workforce experience and marketable skills.	R.1 95% of the youth will have mastered the relevant skills in English achieving Town Level 7 based on online assessment	0			95	0	
	R.2 95% of the youth will score at least 80% on basic office skills problem-situation assessment covering computers, Internet, and Microsoft Word and Excel knowledge according with BPO standards.	0	70 Jun 2015		Jun 2016 95 Jun 2016	0	
	R.3 95% of program participants will have had at least one year of work experience in a formal setting.	0			95 Jun 2016	0	
	R.4 DDD Peru achieves breakeven on an annual business basis .	0	0.6 Jun 2015		1 Jun 2016	0	
	R.5 95% of alumni score 8 or above (out of 10) on General Self Efficacy scale measuring optimistic self-beliefs to cope with difficult situations in life.	0			95 Jun 2016	0	
	R.6 95% of the youth will have mastered the relevant skills in English achieving Town Level 6 based on online assessment	0			95 Jun 2015	0	
Component 1: Develop a local business plan	C1.1 DDD Peru is reporting independently				Jun 2015		
Weight: 22%	C1.12 Legal entity incorporated and established in Peru, or partnership established that provides legal entity for the social enterprise				Jun 2014	Yes Aug 2013	
Classification: High Satisfactory	C1.13 Minimum of US\$500,000 in services contracted.	0			500000 Jun 2014	0 Dec 2013	
Component 2: Launch, recruitment, and training	C2.1 Number of youth that have applied for the program. (Disaggregated by sex and disability).	0	500 Dec 2014		1200 Jun 2016		
Weight: 30%	C2.12 Number of youth that have completed training in relevant skills for BPO services. (Disaggregated by sex and disability).	0			250 Dec 2014		
Classification: Satisfactory	C2.13 Number of youth employed in impact sourcing jobs in the pilot phase. (Disaggregated by sex and disability).	0			100 Dec 2014		
	C2.14 The turnover rate for youth working/studying is less than 5%.	0			5 Jun 2016		
Component 3: Expansion of the model	C3.1 200 additional youth complete or are in training (300 total). (Disaggregated by sex and disability)	0			200 Jun 2015		
Weight: 36%	C3.12 US\$1 million of new services contracted by clients.	0			1000000 Jun 2015		

Classification: Satisfactory	C3.13 Number of new business services are offered to meet local and international demand.	0				2		
	C3.14 \$1.5 USM of new services contracted by clients.	0				Jun 2016		
	C3.15 Number of additional youth who complete or are in training (500 total). (Disaggregated by sex and disability).	0				1500000		
Component 4: Knowledge capture and dissemination Weight: 12% Classification: High Satisfactory	C4.11 Number of national or international, private or public sector, audiences engaged (as donors, clients, allies) in the implementation of Impact Sourcing, as a tool for workforce development and higher education for disadvantaged youth.	0				Jun 2016		
	C4.12 Number of people attending the first conference on Impact Sourcing in Latin America	0				300		
	C4.13 One firm commitment for the expansion of the Impact Sourcing model to another region in Peru or another country in Latin America.					Jun 2016		

Milestones	Planned	Due Date	Achieved	Date achieved	Status
M1 Condiciones previas	1	Dec 2013	1	Dec 2013	Achieved
M2 Legal entity incorporated and established in Peru	1	Jun 2014	0.2	Aug 2013	
M3 Agreements with training institutions for the training of the youth	1	Jun 2014	0.2	Oct 2013	
M4 Local market analysis study verifying feasibility of the DDD social business model	1	Jun 2014	0.4	Dec 2013	
M5 100 Youth have completed training in relevant skills	100	Dec 2014			
M6 Office facilities set-up	1	Dec 2014			
M7 300 Youth complete or are in training	300	Jun 2015			
M8 DDD Peru achieves breakeven on a Business Basis	1	Dec 2015			
M9 Publication and dissemination of a Case Study on DDD Peru social business model	1	Dec 2015			
M10 Development and dissemination of a Guide to Sustainable Impact Sourcing in LAC	1	Jun 2016			

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. There is a sufficient local demand for impact sourcing services in Peru and the LAC region.	High	In addition to the market research to be implemented by Deloitte for the local market in Peru, Frost & Sullivan will support DDD through consultations on the outsourcing market in the LAC region.	Project Guest
2. There is sufficient business demand for DDD services to justify hiring expansion.	Medium	The market study currently being designed and will be implemented by Deloitte Peru will inform our next actions regarding expansion plans which include recruitment and hiring. We complement the research with direct interactions with potential client organizations to design service offerings that can be delivered in the near term.	Project Guest
3. Training institutes are qualified to deliver the necessary services for the DDD model in time and form.	Medium	We are exploring partnerships with SENCICO, CIBERTEC, Cisco and the Peruvian Ministry of Education and Ministry of Development, as well as other technical schools to train beneficiaries with skills suited to BPO work.	Project Guest
4. Qualified youth (highly skilled from low income backgrounds) are available and highly interested in joining the DDD program and pursuing higher education.	Medium	We are studying partnerships with NGOs that work with youth that may help DDD in recruitment and training. We are in talks with CIBETEC, Ministerio de la Mujer y Poblaciones Vulnerables and Telefónica-Movistar to help in the screening of beneficiaries that DDD will recruit and train. There are also possibilities for CIBERTEC and SENCICO to provide training at special rates (or for free) – helping reduce the costs of training.	Project Guest
5. Socioeconomic context and legal conditions permit the successful replication and expansion of the DDD model in Peru.	Medium	Deloitte's experience in Peru will help derive more intelligence to inform next actions for establishing and expanding the enterprise. Legal counsel from Miranda y Amado and their participation in the Advisory Board will help DDD navigate legal and bureaucratic roadblocks that could hamper the project's progress.	Project Guest

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 will be or have been implemented:**

We pursued and cultivated partnerships with local and regional organizations working in recruitment, training, market research, law and government. Building internal capacity for functions at the onset of the project could be a high-risk, low-yield proposition. We chose instead to form strategic partnerships that leverage resources and expertise for optimal outcomes.

For example, in understanding the business landscape in Peru and the LAC region, we are working with partners such as Deloitte, Miranda y Amado, Frost &

Sullivan and Grupo Delaware. We are pursuing partnerships with SENCICO, CIBERTEC and Cisco for skills training suited to BPO work. Partnerships with government agencies (ministries of education, labor and employment, women and social dev't) are also highly prioritized to align with the government's social inclusion programs. By developing partnerships on a national and regional level, we help ensure the highest probabilities of sustainability and scale for the project.

SECTION 6: PRACTICAL LESSONS

<p>1. It is challenging to set plans for our youth recruitment and training without service lines to help define the nature of the work to be delivered (e.g. data entry, digitization, call center, software testing, etc.).</p> <p>We are focusing a significant portion of our resources in understanding the market need. In addition to market research, we are in direct conversations with potential client organizations to understand their specific requirements and to determine how we service lines that will determine the youth recruitment and training strategy.</p>	Relative to Design	Author Chertok, Michael
<p>2. Recently social inclusion has been a strong socio-political trend in Peru. Both private and public sectors government have been quite open to work with DDD and to support our efforts. Despite the welcoming climate, it is challenging for potential clients to make business commitments with a business entity that is just being formed. To help address these concerns, we are leveraging DDD's international track record along with the support of IDB to open doors and engage clients</p>	Implementation	Chertok, Michael