

PROJECT STATUS REPORT

JANUARY 2016 - JUNE 2016

SECTION 1: PROJECT SUMMARY

PROJECT NAME: MOKAFE, A Cup of Hope Coffee Project

Project Number: HA-S1013 - Project Num.: ATN/OC-15396-HA, SP/OC-15-11-HA-1

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.

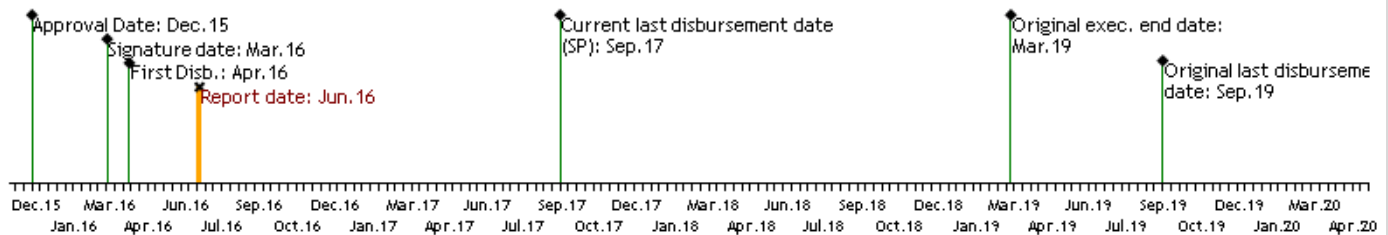
Design Team Leader:

YOLANDA STRACHAN

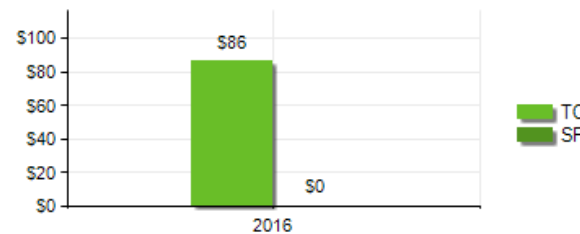
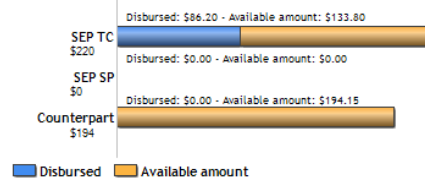
Supervision Team Leader:

FREDNEL ISMA

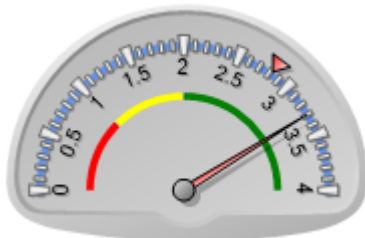
PROJECT CYCLE



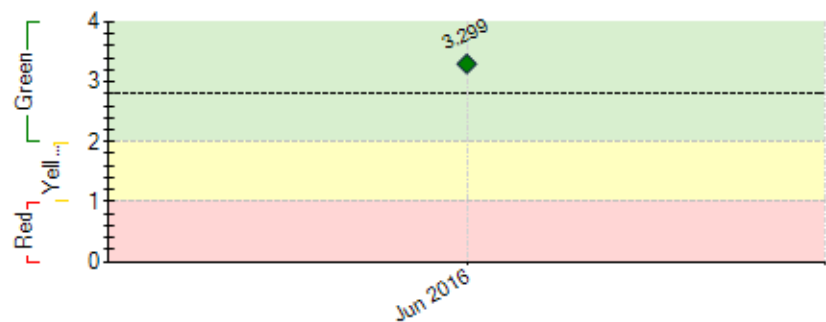
FUNDS (IN USD THOUSANDS)



PERFORMANCE SCORE



Current score: Satisfactory: 3.299
SEP Average: 2.824



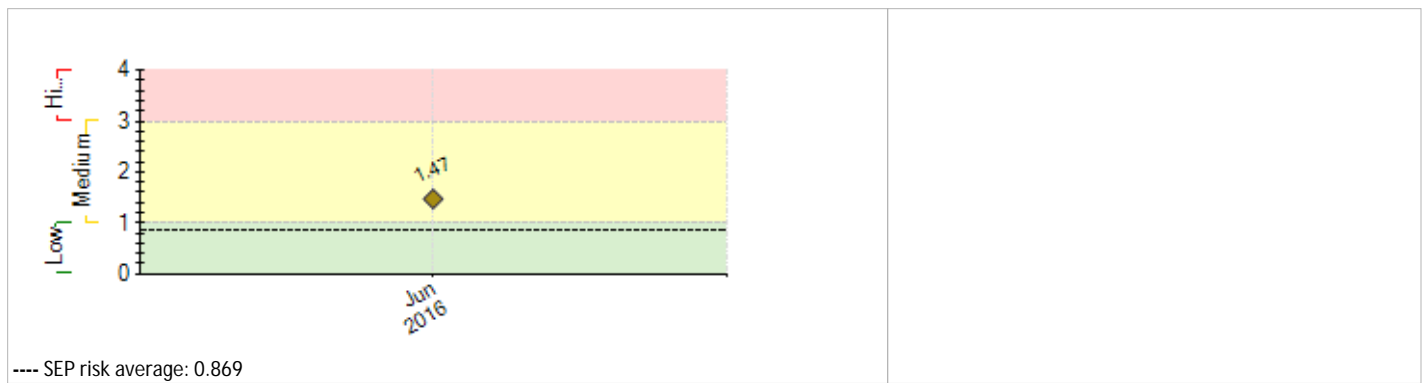
----- SEP performance average

EXTERNAL RISKS

INSTITUTIONAL CAPACITY

Risk

- Financial Management:** High
- Procurement:** Medium
- Technical Capacity:** Low



SECTION 2: PERFORMANCE

Summary of project performance in the last six months

To minimize the lending risks. We started with component *Strengthening Business Capacity* leading to accomplish indicators 9,16,17 by achieving the followings a) Hired a Coop management specialist; b) Reviewed the current advance procedures and pricing policies; c) Select the cooperatives to initially receive lending funds. To improve the productivity of coffee under component Enhancing Productivity, Agritech reviewed the voucher program which doesn't exist causing a delay to achieve indicator 12. To overcome it, we shifted to component Improving quality of Café Pile under which we hired an agronomist. His initial tasks were to assess the agronomic needs of the coop and conduct a survey on seedlings providers. Agritech and Geo Wiener S.A. held two meetings with the coop leaders. We agreed upon a suitable method on how to create the revolving seedling funds. At Geo Wiener S.A. We met with the agronomist where the café pile protocol was reviewed and noted for update to achieve indicators 10,11,13,14. Our U.S. contract for Mokafe led the path to achieve indicators 1,3,6. Our focus for the coming semester is to finalize the credit regulation, the price policy, develop the operational manual of the revolving fund, establish the seedling funds, develop annual management loan for coops, start the training program of the coop leaders under improving quality of cafe pile, train the management staff in cooperative on financial management to achieve indicators 16,17,9 and loan monitoring.

Comments from the Supervision Team Leader

Partially Agree with the Executing Agency comments

The project is at an early stage and its achievement to date is consistent with the expectations. However, the Credit Policy developed by GW needs to reflect "agreements" and "synergies" between the coops and GW. It is surprising that such document is only in English while the ultimate goal is to serve as MOU between the two partners (GW and the coops). The MIF expects that the Credit Policy will be developed in French and/or Creole to avoid any misinterpretation from the actors.

Finally, in the PSR report the MIF expected to have more specific data on what is being done and how? Stating that an activity will lead to the accomplishment of indicator x does not give a good sense of what exactly is being done.

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	0	
	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	0	
	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	0	
	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		
Component 2: Improving Quality of Café Pile:								

Weight: 25%
Classification: Satisfactory

Component 3: Building Business Capacity of Coffee Cooperatives
Weight: 25%
Classification: Satisfactory

Component 4: Knowledge Management and Communication
Weight: 25%
Classification: Satisfactory

Milestones	Planned	Due Date	Achieved	Date of achievement	Status
M1 Credit and pricing policy developed and agreed with the participating cooperatives (before the first 6 months of the project implementation)	1	Sep 2016			
M1 Conditions Prior	9	Sep 2016	9	Mar 2016	Achieved
M2 Number of Cooperatives trained on credit management (for working capital) and pricing policies	5	Mar 2017			
M4 Number of small-farmers trained in natural coffee production techniques and GAP	500	Sep 2017			
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 Guest
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 Guest
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.	Agriotech
4. Supply risk. A possible risk is that small farmers will not be interested in selling their coffee (café pile) through their cooperative organizations	Medium	This risk will be mitigated by effectively communicating to potential participants the marketing strategy, the economical benefits in working through their associations as an organized value-added chain to target the market, and the necessity to increase their quality to increase their revenues, so that the associations as a whole can overcome the current challenges in order to grow and thrive. Geo Wiener S.A. has been working with several coffee cooperatives and associations; the additional working capital allows the producer organizations to compete with middlemen in terms of delays on payments to small producers for coffee supply. This project is expected to formalize and structure the natural coffee value chain by strengthening the links between GW and these coffee organizations in order to guarantee their supply of natural coffee every year.	Project Guest

PROJECT RISK LEVEL: Medium TOTAL NUMBER OF RISKS: 4 IN EFFECT RISKS: 4 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:

Seedling production: Agritech has focused on the creation of a sustainable coffee seedlings production system. One of the key element of the system will be the creation of the revolving fund to support seedlings production. AGRITECH has been working on the revolving funds mechanism, which has been presented to the targeted beneficiaries (small farmers) and Geo Wiener S.A. A suitable method has been agreed upon. Over the next few months, the mechanism of the revolving seedling production fund will be fully developed, finalized and established.

Linkage with the cooperatives: One of the objective of the project is to establish sustainable linkages with the farmers for the purchase of coffee. After a field visit and based on the agronomic assessment, three coops were selected to initiate the lending program. The selected coops are APCAB, APAS and ADAIB. The coop leaders from these associations will be guided by the financial training to be received and the loan operational manual to be drafted.

SECTION 6: PRACTICAL LESSONS

[No lessons learned found]