

PROJECT STATUS REPORT

JULY 2017 - DECEMBER 2017

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Linking MSEs to Anchor Companies in the Barbados Hotel Value Chain

Project Number: BA-M1012 - Project Num.: ATN/ME-14739-BA

Purpose: To assist MSEs to establish consistent and reliable trade with anchor companies, by establishing a well-managed, sustainable inclusive business model - capable of reducing high transaction costs

Country Admin
BARBADOS

Country Beneficiary
BARBADOS

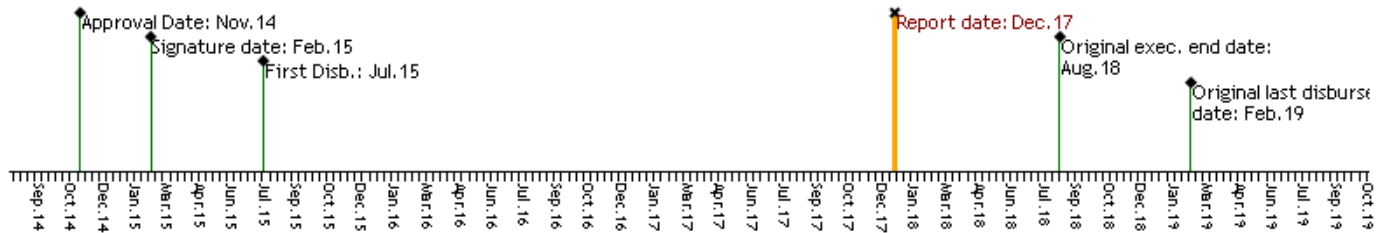
Group
SME - Small and Medium Enterprise Development

Subgroup
BDEV - Business Development

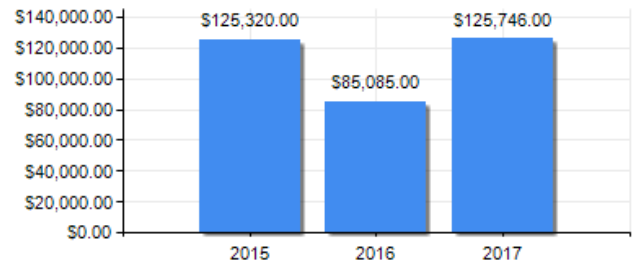
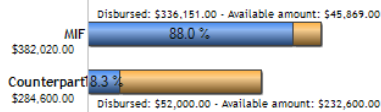
Executing Agency: BARBADOS HOTEL AND TOURISM ASSOCIATION

Design Team Leader: VASHTIE DOOKIESINGH
Supervision Team Leader: VASHTIE DOOKIESINGH

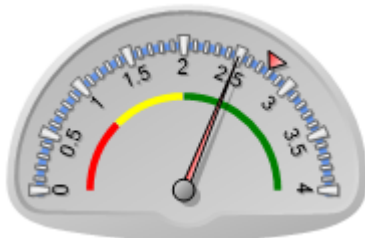
PROJECT CYCLE



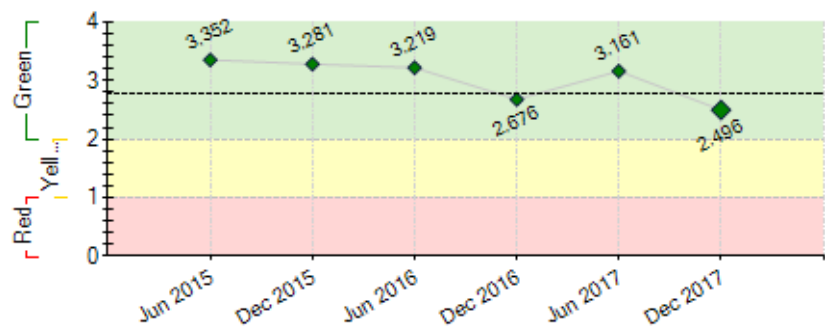
FUNDS



PERFORMANCE SCORE



Current score: Satisfactory: 2.496
MIF Average: 2.783

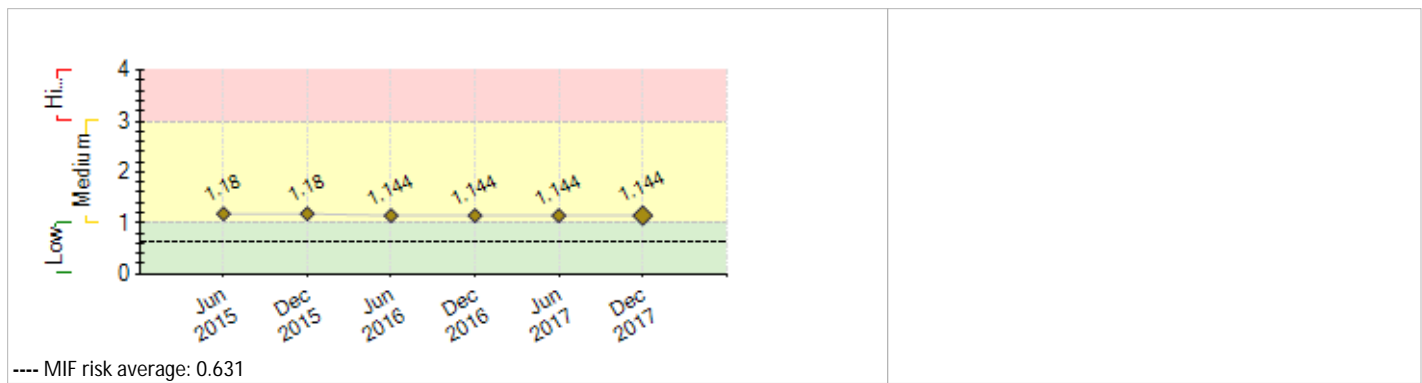


----- MIF performance average

EXTERNAL RISKS

INSTITUTIONAL CAPACITY

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



SECTION 2: PERFORMANCE

Summary of project performance since inception

Successful completion of Milestone 1 Anchor Firm Baseline Study, Milestone 2 Quality Assurance Scheme documents and guidelines, Milestone 3 Development of Business Model - Central Facility, Milestone 4 Farmers/Producers formally recognized as founding participants as suppliers in the project value chain via an event and Milestone 5 Commencement of business operations at a Consolidation Facility

Strategic Alliances with other Executing Agencies the Barbados Agricultural Society (BAS) and the Barbados Agricultural Development Corporation (BADMC) to build capacity of farmers and showcase farming community

Successful completion of farmer's baseline audit

Cumulative total 214 farmers trained

An alternative investment option has been found to test and scale the model of commercial linkages between Farmers and the Hospitality sector with a medium-sized Consolidation Facility being completed by BADMC at Fairy Valley. The Official Launch of the BADMC Pack House was held on November 22, 2017. Business operations commenced immediately after launch. Eighty (80) audited farmers are initially participating in supplying the Pack House based on recommendations by Agriculture Consultant within Projection Execution Unit of the BHTA

In view of these objectives, the likelihood of this project achieving its objectives is highly optimistic. However, there is still the need for management of production for operational efficiencies, hence the need for more bi-lateral value chain sessions.

Comments from the Supervision Team Leader

Partially Agree with the Executing Agency comments

Commercial performance of beneficiaries specifically evidence of increased supply of hotels and restaurants by small local producers has not materialized as expected. Delays in execution have been linked to absence of a central packing facility, no evidence is available on attempts to facilitate direct sales from larger producers to hotels. Decision to be taken in q2 2018 on cancellation of remaining resources

Summary of project performance in the last six months

Component1:

Technical and business support was provided to strengthen local MSEs capacity to meet quality and demand requirements of anchor firms Strategic partnership with BAS through their (CTA) training program. Eleven sessions were held from July 06 - November 02, 2017 at Radisson and Savannah Hotels. Overall, One Hundred and Thirty - Eight (138) Farmers were trained in focal areas of Good Agricultural Practices

Farmers baseline assessment conducted on 162 Farmers. A core group of 80 farmers was selected to supply Pack house and have adopted new methodologies based on training. The assessment examined capability/ readiness of farms to produce consistently and with good quality. Also examined were volume, timing and quality of production.

Based on size of facility eighty (80) farmers and fifteen (15) hotels are involved in supply and demand.

Operational throughput volumes on five products identified were recorded during period November 22 - December 27, 2017 were as follows: Cucumbers 1575lbs, Butternut Squash 211lbs, Watermelon 917 lbs, Green Peppers 1252lbs, Egg Plant 710lbs

Component 2:

Engagement in two (2) bi-lateral value-chain events. 1) Post-harvest handling 2) Bi-lateral discussion between Agricultural input suppliers and farmers on type of seeds and fertilizers.

Next Semester

Formalise Collaborative Framework between BHTA & BADMC

Continue to monitor and evaluate linkage model

Engage additional 15 hotels

Commercialization of 2nd Facility at BAS

Comments from the Supervision Team Leader

Partially Agree with the Executing Agency comments

In the absence of concrete evidence that project goals are being met, specifically increased sales by producers to hotels, remaining resources are subject to cancellation

SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status	
Purpose: To assist MSEs to establish consistent and reliable trade with anchor companies, by establishing a well-managed, sustainable inclusive business model - capable of reducing high transaction costs	R.1	Number of firms or farms with links to strategic business partners (230200).	0	75			150	0	
			Feb 2015	Jan 2017			Aug 2018		
	R.2	Anchor companies (hotels and restaurants) participating in the project as buyers.	6	15	25		30	0	
			Feb 2015	Jan 2017	Aug 2017		Aug 2018		
Component 1: Linking Actors in the Value Chain Weight: 60% Classification: Unsatisfactory	C1.11	Number of firms or farms that have adopted new technologies or practices (230100).	0	75			150		
			Feb 2015	Jan 2018			Aug 2018		
	C1.12	Number of firms or farms receiving training or otherwise strengthened to provide new and/or augmented goods or services (130100).	0	50	75	150	200		
			Feb 2015	Jan 2018	Jan 2018	Jan 2019	Aug 2019		
Component 2: Business Exchange & Networking Weight: 30% Classification: Unsatisfactory	C2.11	Number of MSEs/other local suppliers and anchor firms (actual and potential) participating in business exchange and networking events and activities.	0	50	250		300	64	On Course
			Feb 2015	Feb 2016	Jan 2018		Aug 2018	Feb 2016	
	C2.12	Number of bilateral value-chain dialogue/events promoting business exchange and future needs of the sector.	0	2	4	6	8	4	On Course
			Feb 2015	Jul 2016	Apr 2017	Jan 2018	Aug 2018	Apr 2017	
Component 3: Development of a Financial Product Weight: 7% Classification: Unsatisfactory	C3.11	A financial solution that offers a factoring service and/or other facilities to reduce payment cycle for local MSEs supplying anchor firms is implemented.	0				1		
			Feb 2015				Feb 2018		
Component 4: Knowledge Management and Strategic Communication Weight: 3%	C4.11	Number of institutions that access the case study including national tourism associations affiliated with the CHTA; as well as organizations/firms that are members of the BHTA.	0				50		
							Aug 2018		
	C4.12	Number of people that access the infographics which illustrate specific solutions to barriers to value-chain integration of MSEs in the Barbados tourism sector.	0				100		
							Aug 2018		

Classification: Unsatisfactory

Milestones	Planned	Due Date	Achieved	Date of achievement	Status
M0 Conditions Prior	1	Aug 2015	9	Jul 2015	Achieved
M1 Initial Value Chain Analysis/Baseline Data completed protocol/process for monitoring and evaluation of results.	1	Nov 2015	1	Nov 2015	Achieved
M2 [*] Standards and Grading System required to implement quality assurance scheme are developed and accepted by participating anchor firms.	1	Apr 2016	1	Apr 2016	Achieved
M3 Development of a Business Model for a Centralized Packing Facility for suppliers	1	Sep 2016	1	Sep 2016	Achieved
M4 [*] Farmers/Producers formally recognized as founding participants as suppliers in the project value chain via an event	20	Feb 2017	20	Feb 2017	Achieved
M5 Commencement of business operations at a consolidation facility (or facilities) to supply hoteliers and tourism operators with local produce	1	Dec 2017	1	Dec 2017	Achieved
M6 Strategic and Business Plan for Sustainability developed and accepted by Advisory Committee	1	Feb 2018			
M7 [*] MOUs signed with a cumulative total of 30 Anchor Firms	30	Jun 2018			
M8 Completion of detailed Case Study	1	Aug 2018			

[*] Indicate that the milestone has been reformulated

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

- [X] Executing agency institutional capacity
[X] Borrower/executing agency commitments

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

	Level	Mitigation action	Responsible
1. Reductions in transaction costs are not sufficiently realized to justify increased purchases from MSEs by anchor firms.	Medium	The project will undertake analysis to identify local goods and services that are in high demand and are likely to be supplied on a commercially sustainable and competitive manner by local MSEs.	Project Guest
2. Deterioration of macroeconomic environment and downward pressure on tourism sector	Medium	N/A	Project Guest
3. MSE suppliers and Anchor Companies may be unwilling to adapt current practices to meet defined quality standards	Medium	By emphasizing engagement and capacity building of MSE suppliers, and value chain dialogue of key stakeholders the project will allow for greater awareness and understanding of the rational behind the industry's requisite quality standards MSEs are more likely to accept and implement new on-farm practices where there is an immediate potential for new market opportunities.	Project Guest
4. MSEs may be unwilling to pay fees or interest charges required to implement financial solution.	Medium	The project will develop the financial solution in close consultation with key partners (including MFIs/FIs and other donors), with a view to obtaining their commitment and buy-in therefore augmenting the opportunity for sustainability.	Project Guest
5. Failure to obtain private-sector investment in the development of the central facility	Medium	Business case analysis for discussion.	Project Guest

PROJECT RISK LEVEL: Medium TOTAL NUMBER OF RISKS: 10 IN EFFECT RISKS: 10 NOT IN EFFECT RISKS: 0 MITIGATED RISKS: 0

SECTION 5: SUSTAINABILITY

Likelihood of project sustainability after project completion: LP - Low Probability

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

Issue	Comments
[X] Lack of commitment from the executing agency to continue or expand the project's services and/or activities	BHTA Has not demonstrated leadership of the initiative
[X] A market is not generated for the project's services and/or activities (low payment capacity or low demand for those services)	Evidence of actual sales to hoteliers and restaurants is unclear
[X] Lack of organizational, managerial and financial management capacity to continue and sustain the program once the execution phase is finalized.	BHTA and farmers organizations lack the management capacity to sustain operations beyond the period of MIF investment

Actions related to sustainability which have been taken in the reporting period:

The impact of climate change and the varying climatic conditions on the overall production targets and quality products being produced. The members of the Project Execution Unit met with various actors and sensitized them on the need for greater investment in alternative production mechanisms (Protective Agriculture).

SECTION 6: PRACTICAL LESSONS

[No lessons learned found]