

PROJECT STATUS REPORT

JANUARY 2015 - JUNE 2015

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Promoting community innovations through scalable market-based distribution model

Project Number: GU-M1051 - Project Num.: ATN/ME-14414-GU

Purpose: Implementation of the microconsignment model to improve entrepreneurial capacity and increase access to essential products and services

Country Admin

UNITED STATES

Country Beneficiary

GUATEMALA

Group

SMF - Micro, Small and Medium
Enterprise Financing

Subgroup

SMED - Small and Medium Enterprise

Executing Agency:

SOLUCIONES COMUNITARIAS S.A.S.

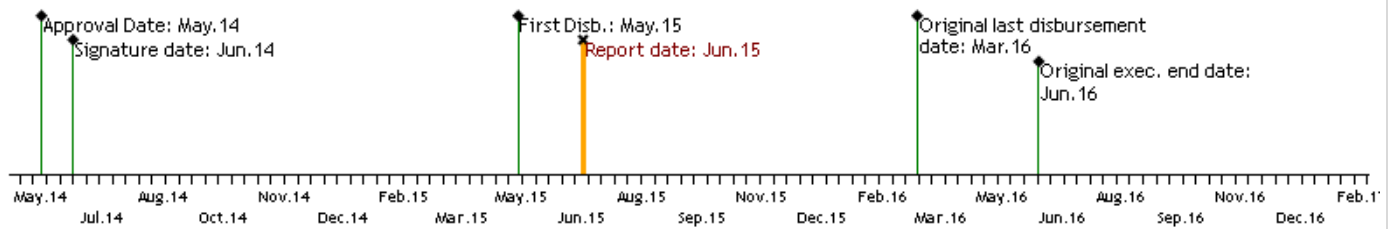
Design Team Leader:

CESAR BUENADICHA

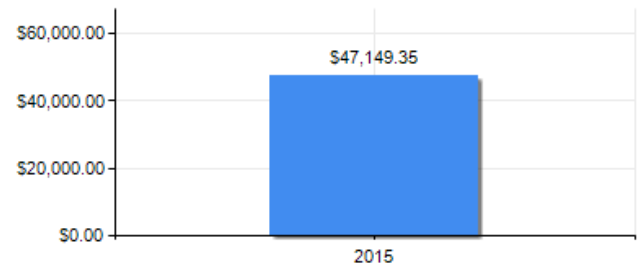
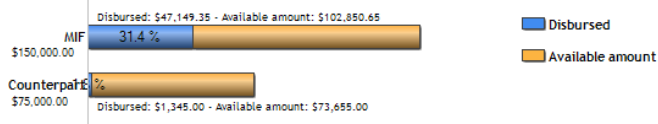
Supervision Team Leader:

MICAELA CORDERO

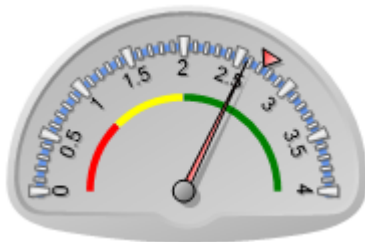
PROJECT CYCLE



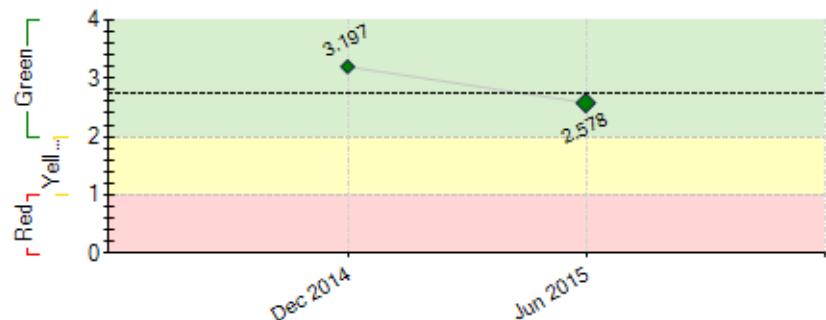
FUNDS



PERFORMANCE SCORE



Current score: Satisfactory: 2.578
MIF Average: 2.73



EXTERNAL RISKS

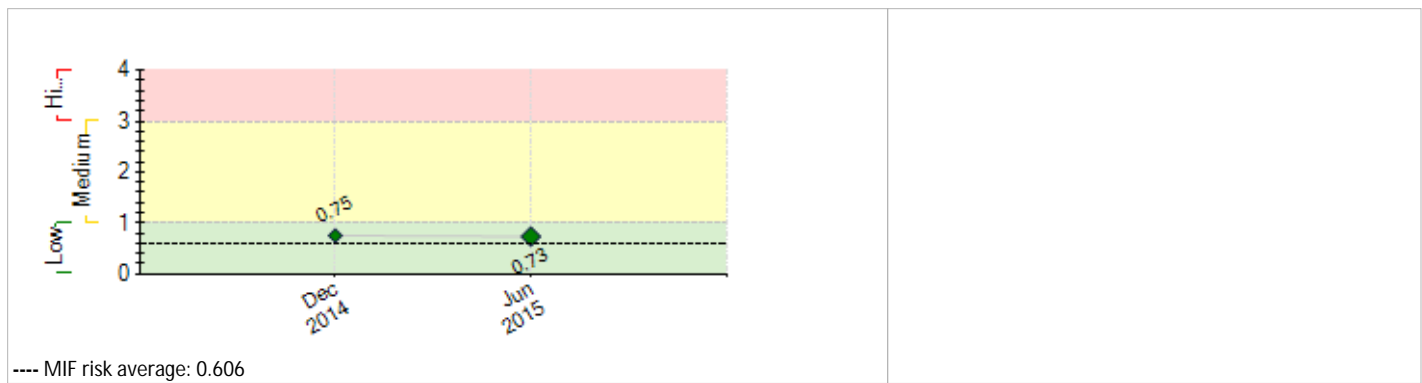
INSTITUTIONAL CAPACITY

Risk

Financial Management: High

Procurement: High

Technical Capacity: High



SECTION 2: PERFORMANCE

Summary of project performance since inception

Our cumulative performance thus far includes:

- Fulfilling all pre-requisites as established in the contract
- Identifying and classifying 40 communities where we will be implementing the project.
- Initial outreach with institutions that are working in the region of interest.
- Purchasing materials available for demos and for sale to the micro franchises and for microconsignment.
- Resuming project planning on March 30th, 2015.
- Project Coordinator and Administrator attending a 2-day administrative and financial training at the IDB office in Guatemala City, Guatemala on April 13-14, 2015.
- Successful reimbursement to SolCom on May 15th, 2015 for expenses incurred since contract was signed on June 9th, 2014.
- Successful direct payment to MIT on May 15th, 2015 for services rendered on October, 2014.
- Hiring an accountant to keep track of all project accounting and financial reporting May 31st, 2015.
- Coordinating weekly meetings to improve communications among all stakeholders.
- Successfully submitting implementation plan for the first phase of project execution on July 16th, 2015.
- Designing a manual for internal processes regarding acquisitions based on the DNA report provided by the bank.

Comments from the Supervision Team Leader

Partially Agree with the Executing Agency comments

The project faced difficulties (mainly associated with fiduciary procedures) in the initial phase and was red flagged. After a careful internal consideration, it was decided that the project should be directly supervised by the FOMIN's team of Social Entrepreneurship and Innovation (May 2015). This delay has affected the accomplishment of the expected results and milestones for the first semester of 2015. To overcome these difficulties, the new supervision team in FOMIN has been following up closely the activities of the project. The dialogue with SOLCOM has been improved considerably. The coordinator and executing team of the project is well predisposed and open to dialogue.

In the months of September and October the CCB and Microconsignment trainings will be carried out. It is expected that by the end of the year more than 150 members of the communities have been trained.

FOMIN has been emphatic about the importance of looking forward into strategy of production and distribution of the identified solutions. Management of Solcom is working on this and a first proposal is expected shortly.

SOLCOM and MIT maintain the commitments assumed and the interest in moving forward with project.

Summary of project performance in the last six months

We had certain setbacks which affected our performance for the first half of the semester. Since having our project transferred to Washington D.C on March 24th, 2015, we have accomplished the following:

- Resumed project planning
- Project Coordinator and Administrator attended a 2-day administrative and financial training at the IDB office in Guatemala City, Guatemala on April 13-14, 2015.
- Successful reimbursement to SolCom on May 15th, 2015 for expenses incurred since contract was signed on June 9th, 2014.
- Successful direct payment to MIT on May 15th, 2015 for services rendered on October, 2014.

- Hired an accountant to keep track of all project accounting and financial reporting May 31st, 2015.
- Coordinated weekly meetings to improve communications among all stakeholders.
- Successfully submitted implementation plan for the first phase of project execution on July 16th, 2015. The plan includes phase I timeline, activities, roles and responsibilities, budget, reporting and follow-up. It also identifies the 12 communities in the Ixil region we will be targeting to carry out the CCB methodology as well as appropriate technologies that will be demoed.
- Interim milestones, from August - December 2015, were developed to gauge project progress and success against submitted plan.
- Designed a manual for internal processes regarding acquisitions based on the DNA report provided by the bank.

Comments from the Supervision Team Leader

Partially Agree with the Executing Agency comments

In May 2015 the project was transferred to FOMIN HQ. FOMIN support to the project has been intensified. The second part of the semester the EA has been working in going back on track and planning the activities for the rest of the year. Despite some of the expected objectives and milestones have not been accomplished, progress is seen and we expect the project can catch up in the first semester of 2016.

SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Purpose: Implementation of the microconsignment model to improve entrepreneurial capacity and increase access to essential products and services	R.1	210200 - Number of women microfranchisees who start a new enterprise or business	0	15		35	0	
			Jun 2014	May 2015		May 2016		
	R.2	210800 - Number of people who access credit products (sex-disaggregated)	0	25		50	0	
			Jun 2014	May 2015		May 2016		
	R.3	160101 Number of innovations adopted that benefit people	0	1		3	0	
			Jun 2014	May 2015		May 2016		
Component 1: Intercultural Local Training, Creative Capacity Building and Product Design Weight: 50% Classification:	C1.11	Community members trained in CCB methodology.	0	400		800		Delayed
			Jun 2014	May 2015		May 2016		
	C1.12	Number of pilot innovations	0	10		20		Delayed
			Jun 2014	May 2015		May 2016		
	C1.13	Number of Solcom staff trained in CCB	0	3		5		Delayed
			Jun 2014	May 2015		May 2016		
Component 2: Implementation of Microconsignment Distribution Model Weight: 34% Classification:	C2.11	Community distribution plan created	0	1		1		Delayed
			Jun 2014	May 2015		May 2016		
	C2.12	Percentage of Solcom sales that are the result of the CCB training	0	5		10		Delayed
			Jun 2014	May 2015		May 2016		
	C2.13	Number of rural communities served	0	15		30		Delayed
			May 2015	Jun 2015		May 2016		
Component 3: Knowledge Creation and Dissemination of Results Weight: 16% Classification:	C3.11	Number of entities that access the comprehensive "how to guide" developed	0	10		50		Delayed
			May 2015	Jun 2015		May 2016		

Milestones	Planned	Due Date	Achieved	Date of achievement	Status	
M1	Condiciones previas	5	Dec 2014	5	Oct 2014	Achieved
M0	Convenio firmado entre SolCom y MIT	1	Dec 2014	1	Sep 2014	Achieved
M2	[*] Listado de personas que postularon al programa (al menos 50 inscriptos)	1	Aug 2015			
M3	[*] Listado de personas que postularon al programa (al menos 50 inscriptos)	1	Aug 2015			
M5	[*] Currícula de las capacitaciones	1	Sep 2015			
M4	[*] Manuales de capacitación	2	Sep 2015			
M6	[*] CCT capacitados	15	Oct 2015			
M7	personas capacitadas en metodología CCB	150	Dec 2015			
M8	personas capacitadas en metodología CCB	150	Dec 2015			
M9	Solución identificada	1	Dec 2015			
M10	Propuesta de implementación del componente II (debe cubrir: producción, financiamiento y comercialización de las soluciones identificadas)	1	Dec 2015			
M11	Propuesta de implementación del componente II (debe cubrir: producción, financiamiento y comercialización de las soluciones identificadas)	1	Dec 2015			
M12	Propuesta de implementación del componente II (debe cubrir: producción, financiamiento y comercialización de las soluciones identificadas)	1	Dec 2015			

[*] Indicate that the milestone has been reformulated

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. Economic and social conditions may not favor the consolidation and expansion of the model	Medium	Constant monitoring of economic and social environment	Project Guest
2. External circumstances or environmental conditions prevent microentrepreneurs from	Medium	Monitoring of external circumstances and environmental conditions	Project Guest

reaching targeted distribution sites.

3. Sufficient numbers of entrepreneurs may not be interested in attending workshops.	Medium	Constant monitoring and complementary incentives	Project Guest
4. Availability and interest of skilled, local workforce to become Creative Capacity Trainers.	Medium	Disseminate CCT job description through networks outside of the Ixil region, increase interest by creating incentives.	Project Guest
5. Microentrepreneurs do not return base costs of consignment products to the Executing Agency.	Low	Visits to follow up on commitments	Project Guest

PROJECT RISK LEVEL: Low **TOTAL NUMBER OF RISKS:** 13 **IN EFFECT RISKS:** 12 **NOT IN EFFECT RISKS:** 1 **MITIGATED RISKS:** 0

SECTION 5: SUSTAINABILITY

Likelihood of project sustainability after project completion: P - Probable

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

Issue

[X] Lack of **commitment** from the executing agency to continue or expand the project's services and/or activities

[X] Lack of **cost recovery** mechanisms or **external financing sources** (government, donors and/or private sector) to continue the activities of the project once MIF resources are expended

[X] A **market** is not generated for the project's services and/or activities (low payment capacity or low demand for those services)

Comments

It is still not clear how production and distribution of solutions will be matched with SOLCOM current approach. This is under discussion by the EA.

The risk involves both: (i) the possibility SOLCOM will continue supporting "creative design thinking" among communities after FOMIN funding is over. This is an issue SOLCOM is working on, and FOMIN is following up.

It is yet uncertain what type of solutions will be generated by communities. Despite the training will try to promote those that could have a market, it might not be the case.

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

One of the main principles of this project is to develop local capacity for innovation, technology creation and its distribution. These capacities, if developed appropriately and are deeply rooted in the beneficiary communities, translate directly into the sustainability of the project even after the grant expires. SolCom is a financially sustainable enterprise that will continue using the MicroConsignment model and the execution of the community innovation center. The innovators who are trained in the CCB methodology will be the next generation of trainers that will share the methodology to other communities and the microentrepreneurs that arise from the CCB will have the ability, by virtue of their arduous labor, of continuing to have access to products that are on sale for consumers who are looking to improve their quality of life.

SECTION 6: PRACTICAL LESSONS

	Relative to	Author
1. - Tasks take a long time to complete in Guatemala. In order to get them done in time, it is imperative to stay on top of tasks and follow-up periodically with the responsible parties.	Design	Berkowitz Sultan, Michelle
2. - Weekly or bi-monthly reporting can help manage expectations and improve communication among stakeholders.	Design	Berkowitz Sultan, Michelle
3. - Coordinating weekly meetings with all stakeholders is key for efficient and effective project implementation.	Design	Berkowitz Sultan, Michelle
4. - Time tracking software, like Toggl, is essential to keeping track of labor hours spent on project-related tasks.	Design	Berkowitz Sultan, Michelle
5. - Due to unforeseen delays, the project timeline was shortened from September 2015 - June 2016. Effective, ongoing and prompt communication among all parties involved is crucial to preventing project delays.	Design	Berkowitz Sultan, Michelle