

PROJECT STATUS REPORT

JULY 2013 - DECEMBER 2013

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Serving rural communities of Surinam through microfranchising

Project Number: SU-M1018 - Operation Number: ATN/ME-13636-SU

Result:

The purpose of the project is to test and validate a microfranchising methodology for engine maintenance in communities of the three interior districts of Suriname.

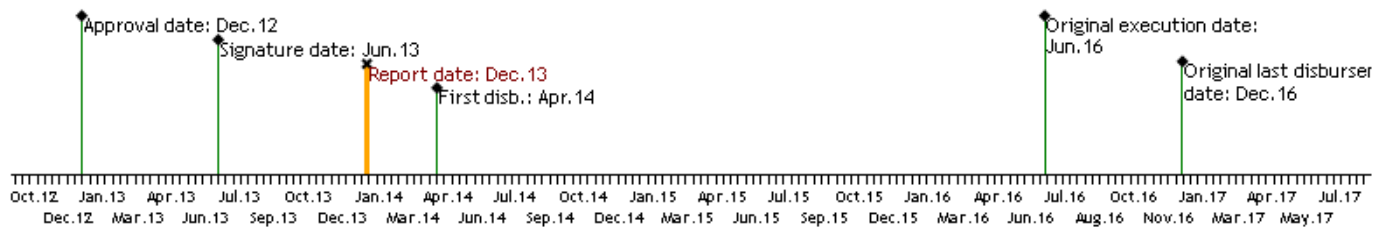
Country Administrator
SURINAME

Beneficiary Country
SURINAME

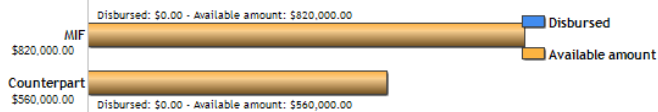
Executing Agency: Fonds Ontwikkeling Binnenland

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

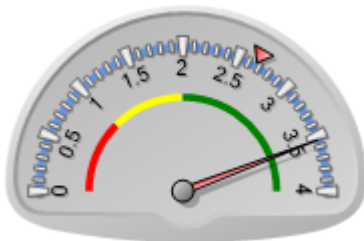
TIMELINE



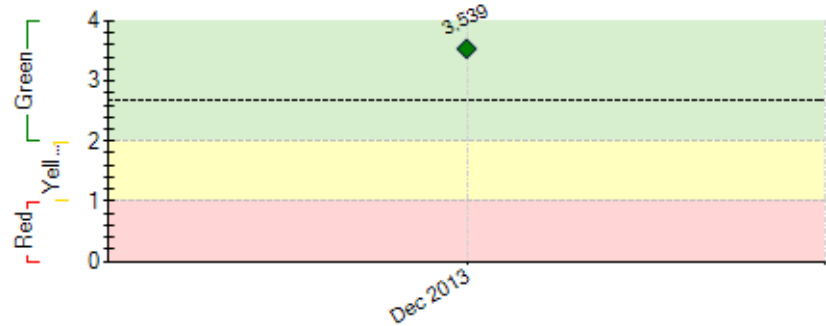
FUNDS



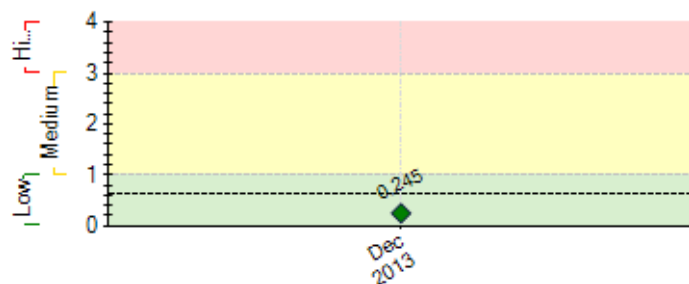
PERFORMANCE SCORE



Current score: Satisfactory: 3.539
MIF Average: 2.668



EXTERNAL RISKS



INSTITUTIONAL CAPACITY

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

SECTION 2: PERFORMANCE

Summary of project performance in the last six months

Main achievements of the semester (April - August 2014):

1. Project Operations Manual;
2. Selection report for the hiring of the Project Technical and Training coordinator (PTTC);
3. List of 50 potential communities for the establishment of the Authorized Service Workshop (ASW).

In the months April and May 2014 there had been institutional issues between the partners Stichting Fonds Ontwikkeling Binnenland (SFOB) and Datsun Suriname. This impacted the progress of the project. Meetings were arranged between the partners as result that the matters and the way forward were discussed. With this action the matters are resolved.

The focus for the next six months will be the following milestones:
Finalizing the Market analysis and ASW micro franchise model building
Incorporate 5 ASW which will be fully operational
Define a communication strategy and work plan for the ASW.

Activities pending at the moment are:

1. The procedures to hire an international expert in Micro Franchising for building a specific ASW micro franchise model;
2. Proposal Market analysis and ASW micro franchise model building
3. Field visits regarding the Market analysis;
4. Produce the ASW Training materials and Operations Manual;

Comments from the Supervision Team Leader

Partially Agree with the Executing Agency comments
Co-ordination between the Executing Agency and Datsun Suriname continues to pose a challenge to effective collaboration and has significantly delayed project implementation.

SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Result: 1 The purpose of the project is to test and validate a microfranchising methodology for engine maintenance in communities of the three interior districts of Suriname.	R.1 150 mechanics (sex-disaggregated) fully operating Authorized Service Workshop microfranchisees.	0				150 Jun 2016	0	
	R.2 Approximately 15,000 people from 30 communities of the interior have access to quality engine maintenance.	0				15000 Jun 2016	0	
	R.3 25% increase in profit of new ASW microfranchises compared with similar workshops in the interior.	0				25 Jun 2016	0	
	R.4 Microfranchisor direct sales and service maintenance of engines in the interior of the country has increased by 50%.	0				50 Jun 2016	0	
	R.5 80% of population in communities with access to ASWs express satisfaction with services.	0				80 Jun 2016	0	
Component 5: Market analysis and ASW microfranchise model building Weight: 9% Classification: Satisfactory	C5.I1 50 potential communities analyzed for the establishment of an ASW	0				50 Jun 2014		Delayed
	C5.I2 120 candidates (sex-disaggregated) have been selected for the expansion phase.	0				120 Jun 2015		
Component 6: Piloting ASW initiatives and refining the model.	C6.I1 5 ASW have been incorporated and are fully operational.	0				5 Jun 2014		Delayed
	C6.I2 Refined ASW model is elaborated that adapts, facilitates and	0				1		

Weight: 33% Classification: Satisfactory		simplifies the creation of ASW.					Jun 2015		
	C6.13	A financing methodology for Datsun Suriname to facilitate working capital for the ASW model has been implemented.	0				1		
	C6.14	At least 10 satellites operate expanding the services of the ASW to smaller communities.	0				10		
	C6.15	50 workshops have access to credit through the implementation of a credit facility.	0				50		
Component 7: Expansion of the refined ASW microfranchise model. Weight: 50% Classification: Satisfactory	C7.11	At least an additional 10 ASW are created (15 in total with the pilot)	5				15		
	C7.12	20 additional satellites are in operation	10				30		
	C7.13	50 additional mechanics (sex-disaggregated) are trained.	0				50		
	C7.14	80 additional mechanics (sex-disaggregated) are trained.	50				130		
	C7.15	15 additional ASW are created (total of 30)	15				30		
	C7.16	30 additional satellites are in operation .	20				30		
	C7.17	50 ASW and satellite operators assist the convention of ASW in Suriname.	0				50		
	C7.18	90% of the ASW continue in full operations serving the communities.	0				90		
	C7.19	At least 30 female mechanics are working at the Authorized Service Workshops.	0				30		
							Jun 2016		
Component 8: Knowledge creation, dissemination and expansion plan for other countries. Weight: 8% Classification: Satisfactory	C8.11	A communication strategy and work plan is defined.	0				1		
	C8.12	At least 50 professionals of the sector attend the Japan and Washington, DC presentation of the initiative.	0				50		
	C8.13	A study on the potential of ASWs in other country is elaborated in collaboration with Yamaha.	0				1		
	C8.14	2 case studies have been developed regarding the project and disseminated in relevant media.	0				2		
	C8.15	At least 5 Yamaha distributors express their interest in implementing the ASW refine model.	0				5		
							Jun 2016		

Milestones	Planned	Due Date	Achieved	Date achieved	Status
M0 Conditions Prior	7	Mar 2014	0	Dec 2013	
M1 At least 50 potential communities have been evaluated for the implementation of an ASW A pilot business plan for the microfranchise model created	2	Sep 2014			
M2 SHDTDF has developed a strategic framework to promote the sustainability and expansion of its activities.	1	Mar 2015			
M3 5 ASW have been incorporated and are in full operation.	5	Sep 2015			
M4 At least an additional 10 ASW are created (15 in total with the pilot) and 30 additional satellites are in operation	45	Mar 2016			
M5 2 case studies have been developed regarding the project and disseminated in relevant media.	2	Sep 2016			
M6 A total of 30 ASW are created and 90 satellites are in operation	120	Sep 2016			

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Executing agency institutional capacity
[X] Borrower/executing agency commitments
[X] Others, which?: Lack of co-ordination between EA and the key technical partner Datsun Suriname

SECTION 4: RISKS

MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE

	Level	Mitigation action	Responsible
1. Deterioration of physical security conditions in the interior during the operation and expansion of the business.	Low	SHDTTF will forge strategic partnerships with institutions with credibility in the interior that will facilitate access to key leaders of the communities to facilitate the project operations. In addition, training materials will be cultural sensitive (pictograms and similar), and the trainers will receive specific formation about the cultural reality of the interior.	Project Guest
2. Challenging cultural norms by promoting women in traditionally male-dominated enterprises could lead to increased incidences of domestic violence	Low	SHDTTF will be trained in gender-responsive programming, and the project will take a systematic approach to researching gender roles and responsibilities in the villages and designing a culturally sensitive model that promotes women's participation as mechanics and managers.	Project Guest
3. Inability to effectively pilot ASW initiative due to challenges of working and coordinating with 30 communities with very different cultures and characteristics (Indigenous populations and Maroons).	Low	SHDTTF will forge partnerships with institutions with credibility in the interior that will facilitate access to key leaders of the communities to facilitate the project operations. In addition, training materials will be cultural sensitive (pictograms and similar), and the trainers will receive specific formation about the cultural reality of the interior.	Project Guest
4. Insufficient interest of public and private sectors and civil society in the potential of microfranchising as a tool for working with low income populations.	Low	Development of a strategic communication plan regarding pilot successes, best practices and lessons learned. Workshops will be conducted at the local, national and international level in order to disseminate results and generate interest in public and private sectors and civil society. An informational and promotional video will be created of an ASW model in practice. Case studies will be developed and disseminated to relevant actors and the public.	Project Guest

5. There are economic and legal conditions do not favor the consolidation and expansion of the model.

Low

Baseline study and analysis of legal and economic conditions will confirm adequacy of existing conditions.

Project Guest

PROJECT RISK LEVEL: Low **TOTAL NUMBER OF RISKS:** 5 **IN EFFECT RISKS:** 5 **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

Issue	Comments
[X] Lack of commitment from the executing agency to continue or expand the project's services and/or activities	Although the project is at an early stage of implementation, project sustainability will be negatively impacted by absence of effective partnership between Datsun Suriname as the technical partner and the Executing Agency
[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	GODO Bank have been engaged as possible financiers for franchisees set up but no commitments are in place yet
[X] Relevant actor's opposition or lack of interest to continue with the project's activities or services	Although the project is at an early stage of implementation, project sustainability will be negatively impacted by absence of effective partnership between Datsun Suriname as the technical partner and the Executing Agency

Actions related to sustainability which will be or have been implemented:

At this stage in the project no sustainable actions have been taken.

SECTION 6: PRACTICAL LESSONS

	Relative to Implementation	Author
1. Good cooperation between the partners is an important aspect for the progress of project implementation.		Babb, Gillian