

PROJECT STATUS REPORT

JANUARY 2015 - JUNE 2015

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Serving rural communities of Surinam through microfranchising

Project Number: SU-M1018 - Project Num.: ATN/ME-13636-SU

Purpose:

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 Admin

SURINAME

Country Beneficiary

SURINAME

Executing Agency:

Fonds Ontwikkeling Binnenland

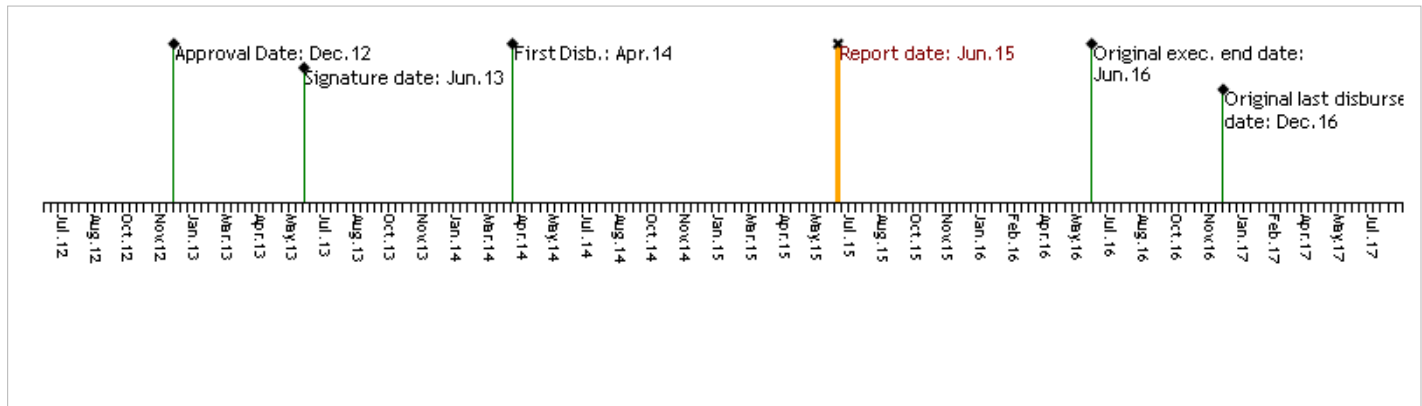
Design Team Leader:

CESAR BUENADICHA

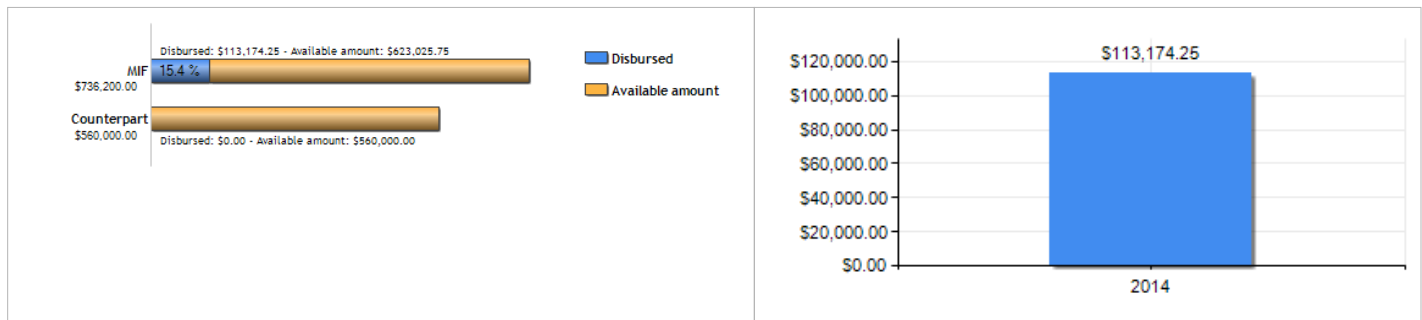
Supervision Team Leader:

VASHTIE DOOKIESINGH

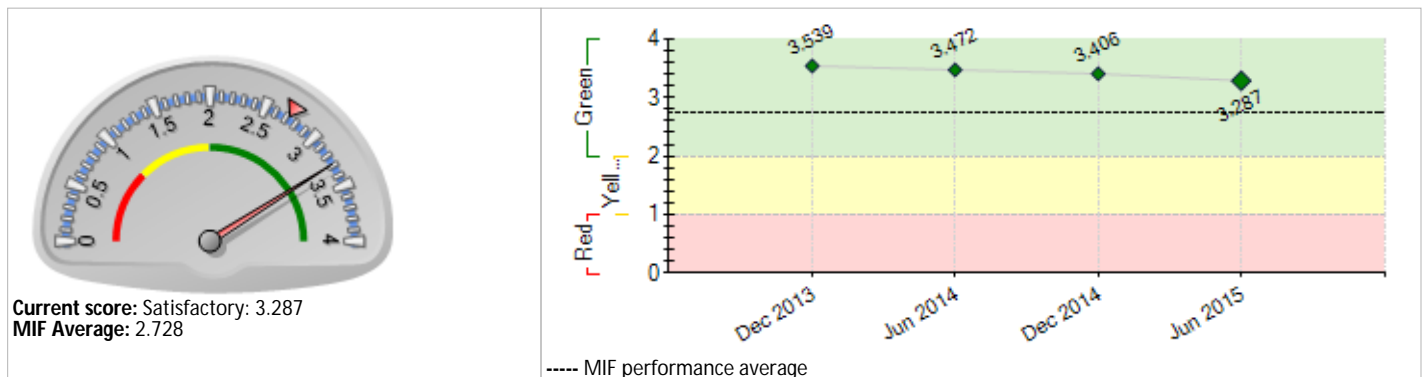
PROJECT CYCLE



FUNDS



PERFORMANCE SCORE



EXTERNAL RISKS

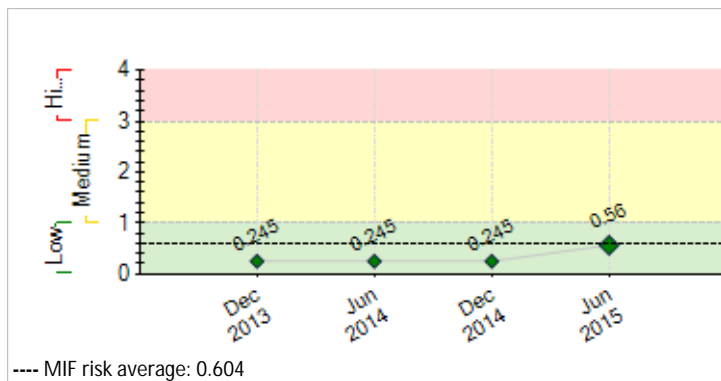
INSTITUTIONAL CAPACITY

Risk

Financial Management: Medium

Procurement: Low

Technical Capacity: Medium



SECTION 2: PERFORMANCE

Summary of project performance since inception

Main results achieved: 1. Project Operations Manual is composed; 2. All project staff positions are filled; 3. At least 19 potential communities have been evaluated for the implementation of an ASW; 4. Five ASW pilots have been initiated; 6. Datsun Suriname NV has started training potential candidates for ASW's and Satellites in basic Yamaha outboard motor (lower unit) course. To date 56 mechanics from rural communities are trained. 7. Eighteen Satellites (small service shops) have been identified.

Main challenge: The rural mechanics lack access to financing due to the absence of collateral. While the rural mechanics have small amounts of credit, it is insufficient for the startup cost of a service shop. These costs are not seen as micro financing considering the size of the loan amount. The main challenge of this project is to develop and implement a sustainable financing methodology that can be replicated and scalable.

To mitigate this challenge, an interim solution is the Mobile ASW. The purpose of the mobile ASW is to increase the services and sales provided by the 5 pilot ASW's and the satellites. Furthermore, to maintain a good relationship with Micro Franchisor and the micro franchisees. This van/ boat will operate according to a fixed schedule and will demonstrate the usage and importance of the special tools. The vehicle will be equipped with a full set of general as well as special tools for all the different Horse Power engines in Suriname.

Comments from the Supervision Team Leader

Partially Agree with the Executing Agency comments

The Executing Agency is focusing on finding a solution to financing for ASW operators to allow them to adopt the franchise model, this is a critical gap that could undermine successful and sustainable implementation

Summary of project performance in the last six months

The Microfranchise Consultant (New Development Experience LLC.) conducted their first field visit to Suriname in June 2015. The purpose of the visit: •conduct visits to pilot ASW and potential Satellites •brainstorm on sustainable long term possibilities for Micro-Financing for ASW candidates •understand and analyze ASW's operational model (business, administration, technical, communication, clients). These results form the basis of the ASW microfranchise model that will be adapted to the current situation in Suriname.

Meetings have been conducted with local banks and financing institutions to discuss and exchange experiences or ideas. Due to the importance of the link between the Microfranchising model and the financing methodology, it was suggested that the Microfranchising consultant give recommendations for potential financing models to optimally integrate into the proposed Microfranchise model. With these recommendations a consultancy will be rolled out set up the financing methodology.

The main obstacle faced is the lack of financial capacity of the mechanics to invest in special tools for service and repair of the outboard motors. Special tools and other needs are identified will be offered to the ASW's on a lease purchase basis.

Next steps: •Continue the process to adapt the ASW model •Set up a financing methodology including system to facilitate working capital for the ASW •Advance the identified satellites to expand the services of the ASW to smaller communities

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

SECTION 3: INDICATORS AND MILESTONES

Indicators			Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Purpose: 1 The purpose of the project is to test and validate a	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	0	

microfranchising methodology for engine maintenance in communities of the three interior districts of Suriname.	R.3	25% increase in profit of new ASW microfranchises compared with similar workshops in the interior.	0				Jun 2016	25	0	
							Jun 2016			
	R.4	Microfranchisor direct sales and service maintenance of engines in the interior of the country has increased by 50%.	0				Jun 2016	50	0	
	R.5	80% of population in communities with access to ASWs express satisfaction with services.	0				Jun 2016	80	0	
							Jun 2016			
Component 5: Market analysis and ASW microfranchise model building Weight: 9% Classification:	C5.11	120 candidates (sex-disaggregated) have been selected for the expansion phase.	0				120	56		On Course
	C5.12	19 Communities have been evaluated for suitability as ASW locations	0				Apr 2016	19	19	Finished
							Dec 2014	Oct 2014		
Component 6: Piloting ASW initiatives and refining the model. Weight: 33% Classification:	C6.11	5 ASW have been piloted	0				5	5		Finished
							Jan 2015	Jan 2015		
	C6.12	Refined ASW model is elaborated that adapts, facilitates and simplifies the creation of ASW.	0				1			Delayed
							Nov 2015			
	C6.13	A financing methodology for Datsun Suriname to facilitate working capital for the ASW model has been implemented.	0				1			Delayed
							Nov 2015			
Component 7: Expansion of the refined ASW microfranchise model. Weight: 50% Classification:	C6.14	At least 10 satellites operate expanding the services of the ASW to smaller communities.	0				10			On Course
							Oct 2015			
	C6.15	50 workshops have access to credit through the implementation of a credit facility.	0				50			
							Jun 2016			
	C7.11	At least an additional 10 ASW are created (15 in total with the pilot)	5				15			
							Mar 2016			
	C7.12	20 additional satellites are in operation	10				30			
							Jun 2016			
	C7.13	50 additional mechanics (sex-disaggregated) are trained.	0				50			
							Jun 2016			
	C7.14	80 additional mechanics (sex-disaggregated) are trained.	50				130			
							Jun 2016			
	C7.15	15 additional ASW are created (total of 30)	15				30			
							Jun 2016			
	C7.16	30 additional satellites are in operation .	20				30			
Component 8: Knowledge creation, dissemination and expansion plan for other countries. Weight: 8% Classification:							Jun 2015			
	C7.17	50 ASW and satellite operators assist the convention of ASW in Suriname.	0				50			
							Jun 2016			
	C7.18	90% of the ASW continue in full operations serving the communities.	0				90			
							Jun 2016			
	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:	C8.11	A communication strategy and work plan is defined.	0				1	0		Delayed
							Nov 2015	Jun 2015		
	C8.12	A study on the potential of ASWs in other country is elaborated in collaboration with Yamaha.	0				1			
							Jul 2016			
	C8.13	2 case studies have been developed regarding the project and disseminated in relevant media.	0				2			
Component 8: Knowledge creation, dissemination and expansion plan for other countries. Weight: 8% Classification:							Jun 2016			
	C8.14	At least 5 Yamaha distributors express their interest in implementing the ASW refine model.	0				5			
							Jun 2016			

Milestones	Planned	Due Date	Achieved	Date of achievement	Status
M0 Conditions Prior	7	Mar 2014	7	Mar 2014	Achieved
M1 [*] At least 19 potential communities have been evaluated for the implementation of an ASW	19	Dec 2014	19	Dec 2014	Achieved
M5 [*] 5 ASW pilots have been initiated	5	Jan 2015	5	Jan 2015	Achieved
M3 [*] SHTTDF has developed a strategic framework to promote the sustainability and expansion of its activities.	1	Dec 2015			
M4 [*] Business plan for roll out of ASW model adapted to conditions in Suriname completed together with guidance materials for franchisees	1	Dec 2015			
M6 At least an additional 10 ASW are created (15 in total with the pilot) and 30 additional satellites are in operation	45	Mar 2016			
M7 2 case studies have been developed regarding the project and disseminated in relevant media.	2	Sep 2016			
M8 A total of 30 ASW are created and 90 satellites are in operation	120	Sep 2016			

[*] Indicate that the milestone has been reformulated

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Executing agency institutional capacity
[X] Community/political opposition
[X] Others, which?: There were significant delays in the first 9 months of the project due to a lack of co-ordination between the key actors

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

Level	Mitigation action	Responsible
1. There are economic and legal conditions do not favor the consolidation and expansion of the model.	Medium Analysis of legal and economic conditions will confirm adequacy of existing conditions. Regarding the legal conditions consultations will be held with government and local authorities to discuss the possibilities. Economic conditions (such as start up capital) will be defined in a financing methodology that will be developed and implemented within the project.	Invitado Proyecto

2. Deterioration of physical security conditions in the rural communities during the operation and expansion of the project.	Low	Strategic partnerships will be forged 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 (use of pictographs and similar), and the trainers will receive specific information about the cultural reality of the rural communities.	Invitado Proyecto
3. Challenging cultural norms by promoting women in traditionally male-dominated enterprises could lead to increased incidences of domestic violence	Low	A training will be provided 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.	Invitado Proyecto
4. 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	SHTTDF 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.	Invitado Proyecto
5. 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.	Invitado Proyecto
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 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	Targeted beneficiaries in rural and remote communities of Suriname lack access to financing that they require to adopt the ASW franchise model. Securing lines of credit will be critical to project sustainability and is being actively pursued

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

Low financial capacity of ASWs, Satellites and their clients can affect project sustainability as a result that the financing methodology (mechanisms) is needed. Financing methodology is vital for the success and sustainability after project completion.

Actions that have been taken: the hiring of the Micro franchise consultant. As part of the TOR the consultant will give recommendations for potential financing models to optimally integrate into the proposed Micro Franchise model. During the first visit brainstorm sessions with stakeholders on sustainable long term possibilities for Micro-Financing for ASW candidates were conducted. Furthermore, interviews were conducted with the ASWs, Satellites and their clients regarding local financing needs.

SECTION 6: PRACTICAL LESSONS

	Relative to	Author
1. The implementation of a micro franchising model in the absence of affordable credit to potential franchisees is not practical and will undermine achievement of project objectives.	Design	DOOKIESINGH, VASHTIE [MIF]
2. Differing expectations and interests of the key actors in project implementation exacerbated a lack of communication and co-ordination which caused delays in the early stages of implementation. Mechanisms to ensure communication and co-ordination between key project stakeholders is a critical success factor in implementation of complex projects	Implementation	DOOKIESINGH, VASHTIE [MIF]
3. Maintaining good communication between ASW micro franchisees and the Microfranchisor is key to keep keeping mechanics (potential ASW micro franchisees) engaged in the post-training phase.	Implementation	Babb, Gillian
4. Only providing training for the rural mechanics is insufficient to start an ASW or Satellite micro franchise. Special Tools that are required for service and repairs are essential in the startup phase of the service shop. Therefore, a timely follow up needs to be provided at all stages.	Implementation	Babb, Gillian