

# PROJECT STATUS REPORT

JULY 2015 - DECEMBER 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

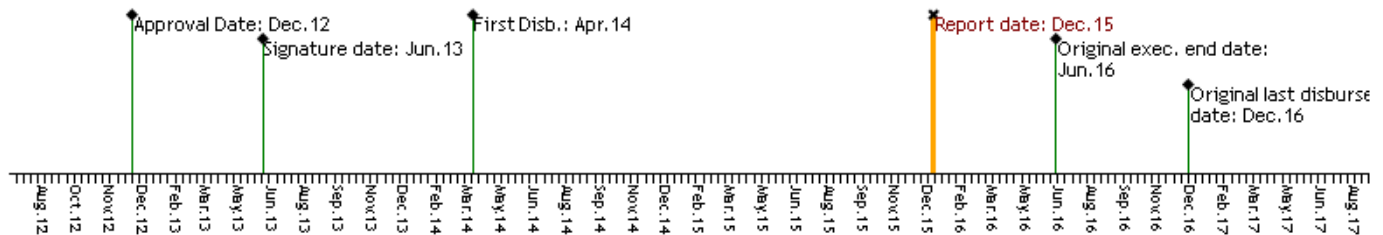
**Design Team Leader:**

CÉSAR BUENADICHA

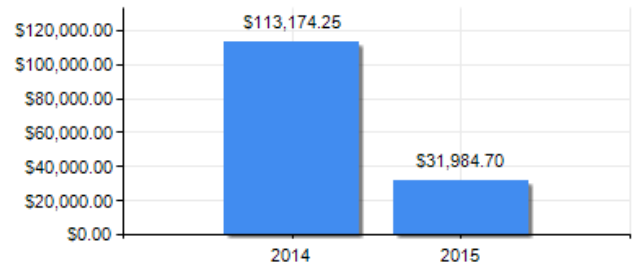
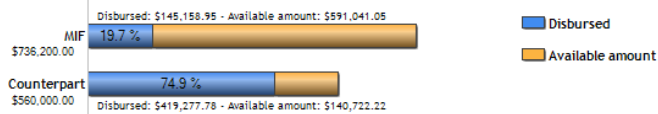
**Supervision Team Leader:**

VASHTIE DOOKIESINGH

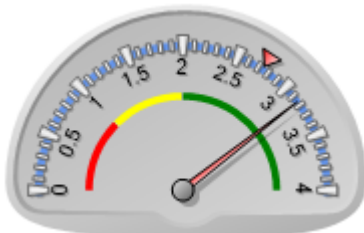
## PROJECT CYCLE



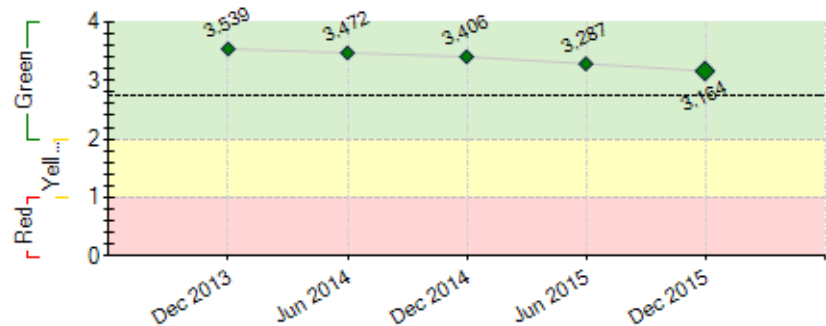
## FUNDS



## PERFORMANCE SCORE



Current score: Satisfactory: 3.164  
MIF Average: 2.743



----- MIF performance average

## EXTERNAL RISKS

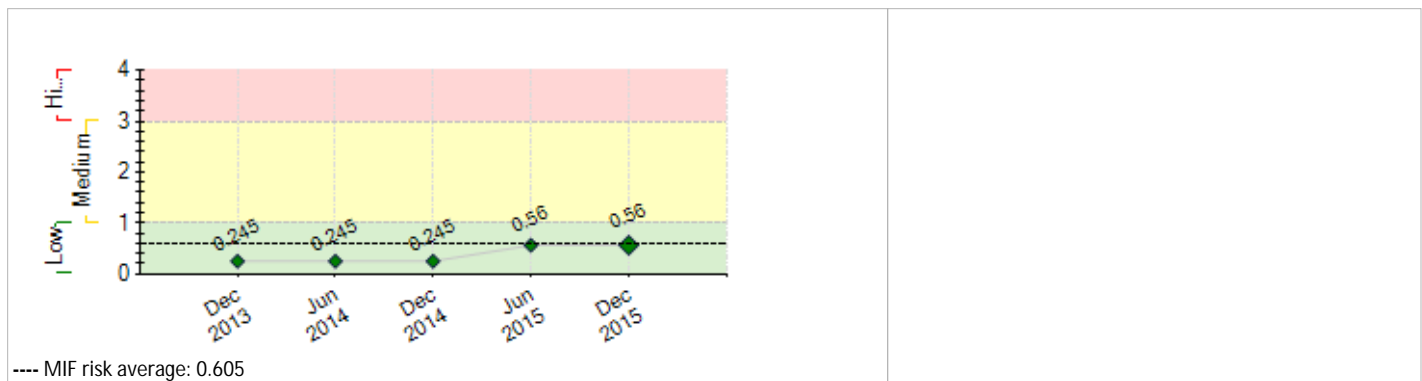
## INSTITUTIONAL CAPACITY

**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 67 mechanics from rural communities are trained. 7. Ten satellites operating to expand the service of the ASW to smaller communities. 8 The Micro franchise model has been drafted. 9 Draft marketing and communication strategie.

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 which is currently in the start up phase. Meetings have been held with different local institutions to explore possible financial facilities to cover the startup cost of a service shop. The Nationale Ontwikkelings Bank Suriname is willing to collaborate on this aspect. Therefore ongoing conversation regarding this aspect are taking place.

#### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

After some delays in the initial 6 months of this project as a result of a lack of clarity on roles and mechanisms for inter institutional co-ordination between the Executing Agency SFOB and the technical and counterpart financing partners Datsum Suriname NV and Yamaha Corporation, the project with extensive support from the supervision team has made satisfactory progress to date.

### Summary of project performance in the last six months

There are now ten satellites operational to expand the services of the ASW to smaller communities and the technical project coordinator has trained mechanics in August and September 2015. The Micro franchise consultant have conducted there second field visit in October 2015 to present the draft model to the project team and stakeholders, meet and discuss with the people who are directly involved and impacted by the implementation of the MFM thus engaging them in a process of co-creation. This model is tested in all 5 ASW's and 16 satellites, and will be finalized. The micro franchise consultant has also developed a draft communication strategy and work plan.

The strategic and operational documents from SHTTDF and the copy of business plan and guidance materials are not finalized because of institutional problems.

The main obstacle is 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 and will be offered to the ASW's on lease purchase basis.

Next steps: Continue the process to adapt the ASW model. Continue the process to finalize the micro franchise model and the Marketing and communication strategies. Set up a financing methodology including system to facilitate working capital for the ASW. Create at least 10 ASW and 30 additional satellites are in operation.

#### 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
<b>Purpose:</b> 1 The <i>purpose</i> 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	
<b>Component 5:</b> Market analysis and ASW microfranchise model building <b>Weight:</b> 9% <b>Classification:</b> Satisfactory	C5.11	120 candidates (sex-disaggregated) have been selected for the expansion phase.	0				120 Apr 2016	56 Apr 2015	On Course
	C5.12	19 Communities have been evaluated for suitability as ASW locations	0				19 Dec 2014	19 Oct 2014	Finished
<b>Component 6:</b> Piloting ASW initiatives and refining the model. <b>Weight:</b> 33% <b>Classification:</b> Satisfactory	C6.11	5 ASW have been piloted	0				5 Jan 2015	5 Jan 2015	Finished
	C6.12	Refined ASW model is elaborated that adapts, facilitates and simplifies the creation of ASW.	0				1 Nov 2015	1 Nov 2015	Delayed
	C6.13	A financing methodology for Datsun Suriname to facilitate working capital for the ASW model has been implemented.	0				1 Nov 2015	0 Dec 2015	Delayed
	C6.14	At least 10 satellites operate expanding the services of the ASW to smaller communities.	0				10 Oct 2015	10 Oct 2015	Finished
	C6.15	50 workshops have access to credit through the implementation of a credit facility.	0				50 Jun 2016		
<b>Component 7:</b> Expansion of the refined ASW microfranchise model. <b>Weight:</b> 50% <b>Classification:</b> Satisfactory	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 Jun 2015				30 Jun 2016		
	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		
<b>Component 8:</b> Knowledge creation, dissemination and expansion plan for other countries. <b>Weight:</b> 8% <b>Classification:</b> Satisfactory	C8.11	A communication strategy and work plan is defined.	0				1 Nov 2015	1 Dec 2015	Delayed
	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 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
M6	[*] At least an additional 5 ASW are created (10 in total) and 10 satellites are in operation	15	Jun 2016			
M4	[*] Business plan for roll out of ASW model adapted to conditions in Suriname completed together with guidance materials for franchisees	1	Jul 2016			
M3	[*] SHTTDF has developed a strategic framework to promote the sustainability and expansion of its activities.	1	Jul 2016	1	Nov 2015	Achieved
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] Design of project/Components
- [X] Others, which?: Inter Institutional Co-ordination resulted in significant delays in start up

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

Level	Mitigation action	Responsible
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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.	Project Guest
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.	Project Guest
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.	Project Guest
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	SHTDF 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 information about the cultural reality of the interior.	Project Guest
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.	Project Guest
<b>PROJECT RISK LEVEL:</b> Low <b>TOTAL NUMBER OF RISKS:</b> 5 <b>IN EFFECT RISKS:</b> 5 <b>NOT IN EFFECT RISKS:</b> 0 <b>MITIGATED RISKS:</b> 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 <b>cost recovery</b> mechanisms or <b>external financing sources</b> (government, donors and/or private sector) to continue the activities of the project once MIF resources are expended	The absence of access to micro finance for outfitting ASW locations is a key challenge to sustainability as there are no financial institutions in Suriname offering credit to micro enterprises in the country's interior where the franchise ASWs are located. In addition a deterioration in the local economic conditions can pose an additional challenge to sustainability of the network.
<b>Actions related to sustainability which have been taken in the reporting period:</b>	
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 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. A draft model has been develop where potential possibilities for financing models are integrated.	

## SECTION 6: PRACTICAL LESSONS

	Relative to	Author
1. Complex projects requiring inter institutional co-ordination require specific support from the supervision team to ensure that roles, responsibilities and co-ordination mechanisms are clearly defined and adopted by various actors. This project began to make progress after a specific mission to define and implement co-ordination mechanisms and to clarify roles was conducted in 2014.	Implementation	Dookiesingh, Vashtie [MIF]
2. Access to credit is a critical success factor in the development of a micro franchise network. The design of this project failed to take into account the absence of financial services available to targeted beneficiaries in Suriname's coastal communities.	Design	Dookiesingh, Vashtie [MIF]