



PROJECT STATUS REPORT

JANUARY 2012 - JUNE 2012

SECTION 1: PROJECT SUMMARY

PROJECT NAME: REMITTANCES AS A SOURCE OF END-USER FINANCE FOR SUSTAINABLE ENERGY

Project Number: HA-M1038 - Operation Number: ATN/ME-12705-HA

Purpose:

To test and prove a business model that uses remittance flows to facilitate the purchase and distribution of small scale renewable energy equipment in Haiti.

Country Administrator

UNITED STATES

Beneficiary Country

UNITED STATES

Executing Agency:

Arc Finance Ltd

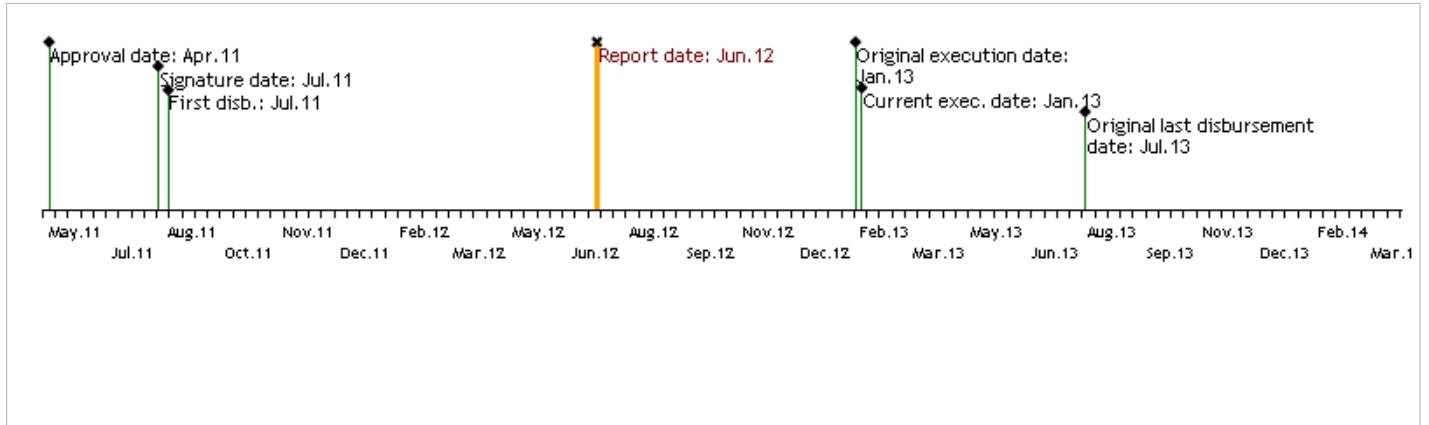
Design Team Leader:

Watson, Gregory

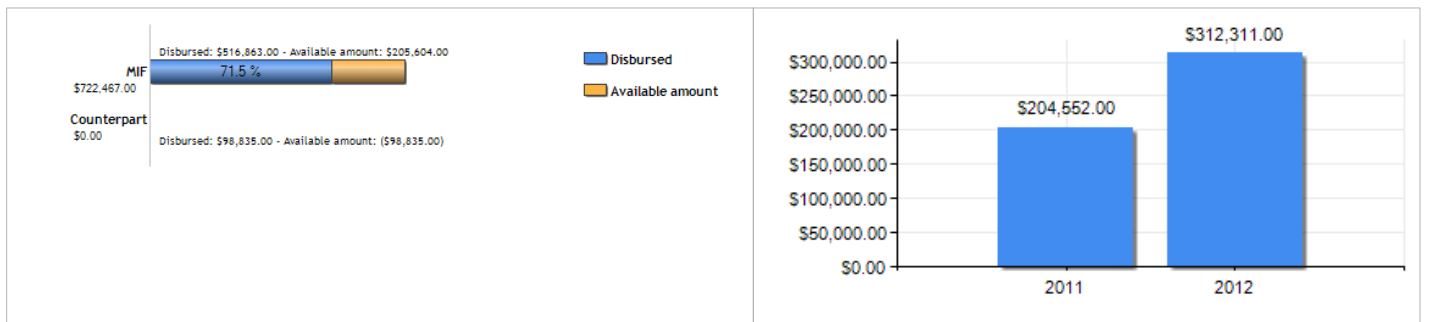
Supervision Team Leader:

Watson, Gregory

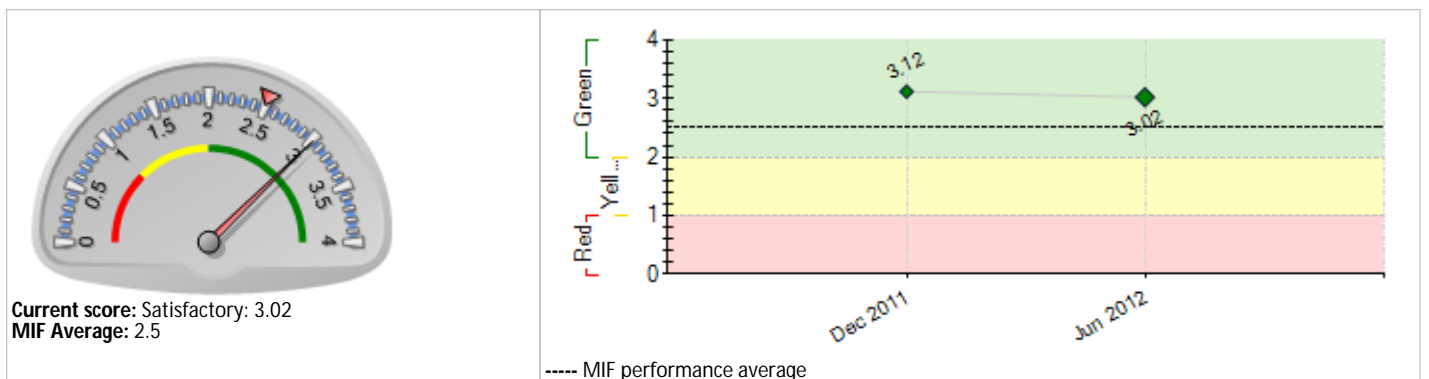
TIMELINE



FUNDS

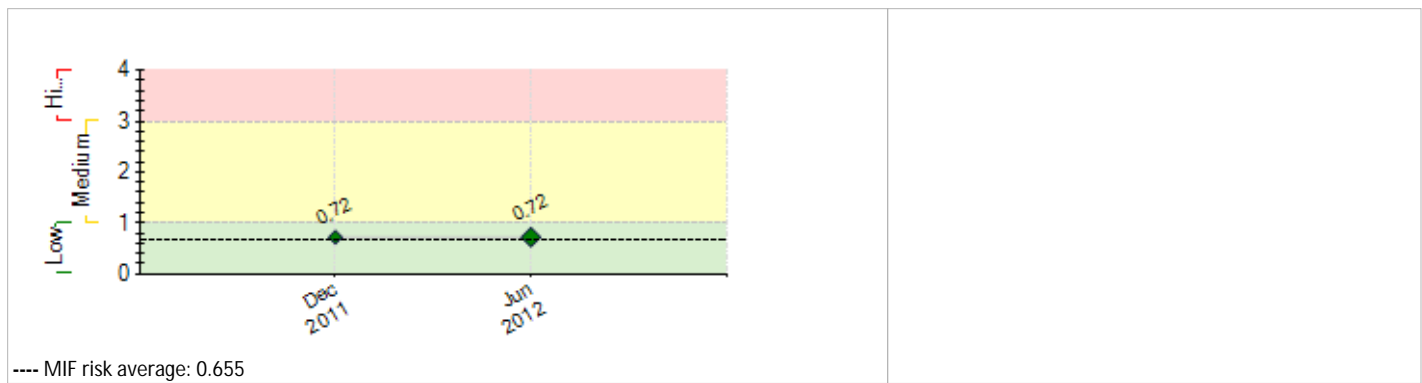


PERFORMANCE SCORE



EXTERNAL RISKS

	INSTITUTIONAL CAPACITY	
		Risk
	Financial Management:	Low
	Procurement:	Low
	Technical Capacity:	Low



SECTION 2: PERFORMANCE

Summary of project performance since inception

1. Arc Finance has completed Components 1, and 2 and 3 and made substantial progress on Component 4.

Component 1:

- Developed detailed business plan and pricing strategy
- Selected and purchased products
- Documented sales, purchasing, distribution and warranty systems
- Developed monitoring criteria and systems

Component 2:

- Selected and contracted marketing firm
- Designed and implemented marketing campaign in Diaspora
- Promoted model in Haiti

Component 3

- Created staff Training Strategy and Guidelines for Haiti
- Conducted training session in Haiti and Miami
- Completed adaptation of IT systems

Component 4

- Developed metrics to measure indicators
- Defined monitoring tools and baseline
- Configured software and hardware
- Conducted training for monitoring and evaluation
- Documented sales to date
- Created and disseminated media kit
- Began disseminating results of project

2. Delays and Difficulties

Progress smooth and timelines met. New project manager was hired in March 2012

3. Risks:

The risk level is low.

4. Project Diagnosis:

Likelihood is optimistic, partners are highly committed and customers are showing great interest.

5. Critical Actions in the Coming Semester:

- Set up revolving fund
- Increase promotion efforts
- Strategize about ways to increase sales
- Consider new products

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

1. This semester Arc Finance:

- Purchased a second round of products
- Initiated cash sales of all the products in Haiti
- Held launch events in Haiti and Miami
- Developed marketing materials
- Implemented marketing campaign in Diaspora and promoted model in Haiti
- Developed staff training
- Trained Food Express staff
- Finalized adaptation of Food Express IT systems
- Determine baseline
- Completed configuration of hardware and software
- Completed monitoring and evaluation training
- Created and disseminated Media Kit

2. Delays and Difficulties

No major delays in achieving the milestones. Main obstacles faced during the semester were (i) Team decided to increase incentives to agents so as to encourage them to promote the product enthusiastically-introduced tiered pricing structure to promote sale of the higher priced product (ii) Distributor threatened to

increase product prices but team insisted that original prices should be maintained until the end of the project.

3.Critical Actions in the Coming Semester:

Emphas will be placed on the following critical actions:set up a revolving fund to mitigate partners risks and ensure sustainability of the project, increase promotion efforts in the diaspora and increase sales efforts in Haiti, strategize about ways to increase sales, and consider new products for the platform.

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: To test and prove a business model that uses remittance flows to facilitate the purchase and distribution of small scale renewable energy equipment in Haiti.	P.11 5% new customers of FoodExpress as a result of the project (i.e. who used FoodExpress for the first time in order to purchase clean and efficient energy products).	0			5 Feb 2013	0	
	P.12 10% of existing FoodExpress customers purchase energy products	0			10 Feb 2013	0	
	P.13 Percent profit increase for FoodExpress reaches target as determined by business plan (+/- 1%) . Track [\$] profit/loss for FoodExpress.	0			10 Jan 2013	0	
	P.14 The clean and efficient energy products segment of FoodExpress operations is profitable. Track [#] units of clean or efficient energy devices sold by FoodExpress. Track [\$] in profits generated by energy devices	0			1 Jan 2013	0	
	P.15 5,000 Haitians have purchased new clean energy devices.	0 Nov 2011			5000 Feb 2013	0	
Component 1: Structure the business model. Weight: 35% Classification: Satisfactory	C1.11 FoodExpress launches sales of clean and efficient energy products.	0			1 Jul 2012	1 Apr 2012	On Course
Component 2: Awareness Raising and Consumer Outreach Weight: 30% Classification: Satisfactory	C2.11 remittance senders reached through direct marketing/media campaigns	0			50000 Jul 2012		On Course
	C2.12 remittance senders reached through indirect (radio, billboards) marketing/media campaigns	0			100000 Jul 2012		Finished
	C2.13 remittance recipients reached through direct marketing/media campaign	0			150000 Jul 2012		On Course
	C2.14 remittance recipients reached through indirect (radio, billboards) media/marketing campaigns	0			300000 Jul 2012	300000 Jun 2012	Finished
Component 3: Roll-out of the business model. Weight: 10% Classification: Satisfactory	C3.11 units of clean or efficient energy devices sold by FoodExpress	0			5000 Jan 2013		On Course
	C3.12 FoodExpress counts on its energy products to generate revenue. Track [\$] sales of energy devices	0			1 Jan 2013		
Component 4: Monitoring, evaluation, and knowledge return Weight: 20% Classification: Satisfactory	C4.11 Project disseminated in at least 5 fora.	0			5 Jan 2013		Finished
	C4.12 Media kit delivered to at least 10 interested audiences.	0			10 Jan 2013		Finished
Component 5: Recommendations to leverage results Weight: 5% Classification: Satisfactory	C5.11 Research and recommendations reports delivered to at least 5 interested audiences.	0			5 Jan 2013		

Milestones	Planned	Due Date	Achieved	Date achieved	Status
M0 Previous Conditions	1	Jan 2012	1	Jan 2012	Achieved
M1 Pricing strategy and preliminary version (almost finished) of business model	1	Jan 2012	1	Nov 2011	Achieved
M2 Detailed business model finished and system to Document sales purchasing, distribution, sales and warranty in place	2	Jan 2012	2	Jan 2012	Achieved
M3 Adaptation of FoodExpress IT systems and Strategy and guidelines of staff training prepared	1	Apr 2012	2	Apr 2012	Achieved
M4 Monitoring tools are defined and developed: Software and hardware are configured	1	Jun 2012	1	Jun 2012	Achieved
M5 Design and implementation of campaign in Diaspora completed and Promotion of the model in Haiti performed	1	Jul 2012			
M6 Creation of Media Kit completed	1	Nov 2012			

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. Other energy enterprises distributing sustainable energy goods are increasingly present in Haiti.	Medium	..	Project Coordinator
2. Key audiences do not look at this business as an example that clean and efficient energy devices can be provided to low-income households in a financially profitable and sustainable way	Medium	..	Project Coordinator
3. The economic, political and environmental conditions in Haiti do not remain stable.	Medium	...	Project Coordinator
4. Haitian consumers don't accept the potential of purchasing sustainable energy products as a way to mitigate the environmental risks affecting the island.	Medium	...	Project Coordinator
5. Media outlets and channels are not the most appropriate and relevant to reach target audiences.	Low	..	Project Coordinator

PROJECT RISK LEVEL: Low **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: P - Probable

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

[None reported in this period]

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

Actions to promote sustainability of the project that have been taken in the reporting period are (i) finalizing agreements to set up a revolving fund to mitigate partners risks in the future and ensure that revenues from the project are reinvested in the platform (ii) training of staff in Haiti, as well as agents in Miami to ensure that customers receive correct product information and sales go smoothly (iii) increase commission of agents to jump start sales (iv) refine marketing campaign to build awareness about renewable energy, thereby increasing both environmental sustainability and project sustainability.

SECTION 6: PRACTICAL LESSONS

	Relative to	Author
1. A soft launch is an ideal way to work out kinks in the system and fix them quickly. During soft launch, we were able to quickly and effectively trouble shoot a number of issues related to the IT system, training and incentives for agents	Implementación	Akkari, Yara
2. Create a platform which is product neutral. The platform is currently used for solar devices but it could support a range of other products including efficient cook stoves.	Sostenibilidad	Akkari, Yara
3. Ensuring range of partnerships is critical to the project success. The project includes a range of partners including a remittance company, a local energy retailer and an agent network in the diaspora. The leading Haitian remittance company provides sales outlets and has national reach and a strong and trusted brand name. The local energy product distributor deals with importation, shipping and provides warranty services. The agent network in the diaspora helps promote the products and the platform.	Sostenibilidad	Akkari, Yara
4. The selection of products and determination of prices based on consumer research is crucial to the success of the project. Products that cost about the amount of the average remittance is optimal for the platform (and to ensure profitability they need to be priced based on value chain cost analysis).	Diseño	Akkari, Yara
5. Ensure sample products are available for examination: Customers in both Haiti and Miami wanted to understand the product's features by seeing how the products worked. Making them available to customers for examination had a direct effect on sales increases. In fact, we realized that it is crucial to make enough samples available for customers at all distribution points and at other strategic marketing venues (street events, etc..).	Implementación	Akkari, Yara
6. Obtaining manufacturers' pricing significantly increases negotiating power. Our strong relationships with international energy product manufacturers enabled us to negotiate the optimal purchase prices on behalf of our Haitian project partners. Though our support and advice our partners were better able to negotiate favorable prices with the local Haitian importer/distributor and we were able to keep prices for subsequent purchases low.	Implementación	Akkari, Yara
7. The development of a revolving fund mitigates partner risks and furthers project sustainability goals. The donation of products by the IDB for the pilot phase was key in helping our partners take the initial decision to participate in the project (it mitigated their risks by helping them to experiment with a new concept without using expensive capital). However, requiring partner organizations to pledge that all revenues from the donation of the initial products is placed into a revolving fund for the purchase of additional products post the pilot project timeframe ensured that the project will have a life beyond our intervention.	Sostenibilidad	Akkari, Yara