

PROJECT STATUS REPORT (FINAL)

JANUARY 2013 - JUNE 2013

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

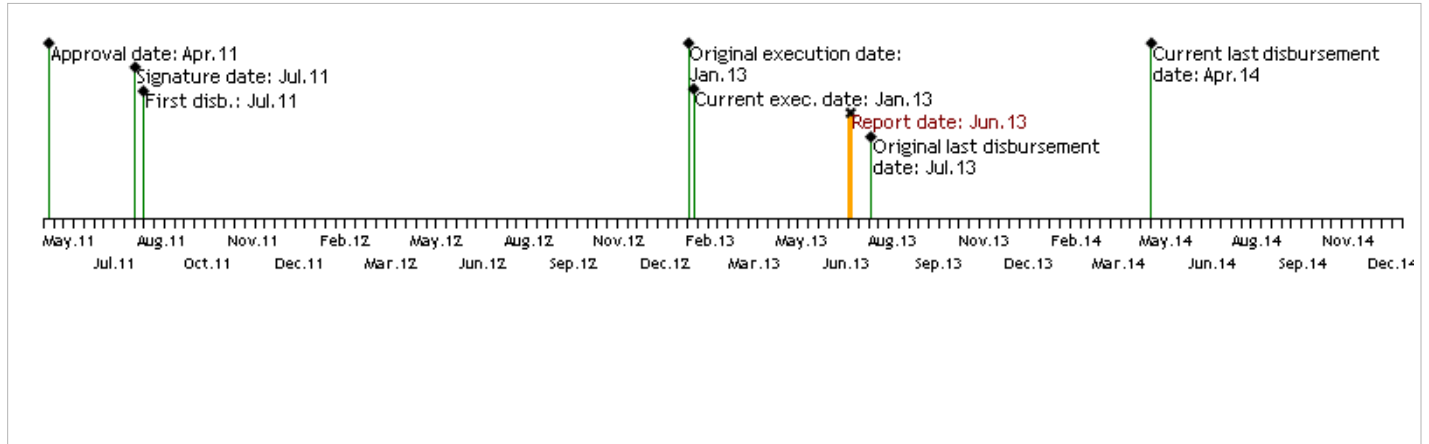
Result:

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

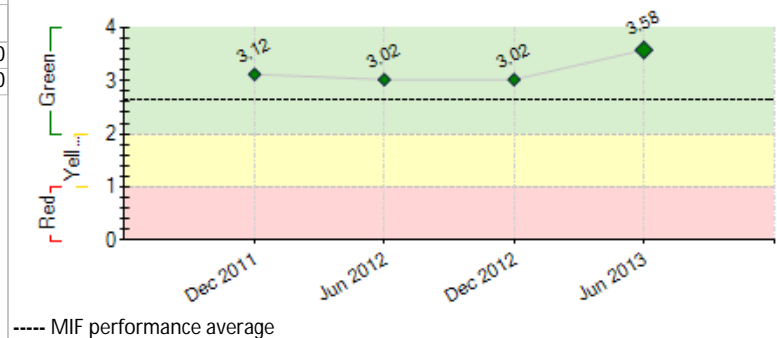
Executing Agency: **Design Team Leader:** Watson, Gregory
Supervision Team Leader: Watson, Gregory

TIMELINE



FUNDS	Approved	Cancelled	Disbursed
FOMIN	\$757,351.00	\$104,160.40	\$653,190.60
Counterpart	\$293,500.00	\$0.00	\$332,750.00

PERFORMANCE SCORE



SECTION 2: RESULTS AND ACHIEVEMENTS

Performance once project is completed

- Developed & launched remittance platform (April 2012) & sold 6,136 products benefiting more than 31,000 Haitians (April 2013)
 - Successfully tested unique business model using remittance flows to facilitate the purchase & distribution of small-scale renewable energy equipment in Haiti
 - Created viable new business for Sogexpress
 - Identified replication possibilities in other countries

2.

Component 1

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

Component 2

- Designed & implemented marketing campaign in diaspora, documented strategy & results
- Created promotional materials & conducted promotional events
- Promoted model in Haiti, documented strategy & result

Component 3

- Secured Sogexpress as distribution partner, created staff training strategy & guidelines for Haiti, created FAQ for staff and agent
- Conducted training session in Haiti & Miami
- Completed adaptation of IT systems
- Created revolving fund

Component 4

- Developed metrics to measure indicators
- Defined monitoring tools
- Configured software & hardware
- Conducted training for monitoring & evaluation
- Documented sales to date & impact data as per logframe
- Conducted follow up surveys at 6 & 12 months
- Created & disseminated media kit
- Disseminated results & tracked dissemination efforts

Component 5

- Drafted State of the Market Report & case study
- Conducted final workshop

3.

- **Government Policy:** Haitian President pledged to charge a fee of US\$1.50 on every remittance to Haiti irrespective of size. (Circulaire 98). Expanded partnership to include Sogexpress which could absorb fee increase. Embedded fee in pricing model as precautionary measure.
- **Lack of Retail Presence/Distribution Networks:** At outset of project no retail presence of small scale solar products in Haiti. Partnered with Sogexpress (has nationwide distribution network) & Micama Soley, (local wholesaler that imports products, manages customs/excise, & provides training, warranty & service).

4.

- Worked with competent partner & developed strong business case
- Ensured partner in-kind contribution
- Included warranty and after sales service component
- Monitored & tracked customer needs & adjusted marketing strategy throughout the course of the project
- Kept platform product neutral to support range of different products
- Mitigated partners' risks

Comments from the Supervision Team Leader

The project surpassed its expected results in terms of number of devices sold and beneficiaries reached. It was impossible, in the end, to measure some metrics, such as the % of new customers of SogExpress, as the IT system could not be modified to collect this data, and we found that having a lengthy interview with clients when they purchased devices lowered sales volumes, as it took time and people were reticent to share information.

Also, during implementation we tweaked the model slightly to allow for sales both through the remittance platform (through the Diaspora directly), and also at the point of sale in Haiti. We observed that many people in Haiti wanted to buy the devices in Haiti, even if a remittance had not been directed for this purpose. In most cases, these clients took cash they had received from remittances and then bought the device locally. In effect the purchase was remittance-financed, but the mechanism was indirect.

Final evaluation

ATN/ME-12705-HA

Comments from the Supervision Team Leader

Agree with the Evaluators comments

[Final evaluation](#)<http://mif.iadb.org/file.aspx?DOCNUM=38750153>**SECTION 3: INDICATORS**

	Indicators	Baseline	Planned	Achieved	Percentage
Result: 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.	R.1 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	5	100 %
	R.2 10% of existing FoodExpress customers purchase energy products	0	10	10	100 %
	R.3 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	1	100 %
	R.4 5,000 Haitians have purchased new clean energy devices.	0	5000	6136	123 %

Classification: High Satisfactory

Component 1: Structure the business model.

Weight: 35%

Classification: Satisfactory

C1.11	FoodExpress launches sales of clean and efficient energy products.	0	1	1	100 %
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Component 2: Awareness Raising and Consumer Outreach

Weight: 30%

Classification: Satisfactory

C2.11	remittance senders reached through direct marketing/media campaigns	0	50000	50500	132 %
C2.12	remittance senders reached through indirect (radio, billboards) marketing/media campaigns	0	100000	3000000	3,000 %
C2.13	remittance recipients reached through direct marketing/media campaign	0	150000	154134	175 %
C2.14	remittance recipients reached through indirect (radio, billboards) media/marketing campaigns	0	300000	300000	100 %

Component 3: Roll-out of the business model.

Weight: 10%

Classification: High Satisfactory

C3.11	units of clean or efficient energy devices sold by FoodExpress	0	6136	6136	100 %
C3.12	FoodExpress counts on its energy products to generate revenue Track [\$] sales of energy devices			Yes	14,564,400 %

Component 4: Monitoring, evaluation, and knowledge return

Weight: 20%

Classification: High Satisfactory

C4.11	Project disseminated in at least 5 fora.	0	5	8	160 %
C4.12	Media kit delivered to at least 10 interested audiences.	0	10	28	280 %

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	5	100 %
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Milestones	Planned	Due Date	Achieved	Date achieved	Status
M1 Previous Conditions	1	Jan 2012	1	Jan 2012	Achieved
M2 Pricing strategy and preliminary version (almost finished) of business model	1	Jan 2012	1	Nov 2011	Achieved
M3 Detailed business model finished and system to Document sales purchasing, distribution, sales and warranty in place	2	Jan 2012	2	Jan 2012	Achieved
M4 Adaptation of FoodExpress IT systems and Strategy and guidelines of staff training prepared	1	Apr 2012	2	Apr 2012	Achieved
M5 Monitoring tools are defined and developed: Software and hardware are configured	1	Jun 2012	1	Jun 2012	Achieved
M6 Design and implementation of campaign in Diaspora completed and Promotion of the model in Haiti performed	1	Jul 2012	2	Jul 2012	Achieved
M7 Creation of Media Kit completed	1	Nov 2012	1	Nov 2012	Achieved

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Bank efficiency (response delays)

[X] National political changes

SECTION 4: RISKS

CRITICAL RISKS MANAGED DURING IMPLEMENTATION

PROJECT RISK LEVEL: Low **TOTAL NUMBER OF RISKS:** 10 **IN EFFECT RISKS:** 0 **NOT IN EFFECT RISKS:** 7 **MITIGATED RISKS:** 3

SECTION 5: SUSTAINABILITY

Likelihood of project sustainability after project completion: HP - Highly Probable

The remittance company has continued with the product line, and continues to offer solar products. They see potential to add further products in the future. Furthermore, MIF and USAID are designing a follow-up project to formalize street vendors and develop a supplier credit to further expand sales.

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

[None reported in this period]

Actions related to sustainability which have been implemented:

A summary of the sustainability actions implemented in the project are provided below and a more detailed sustainability plan has been sent to the MIF.

- Identified a competent partner organization
- Developed strong business case
- Ensured partner in-kind contribution
- Included warranty and after sales service component
- Monitored & tracked customer needs & adjusted marketing strategy throughout the course of the project
- Kept platform product neutral to support range of different products
- Set up a revolving fund to mitigate partners' risks

SECTION 6: KNOWLEDGE

Lessons learned	Relative to	Author
1. Identifying country-specific promotion tactics: key role of local agents and “hands on experience”. In Haiti, sales were boosted through SogeXpress agents promoting the products during special events, or festivals. Haitians noted that they trust their agent and were more inclined to buy something that they had seen work from someone they knew. Trust and familiarity play a big role, as some Haitians have had bad experiences with inferior types of solar lamps in the past. This was also borne out through the results of the follow up survey.	Implementation	Akkari, Yara
2. Identifying country-specific promotion tactics: key role of “Special Promotions”. We discovered that Haitians react very well to “special promotions” which turned out to be a very effective strategy to boost sales. In fact, sales were multiplied by a factor of 2.5 in both Haiti and Miami in periods where we were implementing special promotions.	Implementation	Akkari, Yara
3. 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	Implementation	Akkari, Yara
4. 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.	Sustainability	Akkari, Yara
5. 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.	Sustainability	Akkari, Yara
6. 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).	Design	Akkari, Yara
7. 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..).	Implementation	Akkari, Yara
8. 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.	Sustainability	Akkari, Yara
9. Detailed pricing and value chain cost analysis supports long-term sustainability goals. We developed a pricing tool that took account of all fees and taxes at each point in the value chain, thereby enabling our partners to make informed choices on pricing that will ensure long-term sustainability of the project. It will also enable them to calibrate pricing to address growing local competition.	Sustainability	Akkari, Yara
10. Addressing warranty and aftersales service should be embedded in the distributor agreements. From previous experience we were aware that the issue of client satisfaction is a key variable in the success of a given project. To address this we outlined the desirable warranty system in the agreement with the distributor and secured his buy in to the proposed process.	Implementation	Akkari, Yara
11. 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.	Implementation	Akkari, Yara
12. Political risk is a real issue and mitigation efforts must work for all stakeholders. When it became clear that policy changes (Circulaire 98) in Haiti relating to the \$1.50 levy per remittance created too great a burden on the original partner organization, we encouraged them to identify an additional partner that could support them in absorbing the impact of the new legislation. The IDB endorsed this approach and an MOU was signed with the new partner in which it agreed to take on several of the functions that the primary partner had originally contract to perform. The end result was a strengthened project.	Risk	Akkari, Yara
13. Market Research: The market research conducted in 2009 was crucial to the success of the project. It enabled the Arc team to select the appropriate clean energy products for the platform, identify the best business model and potential partners, and identify Haitian consumer preferences and behavior. The market research also helped the team determine the appropriate project components.	Design	Akkari, Yara

Indicate which are the main products of the project, where they can be found, and how they could be “shared” with other entities or similar projects.

Project has developed a case study, which was used to prepare a submission for the US treasury development awards, and also was submitted for the Ashden Award on clean energy. Project developed a video which was placed on the MIF and Arc webpages, and also was used for a nightly news broadcast on CBS, a major US network. This project is being included in the MIF at 20 documentary.

Main products of the project

[Apr 2013] Arc Finance Project Case Study: Remittances as a source of end user finance for clean energy (Case studies)

Author: Niki Armacost, Yara Akkari

[Apr 2013] Powerpoint presentation of Arc Finance project results (Technical publications)

Author: Niki Armacost, Yara Akkari

[May 2014] Agenda of closing workshop (Methodologies/training materials)

Author: Niki Armacost, Yara Akkari

SECTION 7: DOCUMENTS

19/JAN/2011	Donors Memorandum	[http://www.fomin.org/file.aspx?DOCNUM=35569097]
23/APR/2014	Intermediate Evaluation Report	[http://www.fomin.org/file.aspx?DOCNUM=38750145]
23/APR/2014	Final Evaluation Report	[http://www.fomin.org/file.aspx?DOCNUM=38750153]
23/APR/2014	Sustainability Plan	[http://www.fomin.org/file.aspx?DOCNUM=38750168]
23/APR/2014	Sustainability Plan	[http://www.fomin.org/file.aspx?DOCNUM=38750170]

[Project profile](#)

http://apps.fomin.org/public/psr/projectprofile.aspx?proj=HA-M1038&lg=EN