

**3** Donor Profile:  
Fonkoze's  
Grassroots  
Supporters



**5** Earthquake  
Anniversary  
Event a Success



**6** Client Profile:  
A Unique  
Journey for Every  
Member



**8** Facts & Figures:  
Highlights  
of Fonkoze's  
programs and  
finances for 2010



# Nouvel Fonkoze

WINTER 2011 | VOLUME 15 | ISSUE 1



## Fonkoze's Commitment to Client Protection

Placing the social goals first has been the cornerstone of Fonkoze's model.

**S**ince Fonkoze was founded and made its first loan to a Solidarity group in 1996, putting our clients first and making their progress the primary focus have been cornerstones of Fonkoze's model. We believe you can't just give a woman a loan and walk away; you have to accompany her on her journey out of poverty. That means combining credit with education, health, and other services. It means a tireless commitment to protecting her interests by ensuring she does not take on too much debt, she understands the terms of the loans and she is treated with respect, even when she cannot repay. At Fonkoze, microfinance is a tool to help the poor escape poverty first and a business proposition second.

Microfinance means lending to very vulnerable families with no assets, little experience with credit, who live in extremely remote places. Many of Fonkoze's clients live hours away from towns, beyond bridgeless rivers and across treacherous mountain ridges. Few roads exist to these remote places, so our credit agents are equipped with motorcycles that cost thousands of dollars and must be repaired and replaced often. Only 25% of buildings in Haiti are electrified, and even then power is often accessible only a few times a day. The basic banking tools like computer and

**Social Impact Monitor**  
**Mercidieu Dorèus** talks with  
a Fonkoze client's neighbor  
**Apitane Jossette** about how  
she can take her first loan.

CONTINUED ON PAGE 4

# Father Joseph's Letter

Dear Friends of Fonkoze:

At our recent commemoration, **Haiti One Year Later**, Dr. Joia Mukherjee of Partners in Health delivered an inspiring speech. It was so inspiring, I found myself jumping onto the stage at the conclusion of her message to sing "Amazing Grace" with her. It's not easy to find that kind of spirit at the conclusion of a year like the one we just lived through in Haiti. But, if anyone can find that spirit, it is the Haitian people!



My friend Dr. Mukherjee said that the irrepressible spirit of the Haitian people is her inspiration. She reminded us that Haiti is an impoverished country, but not poor; that Haiti has wisdom, wealth, music, God, and passion...for those who will listen.

*For those who will listen.*

I believe Fonkoze is one of the institutions that listens, then discerns and builds community. Listening to the Haitian people has been a guiding principle of Fonkoze from the very beginning, and will be a key component of our collective work with clients and partners moving forward.

In this newsletter, you will read about programs that are the result of listening, discernment, and community. The SMART Campaign for client protection ensures our clients are not over-indebted, that they are treated with respect, and can expect privacy and transparency from Fonkoze. Micro-insurance has been developed in response to the inevitable crises and risk that keep our clients from progressing.

Chemen Lavi Miyò — our program for the poorest — is based on participatory wealth ranking, a community-based discernment process that engages the village in the eradication of extreme poverty around them. Even at the fundraising level, our grassroots donors here in the U.S. are deeply committed to listening and responding. Their efforts are participatory and highly responsive to the communities and programs with which they form partnerships.

As we move ahead to do the work and face the challenges in front of us, let's continue to do so with irrepressible spirit, with a listening spirit. It is the wisdom of the Haitian people that will guide us.

Sincerely,

Joseph B. Philippe, CSSp  
Founder and Coordinator, Fonkoze

## FONKOZE BRANCH OFFICES

Creole / French	Marigo / Marigot
Ansapit / Anse-à-Pitre	Mibalè / Mirebalais
Beladè / Belladère	Milo / Milot
Bizoton / Bizoton	Miragwàn / Miragòane
Bomon / Beaumont	Montòganize / Mont Organisé
Boukànkare / Boucan Carré	Okap / Cap-Haïtien
Ench / Hinche	Okay / Les Cayes
Fòlibète / Fort Liberté	Okoto / Les Coteaux
Fondeblan / Fond-des-Blancs	Piyon / Pignon
Fondwa / Fond-Oies	Pòdpè / Port-de-Paix
Fonvèret / Fond Verrettes	Pòmago / Port Margot
Gantye / Ganthier	Ponsonde / Pont Sondé
Gonayiv / Gonaïves	Pòtprens / Port-au-Prince
Gwomòn / Gros Morne	Sen Michèl / St. Michel de Lattalaye
Jakmèl / Jacmel	Sodo / Saut d'Eau
Janrabel / Jean Rabel	Tirivye d'Nip / Petite Rivière de Nippes
Jeremi / Jeremié	Tomonn / Thomonde
Kabarè / Cabaret	Twen / Trouin
Lagonav / La Gônave	Twoudinò / Trou-du-Nord
Latwazon / La Toison	Tyòt / Thiotte
Lavale / La Vallée	Wanamant / Ouanaminthe
Lenbe / Limbé	
Leyogàn / Léogane	

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# Fonkoze's Grassroots Supporters Keep Us Going

BY LEIGH CARTER | EXECUTIVE DIRECTOR, FONKOZE USA

In *Nouvel Fonkoze*, we often include donor profiles to highlight our major donors. In this issue, I want to honor the most important donor: our grassroots supporters, the donors that keep us going.

You know who you are. You have been with us from the very beginning. You helped us build Fonkoze with your \$25 and \$50 donations. Client by client. Branch by branch. You believed in our mission, and you continue to give us strength.

Some of you pooled your resources and efforts at the local level to make a targeted impact by supporting a specific Fonkoze program like Chemen Lavi Miyò or Education. Some of you raised the funds to build an entire Fonkoze branch in rural Haiti. Others simply sent your donations faithfully, month after month, year after year, knowing that even \$25 can make a huge impact on the ground.

Did you know that collectively small donors make up half of our total donations here at Fonkoze USA? In the wake of the earthquake, Fonkoze and Fonkoze USA for the first time in our history received some very large grants for specific projects of recovery and rebuilding. And, we hope to build on these new partnerships.

But, it is our sustaining donors — the grassroots supporters of Fonkoze — that remain a vital component of our continued success in Haiti. So, if you see a parish hall dinner, a 5K Walk/Run, “Microbrews for Micro-credit,” Irish Night for Haiti, a local university gathering, or even a Fonkoze lemonade stand... you can rest assured these are Fonkoze's



**(Top) Annual Irish Night sponsored by Fonkoze Santa Barbara raises funds to support the Janrabel branch. (Bottom) Beverly Lucas of the Greater Philadelphia Friends of Fonkoze speaks with filmmaker Louis Massiah at a benefit for Chemen Lavi Miyò.**

major donors working hard in their communities to partner with the Haitian people. Stop by and support them, and become a major donor yourself. ●

Did you know that collectively small donors make up half of our total donations here at Fonkoze USA?



PHOTO BY BEN DEPP

**Social Impact Monitor Mercurieu Doréus interviews Fonkoze client Venitte Tilien in Fon Parisien, Haiti.**

a tool to fight poverty. Even Professor Yunus, winner of the Nobel Peace Prize, has come under attack!

These are important and appropriate questions. Some of the accusations are true, and they present serious opportunities for learning. Microfinance was imagined as a powerful tool to help families

rise out of poverty in a commercially sustainable way, lessening dependency and leveraging resources for greater change. Unfortunately, while most institutions around the world focus on their social objectives first, some institutions in recent years have allowed financial objectives to dominate decision making. And even in those, like Fonkoze, who do care more about the impact of the program on their clients' lives than reaching sustainability or making a profit, poor practices can creep into many organizations, especially when the pressures to reach sustainability are intense. That's why at Fonkoze we think vigilance about good practice is key, including ensuring that our clients know what they have a right to expect.

Under pressure to grow profits to higher and higher levels, and to pad the number of loans in their portfolios to highlight their success, some institutions have in fact done their clients harm. Most developing countries do not have strong credit bureaus and microfinance institutions share little information about lending with each other. Each, competing to lend more than others, may lend to the same clients at the same time, making it difficult to avoid over-indebting clients.

Just as in the developed world, credit is an extraordinary tool that enables a healthy economy, but it can also be destructive when it flows too freely. These pressures have led a small number of microfinance institutions around the

world to the adoption of "loan shark" tactics. They use aggressive collection practices that severely embarrass or intimidate families who fall behind on payments. They are loose with protection of client data. Although none are perfect, the vast majority of microfinance institutions are responsible lenders who go to great lengths to see that their clients succeed.

Anne Hastings — CEO of Sevis Finansye Fonkoze — is a member of the Steering Committee of The Smart Campaign for responsible microfinance, a global effort to instill strong client protection practices throughout the microfinance industry. It has developed six principles of responsibility and has created toolkits for improving practice.

The principles include:

1. Avoid over-indebting your clients
2. Price products transparently and responsibly
3. Use appropriate collection practices
4. Ensure ethical staff behavior
5. Resolve complaints effectively
6. Protect the privacy of client data

At the national assembly of Fonkoze's clients, the annual pinnacle of Fonkoze's democratic process that brings client representatives from across the country to Port-au-Prince for discussions and voting on Fonkoze's policies, management outlined and held workshops on the six principles of The Smart Campaign. The assembly endorsed the principles and shared them with every member in the Fonkoze network across the country.

We've worked hard over the years to develop a relationship of trust with our clients. We tell them if they respect their responsibilities of membership, we will respect our commitment to do everything we can to help them move out of poverty. Time and time again we have delivered on the promise, and this has served to reinforce our clients' faith in us and further motivate them to be

CONTINUED FROM PAGE 1

telecommunications equipment must be run from generators at each of Fonkoze's branch locations.

These challenges are expensive to overcome. Because Fonkoze focuses on Haiti's poorest, average loan sizes are only about \$240. Such small loans generate very little income for Fonkoze to cover the high costs of making these loans. Continuously working to become more efficient is key to reaching sustainability. Nevertheless, sustainability cannot be achieved at the expense of the client's best interest.

Over the past few months, major newspapers and magazines have told the stories about troublesome events involving microfinance across the world. In 2009, microfinance in Nicaragua came under fire in what they called the no pago or "no payment" movement in which clients refused to repay their loans. In Mexico and other countries, microfinance institutions have been criticized for high interest rates and over-lending. In the most high profile recent case, SKS Microfinance in India has been accused of over-indebting clients, leading to political and legal action in the state of Andhra Pradesh. All of these stories have raised questions among many people across the world, not just about these isolated crises, but about the nature of microfinance as

# Fonkoze Commemorates Earthquake Anniversary in U.S. and in Haiti

**O**n January 10, 2011, approximately 250 people gathered at The Metropolitan Pavilion on the lower west side of Manhattan to remember the victims of Haiti's earthquake one year ago while celebrating the progress that has been made in Haiti since then, and, in particular, Fonkoze's program to help the catastrophically poor, Chemen Lavi Miyò ("Road to a Better Life").

Featured speakers included Peggy Woo, CFO of The MasterCard Foundation; Elizabeth Littlefield, President and CEO of OPIC; Joia Stapleton Mukherjee, Chief Medical Officer of Partners in Health; Anne Hastings, CEO of Sevis Finansye Fonkoze; Father Joseph Philippe, Fonkoze Founder and Coordinator; Nicholas Kristof and Sheryl WuDunn, Pulitzer Prize winning journalists and authors of *Half the Sky*; and a special message (by video) from Fazel Hasan Abed, Founder of BRAC.

There were two notable highlights of the evening. One was The Spirituals, an energetic choir who regaled guests with a range of gospel music, as well as a rousing rendition of "Amazing Grace" led by Dr. Mukherjee and Father Philippe. The other highlight of the evening was the presentation of a large donation for Fonkoze's program Chemen Lavi Miyò by the Haitian Timoun Foundation (HTF). The check totaling over \$100,000 was the grassroots effort of hundreds of donors. According to Pastor Rick Barger, HTF's founder,

"this donation came from ordinary people choosing to do something extraordinarily selfless with their resources."

Meanwhile in Haiti, staff were busy at work preparing their commemoration. With over 820 employees, Fonkoze is simply too big to bring everyone together, so we decided to have 11 separate, but identical, commemorations in different zones of the country. Each of the Central Office staff left Port-au-Prince to join

one of the regional commemorations. At each event, the same program was used, the same Bible reading, the same discussion of our role in the reconstruction of the country and the same time for people to pray together and share their losses. Then, at an appointed hour, we began planting trees in memory of all those we lost. Finally, everyone at each event shared a meal together. Everyone left grateful for their life and recommitted to our purpose. ●



**(Top) Commemoration at Latwazon branch of Fonkoze on January 12th. (Left) Nicholas Kristof, left, with Father Joseph Philippe. (Below) Father Joseph Philippe, Fonkoze Founder, and Anne Hastings, CEO of Sevis Finansye Fonkoze, sing with The Spirituals.**



engaged and responsible members. Of course, Fonkoze makes mistakes too and may from time to time falter in its commitment to protect our clients. But

more often our clients tell us things like "My credit agent was the first person to come looking for me after the earthquake. When I saw him, I had hope because I knew that Fonkoze had not

abandoned me." These experiences, although just one small way to measure our commitment, reassure us that we are on the right track. ●

PHOTOS, BOTTOM RIGHT AND CENTER RIGHT, BY TEQUILA MINSKY

# A Unique Journey for Every Member

BY STEVE WERLIN | REGIONAL DIRECTOR, CHEMEN LAVI MIYÒ



Case Managers Martinière Jasmin and Bonissaint St. Armand hiking from Zaboka to Chipen and Labòd.

As of the end of December, the Chemen Lavi Miyò program had completed the enrollment of 1,000 new members; the massive scale-up of the program for Haiti's ultra-poor funded by The MasterCard Foundation. As

we start our weekly visits with our new CLM members, we begin to face new issues. Each member has a story. Each faces her own set of difficulties. Our case managers' first challenge is to get the members to share the problems they face, to talk about them frankly. That's when our real work begins. Helping ex-

tremely poor women begin to strategize about their lives, helping them to look at their lives as something they can change, is the key to everything we do.

Licia is a woman who lives in Chipen, a village in the corner of Tit Montay farthest from our base in Zaboka. The hike up to Zaboka from Viyèt, where we leave our motorcycles, is almost four hours. Our team makes that trip every Sunday afternoon. On Monday morning, Martinière, the case manager responsible for the Chipen area, leaves early from Zaboka to make the hike. He starts with Licia first, because she is the farthest of all.

When we got to Licia's house on a recent visit, she announced that she was leaving the program. Martinière asked her why, and what she said shocked us: she's cursed. The people around her hate her and will block her. Nothing can change her life.

To explain, she told us the following story: For the first six months that CLM members spend in the program, we give them a small cash stipend, just a little more than a dollar per day. It's designed as a way to protect their new assets. As small as it is, it helps them guarantee that they can feed themselves and their children without selling the animals we give them or reaching too deeply into the commerce they're trying to build up. Our expectation is that by the time they've spent six months in the program their assets will be earning them enough income to do the work the stipend has been doing.

But many of the women choose to invest these stipends rather than spending them just to buy food. They buy livestock, mostly fowl. It's not really what the stipends are intended for, but we are so glad to see the women thinking in terms of investment, that



Dieula Mertyl with two of her goats.

PHOTO BY BEN DEPP

felt so discouraged by the loss that she decided to leave the program. There was no point in continuing. She was obviously cursed.

Fortunately, she was open to listening. Martinière, her case manager, talked a lot, but his message was simple: She should look at the loss as a lesson. Her son is not mature enough to be left with such a serious responsibility. Haitian's say "se mèt kò a ki veye kò a." This means that

a body's owner is the one who should keep an eye on it. Martinière encouraged her to realize that she herself must take responsibility for the decisions she makes and the assets they bring her way. But for her to leave the program right as it is starting would not solve anything. After a long discussion, she relented. She will continue with us, maybe a little bit wiser for her loss. •

we don't worry too much. We just try to see to it that they have something to feed their kids as well.

Licia decided to buy a turkey. It was a big investment, but it could pay off handsomely. Turkeys are harder than chickens, and this is a major consideration this time of year, when many chickens die in the relatively cold weather. Turkeys reproduce well, and are easy to sell for a decent price. So she went to the market in Nansab, in southern Ench, and bought a young female for 600 gourds, or two weeks' stipend. She had a number of errands to run in the market, so she left her youngest son to keep an eye on the turkey, and went her way.

Unfortunately, the little boy was more interested in a soccer match than in his mother's new turkey. He went off to watch the match, and when his mother returned, the turkey was gone. She looked all over the market for it, but could find no trace. Her investment disappeared the same day she made it. She

## NEXT ISSUE: Fundamentals of Chemen Lavi Miyò

In a December 18th, 2010 Nicholas Kristof *New York Times* Op-Ed entitled, "Humanitarian Gift Guide," Mr. Kristof begins by asking, "what would your aunt prefer as a holiday gift — another Mariah Carey CD, or the knowledge that she's sending a little girl in Haiti to school for a year?" He points out that a \$20 gift to Fonkoze will send a rural Haitian child to elementary school for a year; a \$50 gift will buy a family a pregnant goat; and a \$100 gift supports a family for 13 weeks while it starts a business. **Over one thousand people responded!** Please know that all donations were restricted for the above purposes within our Chemen Lavi Miyò (CLM) program, and we look forward to sharing the impact in the next issue of *Nouvel Fonkoze*.

## Cholera Update

As cholera continues to plague Haiti, Fonkoze has been working diligently to set up a sustainable system of health education and supplies for our clients, their families and communities throughout the rural areas. Since late November 2010, Fonkoze's Center Chiefs (borrowers themselves) have conducted trainings on cholera prevention and treatment for our clients during their center meetings. As a result, our 50,533 borrowers now have a much better understanding of how to prevent and to treat cholera. Further, due to the generous donation of supplies from Zanmi Lasante and a grant from Fonkoze USA, the Center Chiefs distributed an initial cholera supply kit of oral rehydration sachets and water purification tablets to our clients. Currently, we are establishing mini-pharmacies in our 43 branches, which will serve as the distribution point for supplies.

As of January 16, 2011, the Haitian Ministry of Health reported a cumulative number of 194,095 cases and 3,889 deaths from cholera (MSPP, Jan. 19, 2011).



**Fonkoze**

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## FACTS & FIGURES

The year 2010 started with the earthquake on January 12, an unprecedented challenge for Fonkoze, our clients, and the Haitian people. Fonkoze responded with comprehensive programs and solutions to restart members' businesses and help them rebuild their lives. In addition, demand for Fonkoze's services surged to unprecedented new levels, growing Fonkoze's loan and deposit portfolios while all 43 branches paid out far more remittances, money sent by friends and family abroad, than ever before.

The data, right, summarizes some of the key figures of the year 2010 and the balance of Fonkoze's portfolios at the end of the year 2010. The Fonkoze family is working with its auditor on the annual process of preparing financial statements and finalizing data for 2010. These will be available on Fonkoze's website and in the final version of our annual report in the summer of 2011.

## Earthquake Funding Accountability

We invite all our supporters to visit Fonkoze's website to view our report, "Accounting for Fonkoze's Earthquake Funding." Highlights include:

- Fonkoze spent 95% of funds received
- 81% went directly into the hands of clients.
- 13% is being spent on repair or reconstruction of housing for victims.
- 6% was allocated either to Fonkoze infrastructure repairs or disaster preparedness education for clients.



## Key Facts

FOR THE YEAR ENDED OR AS OF DECEMBER 31, 2010

Number of Branches **43**

### MICROFINANCE LOANS

Number of Microfinance Loans **50,533**

Value of Microfinance Loans **\$ 10,265,212**

Microfinance Loans PAR > 30 Days **5.3%**

### DEPOSITS

Number of Deposit Accounts **234,312**

Value of Deposits **\$ 24,068,262**

### SMALL-MEDIUM ENTERPRISE LOANS

Number of Small-Medium Enterprise Loans **105**

Value of Small-Medium Enterprise Loans **\$ 4,072,490**

Small-Medium Enterprise PAR > 30 Days **0%**

### REMITTANCES

Volume of Remittance Transfers Paid 2010 **\$ 95,961,828**

*All Monetary Values In US Dollars*