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Fonkoze commits to establish \$1.5 million job creation fund for Haiti's post-earthquake development at Clinton Global Initiative

Fund will leverage NGO job creation funds to lend to promising small and medium enterprises

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NEW YORK CITY, Sept. 20 – In an effort to create jobs in post-earthquake Haiti, Fonkoze has announced it will create an investment fund to provide needed capital to small and medium enterprises. The announcement, made this week in New York, is a “Commitment to Action” in partnership with Mercy Corps, part of the annual meeting of the Clinton Global Initiative.

The fund will link Fonkoze’s existing project Zafèn to the resources of international NGOs to allow for loans at below-market interest rates to small and medium enterprises that will create jobs, considered key in Haiti’s earthquake recovery. Zafèn works through business analysts and an experienced selection committee that conduct due diligence on small and medium enterprises. If selected, the businesses are profiled on a web site, where potential investors can then make direct loans to the businesses. The enterprises that receive loans are also given technical expertise on business management and contacts with certified professional service providers.

The fund, which will be capitalized with \$1 million to \$1.5 million that revolves annually, will be managed by Fonkoze Financial Services, the non-bank financial institution that supports Fonkoze’s social programs. Loan payments will return to the fund to be available for future loans.

“The small and medium enterprises and small growing businesses of Haiti have no access to finance and business support. Zafèn is offering a unique occasion for those businesses to have access to credit and get business development support,” said Katleen Felix, Project Director and Diaspora liaison for Zafèn. “It is a great opportunity for the NGOs interested in sustainable economic development and job creation in Haiti to collaborate in an efficient way using the expertise of Fonkoze and Zafèn on the ground.”

The idea for the fund came from Fonkoze’s connections with NGOs working in earthquake relief and recovery. Many have funding for job creation and appreciate the opportunity to connect with the infrastructure Zafèn has put in place to identify and vet the best SMEs in the country. Zafèn business analysts located around the country identify and then conduct due diligence on potential businesses. If the enterprise shows great potential but has a need for business development services, Zafèn can provide a cash voucher for the enterprise to purchase these services from among a network of Haitian professional service providers certified by Zafèn. Fonkoze’s permanent, national presence in Haiti makes it an ideal institution to house both Zafèn and the fund.

Zafèn was originally conceived as a way for individual investors, especially from the Haitian Diaspora, to lend directly to small businesses in Haiti. But the economic downturn in the United States along with Zafèn's goal to make larger investments in businesses, has made raising capital difficult. By leveraging the job creation funds of NGOs in Haiti, the fund will create a win-win-win situation for Zafèn, the NGOs, and the enterprises in Haiti. The fund will continue with Zafèn's mission of allowing direct loans by encouraging individual investors to make contributions to businesses beside loans from the fund.

The fund is projected to lend to 500 businesses annually, creating an estimated 1,500 jobs each year.

More about Zafèn

Zafèn, which means "It's our business" in Haitian Creole, was developed to stimulate collaboration between Haiti-based business owners, the Haitian Diaspora and others interested in supporting the Haitian economy. It is unique in its criteria because businesses must demonstrate an anticipated impact on the broader community from the loan or donation by hiring more employees, operating more efficiently, becoming more environmentally friendly or other measures. Zafèn was founded by four organizations: the International Vincentian Family, an assembly of people worldwide affiliated with organizations who find inspiration in the legacies of St. Vincent de Paul and St. Louise de Marillac; DePaul University in Chicago, the largest Catholic university in America; Fonkoze, Haiti's alternative bank for the organized poor serving more than 250,000 clients; and the Haitian Hometown Associations Resource Group, which enables the Haitian Diaspora to foster economic and social growth to alleviate poverty in their native communities.

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