

Haiti's Alternative Bank for the Organized Poor

BUILDING THE ECONOMIC FOUNDATIONS FOR DEMOCRACY



ANNUAL REPORT 2000



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Photo: Dave Fonda



Dear Friends,

I would like you to imagine with me for a moment. Imagine that you are a woman, any woman, living in the provinces of Haiti.

You have a family. Perhaps you have three or four children, and take care of your aging mother in your home.

You are among those in Haiti who work, and your family who has migrated to Brooklyn sends you money when they can. So, you have a small place in the town market where you can sell. You sell rice, flour, sugar, candles, and various other daily necessities. You bring home enough income so that, along with the money you receive from the US, your family eats, and your children go to school. You are fortunate enough to live in a two-room concrete house. It is not completely finished, but the tin roof does not leak, and it is an improvement on the days when you lived in a house made of palm-tree planks.

Although you have more security than most, the street gangs make you nervous. You worry that they could steal your inventory from storage. One person could take all you have in an hour. Or, worse, they could break into your home and harm your family. That is unthinkable, and things are not as bad as they were, but still you awaken at every rustle in the night.

You have joy in your life too. You visit your family in the countryside, and the small piece of land your father left you. You feel the moist, cool air. You go to church, where all of the kids are dressed beautifully, and you sing to God, asking for peace for Haiti. Sometimes, it just seems like things never change in Haiti.

What are your dreams?

Besides seeing your kids get an education and succeed, you have only one simple dream for yourself. Before you die, you want to own a "boutique", a real shop where you can sell your goods. You tried to get a loan a few years back, but you would have had to pay 100% interest per year, and put up your father's piece of land in the countryside as collateral. Your mother would have been furious if you lost it.

But you've been thinking about something. The other day, the woman next to you in the market asked if you wanted to join this group called Fonkoze. She said you could get a loan, and, maybe, they could teach you to read and write. You are skeptical. In Haiti, everyone makes promises, but few deliver. But, you go with her to a meeting one day anyway.

You know the Fonkoze office director: he is the son of your friend, but he left a few years ago to study in Port-au-Prince. Now he's back. You are glad he's from your town. He answers your questions, and he speaks your language, the way they do where you're from. The next market day, you do some calculations with the woman next to you, trying to decide if a Fonkoze loan can help your business. You think so -- but what if someone in your group doesn't pay back? That makes you nervous, but you know the other four members of your group well and believe they are trustworthy.

You will have to go to some training sessions with the Fonkoze director. That's not easy. You have to let someone else watch your place in the market, but you think it's worth it, because maybe, someday, you will have your "boutique".

Friends, life in Haiti is not easy, and nothing comes free. It is easy to lose hope, to think that things will never change. That is the meaning of Fonkoze. Fonkoze is a sign to the people that things can change, and that they are changing.

Becoming a member of Fonkoze is not easy either. But, with your help, we can make Haiti a place of transparency, democracy, dignity, and love. Skeptics say we will never succeed, or they say the corruption in Haiti is too deep to overcome. But for us, it doesn't matter. We are all God's children. There is no other choice but to keep building our bank day by day.

With gratitude,



Joseph B. Philippe, CSSP
Founder and Coordinator



Photo: Ruth Messinger

**Micro-credit Lending:
Over 5,000 active borrowers
EMPOWERING POOR ENTREPRENEURS**

Micro-credit lending is a system of lending to poor entrepreneurs used throughout the developing world. Fonkoze uses a methodology called "Solidarity Group Lending". In this system, a group leader chooses four other group members and a name for the group. After a training period, they receive an initial loan from Fonkoze. This loan might be about US\$ 60. The group is responsible for paying back this loan; so, if one member does not repay, the others must cover the loss. Members also have an incentive to repay because they can receive a second larger loan, and so on. They pay interest rates designed to cover Fonkoze's administrative costs, but set much lower than the exploitative rates of money lenders (often 100 - 300%) who are their only alternative. Fonkoze's default rates are less than 5%. Over 80% of Fonkoze's borrowers are women.



Photo: Leigh Carter

**Literacy & Business Skills:
Over 8,000 graduates
BUILDING THE FOUNDATIONS FOR DEMOCRACY**

Based on an innovative game called *Jwèt Korelit La* (Game to Reinforce the Struggle), and incorporating the teachings of Paolo Freire, Fonkoze's Literacy and Business Skills Training Program works hand-in-hand with the micro-credit program. It helps individuals strengthen their businesses, which in turn helps them to realize an income on their business activity, to begin to save, to better provide for their families, and to repay their loans in a timely manner. The program now shows an 88% success rate!



**Business Development Program:
Over 200 jobs created**

BUILDING BUSINESS LEADERS IN THE PROVINCES

The objective of the Business Development Program is to create new business owners, generate more jobs, slow or reverse the exodus of people from the provinces to Port-au-Prince, and stimulate sustainable economic development in Haiti. Through the program, Fonkoze invests in both new and established Haitian-owned businesses in the provinces of Haiti. Fonkoze becomes a partner in the business by contributing or lending capital and, if needed, technical assistance to the business.

**International Deposit Service:
Over \$800,000 sent to Haiti**

**HELPING THE HAITIAN COMMUNITY ABROAD SEND THEIR
MONEY HOME SAFELY**

The amount of money sent home to Haiti by Haitians living abroad is estimated at \$720 million per year, a staggering 17% of the GDP of Haiti. Yet, these dollars are not flowing in from large remitters, but from many low-income migrants struggling to support both themselves and their families back in Haiti. Very often, these migrants are not sophisticated users of financial services; they may send their money home by friends, or through transfer agents that can charge over 20% in fees and currency exchange rates.

But, there is an alternative - for just \$10 per deposit, regardless of the amount, a person anywhere in the US or Canada can deposit money in their friend's or family's account in any of Fonkoze's 17 branches. The sender simply calls Fonkoze's representative at 1-800-293-0308 and sends a check, money order, or wire transfer to City National Bank of New Jersey (CNB). The day it arrives in CNB it is available in Haiti.



Photo: Dave Fonda

