

Nouvel Fonkoze

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Fonkoze Is In Business!

Dear Friends,

As I reflect on the progress Fonkoze has made this last year, I am struck by how far we have come in such a short time. It was only last October that Fonkoze held its first national convention to develop a strategy for organizing the economic battle on behalf of the poor. More than 150 people, representing over 70 grass-roots organizations, attended.

At that conference we agreed that we could not fight this battle without the support and assistance of our friends and fellow Haitians abroad. Hence, we

organized an international conference in Miami in March, where Fonkoze received overwhelming support for establishing an investor-based revolving loan fund to service grass-roots organizations and their members engaged in income-producing activities.

Our supporters abroad have committed to helping us develop an international fundraising capacity to carry Fonkoze until sufficient investment is available. At least three fundraising/investment centers are planned: Fonkoze-USA, Fonkoze-Kanada, and Fonkoze-Karayib. *(continued on page 3)*

Who Are The Members Of Fonkoze?

Fonkoze currently has 21 members. They include organizations like these:

MODEC: Movement for Community Development - A peasant organization in the western part of Haiti (in Ti Gwav) that works to improve the lives of farmers in the area by digging wells, setting up a "bank" of tools from which farmers can borrow what they need, and building a warehouse to store food that can be distributed during hard times. MODEC has about 150 members.

K O M O G : Koperative Montay Godèt

- This cooperative, founded in 1983, is located in the far northwest area of the country (Jan-Rabèl). In this part of the country, people have been relying on the sale of charcoal to survive and, as a result, there is a serious problem of deforestation and soil erosion. Another problem they have faced is that because the must sell their grain right after the harvest, when it comes time to plant they have no seed. Often the farmers miss the best planting time because they are not able to pay for seed. The cooperative, with almost 200 members, has begun a grain storage project to allow them to store *(continued on page 2)*

Each of the 5 understands that she is ultimately responsible for the repayment of the entire loan, if one or more of the women are unable to repay their portion of the debt.

Fonkoze Lending In Action!

Fonkoze is making two types of loans: loans to solidarity groups of micro-entrepreneurs and loans to its member organizations engaged in income-producing activity. Solidarity group lending is a methodology that has been tested in many countries and found to be an excellent way to improve repayment rates. It has proven to be more successful at solving the problem of risk than more thoroughly analyzing loans or requiring more collateral:

- Each of the members of the solidarity group understands that if one or more of the women is unable to repay their portion of the debt, she is ultimately responsible for the repayment of the entire loan. In essence, each woman is guaranteeing the other's loan.
- Solidarity group loans are for six months, with an interest rate of 18% per year (9% for the six months). While this rate may seem high, it still constitutes a *subsidized* loan because the inflation rate in Haiti is currently estimated at 20-25%. As we gain more experience, we hope to experiment with more market-based pricing.

An example of a loan to a member organization is the one-year, 18% loan we made to Koperativ Depaye de Kredi Abondans Bosejou. For the last several years, this cooperative has been producing liquors from locally grown fruits. Convinced of the marketability of their product, Fonkoze has given the cooperative a loan in the amount of \$4,000 H that will allow them to purchase the materials and equipment they need to increase their production.

Meet The People Who Are Saving With Fonkoze

Microenterprise developers around the world have been surprised to learn in the last few years that even the smallest of businesses, households, and organizations will save voluntarily in a financial form, if appropriate institutions and instruments are available. Customers respond enthusiastically to savings programs when they have ready access to their savings (i.e., there are no limits on the number of withdrawals they can make), when they know their money is secure, and when there is a positive real return on their investment.

This experience parallels that of Fonkoze. Meet three of the people who are saving with us:

- **Carole** is a 35-year-old woman working as a secretary/ accountant for one of Fonkoze's member organizations. She comes from a family of 10. Her mother was a seamstress and her father a welder. Before her current job she worked in a factory for 9 years. She has had 10 years of schooling, and is learning the skills she needs for her current position "on-the-job." Carole is saving her money in Fonkoze in case she has a future emergency need for it and also because she believes strongly in the need for poor people to combine their resources to strengthen the economy.
- **Nadia** is a 24-year-old student of linguistics. She is the vice-president of OJEPF, an organization of Fondwa students in Port-au-Prince. This student organization is very active and works hard to improve the living conditions of the peasants living in Fondwa, which is close to Leogane. For instance, it sponsors literacy seminars for the people of Fondwa. Nadia, who comes from a family of 10 children, is saving her money in order to protect herself against future problems like an illness or an unexpected educational expense. She opened her account with 200 gourdes and now has over 500 gourdes.
- **Juliana** is a very poor, 86-year-old woman, who is very strongly committed to the base Christian community. When asked why she is saving what little money she can

with Fonkoze, she responds "Because I want to be in solidarity with Fonkoze." She has 300 gourdes (about \$20 US) in her account. During her lifetime, she has been very active in groups that assist women to be successful entrepreneurs.

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the seed until they are ready to plant again. They have applied to Fonkoze for a loan for this project.

Active Women of Bizonton - This group was formed as a socio-educational group to assist women in taking their rightful place in society. It has organized training seminars in health, economics, religion, and community affairs. The organization has also opened a women's vocational school to assist women in developing job skills.

Credit Union of St. Clair Dessaline - Members of this cooperative in a small village outside St. Marc in the Artibonite Valley have established a very small credit union. They come to Fonkoze to join with others also interested in saving and in lending and to benefit from the structure, training, and enhanced resources that Fonkoze can offer them.

Fonkoze Expanding Its Membership Base

Beginning in April of this year, the Executive Committee of Fonkoze has been holding conferences around the country to explain Fonkoze to organizations that might be interested in joining. To date, conferences have been held in La Montay-Janrabel, Gonayiv, Jakmel City, La Montay-Jakmel, Pont Sonde, Gwomòn-Gonayiv, Tigwav, Benè, and Aken.

All of the meetings have been well attended with sometimes as many as 100 people attending, representing as many as 50 different grass-roots organizations. The dialogue has been lively as grass-roots leaders seek to understand the origins of Fonkoze and what it can provide them today.

As Fr. Philippe explains it, "Many of these organizations were formed for *political* purposes. We are now challenging them to come together and engage in *economic* activity. Many of them believed the economy would take care of itself, if a stable democratic government could be put in place. Gradually, they are beginning to understand that neither the international community nor the Haitian government can (or will) develop an economy that will reduce the numbers of people in poverty. The poor must build the economy themselves, from the ground up, by joining forces and learning how to engage in economic activity. We are not looking for organizations that are waiting for someone to do it for them. We are looking for organizations that want to join with others to ensure that they have the financial and other services they need to do it themselves."

At each of the meetings, participants have elected a small committee of 5-6 people to continue discussions among themselves and with Fonkoze staff regarding the criteria for and benefits of becoming a Fonkoze member. For example, to become a member an organization must be engaged in some income-producing activity. In addition, the organization must pay a \$250 H (about \$85 US) membership fee and complete a training program put on by Fonkoze. Finally, the Fonkoze Executive Committee visits each organization applying for membership.

In several of the localities where meetings have been held, organizations are interested in opening a branch of Fonkoze. The experience world-wide has shown that if poor people and their organizations are to utilize financial services enthusiastically, the services must be located convenient to where they live, work, and meet. Fonkoze will be working actively to identify organizations strong enough to open "branch offices" for Fonkoze in their locality.

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In order to broaden our membership base in Haiti, a series of open meetings have been and are being held throughout the country. Their purpose is to inform grass-roots organizations of the importance of developing an economic alternative in Haiti, and to invite these organizations to join us in developing Haiti's economy from the bottom up. (See page 2 for more on this effort.)

Fonkoze has, however, been doing much more than organizing conferences. Over the past several months, we have been opening long-term and regular savings accounts and providing loans to our members and to small groups of micro-enterprises.

Business is flourishing! To date, we have opened 32 savings accounts — 5 for organizations and 27 for individuals. Opening deposits total over 240,000 gourdes (about \$16,000 US). Fonkoze is paying interest of 3.6% on these savings accounts.

We have also opened 7 one-year "certificates of deposit" that pay 7% interest. Opening deposits currently total 225,000 gourdes (about \$15,000 US). In addition some Americans have opened one-year renewable cd's in U.S. dollars at a small rate of interest (1-2%) to show their solidarity with Fonkoze. We invite you to do the same.

Several micro-enterprise loans have already been administered, three of which went to "solidarity groups" each consisting of 5 street merchant women. We have also made loans to several member organizations. (See the box on page 1 describing these loans.)

Finally, Fonkoze is helping its members to increase the sales of the products they are able to produce. Many member organizations are producing marketable products that other members need, but cannot find. Fonkoze is facilitating the information exchange necessary to link products with markets.

I am pleased with the progress we have made, and I trust that I can count on you to assist us in organizing the economic struggle in Haiti to the advantage of poor people. Let us hear soon how you propose to help Fonkoze. We count heavily on your continued collaboration with us.

Fr. Joseph Philippe, CSSP
Coordinator, Fonkoze

Meet A Solidarity Group

Because the unemployment rate in Haiti is so high (over 70%), everyone must be a micro-entrepreneur in order to survive. There is no limit to the kinds of businesses people will start in order to survive: they might sell fruits and vegetables, bang out pots and pans from scrap metal, make mops and brooms, shine shoes door-to-door, or shape pieces of furniture.

As an example, consider the first solidarity group of women street vendors to receive a loan from Fonkoze. The five women range in age from 45 to 54 years. Each of them has between 2 and 6 children, and none of them has a husband. Combined, they have over 48 years experience in street vending. They sell anything and everything from shoes to sheets.

What are the problems these women face in trying to eke out a living in this way? Each of them will tell you

that the biggest fear they have is that either their money or their merchandise will be stolen.

A second problem is their lack of access to capital for purchasing their merchandise. As they explained to Fonkoze's credit officer, prior to learning about Fonkoze, their only other source of capital was through a money lender. If they borrowed \$500 H, they would be required to refund it in 24 days, paying \$25 for each day. This means they were paying an effective annual interest rate of 300%!

Simply surviving is a daily challenge for these women. The loan they received from Fonkoze provided some help to them in their struggle. Knowing that their future access to credit from Fonkoze depends on their timely repayment of the current loan, these women have made each of the required payments on time. We expect them to become long-term Fonkoze clients.

Meet The Staff of Fonkoze

Although the staff of Fonkoze is still a "volunteer staff," everyone is a hard worker and very committed to building a strong and financially viable Fonkoze. On the staff are:

- **Marie-Deleure Jean**, our General Secretary, who staffs the office 5 days per week. She receives visitors, opens accounts, provides information, manages all our correspondence, maintains meeting minutes, and handles financial transactions. Marie-Deleure is one of the founding members of Fonkoze.
- **Daniel Plaisival**, is our Credit Officer. Anyone who wants to receive a loan is visited and interviewed extensively by him. He then makes a recommendation for approval/disapproval to the Executive Committee, which makes the final decision. For one of his visits to an organization in the field, he walked 6 hours. Daniel also coordinates the training required of every individual who receives a loan. Daniel is also an architectural engineer, and has helped extensively with the plans for our new office space. Daniel

is another founding member of Fonkoze.

- **Paul Estral** works in the office 3 days a week and in the field the rest of his time. He is responsible for new member recruitment, he manages most of Fonkoze's investments, and he opens accounts and calculates interest.
- **Louissaint Ceide** helps everyday around the office. He delivers messages, handles the security, answers the telephone, and generally makes certain the office is running smoothly. He has been with Fonkoze for about 2 months.
- **Anne Hastings**, the newest member of our staff, is gradually taking over the duties of Fonkoze Director of Projects. She comes to us for one year from Washington, DC, where she has a management consulting business. She is also coordinating our international liaison work and the planning for Fonkoze-USA, Fonkoze-Kanada, and Fonkoze-Karayib.

In the next issue of *Nouvel Fonkoze*, we will introduce you to the members of our Board of Directors.

Fonkoze Development Fund Prepared To Accept Donations On Behalf Of Fonkoze

The Fonkoze Development Fund (FDF) has been organized in Philadelphia, Pennsylvania, for the purpose of providing support to Fonkoze in Haiti. According to Fred Clark, the newly elected president of FDF, the organization is now officially incorporated in the Commonwealth of Pennsylvania. Application for tax-free status is in progress. Donations to the FDF in support of Fonkoze may be sent to:

Joseph M. Garcon, Treasurer
Fonkoze Development Fund
P. O. Box 423
Sicklerville, New Jersey 08081

Dr. Clark, who recently returned from an 8-day trip to Haiti, had this to say, "After talking to peasant leaders as well as Haitian government officials, it is clear to me that no real aid will be

coming into Haiti, and *should* any aid arrive, it will not find its way to the Haitian poor. The best hope for Haiti is scaling up programs like Fonkoze as quickly as possible to give internal economic support."

FDF will be providing administrative, financial, and public relations support to Diaspora Haitians and to non-Haitian supporters of the grass-roots movement in Haiti who wish to assist with the development of Fonkoze. FDF is looking forward to hearing from members of the Tenth Department and other friends of Haiti, who want to support Fonkoze. Please contact Dr. Clark at:

Home Tel: (215) 765-6970
Fax: (215) 590-2025
email: clarkf@email.chop.edu

Want To Help Now?

- ◆ Fonkoze needs Creole, English, and French-speaking volunteers in Haiti and overseas.
- ◆ Fonkoze needs monetary and in-kind donations to support its start-up and development costs.
- ◆ Fonkoze needs "loans" from its supporters for investments. It will use the earnings to increase its loan fund.
- ◆ Fonkoze needs technical assistance and training from other similar "alternative banks," micro-enterprise development projects and "poverty-lending" programs around the world.

Contact Fr. Joseph Philippe at (509) 45-6398 or by fax at (509) 45-7760 to volunteer your help.

Nouvel Fonkoze

Fonkoze

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