

# Nouvel Fonkoze.

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## At the Crossroads: Dependence or Independence

Dear Friends of Fonkoze:

Haiti, like Fonkoze, is at an important crossroads. Extremely high voter participation in the May 2000 elections proved that the Haitian people are still very committed to democracy. The mission of the grassroots – of the organized poor of Haiti – has always been linked with political, as well as, economic democracy. The two certainly go hand-in-hand.

We remain hopeful that the seating of a new government might mean renewed economic development for Haiti. No matter what happens, however, our plan is to continue the work to ensure economic development occurs in a manner that embraces democracy and grassroots participation, alongside concepts of self-determination, sustainability, and human rights.

These are the concepts that embody our dream for Haiti. These are the same concepts that have motivated our struggle thus far.

Here at Fonkoze, we believe that economic democracy can be an avenue to true political democracy, especially when development comes from the base, and encompasses

INDICATOR OF PROGRESS	JANUARY 1997	DECEMBER 1999
Number of Member Organizations	50	660
Number of Savings Accounts Opened	193	7,900
Total Deposits	\$78,453	\$1.15 million
Number of Loans Made	22	1,250
Dollar Volume of Loans Made	\$25,733	\$1.6 million
Dollar Volume of Loans Outstanding	\$23,234	\$610,000
Number of Individuals Completing Fonkoze's Literacy and Business Skills Training Program	0	2,756 with 92% success rate
Dollar Volume of Business Development Fund	0	\$300,000
Number of offices in the Countryside	0	14
Dollar Volume of Investments from abroad	\$2,253	\$1.2 million
Number of Employees	9	118

broad grassroots participation. What has been built by the organized poor of Haiti through Fonkoze – in the face of incredible odds – is nothing short of miraculous.

Fonkoze is clearly now the only alternative bank and economic development organization in Haiti owned and operated by the poor, on a path of financial sustainability, and located in every region of the country. Fonkoze has become an organization on which the poor of Haiti can rely.

By the end of 1999, Fonkoze had opened 8,000 savings accounts totaling \$1.15 million, had given more than 1,250 micro-credit loans for a total volume of \$1.6 million, and had increased the micro-credit loan fund to more than \$1.2 million. More than 2,700 women street vendors (Ti Machann) had successfully completed Fonkoze's Literacy and Business Skills Training, while the International Deposit and Currency Exchange programs continued to grow.

Understanding the need for rural sustainable development at the community level, Fonkoze has placed added attention on its newly reorganized Business Development Program. This program has a separate loan fund that currently stands at almost \$500,000, and provides larger loans for community-based projects and businesses in the rural areas of Haiti. The successful Model of Rural Economic Development Project at Fondwa is an example of how successful this type of lending can be, creating jobs, stemming flight to the capital, and promoting sustainable economic growth in organized communities throughout the countryside of Haiti.

This holistic approach to economic development is key. Fonkoze is much more than simply micro-credit and education in literacy and business skills for Ti Machann.



A Proud Resident of Fondwa

Photo credit: Dave Fonda, Fonda photographics

While we are committed to providing this important service – a service that most definitely makes a difference in the day-to-day lives of these women struggling in the informal sector – we also understand that the economic development of a country like Haiti must take many paths. That's why we augment our micro-credit loans with larger loans that create production and jobs, that are more lodged in the formal sector rather than the informal sector. That's why we make investments in energized communities like Fondwa, or with motivated individual business owners that come from our work in rural communities.

But, even though Fonkoze has made tremendous strides, we, too, are at a crossroads. The leadership of Fonkoze continues to look towards the future, towards sustainability, and towards insuring that Fonkoze remains an organization on which the poor can depend. We now have more branches in the countryside of Haiti than any commercial bank! And the savings we are motivating in Haiti continues to grow. Early this year, a committee comprised of members from the Boards of both Fonkoze and Fonkoze USA, along with various consultants, began to explore and report on the process that would be needed for Fonkoze to spin off its financial services to form a fully recognized and regulated financial institution in Haiti.

While there is much work to do (interpreting current and proposed Haitian banking laws, determining potential equity investors, meeting minimum capital requirements, and developing a business plan) we are confident we will find the accurate path and be prepared to make the transition smoothly. We are encouraged by the fact that many organizations have made similar transformations successfully, while maintaining their missions to serve the poor – the Grameen Bank (Bangladesh) and BancoSol (Bolivia) to name two.

Once successful in this conversion (which may take a year or more), Fonkoze will have realized our dream: to be economically viable and to be independent, rather than dependent on others to keep us solvent.

This newsletter will update you on just about every program and activity of Fonkoze for the past year. And, hopefully it will help you – our partners and supporters – gain a better understanding of what you have helped us build, and of what our future holds. Please continue to be with us on our path to democratic economic development for Haiti. As we stand at this crossroads, we are strengthened and made more confident by your unwavering support.

Kenbe fèm,

Fr. Joseph Philippe, CSSp  
*Coordinator, Fonkoze*

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## For Fonkoze, Credit with Education Means Literacy & Business Skills for Women Entrepreneurs!

Fonkoze's popular and successful Literacy and Business Skills Training Program marked another successful year in 1999, and continues its impact in 2000. In 1999, Fonkoze fully integrated the training with its micro-credit program and realized a 40% increase in participation, with 2,756 Ti Machann completing the program. Our success rate was an impressive 92%.

The full-time Director – Pierre Malvoisin – continues to take the program in a dynamic new direction. With the impressive infrastructure put in place in 1998 and 1999 (new literacy centers, new trainers, new thrust to directly connect training with credit, new companion workbook, etc.), Fonkoze has been able to expand each year.

As word spreads of our success, and of the popularity of The Game "Jwet Korelit La," (Game to Reinforce the

Struggle), Fonkoze has received several requests to train other NGO representatives in the use of our materials. Thus, the training program is reaching far beyond Fonkoze, enabling many more people and organizations to take advantage of this training in basic literacy and business skills.

Also last year, another companion workbook to the game was published, entitled "Gid pou m jere biznis mwen" (A Guide to Help Manage my Business). This important workbook helps women who have completed the 4 months of training understand and organize their businesses. For example, included in the guide are charts to assist the Ti Machann calculate her total assets, calculate her expenses, and determine what makes a business succeed and what makes a business fail. And finally, the game itself was updated and reprinted with the assistance of partners at the Fairfield University School of Business in Fairfield, CT.

Fonkoze remains committed to the principle of providing credit with education. Requiring our clients to complete Fonkoze's Literacy and Business Skills Training has empowered the women who participate (many of whom become literacy trainers themselves!), has helped them to make their businesses thrive, and has increased their ability to repay their loans to Fonkoze. ❖



A Ti Machann at Market



Participants in the Literacy Game.

## The Call of Jubilee

As the millennium approached, the Jubilee theme was certainly on the minds of many in the social justice community. The burden of debt had become unmanageable for many countries in the global South – countries like Haiti.

However, we had never considered that in the same spirit some of our partners would consider forgiveness of our

debts. We continue to be surprised when we receive notification from an investor community, including the Dominican Sisters of Springfield, the Sisters of Loretto, the Sisters of St. Francis of Assisi, Dominican Sisters of Hope, and the Society of the Sacred Heart, that it is making such a bold gesture in the name of jubilee justice.

As one order so eloquently stated, “how can we call on our government to

forgive the debts of Third World nations, if we cannot do the same?”

Fonkoze would never have asked for a forgiveness of debt, nor do we expect other investors to follow suit. Still, all of us at Fonkoze and at Fonkoze USA feel blessed and humbled by the gesture. It puts an enormous responsibility on us, as we tried to express in our thank-you letter to those who have forgiven or reduced our debt:

### *From the Desk of the Director . . .*

*When I reflect on what's been accomplished, I am filled with admiration and respect for the Haitian people, for Fonkoze, and for our dedicated partners like you. Your investment with us for these past two years was an integral part of this success. But, we want you to understand what this most recent action (turning the investment into a grant) will mean for Fonkoze.*

*First, it means that we too will be able to forgive the debt of some of our borrowers who have been unable to repay their loans. Fonkoze remains committed to strict guidelines of repayment, but even so, there are some solidarity groups who have faced insurmountable and unpredictable circumstances. For example, some have suffered from the death of one of their members. Some have members who have suffered from illness and are unable to continue selling in the streets. Some women have children so sick or malnourished that they need continual care.*

*Second, it means that we will be able to cover some of our other losses too. As you may know, the economic situation in Haiti has been deteriorating over the past year. And because of the unstable political situation, many people are losing, or have lost hope, that this government or any government will be able to improve their prospects for surviving.*

*What this has meant for Fonkoze is that we have been, and continue to be, hit on all sides by people in a desperate struggle for survival. Former clients steal from us at gunpoint. Some women simply can't bring themselves to make their next loan payment if it means their children won't eat. Other clients pass us counterfeit money or checks. A few employees steal from us, even though they know we are their sole hope for employment.*

*Although these are predictable symptoms of a diseased country with an unstable democracy, a fragile economy, a growing drug market, and the lack of a healthy police force, they have hit Fonkoze especially hard and increased significantly our security costs.*

*Your action has given us the inspiration and the breathing room we need to focus and expand on our successes, knowing that you and others like you will be with us during both the good times and the hard times. For that, we are sincerely grateful. Many, many blessings on your work from all of us here at Fonkoze.*

## Fonkoze USA: A Vehicle to Partnership with Haiti's Poor

By Leigh Carter, Fonkoze USA Executive Director and Maryann Boord, Fonkoze USA Investment Manager



Leigh Carter, Fonkoze USA Executive Director, visits a Fonkoze project in the countryside.



Maryann Boord, Fonkoze USA Investment Manager

Fonkoze USA marked its third anniversary with the semi-annual meeting of the Board of Directors at the Headlands Institute in Sausalito, CA. In three short years, Fonkoze USA has been able to raise and send to Fonkoze in Haiti more than \$1.6 million in grants and loans! The year 2000 is proving to be a success as well.

Our strength remains with our dedicated partners, particularly some very committed organizations and individuals (please review the list of Fonkoze and Fonkoze USA donors and investors included in this newsletter). We have accomplished a great deal, and remain committed to our mission of

providing substantial support to the work of Fonkoze in Haiti.

As we gathered for our meeting to hear both the accomplishments and challenges facing us, we were called upon to not only celebrate our collective achievements, but to allow ourselves to envision new, bold, and creative ways of moving the work forward and towards sustainability.

To that end, a Committee was formed consisting of members of both the Board of Fonkoze USA and Fonkoze in Haiti to begin the process of understanding what it might take for Fonkoze to create a formal financial institution in Haiti with its existing financial services. By February, the Committee was already moving very quickly towards achieving its goal, with Fonkoze's future plans becoming much more clear.

A Fonkoze USA Major Donor, Mr. Gordon McCormick, spent a week in Haiti in February, along with members of the Committee. He has generously volunteered to serve as a Consultant to Fonkoze in this transition. And as an experienced Investment Banker in New York City, his expertise will be invaluable.

For now, however, our mission remains clear here in the U.S. – to continue to raise the donations, investments, and technical assistance necessary to help Fonkoze achieve its goals of sustainability, of professionalism, of scale needed to succeed. Our partnership with the organized poor of Haiti remains strong, and we are continually inspired by their perseverance and faith. ❖

## A Sustainable Rural Economy in Fondwa: A Successful South-South Collaboration

by Richard Boren, environmental activist and free-lance writer from Tucson, AZ

Norberto Baños Fernandez and Julio Simón stepped foot on Haitian soil after the short flight from Cuba on a hot, muggy day in October 1999. They arrived in Haiti as part of a unique and dynamic initiative between the Cuban Ministry of Agriculture, the Peasant Association of Fondwa (APF), and Fonkoze – Haiti's Alternative Bank for the Organized Poor. Their goal for the next two years: work with the peasants of Fondwa Haiti to begin developing a model of rural sustainable economic development in harmony with Haitian peasant culture.

I had the opportunity to spend several days with Norberto and Simón (Cubans often go by their last names, so Julio Simón is simply Simón) in February, 2000, while visiting Haiti on a delegation organized by Fonkoze USA in conjunction with APF.

I was the only person on the delegation fluent in Spanish, so the three of us (myself and the Cuban technicians) hit it off immediately. Of all the highlights of my visit to Haiti, the time I spent with these impressive individuals ranks right at the top. Here is their story.

Norberto, 41, is from Pinar del Rio on the western side of Cuba. "My father is a farmer and he also worked in a furniture factory after the Revolution which transformed the lives of the Cuban people. Tremendous improvements were achieved in many areas such as health, education, sports, culture, and social programs" says Norberto. "Since I grew up on a farm I decided to become an agronomist. After completing my studies I started working for the Cuban Ministry of Agriculture promoting rural development and sustainable agriculture," he adds. Norberto also studied social communication and popular education at the Martin Luther King Center in Havana.

Simón, 44, grew up in Guantanamo in Eastern Cuba. Simón has close ties to Haiti as do over a million Cubans of Haitian ancestry. "My father and three brothers moved to Cuba from Haiti to pick coffee and cut sugar cane and they decided to stay. Since Cubans of Haitian descent tended to live together in the same neighborhoods, much of the culture has been maintained." Thus, Simón is fluent in Creole which is a big advantage for his work in Haiti. He completed his

