

**MARKET RESEARCH AND SOCIAL PERFORMANCE MONITORING UNIT**

**2007 ANNUAL REPORT**

**Plan International Haiti / Fonkoze**

**Submitted by:**



**Fonkoze**  
fondasyon kole zepòl

**February 18, 2008**

## TABLE OF CONTENTS

SUMMARY .....	3
VISION .....	3
STRATEGIC GOALS .....	3
KAT EVALYASYON.....	3
<i>Profiles of New Solidarity Clients</i> .....	3
<i>Poverty Rates of New Clients</i> .....	4
<i>Follow-up Clients</i> .....	5
<i>Ti Kredi</i> .....	6
EXIT INTERVIEWS .....	7
FOCUS GROUPS .....	9
CHANGING THE WAY FONKOZE DOES BUSINESS.....	10
<i>Shared Vision</i> .....	10
<i>Program Improvements</i> .....	10
LOOKING AHEAD.....	11
ANNEX I - Solidarity Focus Group Schedule .....	13
ANNEX II - Focus Group Discussion Topics .....	13
ANNEX III – Bi-Weekly Field Report .....	14
ANNEX IV – Interest Rate Cartoon .....	15
ANNEX V – Penalty Announcement.....	17

## SUMMARY

In the latter half of 2007, the Market Research and Social Performance Monitoring Department (the "Department") expanded to Jakmel, Lavale, and Marigo. Program expansion involved recruiting and training new field staff, which increased the size of the Department to 10 employees, including one director, two supervisors, and seven<sup>1</sup> social impact monitors. With a solid team in place in 2007, the Department collected baseline data on 349 new clients (compared to 131 in 2006) and conducted interviews with 436 exiting client (compared to 158 in 2006). Moreover, we now have longitudinal data on 99 clients who entered the solidarity program in 2006. While the monitoring program is well-established in the Northeast branches of Folibete, Twoudino, and Wanament, it is just getting off the ground in the Southeast. The following is a summary of 2007 results:

- Approximately 54% of new solidarity loan clients live on less than \$1/day; 70% live on less than \$2/day.
- After one year in the program, the 2006 entering cohort showed an 8% reduction in the percentage living below \$1/day and a 9% reduction in those living below \$2/day.
- 31% of clients who were interviewed upon program exit, exited before Cycle C, or before becoming profitable to the institution.
- 210 clients participated in focus groups in the summer of 2007 and voiced overall satisfaction with regards to the progress they are making.

## VISION

In order to achieve its mission, Fonkoze must be able to assess how its programs and services impact its clients. To build this capability, Fonkoze, with support from Plan International, established its Market Research and Social Performance Monitoring Department in January 2006. As the vehicle for translating Fonkoze's social mission into practice, this department endeavors to understand the social and financial impacts of our programs on the lives of our clients and their families. We want to know who our clients are, how satisfied they are with our programs and services, and how they change over time. With an eye on these objectives, Fonkoze routinely collects census data on all new clients; poverty outreach data on a sample of new clients; longitudinal data on a cohort of clients; and qualitative data on exiting clients. This data enables Fonkoze to establish client profiles, calculate poverty rates, track progress over time, and better understand clients' experience with our programs and services.

## STRATEGIC GOALS

The Department's strategic goals are:

- ❖ To measure the effectiveness of current programs in decreasing the poverty level, reducing adult illiteracy, creating food security, and increasing children's education in the families of Fonkoze clients;
- ❖ To measure client satisfaction and retention rate; and
- ❖ To evaluate pilot programs.

The key tools for accomplishing these goals are Fonkoze's poverty scorecard, known as the "*kat evalyasyon*", a client exit interview, and focus groups. The evaluation of pilots is outside the scope of this report (since these projects are funded by other donors), so only results for the first two objectives are discussed in this report.

## KAT EVALYASYON

### *Profiles of New Solidarity Clients*

During 2007, Social Impact Monitors (SIMs) verified poverty scorecard data on 349 out of 1,717 new clients, reflecting a 20% sample from select branches. These 349 clients form the 2007 cohort that will be followed up once a year.

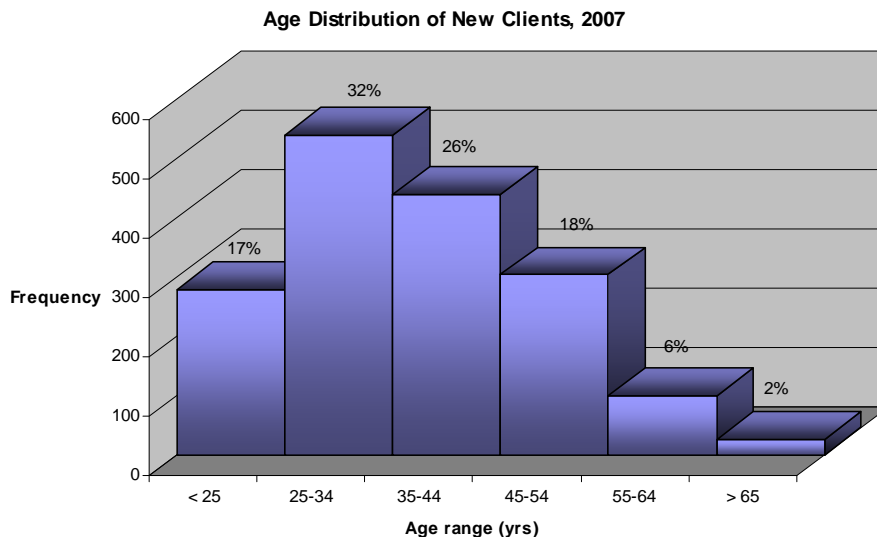
---

<sup>1</sup> The program also operates in the Lenbe branch. DAI provides funding for the SIM in this branch.

Branch	New Groups, 2007
Folibete	78
Twoudinò	25
Wanament	113
Jakmel	63
Lavale	33
Marigo	37
<b>Grand Total</b>	<b>349</b>

For the three Northeast branches that had SIMs working throughout the entire year, the number of verification visits should approximate the annual number of registered new groups (since one member from each new group is selected into the cohort); in the Southeast branches, however, the program did not start until mid-October 2007, so these numbers are not representative of annual figures. Any analysis of *Kat evalyasyon* data in this report refers to data collected from six branches, with a disproportionate amount from the Northeast.

While the average age of incoming clients is 36, approximately 17% are under the age of 25, and 58% are between the ages of 25 and 44. Below is a graph of the age distribution of new clients.



Fonkoze's poverty scorecard captures more than 20 social indicators, enabling us to establish comprehensive client profiles. For example, we know that 22% of incoming clients do not have a husband or partner, 41% do not know how to read or write, 23% do not send any school-aged children to school, 5% do not own any assets (e.g., house, land, animals or a radio), and 66% do not receive remittances. In fact, only 34 new clients (2%) meet Fonkoze's definition of success<sup>2</sup> upon program entry.

### **Poverty Rates of New Clients**

Fonkoze followed the approach developed by Mark Schreiner<sup>3</sup> to estimate client poverty levels using social indicators. Many of the questions Fonkoze routinely asks clients in order to complete the *kat evalyasyon*

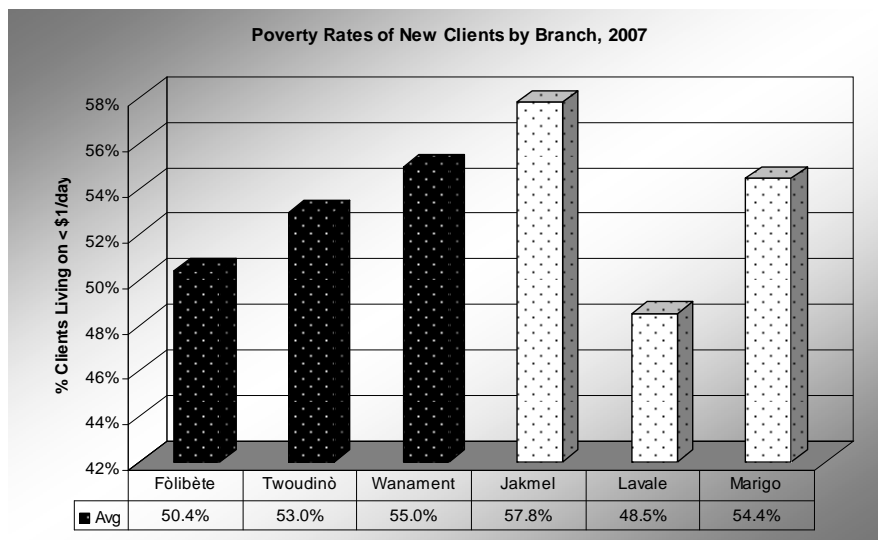
<sup>2</sup> To Fonkoze, a successful client can read and write, sends all her kids to school, enjoys food security, has a cement floor, tin roof, and latrine, is accumulating assets, and can face her future with confidence.

<sup>3</sup> See Mark Schreiner's paper, *A Simple Poverty Score Card for Haiti* (October 6, 2006), for a more detailed description of the methodology. Accessible at [www.microfinance.com](http://www.microfinance.com)

are the same as or similar to questions asked in the 2001 national household survey, *Enquête sur les conditions de vie en Haïti* (Haiti Living Conditions Survey) or "ECVH". Because the ECVH dataset includes a calculation of the total income of each household in the survey, it is possible to predict poverty likelihoods (at an aggregate level) based on the international \$1 and \$2 per day poverty bands.

For each variable in the *kat evalyasyon* that has an equivalent or near-equivalent question in the ECVH survey, the correlation of the variable with the likelihood of a household's being below the \$1 a day poverty line was tested. This process resulted in 12 questions from the *kat evalyasyon* that were suitable for use in calculating poverty likelihoods. Statistically optimal weights (i.e., scores) were then assigned to these 12 indicators.

According to *kat evalyasyon* data collected in 2007, approximately 54% of new Fonkoze clients live on less than \$1 USD a day while 70% live on less than \$2 USD a day. Below is a graph showing branch-level results for clients living on less than \$1 USD a day.



Poverty rates in Jakmel, Marigo, and Lavale may not be representative of actual branch rates since these results are calculated from quarterly vs. annual data. When aggregated by region, the seeming discrepancies disappear: 54% of clients in the Southeast, and 53% of clients in Northeast, live below the \$1/day poverty line while 70% of clients in the Southeast, and 69% of clients in the Northeast live below the \$2/day line. According to the regional poverty profiles established from the ECVH data, poverty incidence in the Northeast is the highest in Haiti, so one would expect new clients in the Southeast to be less poor than those in the Northeast; however, we will have to wait for more data before we can delineate a trend.

### ***Follow-up Clients***

Ninety-nine clients, originally evaluated in 2006 upon program entry, were followed up by Social Impact Monitors during 2007. On the one hand, the average *kat evalyasyon* scores did not appear to change over the last year. Score variation, and thus standard deviation, is relatively high, so scores would have to change significantly to register a change in the mean score. Poverty rates, on the other hand, which are calculated using select indicators on the *kat evalyasyon*, showed improvement. The 2006 entering cohort was 56% likely to live below the \$1/day poverty line and 73% likely to live below the \$2/day line. Approximately one year later, this cohort showed marked improvement: 48% are living on less than \$1/day while 64% are living on less than \$2/day. These results are summarized below.

	% Below \$1 USD/day	% Below \$2 USD/day
Cycle A (2006 baseline)	56%	73%
Cycle C (~ 1 year later)	48%	64%

The data shows an 8% reduction in the percentage living below \$1/day and a 9% reduction in those living below \$2/day, suggesting that clients moved above the \$1 and \$2 threshold (vs. clients moving above the \$1/day line and continuing to remain under \$2/day). While the sample size is not large enough to draw conclusive results, the results are promising.

A relatively small sample precludes analysis on individual indicators. For example, an indicator can have as many as five responses (e.g., How many kids go to school? Answer choices: None, Some, Half, Most, All); consequently, ninety nine responses will be divided among these five choices, yielding a thin distribution. To further illustrate this point, 27% of the clients said they did not know how to read or write at baseline. One year later, only 9% said they did not know how to read or write. While this seems like a large reduction, in fact it is only the difference of 9 responses (27 in 2006 vs. 18 in 2007). The 2007 cohort is nearly three times larger than the 2006 cohort, so in another year we should reach a critical mass and be able to do analysis at the indicator-level. Until then, only aggregate-level poverty rates can be calculated with the current data set.

### ***Ti Kredi***

In 2007, the Social Impact Monitor in the Twoudino branch began collecting data on clients in Fonkoze's *Ti Kredi* (Small Loan) program. This program is intended for people just starting out in business and therefore provides smaller loans coupled with close accompaniment and training by *Ti Kredi* credit agents. In addition to profiling clients, using the *kat* evalyasyon on *Ti Kredi* clients allows for cross comparison with the solidarity clients.

Fifty-one verification visits (out of 251 new clients) were performed during the last quarter of 2007. While the average *kat evalyasyon* score for incoming solidarity clients was 30.8 ( $\sigma=6.7$ ), the average score for *Ti Kredi* clients was 20.6 ( $\sigma =6.6$ ). Given the mean values and standard deviations, the scores of the *Ti Kredi* and solidarity clients slightly overlap in the 24-27 range.



Eighty-three new *Ti Kredi* clients scored within the solidarity range of scores. However, since *Ti Kredi* clients are selected, in part, on the basis of their business experience and not necessarily their poverty level, new clients could be better off than incoming solidarity members. However, on average, *Ti Kredi* clients are poorer than solidarity clients; 69% of *Ti Kredi* clients live below the \$1/day poverty line and 85% live below the \$2/day line.

No surprisingly, *Ti Kredi* clients generally perform worse on social indicators than their solidarity counterparts. Forty-one percent of new *Ti Kredi* clients do not have a husband or partner, 45% do not know how to read or write, 39% do not send any school-aged children to school, 29% do not own any assets (e.g., house, land, animals or a radio), and 92% do not receive remittances. Below is a table comparing various social indicators between incoming *Ti Kredi* and Solidarity clients. The bottom performing 5% of incoming solidarity clients is shown for comparison.

Indicators	New Solidarity Clients (All)	New <i>Ti Kredi</i> Clients	New Solidarity Clients (Bottom 5%)
No husband/partner	22%	41%	70%
Do not know how to read & write	41%	45%	41%
Do not send any school-aged children to school	23%	39%	61%
Do not own any assets	5%	29%	31%
Do not receive remittances	66%	92%	89%

The bottom performing 5% of incoming solidarity clients is determined by the distribution of *kat evalyasyon* scores. Eighty eight clients (5%) scored 20 or below on the *kat evalyasyon*. Nine of these clients live in Twoudino where the *Ti Kredi* program also operates. It would be interesting to interview these clients and clarify why they were not selected for *Ti Kredi*.

The duration of the *Ti Kredi* program is 6 months, so the SIM will not complete follow-up scorecards on these clients. (The tool is not designed to capture small changes over a short a period of time.) Rather, monitoring will consist of individual client interviews. Baseline interviews have been completed on 18 clients in Twoudino and Boukan Kare, and these clients will be re-interviewed at the end of the program. Ultimately, program impact will be assessed by the success rate of *Ti Kredi* clients graduating into the solidarity lending, and these clients will continue to be followed in the solidarity program.

## EXIT INTERVIEWS

During 2007, Social Impact Monitors interviewed 436 exiting clients, compared to 158 in 2006. Like the data limitations for the *kat evalyasyon* analysis, a sufficient amount of data does not yet exist for the Southeast branches to do a comparative regional analysis. Moreover, in some areas it is easier to find exiting clients, so those branches post a higher number of exits, which does not necessarily equate to a higher exit rate. For these reasons the analysis was done at the aggregate level.

In 2007, the average loan size of exiting clients was 9,593 Gdes. Ninety-five percent of these clients repaid their last loan, and of those who did not the average outstanding balance was 2,445 Gdes (or 25% of the average loan size). The high rate of repayment should be framed in light of the fact that we are not currently targeting write-off clients for exit interviews<sup>4</sup>. In addition to utilizing their own sources, clients also borrow money from friends and family, go to moneylenders, sell assets, and use money from informal group lending to finish repaying.

Of the exiting clients who were interviewed, 48% live below the \$1/day poverty line and 64% live below the \$2/day line. Note the contrast to the poverty rates of incoming clients (53% below \$1/day and 69% below the \$2/day). The data suggests that clients who leave on their own accord may be better off than new clients, however, exiting clients do not correspond with the longitudinal cohort; in addition, the data is drawn from a convenience sample.

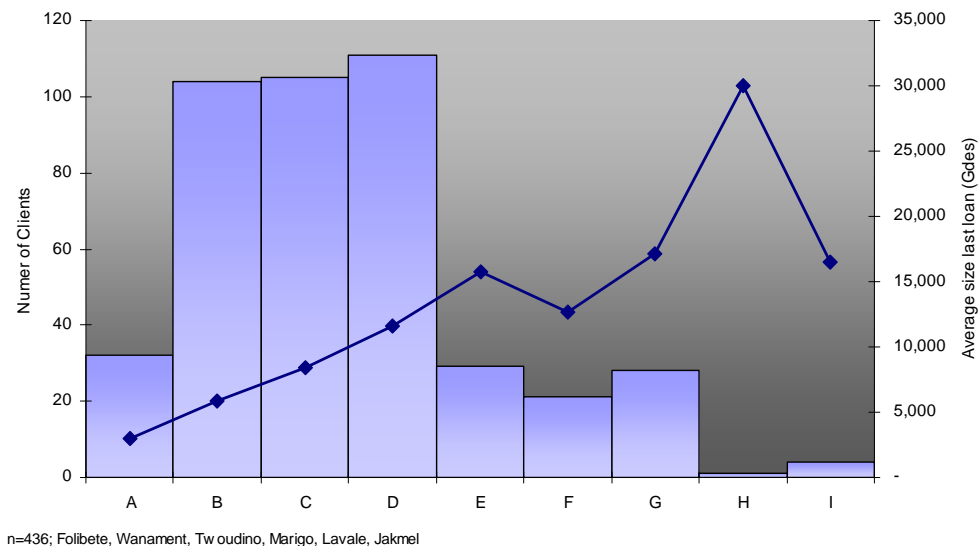
During an exit interview, clients are asked who advised them to leave the program. Nearly 75% of exiting clients decide on their own to leave. Often, group members also advise another member to leave when she consistently has difficulty repaying. This is not surprising since group members must pay for delinquent members in order to receive another loan. What is surprising, however, is that more husbands (7.5%) than group members (6.7%) advised clients to leave. While talking with clients during exit interviews, SIMs have discovered that husbands do not like when their wives pay for another member. In essence, they do not understand the principle of solidarity. Fonkoze may be able to reduce drop outs by

<sup>4</sup> Because clients are written-off six months after the expiration of their contract, these clients are very difficult to locate at the time of write-off.

including husbands in the training on solidarity principles, or by creating a specific module to address their concerns.

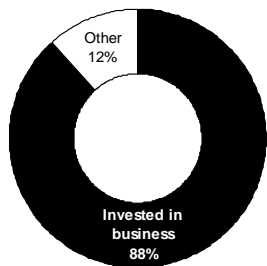
The graph below shows that 136 clients (31.3%) dropped out before Cycle C. A profitability study conducted in 2007 revealed that a Fonkoze client becomes profitable in approximately the 11<sup>th</sup> month of active borrowing, which equates to the second month of Cycle C, the third loan. These data therefore suggest that Fonkoze is losing around one third of its clients before recouping expenses incurred to source and train new clients.

Exit Interviews by Cycle and Average Loan Size, 2007



While using loans for competing activities (i.e., anything other than investing in the business) is often a concern, 88% of exit clients used their last loan to expand or grow their business. Twelve percent of clients used the loans for other purposes, such as paying school fees (2%), paying for a sickness or death (2%), or purchasing land or animals (1%).

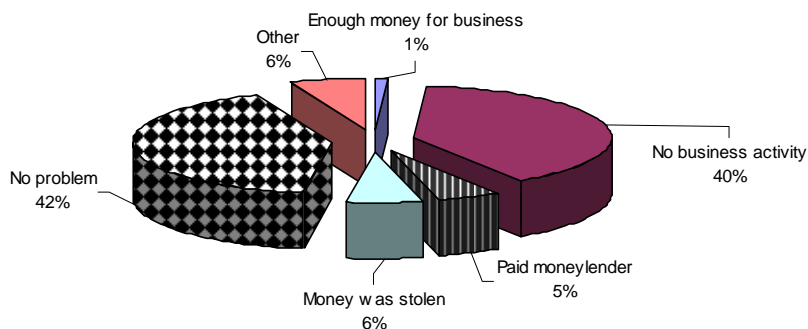
Activities Supported With Last Loan, 2007



Despite focused investment in the business, 50% of respondents reported that their businesses decreased in the last six months. Why can't these clients successfully expand their businesses despite access to working capital? How can they expand their businesses in a stagnant economy or saturated market? These are questions we need to investigate by focusing on business evaluation and local market research.

When asked to identify business-related events that caused them to leave the program, 40% responded that there was not sufficient business activity. (Slow-growing market? Lack of expertise? Poor choice in business type?) Another 6% claimed that their money had been stolen while they were in the market. Strategies to prevent theft and pick pocketing could be a useful topic for monthly non-reimbursement meetings. For 42% of exiting clients, their business did not present a precipitating cause.

Business-Related Reasons Provoking Client Exits, 2007





The primary loan-related issues cited were high interest rate (13%), short loan duration (9%), and group penalty fees (4%). Six clients in the Twoudino branch complained of signing for new credit but never receiving it, which could suggest fraud. A follow-up investigation is currently underway. This is one example of how routine monitoring can catch and correct operational dysfunction.

## **FOCUS GROUPS**

Approximately 210 clients participated in focus group sessions from June 1 – June 28, 2007. (See Annex I and II for a schedule of the focus groups and the question guide.) Overall, these focus groups revealed general satisfaction with regards to the progress the clients are making and how they are treated by Fonkoze staff. The majority of clients said they are making progress and that their families are better off now than before they joined Fonkoze.

When asked what progress means to them, clients gave a range of responses, including growing their businesses, increasing assets, paying school fees, paying for food, buying land, improving their homes, and being able to put money in a savings account. These are all indicators that Fonkoze regularly measures, demonstrating that our tools assesses progress in a meaningful way.

Increasing assets includes accumulating animals, which serve as a means of short term savings, as well as building up savings. In several focus groups, participants demanded that Fonkoze apply interest to their savings. "Nou ta renmen pou Fonkoze mete ti entere sou kane nou yo." This concern was consistently brought up even though it was not on the agenda. Since clients view savings as a measure of their progress, they feel discouraged when they do not see any interest accumulating. Fonkoze pays quarterly interest on savings, but since most borrowers never come into the branch office (credit agents meet them in their centers), it is difficult to keep their passbooks updated. Fonkoze has been working to implement a strategy that will ensure passbooks are up to date and reflect interest in a timely manner. One potential solution is for credit agents to print listings of interest applied to their borrowers, take this list to the center meetings, and then update the passbooks accordingly. This process will likely be time-consuming, but it is a first step to resolving a wide-spread problem.

In addition to the savings interest rate, two other issues that often surface in focus group discussions are the loan interest rate and penalty fee. To address the confusion around the loan interest rate, the SPM Department designed a cartoon to explain the interest rate and distributed it to clients and staff at the General Assembly last summer. The cartoon is attached as Annex IV. Even though it would be easier to convey a fixed 3.5% interest rate vs. a 5% digressive rate to clients, Fonkoze is committed to accurately representing its interest rate and providing the necessary education for broad understanding and transparency. Given that Fonkoze is in a high growth phase, ensuring that all its clients fully understand the loan products at any given time requires constant communication and training, which the organization is simply not staffed for.

The penalty, in particular a group penalty fee, is an issue that emerges in Client Exit Interviews as well as focus groups: When one client is late some credit agents will take payments from the other solidarity members but will assess a penalty fee to every one in the group. As this was never Fonkoze policy, management issued an announcement to clarify the penalty policy. The announcement was sent to all branches and distributed to clients at the General Assembly. The text of the announcement is attached as Annex V. Despite a concerted effort to resolve this issue, recent data reveal that credit agents continue to apply group penalty fees. Now that Fonkoze is uncovering problems and taking the time to understand and correct them, the institution needs to be able to more efficiently implement solutions. This will be a challenge for Fonkoze in the coming year.

Recently, the institution totally revised its penalty policy. No penalty is assessed until the client is three days late in repayment. On the fourth day, a penalty of 10 Gdes/day is assessed, regardless of the size of the loan. This amount is a significant reduction from before. In addition, there is an upper cap on the amount of penalties that can be assessed. Once the penalty reaches 10% of the original loan size, penalties stop accumulating. Finally, penalties are assessed individually and no solidarity member is expected to pay the penalty of another member. The problem now is how to get this new policy effectively communicated throughout the institution such that it is applied consistently.

Micro-insurance is an example of an issue raised in focus groups that was finally brought to fruition. Clients repeatedly insisted that Fonkoze was not doing enough to protect their assets: When one member died, the other members had to finish re-paying her loan. Sometimes group members were forced to sell their assets in order to repay the deceased's portion. While it took time to respond, Fonkoze was nevertheless listening. In 2007, Fonkoze, in partnership with AIC, launched a micro-insurance program that protects assets against liquidation in the event of death. The credit-life product, which is free to all clients with active loans, insures the outstanding loan of the deceased and provides a death benefit of 5,000 Gdes. to the beneficiary named by the borrower.

Focus Groups are currently underway in the Southeast (Jakmel and Lavale). Approximately 18 sessions will be held during February 2008. These will be the first focus groups in this region.

## **CHANGING THE WAY FONKOZE DOES BUSINESS**

Social Performance is at the core of Fonkoze's mission, so even before a common vocabulary existed to talk about it, the ethos already permeated the institution. However, with Plan's support over the last year and a half, Fonkoze has been able to formalize the concept, leverage it to improve programs and services, and even measure it.

### ***Shared Vision***

Despite being managed independently, the foundation (Fonkoze) and the for-profit financial institution, (Fonkoze Financial Services known as SFF), share a commitment to improving client service. Both management teams understand that improvements in social performance translate into higher client retention and therefore better financial performance.

In November 2007, the directors of Fonkoze and SFF participated in a week-long workshop in Bolivia with Imp-Act's Global Learning Program. The workshop focused on aligning organizational systems to support social performance. Both directors returned with a renewed focus on social performance - and not only at the client level. For example, during the recent Employee Days, the CEO of SFF and Director of Fonkoze teamed up with employees to outline strategies for improving both client and staff retention. Widespread buy-in is paramount to improving social performance, and to maintain this level of saturation in a rapidly growing organization, the SPM Department must strengthen its regional visibility by placing more monitors in branches. Ideally the department would have two monitors in each region of Haiti.

Another indicator of the depth of diffusion of social performance is the fact that branch managers are finally starting to draw on their Social Impact Monitors for more than routine monitoring. (Increased internet access has helped bring this about since the SPM Director can more easily communicate with branch directors all over the country.) A good example of the expansion of the SIM role beyond routine monitoring and data collection is how the branch director in Twoudino uses the SIM to talk to delinquent clients. The SIM visits these clients at their home and talks them through a repayment strategy. This one-on-one attention encourages clients to repay. Similarly, a regional director suggested that the SIM in Marigo talk to victims of Hurricane Noel, who cannot currently repay their loans but want to repay them in the future. As in Twoudino, the one-on-one contact between the client and SIM will strengthen clients' commitment to repay, foster good client relationships, and ultimately reduce drop outs.

While these two examples are promising, in 2008 the SPM Department needs to focus on replicating this kind of relationship in all the branches with SIMs. Fortunately, we now have concrete examples to share with other directors, which will hopefully help them visualize how they can better utilize their SIMs. One major limitation to effective communication, however, is that the current SPM Director does not write in Creole; even as the Department generates frequent reports and analyses, they cannot be easily shared with branch directors.

### ***Program Improvements***

Not only does social performance inform our thinking, but it is changing the way Fonkoze does business. The SPM Department collects invaluable data - through surveys, interviews, and focus groups - that

enable management to make informed program decisions. Interviews provide a particularly rich source of information for understanding what is going on (or wrong) in a program. This data is useful when implementing new programs, so the SPM Department conducts process evaluations on pilot programs. All pilot programs (*Kredi Kay*, *Chemen Lavi Miyo*, *FonkoSel*, and *Ti Kredi*) have been evaluated, but for brevity just two specific examples are given in this report.

Interviews with FonkoSel clients in Gwomòn and Twen revealed that small hand-held phones (i.e., cell phones) were not good for business, in part because they did not look like a commercial desk model phone, and in part because customers could not manage the length of their calls without a visible call timer. Consequently, the program director began investigating the financial feasibility of a desk model phone and re-conceptualized the program by proposing that *timachan* be airtime vendors as well as phone operators. Both these ideas are currently being tested.

Similarly, in-depth *Ti Kredi* interviews revealed that clients were making bad business decisions. For example, they were spending more money on transport than they earned in revenue, or they were deciding not to use their loans for business since the amount was relatively small. This information led to a major strategic shift. Never before had Fonkoze required accountability for what clients spent their money on; however, after management realized the problems at hand, they required credit agents to devise a simple plan with *Ti Kredi* clients to ascertain their intentions for the loan. Credit agents are also helping *Ti Kredi* clients experiment with enterprise selection by helping them choose the business that is right for them based on factors such as their loan size, household situation, local market offerings, etc.

## LOOKING AHEAD

The SPM Department's work is evident at the institutional level through the collective focus on social performance as well as policy changes, and it is evident at the product level through improved programs and services. But it also influences a somewhat more intangible level, which is that of client relationships. Fonkoze's mission is to accompany the poor of Haiti out of poverty, and a successful journey requires a long-term relationship between clients and Fonkoze. The SPM Department, therefore, operates with an eye on strengthening Fonkoze's relationship with clients and will ultimately pay for itself through increased client retention.

The following are the strategic goals for 2008:

### *New Tools*

During 2008 Enpak Sosyal will launch a food security survey developed by Freedom from Hunger; it consists of nine simple questions that assess food security levels, in addition to 8 short questions that determine frequency of food insecurity. In addition to the food security survey, Enpak Sosyal will develop its own tool for measuring changes in empowerment. Initially we will hold several focus groups (projected for February 2008) in order to determine what empowerment means to Fonkoze's clients. From these focus groups we will develop a survey to measure changes in empowerment during participation in the solidarity program. The food security survey and empowerment survey will complete the suite of tools necessary to measure Fonkoze's progress in achieving its stated social objectives.

### *Tool Revision*

The client exit tool is currently being revised from its pilot form to better capture business failures, group conflict, center functioning, and intra-household tension. In addition, the 2008 version of the *Kat Evalyasyon* will be launched in the early part of the year. The revised version captures more details on changes in assets, requires the credit agent to check off where he visited the client (i.e., at home or at the place of business), and requires the branch director to sign the form and attest to the accuracy. The latter two revisions add new layers of accountability and can be expected to improve data accuracy.

### *Critical Mass*

In 2008, Enpak Sosyal will collect enough data to make regional comparisons. Ideally, the monitoring program will expand so that there is at least one Social Impact Monitor in each department of Haiti; this would ensure that our data is representative and that results are generalizable to all Fonkoze clients. Another six to eight monitors should suffice, covering the Artibonite, Central Plateau, South, and Grande Anse regions.

### *Capacity-Building*

SIM training will focus on interviewing exiting clients. During 2007, training was focused on the poverty score card, data entry, bi-weekly report writing, and probing techniques; 2008 will focus specifically on qualitative interviewing techniques and the importance/purpose of each question in the client exit survey. We will focus on maximizing the opportunity to extract valuable information from clients during these one-on-one interviews.

### *Strengthening Relationships*

To close the communication loop and keep branch directors current with SIM activities, Enpak Sosial instituted a reporting system in July 2007 whereby SIMs submit a bi-weekly activity report to the branch director, with a copy to the SPM Director in the central office. However, more needs to be done to strengthen the relationship between SIMs and branch directors. Constant communication is key (and time-consuming).

As the program matures in the Northeast, the relationship between the SIM and branch director is improving, although problems still exist in Fòlibète because of credit agent and branch director turnover. During 2008, Enpak Sosial needs to reinforce, at the branch level, the value of its research. This means forging stronger relationships between the central office and branch management, as well as strengthening the relationship between SIMs and branch directors. The SIM-branch director relationship in Twoudinò is ideal, as the director uses the SIM for projects other than routine monitoring. For example, the SIM interviews delinquent clients and encourages them to repay. To date, other branch directors are not capitalizing on their social impact monitors.

In summary, during 2008, Enpak Sosial aims to implement new tools, revise old ones, grow the database to a size that allows for regional analysis, focus SIM training on qualitative interviewing techniques, strengthen relationships between branch managers and SIMs and increase Enpak Sosial visibility in the branches.

**ANNEX I - Solidarity Focus Group Schedule**  
**Du 1 jen 2007 o 28 jen 2007**

Zòn	Jou	Lè	Sant	Lokalite	Fasilitatè	Obsèvatè
Fòlibète	4 Jen 2007	10 zè	Notre Dame	Ferye	Rosenie	Figaro
Wanament	5 Jen 2007	9 vè	Jeova	Jan Denant	Figaro	Ginou
Twoudinò	5 Jen 2007	3 zè	Respekte Pawòl	Twoudi nò	Figaro	Rosenie
Fòlibète	6 Jen 2007	9 vè	Espwa	Polèt	Ginou	Figaro
Twoudinò	6 Jen 2007	3 zè	Men nan Men	Karakol	Ginou	Rosenie
Fòlibète	7 Jen 2007	10 zè	Brav	Wodmadlèn	Rosenie	Figaro
Twoudinò	7 Jen 2007	2 zè	Limyè	Morency	Figaro	Rosenie
Twoudinò	12 Jen 2007	2 zè	Fa	Twoudi nò	Ginou	Rosenie
Wanament	13 Jen 2007	11 zè	Solidarite	Wanament	Figaro	Ginou
Fòlibète	14 Jen 2007	1nè	Respekte Kondisyon	Bedou	Rosenie	Figaro
Wanament	20 Jen 2007	8 è	ADL	Lakwèv	Figaro	Ginou
Wanament	21 Jen 2007	9 vè	Favè Bondye	Wanament	Figaro	Ginou
Twoudinò	26 Jen 2007	10 zè	Inyon	Twoudi nò	Ginou	Rosenie
Wanament	28 Jen 2007	3 zè	Vanse pou rive	Dosmon	Rosenie	Ginou

**ANNEX II - Focus Group Discussion Topics**  
**June 2007**

1. What kind of progress (positive or negative) have you made?
  - a. What is your definition of progress or positive change?
  - b. What is your goal in joining Fonkoze?
  - c. Is your family better off now compared to one year ago?
2. What is your perception of Fonkoze compared to other similar microfinance institutions that are like Fonkoze and offer credit plus education?
3. Who do you interact with from Fonkoze other than credit agents?
  - a. Do you feel that Fonkoze staff care about you?
  - b. How do you feel about the way credit agents interact with you?
4. What is the definition of a good center?
  - a. What would motivate you to come to the non-reimbursement meetings? What would make those meetings interesting?
5. Fonkoze will soon offer a daily Gourde/Peso exchange rate. For example, you can go to the Fonkoze branch in Ouanaminthe and exchange X Gourdes for Y Pesos. You will be given a fiche for this. Then, you walk across the border and go to a bank in the Dominican. You give the fiche to the cassiere, and you are given Pesos.
  - a. How do you feel about a Gourde/Peso exchange? (Historically, you have to change Gourdes to USD in Ouanaminthe, walk across the border with USD, and then change USD to Pesos at a Dominican bank).
  - b. What do you think about receiving a fiche in Ouanaminthe at Fonkoze in lieu of cash and therefore not needing to walk across the border with cash? Would this be a helpful service?

## **ANNEX III – Bi-Weekly Field Report**

### **RAPO TRAVAY ENPAK SOSYAL POU FEN MWA DESANM 2007 TWOUDINO**

Kòm mwen te deja di sa depi nan premye rapò a, mwa sa nou te sitou fòkis sou kesyon delenkans biwo a. Teren mwen te vizite se: Dupiti, Jakzil, Karakòl, Kafou Jezi ak Sent Sizàn. Vizit sa yo te gen pou objektif: Entevyou soti kliyan, vizit verifikasyon ak swivi sik E.

#### **REYALIZASYON**

Nan pakou sa yo men sa mwen te rive fè: 22 kat evalyasyon, 6 PPI ak yon entèvyou sòti kliyan. Nan swivi sik E a kliyan an regrese de 3 pwen. Nan sik C a li te rete nan yon kay kite kouvri an tòn, koulye a li rete nan yon kay an dal; kay la ak tè a te pou li nan sik C a, koulye a li afème kay e li pa gen tè; li te gen latrin an blòk, koulye a li gen yon twalèt ijyenik; li p'at gen kouran nan sik C a, koulye a li gen pano solè. An gwo preske tout enfòmasyon yo diferan paske kliyan an chanje kay, li gen yon nouvo patnè e lavi l chanje konplètman. Kliyan sa pa fè komès se pou manman l li pran kòb la.

#### **OBSEVASYON**

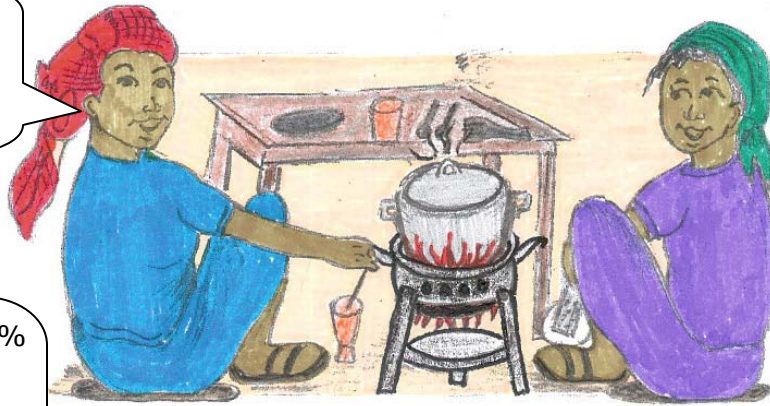
Pandan mwen te ale fè yon entèvyou sòti kliyan Dipiti, sa te tris lè madam nan t'ap rakonte rezon ki fè li kite kredi a. Li menm se chabon li vann. Men se nan tèt li pou l transpòtel sòti byen lwen nan mòn nan poul desann ak li nan bouk Dipiti poul ka vann li. Li di mwen malgre mizè li pase ak chabon an poul transpòtel, lè li rive vann chabon an, anpil fwa menm moun li vann li ya rale lajan an nan tabliyè li. Kliyan sa ap viv sitiyaasyon lontan e li toujou ranbouse a lè. Men gen nan ranbousman yo se ti bèt li konn vann pou li ka fè yo. Koulye a li di mwen li pa ka kontinye ankò paske sante li pa bon e komès la pa rapòte li. Pou rezon sa a li kite kredi a. Sitiyaasyon sa koz kliyan pa fè pwogrè pandan kredi a te nan men li okontrè, li vann plizyè ti bèt li te genyen pou li te fè dènye ranbousman mwa desann nan.

Nan swivi delenkans yo yonn nan bagay mwen te obsève kite ogmante delenkans lan nan zòn Karakòl ak nan sant vil la se lè kat moun nan gwoup la gen kòb yo pare epi yo remet li bay manman gwoup la, e manman gwoup la ki pòke te pare, kenbe tout kòb moun yo nan men l epi li pran anpil tan poul vin fè ranbousman an. Pafwa ranbousman yo konn double nan men li pandan lòt moun konnen yo peye. Kòb la pa janm rive nan biwo a vre. Konsa lè ou ale kay moun ki nan gwoup la yo di ou yo pa dwe paske yo te bay manman gwoup la lajan yo. Kounye a lè ou ale kay manman gwoup la li oblije ap bay ou randevou sou randevou paske li p'at ka peye pou tèt pal, li vin gen plis pwobèm paske dèt li ogmante.

*Prepare pa Eloi Jacob, Monitè Enpak Sosyal Fonkoze Twoudinò  
Pou Julie Hubble Direktris Enpak Sosyal Fonkoze, Santral Pòtoprens  
Kk Meurice Jean Cesar, Direktè branch Twoudinò*

**ANNEX IV – Interest Rate Cartoon**  
**Kisa Ki Kache Nan To Enterè**

Jaklin, Konbyen kòb enterè ou peye nan kredi Fonkoze a?



Mwen peye 5% pa mwa nan kredi Fonkoze a. E ou menm?

Mwen, mwen peye 3.5% sèlman. Se yon enterè **fiks**. Chak mwa mwen bay menm kantite lajan pou enterè, depi nan kòmansman jis nan fen kredi a.



Nan Fonkoze nou peye 5% **degrese**, sa vle di mwen peye enterè sou kòb ki rete nan men mwen an sèlman. Plis mwen ap fè ranbousman plis enterè a ap diminye.

Ou pral sezi! Eske w konnen yon enterè 5% degrese pi piti pase yon enterè 3.5% fiks.

Wap jwe! Kòman sa ka posib?



M'ap ekplike ou, Mari. Pou 15,000 goud mwen prete pou 6 mwa (avek yon mwa gras), enterè mwen peye se 750, 750, 600, 450, 300, epi 150 goud. Sa fè 3,000 goud enterè.

Kisa? Pou yon kredi 15,000 mwen menm mwen peye chak mwa 525 goud kòm enterè, pandan 6 mwa. Sa fè, mwen sòti peye an total 3,150 goud enterè. Plis mwen bezwen yon moun ki gen yon djòb pou bay garanti pou mwen.



Tande sè m. Fonkoze pa mande ankenn garanti, ou bezwen 250 goud enskripyon pou w vin manm poutoutan. Lè wap prete fòk ou genyen sou kanè w, 15 goud pou chak 100 goud wap prete. Sou tèt sa, Fonkoze ba w pwogram alfa ak edikasyon sou dwa moun, gratis ti cheri..

Kounye a mwen konnen ki jan pou m kalkile enterè fiks ak enterè degrese. Mèsi anpil sè mwen.

Pa gen pwoblèm ti cheri a.

**Kouman Fonkoze kalkile enterè a, ak 5 goud pa mwa sou chak 100 goud**

Nou pral moutre si yon kliyan jwenn nan Fonkoze yon Kredi : 15,000 GOUD  
 Enterè lap peye sou 6 mwa se : 3,000 GOUD  
 Konsa apre 6 mwa lap ranbouse manman lajan an ak enterè : 18,000 GOUD

Nan Fonkoze, kliyan an kòmanse ranbouse 2 mwa apre li fin resevwa kredi a. Nan 6 mwa, lap gen pou l peye 5 fwa. Chak fwa yo, lap remèt yon moso nan manman lajan an ak enterè sou kòb ki rete nan men l.

	Moso nan manman an lap remèt	Kantite kòb ki rete nan men kliyan an	Kliyan an ap peye enterè sou	Kantite fwa 100 goud ki rete nan men kliyan an	Kantite enterè lap peye sou lajan ki rete nan men l
Jan	0	15,000	15,000	150	(150 x 5) = 750 Goud
Fev	3,000	15,000	15,000	150	(150 x 5) = 750 Goud
Mas	3,000	12,000	12,000	120	(120 x 5) = 600 Goud
Avril	3,000	9,000	9,000	90	(90 x 5) = 450 Goud
Me	3,000	6,000	6,000	60	(60 x 5) = 300 Goud
Jen	3,000	3,000	3,000	30	(30 x 5) = 150 Goud
<b>Total</b>					<b>3,000 Goud</b>

Kidonk, nan Fonkoze, kliyan soti peye apre 6 mwa, yon enterè total 3 mil goud. Kalkil la fèt ak yon metòd yo rele "Enterè degrese", paske enterè a ap pèdi sou grès li, pandan kliyan an ap ranbouse. Nou te konsidere enterè degrese 5 goud sou chak 100 goud, sa vle di yon enterè degrese 5 pousan.

Nap remake nan Fonkoze, kliyan an peye menm kantite kòb la chak mwa. Se pou fasilite kliyan an, Fonkoze, pandan lap sèvi ak metòd enterè degrese a, tou kalkile lajan kliyan an ap gen pou l peye pandan tout peryòd la (6 mwa) epi li separe l an 5 moso. Konsa kliyan an pa bezwen kase tèt li pou l sonje yon montan diferan chak mwa.

**Kouman pifò lòt òganizasyon kalkile enterè yo**

Nou pral moutre si yon kliyan jwenn nan yon òganizasyon kèlkonk yon Kredi : 15,000 GOUD  
 Menm si se a 3,50 Goud sou chak 100 goud, enterè lap peye sou 6 mwa se : 3,150 GOUD  
 Konsa apre 6 mwa lap ranbouse manman lajan an ak enterè : 18,50 GOUD

Pi souvan, nan lòt òganizasyon yo, kliyan an kòmanse ranbouse apre premye mwa li te resevwa kredi a. Nan 6 mwa, lap gen pou l peye 6 fwa. Chak fwa yo, lap remèt yon moso nan manman lajan an ak enterè sou tout kòb li te prete a.

	Moso nan manman an lap remèt	Kantite kòb ki rete nan men kliyan an	kliyan an ap peye enterè sou	Kantite fwa 100 goud ki rete nan men kliyan an	Kantite enterè lap peye sou lajan ki rete nan men l
Jan	2,500	15,000	15,000	150	(150 X 3,55) = 525 Goud
Fev	2,500	12,500	15,000	150	(150 X 3,55) = 525 Goud
Mas	2,500	10,000	15,000	150	(150 X 3,55) = 525 Goud
Avril	2,500	7,500	15,000	150	(150 X 3,55) = 525 Goud
Me	2,500	5,000	15,000	150	(150 X 3,55) = 525 Goud
Jen	2,500	2,500	15,000	150	(150 X 3,55) = 525 Goud
<b>Total</b>					<b>3,150 Goud</b>

Nan pifò lòt òganizasyon yo, kliyan an soti peye 3 mil ak 150 goud kòm enterè total, lè yo di l se 3,50 goud sou chak 100 goud li peye. Yo sèvi ak yon metòd yo rele «Enterè fiks» paske enterè a pa janm binding nan metòd sa a, jiskaske kliyan an fin peye tout dèt li. Nan ka sa a, 3,50 sou chak 100 goud vle di 3,50 pousan.

**Sa pou nou wè**

Nou vin wè, yon enterè degrese 5 pousan pi piti pase yon enterè fiks 3,35 pousan. Nou pap pran nan kraponnaj « enterè ki sanble li pi ba » ankò.



## **ANNEX V – Penalty Announcement**

### **RÈGLEMEN KONSÈNAN PENALITE NAN FONKOZE**

Chak jou anreta sou dat ranbousman gen yon penalite. Yon moun ki dwe yon balans sou ranbousman li toujou konsidere an reta. **Men, se sèlman manm ki anreta ki dwe peye penalite.**

Pa egzanp, si kat moun pare pou ranbouse a lè, ajan kredi Fonkoze a dwe pran kòb sa yo kòm ranbousman. Nou pa konsidere yo anreta. Sèlman manm ki anreta peye penalite pou chak jou ki pase jiskaske li fin peye balans ranbousman lan.

Prensip solidarite toujou mache byen konsa. Lè gwoup la pare pou resevwa yon lòt sik kredi, yo pa kapab avanse si tout manm yo poko fin ranbouse. Pou plis enfòmasyon sou penalite pale ak direktè biwo w.