



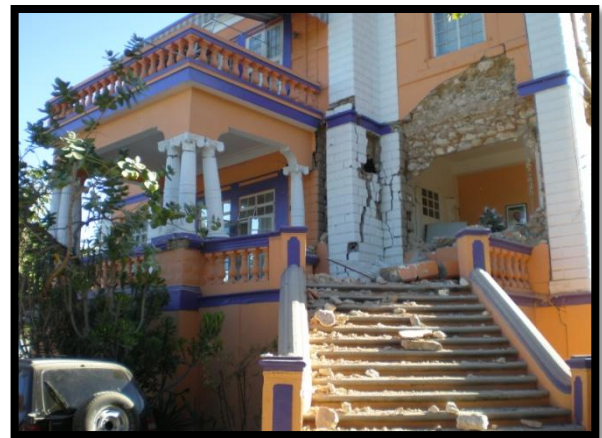
## Innovating in the Wake of Disaster: Fonkoze's Earthquake Recovery Program *A Final Report for Our Partners*

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### **January 12th: An Unprecedented Disaster**

Plagued by tropical storms, floods and hurricanes, Haiti has a long history of struggling with Mother Nature. Every two years, and sometimes more often than that, the country is inevitably struck by a serious natural catastrophe. Following each of these disasters, Fonkoze's clients, who are mostly poor and already vulnerable, struggle to salvage what is left and maintain their footing on the staircase out of poverty.

For years, we at Fonkoze have strived to develop appropriate post-disaster responses for our clients. One example is our Hurricane Loan program developed in response to a string of storms that destroyed the livelihoods of 14,000 clients in late 2008. This one-time program swiftly put fresh capital into the hands of our clients and provided reduced interest and flexible repayment terms to help clients re-establish their businesses<sup>1</sup>. However, our experience has taught us that, while special programs are effective, our clients deserve a permanent solution to help them better protect the assets they work so hard to build. Therefore, in 2009, Fonkoze and its local insurance partner, AIC, began developing the details of a new catastrophic insurance product that would cover the personal and business assets of Fonkoze clients in the case of natural disaster.



Fonkoze's severely damaged headquarters in downtown Port-au-Prince. *Photo: Leigh Carter*

However, on January 12<sup>th</sup> 2010, we were made painstakingly aware of another major threat when a 7.0 magnitude earthquake violently shook the ground beneath Port-au-Prince and the surrounding areas. These 35 seconds transformed the country as we knew it—taking the lives of over 300,000 of our neighbors, family members, and friends, ravaging homes and businesses, and ultimately sending shock waves throughout the country. Total damages and losses are estimated at a record-breaking US \$8 billion, or 120 percent of Haiti's gross domestic product<sup>2</sup>. Fonkoze's infrastructure, staff, and clients suffered unprecedented losses from the earthquake as well. Ten of 41 branches collapsed or were severely damaged, over 450 of our employees suffered severe damage to or complete loss of their homes, and five of our employees were killed. Our clients endured paralyzing losses, as over 19,000 of them saw their homes, businesses or both wiped away during the earthquake and continue to crumble in the days following. Many clients who did not lose assets in the earthquake knew many who did, and overnight they became host families for some of the over half a million urban refugees who migrated out to rural Haiti in the weeks following the quake.

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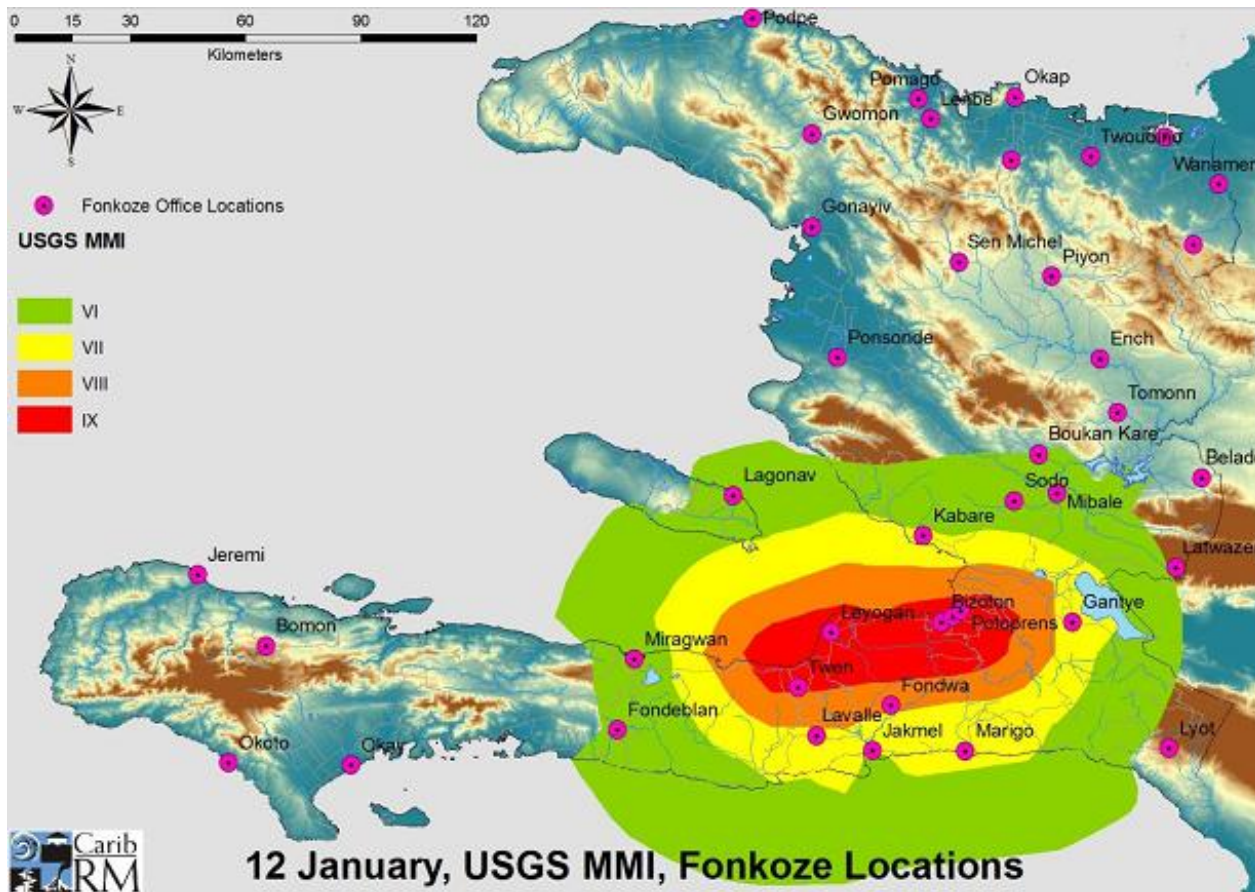
<sup>1</sup> To learn more about Fonkoze's Hurricane Loan program, visit the 2008 and 2009 Social Performance Reports at [www.fonkoze.org](http://www.fonkoze.org).

<sup>2</sup> Haiti Post Disaster Needs Assessment available at: <http://www.refondation.ht/>

## Kore Fanmi Fonkoze: An Unparalleled Response

Fonkoze's response to the January 12th earthquake required an initiative that was unparalleled in size and scope because the magnitude of the disaster demanded it. Through incorporation of past lessons learned, an understanding of our clients' current needs, the generous support of our partners, and a collective vision to drive innovation, Fonkoze was able to launch *Kore Fanmi Fonkoze* (Haitian Creole for "Program to Reinforce the Fonkoze Family"). *Kore Fanmi Fonkoze* is our most comprehensive and innovative disaster relief and livelihoods recovery program ever. Comprehensive, because it was tailored to the diverse needs of our clients post-earthquake and innovative because it seized the opportunity to address short-term demands while testing long-term solutions.

### *Micro-Insurance and Disaster Preparedness Education for Earthquake Victims*



The 10 branches that fall in the red, orange or yellow were considered Fonkoze's "priority branches" for the program. Fonkoze rolled out *Kore Fanmi Fonkoze* to 100% of clients in the 10 priority branches and then to qualifying clients in the remaining 31 branches.

Earthquake victims were defined as clients who lost their home, business or both. Although Fonkoze had not yet launched the catastrophic micro-insurance product when the earthquake hit, we decided we could no longer wait to test the feasibility of such a product as a way to help clients stabilize and rebuild their livelihoods following natural disasters. Therefore, through *Kore Fanmi Fonkoze* we treated clients who were earthquake victims as if they had *already* been paying for catastrophic micro-insurance when the earthquake hit and provided them with the same benefits package they would receive under the insurance plan:

- a one-time cash grant of 5,000 HTG (US \$125) to assist with emergency needs;
- cancellation of pre-earthquake loan balance;

- a new loan to restart their business if they were ready, qualified based on Fonkoze’s careful capacity assessment, and agreed to pay a 2% fee.

Clients were asked to pay a one-time fee of 2% to communicate that there is a cost associated with insurance. A special triplicate receipt was created for clients to sign and keep which clearly stated that the one-time fee of 2% did not enroll them into an insurance plan, but would rather go toward a fund to help Fonkoze develop a permanent insurance product.

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“My credit agent was the first person to come looking for me after the earthquake. When I saw him, I had hope, because I knew Fonkoze had not abandoned me.”

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All Fonkoze clients who already paid their \$6 life-time membership fee and were in good standing with Fonkoze were eligible for the program, regardless of whether they had a loan or not on January 12<sup>th</sup>. In addition, clients outside the ten priority branches qualified for the program if they lost their house, business, or both.

In addition to the micro-insurance benefits, Fonkoze also developed and piloted a new educational module on disaster preparedness and risk reduction with clients in our Léogâne branch, which is located at the epicenter of the earthquake. Fonkoze taught clients about risk management strategies, safe home construction, and how insurance can be an important tool to help mitigate the impact of future natural disasters on clients and their families. The intention of both the micro-insurance and education pilots was to inform the final development and roll out of our permanent catastrophic micro-insurance product and new disaster preparedness training module.

### ***One-Time Cash Assistance for Host Families***

The earthquake left over 2.3 million families homeless and drove over 600,000 individuals to flee the Port-au-Prince area to seek refuge with friends and family in the provinces. Realizing that many clients who did not lose their home or business in the earthquake were still affected because they were now hosting as many as 10 additional family members, Fonkoze added another component to *Kore Fanmi Fonkoze*—host family assistance. This component consisted of a one-time cash grant of 5,000 HTG for clients who did not qualify as earthquake victims but who had received one or more additional long-term house guests since the earthquake. The objective of the grant was to help off-set some of the financial burden associated with housing extra people. While host family assistance is not part of the permanent catastrophic insurance design, this component still provided a valuable opportunity to learn about its utility as a post-disaster intervention.

### ***Partnering to Make the Program a Reality***

In order to make *Kore Fanmi Fonkoze* a reality, Fonkoze was fortunate enough to forge new partnerships with a number of forward-thinking organizations. Not only did these partners believe in Fonkoze’s capacity to quickly get life-saving cash into the hands of earthquake-affected Haitians, but they also supported Fonkoze’s strategic vision of bringing sustainable, long-term protection to Haiti’s poor. Each partner’s contributions complemented those of another’s until comprehensive, nationwide coverage was achieved.

**Table 1. Summary Table of Partner Support for Kore Fanmi Fonkoze**

Partner	Support Provided	Where	# of Clients Supported
<b>Earthquake Victims</b>			
<b>Mercy Corps</b>	<ul style="list-style-type: none"> <li>• One-time 5,000 HTG cash grants</li> <li>• Repayment of pre-earthquake loan balance</li> <li>• Disaster preparedness and risk reduction materials development and education pilot</li> </ul>	Léogâne	500
<b>American Red Cross</b>	<ul style="list-style-type: none"> <li>• One-time 5,000 HTG cash grants</li> <li>• New loans for business recapitalization</li> </ul>	Nationwide	19,036
<b>Citi Foundation</b>	<ul style="list-style-type: none"> <li>• One-time 5,000 HTG cash grants</li> <li>• New loans for business recapitalization</li> </ul>	Nationwide	155 (Business Development clients only)
<b>Opportunity International Germany</b>	<ul style="list-style-type: none"> <li>• One-time 5,000 HTG cash grants</li> <li>• Repayment of pre-earthquake loan balance</li> <li>• New loans for business recapitalization</li> </ul>	Jacmel	120
<b>Dioceses of Miami and Orlando</b>	<ul style="list-style-type: none"> <li>• Repayment of pre-earthquake loan balance</li> </ul>	Nationwide	67
<b>Host Families</b>			
<b>American Red Cross</b>	<ul style="list-style-type: none"> <li>• One-time 5,000 HTG cash grants</li> <li>• New loans for business recapitalization</li> </ul>	Nationwide	9,637

We also wish to acknowledge that the implementation of this program would not have been possible without the generous institutional and infrastructural support provided to Fonkoze by its many partners. Resources were mobilized quickly to support Fonkoze's institutional earthquake recovery efforts by our partners at the MasterCard Foundation, Whole Planet Foundation, the Inter-American Development Bank, Grameen Foundation, Fonkoze USA, American Jewish World Service, Starfish Group, Boston Foundation, Liz Claiborne, Raskob Foundation, as well as many other donors and private citizens.

## Addressing Major Challenges

Program implementation was not without its challenges. Getting a program of this magnitude off the ground after such a significant destabilizing event, and while the country was still in a state of crisis, presented a host of difficulties that may be relevant to other MFI's operating in a post-disaster environment. Below is a summary of some key challenges as well as a description of our efforts to address them.



**Table 2. Summary of Key Challenges and Strategies to Address Them**

Major Challenges Faced	Strategies to Address
<p><b>Operating at a significantly diminished capacity.</b></p> <ul style="list-style-type: none"> <li>Fonkoze’s headquarters and nine other branches were destroyed making files, documents, etc. difficult to access.</li> <li>Many staff were deeply affected and were living in tents and dealing with the trauma of the disaster while attempting to return to work.</li> </ul>	<ul style="list-style-type: none"> <li>Resumed work as quickly as possible: immediately following the quake we set-up offices in courtyards and within weeks we secured a temporary office space for the headquarters.</li> <li>Offered all staff group psychological counseling and provided one-time cash assistance to employees who suffered damage to their homes.</li> </ul>
<p><b>Designing and delivering a responsible program quickly.</b></p> <ul style="list-style-type: none"> <li>Clients had suffered devastating losses and their need for assistance was urgent; however, given their heightened state of vulnerability, we had to find a way to respond quickly while maintaining the discipline needed to design an appropriate and responsible program.</li> <li>We had to ensure staff had the training and tools they needed to educate clients on the micro-insurance pilot concept and to implement the program confidently.</li> </ul>	<ul style="list-style-type: none"> <li>Conducted focus groups to understand our clients’ situation and expectations.</li> <li>Established a cross-disciplinary task force of over 12 staff members to work on different components of program design and roll out.</li> <li>Developed tailored policies and procedures, a special client evaluation guide, a training and communications plan which included detailed guidance on how to communicate the details of the program to clients.</li> <li>Rolled out training to staff in all 41 branches through a series of regional training over 6 weeks.</li> <li>Utilized a new “Post-Disaster Member Evaluation” and credit agent guide, designed to comprehensively assess client readiness for a new loan in the post-disaster context<sup>3</sup>.</li> </ul>
<p><b>Developing an effective victim identification methodology.</b></p> <ul style="list-style-type: none"> <li>In the 31 branches located outside of the worst-affected areas, we had to develop a process to identify clients who were “victims,” meaning they lost their home and/or business in the earthquake.</li> <li>Because of the nature of our clients’ business activities, which is mostly small trading, and an economy that is highly centralized in Port-au-Prince, clients who were very far from the epicenter of the quake also suffered significant losses; oftentimes reported losses were merchandise, which was difficult to verify.</li> </ul>	<ul style="list-style-type: none"> <li>Developed a participatory process leveraging credit center leadership and branch staff structure to identify true victims: <ul style="list-style-type: none"> <li>Fonkoze credit agents, along with client solidarity group members and center chiefs, identified clients who qualified as victims and host families.</li> <li>Branch and regional directors conducted a follow-up verification on a sample of clients to confirm whether their victim status was accurate.</li> </ul> </li> </ul>

Despite our best efforts to address the above challenges we learned of the following shortcomings through our monitoring and evaluation efforts:

- Not all staff or branch leadership used the program policies and procedures manuals as a resource, which led to inconsistencies during program implementation.

<sup>3</sup> Fonkoze’s Post-Disaster Member Evaluation and Guide were highlighted by the Smart Campaign as a model tool for evaluating client readiness for a new loan in the post-disaster context. Visit the Smart Campaign website for more information: [www.smartcampaign.org](http://www.smartcampaign.org).

- There were cases of both branch staff and clients being confused about what truly qualified a client as a victim; as a result, we believe that there are zones where victims were under-selected or over-selected.
- Staff reported experiencing difficulties verifying whether members suffered from the reported losses; they also felt the time period was too short to do a thorough verification.
- Throughout the country, there were cases reported of clients who strongly believe they were victims but were not identified as such by their peers and by Fonkoze staff.

Our internal evaluation efforts allowed us to learn from these shortcomings and tweak the processes we'll use in the future to identify client victims of natural disasters, and to strengthen the training/communication strategies with our staff.

## Evaluating Program Implementation and Results

Together, Fonkoze and its partners realized the following key achievements:

- Distributed one-time cash grants to **19,811** Fonkoze clients, benefitting a total of 89,150 family members (average of 4.5 persons per family)
- Cancelled the loan balances for **10,445** qualifying members who held a loan on January 12<sup>th</sup>
- Disbursed **10,993** new loans to earthquake victims who were ready to recapitalize their business
- Educated **527** clients in Léogâne on disaster preparedness and risk reduction strategies
- Provided **9,637** clients serving as host families with a one-time cash grant to reduce the financial burden of receiving house guests, and gave 4,576 of these clients who requested it a new loan.



Social Impact supervisor, Marc-Henry Fortuné, facilitates a focus group discussion with center chiefs in Léogâne.

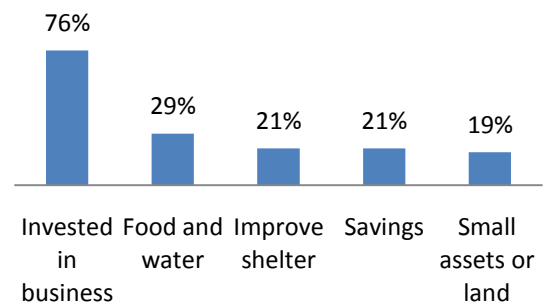
Funding from Mercy Corps and the American Red Cross enabled Fonkoze's internal monitoring and evaluation department, Social Impact, to carry out a series of activities to evaluate program outcomes and ensure optimal learning from these pilots. Evaluation efforts consisted of the following key initiatives:

- Individual interviews with **274 earthquake victims** to understand how they were affected by the earthquake, how they used the 5,000 HTG cash grant and new loan, overall satisfaction with the program, and interest in a permanent insurance product. We also collected poverty scorecard and food security data which will facilitate monitoring this cohorts' progress over the next year.
- A **special evaluation of the disaster preparedness education pilot** in Léogâne which consisted of a series of focus groups with program participants, peer facilitators, and Fonkoze staff better to understand client retention and use of the information, and overall satisfaction with the module materials and delivery method.
- Completion of **in-depth profile interviews of host family grant recipients** in five different branches to learn how the cash grant helped them meet the needs of their house guests and permanent house residents, while keeping their businesses afloat.
- **Assessment of key program processes and tools** such as the victim identification methodology and "Post-Disaster Member Evaluation." We conducted branch site visits, file audits and interviewed staff to understand which processes and tools were applied, constraints to doing so, and ideas for strengthening them in the future.

Monitoring and evaluation efforts yielded valuable insights on our clients' conditions and the effectiveness of our response. Full reports on our key initiatives are available in **Annexes A-C**, while some of the highlights are below:

- **Client losses were severe.** 85% of those interviewed suffered severe damage to or loss of their home; 64% lost business assets or other important investments such as livestock in the quake.
- **Cash grants for earthquake victims helped families to stabilize and begin the path the recovery.**
  - 76% of clients interviewed invested at least some of their cash grant into their business, and 28% chose to invest the entire 5,000 HTG into re-starting or growing their enterprise.
  - This statistic strongly supports our March focus group findings that clients were ready to re-start their businesses shortly after the disaster, and looking earnestly toward Fonkoze to assist them in doing so.
- **Repayment rates on new loans were high, indicating that clients are beginning to re-establish their livelihoods.**
  - 95% of clients surveyed (260 clients) chose to take out a new loan. With this new capital, 79% said they were able to grow their business. For most of the remaining clients, this new loan was the critical capital they needed to finally re-start their business.
  - As of December 31, 2010 the repayment rate of new loans issued under the program was **97%**--which surpasses even pre-earthquake levels. The high loan repayment rates are one indication that clients are managing their credit well and earning an income once again.
- **The disaster preparedness education evaluation showed high levels of participant satisfaction and examples of clients putting their newfound knowledge into practice.**
  - Most clients reported this program was the first time they had received information and materials about disaster preparedness.
  - All clients reported sharing what they learned with at least 3 other people, and usually more, in their communities.
  - Clients shared concrete examples of how they put their risk management lessons into practice in preparation for a late season hurricane: they made copies of important documents and brought them to trusted friends, and split up their cash into different places.
  - Credit agents also mentioned repeatedly how they saw these lessons directly translating into decreased delinquency since clients are managing their risks better.
- **Host families valued the cash grant because it helped them meet their households' immediate needs and keep their businesses strong.**
  - One client shared, "I had two children in Port-au-Prince on January 12th. I welcomed one of them in my home after the earthquake because his house was severely damaged. I spent most of the 5,000 HTG on clothes for my son and food for the house. With the remaining amount, I invested it in my second hand clothing business."
- **Tailored processes and tools helped staff implement the program and make decisions more confidently.**
  - One credit agent shared, "Yes, the tools made my work much easier. The Post Disaster Member Evaluation helped us to understand our clients' situation better, and really helped us to make a good decision about whether they were ready for a new loan."

**Top 5 ways victims spent their 5,000 HTG**




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"Haiti is a country ravaged by natural disasters. We have to take precaution! We have to be prepared! And these stories helped me and all the members in my center know just how to do that."

*-Education program participant, Léogâne*

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In closing, feedback on the program was overwhelmingly positive with clients declaring that *Kore Fanmi Fonkoze* gave their families the support and hope that they needed to get back on their feet after the quake. Clients also expressed that through this experience they learned of the many benefits of a catastrophic insurance product, citing help with immediate needs such as food, water, and home repairs, debt elimination and support re-starting their business. Many clients referred to the peace of mind they would have with an insurance product, as well as the ability to recover quickly following a disaster, as the key reasons they wanted Fonkoze to make this product available quickly and permanently.

## **Making Our Post-Disaster Innovations a Permanent Reality**

The implementation and evaluation of our earthquake recovery program served as an invaluable opportunity for Fonkoze to build the institutional knowledge and capacity needed to deliver services to Fonkoze clients in the long-term. We used the lessons learned from implementing *Kore Fanmi Fonkoze* to inform the final design and roll out of a second, more in depth pilot phase for our permanent catastrophe insurance and disaster preparedness education module.

### ***Kore W: Permanent Protection for Our Clients***

Our permanent catastrophe insurance product, **Kore W** (which means “Strengthen You” in Haitian Creole), was launched on the first anniversary of the earthquake, and is being rolled out to all Fonkoze credit clients during the first half of 2011. The insurance payout is structured in the same way as the benefits provided under *Kore Fanmi Fonkoze*: a 5000 HTG (\$125) cash payout to assist the client with immediate needs, as well as cancellation of the client's loan balance, and a commitment to make a new loan when the client is ready to restart her business.

One of the most difficult aspects involved in designing a micro-insurance product is how to assess clients' losses rapidly and accurately in the aftermath of a disaster. The experience of having evaluated the losses of thousands of clients during *Kore Fanmi Fonkoze* has given Fonkoze excellent experience and a good understanding of what may and may not work. Feedback from clients and staff clearly suggests that clients themselves are the best placed to understand how much each other has suffered in a disaster. Fonkoze will apply this insight by making use of its solidarity credit centers to rank losses of their members after a disaster, so allowing us to direct insurance payouts to those who need them most. Fonkoze will continue to monitor the pilot of its permanent product in order to tweak processes and product features as necessary.

### ***Disaster Preparedness Education for All***

In 2011, the Fonkoze Education department will lead an effort to roll out the disaster preparedness module piloted in Léogâne to all Fonkoze clients nationwide. Lessons from the pilot in Léogâne taught us that we can easily help our clients get access to valuable information by streamlining educational sessions into our existing credit center meeting structure. In this model, credit center leaders and credit agents are trained in how to facilitate the session during one of their two regularly scheduled bi-weekly meetings. Building on this experience, Fonkoze has taken the 4 disaster preparedness and risk management education sessions, and incorporated them into a booklet with 10 other important lessons on topics such as health, business management, and problem resolution. This booklet now comprises 14 educational sessions that each of our more than 1800 credit centers around the country will administer over the course of the year.

Fonkoze reflects back on this year with sadness for all the pain and loss the country suffered, but also with satisfaction with all we were able to accomplish. Thanks to the unwavering support and hard work of our partners and staff, Fonkoze not only brought hope to our clients in the wake of disaster, but we used our deep local knowledge and years of experience to develop and deliver permanent solutions—access to tools and knowledge that will continue to give our clients hope and confidence to face the future, no matter what it holds.





Sèvis Finansye  
**Fonkoze**

## **Kore Fanmi Fonkoze Monitoring and Evaluation Update** ***Client Satisfaction*** **October 31, 2010**

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This past quarter, Fonkoze's Social Impact department developed a new survey instrument to assist in the evaluation of Kore Fanmi Fonkoze, our earthquake recovery program. Questions in the survey focused on understanding client losses as a result of the earthquake, how earthquake victims used the 5,000 HTG cash grant, how they used their new loan, their interest in a permanent catastrophic insurance product, their willingness to pay for it in the future, and overall satisfaction with the program. In July and August, members of Social Impact used this specialized survey to conduct one-on-one interviews with 274 earthquake victims, representing all three of Fonkoze's loan programs located in four severely-affected branches— Léogâne, La Vallée, Jacmel, and Miragoâne.

In addition to the interviews conducted with clients who were direct victims of the earthquake, Social Impact also interviewed clients who served as host families to better understand how the one-time 5,000 HTG cash grant assisted them. The focus of this report is to provide a summary analysis of key insights drawn from the interviews with earthquake victims and host families.

### **Earthquake Victims**

- **How were surveyed clients affected by the earthquake?**

Clients were affected in a variety of ways with loss of home and business assets falling at the top of the list.

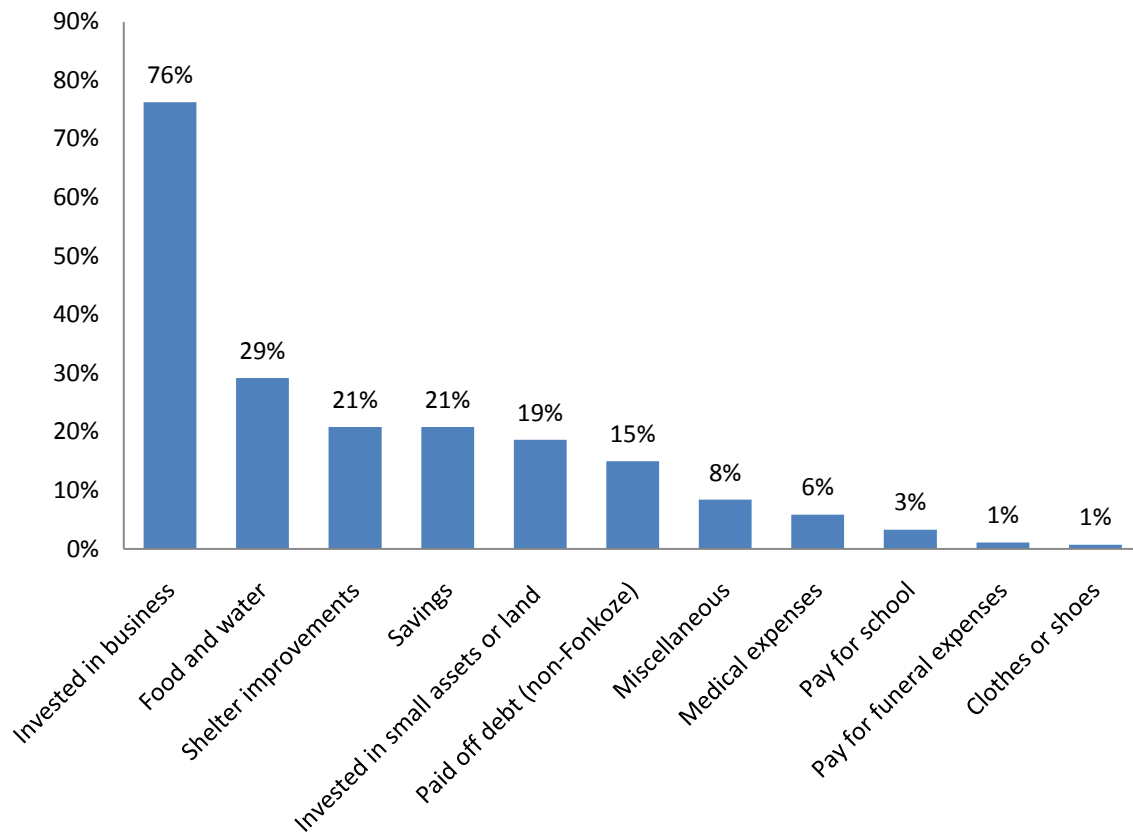
1. 85% suffered severe damage to or complete loss of their home
2. 54% lost significant business assets in the earthquake
3. 20% had one or more family members who were injured
4. 10% lost other assets and investments such as livestock
5. 8% were physically injured themselves

- **How did these clients use their 5,000 HTG?**

The top 6 ways earthquake victims spent part or all of their cash grant were:

1. In their business (76%)
2. Food and water (29%)
3. Shelter improvements (21%)
4. Increase savings (21%)
5. Invest in land or small assets such as goats, pigs or chickens (19%)
6. Pay off non-Fonkoze debt (15%)

### How did Fonkoze clients spend their 5,000 HTG cash grant?



The miscellaneous category includes transport costs, clothes, and support to family and/or friends.

Clients overwhelmingly chose to invest their cash grant into their businesses. While 76% invested at least some of their cash grant into their business, 28% chose to invest the entire 5,000 HTG into re-starting or growing their enterprise. This outcome strongly supports Fonkoze's earlier focus groups findings that clients were ready to re-start their businesses shortly after the disaster, and were looking earnestly toward Fonkoze to assist them in doing so.

- What did clients do with their new loans?**

95% of clients surveyed (260 clients) chose to take out a new loan, and had already received their new loan disbursement at the time of the interview. With this new capital, 79% said they were able to grow their business. And for most of the remaining clients, this new loan was the critical capital they needed to finally re-start their business. The table below shows a breakdown of the number of new loans and the average amount for the 260 clients.

#### Average new loan size by program

Loan Program	# of new loans	Ave. new loan amount
TiKredi (Small Credit)	32	\$62
Solidarity	218	\$241
Business Development	10	\$2,263

## Annex A

- **What do clients think about the program?**

86% of clients interviewed declared that they were completely satisfied with the program and had no suggestions for improvement. Many clients shared that they were especially grateful for the extra steps Fonkoze took to reach out to them in the days following the earthquake. One client declared, “My credit agent was the first person to come looking for me after the earthquake. When I saw him, I had hope, because I knew Fonkoze had not abandoned me.”

For those who were not fully satisfied, a few clients felt the support package was not enough or the new loan amount was too small given their current needs. There were also several clients who requested Fonkoze’s assistance in accessing healthcare services and clinics; however, the majority of clients who were not fully satisfied expressed a desire for Fonkoze to assist them in building a new home or finding a new place to live. “I would have been more satisfied with the program if Fonkoze would have helped me rebuild my home by, for example, giving me the cement and iron for free,” one client shared.

- **How do clients feel about micro-insurance after this experience?**

100% of clients who were surveyed expressed interest in a permanent catastrophic insurance product. In most interviews, clients urged Fonkoze to move quickly to make the new product available before another disaster occurred. After experiencing firsthand how an insurance product could help them following a disaster, clients also said they would have no problem paying a premium. One Jakmèl Solidarity client shared, “I have no problem paying my part for insurance if it means that whenever there is a disaster Fonkoze can help us.”

Clients also expressed that through this experience they learned of the many benefits of a catastrophic insurance product, citing help with immediate needs such as food, water, and home repairs, debt elimination and support re-starting their business. Overall most clients referred to the peace of mind they would have with an insurance product, as well as the ability to recover quickly following a disaster as the key reasons they want Fonkoze to make this product available quickly and permanently.

Ms. André, a Jacmel Solidarity client, summed up her sentiments in one short sentence: “When you’re insured, you live with hope!”

### Host Families

Below are some key highlights from interviews with clients who served as host families and shared how they used their 5,000 HTG:

- “The 5,000 HTG I received was the biggest present I could have hoped for. After the earthquake, I welcomed 4 people from Port-au-Prince into my home. Of those 4 guests, three of them were very sick. With the 5,000 HTG I was able to bring them to the hospital, buy medicine and buy food for the house.”  
-Ms. Menouse, Solidarity client, Fort Liberté
- “I received 3 adults plus one child at my home. The 5,000 HTG helped me a lot because I had to bring the child to the hospital because he had spent 2 days trapped underneath the rubble of a collapsed building. With the rest of the money, I was able to buy food for the house.” - Ms. Louissant, Solidarity client, Fort Liberté
- “I had two children in Port-au-Prince on January 12th. I welcomed one of them in my home after the earthquake because his house was severely damaged. I spent most of the 5,000 HTG on clothes for my son and food for the house. With the remaining amount, I invested it in my second hand clothing business.”  
- Ms. Joseph, Solidarity client, Ouanaminthe

### Client Quote Highlights

- “I’m happy because the program was really appropriate. All the other banks did was call people for them to come and make their payments, but not Fonkoze.” – Ms. Attis, Solidarity client, Leyogan
- “I am so grateful because if it weren’t for the little cash I received, my child could have died. Because if I would have had to go around trying to borrow the money needed from others, my child could have died before I got the money.” – Ms. Marcéan, TiKredi client, Miragwan
- “I’m sure I would be dead if it weren’t for Fonkoze. There is no other bank that did what Fonkoze did.” – Ms. Calixte, Solidarity client, Leyogan
- “After the earthquake, I was hungry. When I received my 5,000 HTG, I was finally able to eat.” – Ms. Michel, Solidarity client, Leyogan
- “The money I received helped me repair my home...how could I not be satisfied?” – Ms. Amousse, Solidarity client, Miragwan
- “I’m really happy with the way Fonkoze helped me. Not only did they eliminate my debt, but they also gave me a gift of 5,000 HTG so I could take care of my urgent needs.” - Ms. Pierrelaine, Solidarity client, Leyogan
- “I’m satisfied because Fonkoze is the only organization in Haiti that does this for its members. I feel really proud when I share that news with others.” - Ms. St Lot, Solidarity client, Leyogan
- “I’m really happy because this program allowed me to continue to live!” - Ms. Esperanta, Solidarity client, Leyogan
- “Fonkoze gave me a gift of 5,000 HTG, but then gave me a loan. That means Fonkoze does not want me to just sit around doing nothing.” - Ms. Dupas, Solidarity client, Lavale
- “I’m so grateful for what Fonkoze did for me. A family member or dear friend wouldn’t even do for me what Fonkoze did for me.” – Ms. Déjour, Solidarity client, Lavale
- “I was not in a position to help myself. My husband died. I couldn’t have found anyone who would do for me what Fonkoze did.” – Ms. Lamothe, Solidarity client, Lavale
- “What Fonkoze did for me following the earthquake was a huge help because I lost nearly 60,000 HTG in merchandise on January 12<sup>th</sup>, so I was already in a very difficult position to make my loan re-payments.” – Mr. Jean Baptiste, Business Development client, Lavale
- “I’m happy because I had a lot of problems. It’s with the little cash I received that I was able to resolve those problems by paying off all my debts.” – Ms. Dumond, TiKredi, Miragwan
- “I’m really happy because I hadn’t even been paying for the insurance and I was able to benefit from it!” – Ms. Jean Baptiste, Solidarity client, Lavale
- “I’m satisfied with the program because I lost a lot, but Fonkoze accepted to lose a little for me too.” – Ms. Registre, Business Development client, Miragwan



## **Kore Fanmi Fonkoze Evaluation Report**

### **Disaster Preparedness Education Pilot**

#### **June-October 2010**

#### **Léogâne, Haiti**

### **Introduction**

As part of the Mercy Corps-funded catastrophe micro-insurance pilot in Léogâne, Fonkoze developed a new educational module focused on disaster preparedness and risk reduction. This four-session module aims to equip Fonkoze clients with the knowledge they need to better protect themselves, their families and their assets from the devastating consequences of natural disasters. While Fonkoze already has a range of business and life skills educational modules available to its clients, the disaster preparedness module represents a critical addition to Fonkoze Education program.

The new module was designed using illustrated stories and informational texts that focus on the following essential topics:

- Development of a communication preparedness plan
- Reducing losses by protecting vital documents
- Better business risk management
- Catastrophe micro-insurance
- Key principles for safe home construction

For this pilot, Fonkoze decided to test a new delivery method: Instead of holding special weekly education meetings in addition to the two, regularly-scheduled monthly Credit Center meetings, the module was conducted during the second Credit Center meeting of each month. This approach allowed Fonkoze to reach all clients served by the Léogâne branch in a period of four months by streamlining the education sessions into an already existing meeting structure.

Also, while traditionally education sessions have been facilitated exclusively by a peer borrower, for this pilot Fonkoze decided to test joint facilitation by center chiefs (elected center leaders) and loan officers. During the training meetings, facilitators led discussions using Fonkoze's primary education method, "reflection circles," which enables clients, regardless of their literacy level, to fully participate and learn from one another.

The pilot began in June 2010 with the training of 28 peer facilitators by Fonkoze's Education department. Client training sessions commenced immediately following the facilitator training and were completed in October. Ultimately the program reached 527 clients in 24 credit centers in the Léogâne area with life-saving disaster preparedness information.



Center chiefs from Fonkoze's Léogâne branch participate in the facilitators training for the new disaster preparedness education module.



## Annex B

### Learning from the Pilot

In order to maximize learning from the pilot, Fonkoze's in-house monitoring and evaluation department, Social Impact, conducted a series of focus groups with program participants, peer facilitators, and Fonkoze staff better to understand client retention and use of the information, and overall satisfaction with the module materials and delivery method. Fonkoze is taking all insights gained from the evaluation of this pilot to tweak the program prior to rolling it out to all our clients nationwide in early 2011.

Overall, the pilot was a great success. Not only did clients demonstrate an understanding of the lessons on disaster preparedness, but they gave concrete examples of how they put those lessons into practice when preparing for Léogâne's most recent natural disaster, a late season hurricane, Tomas, which hit in early November. Feedback from clients and staff indicate that empowering the center chiefs (or an elected member from the center) to train as facilitators was an opportunity highly valued by the center chiefs and

well-received by the participants. The credit agents worked with the center chiefs to plan the sessions but mostly played a support role to the center chiefs. Credit agents raved about the impact that these sessions had on the ambiance of the center meetings—it helped to break up the monotony of the meetings and get members excited about coming again. Credit agents also mentioned repeatedly how they saw these lessons directly translating into decreased delinquency since clients are managing their risks better.



Social Impact supervisor, Marc-Henry Fortuné, facilitates the focus group discussion with center chiefs.

The focus groups highlighted a number of key lessons that are extremely valuable to Fonkoze in planning the roll-out of this module to all clients. The remainder of the report will focus on major insights drawn from the pilot.

- **Center chiefs naturally took a strong leadership role in facilitating the education sessions.**
  - In all cases, center chiefs and credit agents explained that **it was the center chief who took the leadership role in facilitating the sessions**. The credit agent would serve to keep order in the group and to ask questions and provide examples to deepen client understanding of the lessons during the discussion sessions.
  - Feedback from both center chiefs and staff indicated that **serving as a peer facilitator was an experience that was highly valued by the center chiefs** and supported by the credit agents. Center chiefs repeatedly declared how proud they felt to be able to educate their peers on such important topics.
  - In some cases, it was decided by the credit agent



Center chiefs and Social Impact staff take a break from focus group discussions to sing everyone's favorite song and dance, "yon ti pous," or "one little thumb."

## Annex B

and center members that **the center chief would not be the best person to be trained as a facilitator** (because of illiteracy or a handicap) so the center elected another representative to be trained as facilitators.

- **The content resonated well with participants, and the materials facilitated learning for clients of different literacy levels.**

- Overall **clients really liked the stories and could relate to them.** Clients repeatedly shared, “I loved all the stories! Belyann, Rozmit, Nounoun!” Clients, especially in the center chief session, communicated a strong understanding of the threat that natural disasters pose in their lives. One center chief said “Haiti is a country ravaged by natural disasters. We have to take precaution! We have to be prepared! And these stories helped me and all the members in my center know just how to do that.”
- Even if a client couldn’t read, everyone agreed that the **images were sufficient for her to follow along with her peers who could read.** To facilitate learning for the entire group, center chiefs employed a variety of techniques. One example is a center chief who said she would have everyone close their books, she would read the story once, and then they would all read through it again together. In other cases, center chiefs would ask more advanced readers to read out loud while others followed along.
- The one session that **some clients didn’t really understand the purpose of was the last session**



Saintalia Benèch, a member from Nepli, displays her AIC insurance slip and “fich 2%” that were signed when she received her new loan under the micro-insurance pilot.

**on micro-insurance.** The goal of this session was to facilitate a discussion on paying for micro-insurance. Credit agents mentioned it was in this session that they had to intervene most to try and facilitate a productive discussion. The most effective technique was for the credit agents to relate the micro-insurance discussion to Kore Fanmi Fonkoze (the Creole name of Fonkoze’s earthquake recovery program), and the 2% fee they paid. Credit agents explained that members received all of the benefits of Kore Fanmi Fonkoze, which was similar to micro-insurance, but they had to pay for it because they hadn’t been paying before the earthquake and insurance is not free. After that, clients began to understand better. One credit agent said clients would be willing to pay up to 5% of their new loan for insurance coverage.

- **Clients gave examples of sharing their newfound knowledge and putting lessons into practice.**

- All participants said they **learned something they didn’t know before.** With the exception of two center chiefs, focus group participants said that Fonkoze was the only place where they have accessed information about disaster preparedness and REALLY appreciate the “ti livrè” (small education booklet) we gave them.

## Annex B

- All participants said they **shared the lessons with at least three people, and usually more, in their communities**. In some cases this even resulted in centers recruiting new groups because the non-Fonkoze members wanted their own little books and direct access to information that Fonkoze was providing! Center members and credit agents reported that on many occasions, passersby would stop to listen on to the sessions because they were interested in the content.
- In all three focus groups, participants gave some **examples of clients putting the Disaster Preparedness Education lessons into practice** for the most recent natural disaster, Hurricane Tomas. When Tomas was on its way, one center chief shared how members came to her asking what they should do. She told them, “Do what the book tells you to do!” Those who hadn’t done so already, started making copies of important documents and bringing them to trusted friends. The same center chief also said many center members chose to give her some of the cash they had on hand for her to hold. Credit agents also cited numerous cases that they know of clients copying essential documents, placing them in little plastic bags, and hiding them in different places.
- **According to the center chiefs, in addition to addressing the varying literacy levels of center members, the greatest challenge encountered when implementing the program was getting members to come to meetings and getting them to come on time!**
  - Center chiefs stated repeatedly that **getting members to come to non-reimbursement meetings (the 2<sup>nd</sup> meeting of the month), and to come on time, was difficult**. People don’t attend or come on time for a variety of reasons. Some reasons cited were: meetings are always late; they’re too long; the credit agent doesn’t come on time; the meetings are boring.
  - However, **center chiefs did remark they felt that most of their center members participated in at least three sessions**, and that the lessons were an extra motivating factor for clients to come to meetings because it diversified the conversation and allowed them to leave with new knowledge.
  - Center chiefs came up with some creative ways to deal with the “attendance challenge”:
    - ✓ One center shared that her Friday 1pm meetings were posing a challenge for clients who like to buy their merchandise around the same time for the Saturday market, so she decided to move up the meeting time to accommodate these women.



This center chief from Petit Goave, Emilien Marlène, shares how she adjusted the center meeting time in an effort to increase attendance.

## Annex B

- ✓ Another center chief took it upon herself to do the lessons twice per month—in both the reimbursement and non-reimbursement meetings—because she felt it was so crucial for everyone to hear the lesson.
- ✓ Some other center chiefs chose to start meetings and proceed with the lesson, even if the credit agent was running late. When the credit agent would arrive, he would ask questions to reinforce the lesson. The credit agents mentioned that they appreciated the initiative taken by the center chiefs to do this.

### • Other Feedback and Recommendations

- Clients requested **more education on disaster preparedness, basic literacy, business management, and life skills**. One center chief said, “My sessions went well, but if we had Alfa here the sessions would be GREAT!”
- Center chiefs expressed strong interest in **more training for the facilitator role**—both on the module content and on techniques for facilitating learning for their less literate members. They also mentioned that they would **welcome a little stipend** for the extra work of being a facilitator.
- When we asked branch staff **what we should change in the module**, credit agents emphatically responded: “Don’t change! Just add!” The branch director strongly felt that modules on **environmental protection and sustainable agriculture** would be of great value to clients in the Léogâne area.
- **Credit agents felt strongly that they should be invited to provide input on lessons and content** when the education department is developing new modules. As one agent said, “We are the ones with the closest and most regular interaction with our members. We know and understand what their problems are and know what lessons would be good for them.”
- **Collaboration between branch staff and the education supervisor was strong**. The education supervisor quickly integrated into the team. The branch director said the program and the supervisor’s presence brought tremendous value to the branch. Credit agents shared that planning was simplified by the fact that sessions occurred during a normally scheduled center meeting.



Desir Evelyne, a member from Moyèt, shares how Fonkoze is the only place she received disaster preparedness information from where she is living.

The results of the evaluation have been shared with Fonkoze management and have been incorporated into the preparation and planning for the nationwide roll-out of the Disaster Preparedness module in early 2011.





Sèvis Finansye  
**Fonkoze**

## ARC Disaster Relief & Livelihoods Recovery Program

### Interviews with Host Families

### January 2011

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With the generous support of the American Red Cross, Fonkoze was able to provide nearly 10,000 families with a one-time cash grant of 5,000 HTG to help offset the costs of hosting family members and friends who lost their homes in the earthquakes. Members of Fonkoze's Social Impact department interviewed clients in several branches throughout the country to learn directly from them how the cash assistance helped them get through these difficult times. The following report shares some of these members' heart-warming and triumphant stories.

#### 1. Menouse Heriquez, Fòlibète

Menouse Heriquez, is a Fonkoze client who lives in Fòlibète, located in Haiti's northeastern department. She has been a Fonkoze member since 2005 and is on her 10th loan, which she uses to support her small foodstuffs and beverage business.

For Menouse, the January 12th earthquake left her with much pain and bad memories. "Even until today, I spend money going to the doctors to seek care for two family members that were trapped underneath the rubble in Port-au-Prince and have been staying with me since." Menouse shares that her business is still operating, even if activity has decreased a little.

"If today I can stand and speak it's thanks to Fonkoze and *Kore Fanmi Fonkoze* [the Haitian Creole name of Fonkoze's earthquake recovery program]. After January 12<sup>th</sup>, I didn't have any hope, but with the 5,000 goud Fonkoze gave me, I was able to pay off a lot of debt and buy food for my household. That little bit of cash helped me tremendously during the difficult period following the quake. I would never wish to see such a catastrophe hit my country again, but if it were to happen again, I would like to Fonkoze and its partners to continue to help us, mostly with access to food, medicine and cash."



*"If today I can stand and speak it's thanks to Fonkoze and Kore Fanmi Fonkoze." Menouse stands proudly next to her business.*



## 2. Jeannette Louissaint, Fòlibète



*Thanks to Fonkoze's and ARC's assistance, Jeannette was able to buy medicine for her injured child and pay off non-Fonkoze debts.*

Jeannette Louissaint from Fòlibète took out her first loan in 2003. After her 5th loan, she was able to put together a small stand. Since the earthquake, Jeannette has lived with painful memories, many tears and a constant ache in her belly. On January 12<sup>th</sup>, her two children were trapped underneath the rubble of the University of Port-au-Prince. One was never found and the other is still in the hospital, suffering from a major head injury.

Jeannette has managed to keep her small business progressing, little by little. She emphatically declares, "Fonkoze comes second only to God in heaven. After the disaster, I didn't know which saint to pray to; I especially didn't know what I would do about the loan reimbursements I still owed Fonkoze and the other small

debts I had." Jeannette said the 5,000 goud she received was very useful to her, "This money allowed me to buy 1,500 goud worth of crucial medicines for my child who was in the hospital." When asked what she would like Fonkoze to do for its members if another disaster occurred, Jeanette responds, "I would like Fonkoze to offer members help with medical expenses, and offer a health insurance for the entire family."

## 3. Dieula Saint-Fleur, Montòganize

Dieula Saint-Fleur is a merchant from Bwa-Nèf, which is situated outside of Montòganize, a small town located on the Dominican Republic border in northeastern Haiti. She has been a Fonkoze member for 8 years, since June 3, 2002, and has gone through 8 loan cycles.

Dieula shook her head in ongoing disbelief when asked about that ill-fated day, "I felt terrible when I heard of how people were dying in Port-au-Prince because I could not find information about my brother, who was living there." Dieula's brother did make it, but he lost everything he had and could no longer send money to her every month, as he had done before. Many of Dieula's family and friends came to live in her home. Dieula shares, "Natural disasters are misfortunes that come without warning. I had to spend almost all of my business profits on food for the house, medication, etc...I was like the desert waiting for the rain."



*For Dieula, the ARC sponsored Kore Fanmi Fonkoze program brought her hope once again. "I was like the desert waiting for the rain. With the help of the 5,000 goud, I was able to buy medicine, purchase merchandise for my business, rent a room for my brother and his two children, and put the rest in my savings account."*

## Annex C

When Dieula learned she would receive a cash grant of \$125 through *Kore Fanmi Fonkoze*, it gave her renewed hope. “With the help of the 5,000 goud, I was able to buy medicine, purchase merchandise for my business, rent a room for my brother and his two children, and put the rest in my savings account.” For Dieula, the ability to re-invest in her business and increase her savings made her particularly proud. “My business has grown a lot!” Dieula’s hope is that Fonkoze and its partners will continue to support Fonkoze members by increasing programs like this one that help clients with their special needs following disasters.

### 4. Licianie Thelesmond, Montòganize



*Thanks to the Kore Fanmi Fonkoze program Licianie was able to send her family to the Dominican Republic to receive medical attention, send her niece to school and, most importantly, pay her debts.*

Licianie is a merchant who lives in a small village called Lapis in the surrounding area of Montòganize, a small town along the border of the Dominican Republic in the northeast of Haiti. She is a member of the Konbatan (“fighter”) solidarity credit group. She has been a member of Fonkoze since 2009 and has taken out 3 loans.

For Licianie, the earthquake brought nothing but misery and despair. She lost everything that meant anything to her, including her only son. “Losing my son left a scar on my life which remains there even until today.” After the quake, Licianie began using all of her business profits to provide for the friends and family who took refuge in her home. However, she refused to let these obstacles bring her down. “I’m the mother and the father in this house. Even though my business slowed down and things were

hard, I still managed to get by.”

Licianie’s situation took a turn for the better the day that two Fonkoze employees came to her home, inquired about how many people she was housing and notified her of the special assistance Fonkoze and its partners were providing to host families through the *Kore Fanmi Fonkoze* program. “With the 5,000 goud, I was able to bring my family to the Dominican Republic to receive medical care, send my niece to school in Wanament, and most importantly to me, pay back my debts and deposit some money into my savings account.” She declared honestly, “Despite all the difficulties I’d had, I still feel that I’ve made progress. I’ve taken out a new loan and am making all my payments on time. I’ve never paid a single penalty fee!” Licianie thanks Fonkoze and all its partners, like the American Red Cross, for not abandoning her during these hard times. She says she would like to see the *Kore Fanmi Fonkoze* program expanded to include food, house repair, as well as health insurance.

### 5. Rose Armelle Dubois, Okay

Dubois Rose Armelle has been a member of Fonkoze’s solidarity credit program in Okay since 1999. She spoke to us about January 12th: “The earthquake killed my cousin and injured my aunt. I housed 7 family members after January 12th—my aunt who was left blind that day, one of my daughters, her husband and children, 2 nieces and 1 nephew. All of their homes were destroyed and everyone inside was killed.”

## Annex C

Rose Armelle also spoke to us of about the difficulties she faced managing her business following the quake, since she had 7 extra mouths to feed everyday, and several house guests who needed to go to the hospital. This extra financial burden made it difficult for her to make her loan repayments.

Fonkoze and ARC were able to help Rose Armelle make it through this particularly trying time by giving her 5000 goud through the *Kore Fanmi Fonkoze* program. "This money was very useful to me because with this cash I was able to pay back my debts. Reimbursing my loan was extremely important to me." Rose Armelle believes Fonkoze should continue helping people like it already does when disaster strikes, and finished her interview with this final suggestion: "It would be very good if Fonkoze helped members build their homes, too."



*The ARC-supported program helped Rose Armelle meet the needs of the 7 additional family members she was hosting after January 12th.*

### 6. Renotte Claude, Okay

Claude Renotte has been a Fonkoze solidarity credit member in Okay since 2005, and is now on her 12th loan. The earthquake destroyed her brother's home in Port-au-Prince, and killed two little brothers and an aunt. She



*"Fonkoze helped me a lot when they gave me 5,000 goud. This was very useful because it allowed me to pay for my child's school tuition. This is the top priority in my life right now."*

welcomed a nephew and cousin into her home following the quake.

"Fonkoze helped me a lot when they gave me 5,000 goud. This was very useful because it allowed me to pay for my child's school tuition. This is the top priority in my life right now." Renotte also said she would not want something like this to happen again, but if another disaster were to strike in the country, "I would like for Fonkoze to find an insurance company that would provide me some money so that I could start up my business again. This would give me and other clients peace of mind and avoid the uncertainty we felt after the earthquake." She also wondered when Fonkoze would bring a Housing Credit program to Okay!

### 7. Marie Rose Lusmat, Lenbe

Marie Rose has been a member of Fonkoze since April 2008. She is now in her 6th loan cycle and participates actively in her credit center, "Limyè," or "Light," located in the commune of Plezans. Her last loan was for 25,000 gourdes (\$625).

Marie Rose shared, "The earthquake affected me a lot because my children were in Port-au-Prince and they had to come live with me. I also welcomed other people who were not family as guests in my home because their houses were destroyed." When asked about how her business was affected Marie Rose said, "My business was

## Annex C

doing okay, but profits did go down because I was taking too much from my business to pay for food and clothes for my house guests.” She made sure to quickly add that, “Fonkoze helped me a lot with the 5,000 HTG. That money was very useful because I bought merchandise with it that I could then sell to help me cover some extra expenses I had from supporting the people I was housing. For sure, buying merchandise was the most important thing I did with the money.”

“The earthquake affected me a lot because my children were in Port-au-Prince and they had to come live with me. I also welcomed other people who were not family as guests in my home because their houses were destroyed.”

Marie Rose closed with the following reflection and advice: “I would like Fonkoze to always help us in these difficult times and to think about health insurance, because it would give members more support to develop their commerce; it would also allow members to make more progress so they can pay Fonkoze on time.”

### 8. Marie Rose Obas, Lenbe

Marie Rose Obas has been a Fonkoze member since 2008. She is in her 5th loan cycle and most recently took out a loan for 5,000 HTG (\$125). Marie Rose said, “The catastrophe affected me very much because after January 12th, I had 4 children from Port-au-Prince all come to live with me because their houses were destroyed, and some of them were even injured.” When asked about her business, she shared that her business was still functioning, but barely, because it was with her business proceeds she was paying for hospital bills, and purchasing clothes and food. “I had too many expenses. My business was almost at zero.”

“The truth is I have no words to describe my gratitude for what Fonkoze did for me. The 5,000 HTG was my salvation. It is one of the best things Fonkoze could have done for me because I was in a lot of need at the time of the catastrophe.”

Marie Rose shared, “The truth is I have no words to describe my gratitude for what Fonkoze did for me. The 5,000 HTG was my salvation. It is one of the best things Fonkoze could have done for me because I was in a lot of need at the time of the catastrophe.” She went on to emphatically declare, “Fonkoze feels the pain of its members. I simply say ‘Halelujah’ for Fonkoze.” In addition to covering household expenses one of the most important things Marie Rose says she did with her money was pay off other debts incurred since the earthquake. Once again, she stated “Big salute to Fonkoze!” The one request Marie Rose had was for Fonkoze to help members find health care.