

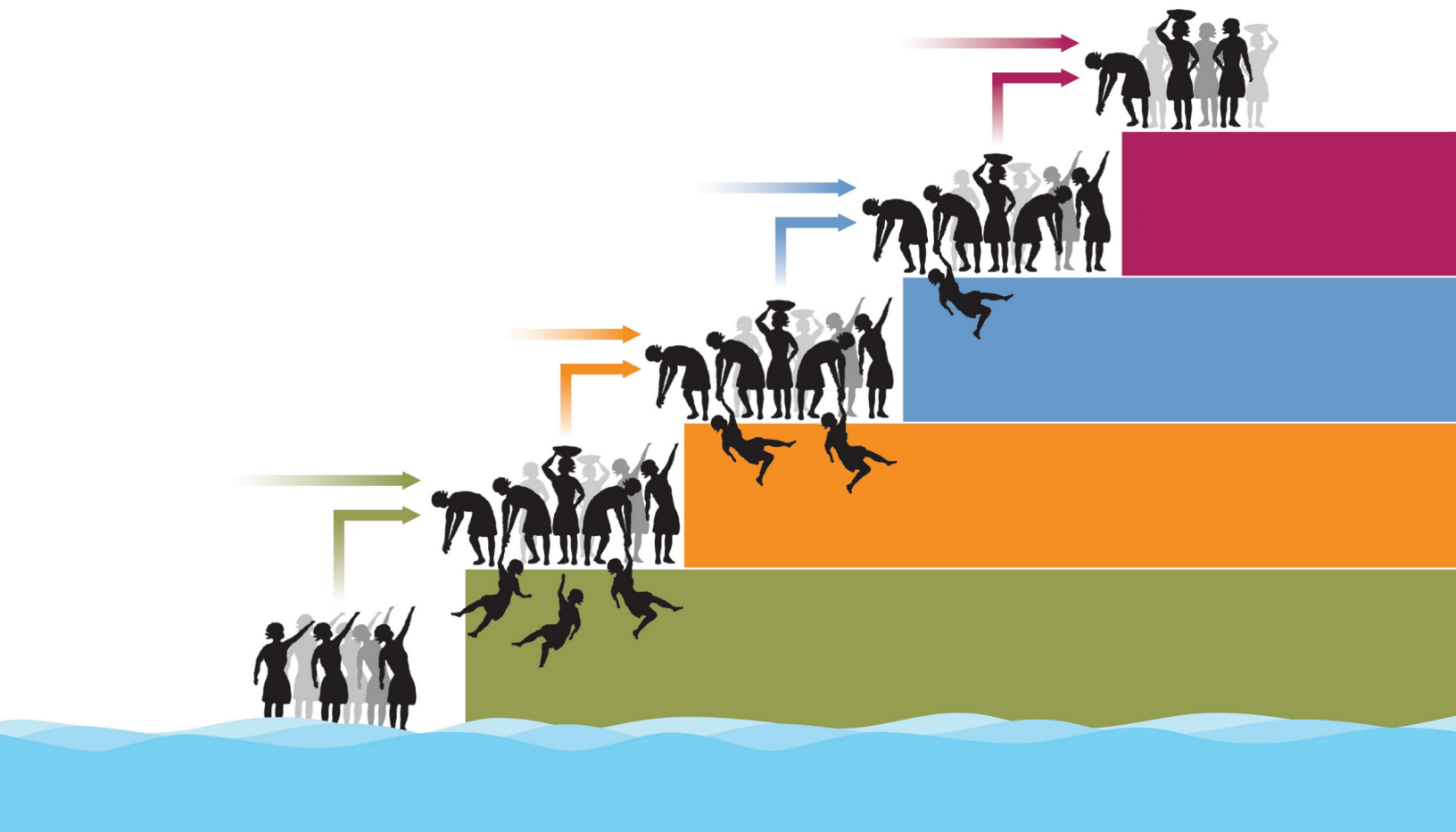


Fonkoze

Fondasyon Kole Zepòl & Sèvis Finansye Fonkoze

2009 SOCIAL PERFORMANCE REPORT

*Accompanying Our
Clients Along the
Staircase out of Poverty*



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-Natalie Domond, Social Impact Director

Contact Information

Fondasyon Kole Zepòl & Sèvis Finansye Fonkoze
#12 Rue Miot, Pacot
Port-au-Prince, Haiti
director@fonkoze.org
www.fonkoze.org

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Executive Summary

For 15 years, Fonkoze has worked to fight rural poverty in Haiti by providing our clients, mostly women, with access to the financial and educational tools they need to realize lasting improvements in their lives. Since 2006, Fonkoze's Social Performance Monitoring and Market Research (Social Impact) department has monitored Fonkoze's progress toward achieving this mission¹. In 2009, this meant conducting interviews with over 1,200 clients, leading focus group discussions with over 800 clients, and carrying out exit interviews with approximately 360 former clients. Social Impact Monitors (SIMs) based in branches throughout Haiti interact directly with clients to collect social and economic data and anecdotal information that help Fonkoze managers refine our products and services to better suit the needs of the poor. The 2009 Social Performance Report aims to provide a reflective and transparent analysis of data captured throughout the year in order to take an honest look at Fonkoze's institution-wide social performance².

Fonkoze in 2009

2009 was a critical year of stabilization and recovery for Fonkoze and our clients. At the close of 2008, a series of four tropical storms and hurricanes ravaged the livelihoods of 14,000 Fonkoze clients, leaving both the institution and those we serve in a weakened position. Our strong response to this crisis set the stage for recovery in 2009. Feeling the effects of the storms and the global economic crisis, Fonkoze made the strategic decision to slow growth of our primary loan product, *Solidarity Credit*, in order to focus on serving existing clients well. However, we expanded smaller yet strategically important credit and non-financial programs designed to broaden our institutional reach, and as a result, in 2009 we addressed the most diverse range of client needs in our history.

Progress Along the Staircase out of Poverty

Fonkoze's unwavering commitment to serving Haiti's poor has driven us to develop our *Staircase out of Poverty* approach—a series of four complementary programs and products designed to meet clients wherever they are and accompany them on their journey out of poverty.

The First Step: *Chemen Lavi Miyò (CLM)*, or Pathway to a Better Life, is an 18-month non-credit program designed to help the poorest of Fonkoze's clients build the assets, skills, and confidence they need to begin the journey out of extreme poverty. The program completed its pilot phase in early 2009 with remarkable results: 95 percent of the participants successfully graduated from the program and 85 percent chose to move up the staircase into *TiKredi*. Clients also achieved significant decreases in poverty as measured by Fonkoze's Poverty Scorecard, as well as a 43 percent increase in the number of *CLM* members sending "most or all" of their children to school, and a 50 percent increase in the number of members cultivating their own food. In 2009, Fonkoze improved the program through lessons learned in the pilot phase, and enrolled 250 new families into *CLM*.

Step 2: *TiKredi*, Small Credit, caters to women who graduate from *CLM*, as well as to women who do not qualify for *CLM*, but are not yet prepared to manage a loan as large as US \$75 (*Solidarity Credit*—the third step on the staircase). *TiKredi* participants are given smaller loan amounts over shorter periods, and are provided with intensive business and life skills training. After six months they are primed for graduation into Fonkoze's core lending program, *Kredi Solidè* (Solidarity Credit).

New *TiKredi* clients interviewed in 2009 were 20 percent more likely than *Solidarity* clients to live on less than \$1/day, and 44 percent more likely to suffer from chronic hunger. This year the program expanded to reach 2,620

¹ Tools and techniques employed by the Social Impact department are explained in more depth in the body of the report.

² Social Performance is defined as the effective translation of an institution's social mission into practice.

clients in 13 of Fonkoze's 41 branches. Enrollment in *TiKredi* is ongoing, and during the year over 1,000 clients completed the six-month program and graduated into *Solidarity Credit*, celebrating the economic empowerment that this milestone represents.

Step 3: *Kredi Solidè*, or *Solidarity Credit*, is Fonkoze's primary lending program and represented 90% of our clients in 2009. *Kredi Solidè* clients tend to have greater food security, better living conditions, and greater confidence compared to *TiKredi* clients.

Incoming *Solidarity* clients were slightly poorer in 2009 than in 2008. Of the 286 new clients interviewed, approximately 53 percent of them were living on less than \$1/day and 69 percent were living on less than \$2/day. Seventy-nine percent of these clients suffered from some form of food insecurity—either “food insecure *without* hunger” or “food insecure *with* hunger”—as categorized by our food security survey.

Of the 402 continuing clients who were re-interviewed in 2009 after one year of Fonkoze membership, we saw 2.3 percent move above the \$1/day line and 2.2 percent move above the \$2/day line. Among this cohort, we also found a 12 percent decrease in the percentage of clients living with chronic hunger.

For 27 clients who were re-interviewed after two years or more, we saw poverty decrease by more than five percent in both the \$1/day and \$2/day categories. Analysis of social indicators for the same cohort shows some notable improvements: a 22 percent increase in the number of clients who eat meat regularly; a 15 percent increase in the number of clients who get their water from a pipe or faucet; and a 15 percent increase in clients who have a high quality latrine. Food security in this client cohort increased to 68 percent—an improvement of 16 percent.

Some of the most encouraging results came from progress demonstrated by *Solidarity* clients who participated in our ***Kredi Siklòn*** (Hurricane Loan) program. These clients suffered significant loss of business and personal assets in the 2008 storms.

Social Impact re-interviewed 308 *Kredi Siklòn* clients one year after they had received their new loans. These clients moved above the \$1/day and \$2/day poverty lines at the same rate as *Solidarity* clients who were not affected by the storms. Among *Kredi Siklòn* clients, we saw a decrease from 60 percent to 43 percent of those living with chronic hunger. These results show that *Kredi Siklòn* clients, on average, were successful at stabilizing their situation and did not slip deeper into poverty in 2009.

In 2010, Fonkoze will focus on applying our lessons learned through the *Kredi Siklòn* program to support the stabilization and recovery of our 19,000 clients affected by the earthquake.

The Last Step: *Business Development* is Fonkoze's only individual loan product and starts at US \$1,300. It targets small and medium enterprises. These clients typically use their loans to invest in permanent shops that carry food, clothing, household supplies, cosmetics, or construction materials such as tin and cement. In 2009 this product grew to serve over 1,300 clients, a 30 percent increase from 2008.

Supporting the Staircase with Other Essential Services

The programs and products that comprise Fonkoze's *Staircase out of Poverty* are reinforced by other essential services—education, health, and micro-insurance.

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In 2009, Fonkoze's **Education and Literacy** program added 10 coordinators to its staff, expanded coverage into 20 Fonkoze branches, and reached over 13,000 clients with its basic literacy, business and life skills modules.

Our **Health** program, *Sante*, piloted a campaign to fight malnutrition among the children of our clients. 410 children were screened, 106 of which were treated for malnutrition. *Sante* also distributed a two-month supply of vitamins to 13,200 children and distributed 400,000 de-worming pills to clients, children, and other community members.

Our **credit-life insurance** product covered 214 clients who passed away in 2009. This insurance product covers the outstanding amount of the client's loan and pays a death benefit to the family of about US \$128 to defray funeral costs and temporary loss of income.

Client Exit and Satisfaction

For the third year in a row, of those clients who left the program, one-third of those interviewed did so less than one year into the program³. Clients exited for many reasons in 2009, but business failure continued to be the primary cause. For the second year in a row, we found that exit clients were slightly poorer than the average continuing client. Possible factors behind this trend may include: clients did not fare well with debt; clients were actually poorer when they started; clients suffered setbacks caused by external shocks, personal emergency, or life change.

Overall, even exit clients communicated high levels of satisfaction with Fonkoze. Over 91 percent of exit clients stated that Fonkoze helped their family "a lot" or "somewhat." Clients reported being able to buy more and better food, send their children to school, pay for healthcare expenses, afford clothes and/or household goods, and make investments in animals or land. In focus group discussions, clients primarily praised Fonkoze for our education services, micro-insurance product, and post-disaster responses, such as *Kredi Siklòn*.

2010 and Beyond

While 2010 began with much promise, less than two weeks into the New Year a 7.0 earthquake ravaged Port-au-Prince and sent shockwaves throughout the country. Fonkoze, our staff, and clients suffered unprecedented losses. The earthquake severely damaged or destroyed 10 Fonkoze branches, as well as the homes of over 450 employees. Our clients suffered paralyzing losses as over 19,000 of them saw their homes and/or businesses completely wiped away.

Fonkoze used this disaster as an opportunity to test a new micro-insurance product that will protect clients' personal and business assets in the case of a natural disaster. We will use the lessons learned from this pilot to refine and roll out our permanent catastrophic micro-insurance product.

While earthquake recovery will certainly be a dominant theme in 2010, Fonkoze will continue to identify ways to improve client services in the post-earthquake environment. Robust social performance monitoring will play an integral role in all of our 2010 initiatives, enabling Fonkoze to maintain a balanced picture of client progress and institutional success.

³ We do not track how many of those return to the program after several months break.

Introduction

2009 marked 15 years of Fonkoze’s unwavering commitment to being a sustainable financial institution on which Haiti’s poor can rely. Our desire to equip the rural poor with the financial and educational tools for long-term success has driven us to grow from two volunteers and one office to over 740 employees operating out of 41 points of service across the country. Now, as Haiti’s largest microfinance institution, we ended 2009 with 198,740 savers and 45,344 active borrowers, 99 percent⁴ of whom are rural woman traders. Through Fonkoze, they have access to a comprehensive range of financial and non-financial services that enable them to participate in the Haitian economy and bring about lasting progress for themselves and their families.

Fonkoze is very clear in its vision of success for our clients. If clients follow key principles such as investing in their business and participating in group meetings, we believe that after five years they will:

1. Be able to send all of their children to school
2. Have a home with a tin roof, cement floor, and latrine
3. Be able to put food on the table everyday
4. Know how to read and write
5. Have assets that they can see accumulating day by day (land, buildings, animals, savings)
6. Have the confidence to face their future, no matter what it holds

Fonkoze takes these six commitments to our clients seriously. Understanding that financial indicators alone cannot capture the full picture of client progress, in 2006 Fonkoze established the Social Performance Monitoring and Market Research Department, nicknamed “Social Impact,” to help us ensure that we are honoring our commitment to our clients and achieving our mission.

Social Impact Monitors employ a variety of research tools and techniques—one-on-one interviews, Fonkoze’s Poverty Scorecard, a food security survey, client exit survey, and focus group discussions—to help Fonkoze determine if we are achieving our mission.

The backbone of Social Impact is a team of “action researchers” called Social Impact Monitors (SIMs), who work full-time in branches throughout the country and systematically capture client-level data that we use to understand the social and economic conditions of our clients, and how they change during their participation in our programs. SIMs are trained in a variety of research tools and techniques—one-on-one interviews, Fonkoze’s Poverty Scorecard⁵, a food security survey⁶, client exit survey, and focus group discussions—to allow us to better hear the voices of

our clients and determine if we are offering the products and services they want and need. SIM research flows from the field to branch directors and Fonkoze headquarters, where managers use it to improve products and services⁷.

In 2009, Social Impact conducted interviews with over 1,200 incoming and veteran clients using our Poverty Scorecard and food security survey. In branches throughout the country, we held focus group discussions with over 800 clients on 18 different topics designed to capture clients’ insights on their Fonkoze experience, and inform new

⁴ This is the consolidated figure based on both Fonkoze Foundation and Fonkoze Financial Services clients.

⁵ For more information on Fonkoze’s Poverty Scorecard, see the “2007 Social Performance Report,” www.fonkoze.org.

⁶ Adapted from Freedom from Hunger’s Food Security Survey.

⁷ To learn more about Fonkoze’s Social Impact department and tools used to measure client progress, please see “The PPI at Fonkoze: Applying Client Research to Programs and Services,” www.progressoutofpoverty.org.



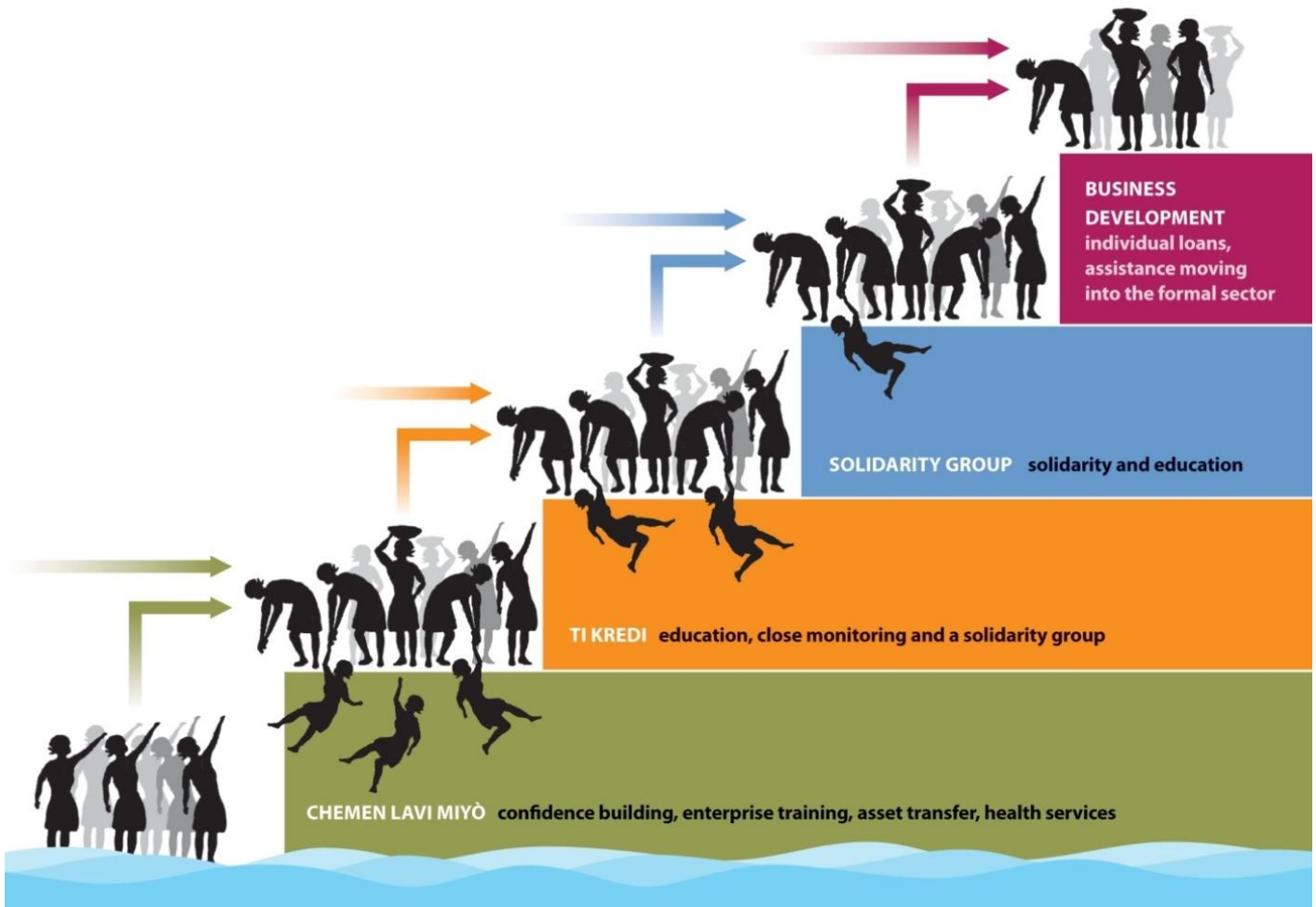
A Social Impact Monitor interviews a client in her home in Fon Parizyen. Photo Credit: Ben Depp

product development. We also completed exit interviews with approximately 360 former clients who either voluntarily left Fonkoze or were asked to leave because of non-repayment.

As with past reports, the 2009 Annual Social Performance Report is a transparent and honest analysis of information gathered through direct interaction with clients. We seek to know both what we are doing well and where we can improve. By systematically identifying areas for improvement, we strengthen Fonkoze as an institution while increasing the chances of long-term client success.

Staircase out of Poverty: Our Innovative Approach to Serving Haiti's Poor

Fonkoze's *Staircase out of Poverty* is our innovative sequence of products and services designed to meet clients wherever they are and accompany them on their journey out of poverty. Our clients live in precarious situations, with



an average of 80 percent⁸ of incoming clients living on less than \$2/day. For every step forward, anything—sickness, family death, drought, hurricane, or earthquake—can set our clients back. Our staircase illustration (page 8) depicts the levels of client poverty identified by Fonkoze, along with the corresponding program or product designed to assist our clients at each step.

Fonkoze in 2009: Strengthening Our Core

In 2008, Fonkoze and our clients endured one of the most devastating years in our history. An early 2008 food crisis led to staggering price inflation and an increase in the incidence of hunger in Haiti. A series of four tropical storms and hurricanes in August and September 2008 affected nearly one million Haitians and ravaged the livelihoods of over 14,000 Fonkoze clients, significantly affecting repayment rates and leaving both our clients and Fonkoze in a weakened position. We responded quickly to this crisis with a flexible product called *Kredi Siklòn*, or *Hurricane Loan*. This new product rescheduled existing loans and provided fresh capital for our clients to restart their businesses, paving the way for a strong recovery in 2009.

“Without Fonkoze and Kredi Siklòn, I would still be sitting in mud with my family, and I can say with certainty that my business would not have picked up again.”

- Kredi Siklòn Client from Marigo

Food insecurity remained prevalent in 2009⁹, and some clients also began to feel the ripple effects of the global economic crisis. Monthly remittances from family living abroad began to taper as the economic situation plummeted in countries with large Haitian diasporas, such as the United States and Canada¹⁰. Fonkoze felt the effects of the storms and the global financial crisis too, and the combination of these factors made it difficult to determine how much lending capital we would have available for the year.

Committed to meeting the needs of our existing clients first, Fonkoze made the strategic decision to suspend recruitment of new clients for the first six months of 2009 for our core lending program, *Solidarity Credit*. This approach enabled us to focus on strengthening the quality of our portfolio while improving service delivery to existing clients. We simultaneously pursued diversification in our activities, with the scale-up of smaller yet strategically important credit and non-financial services programs. In fact, with the exception of *Solidarity Credit*, all of our programs expanded in 2009, adding diversity to our suite of products and services and reaching a more varied set of client needs than ever before.

What we could not anticipate was that although we were largely spared from storms and flooding in 2009, this would be a critical year for strengthening our institution in preparation for a natural disaster of unimaginable proportions in early 2010. Strengthening all the programs on the staircase would prime Fonkoze for its most comprehensive disaster recovery program ever.

⁸ Based on a sample of new clients in 2008 and 2009.

⁹ *Haiti Food Security Update, September 2009*, Famine Early Warning Systems Network (FEWSNET). www.fews.net.

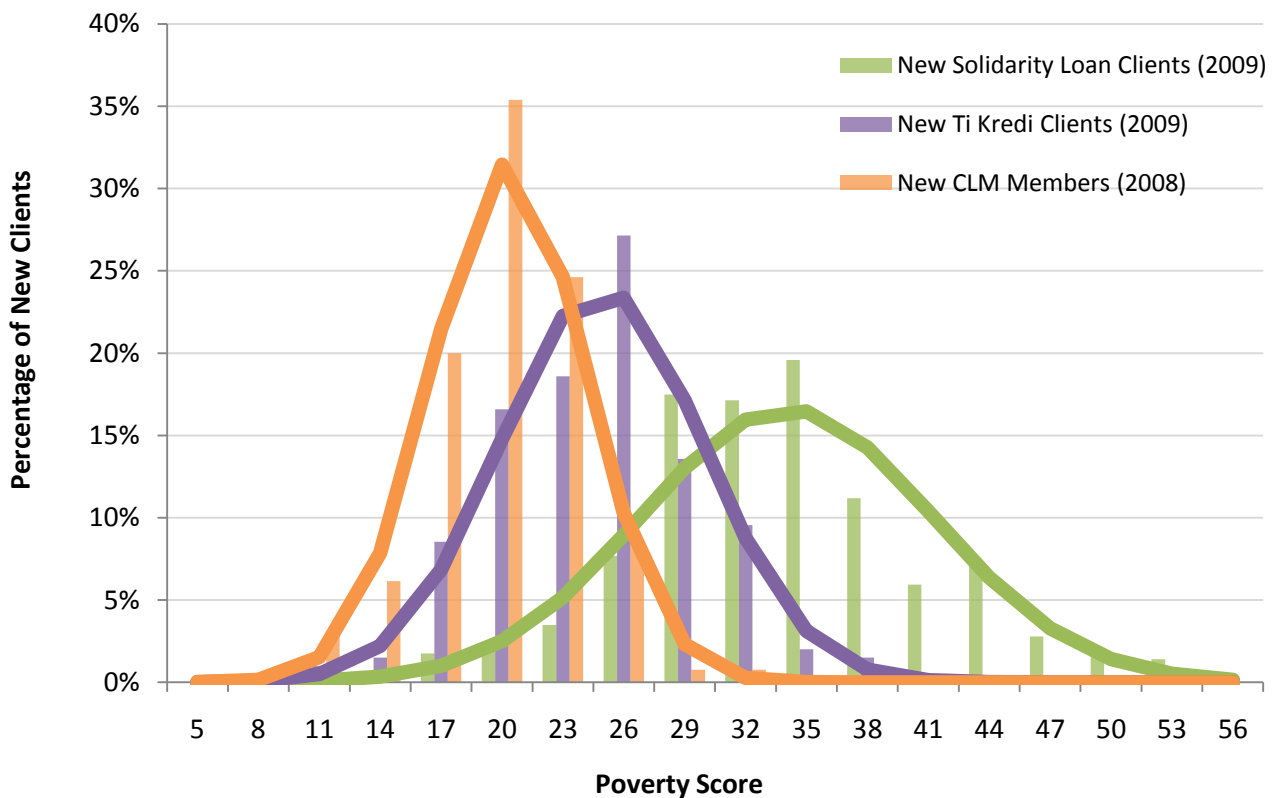
¹⁰ Annual data collected by the Inter-American Development (IDB) showed that remittances to Haiti in 2009 decreased for the first time since the IDB began collecting these data in 2001. For more information, go to: http://www.iadb.org/mif/remesas_map.cfm.

Targeting: Different Products for Different Clients

Graph 1 (below) demonstrates Fonkoze’s effectiveness in targeting distinct client populations¹¹. For the second year in a row, data collected by Social Impact has allowed Fonkoze to compare the poverty levels of incoming clients across the first three programs on our staircase—*CLM*, *TiKredi* and *Solidarity*.¹² The three bell curves show the frequency and distribution of poverty scores for incoming clients in these programs. The scorecard has a maximum value of 63.5 and is calculated by looking at indicators that capture client poverty, such as housing quality, food security, water and energy sources, asset value, literacy, sources of income, school attendance of school-age children, and business expenditures.

The average score for incoming clients was the same in 2008 as it was in 2009—23 for *TiKredi* and 32 for *Solidarity*. The standard deviation stayed the same for *Solidarity* but there was a tighter distribution among *TiKredi* clients’ poverty scores in 2009. Both of these observations suggest that, as time passes, Fonkoze is becoming more skilled in applying our client selection methodologies to place clients in the program that best suits their business and skill-building needs.

Graph 1: Poverty Scores of New Fonkoze Clients in 2009¹³



¹¹ 2009 data was used for TiKredi and Solidarity while 2008 data was used for CLM, since new client data for CLM had not yet been captured in our data management system for incoming CLM clients in 2009.

¹² Social Impact does not collect poverty scores for incoming Business Development clients.

¹³ A histogram of poverty scores from each client type was created and then normalized to correct for differences in population size. Based on the assumption of normality, a normal distribution plot, created using the mean and standard deviation of each client type population, was added to differentiate between client types.

A look at the average loan sizes by program, which is depicted in **Table 1** below, also provides a good indication of the different loan capital needs of clients at different points along the staircase.

Table 1.	Average loan size (USD) in 2009
CLM	no credit
TiKredi	\$42
Solidarity	\$221
Business Development	\$1,685

Taking the First Step: *Chemen Lavi Miyò* –The Pathway to a Better Life

Fonkoze’s *Chemen Lavi Miyò* (CLM) program accompanies women and their families out of extreme poverty and into sustainable livelihoods. The 18-month program strengthens the productive assets and asset management skills of “ultra-poor” members, with the aim to graduate them into Fonkoze’s *TiKredi* (Small Credit) program. The intervention includes: provision of productive assets (goats, chickens, merchandise, etc); enterprise training; basic health services; housing support; a consumption stipend; and social links with village leadership. *CLM* case managers work directly with the women on a weekly basis, offering leadership, coaching, and support.

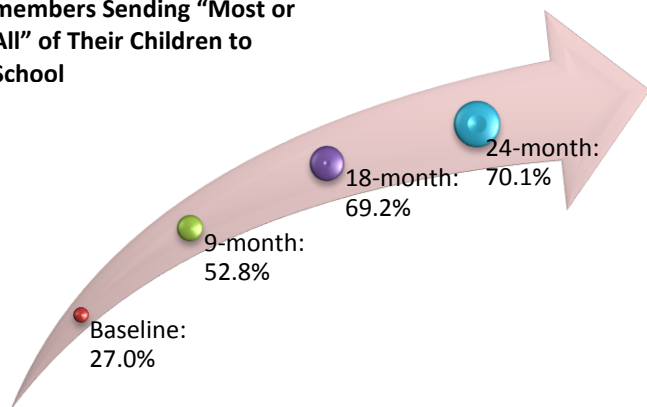
After 18 months, *CLM* members are expected to join Fonkoze’s *TiKredi* program and/or use their savings and existing assets to grow their businesses and diversify their capital base. Fonkoze does not expect these women to move out of poverty in such a short time period, but to stand on solid ground with the means to take care of their families. In early 2009, Fonkoze’s *CLM* pilot program ended with great success:¹⁴ 95 percent of the participants successfully graduated from the program and 85 percent chose to move up the staircase into *TiKredi*. Many of these graduates have gone on to take subsequent loans, receive business training, and grow their enterprises. Several have moved up a step further into *Solidarity Credit*.



Fonkoze *CLM* member Jonise Souver poses outside the home in which she lived prior to entering the program. Photo Credit: Ben Depp

¹⁴ The CLM pilot took place from June 2007-December 2008. It was funded by the Consultative Group to Assist the Poor (CGAP) and Concern Worldwide with technical assistance from BRAC and Concern Worldwide.

Graph 2. Percentage of CLM members Sending “Most or All” of Their Children to School



better program during scale-up: case managers now manage larger case loads; clients are moved more quickly from a stipend into livelihood activities; and clients are encouraged to invest in a horse in order to take their goods to market and go to the hospital when they need care. These improvements are small but important changes in a program that continually battles the unforgiving landscape and extreme poverty of Haiti’s poorest rural communities.

In 2010, with support from MasterCard Foundation, *CLM* will add 1,000 ultra-poor households to the program. Additional assistance will be given to the small number of *CLM* families who lost loved ones or assets during the January 2010 earthquake. The Social Impact department will train a Monitor assigned solely to *CLM* evaluation and reporting to ensure monitoring continues as the program grows. *CLM* will continue to be an important opportunity to enter the staircase for extremely poor women who wish to transform their lives as members of Fonkoze.

Other promising results from the pilot program include: a 43 percent increase in the number of *CLM* members sending “most or all” of their children to school (See **Graph 2**); a 100 percent increase in Poverty Scorecard scores among members¹⁵; and a 50 percent increase in the number of members cultivating their own food.

In the second half of 2009, the *CLM* program scaled to 250 families with support from Concern Worldwide and the Haitian Timoun Foundation. Based on lessons learned from a series of rigorous independent evaluations,¹⁶ *CLM* has the information needed to build a



***CLM* case managers work tirelessly to visit members every week in the rural countryside. Here, two case managers cross a river with their motorcycles to visit clients. Photo Credit: Ben Depp**

Step 2: *TiKredi* – Small Credit

TiKredi, or Small Credit, is Fonkoze’s six-month lending program for women who successfully graduate from *CLM* and are ready to take on a small loan. It also targets women who do not qualify for our ultra-poor program (*CLM*) but who are not yet ready to manage a loan as large as US \$75 (*Solidarity Credit*). It is the second step on Fonkoze’s staircase, and is designed for clients too poor, inexperienced, or vulnerable to succeed without close supervision and support. **Table 2** shows the distinct differences between poverty levels of incoming *TiKredi* clients compared to *Solidarity*, with 20 percent more *TiKredi* clients falling below both the \$1/day and \$2/day thresholds.

¹⁵ A lower score indicates fewer assets, lower household income, more children not attending school, etc. Therefore, an increase in poverty scores signifies a decrease in overall poverty level. A 100 percent increase in Poverty Scorecard score can be interpreted as a significant increase in assets and quality of life.

¹⁶ Mid-term and final evaluations were conducted by the Institute for Development Studies (University of Sussex) and BRAC Development Institute. They are available on the Fonkoze website: <http://www.fonkoze.org>.

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Table 2.

	Number of clients in sample	% Living under \$1/day	% Living under \$2/day
New TiKredi clients in 2009	199	73%	89%
New Solidarity clients in 2009	286	53%	69%

TiKredi begins with an initial loan of just US \$25 to ease clients into lending activities. The smaller loan size comes with a shorter repayment period and close accompaniment from credit agents—including capacity building and life skills training. Credit agents monitor clients’ progress and set the expectation that after six months, clients will graduate into Fonkoze’s core *Solidarity Credit* program.

In 2009, *TiKredi* grew significantly.¹⁷ Throughout the year, 2,620 clients went through the program, and by the end of 2009, *TiKredi* had 20 credit agents operating in 13 of Fonkoze’s 41 branches. Significant growth in enrollment necessitated management changes. For example, *TiKredi* worked with Fonkoze Operations and Accounting to streamline the loan distribution process so that loan delays would not compromise growth and client satisfaction. In order to increase efficiency, many processes that had relied heavily on messengers were digitized.

Enrollment in *TiKredi* is ongoing, and during the year over 1,000 clients completed the six-month program and graduated into *Solidarity*. This was a joyful milestone for these women who, over the course of six months, opened a savings account, established a business—most of them for the first time—and took other important steps toward building their skills and confidence. At the same time, directors report challenges such as building solidarity among client groups, ensuring attendance at group meetings, and motivating clients to graduate into larger loans.

2010 will bring new strategies to address these challenges, and opportunities to build in post-earthquake communities. *TiKredi* clients were largely spared from the earthquake, but many clients did lose merchandise as homes or storage units came down. In zones farther away from the epicenter, clients who sent money to purchase goods in Port-au-Prince also lost merchandise in collapsed warehouses.

To respond to challenges posed by the earthquake, *TiKredi* will: continue to expand its cadre of credit agents and develop their skills; seek relationships with new funding partners to improve and scale the program; and solidify operational improvements. The program will also use *Liv Patisipan TiKredi* (*TiKredi* Participant Book), a guidebook that teaches *TiKredi* clients new business ideas, breaks down the costs and expected returns associated with dozens of micro-businesses, and offers useful advice on ways to build a successful business.



Two *TiKredi* clients from Twoudinò proudly display their graduation certificates after successfully completing the program. Photo Credit: Darcy Kiefel

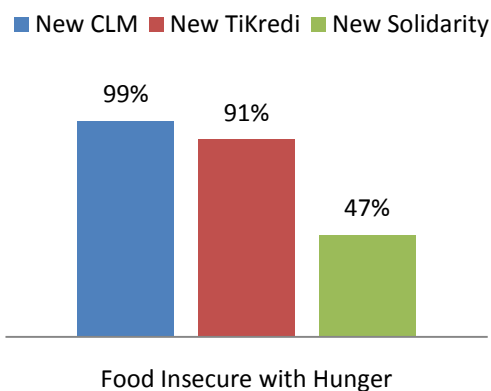
¹⁷ Thanks to support from the CHF International/KATA program, Plan International, Sea Change and the Raskob Foundation.

TiKredi Clients and Food Security

Since 2008, Social Impact has used a food security survey that allows Fonkoze to classify new and continuing clients as:

- *Food Secure*—the client and her family have enough to eat on a regular basis
- *Food Insecure without Hunger*—the client and her family have difficulty meeting their food needs, but they do not go hungry
- *Food Insecure with Hunger*—the client and her family have difficulty meeting their food needs and they go hungry on a regular basis

While slightly better off than *CLM* members, *TiKredi* clients still struggle with hunger. 91 percent of new *TiKredi* clients surveyed in 2009 were *Food Insecure with Hunger*, and none were *Food Secure*. New *Solidarity* clients were 44% less likely to suffer from hunger than new *TiKredi* clients. Food security is one of the basic needs that Fonkoze seeks to address by introducing *TiKredi* clients to financial services, business training, and mentorship.



In 2010, Social Impact will work to strengthen its monitoring system to better track former *TiKredi* clients as they advance through the *Solidarity Credit* program. We believe that former *TiKredi* clients are well positioned for success as long-term clients of Fonkoze because of the strong foundation laid through the intensive education, training, and mentoring components of our introductory credit program.

Step 3: Kredi Solidè – Solidarity Credit

Kredi Solidè, or *Solidarity Credit*, is our largest and longest-standing loan program, with 90 percent of our clients being served by this credit product in 2009. Clients who start in this program have prior business and sometimes credit experience. They tend to have greater food security, better living conditions, and greater confidence in comparison to *TiKredi* clients. Most of the borrowers are *ti machann*, or “market women,” who travel to and from markets buying and selling basic commodities, playing a critical role in the country’s distribution network.

In this program, five close acquaintances form a solidarity group, and five to 10 of these groups come together to form a credit and education center. These centers are permanent associations of women dedicated to bringing their families out of poverty by strengthening their businesses and developing themselves. Women in the solidarity groups start with a US \$75 loan for three months and can grow with the program until they are borrowing sums of up to US \$1,300 for six months. The credit centers meet twice per month to make repayments, participate in educational sessions, and support each other in resolving problems in their businesses or personal lives. The centers form a critical platform for the delivery of services such as literacy and business skills training, as well as social messaging and health protection initiatives.

In 2009, Social Impact interviewed 286 new and 451 continuing *Solidarity Credit* clients. We also collected baseline and follow-up data on a sample of 308 *Solidarity* clients who benefited from our *Kredi Siklòn* program¹⁸. On average, *Solidarity* clients demonstrated progress through decreased poverty and improved food security in 2009.

¹⁸ Our Hurricane Loan product was developed with the generous support of: Fonkoze USA, USAID/Office of Foreign Disaster Assistance, Plan International, United Kingdom Department for International Development (DFID), United Nations Office of the Coordination of Humanitarian Affairs (OCHA), and World Hope International.

Progress out of Poverty

Incoming *Solidarity* clients were slightly poorer in 2009 than in 2008. Out of the 286 new *Solidarity* clients interviewed, 53 percent were living on less than \$1/day and 69 percent were living on less than \$2/day¹⁹. When we combine data collected on all new *Solidarity* and *TiKredi* clients, a total of 61 percent were living on less than \$1/day and 77 percent on less than \$2/day in 2009. This is greater than the national average for \$1/day and on par with the national average for \$2/day²⁰, demonstrating yet again that we are reaching Haiti’s poor with our programs²¹.



A center chief (right)—an elected center leader—discusses the priorities of the day’s center meeting with a fellow group member. Photo Credit: Ben Depp

In 2009 we saw a greater percentage of clients move above the \$1/day and \$2/day poverty lines than in 2008²². Of the 402 *Solidarity* clients who advanced to Cycle C²³, which takes approximately one year, 2.3 percent moved above the \$1/day line and 2.2 percent moved above the \$2/day line. Continuing with analysis of cohort progress, Social Impact re-interviewed 27 Cycle E clients after four loan cycles, or approximately two years. These clients demonstrated even more advancement than Cycle C

clients. Poverty levels among those clients who have been with Fonkoze for at least two years decreased by greater than five percent (see **Table 3**), on average, and 69 percent of these clients improved their absolute poverty scores.

One of the most encouraging findings of the year was the progress made by *Kredi Siklòn* clients. These clients started the year in an incredibly disadvantaged position—having

lost merchandise, gardens, homes, and other assets to flood waters. However, *Kredi Siklòn* clients progressed at the same rate as other *Solidarity* clients despite the tremendous economic setbacks caused by the storms.

Social Indicators

In addition to poverty level information, Fonkoze’s Poverty Scorecard allows us to capture social indicators that deepen our understanding of the changes that our clients experience. Analysis of 2009 results for 27 clients who have

Table 3.

	Change in % living under \$1/day	Change in % living under \$2/day
Solidarity client progress after one year	-2.3%	-2.2%
Solidarity client progress after two years	-5.5%	-5.6%
Kredi Siklòn client progress after one year	-2.3%	-2.2%

¹⁹ In 2008, 51% of incoming *Solidarity* clients were living below \$1/day and 66% were living below \$2/day.

²⁰ World Bank Haiti Country Brief: 54% below \$1/day and 78% below \$2/day.

²¹ These statistics do not include clients from our ultra-poor program, CLM, which would increase the incidence of poverty even more among new clients.

²² The 2008 sample was based on 106 clients.

²³ Fonkoze loans are issued in alphabetical sequence. Cycle A is three months and all subsequent loan cycles are six months. A sample of *Solidarity* clients is interviewed by Social Impact when they take their Cycle A loan and then the same clients are re-interviewed every other loan cycle, which results in interviews about once per year.

been in *Solidarity Credit* for at least two years demonstrates progress with regard to literacy, living conditions, school attendance, and access to food and drinking water.

Table 4. Analysis of Client Progress After Two Years

Percentage of clients who...	When they started	After two years
Can read and write well	48%	56%
Have a cement latrine ²⁴ or better	48%	63%
Have a partial or full cement floor	89%	96%
All children go to school	78%	85%
Get their water from a pipe or faucet	0%	15%
Eat meat regularly	22%	44%

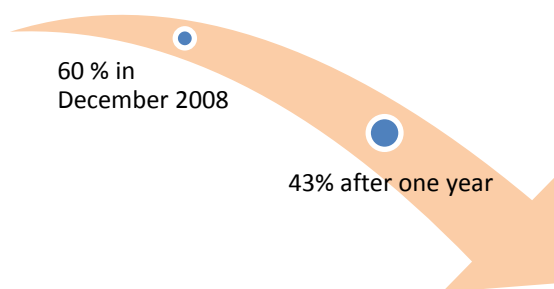
While we are pleased to see the above trend, for the second year in a row we recognize that our sample of longer-term clients is significantly smaller than we would like. In order to draw stronger conclusions about the effects of our programs on our clients, in 2010 we will work to strengthen our data collection processes and data management system to ensure we build a more robust longitudinal sample.

Food Security

Using our food security survey (see page 14), Fonkoze found that 79 percent of new *Solidarity* clients in 2009 suffered from some form of food insecurity. Based on follow-up interviews conducted with two client cohorts, results after several loan cycles are promising—of 340 clients re-interviewed after two loan cycles, we saw a 12 percent decrease in those who were “food insecure with hunger.” Within the cohort of clients re-interviewed after four loan cycles, we saw 68 percent of them living in food security—an improvement of 16 percent.

Perhaps the most dramatic improvements in food security in 2009 were among *Kredi Siklòn* clients. When 308 of these clients were first interviewed following the storms in December 2008, 60 percent were considered “food insecure with hunger.” Over the course of one year, the number of families in this highly vulnerable state decreased by 17 percent—reflecting movement out of hunger and into greater food security (See **Graph 3**). When analyzing both the poverty scorecard and food security data for *Kredi Siklòn* clients, results show that on average they were successful at stabilizing their situation and did not slip deeper into poverty in 2009.

Graph 3. Percent of Kredi Siklòn Clients in Chronic Hunger



²⁴ As opposed to a wood or tin latrine or no latrine.

Fonkoze clients are likely to struggle with food security in 2010. Prior to the earthquake, one-third of the population suffered from chronic hunger and one in four children was malnourished.²⁵ Now, ports for importing food have been destroyed and agricultural production may not keep pace with the mass relocation of displaced urban Haitians. Though the outlook is bleak, Fonkoze's food security survey results from 2009 are promising, demonstrating improved food security for Fonkoze clients that move through multiple loan cycles.

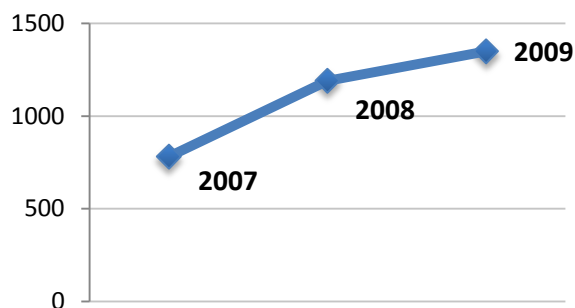
Unfortunately, not all clients made progress in our programs. A major goal for the coming years will be to develop research methods that help us better understand the factors that cause clients to regress rather than progress. We will need to determine to what extent we are able to affect factors that cause backwards movement, and whether they are anomalous or the product of flawed services. Ultimately, we want to ensure that we are not harming any of our clients even as we help a majority.

In 2010, Fonkoze will continue its efforts to improve client services, with a special focus on applying the lessons learned through our *Kredi Siklòn* program to ensure the stabilization and recovery of our 19,000 clients affected by the earthquake.

The Final Step: Business Development

Fonkoze's *Business Development (BD)* program is an individual credit product that combines larger loans to individual businesses with savings and business skills development. The average loan size for *BD* clients is US \$1685, which is typically used for investment in permanent shops that carry food, clothing, household supplies, cosmetics, or construction materials such as tin and cement.

Graph 4. Growth in BD Clients Since 2007



Though small in terms of client numbers, *BD* grew by almost 30 percent in 2009 to just over 1,300 clients, adding significantly to Fonkoze's loan portfolio. *BD* also planned for future growth by: hiring and training new staff; developing a manual that documents *BD* procedures and training modules for staff; and integrating the *BD* portfolio into Fonkoze's loan tracking system. These steps marked a new stage of maturity for the program and signaled its importance to the profitability of Fonkoze's portfolio.

BD growth targets for 2010 are conservative, due to the damage sustained by the small and medium enterprise sector in the earthquake. The disaster affected many would-be *BD* clients, as it interrupted the flow of goods from Port-au-Prince to small businesses throughout the country. *BD* Director Getro Compere notes: "Although the earthquake only affected part of the country physically, the earthquake affected the whole country economically. Many of our [*BD*] clients can't get access to the goods that they would normally buy in Port-au-Prince and sell in the rural areas." Nonetheless, *BD* will continue to recruit new clients while attracting existing *Solidarity* clients toward the last step on Fonkoze's staircase.

²⁵ Secretariat of the UN System High Level Task Force for the Global Food Security Crisis (HLTF), *Food Security Report*, Spring 2009.

Reinforcing the Staircase with Other Essential Services

Fonkoze’s philosophy from day one has been that our clients need more than just financial services to combat poverty successfully in their lives. Beyond the core programs and products that comprise Fonkoze’s *Staircase out of Poverty*, other essential services—education, health, and insurance—provide critical support to our clients wherever they are on the staircase.

Education and Literacy Program

In addition to offering basic literacy and business skills training, Fonkoze’s Education and Literacy program offers three life skills modules—sexual and reproductive health; children’s rights; and environmental protection/sustainable agriculture. These modules give clients tools to improve their health, personal lives, families, and communities. Literate and non-literate clients use colorfully illustrated texts and role play activities to generate new ideas and contribute to a shared learning process.

The Education program complements Fonkoze’s microfinance program by strengthening the solidarity group structure that is the backbone of our lending methodology. Clients also learn vital skills that strengthen their businesses. Additionally, women make gains in self-confidence, bargaining power, and leadership through discussions designed to generate community-based solutions to common problems.

In 2009, new funding sources²⁶ allowed the Education program to add 10 education coordinators to its staff, expand coverage into 20 Fonkoze branches, and serve over 13,000 clients. This growth led to other major accomplishments, including:

- Development of a new curriculum for Fonkoze’s *TiKredi* program
- Increased enrollment in sexual and reproductive health training, including vulnerable groups such as HIV/AIDS affected clients and their partners

***Kredi Solidè* and Education Program Participant: Berenise Marcelin**

“I’m 51 years old, and I have 3 girls and 6 boys. I live with my husband and 6 of our 9 children. I have been a Fonkoze *Kredi Solidè* client since 2006. When I took my first Fonkoze loan I used it to fund my peanut business. Over the years I have used my loan to diversify my business and now I make and sell cassava. With my earnings I’ve been able to feed my family and send all of my children to school.

When I heard the Fonkoze Education program was coming to my town, I was very happy. I chose to participate because I couldn’t write my name. My parents didn’t put me in school, and I always felt ashamed every time I had to sign for a Fonkoze loan because I would have to put a little cross instead of my name.

I learned a lot of things in the program. I won’t say that I can write my name straight, but I can write it so that everyone can read it. If not for the Literacy module that Fonkoze organized, I could have died without ever knowing how to write my name. I’d like to show you what I learned in the program.” (See photo below)



²⁶ The Education and Literacy program was supported by many generous donors in 2009, with the most significant contributions coming from: Plan Haiti, Management Sciences for Health’s Leadership, Management and Sustainability Program, Levi Strauss, Fonkoze USA, and the Lovino Foundation.

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- Provision of environmental protection and business skills training for 370 road construction laborers and 560 small farmers in Sodo
- Completion of an entrepreneurship project for youth from Twoudinò and Wanament



Two Fonkoze clients facilitate a peer-led educational session about sexual and reproductive health.

In 2010, the Education program is striving to respond to post-earthquake conditions by offering a new education module that will raise awareness about disaster risk reduction and safe home construction. Other goals include: improving the Basic Literacy module through market research on client numeracy; pilot testing an integrated health and education program delivered through community social workers; and reaching 27,000 clients with at least one educational module.

As in 2008, the clients in the Education and Literacy program continue to express high levels of satisfaction. Similar to last year, the primary complaint is that the program is not available in all branches at all times. Clients

continue to demand more services than resources allow for, and the program continually seeks new partnerships in order to grow.

Sante – Health Program

Fonkoze's *Sante* program, established in 2008, complements our financial services by promoting better health for our clients and their families. In 2009, *Sante* piloted a campaign to fight malnutrition among the children of our clients. Fonkoze trained center chiefs (elected credit center leaders) to screen clients' children for malnutrition and direct them to a partner clinic for nutritional therapy. By the end of 2009, 410 children in the pilot program were screened, 106 of which were treated for malnutrition. Campaign goals for 2010 include:

- Screen at least 1,500 children, expanding eventually to 40,000 children—representing all children in each of Fonkoze's 41 branch offices
- Develop partnerships with local clinics near Fonkoze branches

Additionally, 2009 saw the direct distribution of children's vitamins and de-worming medication to Fonkoze families. In partnership with Vitamin Angels and Planting Peace, Fonkoze distributed a two-month supply of vitamins to 13,200 children and distributed 400,000 de-worming pills to clients, children, and other community members. Through a careful process that includes health education and distribution monitoring, Fonkoze plans to continue these direct forms of basic healthcare provision.



A Solidarity client holds her child while the center chief uses a color-coded tape measure to determine the child's nutritional status.

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To assess the health needs of Fonkoze clients further, *Sante* partnered with Yale University graduate student Molly Rosenberg to study the effects of long-term microfinance membership on clients' sexual practices and HIV risk behavior. Rosenberg found clients with longer Fonkoze experience generally had lower indicators of HIV risk behavior and higher indicators of relationship power compared to those with shorter experience. This study emphasizes the empowering role of microfinance, and demonstrates the efficacy of combining financial services with health education.

If clients' health needs were largely unmet before the earthquake struck in 2010, current needs are even more desperate. Temporary camps surrounding Port-au-Prince house over one million people who are at increased risk for epidemic infections and diseases. Women are disproportionately at risk for HIV and other sexually transmitted infections, as well as violence and maternal mortality. Finally, impoverished rural villages are taking in thousands of displaced urbanites—including villages in the Central Plateau where Fonkoze's malnutrition program is currently active. Based on our strong social mission, Fonkoze will continue to grow the *Sante* program in 2010, rising to meet these new challenges. Goals for 2010 include:

- Immediate expansion of the malnutrition program to more rural locations
- Distribution of Vitamin A to every lactating client and all children of clients
- Distribution of a second round of de-worming medication
- Creation of new partnerships with major clinics and hospitals throughout Haiti
- Exploration of a new program to train clients to become community health workers who provide services to their villages and earn income through sale of health commodities

Micro-Insurance

In addition to the education and health programs, Fonkoze also offers micro-insurance to all credit clients in partnership with Haiti's Alternative Insurance Company (AIC). Given the complete absence of insurance for Haiti's

Table 5. Credit-Life Insurance

Number of claims paid in 2008	133
Number of claims paid in 2009	214

poor, this service protects a client's family in the event of her death by covering the outstanding amount of her loan. Additionally, the credit-life insurance product pays a death benefit to the family of about US \$128, to defray funeral costs and temporary loss of income. **Table 5** shows the number of claims

paid since the product's inception in 2008.

This product is extremely popular among clients, particularly because clients do not have to worry about their outstanding loan becoming a burden to their families if they pass away. During our semi-annual focus groups with clients, Fonkoze asked clients about their understanding of insurance, their experience with our credit-life product, and their willingness to pay for a new insurance product for natural disasters. Responses indicated a growing understanding of insurance, high satisfaction with our current product, and significant interest in a natural disaster insurance product.

In 2009, Fonkoze continued to deepen our relationship with AIC by



AIC mobile insurance stations visit communities to raise awareness about insurance through interactive trivia games, music, and pamphlets.

collaborating to develop and distribute educational pamphlets on important health topics including: deaths related to childbearing; infectious diseases; hygiene; and sexually transmitted infections.

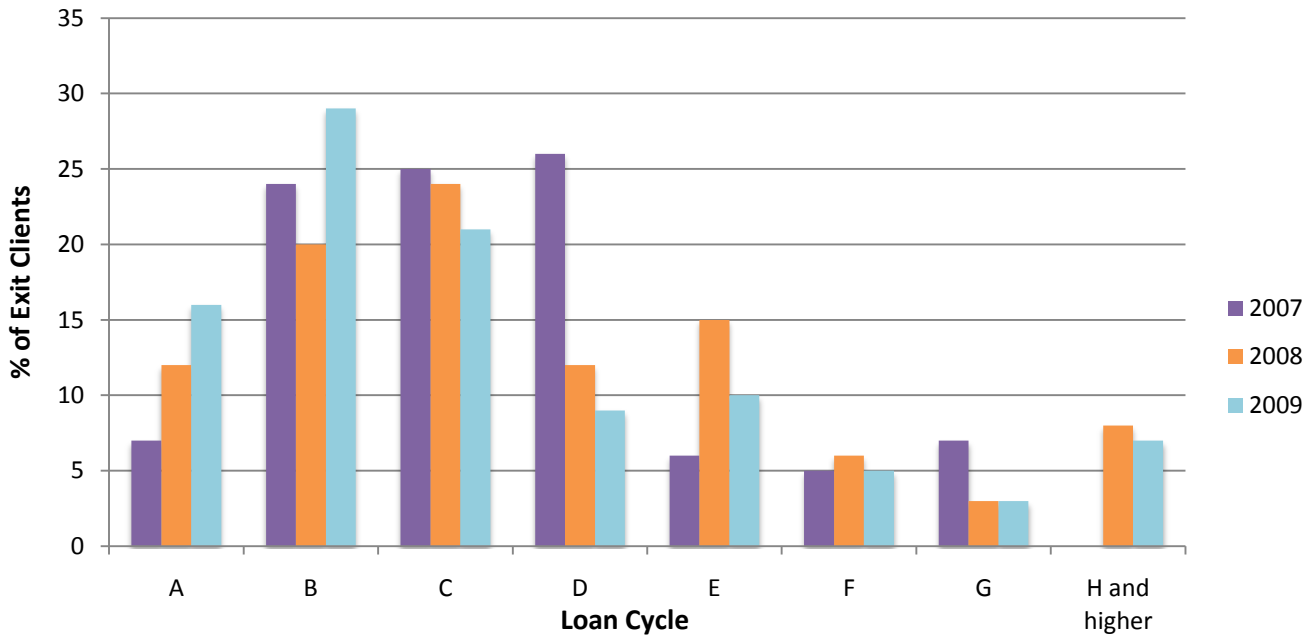
In 2010, Fonkoze is testing a catastrophic micro-insurance product that will provide clients indemnity for basic emergency needs, loan repayment, and new, interest-bearing loans to restart their businesses. As part of this initiative, we will continue to educate clients about how insurance can help protect them against future disasters and economic shocks.

Tracking Client Exit to Improve Client Retention

As a part of Social Impact’s routine client monitoring process, the department interviews a sample of former clients to understand the reasons that clients leave the program and to assess client satisfaction with our products and services. We want to make sure we are doing everything possible to keep our clients on the staircase, and exit interviews are especially valuable for the candor with which former clients talk about their experience with Fonkoze.

In 2009, Social Impact interviewed 357 exit clients—defined as former clients who either willingly left the program or were dismissed due to non-repayment. For the third year in a row, of those clients who left the program, one-third of those interviewed did so before their third loan cycle, Cycle C (See **Graph 5**), which is less than one year into the program²⁷.

Graph 5. Percentage of Client Exits by Loan Cycle



This trend may suggest that clients who make it past a certain threshold in their borrowing and saving are more likely to become long-term clients. Keeping clients in our programs is one of Fonkoze’s primary goals; in 2010 we will continue to adjust our programs to retain newer clients.

²⁷ We do not track how many of those return to the program after several months break.

Reasons for Exit

All exit Interviews begin with the question: “Why aren’t you a Fonkoze client any longer?” Clients are encouraged to respond candidly so that Fonkoze can better understand how to prevent client exit. Each of the following reasons was provided by at least 10 percent of exit clients interviewed:

- The client was unable to sell her goods in the market
- The client had problems with her solidarity group/ group fell apart
- The client (or a family member) experienced a healthcare emergency/ healthcare expenses
- The client’s money or merchandise was lost or stolen

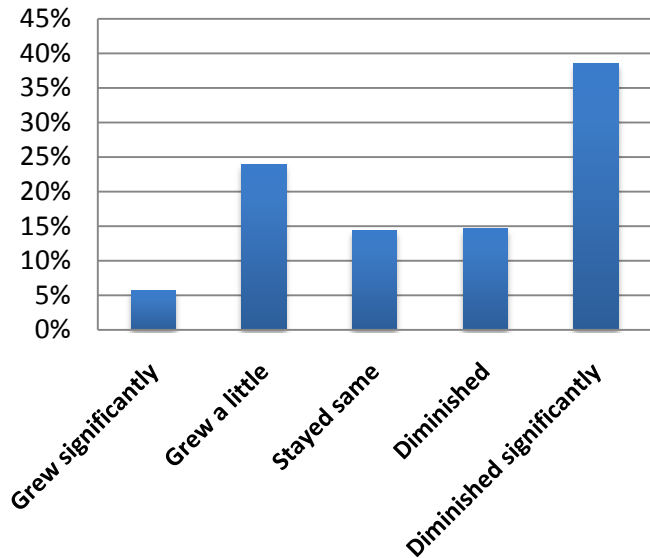
Other reasons for exit mentioned by at least 5 percent of clients included:

- The client decided to “take a short break” from credit
- The client became pregnant
- A family member (partner or children) asked the client to stop taking credit
- The client moved out of the area
- The client disliked one of Fonkoze’s credit policies/ procedures (penalty fees, loan size, etc.)

The leading cause of exit is an inability to make sales in the market, which can be interpreted as business failure of some kind. A two-year trend among exit clients finds that over half of all exit clients reported that their businesses had “diminished” or “diminished significantly” in the six months preceding their exit (See **Graph 6**). What is the difference between clients whose businesses diminished and those whose businesses grew? Can Fonkoze pinpoint the causes of business failure, to address them in the future? The data provide several answers to these questions. Clients whose businesses diminished:²⁸

- Were more likely to have trouble selling their goods in the market
- Were more likely to allow their customers to buy their goods on credit
- Were more likely to suffer from theft or loss of money
- Were more likely to suffer from unexpected health-related expenses (illness, pregnancy, funeral)

Graph 6 Exit Clients: In the last 6 months, my business...



²⁸ Length of tenure with Fonkoze (loan cycle) does not appear to be a distinguishing factor between clients whose businesses diminished and those whose businesses grew, suggesting that for some clients, credit experience is not a significant defense against business failure. This is not surprising, given that two of the four reasons for business failure are unrelated to business experience (theft/loss of money and health-related expenses).

In response to business failure among clients, Fonkoze may consider utilizing market research from 2009 that revealed creative client solutions to the problems: “too much competition in the marketplace;” “difficulty making sales;” and “the necessity of selling on credit.” Clients used the following tactics to increase their sales:

- Clean their area of the market
- Go out to meet potential customers on the road
- Add “a little extra” to the customer’s order
- Change businesses based on current demand
- Only sell on credit to people that they know
- Do not sell on credit to a customer who has not yet paid his or her outstanding balance

Poverty Levels of Exit Clients

Social Impact also analyzes the poverty levels of exit clients. This analysis reveals that exit clients in 2009 were slightly poorer than the average continuing client that did not leave Fonkoze—a two-year trend (See **Table 6**). Possible factors behind this trend include:

Table 6.

	% Living under \$1/day	% Living under \$2/day
Continuing clients	48%	63%
Exit clients	50%	66%

- Clients did not fare well with debt—they took on too much debt and/or they depleted personal savings/ assets to repay loans.
- Clients in this exit sample did not get poorer during the program, but were poorer than the average new client from the beginning. This deeper poverty difference may have affected their ability to succeed in the program.

- Clients suffered from some other external shock, personal emergency, illness or life change that caused the clients to deplete or divert their resources and assets.

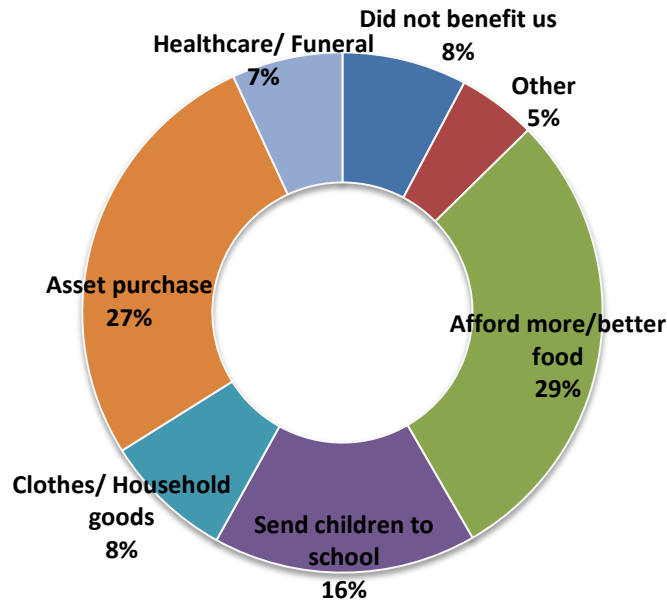
Fonkoze’s goal is to see clients “graduate” to the next step on the *Staircase out of Poverty*, rather than drop out because they can no longer manage credit. In 2010, Social Impact will continue to monitor client exit, stepping up evaluation efforts in troubled branches. We will work with branch directors and staff to uncover the reasons behind client exit, and develop strategies for preventing delinquency and drop-out.

Client Satisfaction

Fonkoze values exit data for the constructive criticism and elucidation it provides to our management team, product developers, and field staff. These interviews also allow Fonkoze to learn how clients’ lives changed as a result of our services. Former clients have no incentive to exaggerate the positive effects of our programs, yet 91 percent of former clients said that Fonkoze “helped my family a lot” or “helped my family somewhat.” High client satisfaction is also demonstrated by the finding that 92 percent of former clients were able to specify the way in which credit helped their family (See **Graph 7**).²⁹ One-third of these clients said that the primary benefit to their family was that they were able to afford more and better food; 27 percent reported that they had been able to purchase vital investments such as animals and land; 16 percent reported that they were able to afford school fees for their children; and 7 percent were able to afford to care for a sick family member or pay for a funeral.

²⁹ Results based on exit interviews with 357 former Fonkoze clients.

Graph 7. What Did Credit Allow You To Do?



Focus group results with continuing clients also reveal high general satisfaction with Fonkoze. Focus groups conducted with hundreds of clients throughout 2009 reveal that clients value Fonkoze’s attention to the unique needs of the poor. In particular, clients appreciate:

- The pre-credit training that Fonkoze offers—including explanation of loan terms
- Fonkoze’s willingness to work with delinquent clients to renegotiate their loan terms
- Fonkoze’s micro-insurance product
- Fonkoze’s *Hurricane Loan* for clients affected by the hurricanes in the fall of 2008

“It’s so much easier to wake up in the morning now. I am excited. I have a business to run, I go to the marketplace, meet other business women and we discuss and share ideas and expectations for the future.”

- CLM Graduate

In 2010, Social Impact will add several additional client satisfaction questions to our interviews, including: “Would you recommend Fonkoze to a close friend or family member?” As reputation and word-of-mouth are valued in Haitian communities, this question should be a good gauge of clients’ satisfaction with Fonkoze.

Fonkoze in 2010 and Beyond

2010 began with much promise. Haiti made it through 2009 with no major destabilizing events, allowing Fonkoze and our clients to make tremendous strides forward. However, at 4:53 p.m. on Tuesday, January 12th, a 7.0 magnitude earthquake violently shook the ground beneath Port-au-Prince and surrounding areas. These 35 seconds transformed our world as we knew it—taking the lives of over 200,000 of our neighbors, family members, and friends, ravaging

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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 product³⁰.

Fonkoze's infrastructure, staff, and clients suffered unprecedented loss from the earthquake as well. Ten of 41 Fonkoze branches collapsed or were destroyed, 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 and/or businesses wiped away during the earthquake and in the days following.

When the earthquake hit, Fonkoze was in the midst of developing a new micro-insurance product designed to protect our clients' personal and business assets in the case of natural disasters. Given the scale and magnitude of the earthquake, Fonkoze decided to launch the product immediately as a part of *Kore Fanmi Fonkoze* (Program to Reinforce the Fonkoze Family), a disaster relief and livelihoods recovery program that treats clients as if they had *already* been paying for a catastrophic micro-insurance plan when the earthquake hit³¹. In essence, Fonkoze turned this devastating disaster into an opportunity to test micro-insurance as a tool to help clients stabilize and rebuild their livelihoods following natural disasters.



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

In essence, Fonkoze turned this devastating disaster into an opportunity to test micro-insurance as a tool to help clients stabilize and rebuild their livelihoods following natural disasters.

The micro-insurance pilot provides earthquake victims with a one-time indemnity payment of 5,000HTG (US \$128), eliminates outstanding pre-earthquake debt, and offers a new loan to restart their businesses if they are ready. Additionally, clients will participate in four educational trainings on disaster risk reduction and safe home construction. During these trainings, Fonkoze will incorporate lessons about insurance as an important tool to help mitigate the negative economic impact of future natural disasters on clients and their families. Fonkoze will use the lessons learned from this pilot to refine and roll out our permanent catastrophic micro-insurance product. Other components of our recovery program include one-time cash assistance for clients and employees serving as host families, as well as financial and technical support for permanent home construction for select clients.

Beyond our earthquake recovery program, in 2010 we will prioritize other initiatives that diversify and strengthen our product and service offerings, with a focus on enhanced client protection and satisfaction. This will lead us to:

- Scale up the first two programs on our staircase—**CLM** and **TiKredi**—to accommodate women who slipped deeper into poverty following the earthquake

³⁰ Haiti Post Disaster Needs Assessment available at: <http://www.refondation.ht/>

³¹ Our earthquake recovery program is made possible by the generous support of the American Red Cross, Mercy Corps, Opportunity International Germany, and the Citi Foundation.

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- Increase flexibility for well-performing **Solidarity** clients by allowing them to access additional capital more quickly and easily through a “top-up” on their existing loans
- Launch a new online lending platform—**Zafen.org**—to connect investors from abroad with promising small and medium enterprises and community projects in Haiti
- Establish a new **in-house training center** to ensure Fonkoze employees—our greatest assets—are equipped with the tools and confidence they need to deliver high quality services to our clients
- Integrate **improved client protection** policies and practices into our business operations by using the six core Client Protection Principles and tools developed by the Smart Campaign³² as our guide
- Pilot a **new hotline** where clients and employees can receive timely responses to questions and complaints

Robust social performance monitoring will play an integral role in all of our 2010 initiatives, enabling Fonkoze to maintain a balanced picture of client progress. The Social Impact department plans to add three new SIMs in 2010, increasing geographic representation from five to seven of Haiti’s 10 departments. We will also complete conversion to a new social data management tool developed by the Grameen Foundation to help the department carry out timely and accurate analysis of client data.

Fonkoze’s commitment to being an institution on which Haiti’s poor can rely remains stronger now than ever before. And Social Impact will continue working to provide Fonkoze with the information it needs to support clients, so that they can face the future with confidence no matter what it holds.

³² Fonkoze is an official endorser of the Smart Campaign and also serves on its International Steering Committee and Tools Development Task Force. To learn more about the Client Protection Principles, go to: <http://www.smartcampaign.org>.