



Fonkoze USA
fondasyon kole zepòl



Post-Hurricane Update

Excerpts from Anne Hastings'
Report to the Fonkoze USA Board of Directors
October 6, 2008

Fonkoze was fortunate that we did not lose any employees during the hurricanes. However, one 6-day old child of a Gonayiv employee who lost everything he owned during the storm died because there was no place to take the child for care. In addition, our Sodo director's wife went into labor during one of the hurricanes. Julio rushed her to the hospital in the driving rain and wind (on foot). Since they had brought nothing with them, he rushed back to get some clothes and supplies. While trying to return to the hospital, the bridge outside of Mibale collapsed, making it impossible for him to arrive at the hospital. The baby died while being born.

A third branch director's wife gave birth during the hurricane in Gonayiv, and both mother and child were in a very fragile and weakened state. We tried to evacuate them from Gonayiv, but failed. Fortunately, they are both alive and doing somewhat better.

In all, 52 of our employees lost absolutely everything that they owned – furniture, clothes, and household items, and their homes were either destroyed or left unlivable. Many, many others lost their gardens and their animals, which had helped them to supplement their earnings from Fonkoze. With the funds Fonkoze and Fonkoze USA have raised thus far, we were able to give each of the 52 employees 35,000 gourdes (\$875) to allow them to buy the bare necessities they need to live. The first item on the list for the 25 Gonayiv employees was a pair of rubber boots to help them get to and from work in the disgusting mud that still covers the streets and insides of many buildings of Gonayiv.

Today, Fonkoze has about 54,000 borrowers. Of those, we are estimating that 18,000 of them lost ALL of their business assets during the hurricanes. That means they have no merchandise to

sell, and often no place to live. Hunger is rampant, and while food is now being distributed to some people in some places, it does not get distributed without chaos and in some cases, death. For example, this past week, chaos broke out in Marigo while food was being distributed, someone with a gun started shooting and two people ended up dead.

Other places are still totally isolated (350 bodies were just found days ago when Doctors without Borders were finally able to get through to them). Almost everyone, including the head of the United Nations peacekeeping forces and several heads of NGOs, agree that this crisis has totally overwhelmed the capacity of the NGOs and international community to respond.

Yesterday, I received an email from Bernard Jean Louis, our Regional Director for an Sèvis Finansye Fonkoze branch. He wrote: "I have 30 clients that are living in the mud with the pigs next to the sea in Aken. It's now been about 3 years that I have been fighting to change their lives with credit, but it's not easy. These people deserve a special program of accompaniment – a small Kredi Kay program to help them leave the animal state in which they are currently living. If you would help us perform a study about their living conditions, it would be really good."

This past week, I received a phone call from one of our clients in Ench who has been with us for many, many years. She started with us with a loan of 1,500 gourds. Last August, she graduated into our business development program, and today she has a loan of 100,000 gourds! She has never been late in her repayments by even one day. She called to tell me that the waters had rushed through her home in the rural areas outside of Ench, taking everything she had. As a result of her trying to get the water and mud out of her home, she contracted some kind of infectious disease (not sure what it was), and was in the hospital for several weeks. She just got out this week. She has not a single thing remaining except her savings account with Fonkoze. She has no merchandise to sell, no home to live in, no way to eat. She desperately needs a new loan to help her get back on her feet.

In 2004, Haiti also suffered from several natural disasters. First, there was massive flooding in the Southeast of Haiti in June of that year, which killed 2,000 and destroyed hundreds of thousands of homes and businesses. In September, Tropical Storm Jeanne struck Gonayiv, again leaving several thousand dead and several hundred thousand homeless. At that time, we were able to raise \$833,500 to execute a post-disaster intervention with the following objectives:

- To bring Fonkoze's existing clients in the flood-affected areas to the point where their businesses can once again support their families, and their livelihoods are once again secure.
- To increase by at least 40% the number of families we are serving in the flood-affected areas by ensuring they have access to our concessional loans and other financial services, especially credit.
- To ensure that by the end of one year, all of the existing and new clients are prepared to enter Fonkoze's regular credit program.

To accomplish those objectives, we provided our existing clients (about 1,500 at that time in the Gonayiv area) with new loans, equal in size to the loan they had in their hands when the disaster struck. And, we folded in the balance on their existing loan. For example, if a client had a 10,000 gourd loan and had repaid 3,000 of that by the time of the disaster, we gave them a new 10,000 gourd loan and asked them to repay both the 10,000 gourd and the balance on their old loan of 7,000 gourd – for a total of 17,000 gourd. But we made the loan interest free, and we gave them

12 months instead of the normal 6 months to repay. We also removed the requirement that they maintain 15% of the loan as collateral in their savings account.

The results? **Fonkoze did not lose one penny of the original capital that was in the hands of our clients at the time of the disaster.** We also ended the program with a significant increase in clients, and we were able to open 3 new branches in the flood-affected areas – Gwomòn, Tyòt, and Sen Michèl. This is not to say that there were not problems – there were and some of them are still troubling us today. But we learned a tremendous amount from the experience, knowledge that we can use in today's disaster. The principal lessons were that our members:

- Must have new loans if they are to have any chance of re-starting their businesses and regaining their place on the staircase out of poverty;
- Will repay both the old and the new loan if you give them reasonable terms; and if new clients are to be brought in immediately following a disaster, they must be accompanied very closely and the training they are provided must be much more intense than normal.

Fonkoze is committed to launching a similar program this year without the emphasis on expansion. But we all must be very aware that **the scale this time is much greater than it was in 2004.** In 2004, we had only about 1,500 clients in the flood-affected areas. This time we are estimating that the number is closer to 18,000! And, this time, they are not only in Gonayiv and the area around Tyòt. They are in all sections of the country. They are Fonkoze clients and SFF clients. We are working closely with all our partners to see how we can put the financing package together.

We are committed to putting money in the hands of our clients who have suffered so much so that they can restart their businesses, and begin to repair their lives. Fonkoze will succeed if our clients succeed.