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Social Impact Monitoring Annual Report – 2018

Produced by the Fonkoze Foundation's Social Impact team
For Sèvis Finansye Fonkoze S.A.
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List of acronyms

Kd Sant: ‘Kredi Endividyèl nan Sant’ – individual loan product managed in credit centers

PPI: Poverty Probability Index

SFF: ‘Sèvis Finansye Fonkoze S.A.’

SIM: Social Impact Monitor

Abstract

At the end of 2015, Sèvis Finansye Fonkoze S.A. (SFF) entered into a service agreement with the Fonkoze Foundation (the Foundation) to obtain social impact monitoring data in relation to its products in Haiti on a yearly basis. In 2018 the Foundation’s Social Impact team interviewed a representative sample of 1063 new clients and 512 clients in cycle 3 in 12 branches. The SIMs also interviewed 484 existing clients in 7 branches to evaluate the evolution of the situation of its clients over the years. They used Fonkoze’s “Kat Evalyasyon” which allows the calculation of the PPI and Freedom from Hungers’ Food Security Survey to collect information on the clients’ poverty levels and socio-economic situation.

On average new Ti Kredi, Solidarity and Kd Sant clients had a probability of 18% to be extremely poor, and 52% to be poor. New Kd Sant clients are significantly better off than new Solidarity clients and new Ti Kredi clients. The latter two groups seem to have the same profile. New clients in 2018 invested about 8% of their loan in agriculture. 24% of them made improvements in their house in 2018 with the Kd Sant ones leading the way with 27%. In general, new SFF clients in 2018 were composed of more people living in urban and semi urban areas, they were less involved in agriculture or livestock rearing activities.

The socio-economic situation of new solidarity clients in 2017 and in 2018 were roughly the same but new solidarity clients in 2017 were more food secure. There was an increase in the percentage of new solidarity clients in 2018 who owned their house with tin roof or better and with a cement floor, had a latrine, sent all their schoolage children to school and owned small assets compared to those of 2017.

In 2018, new clients were interviewed about their use of other SFF services; amongst the 1063 new clients interviewed in 2018, 316 (30%) said they used **MonCash or other mobile money services**. Over one third (35%) of the 1048 new clients who answered these questions received **remittances** from abroad at least once during 2018. Around 47% of the 1063 new clients had **foreign currency** to change in 2018.

Data on the new Solidarity clients and information providing from follow-on interviews with clients who are in cycle 3 indicate that clients who recently entered SFF's solidarity credit program may be struggling: while poverty levels have increased by a few percentages, the percentage of families who own their house and with a house with cement floor have gone up since they took out their first loan about 18 months ago. In turn the overall situation of the clients who have been working with SFF loans for a longer period of time has improved with the probability of being poor dropping 4 or 6%, house ownership, the percentage of clients who were able to send all their children to school and food security are increasing for clients who were in cycle 6 and 9.

It is particularly noteworthy that 9 out of 10 of new clients and clients in cycle 3 who were interviewed in 2018 were satisfied with SFF products and services and more than 85% of them would recommend SFF to their friends and family.

1. Introduction

On December 30th of 2015, Sèvis Finansye Fonkoze S.A. (SFF) signed a service agreement with the Fonkoze Foundation (the Foundation) with the objective for the Foundation to provide impact monitoring data and reports that will feed into SFF's Social Impact Monitoring strategy and allow the company to keep track of its social goals. The information SFF is looking for pertains to the socio-economic situation of its clients and how this evolves over time, as well as to how clients interact with SFF products and their level of satisfaction.

This report presents the impact monitoring data for Ti Kredi, Solidarity and Endividyèl Nan Sant (Kd Sant) clients collected in 2018. After a brief description of the methodology, the report presents the results of the data collection and briefly discusses what they may mean. The conclusion presents recommendations as to further collaboration with SFF on impact monitoring for the coming year. To allow for fluid reading most of the tables and detailed descriptions have been included in attachment.

2. Methodology

It is the Foundation's Monitoring, Evaluation and Member Relationships department, henceforth called « Social Impact » as they are known in Fonkoze, that collected and analyzed all the data presented in this report.

2.1 Sample

The Social Impact team started following up on the situation of Fonkoze credit clients since 2006. At that time this was done by having SIMs (Social Impact Monitors) embedded in the branches who would interview a sample of incoming clients and follow-up with them on an annual basis. While this yielded interesting information for the branches where the Social Impact Monitors worked, the sample was not representative for all Fonkoze clients. In agreement with SFF, the Social Impact Team decided to correct this by selecting a random sample of new clients that would yield information that can be extrapolated to the overall pool of SFF clients. As some of new clients in 2017 are in Cycle 3 in 2018, we collected information on new clients of 2018 and clients in cycle 3 from the sample of new clients of 2017. To continue to provide information on how the situation of clients is evolving while they take out an SFF loan, the Social Impact team follows up with clients from branches where it used to have SIMs for clients in cycle 6 and cycle 9. As a result, the information presented in this report comes from two distinct data collection activities, information on new clients and clients in cycle 3 comes from the representative sampling and, information on the evolution of the situation of the clients comes from follow-up interviews with the existing client cohorts. The two data sets are presented separately.

Representative sample

In 2017, the Foundation used a random sampling methodology to obtain a representative sample of incoming clients in Ti Kredi, Solidarity and Endividyèl Nan Sant in 10 randomly chosen branches.¹ However, as requested by SFF, we added 2 more branches in 2018: Fòlibète and Bomon. SFF provided the Foundation Social Impact staff with lists of new clients for each of the 12 branches. Social Impact hired and trained a bunch of enumerators who are living in the same area of the branches to interview the selected new clients and also to do the follow-up interviews for clients in cycle 3 who were interviewed in 2017. This yielded information that is representative for incoming clients per product thus allowing for analysis of the socio-economic situation of new clients and clients in cycle 3, compare the socio-economic situation of clients taking out different loans, comparing those for this year with last year and see the advancement of clients in cycle 3.

To obtain results with an error margin of 5% the Social Impact team calculated that they had to interview 40 new clients per branch. But when they considered the risk of invalid responses, clients they can't find and the need to constitute a sample they will be able to follow over several years notwithstanding the drop-out rate, they used a formula to increase the sample. They thus set out to interview 950 new clients, about 80 per branch. At the end of the year they had achieved their objective, having interviewed 512² clients in cycle 3, 1063 new clients including 571 Kd Sant Clients, 290 Solidarity Clients and 202 Ti Kredi Clients.

¹ More detailed information on the methodology is added in annex 1.

² We interviewed 812 clients in 2017. While we were conducting interviews for clients in cycle 3 in 2018, 579 of them were active and we interviewed 512. That means 233 (almost 29%) were inactive. We should note that inactive doesn't mean they drop out

Cohort follow-up sample

For 2018, social impact monitors (SIM) were based in the SFF branches of Okay, Fòlibète, and Jakmèl. In 2018 they managed to collect information on clients in their branches and also in Lavale, Montòganize, Wanament, and Twoudinò as data collection in the 12 representative sample branches was assigned to other enumerators. In total the SIMS interviewed 484 existing clients: 148 in cycle 6 and 336 in cycle 9.

2.2 Tools

The Social Impact team used the two tools Fonkoze has been using since the start of its Social Impact Monitoring activities in 2006: Fonkoze's "Kat Evalyasyon" and a tool adapted from Freedom from Hungers' Food Security Survey.

The Food Security Survey provides information on whether the clients are food secure, food insecure without hunger or food insecure with hunger.

The Kat Evalyasyon includes a range of personal, social and economic indicators including age, type of housing, schooling of children and others. As part of the Kat Evalyasyon the SIM also asks what highest amount of money the client spent over the past 6 months to purchase inventory. This indicator provides information on the growth of clients' businesses and is analyzed separately.

Embedded in the Kat evalyasyon are the 10 questions that allow the Social Impact team to calculate the Poverty Probability Index³ (PPI) which provides information on the level of poverty of the clients.

As in 2018, the team continued to use two different PPI scores:

- To be able to compare the situation of clients in the cohort study to their situation when they first took out a loan with SFF, the team used the PPI which has been in use since 2006. It had been calibrated by the Grameen Foundation against the 2001 National Poverty Survey.
- For the clients in the representative sample, the team used the new PPI adapted by the Grameen Foundation in 2015 to reflect the national poverty situation described in the 2012 national poverty survey.

Information on poverty levels calculated with these two different PPI's cannot be compared. A more detailed description of the indicators is included in annex 2. Poverty levels as measured by the PPI evolve slowly as they are based on the accumulation of assets. The Food Security Score is a more sensitive tool which evolves faster but is also quite sensitive to seasonal variations.

As requested by SFF, the Social Impact Team added some questions to the questionnaire to collect information on client satisfaction and on the use of other SFF services by the new clients, and particularly on their use of the mobile banking service MonCash.

³ Previously the Progress out of Poverty Index – see <https://www.povertyindex.org/country/haiti>

For the follow-up interviews with the SIMs in the branches where they are embedded, we use paper-based questionnaires. For the clients in cycle 3 and new clients interviews in the representative sample, we used questionnaires on tablets by using an Android Application called ODK (Open Data Kit) Collect. The data collected on the tablets were sent to a cloud server and were then exported on Excel to be analyzed.

2.3 Challenges and limitations

Overall the process for data collection in the 12 branches of the representative sample went more smoothly than in 2017 even if the data collection took longer than what was initially planned for, despite the hiring of other enumerators. While in the end they almost achieved the numbers they were aiming for in each branch, it remained difficult to find the clients mainly because the clients had dropped out or were delinquent and in hiding from Fonkoze staff, or because the credit agents were new or had a new portfolio and thus couldn't provide the support needed to identify the clients, especially in branches where credit center attendance is low. The enumerators hired were not familiar with data collection with tablets or data collection at all. They went really slowly in the beginning and needed time to adapt and find their pace. A particular incident was that the enumerator in Bomon was victim of an armed robbery where she lost her bag with a lot of things including the tablet. We needed to convince her to come back and collect more than the 20 interviews she already collected and the we obviously lost. Bad roads and heavy rains also slowed down the data collection in certain areas.

Collecting follow-on data for the clients in the branches where the Foundation used to have Social Impact monitors was not as difficult as it was in 2017. The SIMs had fewer data to collect, more SIMs on the field and all of them barely took part in the data collection for the representative sample; except in Fondwa and in Fòlibète.

3. Results

3.1.1. Results for the incoming clients of the representative sample

The results presented in this chapter describe the situation of the incoming clients per product, the clients in Cycle 3 per product and what their situation was like when they took out their first loan, as well as how they use some other SFF services such as mobile money, remittance and foreign exchange services. The full tables are included in annex 3 and annex 4. In this narrative we only included short versions highlighting significant results.

Socio-economic situation of new Clients per product in 2018

Row Labels	New Ti kredi	New Solidarity	New Kd Sant	Total
Number of clients (N)	202	290	571	1063
Average age	40	37.7	38.5	38.6
Average household size	4.5	4.7	4.4	4.5
Probability for clients to live under the extreme poverty threshold of under \$1.25/day	26	24	13	18
Probability for clients to live under the poverty level of \$2.5 per day	60	61	44	52
% of clients who own their house	75	67	61	65
% of clients who are living in the most remote areas ("Andeyò")	84	85	61	72
% of clients with a latrine	49	59	77	67
% of clients in agriculture or livestock rearing	70	73	69	70
% of loan spent in agriculture	8	9	8	8
% of clients who send all their schoolage children to school	96	97	98	97
% of clients with a tin roof or better	88	86	96	92
% of clients who own small assets like a radio or TV	43	38	60	51
% of clients who made improvements in their house for the period	18	24	27	24
% of clients who are food insecure with hunger	58	60	45	52
% of clients who are food secure	23	15	27	23

Table 1: Socio-economic situation of new clients per product in 2018.

SFF credit clients are mostly women aged on average between 38 and 40 years with an average family size of almost 5 members per family for clients in all products.

On average, new SFF clients have a probability of 18% to be extremely poor, and 52% to be poor. While difference in poverty levels is not statistically significant between new Solidarity clients and new Ti Kredi clients, there is a statistically significant difference in poverty levels between new solidarity clients and new Kd Sant clients. New Kd Sant clients have a lower probability of being poor or extremely poor, they more often have a latrine and small assets, and they are more likely to be food secure. However, the likelihood for them to own their house is less than for solidarity and Ti Kredi clients. We should note that most of the Kd Sant clients are living in urban areas where 1 out of 5 of them rent the house they're living in. In annex 5 there is a statistical test assessing that "Areas where the clients live" and "House ownership" are dependent variables. There is very little difference between the new Ti Kredi and the new Solidarity loan clients, with Ti Kredi clients being even slightly – if not significantly – better off in terms of house ownership, having small assets and being food secure.

New clients in 2018 invested about 8% of their loan in agriculture. 24% of all new clients in 2018 made improvements in their house with the Kd Sant ones leading the way with 27%.

Comparing the socio-economic situation of new Clients per product in 2018 and in 2017

Row label	New Solidarity Clients in 2017	New Solidarity Clients in 2018
<i>Number of clients (N)</i>	302	290
<i>Average age</i>	38.8	37.7
<i>Average household size</i>	5.3	4.7
<i>Probability for clients to live under the extreme poverty threshold of under \$1.25/day</i>	22%	24%
<i>Probability for clients to live under the poverty level of \$2.5 per day</i>	62%	61%
<i>% of clients who own their house</i>	62	67
<i>% of clients with a latrine</i>	51	59
<i>% of clients who know at least how to read and write their name</i>	37	48
<i>% of clients who send all their schoolage children to school</i>	88	97
<i>% of clients who eat meat at least 2 or 3 times a week</i>	89	35
<i>% of clients with a tin roof or better</i>	43	86
<i>% of clients who own small assets like a radio or TV</i>	23	38
<i>% of clients living in a house with a cement floor</i>	34	52
<i>% of clients who are food insecure with hunger</i>	42	60
<i>% of clients who are food secure</i>	24	15

Table 2: Socio-economic situation of new solidarity clients recruited in 2018 and 2017 .

SFF's new solidarity clients in 2017 and in 2018 seemed to be roughly the same in terms of poverty levels; however, new solidarity clients in 2017 were more food secure. In turn, a higher percentage of new solidarity clients in 2018 owned their house with tin roof or better and with a cement floor, had a latrine, sent all their schoolage children to school and owned small assets.

New Kd Sant clients in 2017 and in 2018 poverty levels and food security situation looked not so different. While new Kd Sant clients in 2018 were less involved in agriculture or livestock rearing activities and most likely live in urban areas; a higher percentage of them had a latrine, owned a house with tin roof or better and a cement floor and owned small assets.

New SFF clients in 2018 are composed of more people living in urban and semi urban areas, a lesser percentage of them did agriculture and livestock rearing activities. It is demonstrated in annex 5 that “Area where clients live and “Do agriculture or livestock rearing activities” are statistically related.

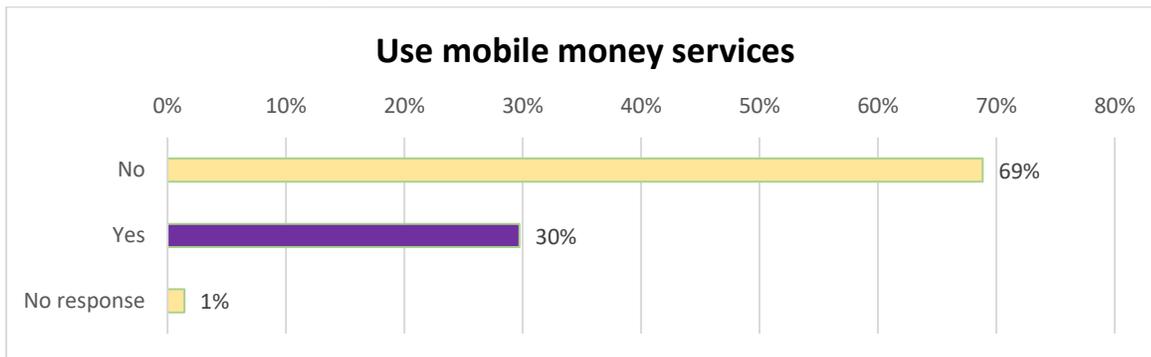
Row Labels	New Kd Sant Clients in 2017	New Kd Sant Clients in 2018
Number of clients (N)	313	571
Average age	39.4	38.5
Average household size	4.9	4.4
Probability for clients to live under the extreme poverty threshold of under \$1.25/day	13%	13%
Probability for clients to live under the poverty level of \$2.5 per day	45%	44%
% of clients who own their house	63	61
% of clients who are living in the most remote areas (“Andeyò”)	72	61
% of clients with a latrine	63	77
% of clients in agriculture or livestock rearing	98	69
% of clients with a tin roof or better	21	96
% of clients who own small assets like a radio or TV	42	60
% of clients living in a house with a cement floor	37	78
% of clients who are food insecure with hunger	44	45
% of clients who are food secure	28	27

Table 3: Socio-economic situation of new Kd Sant clients recruited in 2018 and 2017 .

New clients’ use of other financial services offered by SFF

The Social Impact team asked new Kd Sant, Solidarity and Ti Kredi clients about their use of other SFF services such as the use of phones for money transactions, the use of remittance or foreign exchange services. Valid information is available for 1048 of the 1063 interviewed new clients.

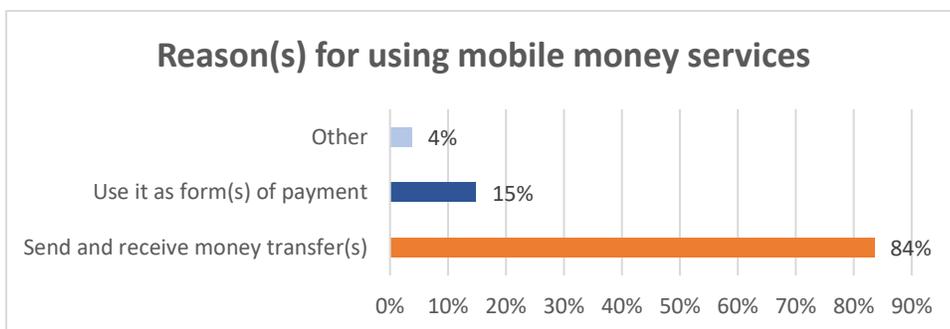
Amongst the 1063 new clients interviewed in 2018, 316 (30%) said they used **MonCash or other mobile money services**. When considering only Kd Sant clients, more than 37% of them used mobile money services.



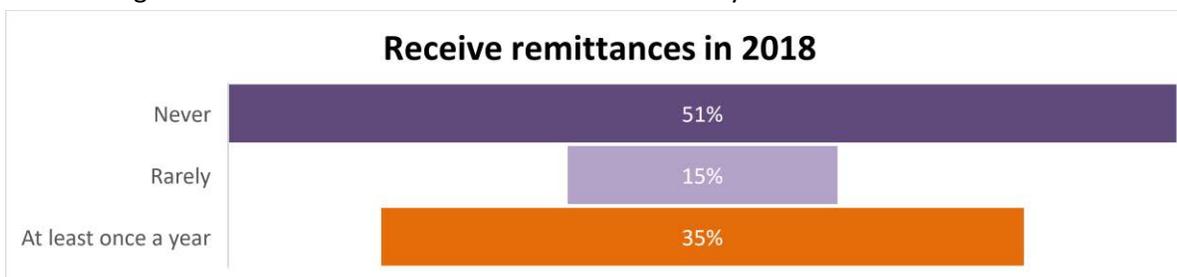
Use of mobile money services	Kd Sant clients		Solidarity clients		Ti Kredi clients		All new clients	
	Nb	%	Nb	%	Nb	%	Nb	%
No	353	62%	219	76%	160	79%	732	69%
Yes	213	37%	63	22%	40	20%	316	30%
No response	5	1%	8	3%	2	1%	15	1%
Grand Total	571	100%	290	100%	202	100%	1063	100%

Table 4: SFF new clients' use of Mobile Money Services in 2018 by product

84% of the clients who used mobile money used it to transfer money. Only 15% used it to pay or receive money for their business.



Over one third (35%) of the 1048 new clients who were interviewed received **remittances** from abroad at least once during 2018. More than a half of them never receive any remittances.



Around 47% of the 1063 new clients had **foreign currency** to change in 2018. This percentage goes up to 57% percent for Kd Sant clients who make up more than 88% of the SFF new clients who receive remittances from abroad.

Had foreign currency to change	Kd Sant clients		Solidarity clients		Ti Kredi clients		All new clients	
	Nb	%	Nb	%	Nb	%	Nb	%
No	242	42%	168	58%	140	69%	550	52%
Yes	324	57%	114	39%	60	30%	498	47%
No response	5	1%	8	3%	2	1%	15	1%
Total	571	100%	290	100%	202	100%	1063	100%

Table 5: SFF new clients who received remittances in 2018 by product

New clients' satisfaction of SFF products and services

More than 98% of SFF new clients in 2018 agreed that the Loan Officers are professional and give clear and sufficient information about the credit. Around 93% feel that they are the center of SFF actions and say that the credit helps them and their family to meet their needs. That's why 88% of them would recommend SFF products and services to their family and friends with the new Ti Kredi clients leading the way with more than 90%

Degree of agreement	Totally agreed	Agreed	Disagreed	Totally disagreed
The Loan Officer gives clear & sufficient information on the credit	40%	58%	2%	0%
The Loan Officer is professional and has good relationship with the clients	37%	61%	1%	0%
The customer is at the center of every SFF action	36%	59%	4%	1%
The credit helps me respond to my family needs and solve my problems	36%	57%	6%	1%

Table 6: SFF new clients' satisfaction of SFF products and services in 2018

Recommendation	Kd Sant	Solidarity	Ti Kredi	Total
Highly recommended	51%	36%	36%	44%
Just recommended	37%	49%	54%	44%
Not recommended	8%	12%	8%	9%
Not recommended at all	4%	3%	1%	3%

Table 7: SFF new clients recommendation of SFF products and services to others in 2018 by product

3.1.2. Results for the clients in cycle 3 of the representative sample

In the following tables, we included short versions highlighting significant results for clients in cycle 3 of the representative sample in 2018

Evolution of the socio-economic situation for solidarity clients of the representative sample in cycle 3

Solidarity Clients – Cycle 3	When taking first loan	When in Cycle 3	Variance
Number of clients (N)	340	340	
Average age	39.6	40.9	1.3
Average household size	5.2	4.8	-0.4
Probability for clients to live under the extreme poverty threshold of under \$1.25/day	22%	26%	4
Probability for clients to live under the poverty level of \$2.5 per day	61%	63%	2
% of clients who own their house	68	70	2
% of clients with a latrine	52	49	-3
% of clients with a tin roof or better	91	90	-1
% of clients who own small assets like a radio or TV	43	35	-8
% of clients living in a house with a cement floor	34	50	16
% of clients who are food insecure with hunger	44	57	13
% of clients who are food secure	24	19	-5

Table 8: Evolution of the Socio-Economic situation of 340 clients in solidarity cycle 3 (extract)

Solidarity clients in cycle 3's economic situation and quality of life has not improved in 2018. A lesser percentage had a latrine, owned small assets and were food secure in 2018 comparing to when they started one year ago. However, the percentage who now own their house and are living in a house with a cement floor increased.

As shown in the table below, there was no change in the economic situation of Kd Sant clients not in their quality of life. The percentage of them who owned their house decreased; they became more food insecure with hunger.

For both groups, they lived in more urban and semi urban areas, and dropped agriculture and livestock rearing activities.

Evolution of the socio-economic situation for Kd Sant clients of the representative sample in cycle 3

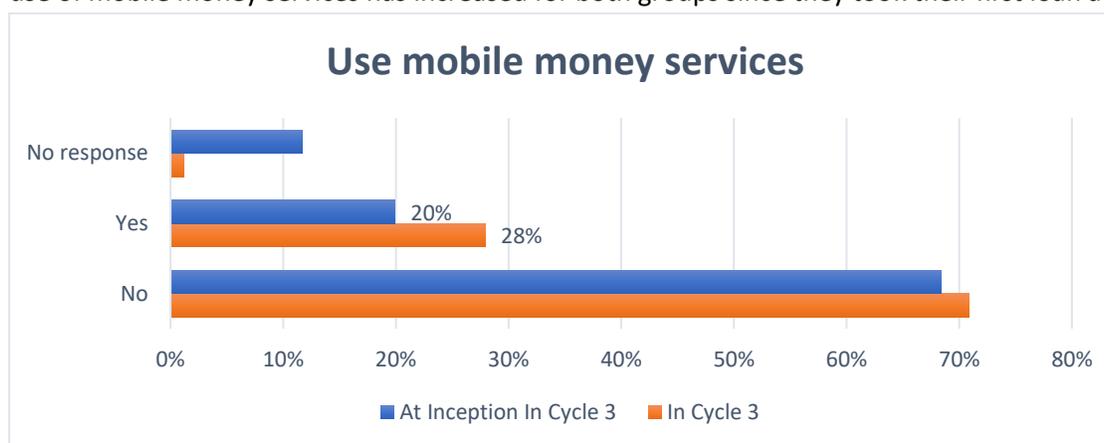
Kd Sant Clients – Cycle 3	When taking first loan	When in Cycle 3	Variance
Number of clients (N)	172	172	
Average age	39.7	40.1	0.4
Average household size	4.9	4.4	-0.5
Probability for clients to live under the extreme poverty threshold of under \$1.25/day	12%	11%	-1
Probability for clients to live under the poverty level of \$2.5 per day	40%	43%	3

Kd Sant Clients – Cycle 3	When taking first loan	When in Cycle 3	Variance
% of clients who own their house	66	63	-3
% of clients who are living in the most remote areas (“Andeyò”)	67	57	-10
% of clients with a latrine	79	80	1
% of clients in agriculture or livestock rearing	98	69	-29
% of clients with a tin roof or better	96	96	-3
% of clients who own small assets like a radio or TV	59	62	3
% of clients living in a house with a cement floor	35	77	42
% of clients who are food insecure with hunger	20	40	20
% of clients who are food secure	42	32	-10

Table 9: Evolution of the Socio-Economic situation of 41 clients in Kd Sant cycle 3 (extract)

Clients of cycle 3’s use of other financial services offered by SFF

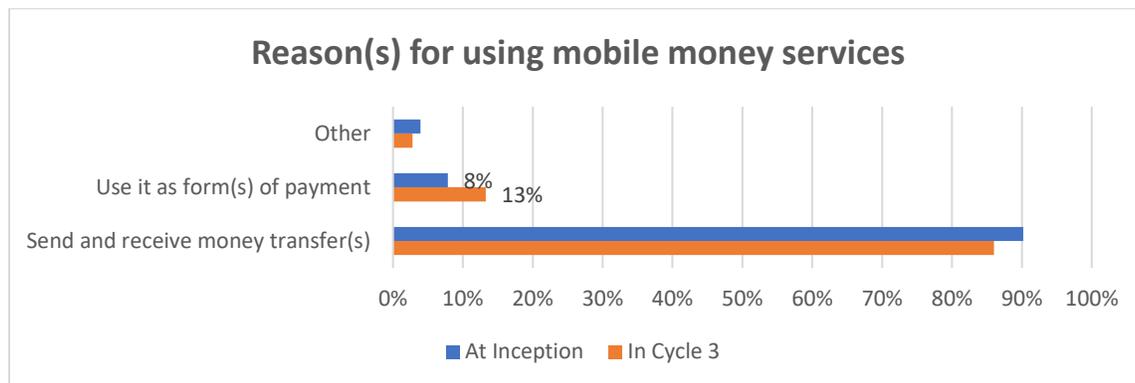
Amongst the 512 clients interviewed in cycle 3, 143 (28%) said they used **MonCash or other mobile money services** in 2018. When considering only Kd Sant clients, almost 40% of them used mobile money services. The use of mobile money services has increased for both groups since they took their first loan a year ago.



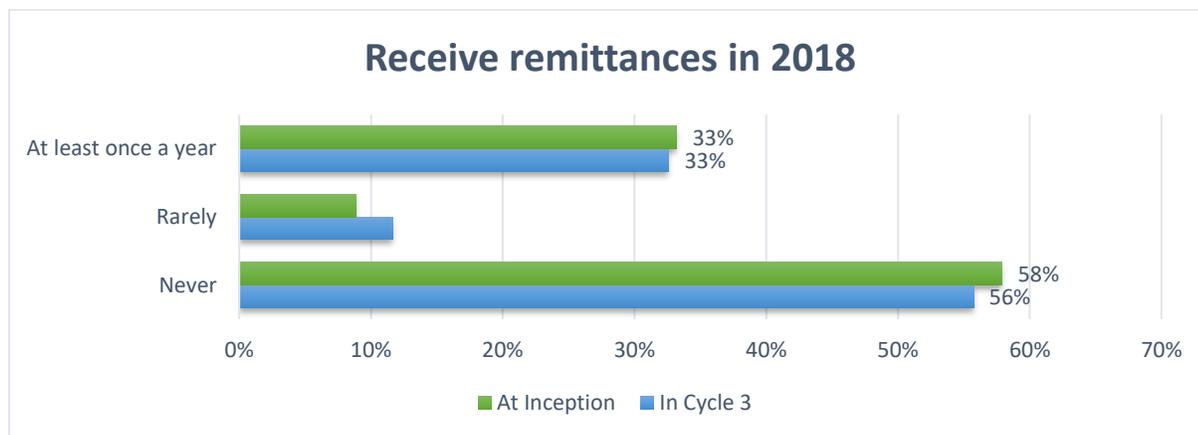
Use of mobile money services	Kd Sant clients		Solidarity clients		All new clients	
	At inception	In Cycle 3	At inception	In Cycle 3	At inception	In Cycle 3
No	62%	60%	71%	76%	68%	71%
Yes	26%	40%	17%	22%	20%	28%
No response	12%	0%	12%	2%	12%	1%
Grand Total	100%	100%	100%	100%	100%	100%

Table 10: Evolution in SFF clients in cycle 3’s use of Mobile Money Services by product

In cycle 3, 86% of the clients who use mobile money use it to transfer money. Only 13% used it to pay or receive money for their business.



One third of the 506 new clients who were interviewed received **remittances** from abroad at least once during 2018. 56% never receive any remittances. The situation was roughly the same when they took out their first loan.



Around 39% of the 512 new clients had **foreign currency** to change in 2018 (36% when they started in SFF). This percentage goes up to 60% percent for Kd Sant clients in 2018 (52% when they started in SFF): a slight increase.

Had foreign currency to change	Kd Sant clients		Solidarity clients		All new clients	
	At inception	In Cycle 3	At inception	In Cycle 3	At inception	In Cycle 3
No	37%	40%	53%	70%	48%	60%
Yes	52%	60%	28%	29%	36%	39%
No response	10%	0%	19%	2%	16%	1%
Total	100%	100%	100%	100%	100%	100%

Table 11: Evolution of SFF clients in cycle 3 who received remittances in 2018 by product

Clients in Cycle 3 satisfaction of SFF products and services

While their economic situation and their quality of life have not improved after about 18 months in SFF, more than 98% of clients in cycle 3 in 2018 agree that the Loan Officers are professional and give clear and sufficient information about the credit. Around 90% feel that they are the center of SFF actions and say that the credit helps them and their family to meet their needs. In addition, over 85% of them would recommend SFF products and services to their family and friends.

Degree of agreement	Totally agreed	Agreed	Disagreed	Totally disagreed
The Loan Officer gives clear & sufficient information on the credit	38%	62%	1%	0%
The Loan Officer is professional and has good relationship with the clients	37%	61%	1%	1%
The customer is on the center of every SFF actions	35%	59%	4%	2%
The credit helps me respond to my family needs and solve my problems	42%	47%	9%	1%

Table 12: SFF clients in cycle 3's satisfaction of SFF products and services in 2018

Recommendation	Kd Sant	Solidarity	Grand Total
Highly recommended	46%	44%	45%
Just recommended	36%	42%	40%
Not recommended	13%	9%	10%
Not recommended at all	5%	5%	5%

Table 13: SFF clients in cycle 3 recommendation of SFF products and services to others in 2018 by product

3.2 Results for the cohort of clients

In this chapter are presented the results of the follow-up interviews Social Impact Monitors did with 484 clients (480 valid for analysis) who took their first loans 3 and 4.5 years ago. These data for all 480 clients were collected in the 7 branches: Jakmèl, Lavale, Okay, Fòlibète, Twoudinò, Wanament and Montòganize. You will find the information on the current socio-economic situation of clients in cycles 6 and 9 as compared to their situation when they first took out an SFF loan. You will also find information on how the client's businesses evolved over time.

Evolution of the socio-economic situation of SFF solidarity clients in cycle 6 and in cycle 9 in 2018

The following two tables show the evolution of the socio-economic situation of solidarity loan clients who were in cycle 6 and cycle 9 in 2018 as compared to when they took their first loan, respectively around 3 and 4.5 years earlier. The overall situation of the clients has improved with the probability of being poor dropping by 4 to 6%. Percentages of clients who were food secure, clients who owned their house, clients with a latrine, house with a cement floor, clients who were able to send all their children to school and average of savings have increased in both groups

Solidarity Clients – Cycle 6	When taking first loan	When in Cycle 6	Variance
Number of clients (N)	146	146	
Probability for clients to live under the extreme poverty threshold of under \$1/day	49%	45%	-4
Probability for clients to live under the poverty level of \$2 per day	66%	62%	-4
% of clients who own their house	72	74	2
% of clients with a latrine	77	84	7
% of clients in agriculture or livestock rearing	88	77	-11
% of clients who send all their schoolage children to school	94	97	3
% of clients who own small assets like a radio or TV	62	60	-2
% of clients living in a house with a cement floor	75	85	10
Average of savings in HTG	914	2538	1624
% of clients who are food insecure with hunger	12	30	18
% of clients who are food secure	20	30	10

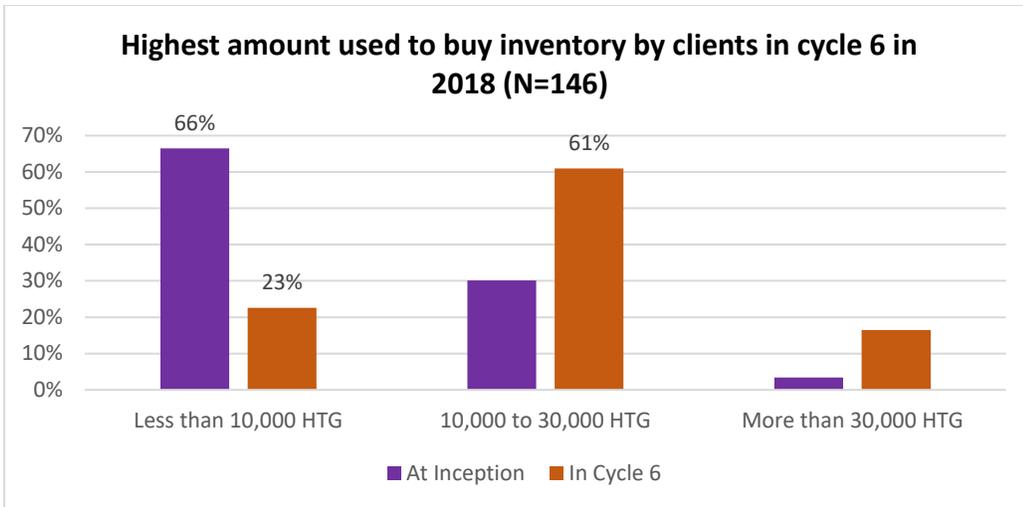
Table 14: Evolution of the Socio-Economic situation of clients in solidarity cycle 6 (extract)

Solidarity Clients – Cycle 9	When taking first loan	When in Cycle 9	Variance
Number of clients (N)	334	334	
Probability for clients to live under the extreme poverty threshold of under \$1/day	52%	47%	-5
Probability for clients to live the poverty level of \$2 per day	69%	63%	-6
% of clients who own their house	80	85	5
% of clients with a latrine	80	94	14
% of clients in agriculture or livestock rearing	87	88	1
% of clients who send all their schoolage children to school	88	99	11
% of clients who own small assets like a radio or TV	60	84	24
% of clients living in a house with a cement floor	80	91	11
Average of savings in HTG	584	3225	2641
% of clients who are food insecure with hunger	28	10	-18
% of clients who are food secure	31	66	35

Table 15: Evolution of the Socio-Economic situation of clients in solidarity cycle 9 (extract)

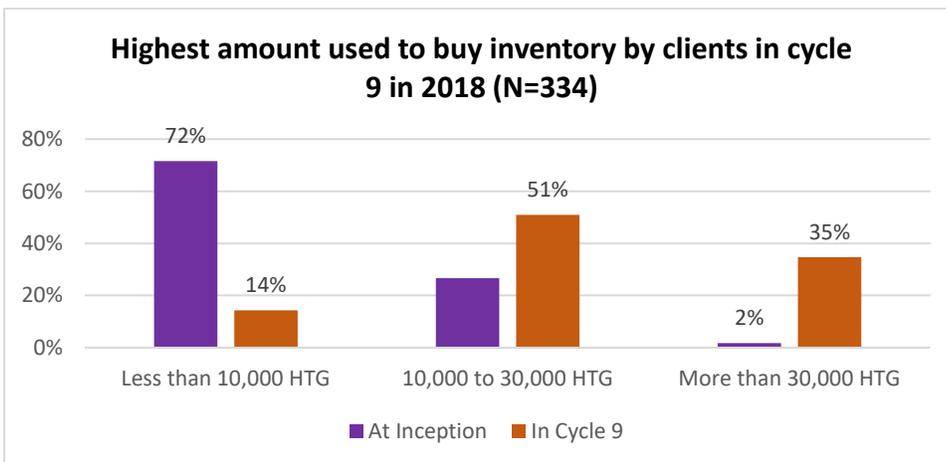
Business growth

To get an idea of the evolution of the size of client's businesses while they have an SFF loan, SIMs asked the clients what the biggest amount of money was they used to buy inventory over the 6 months preceding the survey. The higher this amount, the bigger the inventory of the client, which can be interpreted as growth of her business. The graphics below show a comparison of this amount when clients took their first loan, and when they work with their 6th and 9th loan.



2 out of 3 of the clients with their sixth SFF loan in hand in 2018, used to buy inventory for less than 10 thousand gourdes when they took out their first loan. That percentage has been reduced to only 23% by the time they work with their 6th loan, clearly indicating that the business of a significant number of clients has grown over the 3 years before they were interviewed.

The change is even more significant between the first and the ninth loan: whereas over 72% of these 334 clients used to buy inventory for less than 10,000 gourdes when they had their first loan in hand, this is now only true for around 14% of them. And whereas only a few percent (2%) of them used to buy products for more than 30,000 gourdes, this percentage has increased to over 35% once they work with their 9th loan.



4. Discussion

The results of the representative sample show that on average new SFF clients in 2018 had a probability of 18% to be extremely poor, and 52% to be poor. This is almost the same as in 2017 when these percentages were respectively 18% and 55%. As a reminder, the 2012 National Poverty Survey indicated that 23.8% of the population lives in extreme poverty, and 58.5% of the population is poor.⁴ The socio-economic situation of new Kd Sant clients seemed better as they had a lower probability of being poor and they were more likely to be food secure. However, the percentage of them who owned their house is less than it is for solidarity and Ti Kredi clients.

New clients in 2018 invested about 8% of their loan in agriculture. 24% of all new clients in 2018 made improvements in their house during the year with the Kd Sant ones leading the way with 27%.

While there is little to no difference between the socio-economic situation of new solidarity clients in 2017 and in 2018, new solidarity clients in 2017 were more food secure. There was an increase in the percentage of new solidarity clients in 2018 who owned their house with tin roof or better and with a cement floor, had a latrine, sent all their schoolage children to school and owned small assets compared to those of 2017.

In general, new SFF clients in 2018 were composed of more people living in urban and semi urban areas, they were less involved in agriculture or livestock rearing activities.

The information provided by the follow-on interviews of the existing Fonkoze clients in cycle 3. It shows that this year clients in cycle 3 interviewed in the 10 initial branches of the representative sample are not progressing as well as what Fonkoze is used to see in its Social Monitoring data. The following table illustrates this trend over the past years for clients who have had a loan from Fonkoze for about 1.5 year:

Indicator	Progress/(decline) experienced by clients interviewed in				
	2014	2015	2016	2017	2018
Probability for a client to live with less than 2 USD/day	-3%	-2%	-3%	-3%	
Percentage of clients who own small assets	+14%	+15	+9%	-8%	-8%
Percentage of clients who are food secure	+22%	+9%	+17%	+1%	-5%
Percentage of clients who send all their children to school	+4%	+1%	+1.5%	-6%	-2%

⁴ World Bank and Observatoire National de la Pauvreté et de l'Exclusion Sociale (ONPES). 2014. Investing in People to Fight Poverty in Haiti, Reflections for Evidence-based Policy Making. Washington, DC: World Bank.

Indicator	Progress/(decline) experienced by clients interviewed in				
	2014	2015	2016	2017	2018
Percentage of clients who are active in agriculture and livestock raising	+4%		+2%	-8%	-24%

Table 16: % points difference between the situation of the client when she took out her first loan and when she is in cycle 3 for the clients interviewed in 2014, 2015, 2016, 2017 and 2018

While the businesses of these clients are still growing, the results for the social indicators may indicate clients are struggling. This could be due to the overall economic situation in the country; in FY 2018 the annual inflation rate was 14%⁵. It may also be the effect of the devaluation of the national currency, and/or frequent demonstrations in urban areas in 2018. This could also explain why so many clients have dropped their agricultural activities and why so little clients are food secure.

In turn, clients who have been working with Fonkoze loans for a longer period of time still see their situation improved in a significant way, with poverty levels dropping by 4% and 6% and food security rising by 10% and 35% for clients who took their first loans respectively 3 and 5 years before their follow-on interview.

It is noteworthy that there is a significant percentage of cross-selling of products, particularly amongst generally more urban Kd Sant clients; 37% of the new clients in this group used mobile money services, and 57% of them had foreign currency to change in 2018. For the clients in cycle 3 in general in 2018, 28% use mobile money services and 39% had foreign currency to change; they were 20% and 36% at inception.

Lastly, more than 93% of new clients in 2018 are satisfied with SFF products and services and 88% of them would recommend SFF to their friends and family. Furthermore, while their economic situation and their quality of life have not improved, clients in cycle 3 expressed their satisfaction of SFF products and services at 90% and 85% would recommend SFF.

⁵ <https://tradingeconomics.com/haiti/inflation-cpi>

5. Conclusion

SFF had defined its Social Performance Goals as follows:

1. SFF serves the poor, especially women
2. SFF provides access to beneficial products and services
3. Clients have a voice in SFF
4. Clients' economic situation is improving
5. Clients' quality of life is improving
6. Clients are more resilient
7. BD Clients' businesses are growing and have an economic impact
8. Employees are committed to and satisfied with their jobs

The company has defined indicators to monitor progress towards achieving these goals. While most of the information needed will be provided from their own systems, the Foundation will continue to provide the interviewing services that yield information on the socio-economic situation of the clients and how it evolves over time.

Annex 1: Representative Sample – Methodology

The social impact team took a sample with the idea of obtaining data with a 95% confidence interval and an error margin of 5%. In 2016 and in 2017, sampling was done at two levels: first at branch level and then at client level. In 2018 the team kept the same representative sample of 10 branches: **Aken – Ench – Fondwa – Jan Rabèl – Lagonav – Milo – Miragwán – Ponsonde – Tirivyè de Nip – Tomonn**. And they added 2 more branches as requested by SFF which were: **Bomon – Fòlibète**

They then took a new representative sample of new clients. The size of the sample was calculated based on the number of new clients SFF recruited in 2017, as follows:

Group	Average number of clients in 2017	Smallest number of clients in sample
New Clients	20947	378

Table 17: Number of new clients and planned number of clients in the sample

To calculate the number of clients they had to interview in the sample, the Social Impact team used the following calculation:

$$n_{fin} = n_{min} * \frac{1}{response\ rate} * \frac{1}{validity\ rate} * \frac{1}{(eligibility\ rate)*(incidence\ rate)}$$

n_{fin} : Final number of new clients in sample

n_{min} : Smallest number of clients in sample

response rate: In our case, it was estimated to 80% from data collection in 2016 and in 2017

validity rate: It guarantees the quality of the list of clients we gave to the enumerators and the validity of that list after several years. Considering the dropout rate among SFF clients, the validity rate was estimated to 50%.

eligibility and incidence rates: They guarantee the quality of the units in the list. They were estimated to 100% each

The Social Impact team thus set out to interview 945 new clients, about 80 per branch.

The sampling was done as follows:

1. At client level the sample was drawn using a proportional stratified random sampling methodology. The strata were defined according to the loan product. They were :
 - a. Kd Sant Clients
 - b. Solidarity group clients
 - c. Ti Kredi clients

For each strata the team randomly selected clients from the list the SFF Financial Analyst gave them when they were preparing to go to a specific branch.

2. The Social Impact team planned on visiting each branch twice during the year to find the 80 clients they needed to interview, one visit in the period going from May to July to interview 40 clients who took out their first loan in January, February or March, and another visit between August and October to interview clients who took out their first loan in April, May and June. In the list of new clients provided for each branch they randomly selected 50 clients to interview if there were more than 50 new clients. If there were less, they

interviewed all clients on the list. Due to the difficulties they encountered they had to continue data collection well into November and December for certain branches.

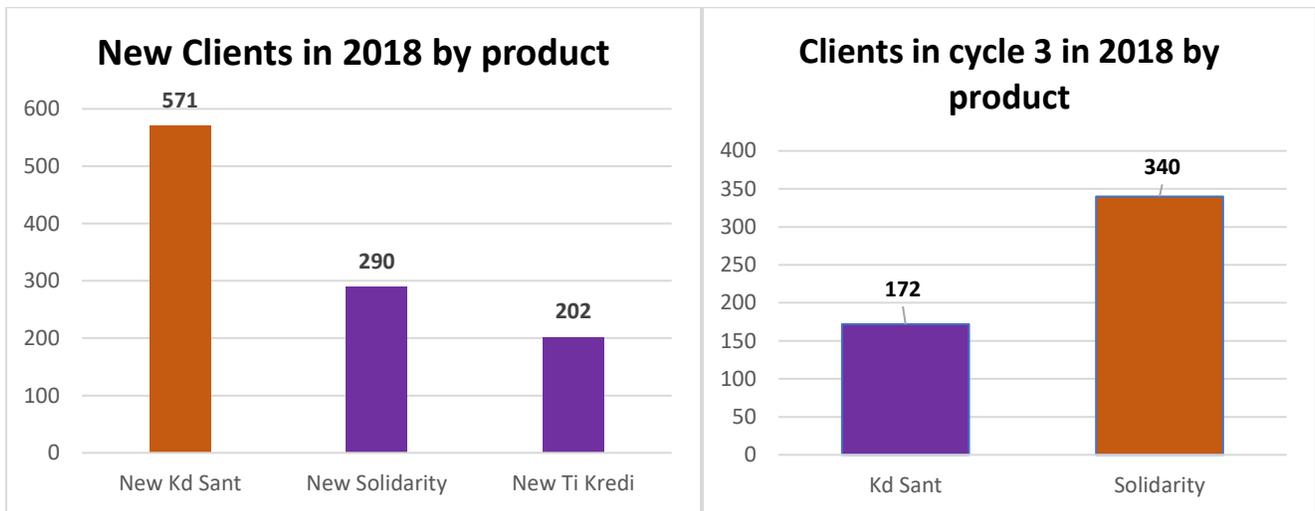
3. The data they collected allowed the team to calculate the Poverty Probability Index (PPI) and the Food Security Index for each client. The PPI calculation yields a score for each client. Using the probability tables developed by Grameen Foundation this score can be transformed into a probability for a certain household to live below the poverty line (2\$ per day for the 2001 PPI, \$2.5 per day for the 2012 one) and below the extreme poverty line (1\$ per day for the 2001 PPI, \$1.25 per day for the 2012 one). The average of all these household probabilities provides information on the probability for the households in the group to be below the poverty lines.
4. Where the difference between two groups was analyzed for statistical significance, the Social Impact team used the t-Test in Excel, preceded by an “F-Test” to allow the t-Test to be done with the real variance between the 2 groups. They also used chi-Square Independence test to see if two variables are independent or related

The following table presents the number of clients who were interviewed in each branch.

Branch	New clients	Clients in cycle 3	Total
Aken	95	47	142
Bomon	84		84
Ench	91	46	137
Fòlibète	53		53
Fondwa	60	19	79
Janrabèl	100	28	128
Lagonav	94	66	160
Milo	115	45	160
Miragwán	76	56	132
Ponsonde	105	62	167
Tirivyè Nip	80	72	152
Tomonn	110	71	181
Grand Total	1063	512	1575

Table 18: Representative sample of clients interviewed in 2018 per branch

The following graphs describe the number of clients interviewed per product for new clients and clients in cycle 3. As More than half of new clients in 2018 are Kd Sant clients, this reflected in the representative sample of new clients: 571 out of 1063 (54%) are Kd Sant clients.



Annex 2: List of indicators included in Fonkoze’s Social Impact Monitoring

The information presented in this document has been collected by the Social Impact team in 2017 using Fonkoze’s Kat Evalyasyon with embedded PPI and Food Security survey. The following table provides more detailed information into the meaning of each individual indicator.

Indicator	Description
<p>Average Age</p> <p>Average household size</p>	<p>These demographic indicators are included in almost all results tables. They provide information on the average age and household size of the families who use SFF’s credit services. This information is available for each segment of the sample population.</p>
<p><i>Probability for clients to live under the extreme poverty threshold of under \$1.25/day</i></p> <p><i>Probability for clients to live under the poverty level of \$2 per day</i></p> <p><i>Probability for clients to live under the poverty level of \$2.5 per day</i></p> <p><i>Probability for clients to live under the vulnerability threshold of \$5/day</i></p>	<p>When the SIM calculates the PPI⁶ from the results of 10 questions embedded in Fonkoze’s Kat Evalyasyon, he obtains information on the likelihood for the clients’ family to live below the poverty thresholds of \$1.25/day, \$2/day, \$2.5/day and \$5/day. The totals of the probabilities for each group provide information on the probability for people in the group living below each national or international poverty line.</p>
<p><i>% of clients who own their house</i></p> <p><i>% of clients who are living in the most remote areas (“Andeyò”)</i></p> <p><i>% of clients with a tin roof or better</i></p> <p><i>% of clients with a cement floor</i></p> <p><i>% of clients with a latrine</i></p> <p><i>% of clients who made improvements in their house for the period</i></p>	<p>Housing conditions are one of the key indicators to measure a household’s poverty level. Key aspects considered by Fonkoze’s monitoring system include :</p> <ol style="list-style-type: none"> 1- Does the SFF client own the house she lives in, or live in the most remote areas; 2- Is the house well covered (tin or better) and is the floor in cement. 3- Does the family have access to a hygienic latrine. 4- Does the SFF client make improvements in her house during the period
<p><i>% of clients in agriculture or livestock rearing</i></p> <p><i>% of loan spent in agriculture</i></p>	<p>Most Fonkoze clients are small traders and a significant number of them lives in rural areas. When asking about agriculture or livestock activities, SIMs want to find out whether the client has other sources of revenue and other ways to feed her family.</p>

⁶ For the representative sample Social Impact uses the PPI which is calibrated against the National 2012 Poverty Survey (ECVMAS). For the cohort data the team has to continue using the PPI which was calibrated against the 2001 National Poverty Survey to make sure baseline and current data are comparable.

Indicator	Description
<i>% of clients who know at least how to read and write their name.</i>	SIMs ask whether clients know how to read and write. Clients who answer yes, and clients who answer they can read and write their name are counted as positive responses.
<i>% of clients who send all their schoolage children to school</i>	Even if there are a lot of schools with very low tuition fees, some parents still can't send their kids to school either because they can't afford the uniform or the shoes, or because they can't give the child something to eat to carry to school. Not being able to send kids to school is an indicator of extreme poverty. SIM's ask how many 6 to 15-year-old children there are in the household and then how many of them go to school.
<i>% of clients who own small assets like a radio or TV</i>	National poverty surveys in Haiti show that only families with a certain income level can afford to own certain electronic equipment such as radio or television.
<i>% of clients who eat meat at least 2 or 3 times a week</i> <i>% of clients who are food insecure with hunger</i> <i>% of clients who are food secure</i> <i>% of clients who are Food insecure without hunger</i>	<p>The Food Security Survey developed by Freedom from Hunger includes 9 questions to evaluate the availability, accessibility and use of food. Based on the responses the SIM can calculate a score which allows them to categorize clients in three levels:</p> <ol style="list-style-type: none"> 1- Food Secure 2- Food Insecure without hunger 3- Food insecure with hunger <p>In addition to the Food Security Survey, the Kat Evalyasyon also includes a question on the frequency of meat consumption in the family, as this is also an indicator of the level of poverty of the household.</p>

Annex 3: Results tables for new clients of representative Sample

Table 19: Socio-economic situation of new clients in 2018 by product (full)

Row Labels	New Ti kredi	New Solidarity	New Kd Sant	Total
Number of clients (N)	202	290	571	1063
Average age	40	37.7	38.5	38.6
Average household size	4.5	4.7	4.4	4.5
Probability for clients to live under the extreme poverty threshold of under \$1.25/day	26%	24%	13%	18%
Probability for clients to live under the poverty level of \$2 per day	48%	48%	31%	39%
Probability for clients to live under the poverty level of \$2.5 per day	60%	61%	44%	52%
Probability clients to live under the vulnerability threshold of \$5/day	87%	89%	80%	84%
% of clients who own their house	75	67	61	65
% of clients who are living in the most remote areas ("Andeyò")	84	85	61	72
% of clients with a latrine	49	59	77	67
% of clients in agriculture or livestock rearing	70	73	69	70
% of loan spent in agriculture	8	9	8	8
% of clients who know at least how to read and write their name	45	48	66	57
% of clients who send all their schoolage children to school	96	97	98	97
% of clients who eat meat at least 2 or 3 times a week	31	35	45	39
% of clients with a tin roof or better	88	86	96	92
% of clients who own small assets like a radio or TV	43	38	60	51
% of clients living in a house with a cement floor	50	52	78	66
% of clients who made improvements in their house for the period	18	24	27	24
% of clients who are food insecure with hunger	58	60	45	52

Row Labels	New Ti kredi	New Solidarity	New Kd Sant	Total
<i>% of clients who are food secure</i>	23	15	27	23
<i>% of clients who are Food insecure without hunger</i>	19	26	28	26

Table 20: Comparing the socio-Economic situation from new Ti Kredi clients in 2018 and 2017. (full)

Row Labels	New Ti Kredi clients in 2017	New Ti Kredi clients in 2018
Number of clients (N)	197	202
Average age	38	40
Average household size	5.2	4.5
Probability for clients to live under the extreme poverty threshold of under \$1.25/day	21%	26%
Probability for clients to live under the poverty level of \$2 per day	46%	48%
Probability clients to live under the poverty level of \$2.5 per day	60%	60%
Probability clients to live under the vulnerability threshold of \$5/day	89%	87%
% of clients who own their house	67	75
% of clients who are living in the most remote areas ("Andeyò")	89	84
% of clients with a latrine	48	49
% of clients in agriculture or livestock rearing	100	70
% of loan spent in agriculture		8
% of clients who know at least how to read and write their name	34	45
% of clients who send all their schoolage children to school	96	96
% of clients who eat meat at least 2 or 3 times a week	88	31
% of clients with a tin roof or better	46	88
% of clients who own small assets like a radio or TV	20	43
% of clients living in a house with a cement floor	34	50
% of clients who made improvements in their house for the period		18
% of clients who are food insecure with hunger	42	58
% of clients who are food secure	24	23
% of clients who are Food insecure without hunger	34	19

Table 21: Comparing the socio-Economic situation from new Solidarity clients in 2018 and 2017. (full)

Row label	New Solidarity Clients in 2017	New Solidarity Clients in 2018
<i>Number of clients (N)</i>	302	290
<i>Average age</i>	38.8	37.7
<i>Average household size</i>	5.3	4.7
<i>Probability for clients to live under the extreme poverty threshold of under \$1.25/day</i>	22%	24%
<i>Probability for clients to live under the poverty level of \$2 per day</i>	47%	48%
<i>Probability clients to live under the poverty level of \$2.5 per day</i>	62%	61%
<i>Probability clients to live under the vulnerability threshold of \$5/day</i>	91%	89%
<i>% of clients who own their house</i>	62	67
<i>% of clients who are living in the most remote areas ("Andeyò")</i>	86	85
<i>% of clients with a latrine</i>	51	59
<i>% of clients in agriculture or livestock rearing</i>	95	73
<i>% of loan spent in agriculture</i>		9
<i>% of clients who know at least how to read and write their name</i>	37	48
<i>% of clients who send all their schoolage children to school</i>	88	97
<i>% of clients who eat meat at least 2 or 3 times a week</i>	89	35
<i>% of clients with a tin roof or better</i>	43	86
<i>% of clients who own small assets like a radio or TV</i>	23	38
<i>% of clients living in a house with a cement floor</i>	34	52
<i>% of clients who made improvements in their house for the period</i>		24
<i>% of clients who are food insecure with hunger</i>	42	60
<i>% of clients who are food secure</i>	24	15
<i>% of clients who are Food insecure without hunger</i>	34	26

Table 22: Comparing the socio-Economic situation from new Kd Sant clients in 2018 and 2017. (full)

Row Labels	New Kd Sant Clients in 2017	New Kd Sant Clients in 2018
<i>Number of clients (N)</i>	313	571
<i>Average age</i>	39.4	38.5
<i>Average household size</i>	4.9	4.4
<i>Probability for clients to live under the extreme poverty threshold of under \$1.25/day</i>	13%	13%

Row Labels	New Kd Sant Clients in 2017	New Kd Sant Clients in 2018
<i>Probability for clients to live under the poverty level of \$2 per day</i>	31%	31%
<i>Probability clients to live under the poverty level of \$2.5 per day</i>	45%	44%
<i>Probability clients to live under the vulnerability threshold of \$5/day</i>	80%	80%
<i>% of clients who own their house</i>	63	61
<i>% of clients who are living in the most remote areas ("Andeyò")</i>	72	61
<i>% of clients with a latrine</i>	63	77
<i>% of clients in agriculture or livestock rearing</i>	98	69
<i>% of loan spent in agriculture</i>		8
<i>% of clients who know at least how to read and write their name</i>	56	66
<i>% of clients who send all their schoolage children to school</i>	96	98
<i>% of clients who eat meat at least 2 or 3 times a week</i>	96	45
<i>% of clients with a tin roof or better</i>	21	96
<i>% of clients who own small assets like a radio or TV</i>	42	60
<i>% of clients living in a house with a cement floor</i>	37	78
<i>% of clients who made improvements in their house for the period</i>		27
<i>% of clients who are food insecure with hunger</i>	44	46
<i>% of clients who are food secure</i>	28	27
<i>% of clients who are Food insecure without hunger</i>	28	28

Annex 4: Results tables for clients in cycle 3 of representative Sample

Table 23: Evolution of the socio-economic situation for solidarity clients of the representative sample who were in cycle 3 when interviewed in 2018 (full)

Solidarity Clients – Cycle 3	When taking first loan	When in Cycle 3	Variance
Number of clients (N)	340	340	
Average age	39.6	40.9	1.3
Average household size	5.2	4.8	-0.4
Probability for clients to live under the extreme poverty threshold of under \$1.25/day	22%	26%	4
Probability for clients to live under the poverty level of \$2 per day	46%	49%	3
Probability clients to live under the poverty level of \$2.5 per day	61%	63%	2
Probability clients to live under the vulnerability threshold of \$5/day	90%	90%	0
% of clients who own their house	68	70	2
% of clients who are living in the most remote areas (“Andeyò”)	88	84	-4
% of clients with a latrine	52	49	-3
% of clients in agriculture or livestock rearing	97	73	-24
% of loan spent in agriculture		14	
% of clients who know at least how to read and write their name	49	49	0
% of clients who send all their schoolage children to school	99	97	-2
% of clients who eat meat at least 2 or 3 times a week	32	31	-1
% of clients with a tin roof or better	91	90	-1
% of clients who own small assets like a radio or TV	43	35	-8
% of clients living in a house with a cement floor	34	50	16
% of clients who made improvements in their house for the period		20	
% of clients who are food insecure with hunger	44	57	13
% of clients who are food secure	24	19	-5
% of clients who are Food insecure without hunger	32	24	-8

Table 24: Evolution of the socio-economic situation for Kd Sant clients of the representative sample who were in cycle 3 when interviewed in 2018 (full)

Kd Sant Clients – Cycle 3	When taking first loan	When in Cycle 3	Variance
Number of clients (N)	172	172	
Average age	39.7	40.1	0.4
Average household size	4.9	4.4	-0.5

Kd Sant Clients – Cycle 3	When taking first loan	When in Cycle 3	Variance
<i>Probability for clients to live under the extreme poverty threshold of under \$1.25/day</i>	12%	11%	-1
<i>Probability for clients to live under the poverty level of \$2 per day</i>	30%	29%	-1
<i>Probability clients to live under the poverty level of \$2.5 per day</i>	40%	43%	3
<i>Probability clients to live under the vulnerability threshold of \$5/day</i>	79%	80%	1
<i>% of clients who own their house</i>	66	63	-3
<i>% of clients who are living in the most remote areas (“Andeyò”)</i>	67	57	-10
<i>% of clients with a latrine</i>	79	80	1
<i>% of clients in agriculture or livestock rearing</i>	98	69	-29
<i>% of loan spent in agriculture</i>		9	
<i>% of clients who know at least how to read and write their name</i>	60	60	0
<i>% of clients who send all their schoolage children to school</i>	99	97	-2
<i>% of clients who eat meat at least 2 or 3 times a week</i>	58	44	-14
<i>% of clients with a tin roof or better</i>	96	96	-3
<i>% of clients who own small assets like a radio or TV</i>	59	62	3
<i>% of clients living in a house with a cement floor</i>	35	77	42
<i>% of clients who made improvements in their house for the period</i>		30	
<i>% of clients who are food insecure with hunger</i>	20	40	20
<i>% of clients who are food secure</i>	42	32	-10
<i>% of clients who are Food insecure without hunger</i>	38	28	-10

Annex 5: t-Test for statistical significance and Chi-Square Test of Independence

Solidarity*Ti Kredi		
H ₀ : $\sigma_1^2 = \sigma_2^2$		
H ₁ : $\sigma_1^2 \neq \sigma_2^2$		
F-Test Two-Sample for Variances		
	<i>Variable 1</i>	<i>Variable 2</i>
Mean	0.239150877	0.258338308
Variance	0.050765312	0.069052455
Observations	285	201
Df	284	200
F	0.735170266	
P(F<=f) one-tail	0.008697373	
F Critical one-tail	0.808279622	
<p><i>Conclusion: if $P(F<=f)$ one-tail < 0.05, we reject the null hypothesis. This is the case, $P(F<=f)$ one-tail = 0.009 < 0.05. Therefore, we reject the null hypothesis. The variances of the two populations are unequal.</i></p>		
H ₀ : $\mu_1 - \mu_2 = 0$		
H ₁ : $\mu_1 - \mu_2 \neq 0$		
t-Test: Two-Sample Assuming Unequal Variances		
	<i>Variable 1</i>	<i>Variable 2</i>
Mean	0.239150877	0.258338308
Variance	0.050765312	0.069052455
Observations	285	201
Hypothesized Mean Difference	0	
Df	388	
t Stat	-0.840077881	
P(T<=t) one-tail	0.200691036	
t Critical one-tail	1.648790318	
P(T<=t) two-tail	0.401382072	
t Critical two-tail	1.966096878	
<p>t-Test Conclusion: We do a two-tail test (inequality). If $P(T<=t)$ two-tail < 0.05, we reject the null hypothesis. This is not the case, $P(T<=t)$ two-tail = 0.40 > 0.05. Therefore, we do not reject the null hypothesis. The difference observed is not statistically significant.</p>		

Table 25: t-Test for statistical significance of difference on poverty levels of new Solidarity and new Ti Kredi clients in 2018.

Solidarity*Kd Sant			
H ₀ : $\sigma_1^2 = \sigma_2^2$			
H ₁ : $\sigma_1^2 \neq \sigma_2^2$			
F-Test Two-Sample for Variances			
	Variable 1	Variable 2	
Mean	0.239150877	0.129801066	
Variance	0.050765312	0.030660209	
Observations	285	563	
Df	284	562	
F	1.655739232		
P(F<=f) one-tail	2.59307E-07		
F Critical one-tail	1.181576819		
<i>Conclusion: if P(F<=f) one-tail < 0.05, we reject the null hypothesis. This is the case, P(F<=f) one-tail = 0.0000 < 0.05. Therefore, we reject the null hypothesis. The variances of the two populations are unequal.</i>			
H ₀ : $\mu_1 - \mu_2 = 0$			
H ₁ : $\mu_1 - \mu_2 \neq 0$			
t-Test: Two-Sample Assuming Unequal Variances			
	Variable 1	Variable 2	
Mean	0.239150877	0.129801066	
Variance	0.050765312	0.030660209	
Observations	285	563	
Hypothesized Mean Difference	0		
Df	462		
t Stat	7.170170643		
P(T<=t) one-tail	1.49552E-12		
t Critical one-tail	1.648158492		
P(T<=t) two-tail	2.99104E-12		
t Critical two-tail	1.96511202		
Conclusion: We do a two-tail test (inequality). If P(T<=t) two-tail < 0.05, we reject the null hypothesis. This is not the case, P(T<=t) two-tail = 0.0000 < 0.05. Therefore, we reject the null hypothesis. The difference observed is statistically significant.			

Table 26: t-Test for statistical significance of difference on poverty levels of new Solidarity and new Kd Sant clients in 2018.

Chi-Square Test of Independence

Areas where clients live* Agriculture or livestock rearing

H0: The variables are independent

H1: The variables are dependent or related

The contingency table below provides the following information: the observed cell totals, (the expected cell totals) and [the chi-square statistic for each cell].

Results			
	Yes (agriculture or livestock rearing)	No (agriculture or livestock rearing)	Row Totals
Remote area	873 (806.38) [5.50]	267 (333.62) [13.30]	1140
Urban area	234 (300.62) [14.76]	191 (124.38) [35.69]	425
Column Totals	1107	458	1565 (Grand Total)

The chi-square statistic is 69.2603. The p -value is $< .00001 < .05$.

The variables 'Areas where clients live' and 'Do agriculture or livestock rearing activities' are related

Areas where clients live* House Ownership

H0: The variables are independent

H1: The variables are dependent or related

The contingency table below provides the following information: the observed cell totals, (the expected cell totals) and [the chi-square statistic for each cell].

Results			
	Owned her house	Didn't own her house	Row Totals
Remote area	801 (751.74) [3.23]	339 (388.26) [6.25]	1140
Urban area	231 (280.26) [8.66]	194 (144.74) [16.76]	425
Column Totals	1032	533	1565 (Grand Total)

The chi-square statistic is 34.8942. The p -value is $< .00001 < .05$.

The variables 'Areas where clients live' and 'House ownership' are related

Table 27 : Chi-Square Test of Independence between Areas where clients live and House ownership, Areas where clients live and Do agriculture or livestock rearing activities in 2018.

Annex 6: Results for cohort of clients in cycle 6 and cycle 9

Table 28: Evolution of the socio-economic situation for solidarity clients who were in cycle 6 when interviewed in 2018 (full)

Solidarity Clients – Cycle 6	When taking first loan	When in Cycle 6	Variance
Number of clients (N)	146	146	
Average age	37.2	39.8	2.6
Average household size	5.6	5.7	0.1
Probability for clients to live under the extreme poverty threshold of under \$1/day	49%	45%	-4
Probability for clients to live under the poverty level of \$2 per day	66%	62%	-4
% of clients who own their house	72	74	2
% of clients who own the land on which house is built	71	66	-5
% of clients with a latrine	77	84	7
% of clients in agriculture or livestock rearing	88	77	-11
% of clients who know at least how to read and write their name.	88	87	-1
% of clients who send all their schoolage children to school	94	97	3
% of clients who eat meat at least 2 or 3 times a week	45	53	8
% of clients with a tin roof or better	97	99	2
% of clients who own small assets like a radio or TV	62	60	-2
% of clients living in a house with a cement floor	75	85	10
Average of savings in HTG	914	2538	1624
% of clients who are food insecure with hunger	12	30	18
% of clients who are food secure	20	30	10
% of clients who are Food insecure without hunger	68	40	28

Table 29: Evolution of the socio-economic situation for solidarity clients who were in cycle 9 when interviewed in 2018

Solidarity Clients – Cycle 9	When taking first loan	When in Cycle 9	Variance
Number of clients (N)	334	334	
Average age	41.2	47.1	5.9
Average household size	6.1	5.8	-0.3
Probability for clients to live under the extreme poverty threshold of under \$1/day	52%	47%	-5

Solidarity Clients – Cycle 9	When taking first loan	When in Cycle 9	Variance
<i>Probability for clients to live under the poverty level of \$2 per day</i>	69%	63%	-6
<i>% of clients who own their house</i>	80	85	5
<i>% of clients who own the land on which house is built</i>	78	82	4
<i>% of clients with a latrine</i>	80	94	14
<i>% of clients in agriculture or livestock rearing</i>	87	88	1
<i>% of clients who know at least how to read and write their name.</i>	71	68	-3
<i>% of clients who send all their schoolage children to school</i>	88	99	11
<i>% of clients who eat meat at least 2 or 3 times a week</i>	38	42	4
<i>% of clients with a tin roof or better</i>	95	99	4
<i>% of clients who own small assets like a radio or TV</i>	60	84	24
<i>% of clients living in a house with a cement floor</i>	80	91	11
<i>Average of savings in HTG</i>	584	3225	2641
<i>% of clients who are food insecure with hunger</i>	28	10	-18
<i>% of clients who are food secure</i>	31	66	35
<i>% of clients who are Food insecure without hunger</i>	41	23	18

Annex 7: Social Impact data collection methodology for 2019

In 2017, the SFF board voted the Company's social performance goals and set-up a comprehensive social performance monitoring strategy to measure whether they achieve these goals or not. SFF therefore asked the Fonkoze Foundation's Social Impact team to adapt its data collection so the collected information could directly feed into this new strategy.

It was agreed that in 2019, Social Impact would :

- a. Collect information on a representative sample of new clients in these 12 branches each year, per product ;
- b. Do follow-up interviews with clients who started taking loans in 2017 in the 12 original branches and who are in cycle 3 in 2019.
- c. Follow-up with clients in the old Social Impact database who will be in cycle 6 and cycle 9 in 2019.
- d. Collect information on client satisfaction survey

The following is the key information SFF requested from the Social Impact team :

- 1- Probability of new clients living under the extreme poverty threshold of under \$ 1.25 / day (overall and by product, reported semi-annually)
- 2- Probability of new clients living under the poverty level of \$2.5 per day (overall and by product, reported semi-annually)
- 3- Client satisfaction (reported semi-annually, by product)
- 4- PPI scores (\$.25/day and \$2.5/day): cohort, over time (comparison of cycle 1, 3, 6, 9; reported annually)
- 5- Highest amount of money the client spent over the past 6 months to purchase inventory (comparison of cycle 1, 3, 6, 9; reported semi-annually)
- 6- Percentage of clients who improve on the indicator:
 - a. The client owns their house – cohort, over time
 - b. The client has a cement floor – cohort, over time
- 7- The client has/has not made improvements to his/her dwelling