

“Our goal is to seek out and provide services to Haiti’s most vulnerable people. ... those who have no assets at all.”

– *Father Joseph Philippe
Fonkoze founder
and coordinator*

Our recommendation and fit within overall Initiative

We recommend this project because it dovetails with this three-year Initiative’s efforts to restore northern Haiti’s agricultural economy. Programs to rebuild the region’s ravaged ecology will take years to bear full fruit; in the interim, this project will help poor entrepreneurs raise their families’ standards of living, strengthen markets for farm products and teach environmental protection. This multipronged Initiative will also teach farmers environmentally sustainable practices such as planting fruit trees to provide food and crops for sale while conserving soil. Villagers will gain clean water, sanitation and hygiene education.

Microloans and Training Help Haitian Entrepreneurs



A microloan enabled the Jacmel, Haiti-based Association des Planteurs de Meyer (Meyer Planters’ Association) to buy this compressor to extract oil from castor beans. The new machine replaces a laborious process of mashing and boiling the beans, producing a superior product for sale to cosmetics makers. At the same time, the electric machine eliminates the need for charcoal fires in the production process, easing demand for fuel from Haiti’s depleted forests.

Summary

Year-one investment: \$86,000

Total investment: \$250,000

Expected change: 6,750 lives

Cost per life impacted: \$37.04

Project duration: 36 months

Sector: Economic Empowerment

Focus: Microenterprise development

Organization: Fondasyon Kole Zepol (Shoulder-to-Shoulder Foundation, Fonkoze)

Location: Haiti

Geneva Global ID: 073360

Delta Score: *(What’s this? See page 7.)*

1.41

Expected Change

An investment of \$250,000 expands Fonkoze’s financial and educational services to poor female entrepreneurs and their families. A total of 6,750 people will be impacted, some in multiple ways:

- **6,750 entrepreneurs** and their family members, representing 1,350 families, benefit from microloans, gaining increased household income and assets
- **1,215 entrepreneurs** gain understanding of environmental protection and human rights

Project overview

Haiti's once-fertile Limbé Valley is the focus of programs to restore agricultural productivity, but such efforts will take years to bring widespread benefits to poor rural Haitians. In the interim, this project will strengthen entrepreneurial women who are the backbone of Haiti's economy. Microloans and training will result in increased income for thousands of Haitians, raising families' standards of living and strengthening markets for local farm products.

Through this grant, Fonkoze will establish a branch office in the town of Limbé, the central economic hub for some 50 surrounding villages. Fonkoze currently serves Limbé clients from a branch office nine miles

away. The long and costly journey limits clients' deposits, which are Fonkoze's main source of loan capital.

Like other Fonkoze branch offices across Haiti, the Limbé office will combine financial services with training in literacy, health and business development. With this project, Fonkoze will pilot education programs in two new areas:

- Human rights, a critical topic in a country where poverty drives children by the hundreds of thousands into domestic servitude
- Environmental protection, a key to developing sustainable agriculture

Ultimately, Fonkoze envisions the Limbé branch office as a training center for its staff nationwide. The office is expected to provide the full range of Fonkoze's products – including a program for the poorest of the poor, offering healthcare and food in addition to training.

Snapshot



What's wrong

Poor entrepreneurs in Limbé have little access to microfinance. Growth in microcredit offerings depends on accumulating clients' savings for loan capital.

What's right

Streamlined government regulation and a more stable currency paves the way for growth in microfinance and small business. In addition to financial and educational services, Fonkoze will bolster this Initiative with strong project management and monitoring skills.

Vision

*Father Joseph Philippe
Fonkoze founder and coordinator*

"Ten years ago, Fonkoze consisted of an ambitious dream, one small office, five employees and 50 clients. Today, Fonkoze [with its commercial affiliate, Fonkoze Financial Services, which operates 15 branch offices throughout Haiti] serves more than 100,000 clients – mostly women – boasts more than 30 branches, and provides jobs to 500 employees. But for us, this is not enough. Do I sound ungrateful? Please believe me, I am not. I give thanks each and every day for the dedication and determination of Fonkoze's employees and donors. But it is

"Fonkoze [has] concentrated its efforts on reaching further and further into poverty."

our clients – the organized poor of Haiti, and the ti-machann [women who sell in the marketplace] – who inspire and encourage us to strive for more. ... All we have accomplished so far, it is not enough. For the past two years, Fonkoze [has] concentrated its efforts on reaching further and further into poverty. Our goal is to seek out and provide services to Haiti's most vulnerable people – those who live in the most remote areas of the countryside. Those infected with HIV or drug-resistant tuberculosis. Those who have no assets at all, with children who do not eat enough food, families who sleep on the floor, and who will never see a good roof on their home or the four walls of a classroom."

Project budget

Items	Year 1	Year 2	Year 3	Total
Employee salaries (three credit agents, three guards, two tellers, two housekeepers)	21,140	22,902	25,192	69,234
Stipends for monitors	4,897	5,934	7,121	17,952
Residence rent	4,000	6,000	6,000	16,000
Training for monitors	0	6,210	7,452	13,662
Motorcycle fuel	3,600	4,800	4,800	13,200
Transportation	2,000	5,600	5,600	13,200
Forms printing	3,600	3,600	3,600	10,800
Central office support services	2,680	4,000	4,000	10,680
Motorcycles	8,866	0	0	8,866
Supplies for monitors	0	3,850	4,518	8,368
Administration salaries (branch director, assistant branch manager)	0	7,678	0	7,678
Office furniture and equipment	7,640	0	0	7,640
Generator fuel	4,440	1,480	1,480	7,400
Personnel benefits	1,711	2,446	2,015	6,172
Motorcycle and generator maintenance	901	2,592	2,592	6,085
Rental property improvements	1,000	2,500	2,500	6,000
Educational materials	0	3,080	2,802	5,882
Computers and printers	5,400	0	0	5,400
Generator	5,000	0	0	5,000
Satellite Internet antenna and connection	1,945	828	828	3,601
Branch office rent	3,600	0	0	3,600
Battery power supply	2,280	0	0	2,280
Vault	1,300	0	0	1,300
Total	\$86,000	\$83,500	\$80,500	\$250,000

An additional \$162,437 needed to complete this project has been committed by other sources.

Picturing Life Change



The Jacmel-based association of women entrepreneurs *Les Dix Doigts (Ten Fingers)* produces handicrafts such as this straw mat for sale to tourists.

Key implementer data

Project investment vs. annual budget

- First-year project investment is 4 percent of Fonkoze's total 2006 income.
- Fonkoze has 266 full-time and part-time workers

Up close

Madanm Lano sells dry beans, rice, oil and other food staples in the market in Palma, a 35-minute ride on a motorcycle from her home in Ansagale, Haiti. She is a widowed mother of seven children, and uses credit from Fonkoze to build her business. Lano also participates in Fonkoze's class in reproductive health. She says the most important thing she learned from the program was the importance of using condoms – to "be more careful" about her health, she says.



Madanm Lano

Track record

Established in 1994, Fonkoze has a successful track record of providing poor rural women with financial and educational services, including four years of experience in the Limbé Valley providing microloans to groups of female entrepreneurs. Currently, Fonkoze serves the Limbé area from a branch office nine miles away.

Fonkoze's core credit program is based on the methods of Nobel Peace Prize-winning Grameen Bank, and sanctioned by the bank. In addition to financial services, Fonkoze provides its clients with training in literacy, health and business development.

Though men are not excluded as beneficiaries, Fonkoze primarily focuses on women because:

- Women are the backbone of the Haitian economy. Soil depletion and economic instability have crippled agriculture, and 80 percent of Haiti's economy is made up of women who peddle items such as cigarettes, bottles of diesel fuel, candy, prepaid cell phone cards and food items.
- Haitian women are often single heads of households. Typically, they are poorer than men and have fewer opportunities for work.

Fonkoze also has a successful track record of providing financial services to farming cooperatives and their customers, strengthening the quality and quantity of farm production.

Fonkoze has an outstanding portfolio of \$4.2 million, 16,412 active borrowers and an on-time repayment rate of 94 percent. The organization disbursed 7,920 loans in the fourth quarter of 2006.

Since 1994, Fonkoze has opened an average of two new branch offices each year, and currently operates 17 branches throughout Haiti. When branches become financially self-sustaining, Fonkoze transfers them to its commercial affiliate, Fonkoze Financial Services, which now operates 15 branches nationwide.

Fonkoze has successfully weathered crises such as national political upheaval in 2004, and disasters such as 2004's Hurricane Jeanne.

"Fonkoze is the only microcredit institution working throughout Haiti in rural communities," says Danielle Saint-Lott, Haiti's former minister of culture and tourism and current president of Port-au-Prince, Haiti-based Femmes en Démocratie (Women in Democracy). "Fonkoze has chosen a compre-

Depth analysis

Urgency



Relates to critical unmet needs and underserved people and the window of opportunity to achieve optimal results.

Essential need



Based on a hierarchy of needs with life and death issues scoring high, promoting self-improvement scoring low.

Depth of impact



Identifies how thoroughly projects affect individuals. Complete or thorough transformation scores high. Light impact or difficult-to-measure results score low.

Endurance of impact



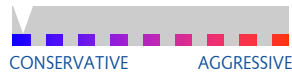
Refers to how long changes last among individuals. Life change that lasts a lifetime scores high. Life change that diminishes and needs to be replenished scores low.

hensive approach to poverty alleviation. Building on an understanding of the effectiveness of microcredit and grass-roots development, Fonkoze programs benefit not only microentrepreneurs but rural communities as a whole," Saint-Lott says.

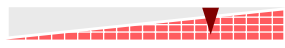
"We're really proud to be able to contribute to the work of what is without doubt the leading microfinance institution in Haiti," says Carine Roenan, Haiti country director for Dublin, Ireland-based Concern Worldwide, which has collaborated with Fonkoze for 10 years. "In addition to their national coverage and credibility with both national and international stakeholders, Fonkoze's main assets are their dedicated staff and an outstanding work ethos."

Risk analysis

Aggregated project risk. This score is a compilation of six categories of internal and external risk for this project.



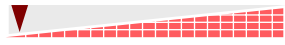
Context



Reflects regional risks outside the organization's control that could prevent project goals from being achieved.

Under its current government, Haiti is enjoying its greatest political and economic stability in 60 years. However, there is no guarantee that conditions will remain stable.

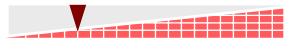
Clarity



Refers to clear links among project design and scope and estimated Life Change impact, and reflects design risks.

At a time when Haiti's food needs continue to outstrip its production, the Limbé Valley has a unique opportunity to regain its status as an important source of fresh vegetables.

Coherence



Refers to clear links among the project, the organization's experience and the Strategic Initiative goals, and reflects related risks.

Fonkoze already has a substantial presence in the Limbé area, but as yet has no physical office there. For now, credit officers travel by motorcycle from another branch.

Credibility



Refers to the organization's reputation, and reflects risks related to the organization's governance and integrity of its leaders.

Fonkoze has strong support from community members and leaders. References describe Fonkoze's work with rural women microentrepreneurs as highly successful.

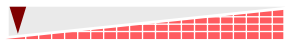
Capability and capacity



Refers to the organization's ability to achieve project goals, and reflects risks related to leadership, staff and finances.

Sustainability of services in Limbé remains challenging as the nearest branch is nine miles away. Forcing clients to travel reduces deposits, a primary source of loan capital.

Continuous improvement



Refers to the organization's record of monitoring, evaluating and improving projects, and reflects related risks.

Fonkoze closely monitors its education programs as well as its savings and loans programs. In this Initiative, Fonkoze must coordinate with another microfinance institution.

Overall key risks

- Though Haiti is currently stable economically and politically, the risk remains of a return to decades of instability
- Fonkoze is piloting educational programs on human rights and environmental protection
- This project will open a new branch office in Limbé, where Fonkoze currently has no physical presence

Up close

Marie France of Marigot, Haiti, travels to several markets to sell soap, lotion, spaghetti, tomato paste, canned milk and other groceries. Her business has been growing, thanks to loans from Fonkoze at rates less than a tenth of those charged by local informal lenders. France and four friends took a group loan. Acting as guarantors for one another, the women got credit without collateral or a salaried co-signer, traditional requirements for formal credit. The women have made payments on schedule, and are now paying off their third group loan. France has been able to improve the way she runs her business, thanks to a local Fonkoze class in business skills. "Anything I can do to make my business better is important for me," she says. "Before the class, I never really knew whether I was making money or losing it. I was a little bit lost. Now I have a notebook for expenses and another for sales. I have a separate notebook where I write down any sales I make on credit. That way, I have a clear record of everything my clients owe me. Thanks to the class, I feel like I am in control." Her children "like seeing that their mother goes to school," France says. "When I take out my book to study at home, they read along with me. They ask lots of questions. It's good, because they're learning things that could help them later on."

Geneva Global's Strategic Initiative Approach

1 Plan

Geneva Global's specialists and client investors explore solutions to local problems that result in clearly defined social change.

2 Identify

Determine Strategic Initiative goals and objectives.

1. Explore needs, focus of investment and availability of local implementers.
2. Engage potential implementers and funding agencies to clarify plans.
3. Refine granting strategy and conduct a baseline study.

Qualify

Conduct due diligence.

3 Fund and monitor

Disburse funds, build capacity and monitor progress:

1. Disburse funding after agreements are signed.
2. Share best practices.
3. Monitor projects against agreed-upon milestones.

Evaluate

Compare performance with goals and objectives to gauge impact:

1. Compare performance with baseline data.
2. Record lessons learned.
3. Celebrate achievements.

A Strategic Initiative is a solution-oriented approach designed to catalyze Life Change. It requires careful communication and planning among local leaders in a project area, Geneva Global staff and the client investor. The results benefit all involved.

Key ingredients for each Strategic Initiative include:

- Establishing clear and measurable goals for social change through a landscape study, a granting strategy and a baseline study.
- Selecting effective implementing organizations whose programs and projects align with the established granting strategy and provide the best local approaches to address local needs.
- Collaborating and sharing knowledge among funded organizations to encourage effective use of best practices. This may happen in many ways, including implementer conferences, workshops and client site visits facilitated by Geneva Global.
- Conducting ongoing monitoring and evaluation of funded projects, as well as communicating with implementers and donors on the progress of the Strategic Initiative projects.
- Conducting a final evaluation of the Strategic Initiative to determine the measurable and lasting Life Change achieved.
- Exploring how additional funding could enable the most effective implementing partners to continue addressing the most critical needs in the region. This encourages expansion of the most effective organizations and programs through results-based funding. In the end, the best of the best expand their work, improving the marketplace among social entrepreneurs.

A Strategic Initiative is a portfolio of multiyear projects within a specific geographic area. Through collaborative investment from multiple client investors, a Strategic Initiative results in clearly defined social change, often focused on a single issue or developmental sector of global priority.

Projects are researched and chosen to create portfolios that will achieve results greater than the sum of the projects. A Strategic Initiative spans three to five years. Grant amounts for individual projects within a Strategic Initiative are typically \$1 million or more, but will vary according to geography, capacity of local implementers and the specific issues addressed.

Who is Geneva Global?

Geneva Global Inc. is an advisory services firm providing independent research and guidance for highly effective and rewarding giving within the developing world. Beginning with careful listening and leveraging extensive field expertise, Geneva Global provides a combination of insight, access, and influence so donors can invest in life-changing giving.

What is a *Delta Score* and how is it calculated?

The Delta Score is a universal measurement that makes it possible to compare projects, regardless of type or location. The Delta Score calculates the depth and breadth of Life Change from a project and compares it to the most common form of international giving, child sponsorship. The scoring system is calibrated so a Delta Score of 1 equals successful sponsorship of one child. This means a project with a Delta Score of 7 is expected to produce seven times more Life Change than if an equivalent amount of money were spent on child sponsorships.

What do you mean by expected *Life Change*?

One of the most serious flaws in traditional philanthropy is the lack of ways to measure success. How do you know whether your contribution did any good? We define Life Change as a direct, material and measurable difference in the quality of a person's life. A life is changed when an AIDS orphan is integrated into a loving family, when a mother achieves economic security by starting a small business, when an infant's life is saved by a vaccine, when a girl completes her education or when a slave becomes free from bondage.

What is the *Risk analysis* and how is it determined?

Based on Geneva Global's extensive experience, projects are only recommended that have acceptable levels of risk. However, tolerance for risk

varies among donors. Geneva Global finds, researches and recommends projects that range from daring to stalwart. The Risk analysis provides an at-a-glance indicator to help you match your desired amount of risk for a particular project.

What is the *Depth analysis*?

The Depth analysis provides an at-a-glance indicator to help you gauge the overall priority of the recommended project. Looking at a range of project assets, this measure provides a global perspective of the uniqueness, time-bound urgency, depth of impact and length of expected change. All measures to help you clarify the comparable value of this recommended project.

Whom do I contact to fund this project or ask questions?

We welcome the opportunity to discuss this project with you and explore opportunities for tax-deductible investment in this specifically targeted Life Change. If you do not have a specific Geneva Global advisor to assist you, please contact Christine Messa in our client services department (in the United States, 610-254-0000; or CMessa@GenevaGlobal.com).



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