



Fonkoze
fondasyon kole zepòl

The Challenges And Opportunities Of Remittances For Microfinance Institutions: The Case of Fonkoze

Presented by:

Anne H. Hastings
Director, Fonkoze
April 21, 2005



Fonkoze
fondasyon kole zepòl

Fonkoze: Haiti's Alternative Bank For The Organized Poor

- Haiti's largest MFI
 - ✓ 24 branches, in all sections of the country
 - ✓ 25,000 borrowers - loan portfolio of \$4.4 million
 - ◆ \$3.9 million in solidarity group lending
 - ◆ \$0.5 million in individual, business development loans - also rural
 - ◆ PAR of 3%; Loan Loss rate of <1%
 - ✓ 64,000 savers - \$4.9 million in savings
 - ✓ Foreign Exchange: \$25 million per year
 - ✓ Remittances: Facilitated the flow of \$7.3 million
 - ✓ Literacy & Education Services
 - ◆ Basic literacy
 - ◆ Business skills
 - ◆ Sexual & reproductive health



Fonkoze
fondasyon kole zepòl

A Leader With A Vision



Observations

Democracy won't survive without economic development

The poor can't depend on outside help

Women are the backbone of the economy

We can't just give a woman a loan and send her on her way

The only thing keeping Haiti afloat is the diaspora

The Vision

The poor must have a bank they can call their own

The bank must be self-financed and sustainable

Women must be the target market so we reach the whole family

We must accompany her as she struggles to make her way out of poverty

We must provide services to the diaspora

A Suite of Services

Credit
Savings
Currency Exchange
Remittances
Basic Literacy
Business Skills



Fonkoze
fondasyon kole zepòl

Why Are Remittances So Important?

- Haiti is the poorest country in the Western Hemisphere
 - ✓ GDP per capita in 2003 of \$361
 - ✓ Majority of population of 8 million lives in abject poverty
 - ✓ At least 70% of the population has no access to clean drinking water.
 - ✓ 56% of the population is malnourished.
 - ✓ Infant mortality rate: 76 deaths per 1,000 live births.
 - ✓ Life expectancy at birth: less than 50 years.
 - ✓ The illiteracy rate is greater than 50%, the highest in the Americas.



Fonkoze
fondasyon kole zepòl

How Remittances Help

- Remittances are important because
 - ✓ Act as a safety net
 - ✓ Contribute to local development
 - ✓ Can add to macroeconomic development - add to savings rates, consumption, investment



Fonkoze
fondasyon kole zepòl

Remittance Market In Haiti

- 2002: >\$800 million
 - ✓ 24% of GDP
 - ✓ 150% of exports
- Now more than \$1 billion
- Dominated by large, private companies
 - ✓ Western Union, Bobby Express, CAM
 - ✓ High fees, often not transparent



Fonkoze
fondasyon kole zepòl

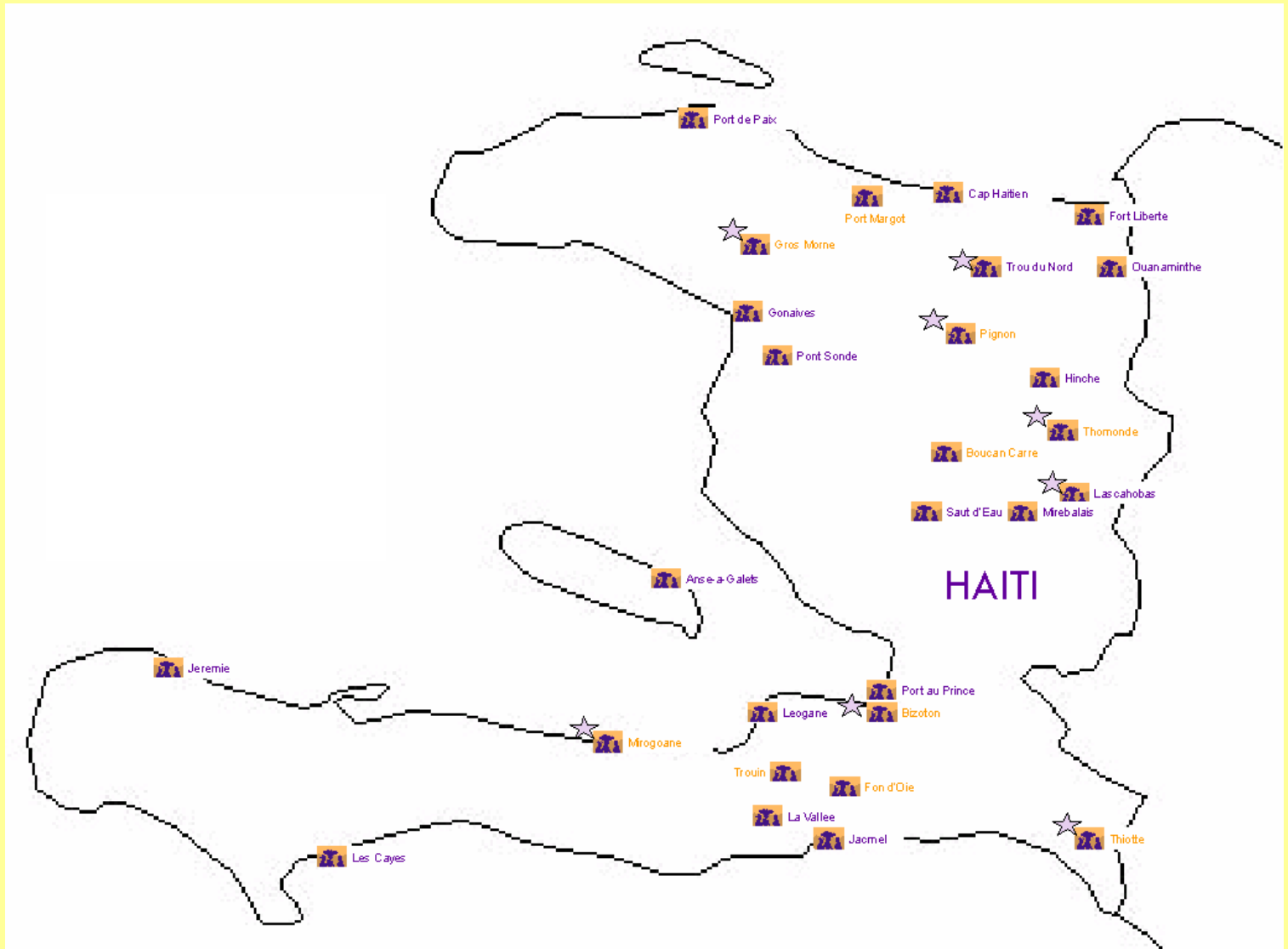
Why Remittances? The Opportunities

- **Social Goals**
 - ✓ Decrease the exorbitant fees
 - ✓ Increase the US dollars available to families
 - ✓ Garner the support of the diaspora
- **Financial Goals**
 - ✓ Expand savings base
 - ✓ Access to new clients
 - ✓ Improves our value to our clients
 - ✓ Source of revenue



Fonkoze
fondasyon kole zepòl

Fonkoze's Branch Network





Fonkoze
fondasyon kole zepòl

The Challenges Along The Way

- The search for a strategic alliance
- To use agents or not
- Educating unbanked Haitians to use the service
- The “public service” campaign
- The technology challenge



Fonkoze
fondasyon kole zepòl

The Future

- *New alliances with competitive services*
- *Maximizing the value of our branch network*
- *Maximizing volume*