

Investment in Haiti's Largest Microfinance Institution – Fonkoze

In 2008, HMI invested \$100,000 for 80,000 shares of Fonkoze S.A. (FSA), the 99.9% parent of Fonkoze Financial Services Inc. (FFS). This investment will represent approximately 2% of the FSA capital stock, assuming FSA issues the 1,600,000 additional shares it is currently undertaking to place. FSA is a for-profit corporation; 40% of FSA is currently owned by Fonkoze Foundation (“the Foundation”), a charitable organization.

The investment in FFS (indirectly through FSA shares) was chosen after a two-year study which included site visits to several branches, observations of many Foundation and FFS client meetings, and attendance at FFS board meetings and two annual Solidarity Conferences sponsored by the Foundation. The investment was selected for the following reasons:

Dynamic leadership – In 13 years, Father Joseph Philippe and Anne Hastings have assembled a hands-on international staff and Board of Directors responsible for managing and directing the largest microfinance organization (MFI) in Haiti, which is recognized worldwide for its innovations in bringing banking services to the poor. While many MFIs concentrate on a fixed methodology for making microfinance services available, the Foundation and FFS are constantly seeking more innovation. Examples of this leadership include:

Organizing an international grassroots summit in 2004 of seasoned practitioners in microfinance to focus on Haitian poverty.

Providing platforms for client classes in literacy, business skills, sexual and reproductive health, environmental protection, and children's rights.

Coordination with other agencies. One outstanding example of such coordination is the Foundation's relationship with Paul Farmer's “Partner in Health” (of *Mountains Beyond Mountains* and 60 Minutes fame).

Organization – Fonkoze has established an effective organizational structure, including (i) Fonkoze USA, a 501(c)(3) fund-raising arm for Haitian poverty elimination microfinance programs; (ii) a nonprofit foundation (the Foundation) which establishes and manages microfinance branches nationwide to become self-sustaining operations; and (iii) a for-profit entity (FFS) attracting socially conscious investors. This latter entity operates microfinance branches which have demonstrated breakeven or better financial results.

Nationwide Scope – The Foundation and FFS have established microfinance branches covering the entire country. Currently, there are 40 branches (January 2009) which, by 2012, will expand to over 60 branches, serving 20% of Haiti's rural poor.

Self-Evaluation – The Foundation and FFS have demonstrated they are not content to assume microfinance will bring its intended result – poverty elimination. They continue to develop programs for evaluating the effectiveness of their programs.

Products – The Foundation and FFS provide the rural poor of Haiti with an extraordinary array of financial services, including not only the traditional microfinance products of loans and savings investments but also life insurance, remittances, and money exchange services (the only MFI in Haiti to do so).

Those interested in learning more about the Foundation and FFS may wish to visit www.Fonkoze.org or telephone Anne Hastings or Danielle Belair at 1-800-293-0308.