

## Kore Lavi's Experience Sharing and Learning Exchange Event



Event held at Karibe Hotel, on January 17<sup>th</sup>, 2019 @ 9:00 AM - 3:30 PM

Kore Lavi's learning event, **Boosting Rural Economic Opportunity in Haiti: Saving groups, Resilience, Social Cohesion and Financial Inclusion in Rural Areas**, brought together 85 participants from NGO partners, government representatives, universities, the private sector, international donors, community-based organizations, and Village Saving and Loan Association (VSLA) members focused on sharing experiences and lessons learned from the VSLA based Safety-Net System that was established in Haiti by the Kore Lavi program under the leadership of MAST (*Ministère des Affaires Sociales et du Travail* - Ministry of Social Affairs and Labor).

A productive event, the presentations and discussion stimulated debates on the variety of challenges that can potentially impact the financial inclusion sector – primarily legal status, high interest rates, and general skepticism around the construct of formal cooperatives. The event also contributed to facilitating a dialogue between diverse actors that all intervene in the area of rural financial inclusion – targeting the most vulnerable – social cohesion, and resilience. Partners DAI (Development Alternatives Inc.), the World Council of Credit Unions (WOCCU), and Konsèy Nasyonal Finansman Popilè (KNFP) joined Kore Lavi in sharing their experiences and good practices related to microfinance and rural financial inclusion.

## Presentations Highlights:

1. *CARE: Village Savings and Loan Association (VSLA) Methodology and its Impact on the Most Vulnerable Rural Households*
  - Since 2008, the VSLA methodology has been scaled up across seven of the 10 departments within Haiti.
  - The VSLA methodology:
    - Supports start-ups of new income-generating activities – toward building resilience of the most vulnerable against natural shocks;
    - Contributes to empower women and positively shift the intra-household dynamic – related to decision-making;
    - Encourages social cohesion and collective enterprise initiatives; and
    - Contributes in the revitalization process of economic activities in the rural communities – specifically on the local markets.
  - Through Kore Lavi, there are currently **1,241 VSLAs** throughout Haiti – in Centre (334), Sud-est (352), Nord-Ouest (293), Artibonite (227), and Ouest (35) made up of **36,917 members** (27,188 women, 9,729 men), and with a total value of 148,785,009 HTG or approximately **\$1,970,000 USD in savings**.
  - 50% of net beneficiaries are integrated into the VSLAs and 80% of have established additional income-generating activities with 42 having emerged into profitable businesses.
  - Demonstrated strengthened resilience capacity at the household level through KL includes:
    - 71% report the ability to meet their food/hunger needs
    - 62% report the ability to pay for their children’s schooling
    - 48% report the ability to cover necessary medical expenses

### Fidelité Group Success Story

In the commune of Cayes Jacmel, of the Southeast department of Haiti, you’ll find *Fidelité* – one of 1,241 self-autonomous VSLAs established by the rural communities under Kore Lavi. The program has seen a significant increase in the knowledge and empowerment of *Fidelité’s* 30 members who have increased their savings from 25 gourdes per member per meeting in 2015 to 100 in 2017 (approximately \$1.28 USD – considering 78 HTG for \$1).

VSLA member Denis Laguerre reflects, "*The VSLA methodology comes too late in the community. If it had come earlier, they [Fidelité] would have already gotten rid of their misery.*" To which the president of the group, Pierre Michel, added : "*it's not just about savings and credit – important positive changes have been made in the community including: empowerment, social cohesion, positive intra-household chemistry, and increased income.*"



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Beyond increased savings, the VSLA group members developed, submitted, and won Kore Lavi's Business Plan Development Competition to receive a \$2,000 USD start-up investment, with support from the Balitsaris Foundation, to actualize their business plan of establishing a community shop specialized in trading staple foods. *Fidélité's* shop has been enrolled as an accredited vendor within Kore Lavi providing them with a legal bank account, patent (legal business authorization), well-established depot, and more. On average, they report serving 70 Kore Lavi beneficiaries, in addition to other community members, which has produced a reliable monthly profit of more than 10,000 HTG (approximately \$128 USD).

As the Kore Lavi program nears its end, president Pierre of *Fidélité* declared, "We are fully aware of the phasing-out of the Kore Lavi program, however we remain very calm because the program has given us with a tool that will allow us to continue generating incomes in many years to come. Therefore, our objective is to extend our business so that we can be the biggest staple food community shop in the commune of Cayes-Jacmel."

## 2. WOCCU: Accessible Finance for All

- WOCCU supports financial markets in growing economies, along with global partners, such as USAID, the United Nations, and the World Bank by promoting financial inclusion, strengthening institutions as well as providing policy and regulatory support.
- As of November 2018, the network of savings and credit union pilot project in Haiti, Kes Pam Pi Pre'm (KPPP), has successfully established **107 groups** with **1,652 members** and a total of 2,425,991 HTG or **\$29,300 USD in savings**, 4,468,386 HTG in loans, and 4,020 transactions.
- KPPP prioritizes networking with the formal financial institutions to extend the field of intervention of the informal saving groups.
- Recognizing the importance of integrating technology in the rural financial inclusion initiatives, KPPP is in the process of developing mobile microfinance to expand financial services coverage through a digital application.
  - *Identified advantages for the clients:* provides access to a formal financial system at a lower cost (vis-à-vis transport reductions); financial education; increased security; promotes local economic development; promotes mutual aid and cohesion.
  - *Identified advantages for the Credit Union(s):* gaining additional clientele (previously inaccessible); minimized credit risks; strengthening the economic and social role of the financial Cooperative.

## 3. KNFP: Proximity Financing Initiative in Haiti – the ABCPs

- A Haitian network association consisting of seven (7) member institutions – FHAF (Fond Haitien d'Aide à la Femme, KOFIP (Kolektif Fianansma Popile), RODEP (Reseau des Organisations pour le Developpement des Palmes), RSFP (Reseau pour la sauvegarde des de la foret des Pins), PLAIOD (Platfom Inite Oganizasyon Dezam), FOBNO (Federation des Organisations du Bas Nord-Ouest, and FLM (Federagtion Lutherienne Mondiale) ( – providing training, advocacy, and support to approximately 100,000 across all ten geographical departments; with the majority (80%) living in rural areas. These include micro, small, and medium enterprises, ABCP, and farmers organizations.
- Areas of intervention include advocacy around the rural microfinance platform and technical capacity building for the informal savings groups.



- Data collection on existing saving groups (MUSO, VSLA, Community Banks etc.) from FY17-FY18 indicates:
  - 62,312 group members, including 43,807 women;
  - 35,092 active borrowers (representing 10% of total number of borrowers served by the microfinance sector during FY17-FY18);
  - 236,021,063 HTG credit granted; and
  - 255,584,152 HTG or \$3,086,500 USD in savings.

4. DAI: Major *Challenges of the microfinance sector in Haiti*

- DAI’s USAID funded Finance Inclusive project (April 2017-2019) brings together multiple, interconnected actors in the financial system—BRH, sector associations, financial institutions, local professional service providers, researchers, USAID programs, and other donors—to understand end-users’ livelihood strategies and jointly tackle the challenges impeding financial inclusion of Haiti’s lowest-income segments, particularly women. Key objectives include:
  - To strengthen MFI Associations and contribute to improved advocacy of Associations
  - To improve the production of available data for the creation of new products
  - To provide technical assistance to partners to improve the overall quality of basic financial services (especially digital financial services)
- Of the two main sectors of microfinance in Haiti (Cooperative and non-Cooperative), there are significant challenges surrounding Cooperatives: (1) Legal framework (legal authorization to function), and (2) negative perceptions of microfinance in Haiti.

**Key Outcomes from the Discussions and Debates:**

	Identified Challenges	Essential Outcomes
CARE	What, if any, is the risk to register intra-household conflict through the emergence of VSLA which promotes the empowerment of women?	Based on explanations provided during the discussion panel, the decision to integrate VSLAs is a joint decision between the husband and the wife. To date, Kore Lavi has not seen intra-household conflicts arise (however, no specific study has been conducted to assess). VSLAs are composed of more than 72% women – increasing women’s empowerment and contributing to an improved intra-household dynamic; especially as it relates to equitable decision making.
	There is skepticism on the capacity of rural VSLA groups to manage the growing amount of money. Should there be a link between them and the legal cooperative?	Received with quite a lot of interest, this question brought about significant reflections and debate. VSLA group members testified that the majority of their savings are on outstanding credits, and the only time that they have access to significant cash is during the last meeting just prior to the redistribution.  While some VSLA members agree it wise to link with a formal financial institution, they also acknowledge that it would have to be a unanimous decision by all members. Ultimately, it seems that the majority feel more comfortable continuing to manage the money themselves on a mutual trust-based approach. If/when there is the decision to link the VSLAs to the legal cooperative, an identified challenge would be in securing their legal status.



	Update on the the Government responsibility toward sustaining the VSLA methodology?	<p>The focal point of the Ministry of Social Affairs and Labor, Odney Pierre Ricot, has agreed to keep working with the existing VSLAs for years to come; including aspirations to deliver legal status for integration into the formal finance sector. Two critical updates include:</p> <p>The Government has already requested that Kore Lavi hand over the contact information and geographic location of all existing VSLAs – to be included in the Information System of MAST (SIMAST).</p> <p>MAST has appointed VSLA Focal Points – at both the Central and the departmental levels – who are are working closely with Kore Lavi personnel for a proper knowledge sharing and handover.</p>
	What support does CARE/Kore Lavi plan to provide to the VSLAs that were created by other groups or Village Agents?	Kore Lavi is currently working on a geo-localization survey and an in-depth assessment of existing VSLAs to ensure that respective needs can be better identified and addressed. The program has recruited a number of 10 VSLA Animators and two VSLA Supervisors to provide additional technical assistance to those VSLAs.
WOCCU	How are the risks (i.e. lack of coverage and unfamiliarity with technology) of network coverage in field officer banking methodology – (FOB) implementation being addressed?	Currently working on different application options to upgrade performance. In the meantime, there exists an offline tool which allows a daily synchronization of data needed in order to facilitate the mobile agents’ work in rural community.
	What, if anything, is being done to address the cultural resistance of rural individuals in using a mobile Agent to spread the “ <i>Kès Pam Pi Pre’m (KPPP)</i> ” approach?	The KPPP intervention remains in the pilot stage and aims to overcome any cultural challenges through a dynamic sensitization. The results have yet to be seen.
	Considering prior experiences, what is the ideal way of combining both <i>MUSO</i> and <i>VSLA</i> methodologies in rural areas for the benefit of the most vulnerable people?	This question requires additional thought and action considering the differences between the two methodologies. CARE will be taking the lead in organizing a technical working group / platform to bring the relevant actors together to identify possible innovative solutions.
KNFP	How will you document and share the success stories and best practices of the saving groups through the financing initiative of rural development with a larger audience?	While KNFP is in the process of advocating the rural saving groups, it is working very closely with International NGOs – like DAI for example – to compile the necessary data, document the findings, and share them with the relevant actors of the financial inclusion sector.
DAI	What can DAI do to join the informal microfinance with formal initiatives to increase economic development in the rural areas in Haiti?	<p>We (Kore Lavi, KNFP, WOCCU, Mercy Corps, etc.) are currently moving in the right direction, according to DAI. Since the informal savings groups are currently managing significant amounts of money, it has begun to draw the attention and interests of the Central Bank and other legal cooperatives. Thus, creating substantial linkages becomes much easier.</p> <p>The matter does, however, requires deeper reflections because linkages must be made in such a way that do not impede the normal operating principles and procedures of existing rural saving groups. Since the informal saving groups are built on a mutual trust-based approach and social cohesion, it is unclear how this initiative will be received by the saving groups’ members.</p>



## Event Feedback Highlights:

- The MAST representative suggested a larger platform with the participation of more actors to continue discussing/debating about *Boosting Rural Economic Opportunity in Haiti*. While there are not currently any financial resources to support/sustain such a platform, Kore Lavi is assessing potential options and donors to do so.
- The Nutrition Director of Ministry of Public Health (MSPP) vocalized the importance of savings groups roles in contributing to the reductions of acute and severe malnutrition; and is in support of MAST granting legal recognition to existing VSLAs to support their sustainability.
- Among the feedback received was significant encouragement for CARE Haiti to continue to facilitate similar learning events. Participants acknowledged the important role that learning sharing plays in enhancing reflections with the aim of improving support for rural communities in increasing their resilience through income-generating initiatives.

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<sup>i</sup> *Kore Lavi is a USAID-Funded Development Food Assistance Program (DFAP) – implemented by a consortium of 4 NGOs and Agencies (CARE, WFP, World Vision and Action Against Hunger) – whose overall goal is to Reduce food insecurity and vulnerability by supporting the Government of Haiti (GoH) in establishing a replicable safety net system and expanding capacities to prevent child undernutrition. The program is being implemented in five (5) geographic departments and targets the most vulnerable rural households.*

