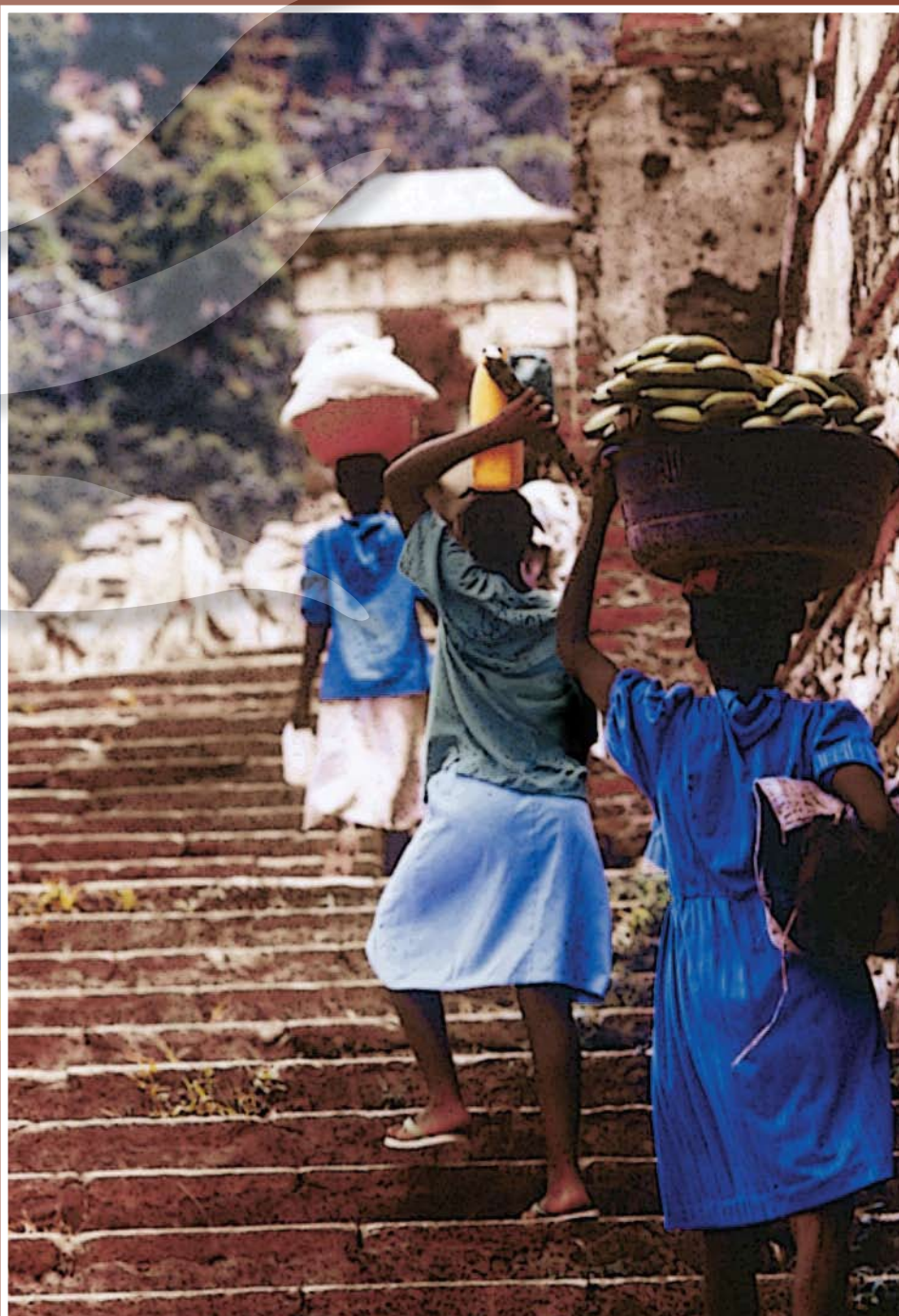


# KREDIFANM

The Basics of a  
*credit methodology for women*  
in the haitian rural milieu



*IICA Office  
in Haiti*



Inter-American Institute for  
Cooperation on Agriculture

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# FOREWORD

In Haiti, women represent 52 percent (52%) of the total population and sixty percent (60%) of the rural population. The priority given to male workers and the lack of jobs makes it very hard for women to find employment, so they often remain financially dependent on the men. This prevents them from developing independent financial security.

In this context, rural Haitian women, especially those who were born into extreme poverty, have developed special aptitudes that favor saving money. Some of these aptitudes include the capacity to make decisions, marketing skills, openness to new activities and markets, experimentation, investment, borrowing, planning, and taking risk. In addition to this, they have values such as solidarity, open to advices from reliable people, respect of commitments that they agreed on together, and a remarkable sense of responsibility to assure the supervision and the development of their children.

In 1992, Mrs. Jan Hurwitch, the Representative of IICA Office in Haiti, decided to promote, in the contest of her work on Rural Development, the establishment of a financial service with emphasis on the particularities of rural Haitian women. This initiative would allow

the progress of those in adequate and sustainable conditions, through a substantial loan, to development productive activities of their choice.

This initiative was developed through similar experiences of Mrs. Hurwitch in Jamaica and the Dominican Republic with the “MUDE” project (Women in Development). In Haiti, the first program was launched in Village de la Montagne (Mountain Village) with the funds collected from the international employees of the IICA office. This experience encouraged the cooperation with the Canadian Embassy. A larger credit project for rural women, Kredifanm was established and was operational from 1994 to 1997 with the financing of the United Nations for the Population (UNFPA).

From 1997 to 1999, in spite of much political turmoil and the withdrawal of financial support from IICA and UNFPA, the groups kept on meeting and giving credit. Thanks to Pwojè Teknoloji Òganizasyon Konbit Lakay (PWOTOKOL), project financed by Kellogg Foundation, IICA started again to support Kredifanm to increase its capacity and continued until 2003. Since then, the Kredifanm Groups continue to function autonomously with a reimbursement rate which insures its sustainability.

The Kredifanm project could be defined as an organization of interdependent credit units. The methodology was conceived in consultation with women groups and modified by themselves through the years of operations. At the beginning, the loans were granted with the funds of the Institution of Assistance, but the interests paid by the beneficiaries have increased the capital and allow the groups to not only to increase their membership, but as well to continue to operate even after the grants and technical assistance from IICA were stopped.

The participants have been always opened to training sessions and other community activities. The technical team realized training sessions on credit management as well as other relevant topics such as the reproductive cycle, human development, and women rights. Besides working in credit, many of the groups committed themselves to work to the benefit of the community such as repairing roads and encouraging community participation in leisure activities. The credit organization has become an organization to also improve the living conditions of the member's families and their community.

Moreover, the Kredifanm groups created their own saving funds that, in most cases, surpassed the one with which the project started. Although the saving funds are also

used for loans, their management is different from that of the original project funds. This has allowed the groups to increase their membership. The interest rate of the saving funds is often higher and the time limit for reimbursement is shorter than those of the project.

As in every organization, this model is dynamic and can be improved and/or adapted to other environments to meet the financial needs of the target population. Other institutions in Haiti such as Quisqueya University (UNIQ) and the Coopérative de Cautionnement et de Gestion (Cooperative of Security and Management, (CGG) have used this model to grant community credit to women.

After more than twelve years of operational experience in more than 30 localities, the office of IICA in Haiti realizes that it is important to share this experience and publish the results with the objective to promote the dialogue with other institutions interested in addressing the financial needs of women in the rural milieu of Haiti and other countries.

*Port-au-Prince, April 2007.*

***Alfredo Mena Pantaleon***  
***Representative IICA Office – Haiti***



# INTRODUCTION

This document is a synopsis of the most important aspects of the Kredifanm methodology, presented in the systematic form by the IICA office in Haiti. It is intended to be used by authorities and technicians of institutions working in rural development, especially those in micro-credit and production in rural areas. The objective is to promote this experience as a model in Haiti as well as in other countries.

The first chapter presents the separate elements of the organizational structure and their relationships with each other. The second chapter covers the standard operating procedures of Kredifanm, such as the procedures and conditions of loans, grants and reimbursements.

The third chapter details the implementation process of the Kredifanm community. This includes the different steps, time limits, and the conditions to pass from one step

to another. Chapter four talks about the experience of Kredifanm in Haiti including important lessons learned and difficulties often encountered.

Even though this document has not been prepared to evaluate Kredifanm program, some positive impacts on the improvement of life quality of the rural Haitian families in condition of poverty are presented. It is IICA's desire to share these experiences to reinforce the motivation of other institutions and people who are working to reduce poverty in the world as well as improve the quality of living of the marginalized rural populations.

To ease the reading, the information presented here has been selected to allow the reader to appreciate the methodology of Kredifanm without going into the fine details. The complete document of systematization can be found on the IICA web page: <http://www.iica.int>.





# 1. THE KREDIFANM STRUCTURE

The Kredifanm structure is comprised of seven components:

- 1) The Kredifanm group,
- 2) the Katel,
- 3) the Katel's mother,
- 4) Agent of Rural Credit,
- 5) the Credit Committee,
- 6) the Institution of Assistance,
- 7) the Savings-bank.

## 1.1 *The Kredifanm Group*

The Kredifanm group is a group of women (between 18 and 75) who live in a locality and participate voluntarily in the program. These women are involved in small-scale commercial trade, agricultural production, or may manage a small enterprise. Each group bears the name of the locality where it is located. The Kredifanm groups are also called the Kredifanm community.

The group meets to discuss issues of common interest, especially credit. Within the group they share information on their economic activities, the current market prices, and are involved in conflict resolution. They also develop strategies to encourage cooperation instead of competition. Group purchasing is encouraged to cut cost and increase income.

The group generally organizes two meetings per month. In one, the requests for loans are analyzed and the schedule for granting loans is established. A wide variety of other



*The group of Kredifanm from Tozia at a training session on Health.*

issues and interest are also presented and discussed. The other meeting is held mainly to facilitate, in the presence of all members, the reimbursement of loans (principle and interest) according to the calendar established by each Katel. The group as a whole guarantees the repayment for each of its members.

Before starting to give credit, each group receives training on credit procedures and the role of each of the seven components with emphasis on the functioning of the Katel. The technical team is responsible for all the aspects of this training. The group could decide to create new Katel. In that case it is responsible for the training of new members.

The group proposes candidates for the position of ARK and elects the one who they think will do the best job. The elected ARK is in charge of the group training on the topic of methodology.

The group makes the necessary decisions for the day to day operations of the Katels, supervises the credibility of its membership, helps the ARK complete her tasks and in general, guarantees smooth operations of the program. In short, the group must guarantee that the Kredifanm norms and procedures are followed and respected. After a few years of experience, the group can establish its own operational rules and internal regulations for the smooth running of the program.

## 1.2 *The Katel*

The Katel is the name chosen by the program participants for the sub groups of five members, which constitute the main

unit for the credit distribution. These five members are responsible for each loan received by each individual according to the principle of interdependent guarantee. A Kredifanm group of 25 members has 5 Katels. The group can invite another Katel if the project has enough funds for additional loans.

The members of a Katel organize themselves according to neighborhood, family, and/or friendship linkage and no one (member of another Katel, the ARK, or local authorities) should impose a member in a Katel. Each Katel defines its own rules to warrant the guarantee of the loans contracted by its members and makes sure that the rules are respected. The members choose a name for their Katel to which the project assigns a code.

The Katel decides on the order of the loans granted to its members, informs the group and the technical team of the management skills and the capacity of its members to use the capital. All the members sign (or place their fingerprints if they are illiterate) the loan request and loan contract. Any member who does not respect the reimbursement schedule has to pay a penalty and the Katel is sanctioned as well. In the case of repeated offenses, the Katel is required to repay the loan.

The Katel can make the decision to replace problem members (absence at the meetings, delays in the payments, non respect of the rules, conflicts....) or in case of long-term illness, death, or voluntary withdrawal. In such cases, the other members agree with the group to make a replacement by a woman who has regularly attended the meetings and shown her interest and support to the program.

### 1.3 *The Katel's Mother*

The Katel's mother is one of the members of the Katel, chosen by the others to represent them in front of the group, the credit committee, and the technical team. She gives information about the operations of the Katel and its members, takes care of filling out the requests of loan and presents them to the credit committee, and passes on to her "children" all the information and training she has received.

The Katels' mothers collect reimbursements from the members of her Katel at the monthly meeting. She then remits the loan payments to the ARK. She keeps the information on the loans granted to her Katel in order to do the monitoring and makes sure that her "children" make reimbursements as scheduled. She also updates the credit book of each member. If the Katel's mother is illiterate, another member of the Katel or someone of her family would help her. In addition she makes sure that her "children" follow the rules of the program, and she encourages them to save with the savings bank of the group.



*A Katel's mother controlling a loan at Jakzy.*

In addition, the Katel's mother gets information on markets prices and sales points for the group and supervises the use of the funds given in agreement with the rules.

The Katel's mother receives training from the technical team and the ARK during the duration of project to make them aware of their responsibilities. This allows them to better carry out their jobs within the Katel, the credit committee and the group. This on-the-job training covers simple calculations and participative leadership.

### 1.4 *The Agent of Rural Credit (ARK)*

The ARK is a woman from the locality, elected by members of the group, because of her good reputation, her capacity to read and write, to perform basic math calculations and her aptitude to manage the group. The elected ARK is employed by the project. She receives an allowance for her work, but she does not have the right to get any credit.

The ARK is responsible to provide training, to maintain the cohesiveness of the group(s) that she is responsible for, and coordinates the Credit Committee. She organizes meetings, prepares minutes, keeps documents related to the project and regularly updates key information on the loan and reimbursement transactions. She also helps the Katels' mothers to assume their roles and responsibilities.

The ARK received from the technical team special training on planning and execution of the methodology for handling the

training of her members. She coordinates the training of new members and other groups of her locality. Along with the Credit Committee she selects members of the groups who should attend the training sessions.

She receives reimbursements of loans at the monthly meetings of the group with the technical team, and acknowledges the receipt in each member's book. She insures the smooth running of the savings bank, managed by a committee selected by the members. She oversees the investment of shared benefits obtained from the investment of the saving funds in productive activities with recommendations of the technical team.

The ARK is the Kredifanm program representative to the local authorities, other institutions and the general population where the group operates. She should be watchful to avoid infiltrations and proposals of other institutions and/or third parties for profitable motives.

To select the ARK, the technical team agrees with the group on the terms of reference for the position and verifies that the proposed candidates have the required competence. All the members must vote, and the person elected signs a contract with the program. She is paid during the life of the project. After that, she receives an allowance generated by the interest of the loans.

There is always the possibility that some groups could have some difficulties with their ARK, such as embezzlement, lack of trust, and conflict of interest. In these cases, the group should quickly inform the technical team to stop the ARK's contract of service. Since the program has invested in the ARK's training and qualified human

resources are hard to find in the rural area, an ARK should only be changed if the charges are serious enough and it is required preserve good relations within the group. The new candidates for the ARK position should have at least 6 months within the group.

### 1.5 The Credit Committee

The Credit Committee is comprised of the ARK and the Katels' mothers.

The credit committee is the component that proposes to the technical team and the group, decisions on credit operations, loan amounts, time limit for the reimbursement, or the refusal of loans request. Because of this, the credit committee must analyze loan requests, based on the way the applicants operate their economic activities and the local market opportunities.

The success of the committee work depends on the trust of the group members in their own credit capacity and management of the savings bank funds.



*Credit Committee meeting.*

## 1.6 *The Institution of Assistance*

The Institution of Assistance is an organization, such as a micro-finance institution that has adequate staff and financial resources to establish a credit program. To start the Kredifanm program, university level professionals such as agronomists, accountants, administrators, sociologists, and anthropologists, who were dedicated to the cause of sustainable development, made some necessary methodological adjustments based on the needs and peculiarities of the community.

The IICA office in Haiti has been the institution of assistance defining clearly that the credit organization should be ran by the group members with training that would allow them to continue the program management when there no more outside assistance.

The institution of assistance puts in place a technical team which will be responsible for the project at the upper level as well as on the ground. The technical team that IICA designated for Kredifanm in Haiti had the duty, among other things, to elaborate the project document, look for funds, form the groups, provide training to participants, the credit committee and the ARK, plan and conduct the credit operations, manage the accounting, provide the project monitoring, evaluate results, introduce the necessary corrections and make arrangements so that the groups can continue to function at the closure of the project.

## 1.7 *The savings bank*

Kredifanm encourages the groups to set up their own savings bank and proposes to them different organization models but is not involved in the management. This is left up to the committee chosen by the group. The amount of the saving and the duration of the deposit are determined by the members as well as the use of the funds. In general, this fund is used to grant credit to the members of the groups and /or to women of the community or to invest in common community activities.

The interests generated by the investment of the funds of the savings bank are higher than those used in the program, which explains why the funds increase quickly. This allows giving credit to more women, with a higher amount of money in some cases.

The technical team gives particular attention to the establishment of the savings bank. The ARK organizes meetings with the group to help establish operational rules. The main elements of the implementation of the savings bank are:

- 1) The setting of an obligatory amount of money given weekly or monthly by the members,
- 2) The election of a management committee
- 3) Bookkeeping for the registration of the operations. At the monthly meeting, a special time is set aside by the technical team to monitor the savings and avoid any waste.

Generally, the savings bank grants loans according to the same principles of Kredifanm. However, since its launching, the women know that it is the money collected from their savings, functioning independently from the credit transactions realized in the framework of the program. After having worked for the success of their savings bank, these women are ready to manage the Kredifanm funds. This eases the withdrawal of the Institution of Assistance.



*Collection of savings during a monthly meeting.*

# 2. THE CREDIT OPERATIONS IN KREDIFANM

## 2.1 *The loans conditions*

Loans are granted only for profitable activities. In no case will loans be granted for consumption, activities that are against the law or which destroy the environment. The Kredifanm credit is dedicated to the sales of agricultural products, goods of basic needs or the storage of products for off-season sales. Loans can also be used for agricultural production, the processing of agricultural products, livestock, and other profitable activities such as craft.

Kredifanm does not require any guarantee in personal property. The loans are guaranteed by the solidarity of the Katel and the group, even though they are individuals.

The time limit of reimbursement is 5 months. Members that have been prompt in their reimbursement and in activities conducted with the initial loan, can have loans for a period of 6 months to be reimbursed in two or three payments. The reimbursement could be made in one payment, but the members have never

requested that<sup>1</sup>. The reimbursements are done monthly, according to a decreasing interest rate (payment equal 1/5 of the capital plus an interest calculated on the remaining capital). To make this easier for the illiterate members who have to memorize the monthly amounts to be reimbursed, the total interest is divided up in such a way that there are no decimals.

At the beginning of the program, the rate of interest was 1.5% per month (18% per year). In 2006 the interest was adjusted to 2% per month (24% per year) in agreement with the suggestions of the members with the objective to increase the fund faster. This is much less that loans would cost elsewhere. The objective of Kredifanm is to charge only enough interest to maintain the capital and help with development of the community.

The first amount of loans in a group should be the same for all members. This amount could be different from one group to the other, but never in a same group at the beginning of the program. The amount allocated at the beginning of the Kredifanm project varied between 1500 and

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<sup>1</sup> *The complete document of the KREDIFANM rules is available on the web site of IICA, Haiti.*



2000 gourdes<sup>2</sup>, depending on the activity conducted and the conditions of the local market. The following loans have a higher amount and can vary from one woman to the other within a same Katel, according to their credit record and the group's capacity. At present, the amounts at the beginning vary between 3000 and 4000 gourdes.

## 2.2 The procedures

At the end of the period of training of a new group, the technical team receives loans request to analyze them. At the next meeting, the technical team grants one loan to each Katel and collects requests for loans for the next month. At this meeting, to grant new loans, the team brings only enough money to complete the amount being reimbursed from previous loans. Therefore if a Katel does not pay, the money brought by the technical team will not be enough to give loan to the Katel until the amount owed is reimbursed.

The Katel files a loan request for each of its members. The credit committee analyzes it and, if it is approved, proposes it to the technical team that takes the final decision. Each month the technical team grants one loan to a member in each Katel. The money is given, at the meeting, to the member who made the request and not to the Katel.

The Katel decides the order of credit grant to each member. After the first loans, this order could be different, depending on the activities conducted and the amounts solicited.

When the technical team begins to reduce the frequency of the visits and stops giving assistance to the group, it is the credit committee, which takes the final decision on new loans.

## 2.3 The sanctions

All sanctions applied in Kredifanm aim to assure the sustainability of the credit service. Therefore, anything that could reduce the credit fund or prevent the smooth operations of the components within the group is sanctioned. The sanctions mentioned below have been developed agreement with the participants:

- The member of the Katel who is scheduled to receive a loan must be present. No other member can receive it in her place. In case of non-reimbursement, it is the Katel that pays the debt.
- In case of non-payment of a loan at the planned date, the following sanctions are planned:
  - None of the other member will be able to receive a loan for this month
  - The interest owed for this month delay will be tripled
  - The amount of credit that will be granted to the members of this Katel at their next loan will be reduced of 100.

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<sup>2</sup> One American dollar equals 38 gourdes at present.



*Training meeting at Furcy.*

- In case of a second offense of non-payment, none of the Katel will be able to receive a loan until this debt has been paid. At the restarting of loans after the payments of the debt, the interest will be increased according to the number of months late.
- Any Katel that continues to not respect the rules will be suspended or expelled depending on the case. The group will then be responsible to pay the debt.
- A Katel's mother who uses the reimbursement of her children to her personal needs will be terminated.



# 3. THE PROCESS OF GROUPS SETTING

## 3.1 *The selection of localities*

Given that most rural woman need financing, the selection of localities depends on the Institution of Assistance which takes into account criteria such as the poverty level, the potential of the area, the presence of markets and/or relations with the Institution of Assistance. In Haiti, IICA started the program in the areas where it was already conducting other activities of rural development in which women were more or less involved because their family was involved.

The process of forming a group lasts, in general, between 6 and 12 months depending on the dynamics of each group and the number of a visit per month by the technical team. It is recommended to start at a slow pace in order for the group to have enough time to know, accept, and understand the methodology.

## 3.2 *The Selection of participants*

Can be a member of Kredifanm any woman of legal age (18 years in Haiti), living in the locality selected by the program, being mentally capable to conduct her activities,

with no criminal record and known to be honest and serious.

Participants are chosen regardless of religion, political beliefs, or ideology. Poor selection might make it impossible to set the Katel according to the methodology and increases the risk of non reimbursement of loans.

People familiar with the Institution of Assistance, local authorities and community leaders give an open invitation to the women of the area to attend the first informational meeting.

If participants at this first meeting come from different places, a group will be set by locality to favor the cohesiveness of the group and the monitoring of loans by members. The place of the future meetings and the logistics for these meetings are at the discession of the group. (Except for the 2 to 3 first meetings).

During the first meeting, it should be emphasized that the group formation could take several months and that each month only one loan will be granted to a member in each Katel. This allows eliminating women who would quit if the loan is not granted right away or to all the members at the same time.

It is necessary to plan at least three training sessions before forming a Kredifanm group in a locality. This is to make sure there is an understanding of the methodology by participants and that they are in the habit of meeting in mutual respect. Time will favor the selection of women really interested to be involved in the program and will discourage those who hope to get loans without any commitment.

Each member will have an ID card that she will carry to each activity linked to the program. Three successive absences to the group meetings will lead to the expulsion of the member.

### 3.3 *The training*

During the first informational meeting, the technical team explains the most important aspects of Kredifanm, inviting participants to think about the importance of the program for women and for the area. A mutual date is selected for the second

meeting. The main topics developed during the first meeting are, among other things: what is the credit?, why the Kredifanm methodology? Who can participate in the program and how?

It is recommended to let some time pass between the first meeting and the second meeting, which allows participants to exchange ideas on the program with other persons in the village. The second meeting is dedicated to the establishment of group. All the main aspects of the methodology are presented and the components are described. Other topics such as to whom credit is given, the guarantee, the delays and the payments plan, the amount of the loans, the non-respect of rules and the activities financed by the program are also discussed. A person who has not attended the second meeting will not be able to be part of the initial group, but may be able to join later if the group invites her.

At the third meeting the Katels could be formed and the group begins to shape up. If participants have not understood enough



*Kredifanm group of Violet during a monthly meeting.*

the methodology, the technical team should cover the rules again and review each topic according to the needs before formalizing the Katels and the group.

After those three sessions, the training of the group and the training of the Katel's mother could start along with the training on group animation and credit transactions. In the localities where several groups are established, the first will cooperate in the training of the others.

Before starting loans in the program, it is necessary to make sure that the group has enough discipline to function autonomously, because it is the group that is going to manage the credit and not the Institution of Assistance.

### **3.4 *The election of ARK***

During the training sessions, the technical team presents the job description of the ARK, procedures to follow for her election and ask the group to propose at least three candidates. The election date is determined with the group.

The election is organized according to direct and simple methods, for example using little cards of different color for each candidate or different grains... The electoral committee is comprised of the technical team and eventually a volunteer from the locality. All members of the group must vote. The woman who is elected, is hired by the program and receives specific training by the technical team during the monthly meetings and some training sessions especially for the ARK. The Katel's mother and potential ARK candidates could also attend these training sessions.



# 4. THE EXPERIENCE OF KREDIFANM IN HAITI

## 4.1 *The organization process of Kredifanm in Haiti*

Kredifanm started in Haiti in July 1994 during a period of political and economic crisis. It was an action undertaken by IICA to relieve the rural population from consequences of this crisis. A coup d'état was followed by an economic embargo. Transportation cost increase exponentially as fuel is not produced in Haiti and outside trade, except for humanitarian reasons, was cut off. Due to lack of access to markets, there was a total loss in capital in the rural areas. Women involved in buying and selling were especially hit hard. In addition there was insecurity and abuses inflicted on the population by certain authorities.

In addition to the short term objective to help women have access to credit to diversify their sources of revenues, IICA was interested in testing a model of credit organization adapted to the capacities and limits of rural women (especially illiteracy) and the values of their culture. Such values like as mutual assistance and responsibility to raise the children would help lead to sustainability and open the door to other rural development initiatives.

Besides credit, the project developed a health component especially reproductive health according to the method developed by the <Centre de Promotion des Femmes Ouvrières, CPFO> (Center of Promotion of women workers) which gave training to 5 monitors for Kredifanm. This training which was transferred to women, men, and the youth of both sexes in localities has as components, among others: preventing common diseases, birth control and women rights.

To prepare the project, specialists from IICA made a review of literature and reports on past experiences related to credit field, and seek advice from staff of other institutions especially the Funds of the United Nations for the Population (UNFPA) and the World Health Organization (OPS/OMS, which proposed the methodology of CPFO. At the beginning the technical team was comprised of two professionals and five others were added later during phase II. The staff spent \_ of their time in the communities. IICA equipped the team with a car, driver, and the assistance of a specialist and administrative services.

To define the main characteristics of Kredifanm, prior to the project, the technical team spent five months in meetings with women and potential participants of the



project in different localities in which they could emphasize the project's expectations and procedures to follow. Much of this has been improved gradually during the period of the execution of the project, taking into consideration the point of view and suggestions of participants.

Kredifanm started in 12 localities in 7 of the 9 geographical departments of the country. By March 1996, 12 groups were established. In 1997 the project extended to 29 localities with 1300 women. In 1999, the Katel number increased to 277 (1,385 women) and the number of groups to 34. From 1999 to 2003, Kredifanm received financial support from Kellogg foundation, through the PWOTOKOL project, which is essentially a project of income generation.

The departments and the localities in which Kredifanm has been implemented are the following: **Artibonite** Department, at Debarriere, Ennery, Maugé; in the **West**, at Vialet, Tapion and Furcy (2005); In **Grande Anse**, at Beaumont, Chadonèt, Derivo, Nan Kanal, Tozia, Detay and Paviyon; In the **North**, at Dondon and Saint Raphael; In the **North East**, at Jakzy and Ferrier; In the **North west**, at Bono, Cap Rouge, Saint Louis du Nord, and Anse à Foleur; In the **South East**, at Bellevue, Colin, Lacroix, Fort Ogé, Fond Jean Noel, Kanyèt, Morija, La Vallée, Macary, Areguy, (2005); in the **South**, Bèrèt and Fond des blancs (2005); In the **center**, Mendos (Cerca Carvajal, 2003).

When the technical team believes that groups have enough capacity to manage the credit without any external assistance, it progressively reduces its visits in the field, going from monthly to quarterly and finally annually. While this allows

for self-independence, at the same time it significantly reduces the costs of operations. Further reduction of cost is facilitated by the payment of the ARK from interests generated by loans granted.

#### 4.2 The project costs (\$ US)

		US\$
Phase I, From July 1994 to July 1996:	UNFPA	108,225.00
	IICA	110,000.00
Phase II, from December 1995 to May 1997:	UNFPA	369,927.00
	IICA	69,098.00

#### 4.3 Lessons learned

- Establish with each group a calendar of visits and respect it rigorously. This encourages the members to attend them and insures that the technical team makes the best use of their time and efforts.
- Without the rigorous sanctions related to the non-payment within the time limit, it will be difficult to enforce payments and it will significantly weaken the rules and the whole process of project execution.
- When transactions of loans and reimbursement are done in the presence of all members, risks of errors, illicit use, and complaints are considerably reduced. It is recommended to avoid that funds stay in the hands of one person since families are poor and do not have any secure hiding place to store the money; therefore, loans are granted at the same meetings that reimbursements are being made.

- To demand interests on loans is essential, not only so that the money does not lose value, but also to force members to use funds in activities that generate revenues and not for consumption. Participants accept the principle of interest, since most of them are used to credit at usurious rates. The fact for participants to be involved in the choice of interest rate did not automatically bring down the interest rate, on the contrary, raised it.
- When the initial amount of credit is the same for all, they know they have the same rights within the project. For the following loans, the amount might be different depending on the type of activity and the participation of their Katel in the project without the principle of equality of members being affected.
- The solidarity among beneficiaries can give enough guarantees for reimbursements of loans, with more efficiency than the guarantee usually required by banks, since the interdependent bail is the only guarantee of credit for people in conditions of extreme poverty, who are those who need it the most. However, it is not a blind trust but a principle based on the usages and customs.
- The participation of beneficiaries in decisions is very important to facilitate a rational management of the group solidarity and render the credit program sustainable. These decisions include: interest rates, payment plans, the credit conditions and especially the selection of productive activities to finance and the order of loans granting.
- In the areas nearby the cities, the mixing of rural women and women from the city makes it difficult to access information on the activities conducted by each member, which reduces the approval of activities of the group for each of its members. Furthermore, in general women from the city tend to take more leadership limiting rural women.
- The participation of beneficiaries in decisions related to transactions of credit and the functioning of the project is a tool of apprenticeship of democracy and at the same time, prepare the group to assume the management of credit at the departure of the institution of assistance at the end of the project, necessary conditions for the sustainability of the project
- The incitement of the groups to implement savings bank with their own funds is an efficient tool for the apprenticeship of funds management which reinforces the capacity of the group to assume the total control of the credit service at the withdrawal of the institution of assistance.
- Rigorous planning for the process of withdrawal of the institution of assistance before launching the project is essential for the survival of the project at the departure of the technical team.
- Make a study of the situation of participants at the start before the execution of the project and define a base line according to expectations to allow evaluating the results and measuring impacts.

- If the institution of assistance decides to expand the project, concentrate in a locality by increasing the number of groups instead of choosing new ones. This reduces the costs of assistance and makes more significant impact in the locality.
- In condition of national insecurity, it is recommended to look for alternatives to help the technical team in the risk management of funds transported at the time of field visits.

#### 4.4 Knowledge of Kredifanm

The most outstanding result of Kredifanm is the functioning of the group after ten years of life, operating with reimbursement rates between 99 and 100%. This allows an increase of funds at a rate of 27% per year. This result is far more significant than it was obtained in other poor countries or even in American where many agricultural banks stopped their activities because the money borrowers did not fulfill their engagements. This is also the case in Honduras, Nicaragua and other poor countries. Kredifanm gives loans exclusively to women in condition of poverty, with most women being in condition of extreme poverty. The uniqueness comes from the solidarity guarantee that is well regulated among group members.

This success comes with the creation and application of a extremely participative methodology which has made possible the setting of a simple organization with very clear and understandable rules for participants, based on the popular customs of financing and the value that governed the behavior of Haitian women respecting their habits and activities without being

burdened with more meetings and tasks than necessary.

Their involvement also contributes to the decrease of costs for the institution of assistance, because visits of the technical team can be space out as the ARK assumes her function of assistance to groups and after the groups take care of the payment of the elected ARK.

The most significant element for the sustainability of the project results was the creation of the savings banks, because using the popular models; the savings bank allowed the technical team to train participants in the self management of their won funds and allowed them to increase funds. Therefore, they are capable to manage funds of Kredifanm without the assistance of an institution.

#### 4.5 The project Impacts

The first impact of Kredifanm from the participant's point of view is the access to financing for their economic activities with security, regularity, low interest, and without extra commissions, freeing them from depending on usurers and allowing them to acquire more credibility in front of their suppliers and buyers.

This gives the women the possibility to generate capital from the savings bank, Regardless of their extreme poverty. Realizing that the savings bank is common encourages the tendency to establish alliances for activities of production, processing and trade, to strengthen the offer and the demand, to reduce the costs and therefore to obtain better prices and benefits for all. This in turn, decreases competition.

The net revenues of Kredifanm participants have grown of about 50%, which has contributed to the increase of investment in the localities where they have their activities, not only in trade but as well in agriculture and livestock rearing. Some of them buy agricultural products from their family or neighbors therefore reducing the intermediate trade exchanges. Women are also able to store purchased products for resale in a period of better prices.

As planned, according to the scale of values of the Haitian woman, the increase of her revenues has an impact on the quality of

life of the families that one can appreciate from the diet, the health care and the school attendance of the children.

All this improves the self-esteem of participants: belonging to a democratic group which functions and which allows her to have a more equal relation with members of her community and her spouse. This contributes greatly to equilibrate relations of gender and little by little improve the disadvantaged situation for the women through dialogue, understanding, and the co-involvement in decision making.



*Haitian women carrying their agricultural products to the market.*



## List of forms used by Kredifanm

The forms used must be simple and easy to complete by the participants. This is an essential requirement for the functioning of credit and the participative mechanisms of control that is used.

Using prior experience from the field, IICA's technical team developed an initial set of forms and rules for Kredifanm. These forms and rules have been modified in agreement with participants as new experiences and problems arose.

The following forms have been chosen:

- 1) Request for credit (activity to conduct, experience in this activity, amount solicited)
- 2) Surveys forms (personal information, family information, activities, and revenues)
- 3) Loan contract (date of engagement, expected results, signature of the KATEL)
- 4) Payment Plan (calendar)
- 5) Loan card of the KATEL

- 6) Loan card of the group
- 7) Bank book of members (the ARK signs for each reimbursement received)
- 8) The notebook of the ARK:
  - 8.1 The ARK report (registration of the loans and reimbursements of the month)
  - 8.2 The account book of the ARK (amount reimbursed by each KATEL for the month)
  - 8.3 Attendance sheet (of the participants for all the meetings of the group)
- 9) Control notebook
  - 9.1 Justification of the monthly advances (loans granted and amount by village)
  - 9.2 Report of travel of KREDIFANM activities (amount available, reimbursement)
  - 9.3 Transactions of credit for the year (summary of the loans and reimbursements by area).

These forms and rules can be found in Creole and French on the IICA/Haiti web page.



# ANNEX 2

## Cycle of loans and reimbursements of a Katel

Katel client	Month 0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Client 1	R1	G1	P1	P2	P3	P4 R2	P5 G2	P1	P2	P3	P4 R3	P5 G3				
Client 2		R1	G1	P1	P2	P3	P4 R2	P5 G2	P1	P2	P3	P4 R3	P5 G3			
Client 3			R1	G1	P1	P2	P3	P4 R2	P5 G2	P1	P2	P3	P4 R3	P5 G3		
Client 4				R1	G1	P1	P2	P3	P4 R2	P5 G2	P1	P2	P3	P4 R3	P5 G3	
Client 5					R1	G1	P1	P2	P3	P4 R2	P5 G2	P1	P2	P3	P4 R3	P5 G3

R: Request for credit

G: Loan Granted

P: Payment



