

# CALM AFTER THE STORMS



Seventy-eight students, aged 11 to 18, cram into a classroom at Ecole Nationale Mme Pageot middle school in Haiti. Six hundred students, dressed in uniforms of navy skirts or shorts and blue gingham shirts, attend the facility. Overcrowded classrooms and an archaic system of teaching prevail in this nation, where only 50 percent of children attend school.

Desjardins Group's subsidiary, Développement international Desjardins, is helping modernize the caisses populaires system in Haiti, a West Indies island nation long troubled by hurricanes and environmental disaster, political turmoil and hunger.

*By Roberta Staley*

*Photography by Tallulah Photography*

Haiti – Clinging with his toes like a gecko to the side of a towering coconut tree, a man, dressed in a long-sleeved T-shirt and cut-off jeans, shinnies 30 metres up to where brown coconuts, bigger than a human head, hang from the treetop like a bauble necklace. Using one hand to steady himself, the man yanks a coconut free then lets it drop heavily to the grass below.

It is November in the mountainous West Indies nation of Haiti, which means it is harvest time. A cornucopia of ripening coconuts, bananas, plantains and petit-mille, a Haitian staple that grows on thin, lanky stalks, as well as rice, scattered on tarps to dry in the sun, signals the end of a long period of deprivation. At 27,750 square kilometres, Haiti is smaller than Vancouver Island, yet supports a population of 9.5 million. ‘Supports’ is, perhaps, a misnomer — Haiti is the poorest nation in the Western Hemisphere. The Haitian people have been *grangou*, meaning ‘hungry’ in the native Creole language, ever since hurricanes Fay, Gustav and Ike and tropical storm Hanna battered the country from Aug. 17 to Sept. 8 last year. The resulting floodwaters, turgid with mud carried down from hills long denuded by wholesale deforestation, virtually drowned coastal cities like Cabaret and Gonaive in the Artibonite region north of Haiti’s capital of Port-au-Prince. In total, about 70 percent of Haiti’s crops were wiped out, according to the United Nation’s World Food Programme.



Caisse Cooperative d'Épargne et de Crédit de la Petite Rivière de l'Artibonite (COECPRA).

A Haitian taxi, called a tap-tap.

Réal Deschênes, chef de mission of Développement international Desjardins in Haiti, returned to Canada last month.

**D**espite the environmental havoc, Développement international Desjardins (DID), a 35-year-old subsidiary of \$150-billion **Desjardins Group**, carried on with plans this past November to roll out a new initiative called Rural-Urban Interconnectivity to Help Fight Poverty, a software platform facilitating electronic fund transfers among caisses populaires. A biometric security system using members' thumbprints also made its debut at several caisses, complementing the interconnectivity innovation, says Réal Deschênes, the chef de mission of DID in Haiti. Deschênes spoke to *Enterprise* from the offices of the Federation des Caisses Populaires Haitiennes – Le Levier, the first Haitian national federation of financial cooperatives, which is headquartered in Port-au-Prince's charming district of Petion-

Ville. Le Levier (The Lever) was launched in June 2007, the result of a six-year collaboration between DID, the Conseil National des Cooperatives and the Banque de la République de l'Haiti. Its creation was a response to the collapse nearly a decade ago of the Haitian credit cooperative sector from a pyramid-like scheme. The country's first caisse was established in 1945. The caisses populaires established in the following decades were independent and did not work together until the federation was established in 2007. Le Levier oversees 52 caisses populaires with assets of \$40 million and 217,000 members, says Deschênes. Fourteen caisses are the founders and owners of Le Levier. The other caisses receive goods and services from the federation. In total, Haiti has 178 caisses populaires with about 340,000 members. By being part of Le Levier, caisses populaires can not only link together but modernize and expand by offering such services as chequing accounts, fund transfers and an informational website, as well as undergoing long-distance computerized inspections, Deschênes says. "Individually,

caisses populaires can't do this," he explains. "We modernize the caisses populaires and they feel they are on the same field as the big players." The interconnectivity network will also cut back on fraud, Deschênes adds. Some people don't repay their debts and will go to another caisse, open an account and apply for a new loan. "Now, the caisses populaires can talk to one another." The network is a three-year, \$9.1-million project funded by the Bill & Melinda Gates Foundation, which was created by the billionaire Microsoft founder and his wife to improve healthcare and reduce extreme poverty around the world. The funds are being shared with two other DID-managed interconnectivity network initiatives at financial cooperatives in West Africa and Vietnam. The scheme is part of a larger DID-organized project called Support for Cooperatives Savings and Credit in Haiti (ACOOPEC), of which Deschênes is the project director. DID's entire budget for ACOOPEC is \$13.7 million for the period 2005 to 2015.

Haiti's financial system, generally, offers only basic services. Debit cards are not accepted and only one bank chain in Port-au-Prince has ATM service. Due to constant electrical blackouts, these ATMs are rarely operational. But a rudimentary financial system is only one small part of Haiti's unfortunate and often tragic past. Haiti's political and economic systems are rife with corruption. Worse, the people have endured decades of brutal dictatorship, most infamously under Francois 'Papa Doc' Duvalier and his son, Jean-Claude 'Baby Doc' Duvalier. Papa Doc created the notorious *Tonton Macoutes* death squads in 1959. These machete-wielding butchers propped up Papa Doc's regime by keeping the populace terrorized, murdering with impunity anyone who opposed the regime. Baby Doc succeeded his father in 1971, continuing to utilize the *Tonton Macoutes*. He was finally ousted in 1986 by military and domestic pressures.

DID arrived in Haiti in 1995, nine years after the fall of Baby Doc Duvalier. It has been a tumultuous 14-year period characterized by devastating weather, such as Hurricane Jeanne, which killed 3,000 in 2004; political turmoil, including armed protests, a coup attempt, and the overthrow and kidnapping, allegedly by foreign military, of former president Jean-Bertrand Aristide; civilian kidnappings; gang slayings; and food riots by a starving populace.

The most recent domino of storms caused enormous losses for thousands of *caisse* members. Many lost their livelihood; plantations and retail businesses were washed away in the massive flooding, which affected communities across Haiti. As a result, many members cannot repay their loans, says Deschênes, adding that loan losses total nearly \$640,000. "Our customers won't be able to pay and it's ridiculous to pursue them. The hurricane has made them destitute." In the near future, says Deschênes, these members will be given access to credit to rebuild their lives.

It is generally accepted that microfinance organizations (MFOs) establish disaster-management funds to help clients cope with emergencies. Post-disaster loans are considered a form of 'disaster insurance' for reconstruction or asset replacement.

Particularly destructive storms in Haiti seem to follow a four-year trend, continues Deschênes, referring to Hurricane Jeanne in 2004 and the quartet of squalls in 2008. Creating an emergency fund to help members is something that could be easily established in the future as the federation's *caisses populaires* are well capitalized, says the bespectacled 56-year-old, whose two-year stint in Haiti as DID's chef de mission finished last month.

**C**aisses populaires are an important component to development in Haiti, where the average gross national income per capita is US\$480, according to 2006 statistics from the World Health Organization (WHO). The poor, who are often not welcome at banks, which cater to the wealthy, can go to a *caisse*, open a savings account and obtain loans and credit for things like furniture and vehicles, as well as business loans for retail and agriculture endeavours.

The average member loan is 52,000 gourds (the national currency), equivalent to \$2,000. The interest rate is set at 21 percent, a low amount in comparison to Haitian moneylenders, who charge from 45 to 50 percent. The money generated from the interest rate, says Deschênes, helps support the development of *Le Levier*. "It costs a lot of money to put a network on the road."

Jocelyn Saint-Jean, director general of Federation des Caisses Populaires Haitiennes - *Le Levier*, adds that the interest rate decreases as the loan is repaid. "In reality, the rate is around 18 percent," Saint-Jean says.

A key element to the democratic running of a financial cooperative is, of course, good governance. With this in mind, DID consultants in Haiti give courses to board members, while some directors are sent to Quebec for more in-depth training. DID has also made a concerted effort to have women represented at the board level; 45 percent of board members at 14 *caisses* are women, says Deschênes. This is a laudable statistic in Haiti; for cultural and traditional reasons, very few women are in positions of power, politically or economically, Deschênes says.

This ratio is also more in sync with Haiti's other reality: women run the majority of households. In places such as Gonaive, for example, the ratio is 4:1 female- to male-headed households.

Nearly four hours north of Port-au-Prince, along potholed roads jack-hammered by hurricane rains and flooding, sits the pretty butter-yellow office of Caisse Cooperative d'Epargne et de Credit de la Petit Rivière de l'Artibonite (COPECPR), located in the city of Petit Rivière de l'Artibonite.

The 11-year-old *caisse*'s director general, Ovilmar Mercy, says that becoming computerized through the interconnectivity system would not only speed service for members but make work easier for staff, who do everything by hand. Hunting for errors, for example, is a time-consuming and painstaking process, says Mercy. The *caisse* has 7,500 members, most of whom are small businesspeople. Mercy anticipates that more people will join the *caisse* once the interconnectivity system is up and running, especially since it is the only financial institution in the city of 40,000. Many people in Petit Rivière de l'Artibonite conduct their finances at banks in Port-au-Prince due to slow service at the *caisse*, he admits. "It takes 20 minutes for one transaction."

Another project that *Le Levier* launched this past fall originated two years ago as a pilot project in response to the country's illiteracy rate of 50 percent. DID and CRC Sogema, a Canadian consulting firm specializing in the implementation of large-scale, international cooperation projects, entered into a \$5-million contract with the Canadian International Development Agency (CIDA), Canada's foreign aid arm, to increase school attendance as well as improve the quality of education. The \$5 million will pay for a project consultant and one national and five regional coordinators over a four-year period, says Deschênes.

Only 50 percent of Haitian children attend primary school, dropping to 20 percent attendance in secondary school, according to 2006 statistics from The United Nations Children's Fund (UNICEF). There are about 15,200 primary schools in Haiti. About 90 percent are private and run by communities, NGOs or religious organizations.



**A**n unfortunate phenomenon exists in Haiti: classrooms host a wide range of ages in each grade. Children attend classes for a few months at a time but are often forced to drop out because parents are too poor to afford books and related school expenses. Public school in Haiti is free — not so the Creole and French books used for instruction, uniforms or shoes. When their parents are able to cobble together more money, the children resume classes but in the same grade, sometimes year after year.

An illiterate population has negative implications for any society. Some *caisses* members' illiteracy is so profound that they have learned neither numbers nor letters and cannot comprehend the concept of a personal identification number (PIN), says Roland Antoine Tiabe, operations adviser to the Rural-Urban Interconnectivity to Help Fight Poverty. This is why *Le Levier* initiated the biometric security system using members' thumbprints instead of signatures or PINs.

With the support of Haiti's education

ministry, DID has initiated a system whereby a loan is given to a group of parents for school necessities. The loans will be "risky," says Deschênes. "The loans are not given out on the basis of capitalization." To make the loans more secure, they are given to a group of parents. This way, the "parents are responsible together."

Thirty-five *caisses populaires*, serving members whose children attend a total of 500 schools, will be offering the loans, Deschênes continues. "It's a need for sure and it should be sustainable. We are very enthusiastic about this program. The main objective is to help the children go to the school."

However, Ovilmar Mercy of COPECPR expressed some misgivings. The interest rate is high due to the loan risk, says Mercy, and many parents simply don't understand the concept of credit and loan repayment. During the pilot program, he says, the default rate on the loans was about 10 percent.

Williane Jedeon ca dostin is principal at the nearby Evangelique Bethanie elementary school, attended by 600 students dressed as brightly as tropical birds in green skirts or shorts, sunny yellow gingham shirts and

blouses and, for the girls, matching hair ribbons. So far, says Jedeon ca dostin, who has a silver bell on her desk for signalling recess and lunch breaks, the impact of the school loan program is not evident. Even most of those parents whose crops were lost in the hurricanes managed to scrape together enough money to send their children to school, she says.

But the fact that parents don't need loans for their youngsters right now doesn't mean that they won't next year, or the year after that. The more support that is available to the people of this poverty-stricken nation, the more likely Haiti will move towards security and development. And the role that DID plays in providing financial help for the poor and education for children should not be underestimated. The *caisses populaires* system empowers Haitians on several levels. Despite being illiterate, they are able to save money and carry on a business, however small it may be. As a *caisse* member they also have a say in who represents them at the board level, a demonstration of the basics of democracy itself and a message that oppression and violence needn't be a way of life. **E**