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FROM THE AMERICAN PEOPLE

# **Rebuilding Haiti: The Critical Role of MFIs and Credit Unions**

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Moderated by Jessica DeVreeze, USAID

USAID After Hours Seminar Series  
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# 1. OVERVIEW:

## Program Details

**Title:** Haiti Integrated Financing for Value Chains and Enterprises (HIFIVE) Program

**Funding:** USAID Field-Support LWA Associate Cooperative Agreement

**Timeframe:**

- June 1, 2009 to May 31, 2012 (base period)
- June 1, 2012 to May 31, 2014 (option period)

**Value:** \$37.2 million

**Partners:**

- Lead Implementer: World Council of Credit Unions (WOCCU)
- Management: AED, administrator of FIELD-Support LWA
- Subcontractor: TechnoServe (TNS)

# 1. OVERVIEW: HIFIVE Mission Statement

HIFIVE will empower Haitians by providing access to innovative financial products and services with a focus on rural areas by:

- targeting high potential value chains
- encouraging Diaspora investments and increasing the development impact of remittances
- supporting the use of technology to expand financial inclusion

while maximizing synergy with other USAID projects.



# 1. OVERVIEW: HIFIVE Objectives

- Increase availability of value chain finance
- Increase access to financial products and services in rural areas
- Increase efficiency of remittances and improve their development impact
- Increase use of ICT solutions to expand financial inclusion
- Coordinate with other USAID programs to identify synergies/linkages and to implement solutions



# 1. OVERVIEW: HIFIVE Catalyst Fund (\$22.5m)

## Types of Grant Instruments

- HCF Grant
- HCF STTA Grant
- PPP
- MFI Recovery and Stabilization Grant



## Four Windows

- ICT Push Fund
- Haitian Capacity Building Fund
- Synergy Fund
- Risk Management Fund



# 1. OVERVIEW: HIFIVE Catalyst Fund

\* **Primary tool for achieving results**

## HCF Criteria

- Technical Approach
- Management and Capacity
- Potential to Improve Livelihoods
- Budget/Leveraging resources



# 1. OVERVIEW:

## HIFIVE Activities – Year 1

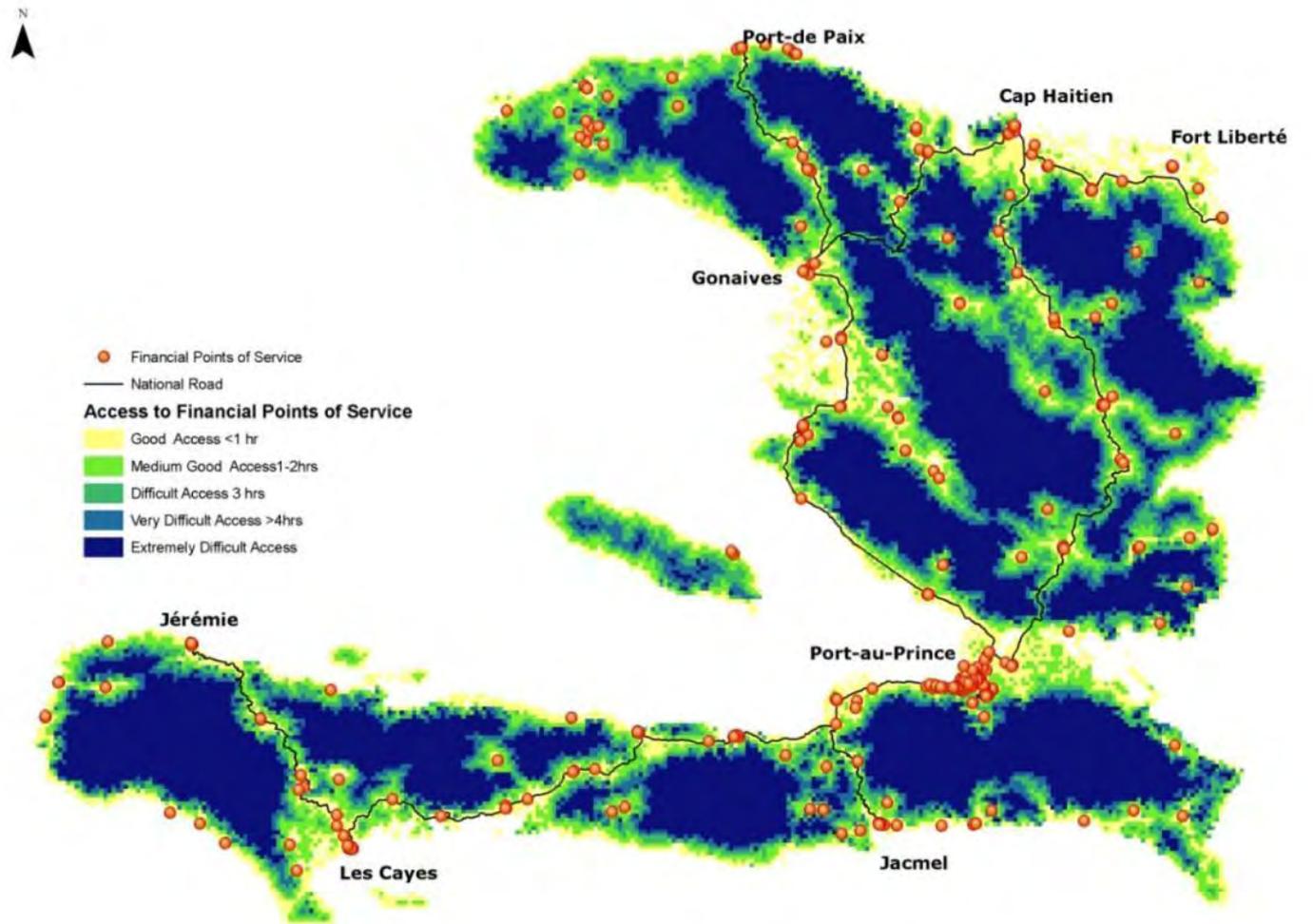
- Launched new agricultural credit products
- Improved MFI capacity to develop ag finance products
- Encouraged expansion of micro-insurance products
- Improved MIS capacity in MFIs
- Laid groundwork for developing a favorable environment for mobile banking
- Implemented MFI post-earthquake and stabilization grants
- Launched and re-launched business plan competition
- Provided technical assistance to MSMEs to improve their access to credit



# 1. OVERVIEW: HIFIVE in Action



# 1. OVERVIEW: Reality of Financial Access in Haiti



Data Source: USAID/DHMSME, 2008  
CHGIS Haiti  
Access to POS illustrative analysis.  
Estimation of access based on road network,  
slope and financial points of service locations.  
DAI/GIS

**Access to Financial Points of Service in Haiti**



## 2. HAITIAN MICROFINANCE: Before January 12, 2010

### Diversity

- Methodology, legal structure
- Regulation
  - MFIs (non reg.): 17
  - Caisses populaires (reg. savings and credit cooperatives/credit unions): 150

### Basic Data (9/30/08)

- No. savers: 799,455
- No. borrowers: 244,906
- Savings: \$64.9m
- Loan portfolio: \$100.9m
- Portfolio-at-risk (PAR) >30: 14.58%
- No. employees: 3,845

### Significant differences in capacity

## 2. HAITIAN MICROFINANCE SECTOR: Strengths

- Outreach
- Improved geographic diversity
- Product diversification
- Increasing focus on ICT solutions to expand outreach and lower costs
- First micro-insurance products introduced



## 2. HAITIAN MICROFINANCE SECTOR: Weaknesses

- Increasing gap in institutional capacity levels
- Limited access in rural areas
- High PAR
- Profitability: Return on equity (ROE) 5.9% for the sector
- Cross indebtedness
- Too many MFIs?
- Regulatory issues
- Institutional and client vulnerability in a land where disaster strikes regularly

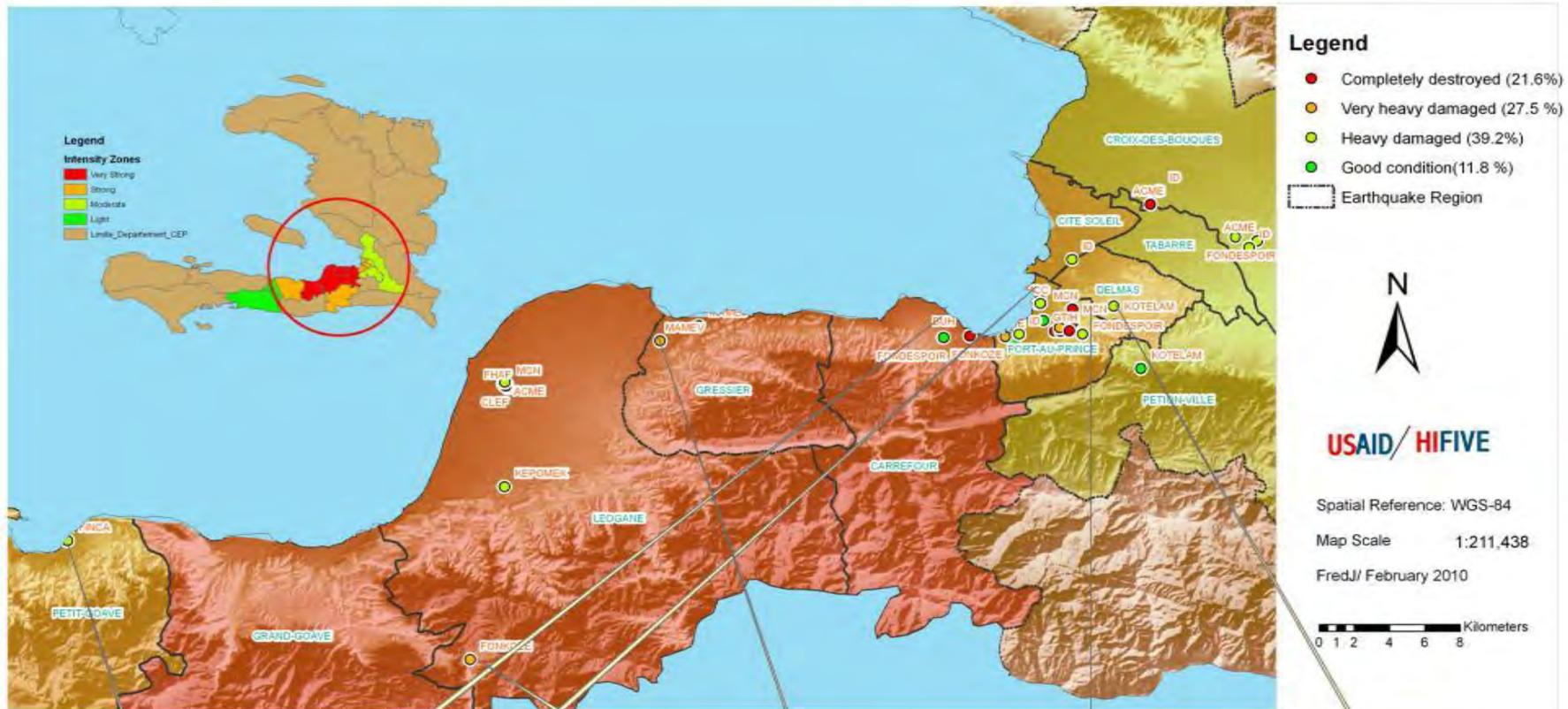
### 3. EARTHQUAKE IMPACT: Haiti after January 12, 2010

- 1.3m homeless
- Nearly all government buildings destroyed
- 40% of schools destroyed
- 300,000+ dead, including more than 300 senior civil servants



# 3. EARTHQUAKE IMPACT: Impact Zone

Haiti Area affected by the 12th of January 2010 Earthquake



# 3. EARTHQUAKE IMPACT: Microfinance

- 50%+ of clients and portfolio in the impact zone
- PAR increased dramatically
- Expected losses will create capital and liquidity problems for some MFIs and credit unions



### 3. EARTHQUAKE IMPACT: Estimated Damage to MFIs - ANIMH

#### ANIMH (14 MFIs)

- \$60m in loan portfolio / \$17.6m in zone
- No. of branches in zone: 88
- No. not operational: 26
- **Loss of equipment/infrastructure: \$1m**
- Total employees: 1,844
- Employees without homes: 504
- Employees displaced: 114
- Employees deceased: 21
- **Cost of employee assistance: \$1.2m**



### 3. EARTHQUAKE DAMAGE: Estimated Damage to MFIs - ANIMH

- Credit portfolio before: \$61.2m
- Portfolio in impact zone: \$38.3m (63%)
- **Portfolio impacted: \$16.5m (27%)**
- No. clients affected: 69,011
- No. clients deceased: 800
- **Portfolio impacted/net worth: 93.5%**
- **To Restart Activities:**
  - Financing of existing clients: \$18.9m
  - New loans: \$27.6m



# 3. EARTHQUAKE DAMAGE:

## Estimated Damage to Credit Unions - Le Levier

### Le Levier Members/Associates

- 50 caisses (17 members; 33 associates)
- \$39.7m savings; \$28.6m loan portfolio
- 316,452 members

### Earthquake Impact

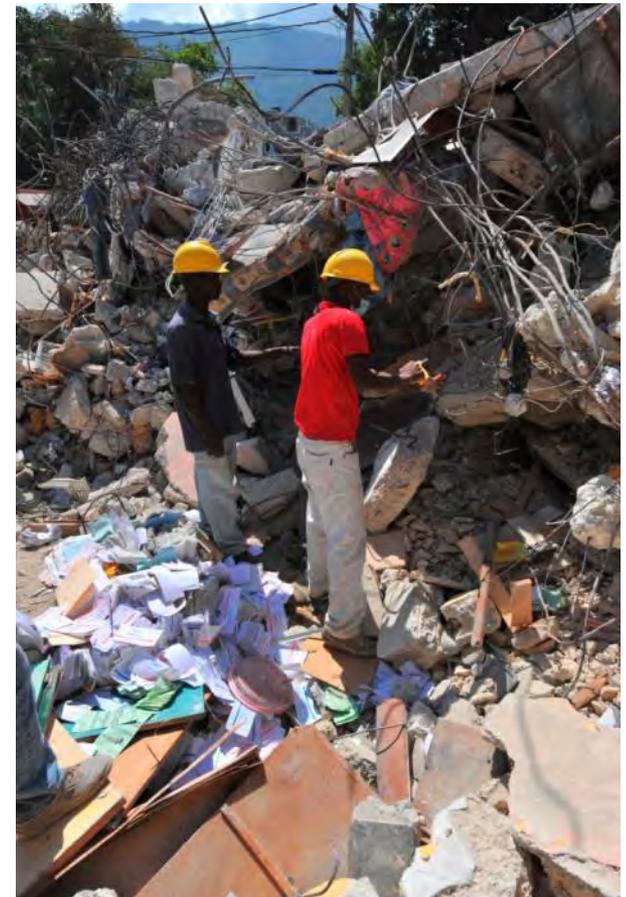
- 9 caisses in impact zone; 41 outside
- 89,204 members in impact zone; 227,248 outside
- Savings: \$11.4m in impact zone; \$28.3m outside
- Portfolio: \$7.4m in impact zone; \$20.9m outside

# 3. EARTHQUAKE DAMAGE:

## Estimated Damage to Credit Unions - Le Levier

### Le Levier expected losses:

- Portfolio: \$5.6m
  - \$4.4m, members
  - \$1.2m, associates
- Capital: \$1.4m
  - \$800k, members
  - \$600k, associates
- Equipment: \$1.4m



### 3. EARTHQUAKE DAMAGE:

#### Totals for MFI and Credit Union Sector (Estimates!)

- Client assistance: \$4.2m
- Equipment, buildings and infrastructure: \$6.5m
- Employee assistance: \$2.5m
- Portfolio losses: \$12.5m

**TOTAL: \$25.7m**

Credit lines, guarantee funds, debt re-purchase, new products, etc.:

**\$39.1m**



## 4. SOURCES:

### HIFIVE HCF- MFI Earthquake Recovery & Stabilization Fund

- Available for:
  - Equipment replacement
  - Capital and liquidity support
  - Relending to clients
  - New products adapted to post-quake needs
  - Employee stabilization and human resources



# 4. SOURCES: Global Credit Union Support

WOCCU Emergency Fund (\$1m+) and DID Emergency Fund

- Emergency tents
- Employees
  - Temporary housing
  - Psychological counseling
- Repair funds
- Capital funds



# 4. SOURCES:

## IADB - Haitian Emergency Liquidity Fund

### \$2.5m Fund

- Purchase of impaired assets
- Technical assistance



## 5. POST-QUAKE SOLUTIONS: Still Needed

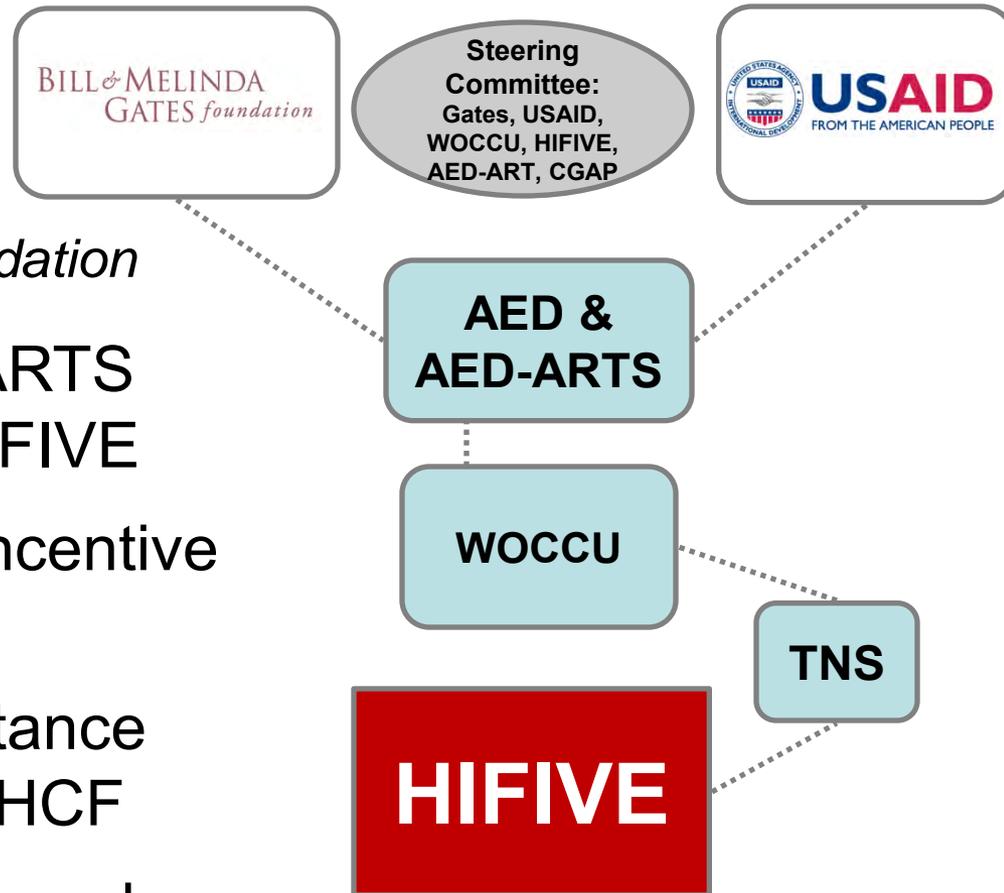
- Products that will reduce institutional and client vulnerability in countries like Haiti – where both are prone to natural and other disasters
  - Catastrophic risk insurance for clients
  - Catastrophic risk insurance for MFIs
- Mergers to reduce number of MFIs and to ensure sustainability
- Reinforced savings programs
- Use of ICT to expand outreach/reduce costs
- New products for post-quake environment
- Regulation that facilitates positive evolution of sector

# 5. SOLUTIONS: Mobile Banking

## Mobile Banking Incentive Fund

*Partnership between USAID &  
The Bill & Melinda Gates Foundation*

- Administered by AED-ARTS and implemented by HIFIVE
- \$10m mobile banking incentive fund
- \$5m for technical assistance grants through HIFIVE HCF
- Impact assessment research



# 5. SOLUTIONS:

## Mobile Banking Incentive Fund

### Expected Impact

- *Short Term:* Accelerate Haiti's recovery by using a non-traditional service structure to give people access to safe, affordable and convenient financial services
- *Long Term:* Improve the lives of millions of Haitians by providing easier access to financial products and services, thus helping to lift them out of poverty.



# 5. SOLUTIONS:

## Mobile Banking Incentive Fund

### Vision of Success

- Introduce sustainable payment systems that will facilitate access to financial services for Haiti's underserved, poor populations.
- Increase the efficiency and accessibility of financial services for Haitians.
- Increase the penetration of financial services into rural areas.
- Extend the geographic coverage of financial institutions and reduce their operational costs.
- Accelerate cash payments to beneficiaries by facilitating mobile payment services through humanitarian agencies and others.

# HIFIVE Contact Information

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