Comunidades Auto-Financiadas (Self-Financed Communities)

Project Proposal by Fatma (Mel) Shuaipi, University of Richmond, Class of 2015

Community-directed savings and credit cooperatives program to offer sustainable financial services and financial education to Haitian sugar-cane workers and their families in the Dominican Republic.

Background
Every year hundreds of trucks carrying young Haitian men and women cross the border from Haiti to the Dominican Republic to work in sugar-cane fields and live in bateyes, a neighborhood of barracks to house the workers and their families. Many Haitian workers have been living in the Dominican Republic for decades without being recognized as legal migrants or residents of the country. Approximately one million Haitian workers reside in the Dominican Republic, earning on average $5 per week. Usually living without running water, electricity, and with one latrine shared by eight families, these low-income workers face rampant socio-economic discrimination and do not enjoy access to basic services and the country’s legal system. The lack of legal permits to reside and live in the Dominican Republic has pushed Haitian workers and their children (many of whom were born in the Dominican Republic) to the margins of society. As a result, their conditions inside sugar-cane fields oftentimes border forced-labor conditions. The cost of transportation between bateyes and urban centers with banking institutions, in addition to the lack of formal documentation to show their legal status, has systematically stopped Haitian families from gaining access to financial services and financial education.

In collaboration with the NGO Community Enterprise Solutions (CES), from May to August of 2014 I designed and managed a de novo credit and savings system to provide Haitian families in bateyes with financial services and financial education. Through this project I collaborated with and trained three Haitian community-leaders to lead savings and credit cooperatives among Haitian communities. These community-leaders successfully started and have supervised two cooperatives in two Haitian bateyes, collecting and compiling demographic and financial data about the participants and the financial transactions taking place within the groups. This data has provided us with crucial insight and evidence to show that the Comunidades Auto-Financiadas (CAF) model has proven to be successful in this context. My involvement in this project built upon my internship in the Dominican Republic with the micro-finance organization Esperanza International in the summer of 2013. Since August 2012, I have worked for five months in the Dominican Republic and conducted academic research on the conditions faced by Haitian workers in sugar-cane fields located in the Dominican Republic. My Comunidades Auto-Financiadas Project will build upon these experiences to start ten new cooperatives in Haitian bateyes near El Seybo, a town located on the eastern region of the Dominican Republic.

The Model: Self-Financed Communities
A savings and credit group where the associates are shareholders and also the clients of the group. The associates are able to buy “shares” of the fund with their savings - one share of the funds in the group is worth RD$100 (USD 2.25.) On the other hand, the associates may also solicit loans from the groups. All loans of self-financed groups are paid back with an interest rate set by the group itself. At the end of the year, all earnings from interest are paid back as dividends to the group members proportionally to the amount of shares they hold. These groups are started and supervised on a monthly basis by trained local Haitian leaders. Additionally, these coordinators collect and compile demographic information and data about the financial transactions in each group to conduct statistical analyses and evaluate the implementation and effectiveness of each group. Upon joining the cooperative, every group member receives training and a manual containing information about basic financial transactions. The NGO CES will pay USD $30 to each Haitian coordinator to support the groups after my departure. These four factors (the training of local leaders, the use of data to test the effectiveness of the program, the financial education given to Haitian workers, and the support from a local NGO) make this project a highly sustainable and effective program that best addresses the economic needs of the communities in the long-term.

Project Overview
Who: I will train two additional coordinators for this project to join the three coordinators I have already trained. These five Haitian community-leaders will start and supervise ten new savings and credit groups. In total, this project will help
sustain twelve groups (given two already exist.) Each group will have thirty members. Thus, the twelve groups will have 360 members in total and directly benefit their families. According to our demographic data, each member has an average family of six. As a result, 2,160 family members will directly benefit from the savings and credit groups. Additionally, the savings generated by the groups will be loaned out for use in the bateyes’ local economy. Overall, the project has the potential to impact, directly or indirectly, over 5,000 Haitian people living in the participating bateyes.  

**Why:** To improve the socio-economic condition of marginalized Haitian workers and their families living in destitute poverty by creating access to financial services (particularly the ability to save and borrow money) and education.  

**Where:** The Haitian coordinators have identified ten bateyes near the town of El Seybo (eastern Dominican Republic) to open and sustain the savings and credit groups. These bateyes include La Higuera, El Salado, and El Prado, among others.  

**How:** Five Haitian community-leaders will supervise a total of twelve savings and credit groups. Given Community Enterprise Solutions (CES) will pay the Haitian coordinators in the future to complete these tasks, these groups will continue to exist after the funding from Projects for Peace is fully utilized. CES has been paying the three coordinators I trained in 2014 for the past six months. This Project for Peace will also fully equip (desk, chair, supplies, and laptop) a space within CES’ office to allow the coordinators to work from their office whenever needed. This is in addition to other student and project expenses detailed in the Budget form.  

**Challenges**  
1. Creating highly adaptable savings and credit groups that can respond to the seasonal fluctuations in activity inside sugar-cane fields. The proposed system enables groups to set and change the rules that govern their cooperatives in order to best respond to unforeseen economic situations inside the bateyes.  
2. Working with group members who may not have had access to any form of formal education. To address this challenge, the proposed system is based on the training of local leaders and all group members. Every stakeholder involved receives visual materials to take advantage of the financial education provided by this program.  
3. Sustaining the groups in the long term. The proposed system seeks to empower local community members to take control of their own cooperatives. While coordinators support and supervise groups early in the process, there are sustained and constant efforts to train all group members to lead the savings and credit groups. The leadership of each group rotates bi-annually to allow as many members as possible to learn about administrative tasks.  

**Implementation Plan**  
I will be in El Seybo and the participating bateyes from May 18 to July 27 (ten weeks) of 2015. During this time I will train two new Haitian community-leaders. Between May 18 and May 25 I will work with the five coordinators to establish the specific deadlines for this project. Throughout the project I will work with and support the five Haitian coordinators as we: set the timeline to start ten new groups between May 25 and July 27, conduct information-sharing sessions in each of the ten bateyes they have already identified, conduct educational workshops to train community members to work with savings and credit services, collect and compile demographic information and financial data from each group, record this data in a financial information software, conduct statistical analyses to test the effectiveness of each group, and establish strong relationships with other community leaders, governmental institutions, and other NGOs.  

**Self-Financed Communities: A path towards justice and peace**  
Haitian workers live in the margins (physically and socially) of the Dominican Republic. These workers and their families do not enjoy access to formal education or financial services, and are often involved in conditions that border forced-labor. The proposed project is a highly sustainable program to provide these disenfranchised workers and their communities with financial education, financial services, and a path towards peaceful integration with the larger society.  

**Note:** Please consider the supporting documents attached to this application. These documents include surveys the coordinators I trained this summer use to collect information from the groups, the proposed bylaws for savings and credit groups, the spreadsheets used to keep track of the accounting information of each group, and the Training Manual outlining in detail how CAF groups can be started, among others.