
THE CrossFit JOURNAL

Three Days in Haiti, Part 2: Small Loans, Big Results

One year ago, Julie Roberts funded five microcredit loans to five struggling families in McDonald, Haiti. This April, Roberts took four CrossFit athletes with her to check on the seeds she planted in the village.

By Emily Beers

September 2013



Carey Peterson

In a concrete-walled church in the small, rural Haitian village of McDonald, 250 or so people gather to listen to Gabriel Nixon, the unofficial village leader.

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He has gathered his community this evening to introduce the North American guests visiting McDonald for three days. Julie Roberts, the president of Community Builders Group (CBG), has been to the village many times before. Some of the villagers know her because she has been funding various projects in McDonald—projects that have directly benefitted some of them. But most of the villagers have never spoken to her, and they certainly have never met her four CrossFit friends from Canada and the United States, who have tagged along this time.

Children point and shout, “Blanc! Blanc!”—slang for “white person”—as they stare curiously at the five white people sitting in the front row of their church.

Before Nixon introduces the visitors, he takes the microphone and launches into a boisterous speech. His

self-assured voice commands immediate respect. It inspires.

“We can have a better life. We can,” Nixon says in his native tongue, while someone translates into English for the North American guests.

“If we have good ideas and we work together, we can. We can. We can,” he continues, almost turning it into a chant.

Nixon hands the microphone to Roberts, who cautiously steps up and addresses the crowd. A woman translates into Creole, the Haitian language that sounds like a mix between French and an African dialect.

Roberts explains what CBG has been doing in McDonald and what’s planned for the future. Roberts’ nonprofit group funded a pharmacy in McDonald and a handful of latrines



Emily Beers

Haiti is still recovering from the earthquake that devastated the country in 2010.

for families in the area, and it continues to provide nurses and medical treatment to McDonald and neighboring villages. And in the last year, CBG got involved in pay-it-forward (PIF) microcredit lending.

Roberts doesn't want to take credit for what CBG has done to help the village. She is here to give credit, and to give thanks, to the people of McDonald.

"I learn more from you every time I come here," Roberts tells them. "In Canada, we're much more individual. People don't help their neighbors. In Haiti, you have stronger communities and you help each other."



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Despite the lack of resources, a sense of community prevails in Haiti.

She also makes it clear she doesn't want to barge in to Haiti and instate her own North American-style plan. She wants Nixon and the people of McDonald to steer her ideas and, ultimately, her money in a way that will help them. That's the way it has always been since she arrived in the Caribbean country in 2010, and that's the way she believes it has to be to lift it out of poverty.

Seven or eight minutes into her speech, Roberts notices people growing restless and unfocused. A buzz has come over the church. She looks behind her and sees men delivering sandwiches and juice—a meal she generously funded—for everyone at the meeting.

The sandwiches arrive in two big garbage bins and look as if they've been touched by about a dozen hands. Food, especially of the free variety, is a rare novelty in McDonald.

Two women begin to hand out the sandwiches. People graciously accept the fresh buns. Inside is a substance unknown to the North Americans—like a salty refried-bean paste. The lucky ones get a raw piece of onion or a tomato in their sandwich.

Word in the village begins to spread; rumor on the gravel streets outside is that sandwiches are being handed out. Suddenly a few dozen people are gathering around the church hoping to get lucky and receive a free dinner.

Nixon tries to keep order. People listen to him. Soon, they disperse with their sandwiches in hand and things simmer down. He breathes a sigh of relief.

"I was worried about giving away food," he says to Roberts.

Such an act sometimes leads to chaos in the form of a minor riot. But everyone is relatively calm and under control on this night.

"Tonight was good. I'm very, very happy," Nixon says in heavily accented English, thanking Roberts and her friends for coming to the town-hall meeting.

Roberts, too, is happy. Something has changed since she was last in Haiti.

"People seem more hopeful now than they used to be," she says.

She's eager to check on the status of the PIF microcredit loans she issued last year. She hopes they're succeeding and contributing to the positive vibe in the village.



Simply pouring aid dollars into Haiti has not solved the country's problems.

Microcredit Vs. Big Bucks

After the 7.0-magnitude earthquake in 2010 that flattened Port-au-Prince, the world was forced to take notice of Haiti.

The question was—and to a large part still is—what are the best ways to help the country get on its feet?

Traditional foreign aid—where developed countries and private donors pour massive amounts of cash into impoverished nations—hasn't turned out to be the answer the world was hoping for. Most often, even after years of receiving aid money, recipient countries continue to be poor and their governments continue to be corrupt.

"The influx of massive amounts of foreign aid can have deleterious effects on the governments of the receiving countries, and can end up doing more harm than good," Farah Abuzeid wrote in "Foreign Aid and the 'Big Push' Theory: Lessons From Sub-Saharan Africa," published in the *Stanford Journal of International Relations* in the fall of 2009. Abuzeid is a Stanford graduate who currently works as a business analyst.

Similarly, in 2006, four years prior to the devastating earthquake in Haiti, the National Academy of Public Administration—a nonprofit organization for public governance—published a paper called "Why Foreign Aid to Haiti Failed." That paper, too, blames government policy as an integral reason why aid money failed to pull Haiti out of poverty.

The bottom line is whether you're a believer in foreign aid or not, it has proven to have its shortfalls, and seldom does simply dumping money into a country solve all its problems. Evidence of this can be found in Haiti's estimated 50 percent literacy rate and the fact that two-thirds of its population are reported to be either unemployed or underemployed.

Microcredit loans, on the other hand, have a different way of helping developing countries. They are designed not only to support and develop entrepreneurship and combat poverty, but also to empower women to become

entrepreneurs. While microcredit loans have become more popular in recent years in developing countries around the world, it was Roberts' CBG that created the PIF version of microcredit lending.

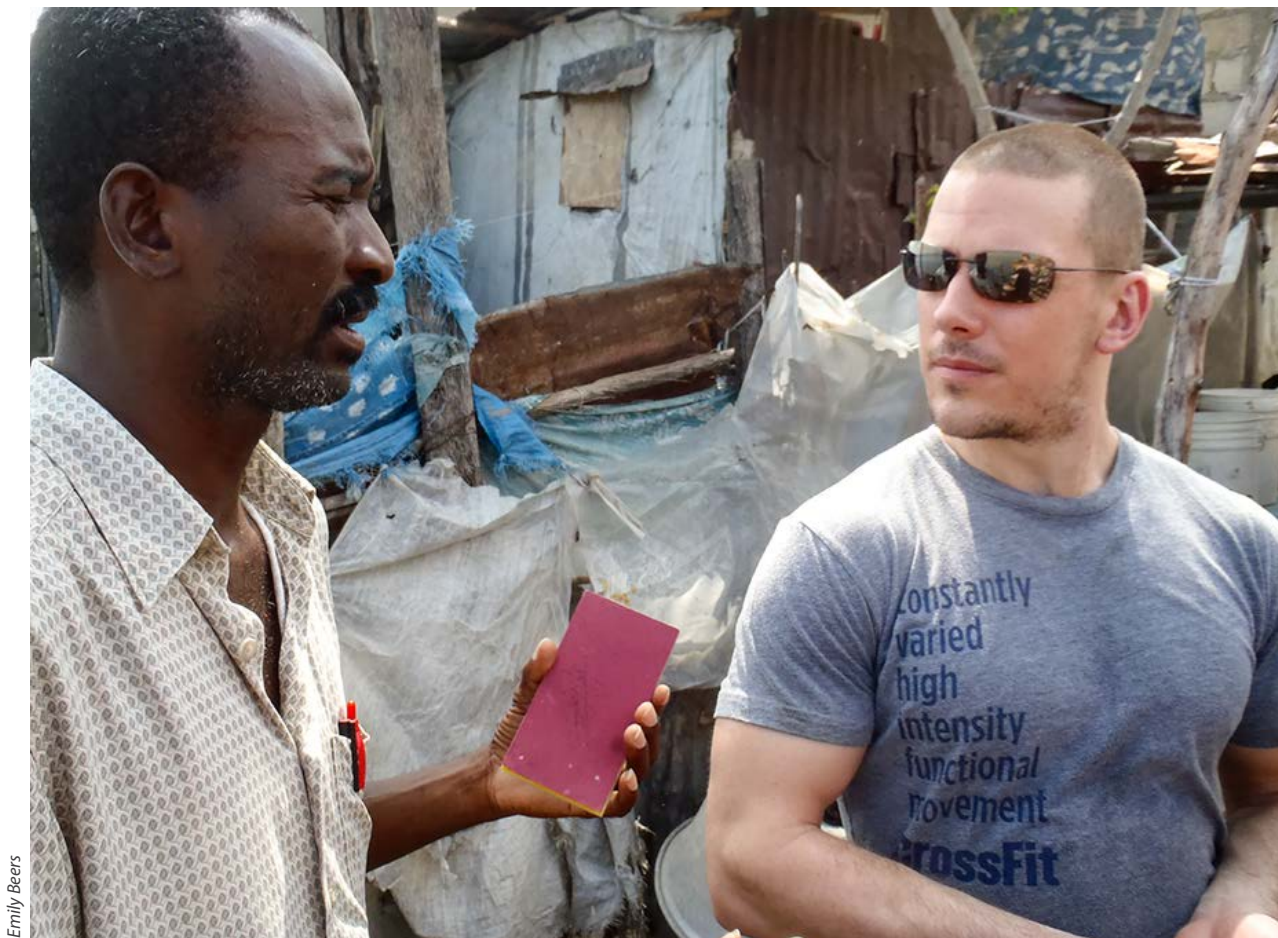
CBG launched PIF loans in Africa—the Democratic Republic of the Congo, Kenya and Tanzania—in the 1990s and has had much success in those countries.

In short, it looks like this: Roberts finds a family with a small-business idea. Usually, ideas are simple things such as raising and breeding a couple of pigs or buying a sewing machine to start sewing and selling clothes. She gives the impoverished family—usually the female of the house—between US\$50 and \$200 to fund start-up costs. Then it's up to them to turn their business into something profitable.

Once the family makes its return on investment, it must pay the small loan forward to another family with another business idea. That family then begins to build a new business. Once the original recipients pay their loan forward, profits they make from that point on are theirs to keep.

It's a simple concept but Roberts believes in it wholeheartedly. When she arrived in Haiti, she saw how closely connected the people of McDonald are to one another, how loyal they are, and how much they rely on and help each other on a day-to-day basis. She thought the PIF concept would be a perfect fit in Haiti.

She had pitched the idea to Nixon a year ago. He agreed PIF loans were a great idea. What he especially liked was their entrepreneurial nature and how they would hold his people accountable.



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Nixon (left) and Kane Morgan, an athlete who also works with Community Builders Group.



Carey Peterson

About half of Haiti's children will not learn to read, and according to the World Food Programme, 24 to 40 percent of children under 5 suffer from malnutrition.

Microcredit: Criticism and Success

Microcredit lending, which has become more popular and widespread in the last 10 to 15 years, has received much praise on a global level. Mohammad Yunus, an economist who developed the concept of microcredit and microfinance, and the Grameen Bank won a joint Nobel Peace Prize in 2006 for their contribution to poverty reduction through microcredit.

However, not all experts agree that microcredit lending is going to reduce poverty or even empower women.

In *"The Miracle of Microfinance? Evidence From a Randomized Evaluation,"* published this spring, authors Abhijit Banerjee, Esther Duflo, Rachel Glennerster and Cynthia Kinnan assessed data from a series of studies on microcredit lending. They concluded that microcredit lending might need to be re-thought, as it "may not be the 'miracle' that it is sometimes claimed to be."

Essentially, they argue that women aren't as likely to become as empowered by microcredit loans as advocates claim, and they say loan recipients oftentimes don't even use their loans to grow their businesses. In the end, the authors don't believe microcredit is as good at increasing overall welfare or profit as some say it is.

Despite their grim findings, they also admit that it's hard to form a widespread conclusion about microcredit because there are so many variables involved.

The authors put it this way: "Even representative data about microfinance clients and non-clients cannot identify the causal effect of microfinance access, because clients are self-selected and therefore not comparable to non-clients. Microfinance organizations also purposely choose some villages and not others."

It's hard to find "representative data" from which to draw widespread conclusions, but there are independent cases

where microcredit is certainly working. And McDonald, Haiti, is one of them.

Still, even Roberts admits that it's not a perfect system. Businesses must be managed properly, good mentorship is necessary for success, and sometimes these things fail. On the flip side, it's a system that she's seen work on the ground floor in both Africa and Haiti.

On top of watching businesses turn profits and pay loans forward time and time again, Roberts has witnessed real women benefit from her loans.

"I definitely would say it empowers women: 95 percent of our recipients are women, and they wouldn't have any form of work without it as it's hard for them to get jobs that are paid by the day," Roberts said.

In many cases, Roberts has witnessed women gain the ability to support their kids directly from their new

business, and in some cases it has empowered these women to leave bad relationships.

Because of this tangible success, even if some studies tell her otherwise, Roberts will continue to believe in microcredit.

Preaching to the Choir

Nixon comes over for a visit to talk business while sitting around a plastic table in Roberts' McDonald home—a three-bedroom concrete house with tap water and electricity that only works from time to time.

Although it's 7 p.m. and the sun is already down, Roberts and her friends aren't used to the heat they experienced that day, and they're drenched in sweat. It's dark in the kitchen; the only light is from a kerosene lamp.

"How are the PIF loans going?" Roberts asks Nixon.



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Purchased with a PIF loan, a pig and her piglets can make it possible for a McDonald woman to provide for her children.

"Good, good. Last year, you gave money for five families to start businesses. This year, there are now 24 new businesses in McDonald," Nixon says in a matter-of-fact way.

Roberts' eyes light up.

"Twenty-four! That's amazing, Gabriel," she says. "So they're working well?"

"Yes," Nixon says, explaining that all five of the first micro-credit loans Roberts funded have been paid forward to other families with small-business ideas.

The pigs she funded had piglets, and they're now a litter of six. That family now has a sustainable business and is able to feed the children. The woman selling used clothes paid her loan forward, as well. Today she receives shipments of used clothing that arrive in big containers from the United States. Sometimes she mends them first, and other times she just re-sells them for a profit. The women who started buying wholesale goat and chicken meat are successfully re-selling it at a profit. And plans are in the making to fund some fishing projects.

Roberts asks Nixon what direction he wants to go.

"We have hope in these projects. We need to continue with the PIF loans," he says.

"The problem we have in Haiti is we need to start ... we need to start with little money. Just little money. And we need to start now," he says.

He pauses, trying to think about how to articulate himself in English.

"If we want to have a better life in Haiti, we need to have good ideas. People need to have their own ideas and then we can make money from the good ideas. We need to teach people how they can work, how they can work hard," he explains. "You can't just receive, receive, receive."

He speaks confidently about his beliefs. Yet, there's an element in his voice that seems like he's trying to convince Roberts and her CrossFit friends to buy into the idea that people should earn things the hard way.



Carey Peterson

Roberts' backyard in Haiti.

What Nixon doesn't know, though, is he's preaching to the choir.

Talk to CrossFit athletes about their most rewarding achievement and you'll hear about first pull-ups, first muscle-ups and PR deadlifts. Their answers represent a time when they conquered something difficult, a moment that represents their hard work paying off. It's a moment that had to be earned the hard way over a long period of effort. It's a moment of pure satisfaction.

In Kenya, where CrossFit is funding humanitarian efforts in the area around Mombasa, Kenya, villagers are required to contribute 10 percent of the cost of projects including the building of cisterns, schoolhouses and desks. CrossFit Inc. and its affiliates provide the rest, but the village has invested in itself and has a large stake in the success of the projects.

Foreign-aid critics often point to government corruption and bad public policy as reasons why pouring money into poor countries hasn't worked. However, the reason Nixon doesn't want Roberts handing him an easy US\$20,000 has to do with human psychology.

He doesn't pretend to be an expert on the topic, but he grew up in Haiti, and he understands his people.

"Each person needs to think about one thing they can do to make life better," Nixon says. He doesn't expect it to be easy, and he doesn't even want it to be. He believes if his people keep chugging along, little by little, it can have a contagious effect and spread to the rest of the country.

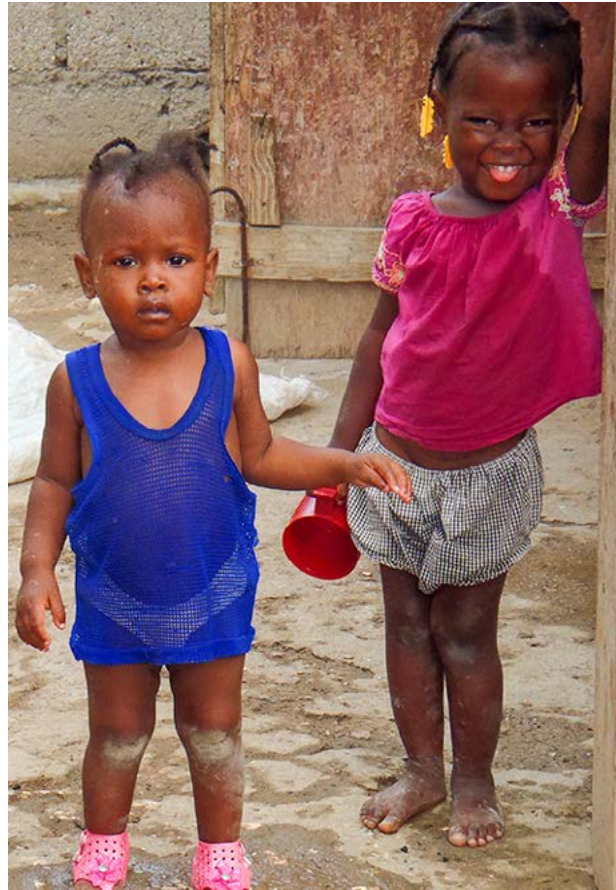
"We will work little bit, little bit, little bit, until one day we have a better life," he says.

Entrepreneurial Children

It's 8:30 a.m. on a Tuesday. It's breakfast time at the little schoolhouse in McDonald.

Like most buildings there, the school is an open-concept concrete building. There is no electricity, the windows are simply openings in the walls without bars or glass or even screens, and the floor is dirt. There are no doors between the four rooms where children are taught, and the openings are so large where one room becomes another that it looks more like one giant room than four smaller ones.

Students sit on chairs, but there aren't enough chairs for everyone; some are relegated to the floor. There are no desks. There's a chalkboard at the front of each room.



Emily Beers

If they're lucky, these kids will go to school at age 5, where, in addition to learning how to read and write, they'll get a much-needed breakfast of cornmeal gruel.

One by one, 50 or so children line up with an empty container waiting to be fed their breakfast. Some bring a metal bowl, others a plastic plate or a pot lid that acts as a plate, others yet have an old yogurt container. Sometimes two or three children share a bowl.

They wait patiently as a yellow cornmeal-like paste called "gruel" is scooped from a giant cauldron and plopped onto their container.

Women from the town spent two hours stirring the mealy, salty food before it was brought to the schoolhouse that morning. By the time the children get to eat it, various leaves and weeds have fallen into their breakfast, blown in by the wind.

But nobody complains. They are, after all, the lucky children in the town: They're learning how to read and write.



Carey Peterson

Learning how to be entrepreneurs and generate income might help the younger generation improve living conditions in Haiti.

To Nixon, the director of the school who also subs in as a teacher when needed, one of the most important things he's trying to teach the children, most of them aged 5 to 12, is how to be entrepreneurs.

This is something they're never too young to learn, he says.

This school year, Nixon started a small business at the school, a business the students run.

"Every Friday, I asked my students to bring me a little bit of money, if they can—just one little gourde," he says.

One gourde is equivalent to one U.S. penny.

"We did this every Friday, and now we found we raised \$450 Haitian dollars (US\$50)," he says with a grin.

With that money, Nixon's students started a business: they set up a small concession stand where they sell "bonbons" (candy).

"So now I say to them if you ever have a gourde to buy a little bonbon, buy it from the school to grow your business," Nixon says. "And it's working. They're learning. Two of the

students are responsible for the sale of the bonbons, and they must give me a report every Friday."

He takes Roberts to the classroom where the bonbons business is kept.

"At the end of the year, we count the money, and then we start a bigger and better business with the money we make," Nixon says.

He has high hopes for his students. And not just when it comes to their candy business. He has high hopes the education and the lessons they're learning will help Haiti out of poverty.

"We encourage all the children to come to school and to stay here. We tell them this place is best for them. But sometimes it's not easy for them," he says.

Near Nixon, students are eating their breakfast—the same gruel they eat every school day of the year. They're laughing, smiling, enjoying the temporary reprieve from reading and math lessons.



Beaches in rural McDonald are far different than the sandy strips found in front of resorts in Haiti and the Dominican Republic.

And for just a moment Roberts forgets where she is. She doesn't see the dirt floor below her feet. She forgets the fact that these children don't have paper and pens, proper nutrition or fresh drinking water. They just look like ordinary schoolchildren enjoying the innocence of childhood, ordinary kids socializing at school with their peers.

And in that moment, Roberts understands why she's in Haiti: she can see a better future. She believes in the potential of these children.

"There's a lot of despair here. I know these kids will never have the opportunities my kids have. Some of them won't even make it to adulthood. They'll die from a preventable disease," she says. "But there's hope, too. You can see that with the spontaneous PIF project they started at the school selling their candy. There's hope for them if there's economic development. And if they grow the PIF concept, it could be a ticket to a better future."

Roberts adds: "That's why I keep coming back here."

Part 3 will take an in-depth look at more of Roberts' efforts in Haiti.



About the Author

*Emily Beers is a **CrossFit Journal** staff writer and editor. She competed in the 2011 Reebok CrossFit Games on CrossFit Vancouver's team, and she finished third at the Canada West Regional in 2012. In 2013, she finished second in the Open in Canada West.*