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IMPACT

A publication of Opportunity International

Lending hope to Africa



Extreme poverty aggravates the impact of HIV/AIDS, which in turn, makes the battle against poverty far harder. It is the classic vicious circle. We must make it a priority to prevent, contain, and reverse the spread of these twin evils. At stake is the very survival of many African societies.

—Kofi Annan
United Nations Secretary General



LIKE A WRENCH THROWN into a spinning wheel, AIDS is wrecking the cycle of life for Africans. Nearly everyone has lost a friend, colleague, or loved one; no one knows where it will strike next. Imagine every American west of the Mississippi infected with the virus that causes AIDS, but living without medical insurance or social services. That is Africa.

This is Africa: a father worked hard to provide for his wife and four children. The mother sold milk from their goats to pay school fees. His health began to fail, so they spent the children's school fees on traditional medicines. Finally, they sold two goats so he could go to a clinic. His diagnosis of AIDS explained why she was not feeling so well herself—and why their toddler was wasting away. She sold another goat to pay for her husband's funeral.

When she died, the goats were gone. Her daughters, nine and ten, were left to care for their dying brother. They went to their grandmother, but she was raising five grandchildren also orphaned by AIDS. She told the girls they would have to fend for themselves. Her agony was too deep for words as she gave the girls a cardboard box. The girls understood it was not a box; it was their brother's coffin.

An energetic widow

In Africa, everyone knows this story. Millions are living it. With Opportunity loans, some are changing it. Margaret is an energetic widow in Zimbabwe who is raising all nine of her grandchildren. Her eldest daughter died, and her youngest is too ill to work. Margaret thought that

[continued on next page >](#)

A 2003 study by Natal University in South Africa warns that between 15 and 25 percent of children in 12 African countries could become AIDS orphans by the end of this decade. Opportunity strengthens family incomes so that they can adopt orphaned kin and neighbors.



INSIDE >



Mexico



The Philippines



Women's
Opportunity Fund

Lending hope

> continued from front page

by this age her children would be taking care of her. Instead, she reopened her hair salon and works 12-hour days. She was able to feed and shelter the children, but could send only two to school. With Opportunity loans beginning at \$45, she has enlarged her business and increased her income. She expects to educate all of her grandchildren, and she is using information learned in Trust Bank meetings to educate them in AIDS prevention.

Zimbabwe hit hardest

Zimbabwe has one of the highest incidences of AIDS in the world, and its people are further traumatized by the world's fastest shrinking economy. Inflation is 425 percent; unemployment is 80 percent. Life expectancy, 61 years in 1990, has pummeled to 35 years, largely due to AIDS. Nearly one-third of adults are HIV positive.

Larry Reed, CEO of the Opportunity International Network said, "Opportunity's Partner in Zimbabwe and its clients are doing a masterful job in the grip of such grief." The number of borrowers has doubled in one year, and our clients maintain a loan repayment rate of 97 percent.

"A great benefit of our global network is the way we exchange knowledge," said Reed. "We learned in Russia and Asia that when poverty deepens, families still buy food, and soap, and fuel, but in smaller quantities. Thus, in Zimbabwe, loan officers advise clients to buy necessities in bulk and package them into quantities people can afford."

Opportunity fights back

As a premier microfinance network in sub-Saharan Africa, Opportunity is in a unique position to address AIDS-related problems among the impoverished families of Zimbabwe and throughout Africa. A key factor in the transmission of HIV is the lack of cultural and economic power. Thus, AIDS education and prevention strategies are integrated into the lending program. Microinsurance, successfully piloted by our Partner in Zambia, is being rolled out to other African Partners. Available for a 30-cent weekly premium, this insurance covers five designated family members for death from any cause—including AIDS. ■

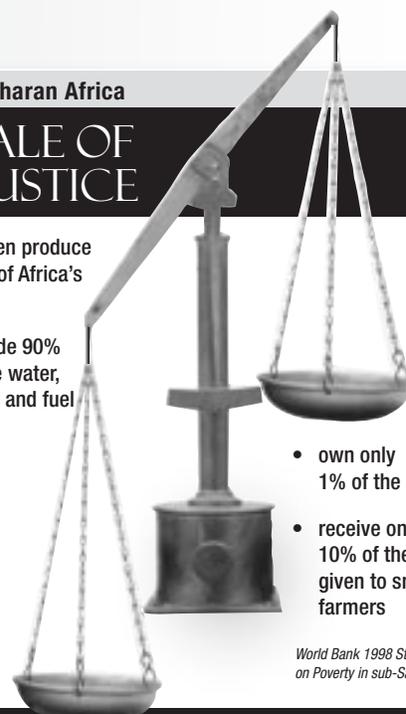


In Africa, 50 million microentrepreneurs are struggling to make a living. Less than 5 percent have access to market-rate credit. Opportunity borrowers increase their incomes by an average 25 percent with their first loan. Subsequent and larger loans have an even greater impact on a woman's ability to support her family.

Sub-Saharan Africa

SCALE OF INJUSTICE

- women produce 80% of Africa's food
- provide 90% of the water, wood and fuel
- own only 1% of the land
- receive only 10% of the credit given to small-scale farmers



World Bank 1998 Status Report on Poverty in sub-Saharan Africa

83% of Opportunity's clients in Africa are women

First loans issued in Mexico

OF THE 7 MILLION ILLEGAL immigrants now in the United States, 70 percent are Mexican. Most make the dangerous journey because they need jobs to provide for their families. Based on 32 years of success, Opportunity has proven that if poor people have loans to establish small enterprises, they can break the cycle of poverty and provide for their families. Therefore, if poor people in Mexico had jobs that would sustain them, illegal immigration would decrease.

In Tlaquepaque, southeast of Guadalajara in the Mexican state of Jalisco, lives are dominated by poverty and desperate choices. Streets are crowded with vendors selling everything from food to handcrafted treasures. This bustle of enterprise seems at odds with the dirt roads, potholes, corrugated metal roofs, and malnourished children. Tlaquepaque's microentrepreneurs borrow working capital from loan sharks who charge such high interest that vendors remain poor no matter how hard they work. They look for solutions. Crossing the border is one.



Oportunidad Microfinanzas is a better solution. Opportunity recently launched this microfinance bank to serve impoverished families in

Tlaquepaque. The first lending group, named Grupo Evolución, received its first loan last August after six weeks of orientation and training. The group has 27 members, including five men. Their microbusinesses include selling food, clothing, shoes, and school supplies; and services such as beauty salons and brick laying. Members are using their loans for working capital to expand their businesses and increase their incomes.

Oportunidad Microfinanzas expects to be serving 25,000 poor women and men annually by the end of the fifth year through five branch offices throughout the state of Jalisco. New money will circulate in impoverished communities, creating more demand for goods and services—which generates more jobs.

Sales multiply by ten

Margarita Segura opened a candy stand out of her tiny house on a side street in Tlaquepaque after her husband's pay was severely cut by the factory where he works. Margarita could not remain idle while their four children grew more and more malnourished. She grossed \$30 weekly selling candy and an occasional handcrafted doll. The extra money helped, but not nearly enough.

With a \$200 group guaranteed loan from Oportunidad Microfinanzas, Margarita bought basic household needs in bulk to sell in small quantities along with candy and dolls. In two weeks, she increased her sales ten-fold—and her family has nutritious meals. Her dream was to feed her family properly, but now her horizon has expanded considerably.

Photo above: Oportunidad Microfinanzas loan officers hold a Trust Group orientation meeting in a potential group member's snack shop.

in the news **Tragic news . . .**

On October 15, 2002, the decomposed remains of 11 people were found in a freight train car in Denison, Iowa. They were undocumented Mexicans who had made a tragic decision to travel into the heart of the United States aboard a freight train four months earlier.

One of the migrants who died was a father from Mexico who earned \$4 per day as a welder. He traveled north to earn enough to build a decent home for his family. [St. Petersburg Times 11/3/02]

She plans to enlarge her stand and make it more attractive. She also foresees opening several grocery stores in her community.

Margarita received more than just a loan; she has found a supportive community with her lending group. "I have much hope," she said. "I have much trust in the group, and the group brings happiness into my life." ■



Margarita Segura increased her sales ten-fold just two weeks after receiving a \$200 Opportunity loan.

Poverty and Opportunity in the Philippines

TODAY, 5 MILLION CHILDREN IN the Philippines went to work instead of school. Today, more than 1,000 Filipino women made the excruciating decision to leave their families to work overseas. By the time the recruiter's fee, transportation, and other fees are deducted from wages—with hefty interest—earnings often merely service the debt. Poverty and unemployment make the Philippines the world's top exporter of women.

Organ brokers skulk through shantytowns buying human kidneys for \$200. Parents sell what they have when their children are hungry. In the Philippines, nearly 70 percent of children under six are severely malnourished or underweight. Hunger and exploitation are subtle signs of poverty. Off the tourist trails, the signs are glaring: families living in shanties constructed of soggy cardboard and rags; families living in shacks built over swamps of raw sewage crisscrossed with six-inch-wide "sidewalk" planks; families living eight feet away from busy railroad tracks.

These tragedies are not the product of idleness. Manila's slums are hives of enterprise. Vendors sell goods on every street; commodities fill shelves in tiny corner stores. Tailors, cobblers, mechanics, and taxi drivers hustle for business. Families living on dumps forage for plastic, glass, and metal to clean and sell for the few pesos they need for their next meal.

All this energy, all this ambition, all this experience in selling goods and services—yet more than half of Filipino families are locked in a daily struggle for survival.

Growing to meet the needs

In the past five years, our Philippines program has grown six-fold. Today, nearly 220,000 hardworking entrepreneurs are building better lives for their families. We project serving 250,000 families by the end of 2003 and over a half million annually by 2007.

Changes in the lives of our borrowers are both heartwarming and affirming. After securing proper nutrition for their

children and paying their school fees, an Opportunity family's next step is often to move out of dangerous shanties perched in filthy and dangerous places.

Norm Ewert, a professor at Wheaton College in Wheaton, Ill., and a leading expert in microenterprise development, visited Opportunity's work in Manila. He was struck by how completely and non-intrusively Opportunity changes the lives of clients. This approach, based on Christian teachings, not only guides clients toward a better life but does so in the context of their society, helping them maintain deep-rooted traditions and culture.

After attending a lending group weekly meeting, Ewert noted: "Some 49 members met to conduct their regular business of collecting loan payments, welcoming new members, disbursing new loans, and checking up on client enterprises. The conduct of the meeting clearly respected the dignity of members, encouraged them, and empowered them. The one member not present was ill. Several members briefly shared





Angelina's Opportunity loans saved her from having to work in Hong Kong.

how they had brought her food. They repeatedly mentioned that one of their strengths was the genuine concern the members had for each other and for their community.”

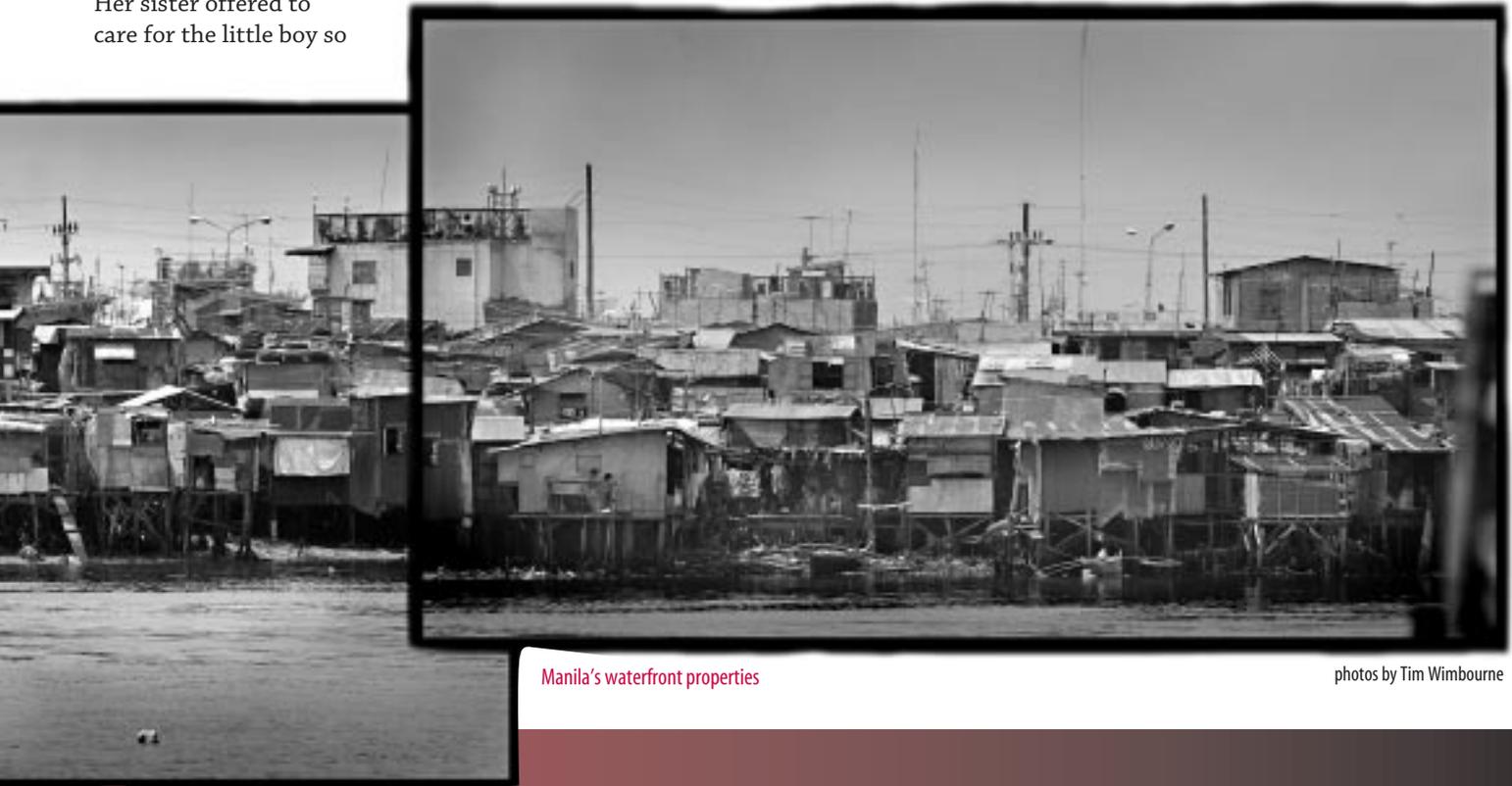
Sewing her way out of poverty

Angelina struggled for six years to support her son, but her job of cleaning trash to be recycled paid just enough to buy food and rent a one-room shanty near the municipal dump. To send her son to school, she needed more money. Her sister offered to care for the little boy so

Angelina could work in a factory in Hong Kong. Angelina was prepared to make the sacrifice although she would not see her son and family for years.

Just a week before she was to leave the country, she heard of Opportunity's loan program. Members of the Loving Fellowship trust group assured her that she could make a living without leaving the country and even without leaving her home. Angelina used her first loan to rent a sewing machine and purchase fabric. Her business took off, and she

bought a used sewing machine with her second loan. Now she earns up to \$15 a day making school uniforms in her home. Her son is in third grade, and he loves school. Angelina loves working at home so she can send him off to school with a good breakfast and wearing a crisp, clean uniform. She shares his excitement over his lessons and makes sure he doesn't get into trouble after school. She is confident her son will go to college. He will earn the diploma, and she will earn the tuition money. ■



Manila's waterfront properties

photos by Tim Wimbourne



Women's Opportunity Fund

FUNDING IMPACT

Responding to women's needs

THE WOMEN'S FUND SUPPORTS WORK that meets the special needs of women from the African mother with AIDS to an Opportunity Partner board of directors who are struggling to achieve gender equity in board and staff. Following are two examples of Women's Fund work this year.

Piloting a new loan program

Many of our women clients want loans to acquire expensive equipment for their businesses. Group-guaranteed loans are too low and short-term for them to make such major purchases. Therefore, the Women's Fund provided the resources for research and a pilot program.

For the pilot program, 22 clients in Ghana were selected. They had solid plans, good experience, and adequate cash flow. For most of them, this was the largest purchase they had ever made. They attended a mandatory, specially designed, two-day workshop that helped them fine-tune their business practices so they will maximize their investment.

So far, 14 have installed their new equipment, and all are making more money. They have also employed others to help produce and sell their increased output. Freezers and refrigerators are the most common purchases. A woman in a rural village purchased a freezer and now sells 500 ice cream treats daily. Others are selling block ice, in great demand by fish vendors; ice water; and other frozen goods.

After fine-tuning the process, our Partner in Ghana expects to offer this loan program to other clients. Many Trust Bank members have been in the group-guaranteed loan program for years and are ready for loans large enough for major purchases.

Achieving gender equity

The Women's Fund sponsors most of Opportunity's gender equity work. As a result, a gender policy was generated, which many Partners are adopting. Our Ghana Partner's five-page gender policy ends with the following encouraging commitment:

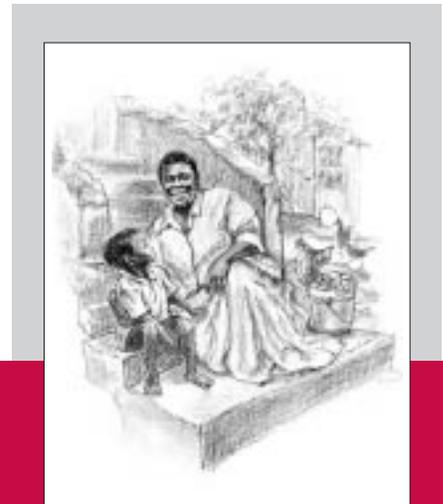
[We] will remain gender neutral in all dealings....It will give equal opportunity to men and women in all endeavors, whether board members, staff, or clients. No discrimination whatsoever will be entertained. Even though, under the present circumstances, board and staff are male dominated, deliberate efforts will be made to improve the gender composition. The board will ensure that with time the female composition will increase as follows: of board and staff, no less than 30 percent will be females; of clients, more than 70 percent will be females. ■



*Beth Houle, Director
Women's Opportunity Fund*

The Women's Opportunity Fund of Opportunity International-U.S. is a special fund that targets funding to Opportunity International Trust Bank group lending programs, training that meets the special needs of women, leadership development, and cutting-edge research that advances financial services to poor women.

The Women's Opportunity Fund Committee of the Opportunity International-U.S. Board of Directors directs the allocation of these funds.



Mother's Day Campaign 2003

Many of our supporters honored their mothers and other women in 2003 with a special Mother's Day gift to the Women's Opportunity Fund or Opportunity International. The nearly \$30,000 raised was used to help poor women start small businesses that will support their families. Our warmest thanks to all who participated. ■

Governors making an impact

MEMBERS OF OPPORTUNITY'S Board of Governors, Mark Vaselkiv, vice president at T. Rowe Price Associates, Inc., and his wife, Kathy, discovered Opportunity in 1986 and have graciously shared their time, talents, and gifts ever since. They have hosted a number of events at their home, church, and work to share our work with others in the Baltimore area.

Mark said, "Very few things in my adult life have inspired me like the model Opportunity International has implemented among the poor in the developing world. This model of compassionate capitalism is far superior to anything I've witnessed in 20 years working in the U.S. investment industry."

Among her many other volunteer and philanthropic activities, Kathy always takes time to make Opportunity a priority. She served on the Social Action Committee of their church, Central Presbyterian, for many years and is the force behind the church's strong support of Opportunity International and the Women's Opportunity Fund.

Kathy said, "The people of Opportunity International have had a profound impact on my Christian faith. Visiting clients in El Salvador and Guatemala early in our married



Mark and Kathy Vaselkiv with their children

life showed me that love, joy, peace, and generosity are qualities of the heart not dependent on affluence or circumstances. Sharing the work of Opportunity International with friends and acquaintances has been a catalyst for many conversations about authentic faith in a broken world."

At T. Rowe Price, at Central Presbyterian Church, and in their community, they are working hard so that the poor may have life and have it more abundantly.

Thank you Kathy and Mark! ■

News Briefs

• China Partner launches program

Our Partner in China made its first loans, which are group guaranteed. General Manager Tom Hoy says, "When the loan group leader looked me straight in the eye and said, 'Don't worry about us paying you back,' I felt a lump in my throat. All the frustration experienced to get to where we are suddenly evaporated." Our new entrepreneurs are making noodles, selling vegetables, and renovating a restaurant with loans ranging from \$362 to \$605.

• Microinsurance covers more clients

In less than one year, microinsurance for Opportunity clients has expanded to include clients in Albania, India, Malawi, the Philippines, and Zimbabwe. Microinsurance was first introduced in 2002 through our Zambia Partner, enabling families to retain their working capital and business assets after a family member dies. Without these benefits, income loss is compounded by funeral costs. Microinsurance significantly reduces the impact of death on our clients' financial progress.

• Matching a one million dollar challenge grant

The World Bank's CGAP division (Consultative Group to Assist the Poor) has made its first grant to a microenterprise global network by pledging \$1 million dollars to Opportunity International over three years. The grant requires a 100 percent match from private donors. Opportunity governors in Maryland contributed \$125,000, bringing our total in matching funds to \$150,000. Our goal is to raise the remaining \$850,000 by June 2004.

• Growing in service

At the end of 2002, Opportunity was serving 387,000 clients. By June 30, 2003, we were serving 416,000 clients. A large part of our growth is due to Opportunity Microfinance Bank in the Philippines. At the end of July 2003, we had 218,000 clients in the Philippines, more than double the number we were serving two years ago.



You can honor your loved ones and colleagues this holiday season by making a gift to Opportunity International or the Women's Opportunity Fund in their names. Contact Sandy Schumacher at 800.793.9455 ext. 202 or send her an e-mail at SSchumacher@opportunity.org.

The Opportunity mission is to provide opportunities for people in chronic poverty to transform their lives.

Our strategy is to create jobs, stimulate small businesses, and strengthen communities among the poor.

Our method is to work through indigenous Partner Organizations that provide small business loans, training, and counsel.

Opportunity International's commitment is motivated by Jesus Christ's call to serve the poor.

Statement of Intent Regarding Poverty and Women

Opportunity International—U.S. strives to reach the world's poorest people through its microenterprise development programs. Recognizing that the large majority of the world's poorest are women and that they contribute decisively to the well-being of their families, Opportunity makes it a priority to support programs that serve the particular needs of women.

Opportunity International has partners in Albania, Bulgaria, China, Colombia, Costa Rica, Croatia, Dominican Republic, East Timor, Egypt, Ghana, Honduras, India, Indonesia, Macedonia, Malawi, Mexico, Montenegro, Nicaragua, Peru, Philippines, Poland, Romania, Russia, Serbia, Uganda, Zambia, and Zimbabwe.

Thanks to her Opportunity loans, Mrs. Memunatu, an illiterate lettuce farmer, expects to raise well-educated daughters.

More than peanuts

ZAGYURI IS A FARMING community in northern Ghana. Most of its 3,000 residents raise crops to survive, but the drought season is long. Earnings are meager and undependable. After learning of Opportunity's Trust Bank program, the women were eager to turn their hard work into dependable incomes. Twenty-nine illiterate women, with 120 children to support, formed the Zagyuri Trust Bank. They used group-guaranteed loans, beginning at \$35 per member, to increase their production of maize, rice, peanuts, and vegetables.

All are Muslim, and many are one of several wives belonging, like livestock, to their husbands. They must work diligently to support their children. Their hard work has paid off: at the Trust Bank's first anniversary; their average daily income had increased from 80 cents to \$2.74. Every woman repaid her loan in full and on time. Once they had proven themselves credit-worthy, their loans increased to \$100.



In their weekly meetings, they studied family and business economics, family health and AIDS prevention, and personal and community development. They contributed money to the only school in their community and now can send their children to school. In an area where very few daughters learn to read and write, every member is committed to educating her daughters.

They celebrated their anniversary by helping to start another Trust Bank in Zagyuri so other needy women can begin their journeys from silent suffering to self-sufficiency. ■



For more on Africa see front page >