

IMPACT

 A publication of Opportunity International

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Celebrating 35 Years of Opportunity

For centuries, the approach was simple: Send food, medicine and clothes.

Through the years, governments and charities have fought poverty, dousing the highest flames of hunger and leaving their root cause to simmer and kindle into yet another tragedy.

However, over the last three-and-a-half decades, a revolution has overturned such traditional thinking. This revolution recognizes that people who are poor in resources are not poor in spirit, creativity or responsibility. This revolution conquers hunger with the innate human appetite for dignity and self-sufficiency. This revolution is called microenterprise development, and it began 35 years ago, before it had a name.

In 1971, American visionary Al Whittaker, former president of Bristol-Myers International, and a group of Christian business leaders were stricken by the plight of poor families. They responded to Jesus Christ's call to serve the poor, but in a manner shaped by their experience in business. They did market research. When asking the poor a simple question — "What do you need?" — they heard answers that were overwhelming: *We need jobs. . . . We need work that will support our families. . . . With a decent income, we will solve our own problems.*

Half a world away, Australian visionary and business leader David Bussau founded Maranatha Trust with much the same idea. While working in Indonesia, Bussau found that traditional approaches left poor families trapped in poverty.



PHOTOGRAPH BY RON LONDON

Loans from Opportunity help Scovia Nakadi run a small shop in Uganda.

His solution was to offer business loans — a hand up rather than a hand out.

These two visionary leaders noticed a remarkable entrepreneurial spirit among the poor. People worked very hard on all types of humble enterprises just to survive, yet they remained as poor as their parents had been — a fate likely awaiting the next generation as well. Hard work yielding minimal results was a business problem, not a character flaw. Without access to working-capital loans, these struggling entrepreneurs borrowed from loan sharks, and the exorbitant interest kept them in poverty. Opportunity International was born out of the idea of loaning entrepreneurial poor people the money needed to start or strengthen their businesses.

It was a radical idea. Conventional wisdom said that the poor would not repay their loans. Opportunity's visionary leaders had wisdom of their own, however, forged in their faith and their business experience. They began making

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From the CEO's desk



CHRISTOPHER A. CRANE
President &
Chief Executive Officer

This year, Opportunity International turns 35, but we're hardly settling into middle age. The movements founded by Al Whittaker and David Bussau that would become Opportunity International were fueled by a radical idea that is still changing the worlds of poverty relief and international development. And I'm convinced the most exciting years lie ahead.

Our first loan was to Colombian entrepreneur Carlos Moreno, in 1971 (see story, pg 2). In 2004, we placed 1.3 million loans totaling \$300 million with an average loan of \$240. But despite a much larger scale, the true work of Opportunity International still takes place one business, one family, and one transformed life at a time.

The cycle of hope that began in 1971 is still growing today, and you are a vital part of that cycle. Thank you for your continuing vision for our work over the last 35 years — and the years that lie ahead.

It took Opportunity 30 years to make its first one million loans — a number it matched in 2004 alone.

Opportunity's First Microentrepreneur



A dusty pile of spices was the only

visible asset Carlos Moreno had when he became Opportunity International's first loan client in 1971. Now, 35 years later, Carlos still proudly recalls the particulars of his business success in Colombia. "My loan helped me expand my business so I could sell 52 different products!" he announced excitedly, describing the variety of spices, teas and medicinal herbs his store offered. Less than two years after receiving his first loan, Carlos employed 11 people.

Ten years after Carlos started his business, he sold it and with the proceeds he traveled throughout Colombia and Central America as a pastor and business consultant, helping to empower people as Opportunity International had helped to empower him. Living out Opportunity's vision for empowering poor entrepreneurs through microfinance, Carlos used his role as a pastor to reach out to the impoverished members of his church. He encouraged them to join Opportunity's loan program. Carlos recalls how these efforts especially helped the poor women of his church. They had nothing, yet with a simple loan, they were able to start a small business and provide for their families.

Today, at 76, Carlos volunteers his time with a local nonprofit that provides free communication services to the poor in rural Colombia.

Opportunity In

THE SEVENTIES

1971 Al Whittaker founds first Opportunity International program in Colombia and resigns as president of the pharmaceutical company Bristol Myers, International.

U.S. office is formed to help start and support programs in the developing world.



First loan made to poor Colombian entrepreneur Carlos Moreno, for his tea and spice business. (See full story at left.)

1972 Opportunity receives its first grant from USAID and from the Lilly Endowment for \$100,000.

1976 Australian visionary and business leader, David Bussau, founds program in Indonesia.

1978 Opportunity launches Honduras program.

1979 Christian business leaders Whittaker and Bussau join forces to form what is today known as Opportunity International.

Office is formed in Australia to help start and support programs in the developing world.

Implementing partner organizations are created in the developing world so that lending can be handled by local, indigenous leaders.



*"Opportunity International is a
for the voiceless and*

International through the years

THE EIGHTIES



1982 Programs are launched in the Philippines, Costa Rica and Peru.

1983 Program is launched in the Dominican Republic.

1984 Opportunity loans worldwide exceed \$1 million in one year.

Programs are launched in Guatemala* and India.

1985 Program is launched in El Salvador*.

1987 Worldwide, Opportunity loans total \$2 million in one year.

1989 Private donations reach \$1 million.



**No longer an Opportunity program*

*... a voice
and power for the powerless."*

—Ambassador Mark Erwin

THE NINETIES

1990 Africa region is formed.

1991 Program is launched in Nicaragua.

1992 Focus shifts to serving the poorest of the poor at the bottom of the pyramid.

The Women's Opportunity Fund is formed with pilot program in El Salvador.

Opportunity forms an office in the U.K. to help start and support programs in the developing world.

1993 Programs are launched in Russia, Bulgaria and South Africa*.

1994 Programs are launched in Ghana, Uganda and Romania.

1995 A pledge of \$3 million supports Opportunity expansion.

Programs launched in Poland, Malaysia*, Macedonia and Egypt.

Loans help create first 1,000 jobs in Russia.

More than 200 delegates from 27 countries gather in Malaysia for the first Opportunity Global Conference.

Private donations exceed \$4 million.

1996 Loan-related jobs surpass 100,000 in one year.

Programs are launched in Croatia and Zambia.

1997 The Opportunity International Network is formed, linking a unified network of partners around the world.

Opportunity adopts economic, social and spiritual transformation as the measure of success in microfinance, versus income generation.

Opportunity shifts focus to a two-tiered lending system, offering both growth loans and group loans to better serve both marginally and deeply poor entrepreneurs.

1998 Opportunity forms offices in Canada and Germany to help start and support programs in the developing world.

1999 The Philippines' "Scale-Up" project is launched to increase program reach tenfold over the next five years.

Programs are launched in Albania and Montenegro.



THE 21ST CENTURY

2000 Opportunity repayment rate stands at 98%.

Formal Financial Institutions are established to broaden the scope of financial services — can now accept deposits, borrow money and accept investments.

Program is launched in East Timor.



2001 Opportunity International Network adopts the Trust Bank model as its primary lending method.

A plan is adopted to increase clients served annually to 1 million by 2007 and 2 million by 2010.

The first Opportunity Microfinance Bank opens in the Philippines. This is the first full-service microfinance bank in the country.

Programs are launched in Malawi and Serbia.

2002 For the first time, Opportunity's global lending programs become operationally sustainable at 100.46%.

Successful pilot project in Zambia launches worldwide microinsurance effort.

Pilot project launched in Ghana and Russia to secure feedback from clients, which develops into the Client Impact Monitoring System.



Strategic alliance with Compassion International in the Dominican Republic is formed.

2003 Clients in Ghana, Malawi,

Macedonia, Montenegro, the Philippines and Serbia can open personal savings accounts in addition to receiving loans.

Programs launched in Mexico and China.

\$25-million Lending Hope to Africa campaign is launched to combat HIV/AIDS pandemic through education and support, offered in tandem with microfinance programs.



Women's Opportunity Fund partners with Viva Network to develop and pilot home-based

child-care centers in Colombia to enable women to take care of families and business.

2004 1 million loans made in 2004 alone versus cumulative total of 1 million loans 1971-2001.

Program is launched in Mozambique.

Youth Apprenticeship Program is launched in Uganda.

Strategic alliance with Habitat for Humanity in Uganda is formed.

2005 More than 70,000 families open secure, interest-bearing savings accounts with Opportunity banks.

More than 2.6 million Opportunity clients and their family members are insured through microinsurance programs.

Smart cards are launched in Malawi and Ghana, using thumbprints for security and identity.



Opportunity partners with the World Bank and its affiliated Commodity Management Group to provide index-based weather insurance to rural farmers in Malawi. This makes previously inaccessible credit available by mitigating weather risks, and isolating farmers and lending institutions from environmental factors.

The Opportunity Loan Guarantee Fund I LLC was established with a \$2 million contribution by Opportunity International U.S. and \$9.15 million invested by 21 Noteholders.



microloans, at market-rate interest, to poor entrepreneurs and those with the drive and vision to start up a small business. The repayment rates established new truths in the relief-and-development industry: The poor are a worthy credit risk; with an adequate income, they can solve their own problems.

In the late 1970s, David Bussau and Al Whittaker joined forces under the banner of what is today known as Opportunity International, and two regional efforts became a single international movement. The years that followed would radically challenge conventional wisdom and change the course of hundreds of thousands of lives — offering, finally, a passage from poverty to hope.

THE 1970s

Opportunity's early years were about learning and experimenting with new ways to help the poor. Quickly discovering the importance of a strong, local presence to better monitor the use of funds, and the value of "knowing its customers" — Opportunity began providing appropriately sized loans and business training. Opportunity operated in just a handful of countries then: Colombia, Honduras, Kenya and Indonesia.

The largely unknown field of microenterprise development was mainly funded by the United States Agency for International Development (USAID), along with some key private donors. During the 1970s and early 1980s, most USAID grants for microenterprise development were limited to three years — meaning that Opportunity had to get new programs up and running successfully in a short period of time.

THE 1980s

The 1980s yielded Opportunity's core model of operation: building local lending institutions that could become self-sustaining. Opportunity served three main roles — board development, technical assistance and resource mobilization.

To strengthen its programs, Opportunity decentralized many functions to regional offices and local program partners. It also placed greater emphasis on the role of local boards of directors to ensure program vision and sustainability.

During the free-market emphasis of the Reagan administration, USAID missions increased their funding for microenterprise development programs and research. Many donors focused on building capacity of lending organizations, allowing Opportunity to expand



PHOTOGRAPH BY RON LONDEN

Members of the "God is my Light" Trust Bank meet for training in rural Honduras.

program staff in the United States and in its regional offices.

By 1984, Opportunity was lending \$1 million per year and reached \$2 million just three years later.

THE 1990s

Widespread support during the 1980s sparked tremendous growth in the 1990s for Opportunity and other microfinance organizations. More than half of Opportunity's current programs opened during this decade, and new regional offices were established in Africa and Central Europe/Russia. Support partnerships were established in Great Britain and Canada to help raise funds for expanding programs.

While Central Europe tested larger loan sizes so that entrepreneurs could expand their businesses, the Women's Opportunity Fund was created to help the poorest of the poor, the majority of whom were women. In 1992, the Women's Opportunity Fund started an innovative group-lending program called the Trust Bank. The first Trust Bank program was piloted in El Salvador and showed dramatic results in the lives of its borrowers. The Trust Bank program is now the predominant lending method for Opportunity's entire global network. This change in methodology deepened Opportunity's commitment to holistic transformation of clients.

Having demonstrated that its clients would faithfully repay their loans, and that the interest on the loans could pay the cost

of lending operations, Opportunity began to look for ways to rapidly expand its operations. After laying this groundwork in the 1990s, Opportunity opened its first full-service microfinance bank in the Philippines in 2001. Microfinance banks can accept deposits, borrow money and accept investments.

THE 21ST CENTURY

By the start of the 21st century, Opportunity International had positioned itself as a high-capacity, nonprofit organization with a "triple bottom line" of large-scale outreach, financial viability and holistic client transformation. Opportunity has grown exponentially over the past 35 years, making more than 1 million loans in 2004 alone versus a cumulative total of 1 million loans between 1971 and 2001.

THE ROAD AHEAD...

Opportunity has adopted a plan to increase the number of poor entrepreneurs served annually to 1 million in 2007 and 2 million in 2010. Opportunity's goal is to reach a cumulative total of 50 million by 2029. And its financial services and training continue to evolve to meet the changing needs of clients and their families.

In 35 years, many things have changed, but one never will: Opportunity International will continue to answer Jesus Christ's call to serve the poor by providing the means for the economic, social and spiritual transformation of people living in chronic poverty around the world. ●

BOARD OF GOVERNORS

For more information about the Board of Governors, visit www.opportunity.org/BOG

Two decades of transformation

For David and Kim Simms, Opportunity International is more than a life-changing organization. Opportunity is family.

David, a Harvard MBA, and Kim, with her masters in Nonprofit Management from Brandeis, started supporting Opportunity in 1983. The involvement steadily grew as both became active board members. David, former executive of MBNA (at the time, the world's largest, independent credit-card issuer and leader in the affinity marketplace), served as chair of the Opportunity International Board of Directors. Today, David and Kim serve on the Opportunity International Board of Governors.

Their willingness to serve Opportunity International for more than 22 years has grown out of a clear conviction that involvement in this organization has become life-transforming.

To David and Kim, transformation is a key component. First, they have witnessed firsthand the undeniable transformation of micro-loan



PHOTOGRAPH COURTESY KIM SIMMS

David and Kim Simms

clients throughout the developing world. And second, they have experienced personal transformation within their own family. David and Kim have included both their children and other friends in their Opportunity involvement, traveling with them on Insight Trips to six countries in Latin America, as well as to Russia, the Philippines and Ghana.

"It has been a great joy," both Kim and David say, "to see our children moved and changed, and to see friends come back energized to use their resources to reach the poorest in the name of Jesus Christ."

As Opportunity grows, David and Kim look forward to recruiting others to become members of the Board of Governors, building networks of supporters that will transform the lives of thousands of poor people around the world.

"Opportunity International is like being part of a growing family," David says. "Our involvement has enriched our lives." ●

Empowering the poor through leadership

I've spent my life investing myself in others, whether in business or in the nonprofit world," says Karol Emmerich. "Whatever you invest in a person lasts a lifetime."

Since 1994, Opportunity International has benefited tremendously from Karol's passionate investment. Karol is the former VP Treasurer and chief accounting officer and executive officer of Dayton Hudson Corporation. And she is committed to the power of microfinance.

Karol's commitment is not merely to transform lives among the poor; she's energized by encouraging other women like herself to become agents of transformation as well.

Karol has been the coach/mentor for numerous women in Opportunity's leadership — both staff and board members. She helps call forth their dreams,



PHOTOGRAPH COURTESY KAROL EMMERICH

Karol Emmerich

and their ability to harness their dreams and talents on behalf of the poor.

"I was first asked in 1994," she explains, "to join the newly formed Women's Opportunity Fund. I planned to stay just long enough to coach the new board chair in the area of governance. But then I got hooked! I loved the mission and the folks who were involved."

Karol went on to serve on the Opportunity Board of Directors, as well as the Board of Governors — her current position. She continues to mentor other women in their board service, taking those who are dedicated and business-savvy and helping them realize their own incredible capacity for leadership.

Investing in the poor and mentoring the women who invest in the poor — this is Karol Emmerich's legacy, one that's multiplied around the world. ●



OPPORTUNITY INTERNATIONAL
Giving the poor a working chance

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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 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 SERVES women and men of any faith and no faith.

OPPORTUNITY INTERNATIONAL HAS PARTNERS in Albania, Bulgaria, China, Colombia, Croatia, Dominican Republic, East Timor, Egypt, Ghana, Honduras, India, Indonesia, Macedonia, Malawi, Mexico, Montenegro, Mozambique, Nicaragua, Peru, Philippines, Poland, Romania, Russia, Serbia, Uganda, Zambia and Zimbabwe.

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BOARD OF GOVERNORS 2006 CALENDAR

Family Week Insight Trip to Honduras

June 19-25, 2006

Insight Trip to Ghana

September 10-16, 2006

Board of Governors Annual Conference

October 27-28, 2006