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IMPACT

A publication of Opportunity International



"The campaign against terrorists will be a long one if it does not also fight poverty. [The campaign] must prove to the world that America will not remain an oasis of the affluent in a desert of the poor."

—Fidel V. Ramos

Former President, Republic of the Philippines
Manila Bulletin May 2, 2002



OMB branches are storefront establishments in our clients' communities. Back offices are high tech for efficiency and the real-time reporting required by the Central Bank. Front offices are personal and friendly.

OMB celebrates first anniversary

IN AUGUST, OPPORTUNITY Microfinance Bank (OMB) in Manila celebrated its first anniversary with a motorcade and a reception for dignitaries. Nimal Fernando, lead rural finance specialist of the Asian Development Bank, delivered the keynote address. Fernando observed that the demand for microfinance in the Philippines is largely unmet despite the many charities that lend to the poor. These organizations, including traditional Opportunity partners, have limited outreach due to donor dependency and lack of capacity to grow to meet the demand.



OMB, the first microfinance bank in the Philippines, is pushing back barriers to serve an increasing number of poor families. As

a bank, it can accept savings deposits of loan clients and lend these funds to other poor entrepreneurs. It also can use these savings to leverage large blocks of borrowed funds to on-lend to the poor. With nearly 17,000 borrowers and a \$1.3 million portfolio at its first anniversary,

OMB is exceeding benchmarks along the way to its goal of serving of 1 million impoverished Filipinos by 2006.

OMB needs \$2.3 million in 2002. The Gordon and Helen Smith Foundation in Washington, D.C. and the Stewardship Foundation in Tacoma have given \$600,000 as a one-to-one match challenge. Friends in the U.S. and Australia have pledged another \$350,000. Thus, the amount yet to be raised in 2002 is \$1.35 million. ■

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Crane appointed CEO

THE BOARD OF DIRECTORS of Opportunity International-U.S. is pleased to announce that Christopher A. Crane has accepted the offer to lead the organization as Chief Executive Officer. Crane led a venture-financed company through a \$67 million IPO and is eager to lead Opportunity International into a new phase of

rapid expansion. He earned an MBA from Harvard Business School; a Bachelor of Science *summa cum laude* in Finance from Boston College and completed a two-year curriculum of economics, art, and music at the University of Vienna, Austria.

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Christopher A. Crane,
Chief Executive Officer,
Opportunity
International-U.S.



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Sewing her way to success

DINAH BASCO WAS THE FIRST IN HER squatter community to receive a loan from Opportunity. Since then, she has expanded her rug business from one sewing machine to ten employees who support a total of 100 people. Her current loan is \$2000. Rugs are made from scrap material and thread rejects from Taiwan. Daily rug production is 300, which brings in \$600 to \$1000 a month. As head of her Trust Bank, she personally guaranteed loans for all 49 members.

She advertises her product from a single show room, but

news of her products has traveled far. Most of her rugs are sold to China. After 9/11, her company suffered from the embargo placed on the Philippines. She could not export for three months. "By the grace of God, we were able to sustain the families of our employees," she said.

Dinah has invested her profits in additional ventures. She rents out her four commercial apartments, two vans, a bus, and a motorcycle. Her three children share her ambition. One has a degree in computer technology and works for a senator. ■



Opportunity entrepreneur Dinah Basco (photos above) sells her mats and rugs internationally. She helps her community by hiring local women who work in her small shop or out of their homes.

Bringing a world of Opportunity experience to Mexico

an interview with Dan Wilkins

DAN WILKINS IS NO STRANGER to Opportunity. He led the team that launched ASODENIC, our partner in Nicaragua in 1995, now the largest partner in Latin America. In 1999, he led the team that established our partner in Montenegro and served as CEO for two years. He and his team prepared Microcredit Montenegro for bank conversion. Now he is prepared to lead our work in Mexico.

Dan offered some insights about our decision to work in Guadalajara, Mexico, and how the new partner will reap the benefits of decades of Opportunity experience.

Dan, why Mexico?

Opportunity was eager to work in Mexico in the mid '90s. Then, the peso devalued, the banking system collapsed, and the economy went into a tailspin. We knew we could not run a sustainable program, but we continued to wait for the right time to enter Mexico.

What changed?

Mexico's president, Vicente Fox, is a champion of microfinance. Under his leadership, laws were enacted that make our work possible. Opportunity is always on the lookout for windows of opportunity to serve the poor. This one is wide open. A new law makes it possible for us to work as a regulated microfinance institution, something that was not possible before.

Why Guadalajara? Isn't it one of Mexico's richest cities?

Yes, and that's why there are no microfinance programs there. Most microfinance activity is in the south of Mexico. Guadalajara is one of

the largest cities in Mexico and has been considered one of the wealthiest. But 2 million of its 6 million population live in deep poverty in slums surrounding the city. It was the high-tech capitol of Mexico. When the tech bubble burst, thousands were thrust into poverty.

What's different about beginning an Opportunity project in Mexico?

In both Nicaragua and Montenegro, we began as typical not-for-profit Opportunity partners. We could make loans, but we could not accept savings. In Montenegro, we worked hard to meet government regulations and converted to a bank in April 2002. In Mexico, we are opening as a popular savings bank. Officially named Oportunidad Microfinanzas, S.A., this is the first formal financial institution (FFI) that Opportunity has established solely with private funds. Capital requirements to open most FFIs are so high that government funding has been required for other Opportunity banks. Our generous friends are showing an unprecedented level of support for poor families of Mexico.

Meaning you can open on schedule?

If not sooner. We will begin developing Oportunidad Microfinanzas in January 2003 and are hopeful that we will offer the first loans a few months later.

Why are secure savings accounts so important to the poor?

Commercial banks shut out the poor because their savings are so meager. But the poor



have cash surpluses from time to time. They have two choices: hide it under a mattress where it is likely to be stolen or buy something of value such as a pig or chickens—also likely to be stolen or to die. The need for savings may be greater than the need for loans. Their savings will be secure and earn interest. While in our care, some of their savings will be loaned to other poor entrepreneurs in their community, so that the poor will be helping other poor families. Savings will be insured through a Mexican government agency.

What wisdom from Montenegro are you bringing to Mexico?

One of the most important things I learned in Montenegro was to hire a core staff of highly competent Montenegrins. Once they were well trained, we let them hire new staff. In this way, the experienced staff members felt responsible for the new staff members, while the new staff felt endorsed by their peers. This will be one of the techniques we will use in Mexico.

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"Guadalajara is one of the largest cities in Mexico, and has been considered one of the wealthiest. But 2 million of its 6 million population live in deep poverty in slums." —Dan Wilkins

Journey to Hell

by Mark Lutz
Senior Vice President

THIS SUMMER, I TRAVELED FROM A little piece of heaven to all I need to know of hell. The place was Ghana, epicenter of the slave trade. Only two miles from the equator, the African day dawned hot as usual. The guests I brought from North America were grateful our van was air-conditioned.

Despite the heat, our visits to Opportunity clients were refreshing and uplifting. We met Joseph Obeng who designed and built a yogurt machine. He hired two women to make and package the yogurt and eight men to deliver it on bicycles to stores. Ten stores that wanted to sell his yogurt did not have refrigeration. He used a portion of his profits to purchase and loan used freezers to them. With his next loan, he will buy equipment to make ice cream. He shared with us that he is happy that his three children are attending school and that he can support his church and community. “Before I was worrying about everything,” he said, “but now I am more free.”

The blistering sun followed us to our next client, John Mensah. He made us forget our discomfort by hosting us under a large shade tree. John is a farmer. Over the past seven years, he developed his land into a thriving enterprise with Opportunity loans.

The Minister of Food and Agriculture gave him



a Certificate of Merit two years in a row. He proudly showed us his framed awards and then pointed out the real proof of his success—healthy goats chewing greens in their wooden pens, squawking chickens scabbling around their coops, and hectares of corn heavy with golden kernels. “I gave a goat to my church for our Christmas feast. Then one of my goats had triplets. That was God’s blessing,” he said.

He asked one of his workers to bring us soft drinks. How could we accept? The cost for our small group was more than a day’s wage. When we offered to pay, he waved our words away. “Do you want to rob me of my blessing?”

John’s generosity goes beyond a Christmas goat and a round of drinks. His farm manager of nine years earns more than a salary. John gives him a place to live and all of his meals. Perhaps this is not an unusual benefit for a worthy manager of a successful farm, but John went one step further. His manager is named in his will and will inherit a portion of John’s land.

Joseph Obeng (above left) and his wife have left their worries behind and put all their energy into their yogurt business. Joseph employs eight men to deliver yogurt to stores on bicycles he has equipped with coolers.



Americans support HIV/AIDS spending
Policy elites predicted that only 15 percent of Americans would consider the global AIDS crisis to be extremely or quite serious. However, a national bipartisan poll showed that 75 percent of voters polled consider the spread of HIV/AIDS in developing countries to be extremely or quite serious, second only to drug smuggling as an international issue requiring more government funding.
[www.betterworldfund.org]



John Mensah gave a goat to his church for their Christmas feast. Soon after, one of his goats had triplets.

When we left, John gave us four dozen eggs. But his real gift was the indelible lesson of generosity and gratitude.

No one was complaining about the heat, and I did not realize how hot it was until we stepped back into the air-conditioned van. In addition to keeping my guests from wilting, the air conditioner kept the eggs fresh. I felt we were ready to return to the hotel. We had met several clients who had leveraged their small loans into livelihoods ample enough to share with others. The loan officer had one more visit for us to make.

The van rolled to a stop at the edge of a palm oil field. The loan officer got out of the van. We followed. The near 100-degree heat, the intense humidity, and the smoke made breathing an effort. This could not be real. Nearly one hundred women toiled like beasts at kettles of palm oil boiling over blazing fires. Extracting the oil from each kettle takes several hours of close attention in the brutal heat. Children, who should have been in school, worked alongside the women. Babies crawled through soot and mud.

“These women make one dollar a day,” the loan officer told us.

No one spoke. We got back into the van. Tears flowed. “These women are not animals,” I said. “They are people—made in God’s image.” But my guests had seen it, too. They did not need me to put it into the words.

“Hand me the water,” someone said. No one added, “the cool, clean bottled water.”

“Please turn on the air conditioner,” said another.

We drove off. No one looked back. Hell is hard to look at. No one needed to say that, either. As the weeks passed, I learned that hell is more than hard to look at. It is impossible to forget. ■

Women earn only \$1 a day working in the brutal heat of the palm oil fields.





Women's Opportunity Fund
FUNDING IMPACT

Cheston to present paper at Microcredit Summit



The Women's Opportunity Fund of OI-US directs funding to programs throughout our global network that empower women. We raise funds for

- activities that promote women in leadership
- crucial training of Trust Bank clients, loan officers, and supervisors that meets the special needs of women
- Trust Bank loan programs that set an example of women in leadership, reach the poorest women, and foster social and spiritual transformation as well as economic improvement, and particularly programs that field-test training materials and do cutting-edge research

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

THE MICROCREDIT SUMMIT+5 CONFERENCE commissioned Susy Cheston, executive director emeritus of the Women's Opportunity Fund, to present a paper titled *Empowering Women through Microfinance* at its November 10-13 conference in New York City. The Microcredit Summit is a consortium of 4,500 microenterprise development organizations.

The Women's Opportunity Fund underwrote the research, writing, and publication of the extensive document that discusses case studies, research, and field testing in the context of women's poverty. The paper is an important contribution to the emerging body of knowledge about empowering women through microfinance programs. Cheston and Lisa Kuhn, program analyst for the Policy and Research Group of the Opportunity

International Network, wrote the paper and circulated it this summer.

UN hosts press conference for Opportunity

The United Nations Development Fund for Women and The Microcredit Summit Campaign hosted a panel discussion titled *Empowering Women Through Microcredit: Progress and Possibilities* in August 2002 that

focused on the paper. Cheston and Kuhn were among the six panelists.

Anwarul K. Chowdhury, UN Undersecretary-General, said: "These two brilliant authors [Susy Cheston and Lisa Kuhn] have done a wonderful

"The authors demonstrate sufficiently that empowering women through microfinance is a strategy that has matured and that works, and one whose immense potential to eradicate poverty among women has been barely tapped."

—Wariara Mbugua, Chief, Gender Issues Branch, United Nations Population Fund

write up and study here, providing a useful tool in promoting MED within the UN system." ■

Peru program grows



LUCELINDA FERNÁNDEZ BAUTISTA (right) and her husband produce silver jewelry to support their six children. She joined the "Millennium Friends" Trust Bank 18 months ago and invested her \$100 loan in raw materials. Now she is increasing her business with a \$228 loan.

Recent visitors Beth Houle (far left), director, Women's Opportunity Fund, and Suzanne Diamond (second to left), who has supported the Women's Opportunity Fund for eight years, visited the Bautista family. The Women's Fund \$120,000 grant helped start the Trust Bank program in Peru that now serves 2,500 clients.

"Helping fund the start-up of the Peru Trust Bank program was a good investment for the Women's Opportunity Fund," said Houle. "It was inspiring to meet brave women like Lucelinda who are working so hard to improve their families lives."

Other Women's Fund visitors to Peru included Vicki Gifford Kennedy and her son Michael who met women benefiting from the endowment fund established in her late husband's honor. ■

How you can partner with the poor

THROUGH THE WOMEN'S OPPORTUNITY FUND AND OPPORTUNITY INTERNATIONAL'S new **Partners with the Poor** program, you can connect more closely with our clients and learn more about unique aspects of our work. For a gift of \$1,000 or more (\$85 monthly pledge) you will provide loans and training for five clients so they can start small businesses and provide for their families. Plus, you will enjoy the following:

- participation in structured conference calls or web chats with Opportunity leaders and program experts
- closer involvement by e-mailing notes of encouragement or prayers to Opportunity's hard-working field staff through scheduled electronic mail drops
- targeted information about countries and issues most important to you
- *Music from the Lands of Opportunity*, our CD of indigenous music from the countries where we work [while supplies last]

In our exclusive conference calls, Larry Reed, CEO of the Opportunity International Network, discussed our new strategy for reaching more of the world's poor with new services such as savings.

Susy Cheston, executive director emeritus of the Women's Opportunity Fund, briefed participants on her cutting-edge research on empowering women through microfinance. Future calls include discussions with Chris Crane, Opportunity's new CEO; and Dan Wilkins, who will be directing our start-up in Mexico.



For upcoming activities, summaries and recordings of conference calls, related research, and select volunteer opportunities, visit our Partners with the Poor web page www.opportunity.org/partners/.

To join this innovative program, return the enclosed card, visit our web site, or contact Chris Wolff at 800-793-9455 ext. 252, or CWolff@opportunity.org. ■

MORE THAN 2 BILLION people (a third of the world's population) lack access to electricity. They cook their food and heat their shelters with wood and other traditional fuels.

1.2 BILLION people lack access to clean water. **2.5 BILLION** people lack proper toilets or sewage systems. **More than 5 MILLION** people die each year from water-related diseases.

—National Geographic News, August 20, 2002

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Crane appointed CEO

In 1999 Crane was awarded the Ernst & Young Entrepreneur of the Year Award in San Diego.

Crane has extensive experience with Christian ministries and co-founded an organization that has resulted in 200 business owners bringing their companies and/or families to Mexico to build homes for poor families. David Simms, Board Chair, said, "Chris's strong sense of values, his compassion for the poor, and his entrepreneurial spirit and success make him an ideal choice to lead Opportunity into this millennium. We are blessed to have someone of his ability join our cause as we seek to raise the resources to reach millions of poor families over the coming years. The board and staff were unanimous and enthusiastic in their belief that Chris is the right person for the job." ■

Thank you American Airlines!

American Airlines has provided free (frequently international) airline tickets for Opportunity International staff since 1995. Despite the economic downturn, American Airlines continues its strong global participation in our work of transforming the lives of poor families.



Thanks to the generosity of American Airlines through the years, money that would have been spent on transportation was used to generate 812 jobs for some of the world's poorest families. ■

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, Colombia, Costa Rica, Croatia, Dominican Republic, East Timor, Egypt, Ghana, Honduras, India, Indonesia, Macedonia, Malawi, Montenegro, Nicaragua, Peru, Philippines, Poland, Romania, Russia, Serbia, Uganda, Zambia, and Zimbabwe.

In Peru, Opportunity Trust

Bank member Lucelinda

Fernández Bautista displays

one of her silver products.

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Opportunity to Mexico

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Will our clients feel intimidated?

Banks have fancy facades and glitzy interiors, and they are not located in slums. Our bank will be a humble storefront in our clients' neighborhood. Oportunidad Microfinanzas will be safe and secure and will welcome clients into comfortable surroundings. More than 80 percent of our clients will be women. Thus, most of the staff will be women from Guadalajara.

What types of loans will Oportunidad Microfinanzas offer?

Our loan product for the first two years will be Trust Bank (group) loans that have proven to be extremely effective in meeting the needs of the poorest women. After two years, some Trust Bank members will be ready to graduate to individual loans, so we will offer those at that time.

That will be empowering for staff as well as clients.

The culture is very macho. We need to place women in management positions so our clients will see that we value the contributions of women.



What do you see as your greatest challenge?

We project that Oportunidad Microfinanzas will be serving 25,000 families by 2007. Our challenge will be finding new windows of opportunity so we can serve even more poor families. ■

