

OPPORTUNITY INTERNATIONAL AUSTRALIA

# Annual Review 2009



*“We believe in ...”*



**Opportunity International**  
AUSTRALIA

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Despite having lost the use of her legs as a child through polio, mother-of-two Lalithamma has **used a small loan** to grow a **successful business** selling snacks and groceries in Kurnool, India. Thanks to her hard work, the business is **now paying for her daughter Shirsha to go to school.**

”

# We believe in *our clients* to leave poverty behind

Sources: UN Human Development Reports 2007 and 2009

The person on the cover of this year's Annual Review is Shirsha, the daughter of Lalithamma (pictured left), one of our microfinance clients from India. At six years old, Shirsha is going to primary school. She is the same age her mother was when she fell ill with polio and lost the use of her legs. However, because of her mother's determination, Shirsha will have a very different life to the one Lalithamma has known.

Like the millions of other people we serve, Lalithamma works hard every day, selling snacks and groceries from her roadside stall. She refuses to let poverty get the better of her, making sure she earns enough money to pay for food, clothing and Shirsha's school fees. Like so many microfinance clients, she is turning a desperate situation into a hopeful one. All because someone gave her an opportunity – in this case, a small loan. Lalithamma is determined to change the world for Shirsha and her son Sudaka, four. We believe she will do just that.

On the following pages, you will see stories from other Opportunity International Australia clients – Sujatha from India, Luisa from the Philippines and Alfonsius from Indonesia. It is these stories that demonstrate the power of microfinance – giving them the tools they need to turn their lives around.

Microfinance starts with one life being transformed. It then goes on to transform that person's family. Then, because small businesses boost the local economy, a community begins to transform. Finally, because the nature of microfinance means each loan is repaid, the whole process starts again, helping a different person, a different family, a different community.

Every day, supporters of Opportunity International Australia give people living in poverty around the world an opportunity to transform their lives. Without these donations, people like Lalithamma, Sujatha, Luisa or Alfonsius would still be trapped in a cycle of poverty. At Opportunity International Australia, we are honoured to be the bridge between these determined clients and our visionary donors. We are encouraged by those who say: "We believe in these people, too." To all our supporters – thank you for believing.

2009 was a great year of growth. We distributed more than \$16 million to our partner organisations in India, Indonesia and the Philippines, allowing them to refine their operations and significantly increase their outreach. Alongside our support partners in the Opportunity International Network, we are today serving more than 2.8 million people around the world with microfinance and support services. Over one million of these clients are in India alone – where we launched our program only two years ago. This growth has taught us that where there is need, there is a way.

2009 also saw the launch of our Opportunity Ambassador network, with close to 100 people signing up as formal Ambassadors. Throughout the year, our inspiring Ambassadors worked tirelessly to advocate for people like Lalithamma, hosting more than 65 events and raising more than \$700,000 for our programs. We want to thank all our Ambassadors for their creativity, support and generous giving – we are excited about what is to come!

We also want to recognise the contribution of our valuable volunteers and interns, and thank them for continually sharing their time and skills with us. Together, they have donated over 7,150 work hours towards our mission in 2009 alone – no small figure. Finally, our thanks go out to our dedicated staff and Board members – thank you for the unwavering expertise and devotion you contribute, day after day. You are the backbone of this organisation.

As we move boldly into 2010, we are excited for a year of continued growth from a strong platform. We are committed to believing in people like Lalithamma to leave poverty behind, and we hope you will continue to partner with us to give them the opportunity to do so. Because when it comes to making a difference, we believe in you.

Warmly

**Robert Dunn**  
Chief Executive Officer

**Andrew Tyndale**  
Chairman



*Chief Executive Officer Robert Dunn (top) and Chairman Andrew Tyndale (below) visit with microfinance clients.*

## 2009 at a glance

### India

- Helped more than one million people and their families grow small businesses and begin to make their way out of poverty.
- Partnered with four additional microfinance institutions in India – EMFIL, Adhikar, C-DOT and Kaveri. Our 14 Indian partners now work through 648 branches.
- Distributed \$13,559,000 to our Indian partner microfinance organisations.
- Supported our existing partners as they established more than 90 new branches.
- Provided technical assistance alongside MicroSave, helping our Indian partners maintain portfolio quality, achieve operational sustainability and expand into new communities.
- Investigated complementary community services to provide alongside microfinance.

### Philippines

- Helped more than 581,100 Filipino people grow successful small businesses so they can provide for their families.
- Distributed \$2,051,000 to our Filipino partner microfinance organisations.
- Advanced our Philippines Renewal Program, helping our partners ASKI, TSPI and TSKI improve their operations and products, ensuring that they provide sustainable and effective products and services to people living in poverty.
- Supported ASKI, TSPI and TSKI as they established 48 new branches across the Philippines and introduced community development initiatives involving clean water and education.
- Sent more than \$149,000 in disaster relief following typhoons Ondoy and Pepeng to distribute food, clothing and other supplies to people affected by the floods.

### Indonesia

- Helped our partner TLM in West Timor expand its outreach by more than 5,500 loan clients, serving a total of 16,300 people with microfinance services.
- Distributed \$477,000 to our Indonesian partner microfinance organisations.
- Supported TLM as it launched a new group loan, individual loan and business training curriculums to better suit clients' needs.
- Supported TLM as it established two new branches in remote Insana and Sabu, reaching thousands of families that previously had no access to microfinance.

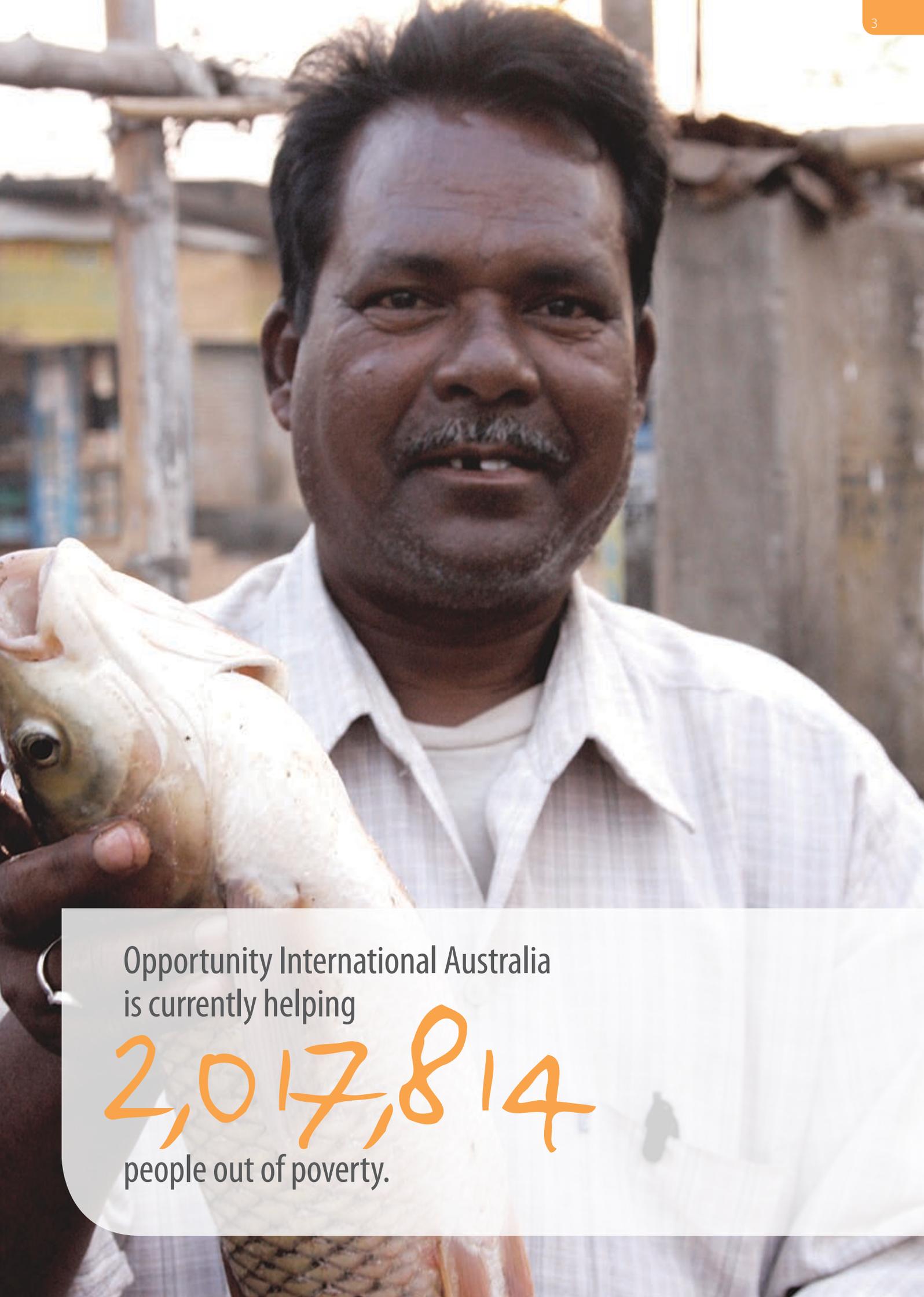
### Locally

- Raised a total of \$6,469,000 through fundraising and government grants.
- Signed up close to 100 Ambassadors from across Australia to form the Opportunity Ambassador network, partnering with them as they hosted more than 65 events and raised more than \$700,000.
- Had more than 30 volunteers and interns help out in our head and state offices – donating more than 7,150 work hours.
- Reduced costs wherever possible. By actively seeking out pro bono opportunities, we saved close to \$376,500 through 16 different corporate or individual supporters.
- Relunched the Opportunity International Australia website with pro bono help from corporate supporters.
- Partnered with Gloria Jean's Coffees to present *Cappuccino for a Cause*, a nation-wide event that helped raise more than \$55,000 for Opportunity International Australia.
- Joined with BHP Billiton and Minter Ellison Lawyers to present two *Put Yourself in Her Shoes* luncheons, raising close to \$600,000 thanks to BHP Billiton's generous dollar matching component.
- Travelled with supporters on two Insight Trips to India and Indonesia, introducing them to our clients and partners to generate awareness about poverty and microfinance.
- Investigated the possibility of future programs in additional countries in need of microfinance, with this research to be continued in 2010.

### Thank you

Opportunity International Australia would like to sincerely thank all the donors, Ambassadors, volunteers, Board members and staff who so generously offer their time, resources and finances to help people out of poverty. We would also like to thank the Australian Government (AusAID) and the Australian Council for International Development (ACFID) for their ongoing support and assistance.

Opportunity International Australia's work is also supported by a number of generous corporations who give either financially or through the provision of pro bono goods and services. We would like to recognise the contribution of all these organisations. Thank you for your commitment to our cause – you are making a real difference in the lives of people who desperately need our help.



Opportunity International Australia  
is currently helping

2,017,814

people out of poverty.



94%

of Opportunity International Australia  
loan recipients are women.

# Believe in opportunity

## Our global impact

The Opportunity International Network consists of five support partners: Australia, United States, United Kingdom, Canada and Germany. Together, we work in 25 developing countries throughout Asia, Africa, Latin America and Eastern Europe. At the end of 2009, the network was helping 2,817,817 people make their way out of poverty through the provision of microfinance

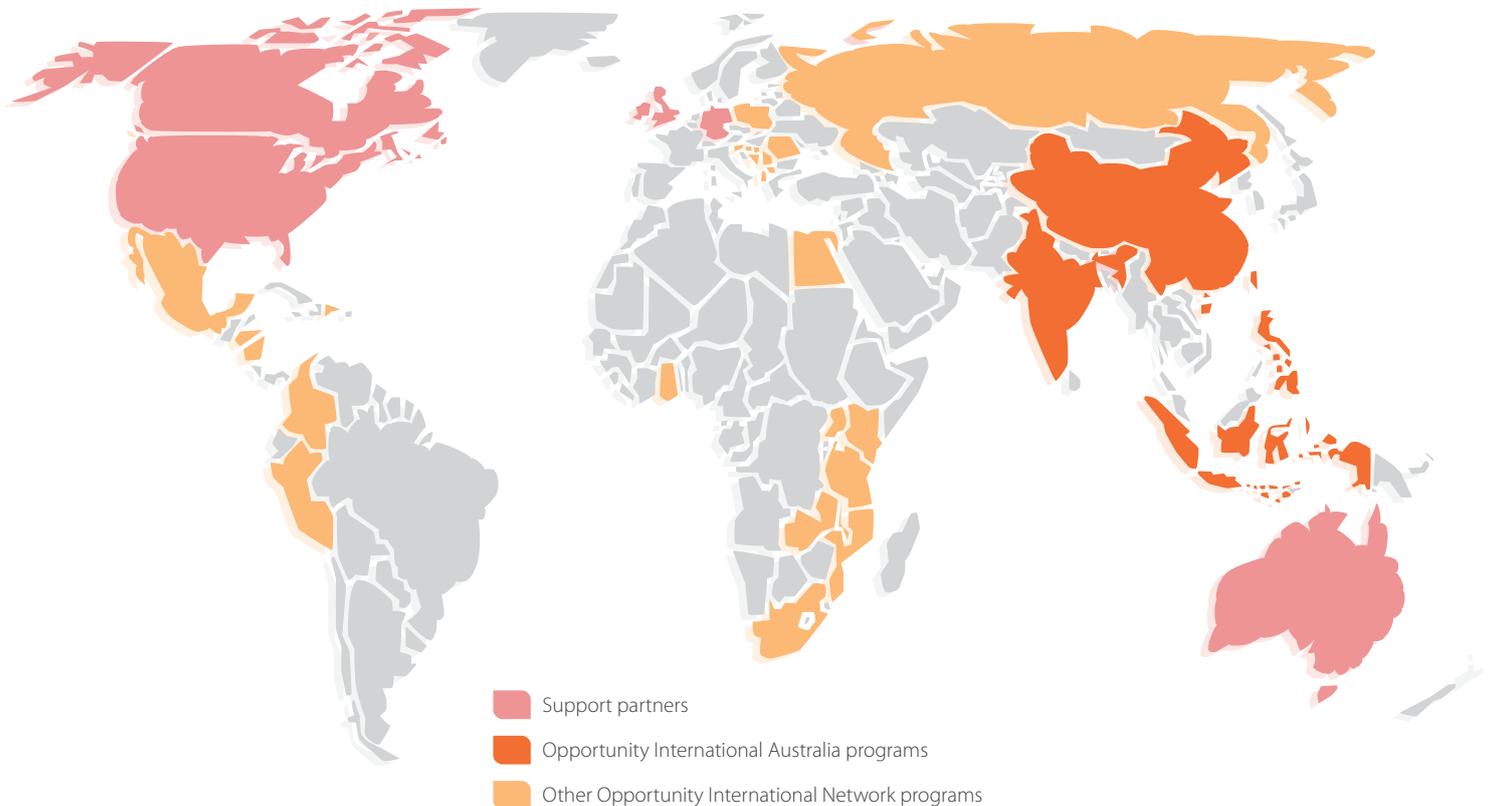
and other support services, with a total loan portfolio of A\$563,343,926.

Opportunity International Australia principally (but not exclusively) supports programs in Asia, currently focusing on programs in India, Indonesia and the Philippines, and also China. At the end of 2009, we were helping more than two million people make their way out of poverty.

	India	Philippines	Indonesia
Population	1.1647 billion	88.7 million	224.7 million
Population living in poverty (%)	75.6%	45%	52.4%
Program expenditure in 2009	\$13,559,000	\$2,051,000	\$477,000
Partners outstanding loan portfolio*	A\$136,074,075	A\$94,400,525	A\$5,700,772
Clients	1,002,390	960,328	55,096

\* Funding is provided by a variety of sources.

Sources: UN Human Development Report 2008 and 2009





## Believe in *Sujatha*...

In a crowded room in Mannuthy, India, five women sit behind old sewing machines, surrounded by metres of colourful fabric. There is a buzz in the air – the women's chatter and laughter almost drowns out the honking and street sounds coming in from outside.

Sujatha works alongside four other women – Sheela, Ajitha, Sheela and Prasaliya – in a small tailoring centre. Before they started the centre a few years back, each of the women struggled to provide for their families. Despite the thriving industry in the area, they – like many other poor families in India – were left behind. Their husbands' incomes and the money they would earn from odd jobs was barely enough to put food on the table.

Today Sujatha and her friends have a group loan from EMFIL, one of Opportunity International Australia's microfinance partners in India. The loan is their second, totalling Rs.100,000 (A\$2,460). By forming a group around their common business, the women have been able to borrow Rs.20,000 (A\$492) each, more than they could secure on their own. They have already repaid their first loan.

The loans have allowed them to buy more sewing machines, fabric and threads, allowing them to produce more styles each day. If they worked individually, Sujatha tells us, they would only be able to produce two styles per day. As a team, they can produce bulk orders quickly, increasing their productivity and profit.

Between them, the women have more than 20 family members – husbands, teenagers and some have babies. The tailoring centre, now well known in their community, is each of their families' main source of income.

The income they earn from the tailoring centre is now paying for their meals, homes and everyday items. Their children, all in school once old enough, form much of the women's work day discussion. Rethreading needles and cutting pieces of fabric, the women are writing new futures for all five of their families, and inspiring others in their community to do the same.

## ... to rewrite her future

## Our work in India

**By the end of 2009, Opportunity International Australia's India Program was serving more than one million clients – clients like Sujatha and her four workmates.**

Since our first funds were disbursed by our Indian subsidiary Dia Vikas Capital in May 2008, more than one million people in India have been given the opportunity to grow small businesses and earn incomes – enabling them to put food on the table, a roof over their heads and their children in school. Back in 2007, before our India Program launched, many of these people lived in poverty, struggling to afford the most basic of items.

Thanks to the support of our donors, Opportunity International Australia's India Program has become one of the most significant nationwide poverty alleviation programs in India. Throughout 2009, we distributed \$13,559,000 to our partner microfinance institutions through Dia Vikas Capital, allowing them to expand their loan portfolios and leverage additional funds to reach out to more people living in poverty.

2009 also saw us unite with an additional four partners in India – EMFIL, Adhikar, C-DOT and Kaveri, who, by the end of the year, were collectively serving more than 250,200 clients with microfinance. June saw the amicable end of our partnership with Sahara, as the organisation's senior management decided to change their focus from social impact to commercial outcomes – a mission that conflicts with our commitment to poverty alleviation. Sahara consequently repaid its outstanding loan balance and this money was reinvested in our other Indian partners.

By the end of the year, Opportunity International Australia was working through a total of 14 partner organisations in India, operating through 648 branches. These partners cover a large area of the country, with a focus on the underserved, impoverished areas of the north.

Between January and December 2009, our existing Indian partners established more than 90 new branches and increased their outreach by over 185,000 clients. Start-up organisations Margdarshak and Shikhar recorded high growth, more than doubling their client outreach throughout the year, while Samhita grew by 60%. Cashpor, RGVN and GO Finance also substantially increased their outreach, providing small loans to an additional 69,600 clients, 26,100 clients and 25,200 clients respectively.

As well as providing funding to our Indian microfinance partners, Opportunity International Australia provides specialised technical assistance to ensure their operations are efficient, sustainable and truly transformational for the families they serve. In 2009, we utilised leading microfinance consultancy MicroSave to work closely with our Indian partners to strengthen their products, operations and client management systems. This ongoing assistance helps our partners maintain portfolio quality, achieve operational sustainability and expand into new communities where they can reach out to families previously unserved by microfinance.

In many cases, microfinance is the only service reaching into poor communities. As such, it can provide an opportunity for us to develop complementary service partnerships in health and education, providing access to services that would otherwise be inaccessible. In 2009, some of these initiatives were investigated, and will be further explored in 2010. As we expand our outreach in the coming years, our work in India will give millions more poor families an opportunity to work toward a brighter future.

*Sujatha and her friends used a group loan to start a tailoring business. Their income now supports all five of their families – more than 20 family members.*



## Our partners in India

### Cashpor

Cashpor is one of the largest microfinance institutions in northern India, serving close to 362,900 clients. Based in Varanasi, Uttar Pradesh, it was established in 1997 to provide an alternative source of credit for the poor who were being charged exorbitant interest rates by moneylenders, trapping them in a cycle of debt. All of Cashpor's clients are women, with 90% living in rural areas where illiteracy and poverty rates are very high. Most use loans for agricultural businesses, while others invest in small trading and local manufacturing enterprises.

### EMFIL

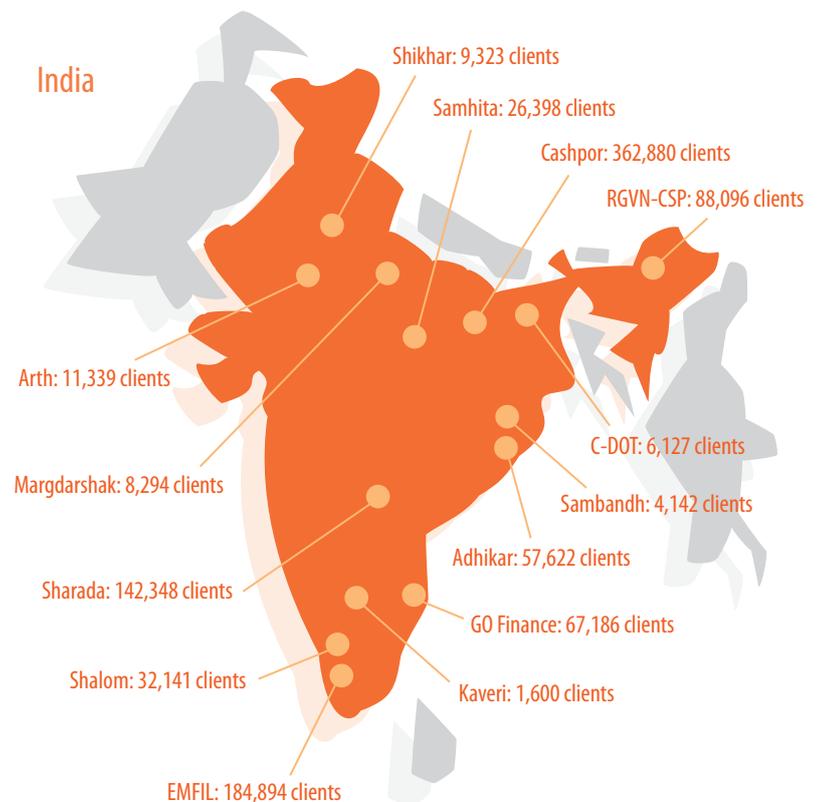
The microfinance branch of ESAF based in Kerala, EMFIL seeks to empower the poor and marginalised – especially women, children and youth – by providing access to financial, health, and other support systems to foster development and holistic transformation. The organisation offers a range of services to its 184,900 clients, including business training, insurance and health care initiatives alongside microfinance. It began operations in 1995.

### Sharada

Sharada is an urban-based microfinance institution serving more than 142,300 clients throughout five states in southern India. Established in 1999, Sharada was one of the first Indian microfinance institutions to focus on the urban poor, offering income-generating loans as well as a range of educational services. Its clients are marginalised groups – women, low-income earners and those who belong to 'lower' castes. The majority of loans are used for small trading or production businesses, with some agricultural-based enterprises.

### RGVN-CSP

Operating in the remote state of Assam in north-eastern India, RGVN-CSP was established in 1990 to empower the poor, particularly women and ethnic minorities. In 1995, RGVN commenced its credit and savings program, which now serves 88,100 clients. Assam is connected to the rest of India by a narrow landlocked corridor and is prone to floods and cyclones. The majority of RGVN clients are female and live in both urban and rural areas, with most investing loans into small trading businesses, such as kiosks. Others invest in sewing, farming and animal husbandry businesses.



### Growing Opportunity Finance (GO Finance)

GO Finance is a microfinance institution dedicated to helping the working poor escape poverty. Based in the coastal city of Chennai, GO Finance offers microfinance, business education and social development services to clients, helping women become instigators of positive change in their communities. Chennai is home to close to a million slum dwellers – families who live side-by-side in clusters of dilapidated houses with no sanitation or infrastructure. GO Finance serves close to 67,200 clients in the area. Common businesses include basket and candle making, crochet, tailoring, embroidery and beauty parlours.

### Adhikar

Committed to social development and defending the rights of the poor, Adhikar is based in Orissa, one of India's most impoverished states. It delivers a broad range of services to clients, including an innovative money remittance service for migrant workers – the first of its kind in India. Having commenced its microfinance program in 2004, Adhikar is serving more than 57,600 clients.

### Shalom

Established in 1998, Shalom offers a variety of community services, including microfinance, housing, education and career guidance for children. Devoted to the development of underprivileged and marginalised groups, Shalom operates in the coastal states of Kerala as well as Tamil Nadu. It currently serves more than 32,100 clients with small loans, primarily women who run farming or agricultural businesses in rural areas.

### Samhita

Samhita is a start-up microfinance institution based in Rewa, Madhya Pradesh. It provides much-needed microfinance and social services to disadvantaged communities, with a particular focus on women who are disenfranchised by rural isolation, gender discrimination or limited economic opportunities. In rural areas, most clients are landless agricultural labourers with little or no education. They use loans to purchase livestock or establish small trading businesses, while in urban areas, many clients invest loans into small vending businesses. Samhita currently serves 26,400 clients.

### Arth

Arth was established in May 2007 as the microfinance branch of the Indian Institute of Rural Development (IIRD), which has undertaken social development projects since 1994. Working out of Rajasthan and Madhya Pradesh, Arth currently serves more than 11,300 clients in isolated rural areas and urban slums. While Rajasthan is a state powered by agriculture, low rainfall and recurrent droughts mean that the livelihoods of landless agricultural labourers and small farmers are volatile. Water insecurity and a social system that discriminates against women and 'lower' castes are also issues for Arth's clients – all of whom are women.

### Shikhar

Based in Delhi in northern India, Shikhar is a start-up microfinance institution that operates in urban slums where poverty is rife. Densely populated, these slums are characterised by substandard housing and a lack of basic facilities. Built on government land, they are also vulnerable to new developments. Established in 2007, Shikhar aims to help communities become resistant to financial and social risks, offering a number of community-focused products to the ultra poor. It currently serves more than 9,300 clients.



## Put Yourself in Her Shoes

October 2009 saw two of Opportunity International Australia's corporate partners – BHP Billiton and Minter Ellison Lawyers – host *Put Yourself in Her Shoes* luncheons to create awareness and raise funds for women living in poverty in India – a country where more than 880 million people live in poverty. Organised by the BHP Billiton Women's Network in both Melbourne and Brisbane and co-hosted by Minter Ellison Lawyers in Brisbane, the events raised more than \$157,000 and \$142,000 respectively, a figure that doubled to close to \$600,000 thanks to BHP Billiton's generous dollar matching component.

This year was the fourth year *Put Yourself in Her Shoes* was held in Melbourne – the first for Brisbane. Guests heard from our India Program CEO, KC Ranjani, who spoke about the struggles and determination of the poor women she works alongside daily.

Sharna Glover from BHP Billiton's Metallurgical Coal office coordinated the Brisbane event. "It's exciting to see the momentum continue and build each year," she said. "BHP Billiton plays a part in supplying raw materials to developing nations for infrastructure such as roads and housing. As a result, there is a natural alignment between BHP Billiton and the work of Opportunity International Australia in providing the infrastructure to alleviate poverty."

**Thank you BHP Billiton for your generous contribution!**

*Source: UN Human Development Report 2009*

*Guests at Put Yourself in Her Shoes purchase products made by some of Opportunity International Australia's microfinance clients.*



## Our partners in India (continued)

### Margdarshak

Margdarshak is a start-up microfinance institution based in Lucknow, Uttar Pradesh – one of the most populous states in India. The state is a hub for handicraft and perfume production, and many of Margdarshak's 8,300 clients work in these industries. Established in 2004 as a consultancy to the development sector, Margdarshak commenced microfinance operations in July 2007. It uses loans to expand the avenues and sources of income available to the poor and marginalised in the area.

### C-DOT

C-DOT operates throughout the Nalanda district of Bihar. Established in 2000 by a group of local professionals committed to alleviating poverty, C-DOT is now serving more than 6,100 clients. Until 2007, the microfinance interventions of the organisation were of a limited scale, serving close to 350 female clients. C-DOT began to scale up its microfinance operations in March 2007 with the aim of bringing social and economic development to the poor.

### Sambandh

Sambandh is the microfinance initiative of the Regional Rural Development Centre, based in the urban areas of Sundargarh, Orissa. Launched in 2006 to support the development and expansion of small businesses at a grass roots level, Sambandh also provides clients with health check-ups, insurance and other initiatives to ensure holistic transformation. It serves more than 4,100 clients.

### Kaveri

Kaveri is a start-up microfinance institution that is building on the experience of SEARCH – a reputed Bangalore-based training and development institution – to deliver microfinance and livelihood development services in Tamil Nadu and Karnataka. SEARCH has a track record of training more than 10,000 Indian and international development workers and establishing strong relationships in the community. Historically, its programs have included a microfinance component, which at its peak in March 2007, served over 27,000 clients. In 2009, microfinance operations commenced under the Kaveri banner, now providing business development services to more than 1,600 clients.



Overall, the trip reinforced for me that the concept of **microfinance does work** in reality.

*Julie Levis, Partner in Charge at Clayton Utz in Sydney*



## A trip to India

Julie Levis, Partner in Charge at Clayton Utz in Sydney, travelled with Opportunity International Australia to India in 2009 to visit Shikhar, Margdarshak and Cashpor – three of our microfinance partners working in the northern, most impoverished areas of the country.

Clayton Utz is a supporter of Opportunity International Australia, and Julie, who practices commercial property law, was interested in learning more about microfinance and how it can help people out of poverty. “I admired the concept but wanted to see it in reality,” she said.

“We went out to a Shikhar branch office in a slum area in the city, where about 12 clients, mostly women, explained what

they had used their loan money for and how it had impacted their lives. Overwhelmingly, these women said they wanted to educate their children so they could get them out of the slums so they didn’t have to live with the hardships their parents had.

“Overall, the trip reinforced for me that the concept of microfinance does work in reality,” she said. “Opportunity International Australia and its Indian partners are really making a positive difference to people’s lives in giving them a hand up, not a hand-out. I am very proud that Clayton Utz supports enterprises like these.”





## Believe in Luisa...

*Sari-sari* stores (small grocery stores) can be found on almost every corner in most of Manila in the Philippines. Locals visit them when they need flour, sugar or sometimes just an ice cold drink to cool them down in the scorching sun.

Luisa Martinez, 43, has run her *sari-sari* store for 15 years. It sits just off a main road in an alleyway that is a thoroughfare for residents and school children. Luisa and her husband Hilario (who drives a *jeepney* taxi) have three children – Larissa, Lara and Via – all girls. When the girls were little, Luisa used to talk to them about the importance of an education – about going to school and then going on to university. But Luisa's family was stuck in a cycle of poverty. The *sari-sari* store was busy, but limited capital meant a limited income – you can't earn money from stock you can't afford to buy.

Finally Luisa found TSPI, one of Opportunity International Australia's partners in the Philippines. She applied for a loan and received Php.5000 (A\$121). With the money, Luisa invested in a small barbeque and a selection of meats from a local supplier. She figured she could cook the barbeque in front of her store and sell snacks to people passing by.

Luisa's idea worked. Hungry on their way home, locals would stop at her stand for something to eat. Buying the barbeque sticks in bulk for Php.600 (A\$14.60), Luisa would then sell the sticks for Php.9 (A\$0.22) each for a profit. Today, her income has grown by 50%. The money she has earned has enabled her to expand her *sari-sari* store and provide for her family – food, clothing and, just as she had hoped, an education for her children. Luisa's eldest daughter Larissa is now 21, and has already graduated college. She works in hotel and restaurant management in nearby Makati – the business district of Manila. Lara, now 18, is currently studying business administration at college, while Via, 15, is still at high school. She wants to be a teacher.

"We had a really hard time before," says Larissa. "The loans helped our family. My mother was able to pay for our studies, and we were grateful."

... to send her children to school

## Our work in the Philippines

**Luisa is just one of the thousands of mothers and fathers who have been helped by our microfinance partners in the Philippines. During 2009, we sent \$2,051,000 to the Philippines and worked with our partners Alalay Sa Kaunlaran, Inc. (ASKI), Tulay Sa Pag-unlad, Inc. (TSPI) and Taytay Sa Kauswagan, Inc. (TSKI) to improve their operations and extend their outreach to more Filipino families still waiting for microfinance loans. At the end of 2009, ASKI, TSPI and TSKI were serving more than 581,100 clients, while the Opportunity International Network partners were together serving more than 960,320 people.**

In 2009, Opportunity International Australia advanced with our Philippines Renewal Program, a project that aims to help our partners respond to the needs of our clients with sustainable and transformational products and services. Throughout the year, Opportunity International Australia worked with technical consultancy MicroSave to guide our partners through an intensive series of workshops focusing on process mapping, market research, product design, strategic business planning and capacity building. By investing in our partners, we are able to make sure that our work in the Philippines has the greatest impact possible.

Back in 2008, our Filipino partners collected feedback from clients on existing loan products and processes, and this research was used to design new loan products in 2009. This saw our Filipino partners move away from the traditional Trust Group system (where larger groups of clients co-guarantee each others loans in the absence of collateral) towards more flexible loan products and terms. To reflect this change, 'Trust Groups'

have been renamed 'Community Groups', highlighting how a poor community can be empowered when a group of clients and their businesses improve not only their family's lives, but also the local community.

### 2009 highlights

#### ASKI

- At December 2009, ASKI was serving 59,795 clients, having added 3,583 new clients throughout the year.
- 97 new Community Groups were formed, composed of 2,488 clients.
- The average group loan was Php.9,337 (A\$227).
- ASKI piloted a new group loan to bridge the gap between Community Groups and individual loans. The 'Ok Ka' loan removes the co-guarantee and offers larger loan sizes and flexible repayment schedules to reflect seasonal fluctuations in clients' income. With loan applications processed in 24 hours to ensure people in need are not left waiting, repayment and retention rates have exceeded expectations. The 'Ok Ka' loan provides a significant capital boost to clients who have already displayed business capability and entrepreneurial skill in helping their families out of poverty. 271 clients have so far received the loan.
- ASKI established four new branches in Aparri, Bambang, Cabarraguis and Rosales. Aparri is a seaside town located on the far north coast of Luzon Island, while the other branches are located inland. These new branches will allow ASKI to bring community-focused microfinance to more people.
- The most common businesses of clients are *sari-sari* (grocery) stores, crop production and vegetable selling.
- ASKI also undertook a number of community initiatives, providing water systems, supplying chairs for schools and facilitating in the construction of a day care centre.

*A loan of just A\$121 helped Luisa Martinez set up a barbeque stand and earn the income she needed to send her children to school. Her eldest daughter Larissa (pictured) has now graduated college.*





## Responding to emergency

In September and October 2009, typhoons Ondoy and Pepeng hit the islands of the Philippines, bringing severe flooding. In some areas, water reached above head level, and hundreds of people lost their lives. The typhoons, which dropped a month's worth of rain in nine hours, left more than half a million families homeless.

Tens of thousands of Opportunity International Australia clients were affected, losing homes, businesses and even loved ones. Sadly, a number of clients lost their lives. To add to the suffering, unsanitary conditions from a lack of toilets in affected areas made life following the disasters even more unbearable. Property damage has been estimated at over A\$110 million, with an estimated 500,000 people being pushed back into poverty.

Following the flooding, Opportunity International Australia sent out a disaster appeal, raising more than \$149,000. These funds were sent directly to our partners ASKI and TSPI to help them distribute food, clothing, soap and other supplies to people around the country.

Today, the Filipino people face the task of rebuilding homes and businesses, as many families are without their source of income. It is here that microfinance will once more play a crucial role in the lives of poor families in the Philippines.



### TSKI

- By the end of 2009, TSKI was serving 257,302 clients, an increase of 23,518 clients since the start of January.
- The average group loan was Php.6,000 (A\$146).
- TSKI piloted an innovative new loan, 'Dagyaw', that, rather than utilising a group co-guarantee, involves just two clients co-guaranteeing each other's loans. With a quicker disbursement time and a loan term of six months, 'Dagyaw' loans range in size from Php.5,000-30,000 (A\$128-769), depending on the capacity of the business and client's credit record. 5,246 clients have so far received the loan, which also incorporates savings.
- TSKI established 13 new branches – five in Davao City and province, three in the Caraga region and another five in Negros province.
- The most common businesses of clients are fish and meat selling, *sari-sari* (grocery) stores, mini bakeries, craft making and agricultural businesses such as fishing and farming.

### TSPI

- At the end of 2009, TSPI was serving 264,089 clients, having grown by 63,806 clients since the start of the year.
- The average group loan was Php.7,621(A\$185).
- TSPI piloted the Maunlad 'Progressive' Program, a loan for clients who have completed two years in the group loan program or for new clients with larger loan requirements. Offering loan amounts ranging from Php.51,000-150,000 (A\$1,236-3,637), the product has a flexible repayment schedule (weekly, fortnightly or monthly), no group co-guarantee and a loan term of between six and 18 months. As it offers a larger amount of capital, the loan requires collateral or a co-guarantee by two qualified individuals. 86 have so far been disbursed, with a 100% repayment rate.
- TSPI established 31 new branches, stretching from Nueva Ecija in the north to Mindanao in the south.
- In 2009, 38% of clients were involved in retail businesses, 28% provided services, 12% owned manufacturing businesses and 11% had farms or other agricultural enterprises. 11% were involved in other less common businesses.
- In July, TSPI launched the WaterHope station in Taguig, Manila. WaterHope provides clean, fresh water to locals in the area so they do not have to drink from other contaminated water sources. In its first two weeks of operating, WaterHope saw more than 1,000 gallons of purified water leave the station and make it into homes.
- In January 2009, TSPI rolled out the TSPI Housing and Sanitation Loan Program. 1,573 clients have so far benefited from the program, with 135 toilets and 153 new houses constructed, and 1,285 houses renovated.

## Our partners in the Philippines

### Tulay Sa Pag-unlad, Inc. (TSPI)

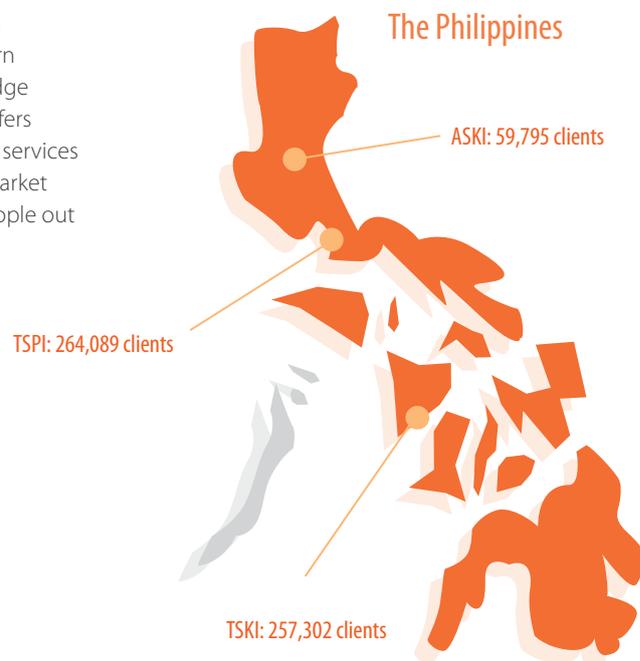
Established in 1981, TSPI has close to 30 years' experience working with people living in poverty. Based out of Manila, TSPI helps clients start small businesses by offering a broad range of financial and complementary services, allowing them to earn an income and break the cycle of poverty in their lives. Offering business training and microinsurance as well as housing and education loans, TSPI serves more than 264,000 clients.

### Taytay Sa Kauswagan, Inc. (TSKI)

With its head office in Iloilo in the Western Visayas region of the Philippines, TSKI serves more than 257,300 clients throughout the Visayas, Southern Tagalog and Western Mindanao. Aiming to 'bridge the gap between poverty and progress', TSKI offers microfinance alongside business development services such as skills training, product development, market linkages and trade fairs. It has been helping people out of poverty since 1986.

### Alalay Sa Kaunlaran, Inc. (ASKI)

ASKI was established in 1987 – the brainchild of a group of business leaders who wanted to provide an answer to the high poverty levels and unemployment rates of the Philippines. Offering much-needed microfinance loans to families in poverty, ASKI serves close to 59,800 clients with small loans, business training and community development projects covering food, water, sanitation and housing issues. It is based in Cabanatuan City in the northern Philippines.



I am very thankful for the **relief goods** given to us. I appreciate the mineral water they gave us, because there was already **scarcity of water** in Marilao. It even came to a point that my parents were only drinking soda, and my mother had to ask for water to make **milk for my child**. It was really a **big help** to us. **Thank you.**

*Ruth Pasco, a client of Opportunity International Australia's partner TSPI who was affected by the typhoons*





## Believe in *Alfonsius...*

When the Asian financial crisis hit in the late 1990s, Alfonsius Taifa was working at a printing and publishing company in West Timor, Indonesia. He had worked for the company since 1992, and his income was supporting he and his wife as they started a family. In 1999, the company went bankrupt, and Alfonsius and his co-workers lost their jobs.

With the economy in crisis, few companies were hiring. Alfonsius was unemployed for some time. While he looked for a job, he tried to think of ways he could earn money to support his family. He couldn't stand seeing them go without food or medicine when they were sick, and he worried about making rent payments for their home. When Alfonsius became sick himself, he was grateful for a neighbour who generously paid his medical bills.

Alfonsius' business idea came to him when he was visiting a relative whose yard was filled with flower pots. Alfonsius considered recycling unused scrap materials into flower pots and buckets. Using the little severance pay he had left, Alfonsius got his business off the ground, sourcing old tyres from car repair shops and transforming them into household items he could sell door-to-door. Selling six to eight buckets, Alfonsius would make

about Rp.50,000 (A\$6) a day. Better than nothing, but still not enough to support his growing family.

After learning about them from a neighbour, Alfonsius took his business idea to TLM, Opportunity International Australia's partner in West Timor. Impressed with his ingenuity and determination, TLM gave him a loan of Rp.750,000 (A\$90) to expand his business. Alfonsius invested in raw materials and proper tools, using them to create more buckets and pots, and then later, tables and chairs.

Today, Alfonsius' income has more than tripled, his hard work earning him up to Rp.200,000 (A\$24.10) a day. Now 37, Alfonsius and his wife have five children – Ido, 11, Ega, 9, Medi, 7, Icha, 5, and Atika, 2. Alfonsius' first purchase from his profits each day is milk for Icha and Atika – "They are in the growing period so they need nutritious food to support their growth," he says. After feeding his family, Alfonsius' next priority is the school fees of his three eldest children. One day, he hopes that he will be able to buy a house for his family, so they no longer have the unpredictability of renting.

... to turn trash into treasure

## Our work in Indonesia

In Indonesia, people employ a number of innovative ways to earn a living. Poverty is high, and parents need to think of inventive ways to provide for their children. Some, like Alfonsius, use their skill to create homewares and handicrafts. Some weave fabrics while others work with wood. For rural families, many look to the land itself, creating coconut oil from the coconut trees, selling fish they have caught or starting their own vegetable farms.

In 2009, Opportunity International Australia sent \$477,000 to our microfinance partners in Indonesia, enabling them to help more poor entrepreneurs grow businesses and earn the incomes they need to look after their families. Much of this funding was focused in West Timor, where our partner Tanaoba Lais Manekat (TLM) operates. The remote islands of West Timor are some of the poorest in Indonesia, with estimates suggesting that 95% of people in rural communities there struggle with poverty. These villages consist of mainly subsistence farmers who are unable to adequately support their families through farming alone. The seasonal nature of their work means income flow is irregular. It is a challenging place for a poverty-alleviation organisation to work, and throughout 2009, Opportunity International Australia helped TLM develop and deliver a range of flexible microfinance loans and support services to meet the needs of the poor in the area.

*When Alfonsius Taifa lost his job in the Asian financial crisis, he got creative with a stack of old tyres and the help of a small loan. Profits from his recycled furniture now support his family and send his children to school.*

### 2009 highlights

- At December 2009, TLM was helping 16,321 clients make their way out of poverty, an increase of more than 5,500 loan clients throughout the year.
- TLM launched a new group loan across its 19 branches, offering flexible loan sizes and repayment schedules. While clients still meet weekly in groups to make loan repayments, groups can now be as small or as large as necessary, and clients are no longer required to co-guarantee each other's loans. This flexible approach, with loan officers dealing with each client on an individual basis, means that villagers feel more confident in applying for a loan.
- The average group loan was Rp.962,930 (A\$116).
- A new individual loan was also offered by TLM, providing clients with a quicker loan disbursement process. By the end of 2009, 3,412 clients had individual loans, with approximately 13% of individual loan recipients also employing others.
- TLM established two new branches in Insana and Sabu to reach the thousands of families who were not able to be served by existing TLM branches. The Insana branch is located in a remote inland village, while the new Sabu branch is on an isolated island, approximately 160-170km west of Kupang. The inhabitants of Sabu rely on agriculture to feed and support their families, but the remoteness of the island and its dry climate means that seasonal hunger is widespread. Sabu can only be reached by airplane or ferry.
- TLM introduced new training curriculums for group clients, covering financial management and entrepreneurship. Individual clients will also be offered more specific training on a quarterly basis, tailored to their businesses.
- The most common businesses for clients are kiosks, small markets, farms, fish mongering and cake making.

Sources: International Fund for Agricultural Development



## Our partners in Indonesia

### Dian Mandiri (DIMAN)

DIMAN serves more than 31,000 clients with microfinance in the urban and rural areas of Jakarta, West Java and Banten in Indonesia. Founded in 1998 in response to the Asian financial crisis, DIMAN is committed to helping the disadvantaged – particularly women and the poorly educated – establish and strengthen productive small businesses. The organisation also offers community development programs and business training to help empower small enterprises and local communities.

### Tanaoba Lais Manekat (TLM)

TLM is a well-respected organisation that operates in the remote islands of Nusa Tenggara Timur, West Timor. The area has the least favourable social and economic statistics of all Indonesian provinces, with communities consisting of mainly subsistence farmers who struggle to earn the income they need to keep their families fed. Founded in 1995, TLM serves more than 16,300 clients with a range of microfinance and support services, and also operates a rural bank that serves 730 loan clients and 3,900 savers. Last year, TLM clients were also offered an innovative 'cashless loan' to help keep their families fed during famine season.



Lea Lapri used to earn Rp.25,000 (A\$3) a day from her vegetable farm in West Timor – **barely enough for food**. She used a loan of Rp.500,000 (A\$59) to buy manure, **doubling her income** through the healthier harvest. She has already saved Rp.55,000 (A\$6.60) **for her eight-year-old niece's education**.



## Cappuccino for a Cause

In October, thousands of Australians used their cup to fight poverty in support of Gloria Jean's Coffees *Cappuccino for a Cause*, a nation-wide event that in 2009 helped raise more than \$55,000 for Opportunity International Australia. By ordering a cappuccino or iced cappuccino, the Australian public helped contribute 50 cents from every cup sold to our work in Indonesia, one of the places Gloria Jean's Coffees sources its beans.

Held on 16 & 17 October, the event marked the UN International Day for the Eradication of Poverty. A number of our Ambassadors and volunteers got behind the event, humbly donating their time to prepare information packs and visit stores to help us get ready for the campaign. A huge thanks to all these supporters, the Gloria Jean's Coffees International Foundation and the franchise partners who generously opened up their stores and donated their profits for this worthy cause.



## China

The Opportunity International Network has an implementing partner based in China that was initially funded through Opportunity International Australia in 2003. Opportunity International China helps transform lives by providing small businesses with loans, training and consulting that enables them to develop and sustain income-generating enterprises which, in turn, create jobs for the unemployed. Opportunity International China operates in Hefei in Anhui province and around Suyu in Jiangsu province.

In 2009, Opportunity International China helped grow and sustain 577 businesses, providing loans between \$400 and \$30,000. By December 2009, the organisation was serving 508 clients. 41% of clients are wholesalers and retailers – transmigrants that have moved to the capital cities to secure a better education for their children. 9% run small workshops or work as manufacturers, 40% are agricultural clients and others are engaged in animal husbandry. A total of 13,995 jobs were directly created by the loans of Opportunity International China in 2009, while its clients indirectly impacted 16,523 jobs in the community throughout that same period.

# About us

## Opportunity International Australia is a non-profit organisation that uses a business approach to solve the problem of poverty.

Rather than a hand-out, we provide people living in poverty with a loan as small as \$100 to help them start or grow their own small business. This enables them to earn a regular income so they no longer have to struggle to afford food, clean water, proper shelter or an education for their children.

With more than 35 years' experience working with the poor, Opportunity International Australia is a leading provider and pioneer of microfinance and support services. Working through local microfinance institutions in developing countries, we are currently providing a way out of poverty for 2,017,814 people in India, Indonesia and the Philippines. Alongside our other support partners in the Opportunity International Network (United States, United Kingdom, Canada and Germany), we are currently helping 2,817,817 people out of poverty in 25 countries around the world.

### What is microfinance?

Microfinance gives people the tools they need to work their way out of poverty. By giving people access to financial services – such as small loans, savings accounts and insurance (often alongside non-financial services such as business training) – microfinance empowers people who wouldn't usually qualify for regular banking services because they have no form of collateral or formal identification.

Here's how it works: by helping a mother buy a sewing machine to start a tailoring business or a father to buy seeds to plant a vegetable garden, small loans and business training enable people living in poverty to earn an income and provide for their families. As each business grows, loans are repaid and lent out again. And with 97% of loans paid back, the cycle continues, year after year. Each successful business feeds a family, employs more people and eventually helps to empower a whole community.

### Our mission

Our mission is to provide opportunities for people living in poverty to transform their lives.

### Our vision

Our vision is to see millions of people lifted out of poverty permanently.

### Our inspiration

Opportunity International Australia is inspired by Jesus Christ's call to love all people. We assist people in poverty without regard to gender, ethnicity or religious affiliation.

### Our values

- Commitment to the poor
- Respect for our clients and partners
- Integrity
- Stewardship

### What do we mean by 'inspired by Christ'?

In the gospel of Luke, Jesus tells a crowd the story of the 'good Samaritan'. The parable talks of a man who was mugged by some robbers, beaten and left to die on the side of a road. Three people come across the man, but only one stops – the Samaritan. On such a dangerous road, all three had their reasons to keep going, but only the Samaritan pushed his reasons aside to help.

Opportunity International Australia aims to be like the Samaritan. Moved with compassion, he pushes aside cross-cultural boundaries to show real and costly love to someone in desperate need. In the stories of Jesus' life, we see the same character displayed. Jesus mixed with some of the most despised people of his time – prostitutes, tax collectors and other outcasts. He helps and believes in all people – religion, race and gender don't come into it.

In our work with the poor, we come across a number of people who demonstrate 'Christ-like' behaviour every day. Some of these people are Christians, some are not. Some are the leaders and staff of our partner microfinance institutions who work in the most isolated, difficult areas imaginable; some are our staff who labour tirelessly to give a voice to the voiceless. Some are our clients who, despite their own circumstances, walk alongside others in their neighbourhoods to help them grow successful businesses, too. Together, we work to reach out to people in need – religion, race and gender don't come into it.

Rather than focusing on evangelism, discipleship or church planting (roles that other organisations are fulfilling), we see our role as responding to one of Jesus' main messages – to love our neighbour as ourselves. 1 John 3:16 says this: "This is how we know what love is – Jesus Christ laid down his life for us. So, we also ought to lay down our lives for others." Opportunity International Australia is trying to answer this call.

### Our methodology

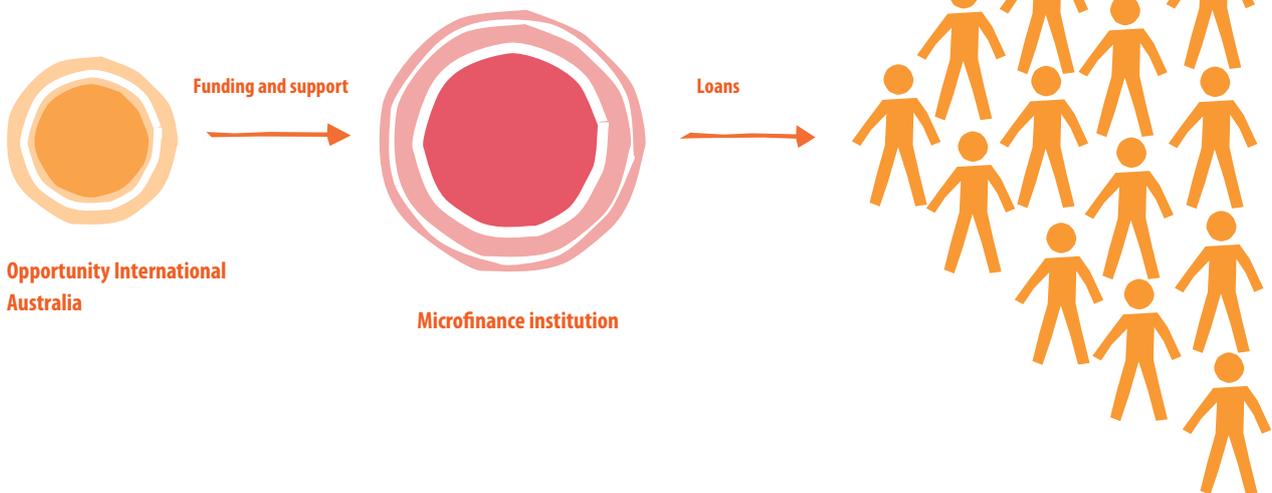
Opportunity International Australia works through local microfinance institutions in developing countries. This ensures that we understand the needs of the people living in poverty in the area and allows us to serve them effectively.

While our financial support is key, we don't simply fund the loan portfolio of our microfinance partners. We support the organisation as a whole – helping them with capacity building, the technical aspects of their programs and the development of complementary community initiatives. We understand that microloans

on their own are not enough to lift a person out of poverty, and we are committed to helping our partners provide a range of flexible financial and non-financial services to help people leave poverty behind for good.

In regions where poverty is entrenched, the establishment and success of a microfinance institution presents immense challenges. Our technical support allows our partners to refine their operations and reach out to more and more people living in poverty. Without this non-financial support alongside funding, microfinance institutions may struggle to grow or effectively meet the needs of the poor in their area.

### How we work



**97% of Opportunity International Australia loans are repaid, going on to help someone else.**



# What does it mean to be poor?

**Nearly half the world – 2.7 billion people – live on less than US\$2 a day. That's less money than we would spend on a cup of coffee or a chocolate bar.**

Essentially, this means that 2.7 billion people around the world struggle to afford even the most basic of everyday items. They struggle to afford food, clean water, proper shelter and clothing. They go without medical attention, adequate sanitation, transport and schooling. Instead, they face hunger, disease and a future filled with uncertainty.

## What can we do?

Poverty isn't just about a lack of money. It influences every other aspect of a person's life, stopping them from getting ahead. However, this downward spiral isn't inevitable.

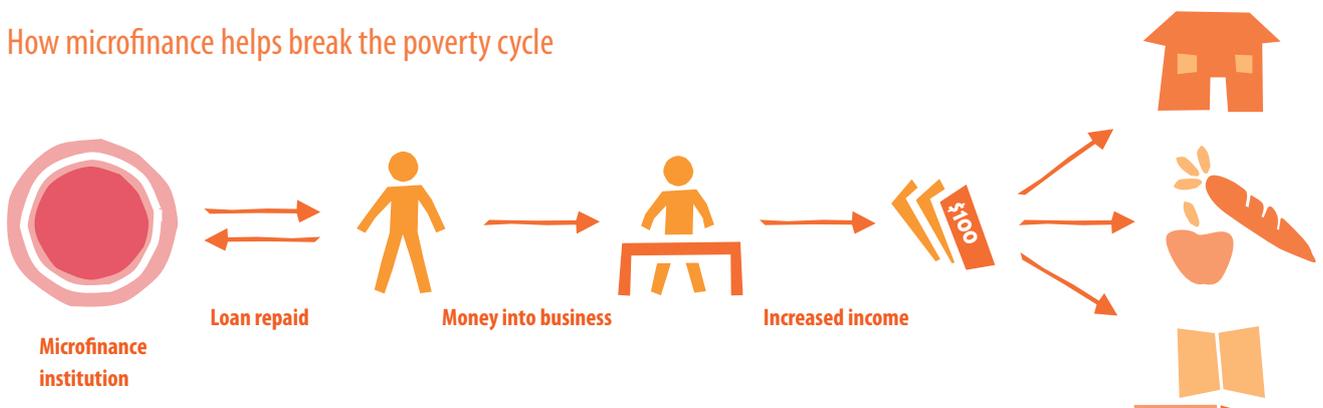
Microfinance can help break the cycle of poverty by empowering a person with a small business that allows them to earn an income and provide for their family. It gives people the tools they need to leave poverty behind and create a new future for them and their children.

## The facts

- Approximately 790 million people in the developing world are still chronically undernourished, almost two-thirds of whom reside in Asia and the Pacific.
- 2.6 billion people around the world do not have access to toilets, latrines or basic sanitation, causing people to die from illnesses that could easily be prevented.
- 1.1 billion people do not have access to clean drinking water. Instead, they are forced to drink, cook with and wash in contaminated water sources every day.
- Every 3.6 seconds, someone in the world dies from starvation. The majority are children under five years old.
- 90% of starvation deaths happen where food is plentiful, but people simply cannot afford to buy it. War, disaster and famine account for only 10% of all starvation deaths.
- Nearly a billion people entered the 21st century unable to read a book or sign their names.
- 800 million people go to bed hungry every night – 300 million of these are children.
- 1.6 billion people – almost a quarter of humanity – live without electricity.
- An Australian parking meter makes more money in one hour than 2.7 billion people make in one day.

Sources: [www.un.org](http://www.un.org), [www.globalissues.org](http://www.globalissues.org), [www.millenniumproject.org](http://www.millenniumproject.org)

## How microfinance helps break the poverty cycle





800 million people go to bed  
hungry every night –

*300 million*

are children.

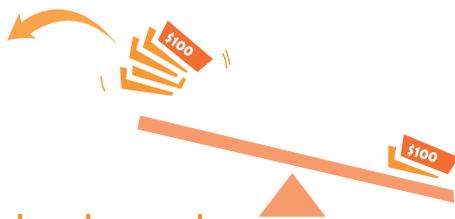
# How we multiply your money – and your impact

The nature of microfinance means that donations to Opportunity International Australia are continually at work.

## 1. A donation is received



Microfinance provides a business solution to the problem of poverty. By giving out loans instead of hand-outs, Opportunity International Australia stewards your donations, making sure that for each dollar you invest in our work with the poor, more than one dollar will end up in the hands of those who need it most.



## 2. Funds are leveraged

Once received, the funds we send to the field are usually leveraged by our partner microfinance institutions, often four to six times (depending on the country they work in). The funds we provide (thanks to your donations) are used as an indication of financial strength and security – enabling our partners to borrow more money from commercial providers. These combined funds are then available to loan to a larger number of clients, maximising the impact of your initial donation.



## 3. Recycling takes place

Loans are then recycled, ensuring that your money is continually at work. Opportunity International Australia has a loan repayment rate of 97%, meaning that once a client repays their loan, it is then re-lent to someone else. This next loan will also be repaid, re-lent and so on. This recycling effect means that more and more clients are able to start businesses and begin to work their way out of poverty – using what are essentially the same funds. In effect, your gift keeps on giving.

## 4. Costs are reduced



Leveraging and the recycling of loans mean that the one-off costs it takes for Opportunity International Australia to run our programs represents a continually diminishing proportion of your donation. As time goes on, the percentage of the initial cost we used to manage the program and provide technical assistance, governance, advocacy, reporting and administration gets less and less. There are no more costs, but your donation remains at work, increasing your impact.

## 5. Impact is increased



As loan recipients create successful businesses, their business profits will have a ripple effect. With an increased income, a family can begin to afford better food, proper shelter, medical care and an education for their children. Plus, as clients use loans to expand their businesses, many go on to employ others – creating jobs for others in their community and boosting the local economy.

## 6. A sustainable solution to poverty is developed



Underpinned by sound economics, microfinance is one of the few anti-poverty mechanisms that can become self-sustaining – creating a lasting and cost-effective solution to poverty. Through the multiplier effect outlined above, the power of your donation is magnified, helping more people work their way out of poverty and transform their lives. And for every new donation you make, other people in need are able to take their first step on the pathway out of poverty.

## Looking forward to 2010 and beyond

Opportunity International Australia aims to help as many people as possible, as much as possible – the greatest good for the greatest number of people. We also aim for all elements in the chain of development to be sustainable: the client and their business, the local partner reaching out to people in need and us as a fund provider. Continuing with our strategy in 2010, we seek to achieve significant growth from the strong platform we have established.

### Objectives

#### Grow our program outreach

We will continue to extend our outreach to enable the supply of microfinance to more people living in poverty.

- Strengthen our existing microfinance partners
- Add additional partners to our India Program
- Investigate new programs in other areas of Indonesia.

#### Grow the richness of our program interventions

We will investigate supporting complementary community programs (health and other community initiatives that can be offered alongside microfinance), leading to greater transformational impact for the people that we serve.

#### Grow our resources

We will increase our capacity to transform the lives of people living in poverty by significantly growing our funding from the Australian public, government and corporations, as well as locating new social capital sources, including the possibility of establishing new support partners in Asia to fundraise for our microfinance programs.

#### Improve organisational performance

We will conduct our operations in a way that reflects our values, demonstrating accountability and transparency in all that we do, including:

- Ensuring fundraising and administration costs are no more than 20% of fundraising revenue and ensure that undesignated revenue covers undesignated costs
- Ensuring the continuance of good governance within the organisation.





Opportunity International  
Australia now has

**100 Ambassadors.**

## Opportunity Ambassadors

In 2009, we launched our national Opportunity Ambassadors network – a united ‘tribe’ of supporters who commit their time to advocate, share their expertise, manage projects and raise funds so that Opportunity International Australia can continue to transform the lives of people living in poverty.

Close to 100 people from across Australia joined the Opportunity Ambassador network in 2009, hosting more than 65 events between them. Attended by over 1,000 guests, these events raised more than \$700,000 for our programs.

Ambassadors play a crucial role in the work of Opportunity International Australia, and we are so appreciative of their support. By educating people about the need and inspiring others to act, Opportunity Ambassadors are a significant part of the solution.

### 2009 saw...

...the Sydney catwalk fashion show *Fashion their Futures* take place in April. Hosted by Ambassador Heather Thomson, the show included donated designs from Bianca Spender and Veronika Maine, raising \$30,000 for the Philippines.

...an afternoon of food, inspiring stories and a performance by the Richard Butler Quartet at Summerfields Country House on Victoria’s Mornington Peninsula. Hosted by Merylyn Winters and Ken Sleep in July, *Sunday Serenade* raised more than \$18,000.

...34 people join event organiser Janet Yeo to tackle a 44km stretch for the second Brisbane River fundraising walk in August, raising more than \$21,000 for our India Program.

...*Put Yourself in Her Shoes* take place in Melbourne and Brisbane, raising more than \$600,000 for our India Program (read more about this event on page 9).

...Sydney host the inaugural National Ambassador Forum in November, featuring workshops and addresses from Hugh Evans, Andrew Tyndale and David Bussau.

...Opera Australia’s Taryn Fiebig sing at *Yuletide Soiree*, an event hosted by Sydney Ambassador Dawn Piebenga and husband Patrick Franklyn. The event raised \$10,000, with Dawn and Patrick generously matching people’s giving on the night.

...the launch of the Opportunity Ambassador Blog, found at [www.opportunityambassadors.posterous.com](http://www.opportunityambassadors.posterous.com)

...numerous other cocktail evenings, trivia nights, fun runs, information sessions, breakfasts, lunches and dinners take place to generate awareness about microfinance and global poverty.



## Meet one of our Ambassadors: Vincent Parrott

Having held senior roles over the last 25 years at AMP, Swiss Bank Corporation, BT Funds Management, EquitiLink, the UAL Merchant Bank in Johannesburg, South Africa, as well as managing his own boutique equities firm, Vincent Parrott knows finance. As an Opportunity Ambassador, he also knows microfinance.

“I first learned about Opportunity International Australia after hearing a presentation by founder David Bussau. After looking more into microfinance I was struck by the powerful and permanent effect it has on eradicating poverty. It is such an effective and far-reaching investment, not only providing finance to poor entrepreneurs, but it spreads dignity, empowerment and hope throughout the community. Becoming an Ambassador gives me the opportunity to contribute to this cause.”

Currently providing consulting services to boutique investment firms, Vincent presently offers his time as an Ambassador to advise on our Philippines program, sharing his extensive knowledge and expertise to help our Filipino partners serve the poor as effectively as possible.

# Governance

As a steward of donated money, Opportunity International Australia is serious about good governance. We are a signatory to the Australian Council for International Development (ACFID) Code of Conduct for non-government development organisations. This code defines standards of governance, management, financial control and reporting with which development organisations should comply. Furthermore, we also believe we should adhere to the standards of good governance expected of Australian Securities Exchange (ASX) listed companies, wherever reasonable and realistic for a not-for-profit organisation.

## Code of Conduct

Opportunity International Australia places high importance on the dignity, values, history, religion and culture of the people with whom it works. We are a not-for-profit organisation that exists to serve poor people. It is our aim to build creative and trusting relationships with people in need in developing countries.

Opportunity International Australia opposes, and will not be a knowing party to, wrongdoing, corruption, bribery or other financial impropriety in any of our activities.

Opportunity International Australia is motivated by Jesus Christ's call to serve the poor. We assist people living in poverty without regard to ethnicity, gender or religious affiliation. Funds are not used to promote a particular religious adherence.

Funds and other resources designated for specific purposes will be used only for those purposes.

## Functions of the Board

Ultimate responsibility for the governance of Opportunity International Australia rests with the Board. The Board is responsible for the oversight of the organisation, including input into, and approval of, policies, strategic planning and assessment of management capacity. The Board has delegated the responsibility of management, operation and administration to the Leadership Team, with whom it has open access to discuss current and future business issues, risks and strategies.

The functions of the Board include the following:

- input into, and approval of, corporate strategy
- approving and monitoring financial and other reporting, including budgets and financial objectives
- input into, and review of, performance objectives
- approving and monitoring major capital expenditure, investments, loans and grants
- appointing and removing directors, the Chief Executive Officer and the Company Secretary
- reviewing and monitoring internal control and accountability systems
- reviewing codes of conduct and legal compliance
- monitoring management's performance

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with Opportunity International Australia's Leadership Team. The Chief Executive Officer, who is a director, is responsible for implementing strategies and policies. All non-executive directors provide their services free of charge and do not receive retirement benefits.

The Board has established an Appointments and Compensation Committee and an Audit and Risk Committee as an efficient mechanism for the detailed examination of practices in these areas.

## Risk management

The Board is responsible for reviewing and overseeing systems of internal control and risk management. In identifying areas of significant operational or strategic risk and putting in place arrangements to manage those risks, the Board relies on the advice and expertise of the Audit and Risk Committee and the Leadership Team.

Our Risk Management Policy provides a framework to ensure financial, operational and management systems support the identification and management of risks. These risks could challenge the achievement of Opportunity International Australia's, or our partner organisation's, objectives. Opportunity International Australia carefully considers external country level risks – political, economic and social – as well as partner and project level risks before starting new work or continuing work in focus countries. Some identified risks in development work include the difficulty for partner organisations to source capital, governance and leadership succession issues, challenges of geographical isolation or environmental instability, regulatory uncertainty and social and political instability.

Risks are identified by examination of operations and activities by the Leadership Team. Risk exposure and control mechanisms are presented to the Board, together with mitigation and improvement strategies. Regular monitoring of risks and risk management is conducted by the Leadership Team and the Audit and Risk Committee.

*Further details on Opportunity International Australia's Corporate Governance can be found on our website.*



There are times that **we were losing our hope** that we will be able to enhance our living condition and we really **don't know what to do**. We are fortunate that this loan program came to our village. **We now recognise progress.**

*Nila Eugenio, 47, a sari-sari (grocery) store owner and a client of ASKI, one of Opportunity International Australia's partners in the Philippines*



## Stewarding our resources

Opportunity International Australia, like our donors, wants the largest proportion possible of the donations we receive to make it into the hands of people living in poverty. As such, we reduce costs wherever we can. As an organisation, we regularly review our internal efficiencies and implement strategies to reduce spending.

Our pro bono strategy is one such initiative. Throughout 2009, we actively sought out suppliers and organisations that were willing to supply goods and services free of charge or at a substantially reduced cost. We estimate to have saved approximately \$376,500 in 2009 through 16 different organisations or individuals who, in support of our mission, generously donated design work, event locations, catering, public relations, human resources assistance or IT support.

Pro bono support underpinned the Opportunity International Australia website relaunch in October 2009. Real Insurance, one of our corporate supporters, offered the pro bono expertise of its e-commerce department to help with our website strategy, design and implementation. Design company Mentally Friendly also donated part of the new website's design, while the team at Interesting, our new web developer, offered their services at a heavily discounted rate.

We are grateful to all our pro bono suppliers for generously sharing their resources and creativity with us as we work together to break the cycle of poverty in people's lives.



# Choosing our partners

To ensure we have the greatest possible impact, Opportunity International Australia seeks out local partners that are offering effective, innovative and visionary programs to people living in poverty – often in areas where no other, or very few other, organisations are working. When choosing our partners, we consider:

## Mission alignment

Our partners must share our values and objectives, and be unlikely to 'sell out' the poor in order to satisfy the financial requirements of fund providers. We look for partners...

- with a primary objective to help people work their way out of poverty
- that work in the poorest, largely unserved regions
- with a market that exhibits a relevant 'gap', with conditions that are favourable for microfinance
- with sound future strategies, showing continued intent to help people out of poverty (this avoids a potential 'mission-drift')
- that demonstrate commitment to client satisfaction and impact.

## Performance and leadership credentials

In order to properly exercise stewardship, we need to see that our partners can operate sustainable businesses. We look for partners with...

- excellent, inspiring leadership
- strong risk management and governance
- a solid operating platform and capable staff
- good financial performance and an ability to manage significant growth
- comprehensive business plans and projections underpinning a sound future
- a history of financial self-sufficiency or, for start-ups, a forecast to be so within two years.

## The partnership process

### 1. Initial partner assessment

If we assess likely mission alignment, we will fund a formal business planning exercise, a step that forms a key input for the next phase of the partnership process – due diligence. In some cases, information obtained in this phase has led to a decision not to proceed with a relationship.

### 2. Detailed partner assessment

A due diligence exercise is conducted around mission alignment, performance and leadership credentials, together with an assessment of environmental risks. Our Investment Committee then reviews new partnership recommendations and proposals for ongoing support of existing partners, either passing a proposal on to our Board or making a decision not to proceed.

### 3. Partnership agreements

If Board approval is obtained, normal transaction execution processes are undertaken in the form of alliance, debt and equity agreements (as applicable).

### 4. Ongoing relationship management

This includes attendance at Board meetings, meetings between partners and their relationship managers and monthly reporting by partners of financial and operational performance.

## Measuring social impact

As the microfinance industry evolves, the need for statistical evidence of its social impact is mounting. Social investors want to know their support is making a real, lasting impact in the lives of clients – and we do too.

Opportunity International Australia is developing a Social Performance Management (SPM) program that will help our microfinance partners understand and improve the impact their work is having in the lives of poor families.

SPM involves a scorecard, known as the 'Progress Out of Poverty Index', asking a client 10 simple questions. Globally recognised but region-specific, questions include how many children are part of the household, what materials the house is made of and about the household's primary energy source for cooking. Depending on a client's answers, a microfinance institution can determine whether the client is living in poverty. When surveyed over a number of years, the organisation can effectively capture the client's progress out of poverty, made possible through microfinance. The SPM program is currently being piloted with a selection of our partners in India.

Opportunity International Australia also uses a Management Information System (MIS) to collect and record performance data from each of our partners in India. In 2010, this will also be implemented across our partner microfinance institutions in the Philippines and Indonesia. Updated monthly, the MIS allows us to closely track the progress of our partners and identify areas which may need attention.

A group of women and children are washing clothes in a public water tap. The water tap is a concrete structure with a brick wall behind it. Several women and children are sitting on the concrete steps, washing clothes. One woman is smiling at the camera. The water is flowing from the tap into a pool of water. The scene is outdoors and appears to be in a rural or semi-rural area.

Opportunity International Australia has been working  
alongside people in poverty for more than

*35 years.*

## Board of directors 2009

We are sincerely grateful to the Board members who generously offer their time, skills and expertise to help us provide opportunities for people living in poverty to transform their lives.

**Andrew Tyndale**  
**Chairman**  
**BCom (Hons)**

Director since May 1998

Andrew has 25 years' experience in investment banking, the last half as a senior executive at Babcock & Brown, which he left in late 2008 to establish a national aged care organisation. Previously, Andrew worked at Macquarie Bank and the predecessor to UBS. Andrew has served as a director of a number of public companies, including AUSDOC, Biota, Golden Circle and Chandler Macleod, and the management companies of several publicly listed funds. Andrew is also a director of Gloria Jean's Coffees and Dia Vikas Capital, Opportunity International Australia's Indian subsidiary.

**Chris Sadler**  
**Deputy Chairman and Chairman Elect**  
**BCA, MBA**

Director since May 2008

Chris Sadler is a director of Opportunity International Australia's Indian subsidiary, Dia Vikas Capital, and a member of the Opportunity International Network Board. He is a non-executive director of Eastern Star Gas Limited and Austock Group Limited, as well as an advisor to Daniels Sharpsmart Group and Xchanging plc. Chris also sits on the Board of Alpha International in London and various Alpha Boards in the Asia Pacific region, including China, India, Indonesia, Malaysia, the Philippines and Australia. He has 20 years' experience in the investment banking industry, having worked for JP Morgan, Deutsche Bank and Citigroup.

**Robert Dunn**  
**Chief Executive Officer**  
**BA (Hons)**

Director since August 2008

Robert Dunn joined Opportunity International Australia in November 2006 as Chief Financial Officer, before taking up the position of Chief Executive Officer and director in August 2008. He is also the Chairman of Opportunity International Australia's Indian subsidiary, Dia Vikas Capital, a member of the Institute of Chartered Accountants in Australia and a director of Baptist Community Services, a major provider of aged care and community services in NSW and ACT. Prior to joining Opportunity International Australia, Robert was the Finance Director with Patrick Corporation for 14 years. He has also worked for Dart Corporation and Price Waterhouse, with postings in London and New York respectively.

**Geoffrey Kells**  
**BCom (Hons), MEd**

Director from December 2001 – December 2009

Geoffrey Kells serves on a number of Boards in Australia and Asia and has also consulted to several public and private companies nationally. Geoffrey has played a major role in the formation and development of Opportunity International China and is currently the Chairman of the Board.

**Edward (Ted) Kerr**  
**BA LLB**

Director since May 2006

Ted Kerr is a lawyer and for 22 years was a partner in the Sydney office of Mallesons Stephen Jaques where he specialised in derivatives, standard bank documents and consumer credit law. He acted for a number of investment banks and other participants in the financial markets in relation to derivatives. Ted is the CEO of The Australian Charities Fund, a not-for-profit organisation that partners with employers and charities to facilitate ongoing community impact through engaged employee giving.

**Graham Leishman**

Director since May 2006

Graham Leishman is a director of a number of companies that provide public transport services to the Western Australian and South Australian governments. He also operates a number of retirement villages in south east Queensland and also serves on a number of charitable Boards including Scripture Union Queensland and Youth for Christ Australia. Graham has been a director on the Board of Ormiston College for close to 20 years.

### **Anthony (Tony) McLellan** **FCIV, REIV (Aust), QRV, LGV**

Director from May 2002 – June 2009

Anthony (Tony) McLellan is the Chairman of a number of public companies in the resources industry. He is also the Chairman of the Australian Christian Lobby and the former Chairman of Habitat for Humanity Australia. He was the co-founder and Vice-Chairman of We Care America. Tony has served as the CEO of a number of international companies.

### **Scott Parry-Jones**

Director since February 2008

Scott owns a software company which he founded in the early 1980s. In 2004, he was invited by David Bussau to co-found and direct a ground-breaking enterprise development program in the Democratic People's Republic of Korea (North Korea). Scott is also a Board member of Focus on the Family Australia, a council member of his local church and an active mentor.

### **Connie Ridley** **MBA**

Director since February 2005

Connie Ridley has a consulting business which utilises her background in finance and securitisation. Connie gives much of her time to assist others – she is a Life Governor for the Royal Children's Hospital Melbourne, Chair of Emerge Women and Children's Support Network and the manager of the Brighton Baptist Student Hostel. Connie also speaks nationally on behalf of women and the poor.

### **David Bussau** **Founder**

David Bussau AM is a pioneer of microfinance, having co-founded the Opportunity International Network. He now provides consultancy services to governments, multinationals and other organisations. David was awarded the Ernst & Young Australian Entrepreneur of the Year in 2003, the ACFID Human Rights Award in 2006, the Beta Gamma Sigma Award for Entrepreneurship in 2007 and was most recently named Senior Australian of the Year 2008.

## Our people

Development work can be challenging, and we are thankful for our committed staff who go above and beyond as they work in the field and in our offices around the country. One of Opportunity International Australia's four core values is respect, and we sincerely value our staff. We seek to encourage and support our team members by providing an open work environment, feedback mechanisms, training and also staff recognition and award programs.

In 2009, we introduced The Opportunity Way, a team-developed framework outlining who we are and how we operate. Covering characteristics such as how we view success and how we work together, The Opportunity Way embodies the ethics, morals and principles of Opportunity International Australia.

In our head office in Sydney and our state offices in Melbourne, Perth, Brisbane and Adelaide, Opportunity International Australia currently has

- 22 full time staff
- 7 part time staff
- 15 volunteers
- 5 interns

One of our longest serving staff members is our East Asia Director Mark Daniels, who has been working with our microfinance partners and clients for 12 years. Mark, who has travelled to more than 40 countries, is passionate about seeing the poor set free through their own hard work, determination and perseverance. In December 2009, Mark and his family moved to Manila to be closer to our Filipino partners as they continue to refine their operations and extend their outreach to more people living in poverty in the region.

"The Philippines is very much a relationship-based culture, so it helps to meet with our partners regularly to understand their needs and appreciate the daily challenges of growing strong organisations," he said. "I am looking forward to building on these relationships and being closer to the clients that we help."

"I have worked with some amazingly committed people over the last decade at Opportunity International Australia. Many work beyond the call of duty to see others served. I am very proud and humbled by their efforts."



*East Asia Director Mark Daniels has been working with people in poverty for more than 12 years.*

## Leadership team (as at 2010)

**Opportunity International Australia is privileged to have a team of highly skilled and experienced staff working to alleviate poverty.**

### **Chief Executive Officer**

#### **Robert Dunn**

Robert Dunn joined Opportunity International Australia in November 2006 as Chief Financial Officer, before taking up the position of Chief Executive Officer and director in August 2008. He is also the Chairman of Opportunity International Australia's Indian subsidiary, Dia Vikas Capital, a member of the Institute of Chartered Accountants in Australia and a director of Baptist Community Services, a major provider of aged care and community services in NSW and ACT. Prior to joining Opportunity International Australia, Robert was the Finance Director with Patrick Corporation for 14 years. He has also worked for Dart Corporation and Price Waterhouse, with postings in London and New York respectively.

### **Chief Financial Officer and Investment**

#### **Partnerships Director**

#### **Stephen Penny**

Stephen joined Opportunity International Australia in February 2007. Prior to becoming Chief Financial Officer, he spent 18 months working in the Strategic Services department. A chartered accountant, Stephen worked for PricewaterhouseCoopers for seven years before spending eight years in various audit, operational and fraud senior management positions at NAB and Westpac. Stephen also holds a BSc in Accounting and Business Economics. He joined Opportunity International Australia to utilise his professional skills in a development capacity. Stephen is also Opportunity International Australia's Investment Partnerships Director.

### **Acting Donor Relations Director**

#### **Michelle Taylor**

Michelle Taylor joined Opportunity International Australia in July 2007 as a Donor Relations Manager in NSW, before going on to lead the Donor Services department. With qualifications in accountancy, IT and neuro-linguistic programming, Michelle has a wealth of experience in managerial roles, having spent 20 years working in finance, health, energy, transport and information technology. She has also held roles with the Australian government and previously ran her own consultancy company. Michelle is currently Opportunity International Australia's Acting Donor Relations Director.

### **East Asia Director**

#### **Mark Daniels**

Mark Daniels has been with Opportunity International Australia for 12 years and is currently the East Asia Director. Mark is responsible for managing the East Asia region, mobilising technical, corporate and private donor resource allocations. This includes overseeing project monitoring and evaluation activities. Mark has also undertaken consulting work for some large multinationals, integrating microfinance into their community development programs. Mark is a CPA and previously was employed with Coopers & Lybrand in their Business Recovery and Insolvency Services Division. Mark is currently based in Manila, the Philippines.

### **India Director**

#### **KC Ranjani**

Ranjani is a financial services and development specialist with over 20 years of direct implementation and field experience in microfinance. Her experience includes policy development, risk management, market development and managing the conversion of microfinance institutions from non-government organisations into sustainable formal financial institutions. Most recently, Ranjani was the Senior Microfinance Specialist at MicroSave. She has been a Board member of a number of leading microfinance institutions in India, and has also held a number of senior management positions. Ranjani holds a Masters of Bank Management and is fluent in three languages. She joined Opportunity International Australia in 2007 to head up the organisation's national program for India.

### **Marketing & Communications Director**

#### **Helen Cartwright**

Helen joined the Marketing & Communications team at Opportunity International Australia in November 2006. She currently leads the team as it supports the organisation on a wide range of marketing and communications activities, specifically brand, donor communications, events, media relations and online activities. Helen has over 12 years' experience in marketing, sales, publishing and event management both in Australia and the UK.

### National Ambassador Program

#### Elca Grobler

Elca Grobler joined Opportunity International Australia in July 2007 as a Donor Relations Manager in NSW, and is now responsible for Opportunity's National Ambassador Program. Elca holds a Bachelor of Commerce with Honours in Econometrics & Mathematics of Derivatives, an MBA and a post-graduate Chartered Financial Analyst qualification. With a background in econometrics, derivatives, finance and funds management, she has eight years' financial services and management experience, gained at one of the largest financial services companies in South Africa – FirstRand Ltd. Most recently, Elca worked as a consultant for a boutique strategy consulting firm in Sydney, Business Development Partners, focusing on strategy and problem solving, mainly in the financial services industry.

### Strategic Services Director

#### Chris Murdoch

Chris Murdoch was Associate Partner of PricewaterhouseCoopers' Global Business Services and led its business strategy practice in Australia and New Zealand prior to joining Opportunity International Australia. He has over 10 years' consultancy experience in strategy development and implementation, and was a leader in the application of high technology to the road transport industry. Chris leads the Strategic Services department, which provides market participation and intelligence to Opportunity International Australia and facilitates the provision of technical services to microfinance institutions in Asia. Chris is currently based in Hyderabad, India.



I am grateful for the weekly saving we have been able to do with the loan program. I can save a part of my income. Previously, we had no saving at all.



*Once poor, 51-year-old corn seller Gabriel Suni has been able to save for his future, thanks to a loan from Opportunity International Australia's partner TLM in West Timor*

*Andrea Matthews (top), a student at Brown University in the USA, interned in our Strategic Services department for three months, while Marina Alexander (below) currently helps out our Donor Services team in Brisbane.*



## Our volunteers

Throughout 2009, Opportunity International Australia had more than 30 volunteers and interns help out in our head and state offices across Australia – organising fundraising activities, providing administrative support, sharing their IT skills and contributing to our research projects. Together, they donated more than 7,150 hours of work to our organisation.

By volunteering their time to help us achieve our mission, university students, interns and industry professionals enable us to better steward our resources, increase our efficiency and ensure that more funds are put in the hands of those who need it most. For that we are truly grateful.

Marina Alexander is one of our volunteers in Brisbane, supporting our Donor Services team. Asked why she chose to volunteer, Marina notes, "I was looking for an avenue to return to part-time work after raising a family and completing a BA in Political Science and Spanish. My studies and life experience made me aware of how fortunate we are in Australia compared with the developing world. I wanted to work with a not-for-profit that helps people rise out of poverty. I chose Opportunity International Australia because it aims to address poverty's long-term causes."

While many of our volunteers are local like Marina, some have come from as far away as Germany and the United States. Andrea Matthews, a student at Brown University in Rhode Island, USA, was an intern in our Strategic Services department for three months between June and August. Brown supported Andrea's involvement through a grant from the Brown Internship Award Program. "I wanted to gain experience in the microfinance field with an international leader in the industry. Opportunity International Australia fosters a warm and respectful working environment that provided excellent learning experiences every day."



## Review of operations

For the year ended 31 December 2009

During 2009, revenue was steady at \$8,520,000 and, as expected, the amount generated from fundraising activities was slightly lower than the prior year. Operating costs were lower than in 2008 with fundraising costs down to \$1,631,000. The operating deficit for the year was \$897,000 (2008 surplus: \$2,122,000). The deficit arose principally due to an exchange rate loss experienced in the year of \$1,369,000 which was due to the translation of foreign currency assets.

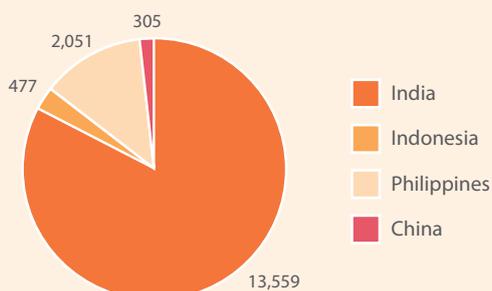
In a difficult fundraising environment, costs have been reduced with increased funds going to field programs. The ratio of fundraising expenses to gross proceeds from fundraising was 29% in 2009 (35% in 2008). Costs have been scaled back over the last three years in line with a tighter economic climate. This is evidenced by the positive downward trend in overall management costs – including program management – of the Group over the last three years, as shown in the graph below.



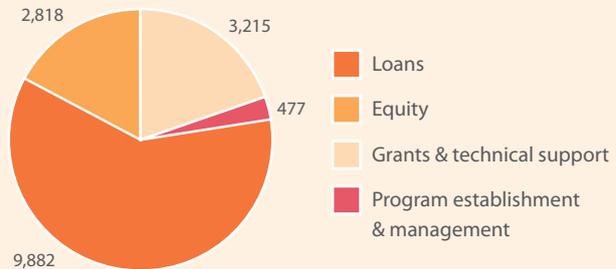
<sup>1</sup> Management costs include fundraising, administration and program management costs and excludes non cash adjustments including foreign currency movements, finance charges and loss on investments.

In 2009, funds disbursed to overseas projects totalled \$16,392,000 bringing the total sent to the field since the beginning of 2008 to over \$30,000,000. In 2009, \$13,559,000 was distributed to our India Program which has helped to create a strong program, where our 14 microfinance partners are now serving over one million clients, a growth rate of 60% in active borrowers over the year. Significant sums were also distributed to the Philippines and Indonesia. Disbursement types were varied but included those as set out below.

2009 Destination of Disbursements \$000



2009 Nature of Disbursements \$000



The balance sheet continued to remain strong with a shift from cash to loans and equity assets, reflecting the high disbursements made to partners. Overall net assets reduced due to exchange rate movements and translating assets held overseas back to Australian dollars as the A\$/INR exchange rate moved by 22% over the course of the year.

During the year, the Group made significant advances in building our microfinance capability in India, where 75.6% of people live below the poverty line\*. This included:

- Growing to 14 microfinance institution partnerships, serving over one million clients, continuing to be spread across many regions of India and varying in size from microfinance partners with 1,600 clients to those with over 360,000 borrowers.
- Continuing to provide extensive technical support to our partners around areas such as loan portfolio audits, process and operations reviews.
- Building an understanding of the complementary services that our partners provide to the communities, in terms of health and education, and how we may partner with them on those initiatives.
- Enhancing the processes to monitor the performance of our partners both from a social performance perspective and a financial perspective.

The Philippines and Indonesia continue to be important to our operations with a focus on microfinance expansion and operational reform to enhance client service. In the Philippines, where 45% of people live below the poverty line\*, \$2,051,000 was provided to assist partners to continue product reform programs as well as expand their microfinance operations.

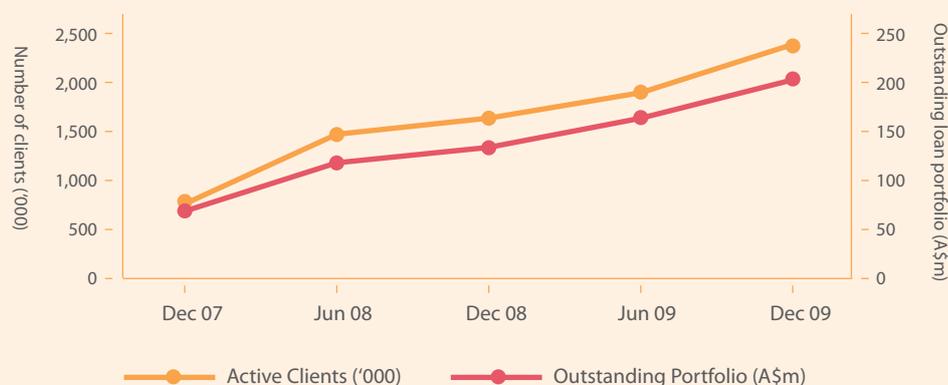
In 2009, Opportunity International Australia invested in a regulated bank which is part of the Opportunity International Network, OK Bank. The funds for this investment came from the repayment of a loan to another Filipino partner, TSKI. OK Bank's aim is to create a vehicle for clients' savings in the Philippines. The natural disasters in the Philippines affected the performance of OK Bank, with an impairment of \$128,000 being booked against our investment of \$1,170,000. We expect this to recover over time.

In Indonesia, 52.4% of people live below the poverty line\*. Opportunity International Australia sent \$477,000 to enable its principal partner, TLM, to continue the expansion of its microfinance operations and strengthen its operational platform. TLM experienced good growth in client numbers, growing 67% to over 16,000 clients by the year end.

Opportunity International Australia also disbursed \$305,000 to assist Opportunity International China in its expansion of microfinance operations.

Since the establishment of the India Program in mid 2008, the portfolio has rapidly expanded. During the period, our long-term partners in Indonesia and the Philippines have also achieved steady growth, as shown in the graph below.

Number of Active Clients & Outstanding Loan Portfolio



Currency losses of \$1,369,000 have been incurred through the translation of foreign currency assets to Australian dollars. The foreign currency translation reserve balance at 31 December 2009 was a deficit of \$2,263,000. This represents the revaluation of the net assets of our subsidiary to Australian dollars at year end.

\* Source: UN Human Development Report 2008 and 2009

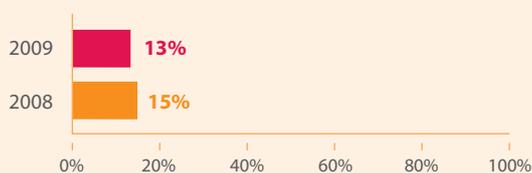
## Financial overview – five year averages

In 2006, Opportunity International Australia received larger than normal donations – funds specifically committed to launching our India Program. Opportunity International Australia spent 2007 and the first half of 2008 building capacity in order to conduct and manage our Indian operations, and in the second half of 2008 and 2009, sizeable flows of funds to our Indian microfinance partners occurred and are expected to continue in 2010. With these large cashflows, performance ratios focusing on only one of these calendar years could present abnormal results.

Analysing ratios over a five-year period gives a clearer picture of our underlying performance and cost management. The key ratios for the five years to 2009 and to 2008 in comparison are shown below.

### Fundraising Ratio

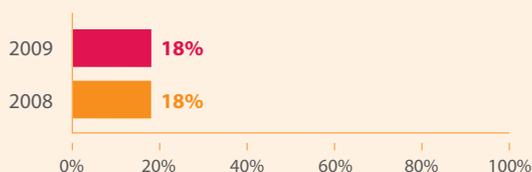
The Fundraising Ratio represents how much of each dollar raised is spent in raising that dollar. For the five years to 2008 and to 2009, this ratio was satisfactory and was impacted by the large level of donations in 2006 which may not recur.



**Definition:** Fundraising Ratio is the ratio of expenses associated with fundraising appeals to fundraising revenue.

### Fundraising & Administrative Ratio

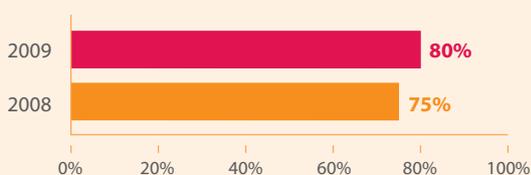
To provide a picture of the level of non-program spend, Opportunity International Australia uses a Fundraising & Administrative Ratio. This identifies how much of each dollar raised is spent in administration and in raising that dollar. This ratio has also been steady and at satisfactory levels.



**Definition:** Fundraising & Administrative Ratio is the ratio of the sum of expenses associated with fundraising appeals and administrative expenses to total revenue.

### Field Operations Efficiency

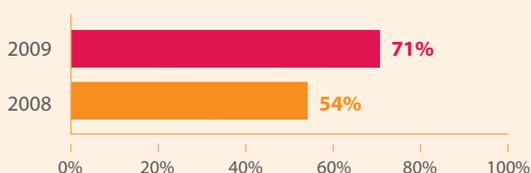
This shows how much of total expenditure is spent on programs in developing countries. The results for 2008 and 2009 reflect our funding for Indian field projects.



**Definition:** Field Operations Efficiency is the ratio of the cost of services to total expenditure. Cost of services includes funds sent to, and technical assistance provided to, implementing partners (whether as grant, loan or equity). It also includes costs of monitoring and evaluating such programs. Total expenditure includes funds sent to implementing partners and other operating expenses (excluding currency losses).

### Field Operations Ratio

This shows how much of revenue received is spent on programs in developing countries. In 2009, significant flows of retained funds were disbursed to our Indian microfinance partners.



**Definition:** Field Operations Ratio is the ratio of the cost of services to total revenue. For the definition of cost of services refer to "Field Operations Efficiency".

The following statements on pages 39-44 comprise a Summarised Financial Report of Opportunity International Australia Limited. A full financial report is available upon request.

## Statement of comprehensive income

For the year ended 31 December 2009

	Consolidated 2009 \$'000	Consolidated 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
<b>Revenue</b>				
Revenue from operations	6,469	7,242	6,469	7,242
Share of profit from associates	276	2	-	-
Interest and other income	1,775	1,263	526	1,058
<b>Total revenue from ordinary activities</b>	<b>8,520</b>	<b>8,507</b>	<b>6,995</b>	<b>8,300</b>
<b>Expenses</b>				
Overseas projects				
Funds to international programs	3,692	3,694	2,802	2,943
Program support costs	1,391	1,936	1,391	1,936
Fundraising costs				
Public	1,512	2,011	1,512	2,011
Technical grants	46	63	46	63
Events expenses	73	172	72	169
Net (gain)/loss on foreign exchange	1,369	(2,546)	1,369	(2,546)
Impairment on investments	180	-	1,384	1,557
Finance charges	723	382	-	-
Accountability and administration	399	673	399	673
<b>Total expenses from ordinary activities</b>	<b>9,385</b>	<b>6,385</b>	<b>8,975</b>	<b>6,806</b>
<b>Surplus/(deficit) on ordinary activities</b>	<b>(865)</b>	<b>2,122</b>	<b>(1,980)</b>	<b>1,494</b>
Tax expense	32	-	-	-
<b>Net surplus/(deficit) for the period</b>	<b>(897)</b>	<b>2,122</b>	<b>(1,980)</b>	<b>1,494</b>
<b>Other comprehensive income</b>				
Foreign currency translation differences for subsidiary	(3,699)	1,262	-	-
<b>Total comprehensive income for the period</b>	<b>(3,699)</b>	<b>1,262</b>	<b>-</b>	<b>-</b>
<b>Net surplus/(deficit) attributable to:</b>				
Minority interests gain/(loss)	(9)	(127)	-	-
The Parent	(888)	2,249	(1,980)	1,494
<b>Net surplus/(deficit) for the period</b>	<b>(897)</b>	<b>2,122</b>	<b>(1,980)</b>	<b>1,494</b>
<b>Total comprehensive income attributable to:</b>				
Minority interests gain/(loss)	(265)	140	-	-
The Parent	(3,434)	1,122	-	-
<b>Total comprehensive income for the period</b>	<b>(3,699)</b>	<b>1,262</b>	<b>-</b>	<b>-</b>

Opportunity International Australia had no transactions and therefore zero balances in the following categories: Non-monetary donations and gifts, bequests and legacies, revenue for international welfare, political or religious proselytisation programs, non-monetary expenditure, expenditure for international welfare, political or religious proselytisation programs and domestic programs expenditure.

## Statement of financial position

As at 31 December 2009

	Consolidated 2009 \$'000	Consolidated 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
<b>Assets</b>				
<b>Current assets</b>				
Cash assets	8,822	20,749	2,150	13,008
Receivables	2,754	4,740	1,230	2,160
Other current assets	244	75	89	31
<b>Total current assets</b>	<b>11,820</b>	<b>25,564</b>	<b>3,469</b>	<b>15,199</b>
<b>Non-current assets</b>				
Receivables	10,323	5,058	-	-
Investments in subsidiaries	-	-	24,944	16,265
Investments in associates	5,859	3,118	-	-
Other financial assets	1,042	150	1,042	150
Plant and equipment	114	184	101	176
<b>Total non-current assets</b>	<b>17,338</b>	<b>8,510</b>	<b>26,087</b>	<b>16,591</b>
<b>Total assets</b>	<b>29,158</b>	<b>34,074</b>	<b>29,556</b>	<b>31,790</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables	451	785	258	527
Provisions	43	37	43	37
<b>Total current liabilities</b>	<b>494</b>	<b>822</b>	<b>301</b>	<b>564</b>
<b>Non-current liabilities</b>				
Provisions	85	77	85	77
<b>Total non-current liabilities</b>	<b>85</b>	<b>77</b>	<b>85</b>	<b>77</b>
<b>Total liabilities</b>	<b>579</b>	<b>899</b>	<b>386</b>	<b>641</b>
<b>Net assets</b>	<b>28,579</b>	<b>33,175</b>	<b>29,170</b>	<b>31,149</b>
<b>Equity</b>				
Accumulated funds	30,981	31,904	29,170	31,149
Reserves	(2,233)	1,258	-	-
Minority interests	(169)	13	-	-
<b>Total equity</b>	<b>28,579</b>	<b>33,175</b>	<b>29,170</b>	<b>31,149</b>

Opportunity International Australia had no transactions and therefore zero balances in the following categories: inventories, assets held for resale, investment property, intangibles, other non-current assets, borrowings and other financial liabilities.

# Statement of changes in equity

For the year ended 31 December 2009

	Foreign Currency Translation Reserve	Statutory Reserve Funds	Retained Earnings	Total	Non-controlling Interest	Total Equity
<b>2009 Consolidated \$'000</b>						
Balance as at 1 January 2009	1,262	(4)	31,904	33,162	13	33,175
<b>Total comprehensive income for the period</b>						
Profit or loss	-	-	(888)	(888)	(9)	(897)
<i>Other comprehensive income</i>						
Foreign currency translation differences	(3,434)	-	-	(3,434)	(265)	(3,699)
<b>Total comprehensive income for the period</b>	(3,434)	-	(888)	(4,322)	(274)	(4,596)
<i>Transactions with owners, recorded directly in equity</i>						
Transfer of accumulated profit to statutory reserve	-	35	(35)	-	-	-
<b>Total contributions by and distributions to owners</b>	-	35	(35)	-	-	-
<i>Changes in ownership interests in subsidiaries that do not result in a loss of control</i>						
Acquisition of non-controlling interest	-	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	-	-	-
<b>Balance as at 31 December 2009</b>	(2,172)	31	30,981	28,840	(261)	28,579
<b>2008 Consolidated \$'000</b>						
Balance as at 1 January 2008	-	-	29,655	29,655	-	29,655
<b>Total comprehensive income for the period</b>						
Profit or loss	-	-	2,249	2,249	(127)	2,122
<i>Other comprehensive income</i>						
Foreign currency translation differences	1,262	-	-	1,262	-	1,262
<b>Total comprehensive income for the period</b>	1,262	-	2,249	3,511	(127)	3,384
<i>Transactions with owners, recorded directly in equity</i>						
Accumulated losses bought in by subsidiary	-	(4)	(4)	(4)	-	(4)
<b>Total contributions by and distributions to owners</b>	-	(4)	(4)	(4)	-	(4)
<i>Changes in ownership interests in subsidiaries that do not result in a loss of control</i>						
Acquisition of non-controlling interest	-	-	-	-	140	140
<b>Total transactions with owners</b>	-	-	-	-	140	140
<b>Balance as at 31 December 2008</b>	1,262	(4)	31,904	33,162	13	33,175

# Statement of changes in equity

For the year ended 31 December 2009

	Foreign Currency Translation Reserve	Statutory Reserve Funds	Retained Earnings	Total	Non-controlling Interest	Total Equity
<b>2009 Parent \$'000</b>						
Balance as at 1 January 2009	-	-	31,149	31,149	-	31,149
<b>Total comprehensive income for the period</b>						
Profit or loss	-	-	(1,979)	(1,979)	-	(1,979)
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>						
<i>Transactions with owners, recorded directly in equity</i>						
Transfer of accumulated profit to statutory reserve	-	-	-	-	-	-
<b>Total contributions by and distributions to owners</b>						
<i>Changes in ownership interests in subsidiaries that do not result in a loss of control</i>						
Acquisition of non-controlling interest	-	-	-	-	-	-
<b>Total transactions with owners</b>						
<b>Balance as at 31 December 2009</b>	-	-	29,170	29,170	-	29,170
<b>2008 Parent \$'000</b>						
Balance as at 1 January 2008	-	-	29,655	29,655	-	29,655
<b>Total comprehensive income for the period</b>						
Profit or loss	-	-	1,494	1,494	-	1,494
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>						
<i>Transactions with owners, recorded directly in equity</i>						
Transfer of accumulated profit to statutory reserve	-	-	-	-	-	-
<b>Total contributions by and distributions to owners</b>						
<i>Changes in ownership interests in subsidiaries that do not result in a loss of control</i>						
Acquisition of non-controlling interest	-	-	-	-	-	-
<b>Total transactions with owners</b>						
<b>Balance as at 31 December 2008</b>	-	-	31,149	31,149	-	31,149

## Statement of cash flows

For the year ended 31 December 2009

	Consolidated 2009 \$'000	Consolidated 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
<b>Cash flows from operating activities</b>				
Receipts from donors and grantors	6,469	7,232	6,469	7,232
Payment for programs and employees	(7,953)	(8,498)	(6,312)	(7,567)
Interest received	1,270	944	240	740
Other income	-	49	-	3
<b>Net cash generated by operating activities</b>	<b>(214)</b>	<b>(273)</b>	<b>397</b>	<b>408</b>
<b>Cash flows from investing activities</b>				
Investment in subsidiary	-	-	(9,916)	(17,822)
Investment in associates	(3,514)	(3,277)	-	-
Payment for plant and equipment	(18)	(25)	(9)	(16)
<b>Net cash used in investing activities</b>	<b>(3,532)</b>	<b>(3,302)</b>	<b>(9,925)</b>	<b>(17,838)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	-	140	-	-
Loans to implementing partners	(9,124)	(7,486)	(200)	-
Repayment of loans from implementing partners	2,073	-	-	-
<b>Net cash used in financing activities</b>	<b>(7,051)</b>	<b>(7,346)</b>	<b>(200)</b>	<b>-</b>
<b>Net increase/(decrease) in cash held</b>	<b>(10,797)</b>	<b>(10,921)</b>	<b>(9,728)</b>	<b>(17,430)</b>
Cash at the beginning of financial year	20,749	28,195	13,007	28,195
Effects of exchange rate changes on balance of cash held in foreign currencies	(1,130)	3,475	(1,129)	2,243
<b>Cash at the end of financial year</b>	<b>8,822</b>	<b>20,749</b>	<b>2,150</b>	<b>13,008</b>

## Notes to the summarised financial report

### Cash movements for designated purposes for the year ended 31 December 2009

Movement of cash received or assets held for specific purposes that is 10% or more of total revenue for the year are as follows:

Specific purpose or appeal	Available at start of year \$'000	Raised during year \$'000	Disbursed during year \$'000	Available at end of year \$'000
<b>2009 Consolidated</b>				
Microfinance programs in India	19,558	2,271	15,900 <sup>1</sup>	5,929
TLM Growth Program	108	877	702	283
Philippines Reform Program	234	306	522	18
Total movements for specific purposes	19,900	3,454	17,124	6,230
Total for other purposes	849	4,283	2,540	2,592
<b>Total cash</b>	<b>20,749</b>	<b>7,737</b>	<b>19,664</b>	<b>8,822</b>
<b>2008 Consolidated</b>				
Microfinance programs in India	27,834	2,883	11,159 <sup>1</sup>	19,558
TLM Growth Program	189	1,292	1,373	108
Philippines Reform Program	-	1,456	1,222	234
Total movements for specific purposes	28,023	5,631	13,754	19,900
Total for other purposes	172	2,594	1,917	849
<b>Total cash</b>	<b>28,195</b>	<b>8,225</b>	<b>15,671</b>	<b>20,749</b>

<sup>1</sup> Includes net loss on foreign currency translation of \$1,128,000 (2008: gain of \$2,246,000).

## Notes to the summarised financial report

### Information and declarations to be furnished under the Charitable Fundraising Act 1991 for the year ended 31 December 2009

	<b>Consolidated 2009 \$'000</b>	<b>Consolidated 2008 \$'000</b>	<b>Parent 2009 \$'000</b>	<b>Parent 2008 \$'000</b>
<b>Details of aggregate gross income and total expenses of fundraising appeals:</b>				
Gross proceeds from fundraising appeals	<b>5,422</b>	6,269	<b>5,422</b>	6,269
Less expenses associated with fundraising appeals				
Public	<b>1,512</b>	2,011	<b>1,512</b>	2,011
Events expense	<b>73</b>	172	<b>72</b>	169
Gross expenses associated with fundraising appeals	<b>1,585</b>	2,183	<b>1,584</b>	2,180
<b>Net proceeds from fundraising appeals</b>	<b>3,837</b>	4,086	<b>3,838</b>	4,089
<b>Statement outlining the manner in which the net surplus was applied:</b>				
Funds spent on the delivery of overseas projects	<b>1,391</b>	1,936	<b>1,391</b>	1,936
Funds spent on administration	<b>399</b>	673	<b>399</b>	673
Funds sent, or committed to send, direct to partners	<b>2,047</b>	1,477	<b>2,048</b>	1,480
<b>Application of net proceeds from fundraising appeals</b>	<b>3,837</b>	4,086	<b>3,838</b>	4,089

Appeals conducted during 2009 were for projects in India, Indonesia and the Philippines. Proceeds from fundraising appeals do not include grants from AusAID or other Australian Government sources or other non-operating income.

	<b>Consolidated 2009</b>	<b>Consolidated 2008</b>	<b>Parent 2007</b>	<b>Parent 2006</b>
Gross expenses associated with fundraising appeals divided by gross proceeds from fundraising appeals	<b>29%</b>	35%	28%	5%
Net proceeds from fundraising appeals divided by gross proceeds from fundraising appeals	<b>71%</b>	65%	72%	95%
Total costs of services divided by total expense from ordinary activities	<b>54%</b>	88%	49%	56%
Total costs of services divided by total revenue from ordinary activities	<b>60%</b>	66%	56%	14%

Total costs of services is derived from funds sent to projects and the cost of delivering those projects. It does not include funds disbursed to implementing partners by way of debt or equity.

A number of these ratios relating to the 2006 year have been materially impacted by the high level of donations in that year.

## Auditor's report



### **Independent auditor's report to the members of Opportunity International Australia Limited**

We have audited the accompanying summarised financial report of Opportunity International Australia Limited comprising the statement of financial position as at 31 December 2009, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and related summarised notes 1 to 29 which was derived from the financial report of Opportunity International Australia Limited for the year ended 31 December 2009. We expressed an unmodified auditor's opinion on that financial report in our auditor's report dated 15 April 2010.

#### *The responsibility of directors' for the summarised financial report*

The Directors are responsible for the preparation and presentation of the summarised financial report.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the summarised financial report based on our procedures, which were conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements.

#### *Auditor's opinion*

In our opinion, the information reported in the summarised financial report is consistent, in all material respects, with financial report from which it was derived. For a better understanding of the scope of our audit, this auditor's report should be read in conjunction with our audit report on the financial report.

KPMG

KPMG

Madeleine Mattera  
*Partner*

Sydney

15 April 2010

## small loans, big changes



“ **The loan is good** for people with small businesses who suffered from lack of business capital. The loans’ easy procedure, no collateral, small interest, weekly repayments system, saving box and trainings on business management is **so helpful and beneficial**. I encourage others to wisely use the loans for their businesses, saving part of their business profit. **Better businesses help us** send our **children to schools** and **provide job vacancy for other people** in our village. ”

*Oktovianus Seko, 40, a small kiosk owner and client of Opportunity International Australia's partner TLM in Indonesia*

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**Opportunity International**  
AUSTRALIA



**Australian Government**  
AusAID

Opportunity International Australia is committed to ethical practice and increasing transparency, accountability and sustainability. It is fully accredited by the Australian Government (AusAID). Donations over \$2 are tax-deductible. Opportunity International Australia is a member of the Australian Council for International Development (ACFID) and is a signatory to the ACFID Code of Conduct.

Opportunity International Australia exists to provide opportunities for people living in poverty to transform their lives. With over 35 years' experience in microfinance and support services, we use a business approach to solve poverty. Rather than a hand-out, we provide our clients with a loan as small as \$100 to help grow their small business. This enables them to earn an income and afford food, water, shelter and an education for their children. Motivated by Jesus Christ's call to serve the poor, we believe in the potential of people regardless of their gender, ethnicity or religious affiliation.