

# Balkan opportunities: Microloans at work

by [F. Dean Lueking](#) in the [February 3, 1999](#) issue

When westerners think about the Balkan peninsula, they think of conflict. After all, the area that includes Croatia, Bosnia-Herzegovina, Bulgaria and Kosovo has a history of over nine centuries of complicated rivalries that have often exploded into bloody entanglements. Even historians despair of sorting out the bitter patterns of conquest and reconquest, peace and war. And each incident is tangled in layers of religious, ethnic, cultural and clan antagonisms.

Into this situation of volatile complexity a seed of enlightened and practical help was planted when American businessman and Christian Ken Vanderweele arrived in Sofia, Bulgaria, in 1992. Vanderweele's goal was to set up an Opportunity International economic initiative. He and his family settled in a community that was bleak by every definition. His children came home from school and told of the frozen corpses they'd seen in the street. Housing was inadequate. The state-owned economy under communism had collapsed. After decades of collectivism, private enterprise was regarded as "black market" at best and "criminal" at worst. The concept of self-employment was unknown. Venture capital was nonexistent, and loan seekers knew better than to apply for loans.

This was to be the first OI initiative in Eastern Europe. Vanderweele knew better than to begin by trying to impose Western concepts on these East European realities. Instead, he carefully selected five Bulgarians who agreed to join him in building a Bulgarian microenterprise, then established a board of directors that included the dean of the Sofia University business school as well as several local people with business experience.

These five pioneers, all serving without pay, began to work out a vision by putting together business know-how, a responsible management of U.S.-based funds and an understanding of financial procedures. The program that resulted is distinctive for its insistence on ethics in business practice and its grounding in a biblically informed,

active Christian faith.

Among the first loan recipients was a Bulgarian woman whose husband had lost his soft-drink business after struggling for two years to assemble the capital needed to buy essential equipment. She needed \$2,000 to take over the failed business, but no bank would accept her application. She had no collateral and no politically connected friends or family. But she fit the Opportunity International concept of possibility--she was someone who would succeed against great odds because of her determination and integrity. She received a loan and, like other OI loan recipients, her methods and motives were regularly monitored.

Her soft-drink business flourished. She paid off one loan and took out others. The business grew to 50 employees and six delivery trucks--a major expansion given the circumstances of Bulgaria in the early '90s. Later the woman joined the OI board of directors, and volunteered her time and experience as a thank-you to God for a program that transformed her life and helped her transform other lives.

Today 2,000 people benefit from both the OI loans and the support networks that meet twice a month. People meet to share their experiences of success and failure, to advise each other in technical training and financial know-how, and to spiritually uphold each other. Clients include both Muslims and Christians.

Opportunity International leaders see East Europe as part of the Third World. The average annual income in Bulgaria is \$1,000; in Romania, \$1,200; in Croatia, \$3,000; and in Albania, \$300. One would think the organization would be eagerly welcomed, but tensions arise when the Opportunity International vision collides with ethnic and religious biases. Some governments insist on preventing "the wrong people" from receiving help. For these governments, Opportunity International's conciliatory purpose threatens their efforts to dominate in longstanding hostilities.

Croatia, for example, has been occupied by Serbian military forces since 1991, a situation that triggered the Serbian-Croatian War. In 1997 Opportunity International began a program in the town of Osijek. Here, the volatile mix of Serbs and Croats was tempered by a common struggle for survival--in desperate circumstances, the people had realized the futility of fighting. With Vanderweele's leadership, a local support network was organized, and help became available to both Serbs and Croats. A local agency was formed to broker development funds from the U.S.

But when the Croatian government learned of the program, it approved help for Croats but actively opposed help for Serbians in Croatia. Its resistance endangered the prospects of microenterprise aid for couples like the Kurinas, who employ five people to help them operate a home care clinic for postoperative treatment and rehabilitative care of the elderly. The government's response also threatened Anica Bjedov's efforts to save her struggling grocery business, even though a loan had enabled her to move to a more favorable location and purchase upgraded stock with profit margins that helped support a family of four.

Seven hundred Kurinas and Bjedovs in Croatia were threatened by the government's restrictions. The issue came to a head in September 1998 when the government froze the bank funds of Opportunity International and police broke into its office and insisted that the board members leave. Milorad Miskovic, a physician on the board, stared the police down, stoutly refusing to close the office. His board colleagues stayed with him. Twenty minutes before a threatened showdown, the police left.

Behind the scenes Vanderweele and the American ambassador negotiated with the government. The event made no headlines. But against a background of agonizing and bewildering tensions and violence, the small victory is a beacon of hope.

The calamity fatigue is relieved not by a precarious truce, a delay in the arrival of NATO bombers or the arrival of conscientious UN observers. It is relieved by the courage of the people when they break the habit of hate. If there are no tools for the people to grasp, courage falters and despair breeds more rancor and the seemingly intractable rage of ethnic cleansing. But when the people are offered resources and hope, lives are transformed.

Opportunity International serves people in Albania, Macedonia, Romania, Bulgaria, Poland and Russia. Many of the supported businesses are located in outdoor markets. In Russia, still staggering under financial collapse, recipients apply for and receive loans with no collateral except the trust of other recipients. In 1997, 2,273 Russians received loans (82 percent of the recipients were women). The first loan averaged \$2,400. By the end of 1998 the number of recipients reached 6,050, with \$1,370 as the average first loan.

The East Europe Opportunity International goal for 2005 is to have 90,000 people benefiting from loans. Interest paid on loans sustains the local staff and board infrastructure. In 1996, this interest covered 38 percent of operating and financial

expense; in 1997, 56 percent. The goal for 2005 is 108 percent financial sustainability through repaid loan interest.

Opportunity International operates in 29 countries. Some \$35 million of its dollars are at work worldwide, spread out through 130,000 loans; averaging \$300 each, these loans have created 180,000 jobs. The repayment figure on loans is a remarkable 95 percent. That statistic confirms the conviction that microenterprise has essential lessons for macroenterprise, such as taking people seriously and respecting personal accountability, financial knowhow and sound ethics. Why not foster these as essentials when seeking solutions to global economic problems?

This slow, painstaking, person-to-person process focuses on people with names, faces, problems, temptations, determination and hope. Theologically, it is an example of the biblical theme of God working through the few, with promise for the many. It is possible because of a practiced integrity and an enlightened, incarnated belief that the mission of Jesus Christ equips people for weekday life as transformed and transforming participants in the marketplace.