



Working Capital Expands Business in Serbia

Predrag Todorovic's company produces wheels for all sorts of containers, including medical containers and garbage containers, in Indjija, northern Serbia. Todorovic has worked in the family business since it was founded by his father twenty years ago.

Originally, the company depended heavily upon exporting goods. But sales evaporated after the war broke out and sanctions were imposed. Businesses, dependant upon domestic sales, struggled through the early 1990's and became crippled in 1997 by Milosevic's tax police, who took money unfairly from businesses. Todorovic had no choice - he was forced to shrink his company.

While struggling to maintain his business, Todorovic learned through a friend about a USAID-funded small business loan program in Serbia and Montenegro implemented by Opportunity International (OI). Todorovic had never borrowed money before. Through the program, Todorovic was able to obtain 5000€ in working capital to expand production and re-establish export links.



Photo: Betina Moreira

Todorovic explains to the Assistance Coordinator for Europe & Eurasia, Carlos Pascual, how the loan has helped him rebuild his business.

The OI Savings & Loans affirms USAID's commitment to building a strong banking system in Serbia and Montenegro, and fueling economic growth that creates jobs and prosperity. OI loans finance expansion, productivity and jobs.

Todorovic is a typical micro and small business client targeted by OI in production, agriculture, services and trades sectors. According to Todorovic, "Other banks' application procedures were too cumbersome, with unfavorable terms, security, interest rates and no grace period."

With more than 2,111 current clients, OI is the only legally registered microfinance institution disbursing loans to refugees and other disadvantaged groups. The performance of OI's portfolio has been very sound, with less than 1% of the outstanding loans past due, and with no write-offs.

To date, the USAID program has originated more than 3,324 loans valued at €5.5 million and generated 1,262 new jobs

Because of the strength of the bank's performance, USAID responded positively to another OI proposal, adding \$9.96 million in order to support further micro-lending. OI has added new loan products, including small business loans as well as mortgage and home equity finance.

Todorovic's company now produces 7,000 wheels per month with capacity to produce significantly more. He recently prepared a three-year business plan which includes the integrated production of metal garbage containers. The OI loan enabled Todorovic to ramp-up production, and employ twenty staff, including three managers.

