# Withdrawal/Redaction Sheet
## Clinton Library

| DOCUMENT NO. AND TYPE | SUBJECT/TITLE | DATE | RESTRICTION |
|---|---|---|---|
| 001. fax | re: Participants in Roundtable Discussion [Personally Identifiable Information] [partial] (1 page) | 12/18/1996 | b(6) |
| 002. profile | re: Robert's Meat Market [Personally Identifiable Information] [partial] (1 page) | 00/00/0000 | b(6) |
| 003. profile | re: City Wings [Personally Identifiable Information] [partial] (1 page) | 00/00/0000 | b(6) |
| 004. profile | re: Handi Hands [Personally Identifiable Information] [partial] (1 page) | 00/00/0000 | b(6) |

**COLLECTION:**

Clinton Presidential Records
Speechwriting
Lissa Muscatine
OA/Box Number: 12082

**FOLDER TITLE:**

HRC - HUD [Housing and Urban Development] Grant Announcement 12/18/96

2017-1164-S
rc2767

### RESTRICTION CODES

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December 18, 1996

**MEMORANDUM FOR HILLARY RODHAM CLINTON**

**FROM:** Brenda Costello
**SUBJECT:** Briefings for Thursday, December 19

HUD Grant Announcement
-Briefing
-Seating diagram
-Discussion participant bios
-Background on lending institutions
-List of community representatives in audience
Tab 1 Community Empowerment Banking Initiative suggested talking points
Tab 2 Suggested questions for participants
Tab 3 Secretary Cisneros' remarks

Private Meeting with Jim Wolfensohn
-Note from Jim Wolfensohn

Private Meeting with Brian Atwood and Carol Lancaster
-Memo from Carol Lancaster
-Chart: US International Spending , 1962-2002
-"Lugar's Advice," *Washington Post*,
-Maybe Foreign Aid Matters, *National Journal*, 11/2/96"
-USAID Briefing Book (enclosed)

Remarks
-HUD Grant Announcement

December 18, 1996

## HUD GRANT ANNOUNCEMENT AND DISCUSSION

| | |
|---|---|
| DATE: | December 19, 1996 |
| TIME: | 11:00 am - 12:00 pm |
| LOCATION: | Whitelaw Hotel<br>Community Center<br>Washington, D.C. |
| FROM: | Brenda Costello |

## I. PURPOSE

To participate in an announcement of the Community Empowerment Banking Initiative with Secretary of Housing and Urban Development Henry Cisneros, and to highlight local recipients of the grant.

## II. BACKGROUND

Overview

On Thursday morning you will join Secretary of Housing and Urban Development Henry Cisneros as he announces the Community Empowerment Bank Initiative (CEBI) grant recipients and specifically, the city of Washington, D.C. award.

Through HUD, the Economic Development Initiative -- which finances CEBI grants -- allows localities to carry out economic development activities where public and private dollars can be leveraged to create jobs and other benefits especially for low and moderate income persons. These funds serve as a basis for subsidizing loan guarantee funds.

Community Empowerment Banks are resident-owned, community oriented finance institutions dedicated to economic development. Their goal is to provide capital access to inner-city residents who join with the private sector and government in investing in their communities. The principles behind the CEBI mirror those of micro enterprises you have visited all over the world, such as the Grameen Bank in Bangladesh and the Mi Casa Resource Center in Denver, Colorado.

Community Empowerment Banking Initiative

Through the CEBI, the federal government partners with local residents and communities to finance resident-owned, for profit lending institutions which make business and housing loans in poor communities. Residents and businesses buy relatively inexpensive shares in the CEBI and become owners of its assets, thereby becoming the decision makers on how to invest the assets of the corporation. They consider loan applications and encourage investment in their own community, increasing the stake of all members of the community. Although an unregulated financial institution, CEBI will be subject to oversight from the SEC, as well as state and local authorities and laws governing commercial lending institutions.

Local Loan/Grant Awards

~~HUD has awarded the Dis~~trict of Columbia, the Mississippi Delta, and Baltimore grants and loans from its EDI and Economic Development Loan Fund (Section 108) programs. Each of their financial lending institutions are organized differently, but essentially the focus is the same: empowerment and ownership.

The city of Washington, D.C. will receive a $3,500,000 EDI grant and $5 million in Economic Development Loan Funds to form Community First Bank of DC. Community First Bank will leverage about $85 million from other private and public sources, including the D.C. Private Industry Council, the Greater Washington Urban League, Local Initiatives Support Corporation, and the H Street Development Corporation, among others. Community First Bank will provide management and technical assistance, offer and broker a range of services to help small businesses and homeowners qualify for credit and use tit successfully. Additional support services include pre- and post-loan assistance to borrowers, a small business venture fund, microloan graduation program, and home ownership services.

Whitelaw Hotel/Manna Inc.

Thursday's event will take place at the Whitelaw Hotel Community Center, a residential facility which provides affordable rental apartments for low and moderate income families. Originally built in 1919 at the height of racial segregation in Washington, D.C. , Whitelaw was financed, designed and built entirely by and for African-Americans and was the first hotel built to serves blacks in D.C. Its founder John Whitelaw Lewis was a leading financier for D.C.'s black community. In its prime, The Whitelaw was home to black celebrities such as Cab Calloway, Duke Ellington, George Washington Carver, Joe Louis, and many others.

In a state of disrepair, the Whitelaw's was closed by the city in 1977. Re-opened by Manna, Inc. In 1992, the building underwent a $4.1 million renovation financed largely by Low Income Housing Tax Credits , as well as the D.C. Department of Housing and community Development, the Metropolitan Life Foundation and Signet Bank. Manna, Inc. is one of Washington's leading non-profit housing developers and concentrates its work in the Shaw neighborhood of the city.

Format

~~Following~~ Secretary Cisneros' announcement of the Community Empowerment Bank Initiative, you will deliver brief remarks and then participate in a discussion with 7 representatives of the three communities receiving the CEBI funding. Each city will be represented by both a small business owner who has benefited from community financing/funding and a representative from each of the three lending institutions who helped formulate the Initiative.

The discussion participants will respond to questions from both you and Secretary Cisneros, and in doing so will describe how they have utilized and would utilize additional funding for their businesses.

In the audience will be approximately 50 community organizers and local business people associated with nonprofits, neighborhood organizations, banks and foundations who are partners and future partners in the Community Empowerment Bank. Washington Mayor Marion Barry and D.C. Delegate Eleanor Holmes Norton are also scheduled to attend.

## III. PARTICIPANTS

Greeters
-Secretary Cisneros
-Jim Dickerson, founder, MANNA Inc.
-George Rothman, CEO, MANNA Inc.

Discussion
-HRC
-HUD Secretary Henry Cisneros
-HUD Assistant Secretary Andrew Cuomo
-Teresa Ann Annis, Techmark Corporation
-Bonita Conwell, owner, Robert's Meat Market
-Wanda Woodward, President, HANDI HANDS
-Trayce Moore, owner, City Wings
-Mark Alan Manning, Delta Council
-Lloyd Smith, Executive Director and CEO, Marshall Heights Community Development Organization
-Diane Bell, President and CEO, Empower Baltimore Management Corporation

## IV. SEQUENCE OF EVENTS

- HRC and Secretary Cisneros enter Ballroom and proceed to podium
- Secretary Henry Cisneros opens, announces the Community Empowerment Banking Initiative grants and introduces HRC
- HRC delivers remarks from podium
- Following remarks, HRC and Sec. Cisneros proceed to seats for discussion
- Secretary Cisneros recognizes Assistant Secretary Andrew Cuomo and VIPs in audience

(Sequence cont'd.)

- Secretary Cisneros leads discussion with HRC and community representatives and serves as moderator
- Following discussion, HRC works ropeline from right to left and departs (Optional)
- HRC departs

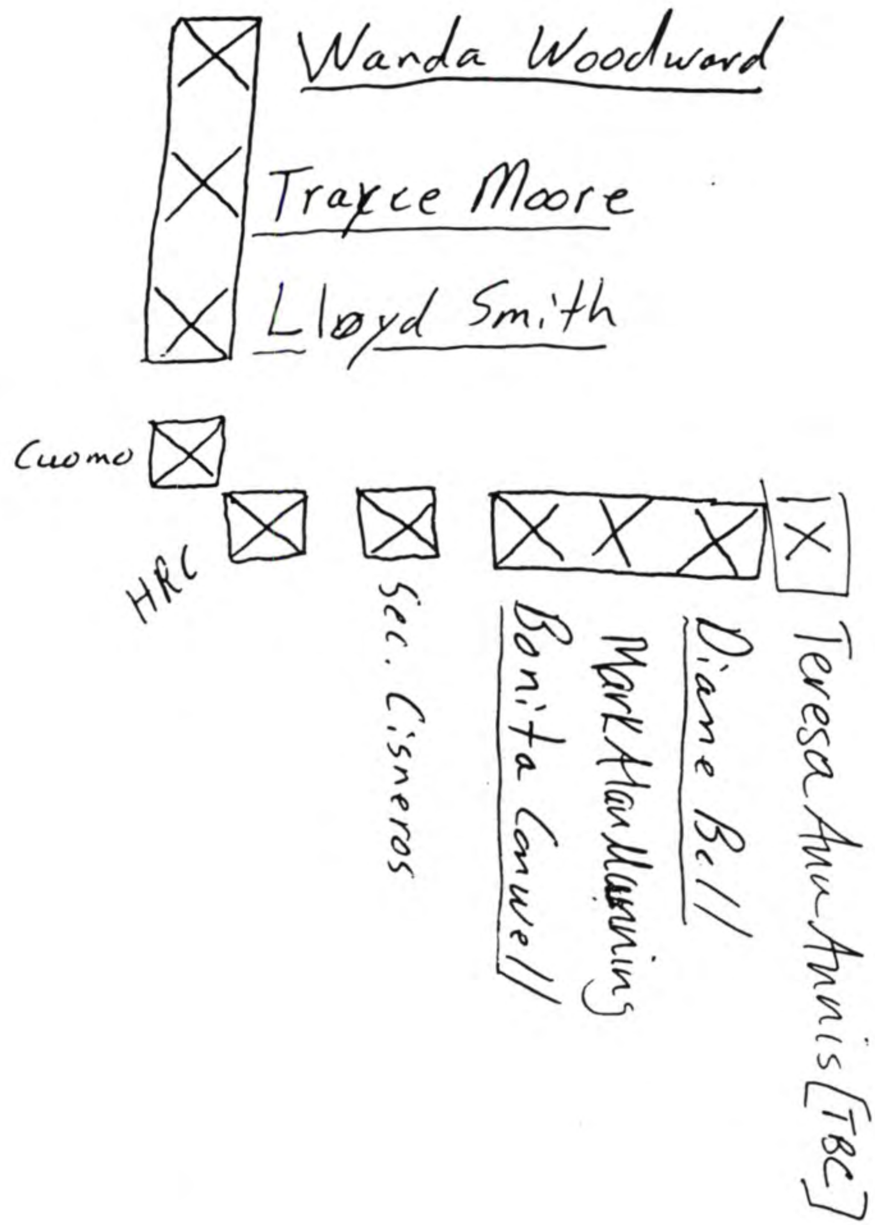
## V. PRESS

Open press.

## VI. REMARKS

Provided by June Shih.

# Discussion Seating Chart



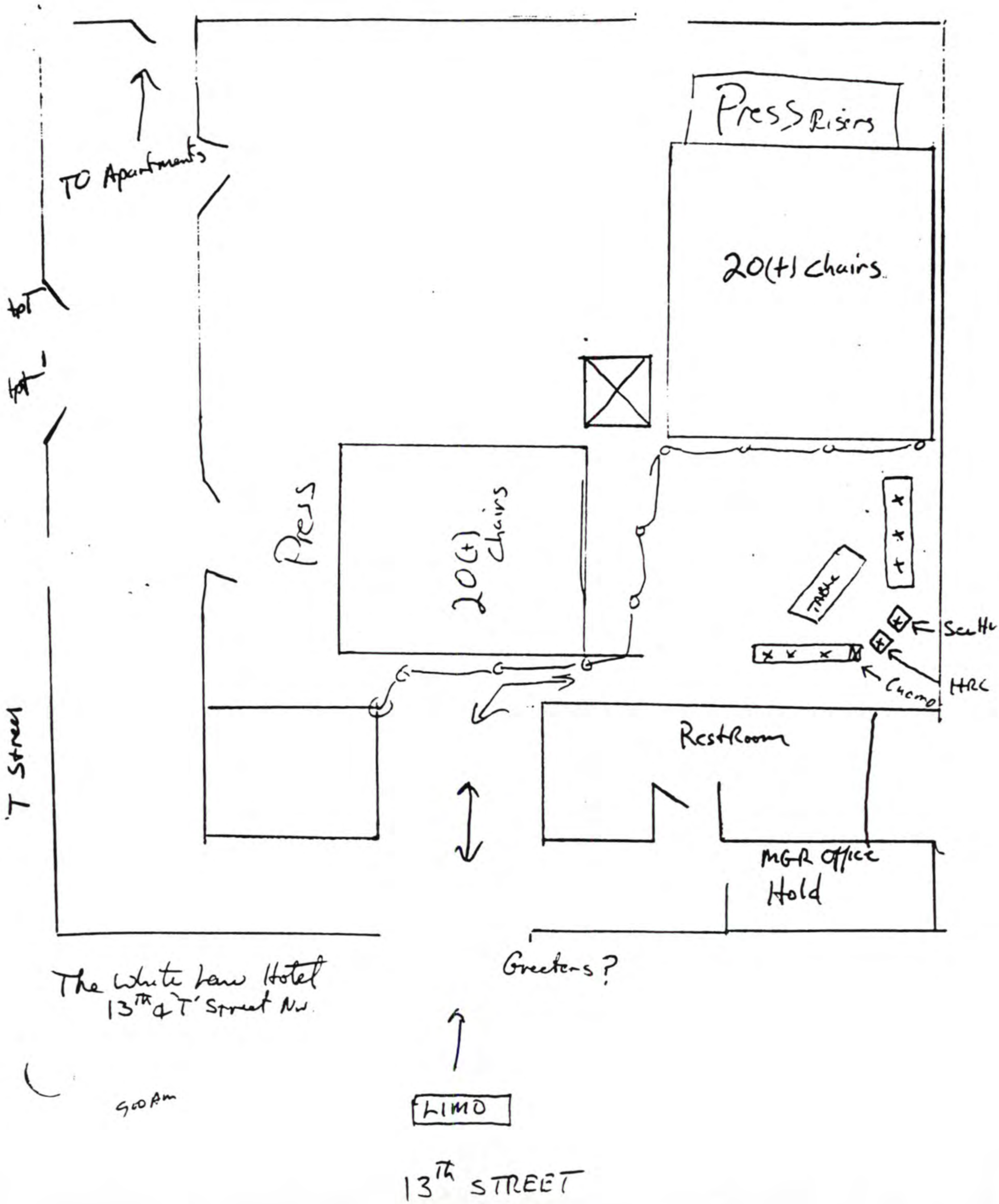

TO Apartments
Press Risers
20(+) Chairs
Press
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Table
HRC
Cuomo
RestRoom
MGR Office
Hold
T Street
Greeters?
The White Law Hotel
13th & T Street NW
9:00 Am
LIMO
13th STREET

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# PARTICIPANTS IN ROUNDTABLE DISCUSSION
## Community Empowerment Bank Initiative

**Teresa Ann Annis, Techmark Corporation**

In the past several months, Teresa Ann Annis and partner Rebecca Bergman Heaton, owners of Techmark Corporation, have bought out a previous owner, changed the name of the company and increased their number of customers from 2 to 400. Techmark Corporation provides commercial fire protection and life safety systems to some of the largest businesses in Baltimore, including Oriole Park at Camden Yards and the Baltimore Gas & Electric Company. Among the hi-tech services provided are security access cards, fire-alarm systems, closed circuit television and long-range radio frequency. Together, the two women bring over 20 years of security system experience to their company.

**Bonita Conwell, Robert's Meat Market**

Ms. Conwell, born and raised in (b)(6) began her meat market 13 years ago [001] with a Chevy truck and determination. Driving 10 hours, several times a month, Ms. Conwell provided the displaced southerners of Chicago with "good home-cooked Southern meat." In addition, the residents of Mount Bayou, many of whom do not have cars, were able to purchase meat without driving to Cleveland, where the nearest meat market was located. Unable to purchase the necessary meat stock to propel her business forward, Mrs. Conwell approached several local banks for a loan. Despite her solid reputation and good credit rating, she was unable to obtain a loan. It was not until this past May that a loan was granted, through the Delta Foundation. Mrs. Conwell has used these funds wisely to renovate her buildings and hopes to acquire a new truck. If additional funds were available, Mrs. Conwell would purchase additional equipment and invest in a dream: establishing a butcher training school for the youth of Mound Bayou.

**Trayce Moore, City Wings**

Trayce Moore and her husband Demetrius founded City Wings three years ago. Despite a treacherous loan application process and eventual rejection, the Moores managed to create a thriving restaurant and delivery service providing 14 kinds of buffalo wings to Washington, D.C. residents. The road towards success and survival has not been easy. Though the business has been operating for three years, their costs are increasing in proportion to the growth of number of customers. New equipment is needed in the restaurant and Mrs. Moore hopes to invest in a training program for her employees so they can provide superior customer service. A loan would allow Mrs. Moore to address these needs by creating security and opportunity for the creation of additional restaurants.

**Wanda Woodward, Handi Hands**

Wanda Woodward first began her business, HANDI HANDS - a residential and commercial cleaning business, in 1987 and struggled by herself to make it work for almost 6 years. The businesses ceased operations for four years, due to a lack of sufficient funding, until she formed a partnership with a friend, Jay Johnson. The company continues to operate on a tight budget, and financing of any kind continues to elude them, but in 11months later, they are seeing some measure of success. They operate contract to contract, reinvesting most of what they make back in the business. Banks have not been receptive to her needs for additional money and Mr. Woodward feels they have overlooked her business and entrepreneurial experience. Ms. Woodward explains that big business requires larger sums of money than she has available. Thus, a loan would enable her to expand HANDI HANDS by purchasing additional equipment and hiring more employees. This would result in the acquisition of larger contracts and tremendous growth of HANDI HANDS.

**Mark Alan Manning, Delta Council**

Mark Manning serves as Director of Development for Delta Council, one of the most widely acclaimed regional development organizations of its type in the country. The Council, serving Mississippi's 18 Delta and part-Delta Counties, was founded in 1935 with three main goals: to promote agriculture and legislation of special significance to farmers, flood control and drainage, and to improve infrastructure and develop a modern highway system throughout the Delta.

**Diane Bell, Empower Baltimore Management Corporation**

Diane Bell is President and CEO of Empower Baltimore Management Corporation, the non-profit organization set up to manage the Empowerment Zone in the City of Baltimore. Since the Empowerment Zone designation was made in 1994, more than 275 residents have been placed in jobs through the Office of Employment Development, and more than 1,300 jobs have come to the Zone through new business development, business relocation, or business expansion.

**Lloyd D. Smith, Marshall Heights Community Development Organization**

Lloyd D. Smith is Executive Director and CEO of Marshall Community Development Organization, and brings to the bank thirty years of experience in community affairs, neighborhood and housing development, intergovernmental relations and service delivery improvement. As the leader of D.C.'s largest community development corporation, Mr. Smith manages a wide variety of neighborhood businesses and housing programs and projects. In addition, he oversees an extensive network of human service programs including employment training, home purchase and ownership counseling, anti-violence, drug and alcohol counseling and rehabilitation, and crisis intervention.

**TECHMARK CORPORATION-- Baltimore, Maryland**
**Teresa Ann Annis**

Three years ago, Teresa Ann Annis joined Techmark as a Vice-President. Since that time, she, and partner Rebecca Bergman Heaton, have bought out the previous partner, changed the name of the company and increased their number of customers from 2 to 400. Techmark Corporation provides commercial fire protection and life safety systems to some of the largest businesses in Baltimore, including Oriole Park at Camden Yards and the Baltimore Gas & Electric Company. Among the hi-tech services provided are security access cards, fire-alarm systems, closed circuit television and long-range radio frequency. Together, the two women bring over 20 years of security system experience to their company.

According to Ms. Annis, though their company is growing by "leaps and bounds," there was an initial financial struggle. The two partners needed to secure a loan to broaden their client base, provide high-tech services and expand Techmark Corporation. They compiled an appropriate business plan in November, 1995 and presented it to numerous financial institutions. None would grant a loan because though Techmark had a $375,000 annual recurring revenue, banks did not consider that as fixed income. Additionally, as Techmark is a service industry, there are minimal fixed assets. The hand tools, vehicles and other equipment were not sufficient, according to the banks, to qualify for a loan. All of the banks encouraged the two women to return when their business had grown larger.

Ms. Annis and Ms. Heaton approached the Small Business Investment Corporation, a division of Nation's Bank, and were able to secure a Federal Deposit Investment Corporation (FDIC) loan. Initially, the women resisted offers by private investors because they were unwilling to relinquish control of Techmark and an industry where they had the necessary skills to succeed. The FDIC loan requires ownership of a small portion of the business. Ms. Annis and Ms. Heaton will buy back that portion, at market value, in five years. Through the five year period, the bank will have a portion of the business but will not have much control.

After consulting with the Baltimore Corporation, Techmark Corporation recently relocated to Baltimore's Empowerment Zone (EZ), where the rent is $20,000 cheaper per year. Other benefits of relocation include the fact that 50 percent of the company's employees live in the Zone and over 30 percent of Techmark Corporation's clients are located in the Zone, within walking distance of the company's office building. Ms. Annis and Ms. Heaton both express their loyalty and gratitude to the EZ for permitting their client base to expand, and providing employees. They are strongly committed to the EZ initiative.

An additional loan, Ms. Annis acknowledges, would help Techmark Corporation substantially. She would like to establish training programs for her employees, an investment she knows would pay off greatly in the long run. There have been several acquisition opportunities of smaller companies who provide services not covered by Techmark Corporation. Ms. Annis hopes that she will eventually have the leverage to purchase additional smaller companies. In addition, as the client base grows, additional equipment is needed to provide consistently high standards of service to customers. The company has grown tremendously in the last several months and Ms. Annis hopes that Techmark Corporation will soon be the largest security service provider of its kind in Maryland. "We've grown from being a virtual unknown," Ms. Annis says, "to being the company to beat in Baltimore."

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**ROBERT'S MEAT MARKET – Mississippi Delta**
**Bonita Conwell**

(b)(6) [002]

601-741-2089

In 1983, Bonita Conwell, a 40-year-old lifelong resident of Mound Bayou, MS, approached Cleveland State Bank, a traditional commercial bank located about 10 miles from Mound Bayou, about obtaining a loan to open a meat market. The closest meat market was in Cleveland, and Ms. Conwell believed that she could compete because Mound Bayou residents did not want to drive that distance to buy meat. Many Mound Bayou residents do not have cars, or if they do, did not want to spend their money on gas to drive there.

The bank advised her to slowly build her business with the few resources she had and come back in two years. She took their advice. With her good credit rating and excellent reputation in the community, she convinced a local contractor to build her structure for her meat market. She paid the contractor back slowly as she grew her business, named after her stepfather, Robert's Meat Market. However, she still did not have the resources to really purchase the meat stock she needed to get her business up and running. In 1985, she went back to the bank. Despite her good credit rating and reputation and despite the fact that she was her business was on its feet, the bank refused her the loan. Other banks in the area did the same.

She later discovered that the bank loan officer in Cleveland had invested in the competing meat market in Cleveland.

Ms. Conwell grew up in Mound Bayou. Her mother had owned a farm and a grocery store. Her mother passed away in 1985, leaving the store to Ms. Conwell's brother and the farm to the entire remaining family. Before she died, her mother was able to purchase a Chevy truck for Ms. Conwell. Ms. Conwell decided one day to climb in her truck with pounds of smoked meat and drive up Highway 61 to Chicago to sell her "special brand of Southern smoked meat" to displaced Southerns in Chicago looking "for good home-cooked Southern meat."

The idea worked. She drove 10 hours several times a month to a building owned by her father in Chicago. The building was run down and empty, but she bought a refrigerator, stored the meat, and sold the meat from there. She was able to build her business with her Mound Bayou AND Chicago customers.

Still, for years, she "robbed Peter to pay Paul" juggling this payment with that payment to keep her business afloat. She said: "I was rocked along, trying to make ends meet. There were always more bills, more bills to pay, and more things I wanted to do."

She needed to buy a refrigerated truck and make renovations to her building to really get the business going. In May 1996 -- 13 years after she opened -- Ms. Conwell finally was able to obtain a $125,000 loan from the Delta Foundation of Greenville, a local community organization. With those funds, she has renovated her building, and she hopes to find a used $25,000 truck soon.

However, she has other plans, too. If she could obtain an additional loan, she could add a larger smoker which she needs. And, she could realize a dream she has had for a long time: a butcher training school for the young people of Mound Bayou.

Ms. Conwell said: "Young people in Mound Bayou just sit around with nothing to do here because there are no jobs. I could train them in a skill. They are always coming around here, asking me for a job, job, job."

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**CITY WINGS-- Washington, D.C.**
**Trayce Moore**

[redacted] (b)(6) [003]

202-720-9201

Five years ago, Trayce Moore and her husband Dmetrius, were approached by a friend who was interested in starting a business with the couple. "We had been saving money for a car," Mrs. Moore explains, "but the opportunity just presented itself." The opportunity led to the creation of a restaurant and delivery service that provides 14 types of buffalo wings to D.C. residents.

Since that time, Mrs. Moore characterizes the experience of running her own business as a frustrating one, marked with challenges. At the root of those challenges, lies the financial obstacles presented to any new business.

Mrs. Moore, her husband and the partner applied for a loan with a large area bank, Industrial Bank. A tedious year-long process left Mrs. Moore frustrated and angry, after her loan was denied. "The bank didn't look at us specifically- it's a mechanical process," she says. Additional funds would have enabled the Moore's to stabilize City Wings. All of their savings had been funnelled into the business, and the Moore's realized too late that the "partner-friend" did not match their investment and did not share the commitment to the business.

With the existing financial challenges of City Wings, the Moore's incurred an expense they could not afford, but paid to ensure the long-term survival of City Wings. They bought out their noncommitted partner.

Since City Wings opened three years ago, Mrs. Moore acknowledges the struggle it has been to maintain a successful business. "It's a learn as you go process," she says. She has learned to manage contractors, hire employees with a strong work ethic and streamline the restaurant's menu to better serve her customers. There are financial sacrifices but, as Mrs. Moore explains, an automatic deep-frying machine excites her more than a fancy watch. During the day, she works for the Department of Agriculture and then arrives at City Wings around 6:30 PM and remains until closing at 11 PM. During the summer, the restaurant is open until 2 AM and Mrs. Moore usually stays until that time.

Mrs. Moore stresses the need to return something to her community. She cannot afford to advertise so it is her solid reputation, built with the help of the community, that has contributed to her success. Aside from the food she provides, Mrs. Moore believes that though she is only 30 years old, she has positively impacted the lives of community youth. "Stay focused," she reminds them, "and look at the big picture." Perhaps it is her own advice that has contributed to her success thus far.

To alleviate the financial pressures and allow an expansion, Mrs. Moore acknowledges the security and opportunity a loan would provide. With additional funds, she would invest in property and expand her business to include additional restaurants. She would also upgrade her equipment and purchase automatic fryers to use in place of traditional manual deep fryers. Mrs. Moore emphasized the need for training programs for her employees. "It's not enough to tell them to be nice. You have to teach them." Mrs. Moore relays her own experiences of choosing a geographically inconvenient hardware store over a more accessible store because of the friendly and helpful customer service.

Trayce and Dmetrius Moore have built a business with all the odds against them. Though they do not have children, Mrs. Moore says, "City Wings is our kid."

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OA/Box Number: 12082

**FOLDER TITLE:**

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### RESTRICTION CODES

**Presidential Records Act - [44 U.S.C. 2204(a)]**

**P1 National Security Classified Information [(a)(1) of the PRA]**
**P2 Relating to the appointment to Federal office [(a)(2) of the PRA]**
**P3 Release would violate a Federal statute [(a)(3) of the PRA]**
**P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]**
**P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]**
**P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]**

**C. Closed in accordance with restrictions contained in donor's deed of gift.**
**PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).**
**RR. Document will be reviewed upon request.**

**Freedom of Information Act - [5 U.S.C. 552(b)]**

**b(1) National security classified information [(b)(1) of the FOIA]**
**b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]**
**b(3) Release would violate a Federal statute [(b)(3) of the FOIA]**
**b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]**
**b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]**
**b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]**
**b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]**
**b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]**

**HANDI HANDS – Baltimore**
**Wanda Woodward, President**

(b)(6) [004]

410-728-2262

Wanda Woodward first began her business, HANDI HANDS - a residential and commercial cleaning business, in 1987 and struggled by herself to make it work for almost 6 years. Unable to get sufficient financing, she stopped. In January 1996, she opened again for business - with a partner. Jay Johnson, a friend, knew of the company and of her struggle and suggested that they go in together.

The company continues to operate on a tight budget, and financing of any kind continues to elude them, but 11 months later, they are seeing some measure of success. They operate contract to contract, reinvesting most of what they make back in the business.

Woodward was born 39 years ago in South Carolina, and has been in Baltimore the last 36 years. After graduating from Morgan State University in Baltimore with a degree in business, she went to work for some companies, including FedEX. She decided, after getting some first hand knowledge of the business world, that there was no reason she could not build her own company, if it did not require much overhead or capital. A cleaning business, she figured, "made sense." She began the company, which did residential work in the morning and commercial work in the evening. She is a single parent with a 5-year-old daughter.

Jay Johnson, VP and Secretary, acts as the sales man, drumming up business. Woodward is more comfortable drafting contacts and doing the pricing on a job. She prefers this arrangement, and said it was tough trying to do it all alone.

According to Woodward, the biggest challenge continues to be "financing and not being able to get it. To go after a large job, you have to have large equipment and be able to put up a large bid bond." They are still unable to get loans, and, she says, "we've tried all kinds, conventional, new ideas, you name it."

"Basically, banks look at your credit and business experience, and they overlook what you bring to the table in terms of building the business from the ground up," says Woodward. "You have to have been in business for a period of time, and when you need the money most is when you can't get it -- when you are starting."

Woodward worked for Mayor Schmoke, acting as his community representative to the East Baltimore Community (under Housing and Community Development for the City of Baltimore) until June 1996 when she quit to pursue the business full time.

Handi Hands is located in Baltimore's Empowerment Zone and employs 7 people, 3 of whom are Zone residents. Woodward says she could employ more people if she could afford to expand her business.

EMPOWER BALTIMORE MANAGEMENT CORPORATION
111 S. Calvert Street, Suite 1550 ▪ Baltimore, MD 21202 ▪ 410/783-4400 ▪ Fax 410/783-0526

**DIANE L. BELL**
**President and CEO**

Diane L. Bell is President and CEO of Empower Baltimore Management Corporation, the non-profit organization set up to manage the Empowerment Zone in Baltimore City. Since the Empowerment Zone designation was made in 1994, more than 275 residents have been placed in jobs through the Office of Employment Development, and more than 1300 jobs have come to the Zone through new business development, business relocations or business expansions.

Ms. Bell has long served the City of Baltimore. Beginning in 1988, she was named Director of the Mayor's Office for Children and Youth, establishing three priority areas: making affordable, quality child care more widely available; expanding early childhood initiatives; and coordinating the service delivery system for youth.

Later, Ms. Bell served as Chair of the Mayor's Sandtown-Winchester Community Building in Partnership Task Force, which included the Enterprise Foundation, BUILD and residents; she was liaison with the City's human service agencies; and a member of the Government Organization Review Team. She also served as Chair of the Mayor's Human Services Sub-Cabinet which was created to develop policy recommendations and strategies on building stronger communities and families in Baltimore City; in the same role she served as a communication "bridge" for other collaborative projects within, and with, Baltimore City government.

Ms. Bell attended the University of Maryland, College Park and Baltimore County, and received a Bachelor of Arts in Social Work. She received a Masters Degree in Social Work from the School of Social Work and Community Planning at the University of Maryland.

Lloyd D. Smith. Lloyd D. Smith is Executive Director and CEO of Marshall Heights Community Development Organization, and brings to the Bank thirty years of experience in community affairs, neighborhood and housing development, intergovernmental relations and service delivery systems improvement. As the leader of D.C.'s largest community development corporation, Mr. Smith manages a wide variety of neighborhood business and housing programs and projects including: East River Park commercial center, Greenway Apartments development (800 units), the planned Good Hope Marketplace shopping center, and numerous others.

Mr. Smith also oversees an extensive network of human service programs including employment training, home purchase and ownership counseling, anti-violence, drug and alcohol counseling and rehabilitation, and crisis intervention. As the former deputy director for the D.C. Office of Planning and Development, Mr. Smith was responsible for developing a comprehensive land use plan for the District.

Mr. Smith has extensive service with community and governmental organizations including the D.C. Zoning Commission, Washington Urban League, The Community Partnership, Fort Lincoln Civic Association, Capitol View Development Corporation, Providence Hospital, Ward Seven Business & Professional Association, and many others.

Mr. Smith is the proposed Chair of the Bank Board of Directors.

## MID-DELTA MISSISSIPPI
## COMMUNITY EMPOWERMENT BANKING INITIATIVE

An alliance of bankers, farmers, non-profits, and community organizations from a six-county region of the Mississippi Delta have joined with HUD to create a new financial lending institution to provide business and housing loans in one of the poorest regions of the country. As one of three new community empowerment banks in the nation, the Mid-Delta Empowerment Zone will receive $3.5 million from HUD's Economic Development Initiative and $5 million in Section 108 loan guarantees to assist in the creation of a community empowerment bank. These resources will be combined with approximately $12.4 million in other private and public resources.

The Mid-Delta effort is unique in that it forms an alliance of people from different backgrounds and races dedicated to reducing a poverty rate of 45.3 percent in the six-county area of Bolivar, Holmes, Humphreys, Leflore, Sunflower, and Washington. The per capita income is $6,584, and more than 79 percent of residents lack a high school diploma.

In coordination with the rural Mid-Delta Empowerment Zone Alliance, the Community Empowerment Banking Initiative Coordinating Committee, and the State of Mississippi, this new initiative will claim positive change as it begins to provide loans and equity funds to businesses and residents for the purpose of creating jobs, improving housing, and developing the economic base of the area.

The Mid-Delta Bank will sell stock to residents of the community and businesses located in the six-county area. The Board of Directors will be representative of the low-income residents, banks, and local governments. Banking and financing experts will provide day-to-day management of the institution and make recommendations on loan packages. However, shareholders living in the Mid-Delta Empowerment Zone will have majority control over final decisions regarding investment policies.

Standards will be flexible and investments will be made in partnership with banks, non-profit organizations, and other institutions. This lending institution will be self sustaining and provide management and technical assistance to potential borrowers.

Total capitalization is expected to be $20.9 million and is composed of the following sources:

| | | |
|---|---|---|
| 1. | Equity Contribution, Mid-Delta Empowerment Zone Alliance | $5,000,000 |
| 2. | Equity Contribution, participating banks | 125,000 |
| 3. | Equity from sale of stock to residents and community businesses | 250,000 |
| 4. | Economic Development Initiative Grant (HUD) | 3,500,000 |
| 5. | Section 108 Loan (HUD) | 5,000,000 |
| 6. | Bank Loan Fund Participation | 5,000,000 |
| 7. | Foundation Grants and program related investments | 2,000,000 |

## The Baltimore Empowerment Zone
## Community Empowerment Banking Initiative

The Baltimore Empowerment Zone has joined with HUD to create a new financial lending institution to fund commercial and economic development projects located within Baltimore's EZ neighborhoods. The goal is to increase the availability of capital to residents and community based businesses in the Zone. As one of three new community empowerment banks in the nation, the Baltimore Empowerment Zone will receive $1.5 million from HUD's Economic Development Initiative and $1.5 million in Section 108 loan guarantees to assist in the creation of a community empowerment bank.

The Baltimore community empowerment bank will provide small business loans, start-up loans, micro loans, bridge loans and commercial real estate loans. It also will provide credit enhancements and participate in equity investments on a select basis. Loans and credit enhancement will range from $1,000 to $500,000. Borrowers will receive technical assistance, workshops, and seminars through the Business Empowerment Center which will provide residents with the knowledge needed to successfully operate their business and, ultimately, repay their loans.

The lending institution will capitalize itself through the issuance of stock which will include at least two classes of common shares and preferred shares. Class A voting common shares will be marketed and issued exclusively to EZ residents. Class B non-voting common shares will be issued to businesses and individuals who borrow from the lending institution. Ownership of Class B stock will be a requirement for access to funds. Non-voting preferred shares of stock will be marketed and issued to foundations, institutional investors, private companies, local financial institutions, and religious organizations.

The Board of Directors will not exceed fifteen (15) members and will be comprised of Class A share holders and nominees of preferred share holders, the Village Centers and Empower Baltimore Management Corp. as follows: five (5) Class A representatives; five (5) Preferred representatives; three (3) Village Center representatives; and two (2) EBMC representatives. The Board will be responsible for ensuring that the lending institution's management maximizes the usefulness of the funds, staying true to the mission of EZ economic development while also providing a positive return to stockholders.

A fund manager will be appointed who has extensive experience in banking and finance, loan underwriting and investment strategies. The fund manager will be responsible for the overall management of the fund including short-term investing, underwriting, loan settlement and administration of loans generated.

A five (5) member volunteer loan review committee will be established to review loan proposals. This committee will be comprised of three (3) commercial financing experts and two (2) EZ residents with business and/or finance experience. The loan review committee members will be selected by the bank's CEO and confirmed by the Board of Directors. The loan review committee will meet at least monthly and decisions of the committee will be binding.

**The Community First Bank of DC**
**Community Empowerment Banking Initiative**

A group of private sector and non-profit entities, and the City of Washington, D.C., have joined with HUD to create the Community First Bank of DC, part of a new Community Empowerment Banking Initiative. HUD has approved $3.5 million in Economic Development Initiative grants and $5 million in Section 108 loan guarantees to assist in the creation of the Community First Bank of DC. These resources will be combined with approximately $85 million in other private and public resources.

Community First Bank of DC is a community-oriented financial institution dedicated to economic development. Its goal is to empower inner-city residents and provide capital access in low-income neighborhoods to encourage investment and a sharing in the potential wealth of communities.

The HUD grant and loan enable the Bank to attract other investors, including community residents. The Bank hopes to finance up to $60 million in direct development loans over the first five years of operation. This includes loans to small businesses, minority-owned businesses, contractors, consumers, affordable housing developers, and mortgage loans to home buyers. The anticipated projects will create new housing and business opportunities for low- and moderate-income residents of the District, including the Federally-designated Enterprise Community.

In addition to the above activities, Community First Bank will also provide management and technical assistance. The Bank will offer and broker a range of services to help small businesses and homeowners qualify for credit and use it successfully. Additional support services that are planned include pre- and post-loan assistance to borrowers, a small business venture fund, microloan graduation programs, and homeownership services, among others.

Numerous organizations from the investment areas have expressed their support for Community First Bank's efforts. Partners or supporters include Marshall Heights Community Development Organization, Development Corporation of Columbia Heights, Manna, Latino Economic Development Corporation, Anacostia Economic Development Corporation, Coalition for Non-profit Housing Development, Greater Washington Urban League, and the Local Initiatives Support Corporation, among others. Georgetown University has announced plans to invest $1 million in the bank.

For every dollar of EDI funds awarded, the Community First Bank will leverage over one dollar of private capital and $15 of private deposits, producing $12 of lending activity. The Community Empowerment Banking Initiative will provide the momentum for significant investment and job creation in the District.

AUDIENCE

NAME
Annis, Teresa Ann
Barry, Marion
Bell-McKoy, Diane
Bowie, Harry
Bradley, MariSteve
Butler, Clara
Condit, Tom
Conwell, Bonita
Cowan, Jon
Cummings, Elijah
Delinois, Peggy
Dunham, Connie
Enger, David
Freeman, Terri Lee
Gilchrest, Wayne
Glaser, Howard
Gonen, Aylin
Hall, Aurie
Hall, Doris
Hamilton, John
Hamilton, Richard
Harrison, Hattie
Hinton, Karen
Holmes Norton, Eleanor
Homan, Paul
Jarvis, Charlene
Johnson, Dawn
Johnson, Eric
Killins, Sherri
Leland, Robert
Lott, Trent
Long, Lewis
McCravenl, Marsha
McKee, Pam
Manning, Mark
Miller, Decatur
Miller, Sally
Moore, Tracye
Moy, Kirsten
Muckenfuss, C.F.
Newsome, Oramenta
Oppenheimer, Julie
Porter, Paulette
Potter, Vivian
Priest, Roy O.
Ruffin, Desa Sealy
Sheeman, Ron
Showell, Paul

Singer, Meredith
Smith, Lloyd
Thompson Cole, Carol
Tomback, Andrew
Trevino, Celina
Walter, Timothy
Weech, Paul
Welch, Agnes
Woodward, Wanda

## COMMUNITY EMPOWERMENT BANKING INITIATIVE
## SUGGESTED TALKING POINTS

*Local Empowerment*

The Community Empowerment Banking Initiative is a manifestation of President Clinton's urban empowerment agenda, giving residents and communities the capacity and the tools to forge solutions for themselves on a local level. This new HUD initiative is unprecedented in its focus on community ownership and local empowerment.

This financial lending institution is unlike any other community development bank in the country today because residents of its service area can become joint owners in the lending institution. By literally owning stock in the bank, they become an integral part of the decision-making process on neighborhood development. Through their representation on the board, they contribute to decisions made on loan portfolios and investment policy. They become real participants in the marketplace, experiencing both its rewards as well as its risks.

This kind of ownership and control is true power and true partnership.

*Grameen Bank -- The Model*

The Community Empowerment Banking Initiative is new only to this country. The principles behind this approach have been applied with success in developing economies around the world. For example, the Grameen ("Village") Bank extends small self employment loans to landless women in Bangladesh. It operates on the principle of mutual accountability and shared risk.

A group of women, each of whom receives loans, must co-sign the loans of others in the group. If one fails to pay, the loan must be repaid by the group members. Defaults are low, and profits high. Grameen Bank recoups 97% of its loans, a rate that ranks it with major commercial banks. And Grameen is not the only example. Accion International, a private, not-for-profit organization which provides credit to asset-less entrepreneurs in 14 Latin American countries, enjoys a payback rate of 98%.

(See attachment for additional information on Grameen Bank and Accion International.)

*Community Empowerment Banking Initiative -- How Does It Work?*

Through this lending institution, the federal government joins with local residents and businesses (as well as their city governments) to finance resident-owned, for-profit lending institutions which make business and housing loans in poor communities.

Government provides the initial seed capital and then gets out of the way. It's the residents and businesses in the targeted area that feed the investment pool and drive the decision-making process.

Residents and businesses buy relatively inexpensive shares in the Community Empowerment Banking Initiative -- $10, $20, $30 a share. By purchasing shares in the lending institution, they become owners of its assets. The well-worn tactics for incorporating citizen input -- advisory boards, citizen representatives -- into government programs are replaced by a far more effective method: residents *own* the corporation.

They -- not outsiders -- gain the right to make decisions about how to invest the assets of the corporation. They -- not outsiders -- benefit from success and, just as importantly, pay for failure.

Here's how it would work:

Resident shareholders, along with other members of the bank board, weigh the loan applications and decide whether Ms. Jones down the street gets a loan to open a hardware store. Shareholders frequent the hardware store so their investments grow. Ms. Jones manages her business to not only make money for herself, but to protect her neighbors' investments as well. The bottom line is clear to all. If the hardware store makes a profit, then the shareholders make a profit. If it loses money, then they lose money.

The same is true for Mr. Smith, who borrows money to renovate his home. His neighbors, who are also shareholders, encourage him to buy his materials from Ms. Jones' hardware store. He encourages his neighbors to keep their homes looking as nice as his looks after renovations are complete. Everyone has a stake -- not just in making money, but in improving their neighborhood as well.

### *Grant/Loan Awards*

HUD has awarded the District of Columbia, the Mississippi Delta, and Baltimore grants and loans from its Economic Development Initiative and Economic Development Loan Fund (Section 108) programs. Each of their financial lending institutions are organized differently, but essentially the focus is the same: empowerment and ownership. (Attached is additional information about each local initiative.)

Community First Bank of DC -- District of Columbia

HUD is providing $3.5 million in EDI grants and $5 million in Economic Development Loan Funds (Section 108) to Community First Bank of DC in the District of Columbia. The Community First Bank of DC will leverage about $85 million from other private and public sources, including the D.C. Private Industry Council, the Greater Washington Urban League, Local Initiatives Support Corporation, and the H Street Development Corporation, among others.

Businesses, banks, and other institutions will be able to purchase stock in Community First Bank of DC; however, a second class of stock will be available for only residents of the service area. This stock offers double dividends.

Its organizing bank board will consist of 15 people, representing the various non-profits, community organizations, and private sector groups listed above. In the near future, a bank board will be elected and will include a resident from the service area.

The Mississippi Delta

HUD is providing $3.5 million in EDI grants and $5 million in Economic Development Loan Funds (Section 108) to the Mid-Delta Empowerment Zone. (Bolivar County, MS, was the official applicant.) Another $5 million in rural Empowerment Zones funds will be used as start-up capital for the Community Empowerment Banking Initiative.

An alliance of bankers, farmers, non-profits, and community organizations from a six-county region of the Mississippi Delta have joined with HUD to create a new financial lending institution to provide business and housing loans in one of the poorest regions of the country. The Mid-Delta effort is unique in that it forms an alliance of people from different backgrounds and races dedicated to reducing a poverty rate of 45.3 percent in the six-county area of Bolivar, Holmes, Humphreys, Leflore, Sunflower, and Washington. The per capita income is $6,584, and more than 79 percent of residents lack a high school diploma.

The Delta Council, formerly a predominately white, wealthy landowner lobbying group, and the Delta Foundation, a grassroots, community organization for the African American community, have joined together to create this lending institution.

Residents shareholders will have majority of the bank board. Other partners in the effort will be represented on the bank board as well.

Baltimore Empowerment Zone

HUD is providing $1.5 million in EDI grants and $1.5 million in Economic Development Loan Funds (Section 108) to the Baltimore Empowerment Zone. The lending institution will capitalize itself through the issuance of stock which will include at least two classes of common shares and preferred shares. Class A voting common shares will be marketed and issued exclusively to EZ residents. Class B non-voting common shares will be issued to businesses and individuals who borrow from the lending institution. Ownership of Class B stock will be a requirement for access to funds. Non-voting preferred shares of stock will be marketed and issued to foundations, institutional investors, private companies, local financial institutions, and religious organizations.

The Board of Directors will not exceed fifteen (15) members and will be comprised of Class A share holders and nominees of preferred share holders, the Village Centers and Empower Baltimore Management Corp. as follows: five (5) Class A representatives; five (5) Preferred representatives; three (3) Village Center representatives; and two (2) EBMC representatives. The Board will be responsible for ensuring that the lending institution's management maximizes the usefulness of the funds, staying true to the mission of EZ economic development while also providing a positive return to stockholders.

*Management of the Community Empowerment Banking Initiative*

Banking and financial experts will be hired to manage the day-to-day functions of each lending institution and recommend loan packages, but the final decision about portfolios and investment policies will be made by the shareholders -- the residents and businesses who have the greatest stake in the economic livelihood of the community. While each lending institution's board and structure is organized differently, all emphasize the importance of community participation and control.

*Issues Concerning Security*

Even though the CEBI will be an unregulated financial institution, there will be at least three types of oversight:

1. The issuance of shares will be regulated these will have to registered with the *Securities and Exchange Commission or state authori*ties.

2. CEBI operations will be governed in most cases by *state laws governing commercial lending organizations*. There are state licensing requirements that are in force.

3. CEBI will be subject to oversight by the local governments through a *subrecipient agreement with the CEBI which will impose certain restrictions and allow the city to step in and take control if CEBI fails to comply.*

*Residents' contributions will be protected as follows:*

1. The amount of money that the residents contribute will be relatively small compared to total assets, and will be *set aside as very safe investments*, so that no matter what happens, they will be secured.

2. Money contributed by residents would go into a special fund which would be in a superior position to other equity contributors in the event of a default.

3. CEBI loans would be safer than those made by other community lending institutions because as a "wholesale lender" they would have some evidence that these are performing loans. As a result, CEBI would be less likely to lose funds on its investments

# QUESTIONS FOR SECRETARY

General Questions

1. How important is the stock ownership aspect of the community empowerment bank?

2. All of you are involved in either an existing business or have helped people start businesses. What is the most difficult aspect about this entire process?

3. This initiative is about empowering communities and residents, giving more control to the local level. What does empowerment mean to you?

4. What role should the federal government play in helping to move in this direction?

3. How can we get more residents involved in the economic and community development of their neighborhoods? How do we get them interested in a community empowerment bank and the role it can play in their communities?

4. If you could turn back the clock and start over again, what would you do differently in opening a business?

Questions for Bonita Conwell, Mississippi Delta, Mound Bayou, MS, owner of Robert's Meat Market

1. It took you more than 10 years to ever qualify for a loan -- a loan that was made by the Delta Foundation, a community organization. How did you manage to keep your business afloat for so long?

2. I understand you're interested in offering butcher training for young people in Mound Bayou. Why do you think this is important?

Questions for Tracey Moore, Washington, D.C., owner of City Wings

1. I understand that you were not able to qualify for a loan from traditional banks. Why did you have such a difficult time obtaining a loan?

2. You've mentioned your interest giving back to the community. How can you do this?

Questions for Wanda Woodward, owner of HANDI HANDs, residential and commercial cleaning business

1. You've said "when you most need the money, you can't get it" -- What do you mean by that statement?

2. One aspect of the community empowerment banks is to provide technical assistance to lenders. Is this type of assistance something that you could use?

Questions for Teresa Ann Annis, Baltimore, owner of Techmark Corporation (fire protection and life safety systems)

1. You approached banks with a business plan for expansion. You were making money in your business. Yet, banks turned you down. What was their explanation?

2. Why did you decide to locate in the Baltimore Empowerment Zone?

Questions for Mark Manning, co-chair of Mid-Delta Empowerment Zone

1. Mississippi is one of the poorest regions in the country. How will the community empowerment bank impact the high unemployment rate and poverty levels that you face?

2. How significant is it that a group of bankers in your area have joined in your partnership to create the community empowerment bank?

Questions for Diane Bell, Baltimore, executive director of the Empower Baltimore Corporation.

1. Under the Baltimore bank plan, resident shareholders will have majority control of the bank board. How do you think bank strategy will differ with this board than with traditional bank boards?

2. How will the Baltimore Empowerment Zone and the community empowerment bank work together?

Questions for Lloyd Smith, Washington D.C., president of Marshall Heights Community Development Corporation

1. Under your community empowerment bank plan, you will offer residents shares with double dividends. How important is this aspect of your bank?

2. You were able to partner with a significant number of public and private groups. How important a role will these groups play in the development of the bank?

**Questions for First Lady:**

**Access to Credit:**

1. *Can you tell me what your experience has been in getting credit -- loans -- for any of your ventures?* How successful were you in getting assistance from private lending institutions? What about the public sector? *How will the CEBI help you access credit in your community?*

2. We would like to think that we life in a color-blind society, and a good deal of progress has been made in ensuring that credit is made on a non-discriminatory basis. *What has your experience been? Have you experienced discrimination in your efforts to secure credit? Are things improving?*

3. *Are there any particular types of credit that you've had particularly success or difficulty with in your community? (e.g. venture capital, equity, working capital, micro-loans etc). How will the CEBI help you in any of these areas?*

4. Let's discuss *micro-credit.* Looking at other parts of the world, institutions such as the Grameen Bank have made small loans ($500 or less) to individuals -- especially women -- to get into business. These are often people with home-based crafts or other skills that, with a little assistance, can be a source of income or self-employment. *Have you had any experience with micro-credit?*

5. *What role has the Community Reinvestment Act (CRA) and the Home Mortgage Disclosure Act (HMDA) been in stimulating neighborhood lending in your communities? Do you think that the same kind of information that is currently reported for home mortgages should be required for small businesses?*

**Job Creation and Economic Development**

1. Ultimately, all of this is about jobs and employment. *What kinds of businesses do you think will have the most chance of success in creating jobs?*

2. We are all aware of the shift away from manufacturing and goods production to the high technology, knowledge-based, telecommunications industry. This has often had a devastating effect on central cities that were built on manufacturing. *How are your communities managing the transition to the new economy? Are you benefiting or losing? Are there specific things that we could be doing to help you adapt to the new economy?*

3. We've also seen a shift of jobs from the central city to the suburbs. This is creating real problems for inner-city residents who don't have transportation access to these jobs, often have to commute long distances, and can't afford or don't have access to housing in the suburbs. *How are your communities coping with the flight of jobs to the suburbs, and what more could be done to help inner city residents get access to these jobs?*

4. Following up, what we're seeing is a shift to "regional economies". It's no longer possible to talk about neighborhood economies outside the region as a whole. Some people are talking about "regional economic clusters". *What's your view on this? What should we be doing to promote regional partnerships so that we break down the "us versus them" mentality between cities and suburbs?*

5. Job training is the key to helping people prepare for the new economy. New skills are needed if people are to thrive in the new economy. *What kind of job training are you currently involved with and what are your community's job training needs?*

**Small Businesses**

1. *What do you see as the primary barriers to small business development in your communities?* Is it in the financial area -- term loans, equity, micro-loans, start-up capital, working capital -- or in the management and technical assistance area -- the need for management expertise, lack of information -- etc?

2. The federal government has a wide range of programs to help small businesses, through Small Business Administration (SBA), the Economic Development Administration (EDA), HUD, the Department of the Treasury etc. *What more do you think the federal government should or could be doing to capitalize or assist small businesses?*

3. *What about business incubators or Business Outreach Centers (BOCs)? Have these or might they been helpful in stimulating small businesses in your community?*

**Public-private partnerships**

1. *What has been (or should be) the role of the non-profit sector -- community-based organizations -- in developing and supporting small businesses in your community?* There are hundreds of community development organizations (CDCs), Community Development Credit Unions (CDCUs) and CDFIs and other non-profits who have played a key role promoting community economic development. Should we be doing more with them? What do they need to be even more effective?

2. A key focus of the CEBI is *resident ownership.* It's an innovative idea, although credit unions have always been shareholder-owned institutions. The Administration has done a good deal to create or support community development banks such as the South Shore Bank. *How do you think community residents should exercise a voice in economic development in their communities.*

3. *Empowerment Zones and Enterprise Communities* have been a centerpiece of this Administration's efforts to stimulate community based economic development. It's been an effort to marry tax incentives with direct public assistance with community control. *Have these been successful? Should they be expanded?*

## Introduction

Thank you all for being with us today.

Let me extend a special thanks to Mrs. Clinton for taking on a leading role as an advocate for community enterprises like the one we are announcing today.

I'd also like to recognize Assistant Secretary Andrew Cuomo, whose hard work has helped make this day a reality.

I also want to welcome other community leaders in our audience:

Mayor Marion Barry of the District of Columbia;

Delegate Eleanor Holmes Norton of the District;

Charlene Drew Jarvis, also of the District;

Rep. Elijah Cummings of Baltimore;

Agnes Welch, vice president of the Baltimore City Council, who is here representing Mayor Kurt Schmoke;

Carol Thompson Cole of the Office of Management and Budget; and

John Hamilton, one of the organizers of the new bank here in Washington.

Today we're are pleased to announce the Department of Housing and Urban Development's first-ever investment to create three "Community Empowerment Banks." HUD is awarding $8.5 million in grants and $11.5 million in loan guarantees to three communities -- Washington, D.C., Baltimore and rural Mississippi.

Community Empowerment Banks like those we are announcing today can make a substantial difference in revitalizing distressed communities. And they build directly upon President Clinton's commitment to give all Americans a chance to participate in the American dream and the power of our great economy.

These banks serve two vital functions.

First, they help fill the "community credit gap", providing people access to the capital they need to start businesses and purchase or fix up homes -- and ultimately to climb out of poverty. Too often, residents and small businesses owners in lower-income neighborhoods face obstacles that make it hard for them to qualify for loans from conventional banks. Community Empowerment Banks, like other community development banks, exist specifically to take on what are traditionally considered higher risk loans and are an effective vehicle for bringing badly-needed capital into lower income communities.

Second, and what is especially unique about HUD's Community Empowerment Banking Initiative, these new banks will offer low-cost ownership shares to community residents. That means people can buy directly into the bank. That kind of a personal stake in the bank has three great benefits: it generates a genuine community commitment to the success of the bank and the businesses it supports; raises additional capital for the bank to loan out; and ensures that a significant measure of control over investment decisions remains in the community.

Here's how it works. For each of these three banks, HUD provides the initial seed capital -- $3 million in grants and loan guarantees to Baltimore's bank; and $8.5 million each to Washington and the rural Mississippi banks.

The local grantees then use the Federal funds to leverage private and other public investment in the banks. The $8.5 million HUD investment in Washington's bank, for example, will leverage about $85 million in investments from private and other public sources.

These new lending institutions are significant not just for the positive impact they will have on these communities, but because they foster our most basic values of community, opportunity and responsibility -- and they offer an exciting new model for integrating poor neighborhoods into the market-based economy.

We are all deeply pleased, to have the First Lady here today. It is fitting that she is here for Mrs. Clinton has been a champion of such community-based concepts and has first-hand knowledge of micro-enterprise banks in Asia and Latin America.

As she will tell us, Mrs. Clinton has seen this work. She knows that the loan default rates at these banks are low. She knows that small loans can put people to work and help homeowners invest in repairs that will build up their neighborhoods.

Mrs. Clinton, we are very happy -- and proud -- to have you with us today. Thank you.

<u>Introduction of Roundtable Participants</u>

Before Mrs. Clinton speaks, let me briefly introduce our panel of community members and experts who will join our roundtable discussion.

1) Bonita Conwell has run Robert's Meat Market in the Mound Bayou, Mississippi, for the last 13 years. Her attempts to expand the business were repeatedly thwarted until she got a loan earlier this year from a local community organization and was

able to renovate her building.

2) Trayce Moore and her husband own City Wings, a District restaurant that specializes in buffalo wings. They were turned down for a loan, but Mrs. Moore is hopeful that new funds will help them buy the equipment and employee training they need.

3) Wanda Woodward, owner of Handi Hands, a Baltimore cleaning business, once had to close down because she could not obtain needed financing. She was able to reopen but remains on a tight budget because she can't find a bank willing to loan her money.

4) Teresa Ann Annis, also from Baltimore, is co-owner of Techmark Corporation, a firm that provides commercial fire protection and life safety systems to some of the biggest local businesses in Baltimore, including Oriole Park at Camden Yards.

The next three individuals have played a key role in organizing their local Community Empowerment Banks.

5) Diane Bell is president and CEO of Empower Baltimore Management Corporation, the non-profit set up to manage the Empowerment Zone in Baltimore City. Since 1994, she has helped bring more than 1,300 jobs to the Zone.

6) Lloyd D. Smith, executive director and CEO of Marshall Community Development Organization here in Washington, manages a wide variety of neighborhood businesses and housing programs. He has 30 years of experience in community development.

7) Mark Alan Manning is director of development for Delta Council in Mississippi, a widely acclaimed regional development organization. The Council promotes agriculture, flood control and infrastructure development in an 18-county area.

Now, it is my great pleasure to introduce the First Lady of the United States, Hillary Rodham Clinton.

Mela— —
this was a handwritten note to HRC
Pam

text of Wolfensohn note:

"My dear Hillary,

I have just returned from a visit to Nepal and India and want you to know how warmly you are remembered. You and Chelsea made a great impression and everyone from the Government officials, women's groups, the guide at the Taj Mahal and the shopkeeper at the Marble (?) Gift Shop -- <u>all</u> said how great you were.

This makes me even more anxious to work with you during the second term on international issues. I know that the President has an international agenda in mind, and for this I am very grateful, but you personally can play a big role. If you have the time and interest I would love to exchange some ideas with you re development, women and children.

Elaine and I follow with pride all that you and the President are doing. We wish you and our country great success next Tuesday. We look forward to seeing more of you during the second term and to helping you in any way we can.

With our warmest greetings to you both - Jim

cc: Melanne ✓

Jim foreign policy

667-2375

MEMORANDUM November 25, 1966

FOR: Melanne Verver

FROM: Carol Lancaster Carol

SUBJECT: Foreign Aid in Clinton II

As promised, I am sketching out what I think the major issues on foreign aid are likely to be in Clinton II and aspects of them that might be of particular interest to you. I shall describe three pressing issues involving foreign aid likely to arise in the coming months: budgetary levels; organization; and what for want of a better term I shall call "advocacy" -- helping the American people to appreciate better the purposes and impact of US aid abroad.

1. At the core of most of these issues is the budgetary one: what levels of foreign aid will be available to the US government to pursue its interests and values abroad over the coming four years? The first part of the answer to this question will come in the aid levels contained in the 1998 budget the administration sends to the Congress (likely to decided in the next several weeks). The Congress will provide a second part of the answer as it begins to cut from the administration's proposed level. As you know, aid represents less than 1% of the federal budget but it is a 'discretionary' expenditure and one that has had lukewarm support at best from the general public, the 'informed public', the Congress and, frankly, at times from within the administration itself. Thus, it has been slashed substantially in the past two years.

If projections for future cuts in aid hold (of roughly one quarter to one third in real terms as part of the general effort to balance the budget -- see attached chart), several consequences are likely. First, the US may have to terminate its voluntary contributions to certain UN programs if it is to preserve its influence in others. My guess is that we will protect our contributions to the politically popular and effective UNICEF (which is headed by a US citizen) but possibly reduce radically our contributions to the UN Development Program (also headed by an American at present). Not surprisingly, cuts in UNDP have already prompted other countries to call for the appointment of a non-American to head the organization.

Second, the administration may also have to apply a triage approach to which multilateral development banks it finances. Congress has already refused to appropriate funds for the African Development Fund (which is having severe management problems) and there is talk that perhaps the economic success in Asia argues for a decrease or elimination of US support for the Asian Development Bank. Budget cuts will also make it difficult for the US to support IDA, the soft loan window of the World Bank or even make up its arrears. Past cuts in US support to these organizations have already begun to erode US leadership in them. Further cuts will result in our falling further and further behind other donors in our contributions and even behind in our own commitments and weaken our ability to lead yet further, in terms both of policy and personnel. The overall budgets of these organizations may also decline if other governments, usually tying their level of funding to ours, cut their contributions.

Cuts of the magnitude projected will likely have a major impact on our bilateral aid program. If levels to Egypt and Israel are held harmless as they have been since the beginning of the 1980s, cuts of considerably more than one third will fall on the rest of the bilateral aid program -- primarily on development assistance. That program is roughly $2 billion at present (with another $450 million in administrative expenses). A drop of one third in the program and administrative levels will force a significant reorientation both in the geographical and functional scope of the program, probably leading the elimination of programs in a considerably larger number of countries than is now contemplated and possibly also forcing the elimination of funding for particular sectoral activities. Cuts of this magnitude may also lead the administration to consider a fundamentally different approach to providing aid, with less emphasis on working through its (unavoidably expensive) foreign missions and a more hands-off approach reliant primarily on programming from headquarters. There are numerous options for dealing with such cuts -- none of them easy or pleasant. But one thing is certain: if these cuts occur and especially if monies for the Middle East are protected, US bilateral aid will be much diminished, much different than it is today, and probably much more poitically oriented. Supporting development will likely become a minor aspect of our relations with countries in Asia and Latin America and possibly even Africa.

2. The second foreign aid issue likely to confront the administration in coming months is the organizational one. It seems likely that Senator Helms will return to the issue, proposing again a reorganization of the foreign affairs agencies and possibly holding up new appointments until his demands are met or his support within the Senate Foreign Relations Committee (where all of the Republicans supported him the last time this issue was raised) is detached. Senator Helms will probably propose again that USAID be merged into the Department of State. My own views on this issue are no different outside the administration from what they were within it: it is a terrible idea with very great potential costs and very few benefits. The two agencies have different missions (I have served in senior positions in each and can speak from some experience) and different modis operandi. They both are struggling with difficult management challenges and a merger would make those changes immensely more difficult, probably paralyzing them both until the details of a merger were thrashed out. Finally, it is hard for me to see what will be gained by a merger -- not significant budgetary savings unless one of the agencies is savaged and not necessarily better coordination unless one literally takes over the other.

However, if Senator Helms does raise the organizational issue again, the administration will have once more to decide how it responds. This could prove to be quite complex and contentious and will require considerable interagency collaboration (which was a bit ragged the last time the organizational issue was raised). Periodic issues involving the foreign affairs budget (especially when a crisis erupts with implications for deploying foreign aid resources) will also raise the problem of inter-agency coordination on managing increasingly scarce foreign affairs resources. These issues underline a problem that we have both struggled with in the past: the absence of someone in the White House with enough knowledge of the programs and sufficient clout to bring about effective coordination. There has been no such person over the past several years and it has showed sometimes in the differing positions agencies have taken on resource issues. That position should, in my view, be in the NSC and should probably be the responsibility of one of the deputies to the National Security Advisor if it is to be done effectively. It is to be urgently hoped that whoever heads the NSC in Clinton II will create such a position.

3. One of the things that makes it so easy for Congress to slash aid budgets, attempt to impose reorganizations, and often micro-manage the aid program is that the public is often uninformed about the issues at stake and unengaged in how they are decided (with a few prominent exceptions). While most opinion polls show that the general public is supportive of foreign aid, the issue is a salient one for very few. The active constituency for foreign aid is, in short, very weak. Even among foreign policy elites, foreign aid appears also to have lost its salience. The small and diminishing number of articles in the major policy journals is but one indication of these changed views. And this diminished salience is reflected in a relative passivity vis a vis budget cuts and often a sense of policy uncertainty.

So what is to be done on this issue? Assuming that the administration is clear about how it wants to use its foreign aid as it bridges to the twenty first century and is organized internally to manage its diverse aid programs effectively, it would seem that there are three major groups to reach in an advocacy strategy. First are the foreign policy elites. The second is what I shall call the "engaged public". The third is the general public.

To raise awareness and support of foreign policy elites inside and outside the administration for foreign aid, two things would appear to be necessary: a rationale for foreign aid that ties it to a key element in US foreign policy generally and statements by the President and Secretary of State to that effect. Possible rationales might include tying foreign aid to a broader policy of 'conflict prevention' which may be an attractive formulation but with a number of implications that would still seem to need considerable refinement. Another approach might include an increased emphasis in Clinton II's foreign policy on the importance of 'non-traditional' issues like global population, environment and so on which could be an important element in a post Cold War approach to the next millenium. If there is no such rationale and no articulation of it at the very top of the administration, it will likely not make its way onto the agendas of the influential voices in the foreign policy community.

How to inform and energize the "engaged public"? By the engaged public, I mean Americans who are interested and informed to some extent on foreign affairs, who are often active in community or church organizations, and who might be willing actively to support foreign aid programs. The members of the League of Women Voters, Rotarians, and many, many others. What does it take to persuade the engaged public to write or speak to their members of Congress on issues or to the editorial boards of their local papers? They have not just to be informed but they have to have a stake in the issue. How can we bring about that? USAID's Lessons without Borders is one approach. But more is needed. Let me suggest an additional approach.

Suppose you decide to make a trip to Africa next year. You will likely choose two or three types of themes to pursue on the trip: the challenges of girls' education; women's productive employment; creating and strengthening democratic institutions where they have not existed before. The themes could be selected not only for their intrinsic importance but because they can be made meaningful to Americans through their own values and experience -- the way most Americans approach many foreign affairs issues in any case. (Girls' education involves the value Americans place on opportunity for all children to have an opportunity to better themselves; programs like micro-enterprise lending that enables poor women to create jobs and expand their income (echoes in new approaches to poverty in the US?); democracy provides for freedom for all...)

Visits to aid funded projects while in Africa (I refer here to projects funded by both multilateral and bilateral aid -- they both need to be included) would call attention to these problems and the solutions the US is trying to help Africans design and implement. A healthy presence of the US press corps on such a trip might even lead to print and electronic media reports on such projects (judging from the past, however, this would take some real effort...). The trip itself could lead to another book which would call attention to one or more of the themes of the trip. After the trip, you might consider doing a speaking tour within the US (bringing along one or two Africans who have benefitted from such projects to make it human and real). Attendees at such speeches might include a strong representation of local community leaders and groups who might then be persuaded to undertake some follow up activities (jointly with USAID or other aid agency??) to continue work on the particular problems. (For example, why not have the League host newly elected African parliamentarians in their homes for a week or two to help them understand how we deal with constituency relations, etc.?) The key to turning a potentially engaged public into an activist public is to get individuals involved in an aid-related activity to give them a stake in the overall program. There are many other approaches to this issue, I am sure, and many others with ideas on them.

With regard to the general public, it is important to help inform them on foreign aid through speeches and the media. But, judging from the past, speeches without some sort of organized follow up tend not to produce action and have relatively little impact on Congress or other national leaders.

* * *

I do not pretend that this is an exhaustive agenda. It is intended to help start a discussion of what are the issues and possible strategies vis a vis foreign aid as we move into a new administration. I would suggest that you might want to discuss and develop your ideas further with two groups: key people within the administration involved with foreign aid; and several people outside it also engaged in the issues. You may want to organize two separate meetings of these groups since the viewpoints of each may be quite different and more frankly expressed separately. From within the administration, I would suggest you include Brian Atwood and Jan Piercy. Ideally, you would want someone senior and supportive from the NSC and State but it may be too soon to identify who those individuals might be. I wonder if you would not also want someone from VP Gore's staff though I am not sure who that would be either.

From outside the administration, perhaps you should chat with Julia Taft of InterAction, one or more of the foundation heads that organized the meeting at Potantico (to find out at least what proposals and follow-up they proposed), perhaps even someone supportive from the media and political consulting field.

There is much of significance to be done on foreign aid and an enormously important role for you to claim. I hope I can be helpful to you as you consider what you might do in this area. I would be happy to be involved in any of these or other activities where possible and appropriate.

Meanwhile, I wish you a restful and peaceful day for giving thanks for the wonderful life we enjoy in this country and the opportunity to help others reach for such a life. That, in the end, is what this memo is all about.

Southern

If I had a capital –

Benita, get a job?

I went to a bank they said no
then I went to another bank, they said no
And then I went to another bank, & they said no

although they did tell us they were happy to take our deposits

technical assistance piece

slows your growth. roadblocks

= a city bursting w/ entrepreneurial spirit & not enough resources.

rebuilding our city through energy of our own residents

well-...

"language to talk about
" people"