PRESIDENTIAL AWARDS FOR EXCELLENCE IN MICROENTERPRISE DEVELOPMENT

February 5, 1999

Today, President Clinton Presents The Presidential Awards for Excellence in Microenterprise Development. The Presidential Awards for Excellence in Microenterprise Development were created as one of the commitments made by the United States at the United Nations Fourth World Conference on Women, held in Beijing China in September 1995. The awards reflect an on-going commitment by President Clinton to advance the role that microenterprise development plays in enhancing economic opportunities of all Americans, especially those that lack access to traditional sources of credit such as women, low income people, and minorities. President Clinton directed the Treasury Department to establish the Presidential Awards (which are administered by the Community Development Financial Institutions (CDFI) Fund) to help bring wider public attention to the important role and successes of microenterprise development in the domestic economy. The first Presidential Awards were made in January 1997 and are made in different categories designed to embrace the diverse goals, purposes and activities of successful microenterprise organizations, and the challenges and opportunities they face.

This Year's Awardees (And Some of Their Clients' Stories) Are:

The Micro Industry Credit Rural Organization (MICRO), a loan fund of the PPEP Microbusiness and Housing Development Corporation, of Tucson, Arizona. Established in 1987, MICRO is one of the oldest Hispanic development organizations and one of the oldest microenterprise loan funds in the nation. MICRO is recognized as a Presidential Awardee in the *Access to Capital* award category for its best practices as a high impact, credit-oriented model for promoting micro entrepreneurship in low income, rural Arizona communities.

Client Profile: Maria Jesus "Chuyita" Gaxiola was a migrant farm worker, widowed with two small daughters, barely surviving on her daughters' Social Security income and speaking no English when she first visited MICRO in 1993. She was nevertheless possessed of extraordinary drive and tenacity, and over the next several years participated in a series of programs at MICRO including ESL classes and training in basic business skills. From an initial microenterprise loan of $1,500, she was able to expand her cosmetics, jewelry and accessories business into a thriving entity which in 1998 brought in $60,000 with a net profit to Chuyita of $30,000.

The Detroit Entrepreneurship Institute, Inc. (DEI) of Detroit, Michigan, provides a one-stop shop for aspiring microentrepreneurs. Created in 1990, DEI is recognized as a Presidential Awardee in the *Developing Entrepreneurial Skills* award category for providing a uniquely comprehensive range of training, technical assistance and business support services targeted to welfare recipients and low income individuals.

> ***Client Profile:*** Jacqueline Tucker is a divorced mother of three children who started a small catering business after completing her training at DEI. Jacqueline, a divorced mother of three children who was on welfare for 10 years, was determined that there would be no second generation welfare recipients among her children. She was one of DEI's first graduates and borrowers in 1991, and repaid her first $2,000 loan six months before it was due. Jacqueline's three children have played an active role in her business, with the entire family often helping with food preparation and display, clean up, loading the van, and billing. In addition to learning how to manage a business, Jacqueline now feels more confident as a citizen, mother and woman. She states that, after participating in the DEI program, she began to grow as a person. Jacqueline has now been off welfare for more than five years.

The Northeast Entrepreneur Fund, Inc. (NEF) of Virginia, Minnesota. Created in 1989, NEF is recognized as a Presidential Awardee in the *Developing Entrepreneurial Skills* award category for its strong commitment to developing and implementing impact measures for assessing the performance of training-based microenterprise programs, as well as providing an effective and flexible model for delivering skill development services to rural entrepreneurs.

> ***Client Profile:*** Carol Willoughby first became a NEF client in 1991 when she was launching her sign making business, which she began by making wedding and church banners in her living room in order to supplement her family's income. Today, her business provides convention, sporting event, and special promotion signage for the Duluth area and the upper Midwest. Carol no longer paints signs; instead she creates her signs out of vinyl with the aid of two computer systems. During the years she has operated her business, Carol has received training, technical assistance and financing from NEF. Each year, Carol has established and achieved her business and financial goals. The company's sales in 1998 were 20 times what they were in

1991. For Carol, owning her own business "has been a dream come true," and she credits NEF for helping her to make it happen.

The Institute for Social and Economic Development (ISED) of Iowa City, Iowa was founded in 1989 and has proven its long term staying power while maintaining a strong and aggressive commitment to serving its low income clientele. ISED is recognized as a Presidential Awardee in the *Poverty Alleviation* award category for its success in serving low income clients, its effective program design and its commitment to promote the evolution of the microenterprise field through impact measurement.

Client Profile: Dancing since she was six years old, Rhonda won local and regional dance competitions and always dreamed of owning her own dance studio. By 1990, Rhonda was the assistant gymnastics coach at the local YMCA, as well as a dance coordinator and aerobics instructor. That year, however Rhonda's life took a rough turn when her husband went to prison. Rhonda, with an infant son to support, found herself with no health insurance and insufficient income to make ends meet. She was forced to go on welfare. However, Rhonda was determined to get off of welfare and rebuild her life. Rhonda went through ISED's three-month training program and received technical assistance to obtain financing and get a business started. In June of 1994, ISED helped Rhonda get a $8,200 loan from a bank, and with it she opened the Showtime Dance School. "The early days and months were rough," said Rhonda. "But, ISED was there to help me get through. They were both my best friend and business consultant." By the following year, Rhonda had made enough money to get off of public assistance. Today, Showtime has 260 enrollments and offers instruction in tap, ballet, jazz, point and lyrical dance for ages three and up. Rhonda paid off her bank loan in full in May 1998. In 1998, Rhonda's business had approximately $60,000 in gross income and $30,000 in net income.

The Corporation for Enterprise Development (CFED) of Washington D.C. and San Francisco, CA. Founded in 1978, CFED has been one of the leading lights in the development of the U.S. microenterprise industry. CFED is recognized in the *Public or Private Support for Microenterprise Development* award category for its steadfast and long-standing commitment to low income people and its vision, creativity and initiative in moving the microenterprise industry to new heights at every stage of its development.

Client Profile: CFED is a policy and research institute, and as such does not have its own microentrepreneur clients. However, its list of accomplishments is long. This Awardee carries out its mission by: conducting research and program evaluation; pioneering new credit and asset-building strategies tailored to the needs of low-income people; collecting and disseminating information to the field on best practices in microenterprise development; providing training and technical assistance to many leading organizations in the microenterprise field; and serving as a strong and effective voice for the industry. Among many other claims to fame, CFED helped launch several of the industry's leading microenterprise development organizations including four Presidential Award winners -- three 1998 winners, Detroit Entrepreneurship Institute, Inc., Institute for Social and Economic Development, and Northeast Entrepreneur Fund, Inc. and Women's Self Employment Program (a 1997 winner).

The Montana Microbusiness Finance Program (MMFP) of Helena, Montana builds the capacity of local organizations to promote community asset-building and microbusiness ownership. Created in 1991, MMFP is recognized in the *Public or Private Support for Microenterprise Development* award category as a state-sponsored model for creating and growing microenterprises in a rural state.

Client Profile: In 1994, Kevin and Heidi Snyder were seeking to purchase a racquetball club business. Kevin and Heidi had previously managed a health club while he was attending college and studying business management, yet no local bank would lend them the money. The Snyders approached the District VI Human Resource and Development Council, one of the microlenders supported by MMFP, for a loan. After purchasing a building for The Total Body Racquetball and Fitness Center with the loan, they expanded the weight training equipment, added a tanning bed and started a racquetball league. In 1995, Kevin and Heidi refinanced their first microloan, purchased equipment, and were able to add an aerobic exercise room with a second microloan. They have since added nutrition counseling and a pro shop to their range of services, and plan to build an indoor swimming pool. They have also added to their family, and currently switch off responsibilities for raising three young boys with that of managing the Center. The Snyders were winners of the 1998 Montana Microenterprise of the Year Award. They attribute much of their success to MMFP, for backing them when no one else would, and for the business counseling, training and other

assistance that enabled them to go so successfully from launch to thriving business.

###

MICROCREDIT SPEECHES

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 3, 1997

REMARKS BY THE FIRST LADY AT THE MICROCREDIT SUMMIT

Sheraton Washington Hotel
Washington, D.C.

MRS. CLINTON: Thank you very much. Thank you, choir, that was wonderful. I got to listen to you as I stood outside. I am thrilled to see such a turnout for this summit, which is one of the most important gatherings that we could have anywhere in our world, to talk about what is possible for raising the sights and aspirations of people, giving them the tools of opportunity, expanding access to credit and creating conditions in which men, women and children will be able to make for themselves better lives.

I'm very grateful to all who have made this summit possible, particularly to the co-chairs, to the heads of state who are gathered, to other distinguished guests, to the Results Educational Fund, to many of the private corporations and other foundations that have helped to sponsor this important gathering.

This is truly an historic occasion. Microfinance is a subject that is near and dear to all of our hearts who are gathered here. And this first global summit on microcredit offers an unprecedented opportunity for us to draw attention to the successes of microcredit in developing countries, as well as in applications in advanced economies around the world.

By bringing together experts from every continent we will be able to learn from each other's challenges and achievements, and apply those lessons within our own borders. I hope that this conference will engender new understanding of microcredit and its potential to transform the lives of individuals, their families, their communities and their nations.

Although it is called "microcredit," this is a macro idea. This is a big idea, an idea with vast potential. Whether we are talking about a rural area in South Asia or an inner-city in the United States, microcredit is an invaluable tool in alleviating poverty, promoting self-sufficiency and stimulating economic activity in some of the world's most destitute and disadvantaged communities.

I first heard about microcredit more than a decade ago when my husband, then the governor of Arkansas, and I were involved in looking for ways to create economic opportunity in the poorest sections of one of the poorer states in the United States. We had heard about the work of the Grameen Bank in Bangladesh and about the work that the South Shore Bank in Chicago. And we reached out to representatives of both to explain to us how this idea of very small amounts of credit could make such a difference.

I remember well when we met with Muhammed Yunus in the Governor's Mansion in Little Rock in 1986. We sat there and listened as he told us how the idea which he had had as an economics Ph.D. and then a teacher back in his home in Bangladesh began to be put into practice. He offered advice as the project in Arkansas got off the ground. Within a few years we, too, could see how the fruits of theGood Faith Fund, as the project in Arkansas was called, were beginning to take root.

It was so contrary to conventional thinking about finance and economic development. And, yet, before our eyes and based on reports from Bangladesh and India and Chicago and elsewhere, we knew something important was happening that had escaped the notice of many who worked in development, of many who were in finance departments of governments. And both my husband and I were determined that the concept of microcredit would have universal relevance. We looked for ways to apply microcredit in America, taking the best of the principles and values that it represented, but making it sure that it could be put into practice in different settings.

Now, more than 10 years later, we can look around this room, from one end to the other, and appreciate the power of Muhammed Yunis' vision. And we can celebrate the courage and dedication it has taken on the part of all of you today -- pioneers in microfinance, lenders in microcredit enterprises, representatives of government and private business and foundations and grass-roots community organizations from all over the world -- the courage that it took to come and understand how the conventional wisdom about poor people and economic opportunity was no longer adequate. (Applause.)

To really understand the significance of this summit one must recognize that you are here because you have broken a paradigm, you have gotten out of the conventional box of thinking about the poor, about economic opportunity, about the partnership between the public and private sector. It is this type of unconventional thinking that we need more of in our world today, to address the problems that all of us confront. (Applause.)

I know those of us here understand that microcredit is a tool -- not the only tool, but we believe an important tool available to promote economic and social development. We have seen with our own eyes in the last several decades how the global economic revolution has transformed lives, many for the better. People with opportunities in places that never thought or dreamed they could see clean water, roads, their children attending school, access to health care.

And yet, we also know that global economic change has not only made winners, it has

made losers as well. And part of our challenge is how do we harness these vast forces of change for the benefit of all people, how do we ensure that no matter where one lives, no matter what race or ethnic background, no matter whether a man or a woman. It is the individual human being willing to work hard who will be given the opportunity if that person takes responsibility to seek and find a better life for themselves.

That is why this idea is important not only on its own merits and that we should work to spread it, be honest about what it can do, make changes where necessary, recognize that it has limitations. But the idea is not only important for what it is, but for what it represents when we put it into the context of the global economic changes that are sweeping through all of our countries. (Applause.)

The United States has long supported microcredit overseas through USAID. And I am pleased that the United States will continue to support microcredit programs and that I hope more American citizens will recognize how important it is to support the economic aspirations of our friends and neighbors around the globe. And one of the ways we will attempt to deliver that message is to demonstrate here within our own borders how microcredit can change the lives of Americans.

Indeed, we are beginning to spread microenterprise throughout the United States. It has to be tailored to our particular economic and social circumstances. And so it is by the very nature of the communities which it is working in going to be diverse -- offering different kinds of loans, resources and business assistance.

But I am pleased that the President, working with the Secretary of the Treasury whom you will hear from later, have recognized the important role that microcredit will play in economic development throughout our country in helping people who are currently on welfare in the United States find opportunities for their own economic self-sufficiency. And to that end, just this last week, the President and Secretary Rubin presented the first Presidential Awards for Excellence in Microenterprise Development. The awards recognize efforts within our country to extend credit and economic opportunity to Americans who otherwise lack the chance to become economically self-sufficient.

The awards also underscore the ripple effect that microcredit projects can create -- not only in lifting individuals out of poverty and moving mothers from welfare to work, but in creating jobs, promoting businesses and building capital in depressed areas.

The United States is also promoting microcredit through the Small Business Administration's Microloan Program -- a public-private partnership which has already awarded $70 million in grants to nonprofit organizations with nearly half of the loans granted going to women. The loans range from $125 to $25,000.

Because of the promise that microcredit holds in the United States, the President announced last week that he is requesting substantial increases in federal funding for the Community Development Financial Institutions Fund. His budget calls for a $1 billion increase

over the next five years. (Applause.)

As I said last week at the White House when we were celebrating microcredit, there are millions of people in our country as there are millions of people in all the nearly 100 countries represented here who are brimming with initiative and desire to take responsibility and to work hard. But they need what I call the tools of opportunity, and one of those tools is access to credit. For too long, many people -- not only the poorest of the poor, but working people and others -- have had to turn to the lenders in the community that extract great price and cost for the money that they give. Others have been shut out completely from any kind of access to credit. And the result has not only been to depress their opportunities, but to depress that of those in their families and in their communities.

Later today, I will visit a microcredit project right here in Washington, D.C. -- one of the FINCA USA projects. I spent time with a FINCA borrowing group in Managua, Nicaragua, and I'm looking forward to hearing from the borrowers in this group here in Washington -- how that model is working for them.

What we are finding is that modest loans are transforming lives, reclaiming villages and rural areas and cities from decay and decline, and helping to reduce the number of people living in substandard conditions or extreme poverty.

I have seen that with my own eyes. Many of you are veterans of microcredit who are here, but others of you have come for the first time to learn how this concept can be translated and transplanted where you live. And others of you in the press are finding this a new idea, something you had not really focused on before. And still others in government and private business are looking for ways to help the economic development of people in the communities that you serve. And I want to take just a few minutes to visualize why I am such an admirer and supporter of microcredit; why I believe that it has such great potential.

So I brought with me some of the pictures that I have had taken as I have traveled to various continents and countries looking at microcredit efforts, and if I could I'd like to show them to you as I talk a little bit more about why they make such an important difference.

I want to start with a picture from India, and those of you who are familiar with SEWA -- and I believe that Ela Bhatt is here and will be speaking -- know how important the Self-Employed Women's Association has been. This group has made it possible for very poor women to learn about finance, to borrow money, to be part of a bank, to save money. And when I visited I met with hundreds of women, some of whom had walked for 12 or 15 hours to come to meet with me, to tell me what those initial small loans meant. And I want to emphasize that it was not just stories about what the loans bought and what they were able to do with the loans, it was the entire of sense of self-worth and potential that those loans created in the women that made the biggest impression on me.

Women stood up and said that they had been vegetable vendors in the markets and had been abused by police officers, others of authority, with no place to turn to try to keep their

businesses going when times were difficult. They told me of working on their family farms, eking out a living in very hard soil with little equipment and little support. And yet, woman after woman stood up and said to me that since they had become members of the Self-Employed Women's Association, they were no longer afraid. They were not afraid to speak up for themselves, to find their place in their family and their village, to help contribute to the income that made it possible for them to think of sending a child to school or having a child get the health care that child needed.

Many of you will find and be able to relate the same kinds of experiences that I have had. And I hope that as we talk about microcredit and as we look at the physical manifestations of loan, ledgers, and I have reviewed -- of businesses that have been started, of milk cows that have been bought, we will also not forget that you are seeding those people with a dream and a hope that they will be functioning members of society whose children's lives will be better.

I've also seen firsthand what happens in Bangladesh, and for anyone interested in microcredit you know that it is a journey to the Grameen Bank that is often part of the learning experience because of the longtime efforts that have been undertaken there. When I visited with a group of women in a village outside of Jasore, I realized that I was visiting a Hindu village, and my schedule did not permit me to go down the road further to visit a Muslim village. And I wanted to see women from both communities who were participating with Grameen. The women in the Muslim village came to the Hindu village, the first time there had ever been such participation together. Never had there been a meeting like that.

And I listened as 150 Hindu women and 150 Muslim women told me how their lives had been transformed by virtue of earning income. These women had lived much harder lives than any I could even imagine, and yet they were filled with hope about their future. And one of the reasons is that Grameen doesn't just extend credit, as many of you know. It tries to put the women and the men who are borrowers not only in borrowing groups for credit purposes, but to help support one another in solidarity, to build stronger families and communities.

Each person who joins the bank has to abide by 16 decisions or principles that range from the mundane such as "we shall build and use pit latrines," to the much more difficult to explain and understand -- "we shall not inflict injustice on anyone; neither will we allow anyone to do so," or "we shall always keep our children and the environment clean." There is even one principle against dowry, which is extraordinary considering the attitudes in many of those communities about the proper role of women and certainly the importance of dowry.

As each woman waits her turn to get a loan, she knows she cannot borrow money until the woman before her has repaid her loan. So there is a built-in incentive to support each other's enterprises.

I saw women making steel and concrete beams they can sell to other women who use them to build houses with loans from Grameen and I visited such a house. So a whole self-sustaining market is created within one village.

Grameen also in Bangladesh attempts to work with children to change attitudes about what is possible for them. Here there was a skit performed in which some of the young children, young boys and girls, were talking about attitudes that were held about education, and in particular, whether or not girls should be educated as well as boys. And by performing that skit, they were serving notice that they understood there was another way, another idea of what could be possible for them.

And so when you go to Bangladesh, and you see, as many of you have, what Grameen means, just like what the
Self-Employed Women's Association means in the lives of these women, their husbands, their families, it makes it clear that we're talking about not only economic transformation, but social transformation as well. (Applause.)

Some months later, I visited a microenterprise project in Denver, Colorado, here in the United States. In this case women, many of them Hispanic Americans, received career counseling and vocational training, and entrepreneurial technical assistance. It is provided by a group called Mi Casa. And here, the women were explaining to me what it meant for them to finally be taken seriously. Many had been on welfare or were just off welfare, and they were looking for an opportunity to take the skills that they had acquired and turn them into income.

Many of those women were good bakers, good seamstresses. They could make alterations. They could provide food for small restaurants. But they didn't, as we hear so often, have access to credit to get started. One woman said to me something I have never forgotten, when she described to me what it was like trying to go to her local bank. She did not have any traditional collateral, but she was a hard worker. She's always worked for other people. She had a good product to sell. But she was turned away because the amount of money that it would have taken for the bank to process her loan was not, in the bank's eyes, worth the investment. And she said, too many great ideas die in the parking lots of banks. (Applause.) And one of the hopes I have is that conventional banking will understand that there is an economic opportunity, a market niche for those willing to service this community.

I certainly was impressed by that when I was in Managua, Nicaragua, meeting with women in a borrowing group shortly after the United Nations Fourth World Conference on Women in Beijing, where the platform of action included a commitment microcredit. And as I have said, and as the President's said, much of the work that we are doing in the United States to advance microcredit is in part a fulfillment of our responsibilities under that platform of action. (Applause.)

I went here to the weekly meeting of the FINCA Group and there were about 30 women who described how they had received small loans to start neighborhood bakeries, seamstress shops -- one was making mosquito netting; one was selling auto parts door to door. I was surprised and very excited when several of the women not only gave me their products, but also asked me what I had been doing in India because some of them had seen on television some pictures of my trip to the Self-Employed Women's Association. They wanted to know what the women there were spending their money on and what businesses they were starting. And I felt

that there was an opportunity for this to be literally a global movement, with people learning from each other and supporting each other. And this is exactly what this summit means to do.

I've also been impressed by the work I've seen in Santiago, Chile, where community bank relies on peer networks to promote and sustain local miicrobusinesses. Here in a local market I met the vendors who were showing their commitment to the bank by putting up awnings in matching blue and yellow to demonstrate that they were part of microenterprise.

Most memorable to me was a woman who told me that as a seamstress she could not compete with the larger factories, and yet she knew there was a market for her work because she had many people who had come and asked her to make something for them but she did not have the capacity to do so. With a small loan, she was able to buy a high-speed sewing machine and replace her old, antiquated one. She said that when she got that new sewing machine she felt like a caged bird set free. And that is a good a way to describe how many of the people I have met seem to feel when given the opportunity.

I saw that again firsthand recently in La Paz, when I met with borrowers at Banco Sol and had a chance to visit the bank itself -- a physical place that is dedicated to microcredit. And the people there were very proud of what they had accomplished. And the United States is pleased that this bank, now the largest bank in Bolivia, was initially supported through a loan from USAID. It is the first commercial in the world completely dedicated to microlending.

The default rate is extremely low, about 2.2 percent; and the repayment rate, obviously, extremely high. I often say to my banker friends that if they had customers like these people, who paid off their loans at 95, 97, 98 percent, they would be very happy. And I think if more banks understood -- (applause) -- the tenacity, the commitment, the entrepreneurial spirit of people like these who are given a chance to help themselves, we would go a long way in not only extending credit, but in eliminating many of the unfortunate stereotypes about people who are poor. (Applause.)

Anyone who has worked with microcredit or seen its impact around the world as I have will testify that those stereotypes are just plain wrong. Most people who are eligible for microcredit around the world work as hard as they know how, from sunup to sundown, and sometimes for many hours before and beyond. And yet, too often, those of us in positions of influence or authority or power dismiss them. We seem to have a belief that if they are poor, they are meant to be poor and will always remain poor. Yet many of us come from families, generations back who themselves were poor, and through hard work and sometimes lucky breaks and opportunities an extended helping hand, we were able to climb our own way out of poverty and to have the benefits that that gave us and our children.

These microcredit projects are proof of what we can unleash if we invest in the economic and human potential of all the world's citizens. I am heartened that so many commercial banks and finance ministries and others around the world are beginning to show such an interest in microcredit. We know that this is not the only answer; we still need investments in education and health, infrastructure in many parts of the world, but we know that this is a critical

component of what will work in nearly any setting we can define.

It is becoming increasingly obvious that this tool not only transforms lives but lifts communities and societies as well. And that, after all, is what this summit is about. It is not just about giving individuals economic opportunity, it is about community, it is about responsibility. It is about seeing how we are all interconnected and interdependent in today's world. It is recognizing that in our country the fate of a welfare recipient in Denver or Washington is inextricably bound up with all of ours. It is understanding how lifting people out of poverty in India or Bangladesh redounds to the benefit of the entire community and creates fertile ground for democracy to live and grow because people have hope in the future.

So I think all of you who have helped to make the pictures that I've shown a reality, who have been advocates on behalf of microcredit and the concepts of community and responsibility that it represents, and I hope that as a result of this summit, many, many more people will understand how microcredit can transform lives, will learn lessons on how to do it right -- (inaudible) -- all of us will recognize that as we move toward this 21st century, we have an opportunity that has seldom come, if ever, in the history of humankind. We have a world that can, with technology, democracy, free enterprise, extend the benefits of prosperity and peace to countless millions whose lives can be lifted up.

So, for all of us, I hope that we will go forward from this summit more convinced than ever that providing economic opportunity, giving people a chance to be responsible, building community can happen everywhere if we have the will to make it so. Thank you for what you're doing. Godspeed on the work ahead. (Applause.)

END

India trip

FIRST LADY HILLARY RODHAM CLINTON
REMARKS AT MICROENTERPRISE MEETING
JULY 24, 1997

I'm absolutely delighted to be here this afternoon. I love any opportunity to come to the Congress and talk about issues of great importance to our nation. And particularly here, during the summer, I know there are many interns, and I first interned on the Hill 29 years ago for the House Republican Conference. (Laughter and applause).

And so I'm delighted to be back here today, to renew a national bi-partisan commitment to the belief that microenterprise is one of the strongest strategies we can afford, to assist people to help themselves. This is truly a national, bi-partisan effort. I want to recognize and thank all the members of Congress who are here, and there are so many of them--Maria mentioned the number by name, but I see others coming in and out, and I want to thank you for your commitment to this.

But I want to say a special word of appreciation to Chairman Gilman, who has been on the forefront of the microenterprise agenda for many years, starting with his work on behalf of hunger, more than 20 years ago. And I'm particularly grateful that with all of his other responsibilities on behalf of the international affairs of the United States, he recognizes the importance of microenterprise as one of America's strongest tools for increasing the development and democratic progress of people around the world. Thank you, Chairman Gilman. (Applause).

And I want to thank Congressman Gejdenson for his work on this issue, and for personalizing it so effectively here this afternoon. Because it's important, as we meet to renew this microenterprise initiative, that we understand we're talking about the lives of men and women, and boys and girls, throughout the world and here in our own country. Lives that have been literally transformed because, as the Congressman said, somebody had enough faith and trust to make a small loan, to extend credit, to be there with technical assistance to encourage that vegetable vendor, or that farmer, or that seamstress. Or, in the case of my visit to Adams Morgan, that small business owner with the tiny storefront that had been started up with faith and a little bit of credit.

By advancing these initiatives, we are making a big difference in the lives of people, in terms of the income of their families, and through the increased financial resources of their families, the ripple-effects into their villages and communities, which in turn add to the stability of their societies, and enable their democracies and free markets to function at a higher level. All of which is good news for them, and good news for the United States.

In 1994, USAID established its microenterprise initiative, and it put microenterprise front and center in the agency's overall efforts to help people in developing countries lift themselves up out of poverty. As Brian Atwood has pointed out, the United States is now *the* leader throughout the world in sparking microenterprise.

And it's very important to stress the point that microenterprise is not charity. It is not a hand-out. It operates according to the rules of the marketplace. Loans are extended. They may be extended to people who do not have what you or I or a traditional banker would think of as collateral, but they have a lot of "sweat equity"- they have a lot of dreams, and they're willing to work hard. And they're expected to pay back their loans, and they do, in very, very large percentages. I have said on many different occasions, there are a lot of commercial banks in our country and around the world who would be happy to have the retainment rates that are the usual return of microenterprise institutions.

But one cannot really understand the impact of microenterprise unless you have the privilege as I have, to sit in a village in Bangladesh, or in an urban barrio in Nicaragua, and see the faces of the women and men who are involved in these enterprises. And I hope that all of you who are here today will have a chance to personalize what we're talking about - to understand what it means for a person who's worked hard all her or his life to suddenly get that chance that credit provides.

Recently in Costa Rica I met a woman from Guatemala who had started selling mangoes on the street at the age of 12. She'd never gotten any formal education to speak of. But because she was willing to work hard, and she sold those mangoes, she came to the attention of someone who believed in her--through the microenterprise institution--who made a small loan. And eventually, she was selling other vegetables, she was employing people, she started to have vegetable stands around the city, and she told me with great pride that she now has a son studying at the University of North Carolina.

I also remember a woman in Chile who'd been a seamstress in her own home, and had very primitive equipment. Through a microenterprise loan, she was able to get a new modern sewing machine. And she said she couldn't stop kissing it. (Laughter.) She felt like a caged bird set free.

Now I know, because I've hung around the Congress for a little while, that all these bells and noises that we're hearing mean there's something going on, Mr. Chairman. (Laughter.) So I think we ought to--those of us who are not privileged to have to respond to those bells--we ought to call a little recess, and let you all go do what you need to do. Okay.

Because I think that what we have today is an opportunity to expand the story of microenterprise, and thanks to these members of Congress, to begin to institutionalize it, so that the formerly homeless women I met in Capetown who are building their own houses, or the women in India who stood and told me it was not only the income that made a difference in their lives, but the dignity that came from having that income, being able to look into the faces of their children and family members, not being afraid because they knew they were contributing members of their communities.

Let's also not forget that we have microenterprise initiatives here in America that are very important and are making a difference in people's lives. I've seen that also as I've traveled around our own country, here in Washington and Chicago and Denver. And time and again, what

I hear is that because of the increase in centralized banking sources--so many bank mergers, banks getting bigger--they don't have the kind of access to ordinary folks that we used to take for granted in our country. It's hard to get a loan for five hundred, or a thousand, or fifteen-hundred dollars from a commercial bank in the United States.

And as a result, many people with good ideas cannot get the credit they need. A woman in Denver told me that many good ideas die in the parking lots of banks. And that's because people who walk in the door looking for a chance to expand their barbecue place, or maybe come up with a new idea that they think they've got the experience to put into action, don't usually have the resources or the collateral to get the kinds of loans that they need.

So we need to support microenterprise abroad, but we also need to recognize that it works here in the United States. That's why the President has worked hard to expand the promise of microenterprise here at home, reforming the Community Investment Act, creating the Community Development Financial Institutions Fund, inaugurating the Presidential Awards for Excellence in Microenterprise Development. They're all ways of sending a message to hardworking, poor people in America that you also should be rewarded if you are willing to work hard. And that's especially important today as we're transforming our welfare system.

I'm pleased that the emphasis in this latest initiative will have special focus on Africa and on Central and Eastern Europe and the former states of the Soviet Union, because we have to deliver on the promise of democracy and free markets to countries that have looked to the United States for leadership, and are willing now to put our values into practice in their societies.

I am very pleased that we've reached the point where microenterprise is not an esoteric subject that only a few people talk about, but it would fill a large hearing room like this. And I'm especially pleased that with this bi-partisan national commitment, we will continue to build on the best practices of microenterprise, and we will see the results around the world and here at home.

Thank you for your faith in people and your support for microenterprise. (Applause.)

Q: (inaudible)

THE FIRST LADY: Did everybody hear the question? I think, like a lot of people who are involved in microenterprise, I came to my interest in it over a number of years, having worked in many different areas on behalf of poor people and children and looking for ways to try to break the cycle of poverty and give people more of a chance to have some control over their own lives.

And particularly in our state of Arkansas, there were many people who were caught in the changing economic conditions that started in the 70's and 80's and they no longer had jobs on farms, they no longer could do the kind of work--and have it be economically beneficial to them--that their parents and their grandparents did. But they were hardworking people, and they were willing to do whatever they could.

And so my husband and I began to look for other ways of creating jobs in some of the

MICROCREDIT

INCLUDES:
REMARKS BY THE FIRST LADY REGARDING MICRCREDIT 1995-1997
BACKGROUND, CHRONOLOGY, AND FAQ'S ABOUT FIRST LADY'S INVOLVEMENT WITH MICROCREDIT

CHRONOLOGY OF THE FIRST LADY'S INVOLVEMENT IN PROMOTING MICROENTERPRISE DEVELOPMENT

1986	Mrs. Clinton and then-Governor Clinton met with Mohammed Yunus, the founder of the Grameen Bank in Bangladesh, in Arkansas to discuss the relevance of the model of the Grameen Bank to rural Arkansas communities.
1988	Mrs. Clinton was involved in the creation of, and served on the Board of, the Southern Development Bank Corporation and its non-profit affiliate, the Good Faith Fund -- one of the first rural microenterprise funds in the United States. Modeled after the Grameen Bank in Bangladesh, the Good Faith Fund provides small loans, training and technical assistance to low- and moderate-income entrepreneurs in rural communities in Arkansas. Several U.S. foundations, through program-related investments, have partnered with the Good Faith Fund.
March, 1995	Mrs. Clinton visited the Self Employed Women's Association (SEWA) in India and the Grameen Bank in Bangladesh to highlight these important microcredit programs enabling poor women to become self-sufficient.
May 14, 1995	Mrs. Clinton's op-ed in the Washington Post, "Investing in Sisterhood," underscores how microcredit helps women overcome poverty.
July 26, 1995	Mrs. Clinton visited Mi Casa, a program in Denver, Colorado promoting microenterprise development, that has received support from the Small Business Administration. She also spoke to the Women's Foundation of Colorado Conference on microenterprise as a tool of opportunity.
August 28, 1995	President Clinton directed the Secretary of the Treasury to develop an awards program to honor excellence in microenterprise development, and to coordinate all microenterprise programs within the U.S. government. This was announced as part of the U.S. commitments to the United Nations Fourth World Conference on Women.
September 5, 1995	Mrs. Clinton spoke in Beijing, China, at the United Nations Development Fund for Women (UNIFEM) panel discussion on "Women's Economic Empowerment." Other panelists included Ela Bhatt of India's SEWA, and Mohammed Yunus of the Grameen Bank.
October 12, 1995	Mrs. Clinton visited a FINCA bank, "Mothers United," in Nicaragua (which was subsequently re-named "Mothers United *with Hillary*"), and an Accion microenterprise project, "PenaSol," in Santiago, Chile. Both projects serve very poor women and have been successful in providing economic opportunity.

June 26, 1995	Mrs. Clinton was the keynote speaker at the RESULTS Dinner in Washington, DC honoring Dr. Yunus.
November 8, 1995	Mrs. Clinton spoke at the "Beyond Beijing" World Bank Conference, where she highlighted microcredit and economic opportunity. The World Bank has committed itself to microenterprise lending, which is of great importance to women's economic development.
March 19, 1996	Mrs. Clinton spoke about the importance of microenterprise in development to the Council on Foreign Relations in New York.
May 2, 1996	Mrs. Clinton and Secretary Rubin announced the details of the Presidential Awards for Excellence in Microenterprise Development via video to the Association for Enterprise Opportunity Conference in Rhode Island.
September 16, 1996	Mrs. Clinton spoke at the USAID "Lessons Without Borders" Conference in Baltimore, Maryland, where she described how lessons learned through international assistance can be applied to solve problems at home.
December 3, 1996	Mrs. Clinton visited BancoSol in La Paz, Bolivia -- Bolivia's largest commercial bank and the world's only commercial bank dedicated solely to micro lending. (The BancoSol borrowing group that Mrs. Clinton met with re-named itself the "Hillary" group in honor of her.)
December 19, 1996	The First Lady addressed the Community First Bank in Washington, D.C. The First Lady applauded the efforts of HUD, HUD Secretary Henry Cicneros and the Bank for all their effort for community empowerment.
January 30, 1997	The President, joined by First Lady and Secretary Rubin, presented the Inaugural Presidential Awards for Excellence in Microenterprise Development at the White House.
February 3, 1997	Mrs. Clinton keynoted at the International Micro Credit Summit in Washington, D.C.
February 3, 1997	Mrs. Clinton visited a Foundation for International Community Assistance (FINCA) borrowing group in Washington, DC.
March 21, 1997	Mrs. Clinton met with borrowers from the Zambuko Trust Microfinance Program, a microenterprise institution supporting 4,000 Zimbabwean businesses -- 75% of them owned by women.
March 29, 1997	Mrs. Clinton visited a FINCA microenterprise borrowing group outside Kampala, Uganda.

May 5, 1997	Mrs. Clinton visited with indigenous and peasant women involved in various microenterprises in Mexico, who displayed their products and discussed their work.
May 7, 1997	Mrs. Clinton participated in a Round table in Costa Rica with microcredit entrepreneurs and Mrs. Figueres, the First Lady of Costa Rica. Eight microentrepreneurs from throughout Costa Rica spoke with the First Lady and displayed their merchandise.
May 8, 1997	Mrs. Clinton spoke to the Regional Consultative Forum on Microenterprise Development in San Jose, Costa Rica. The Forum brought together 70 entrepreneurs form Central America to exchange ideas and ask for support from the region's political leadership. The Forum was supportive of the Plan of Action of the Summit of the Americas.
May 10, 1997	Mrs. Clinton participated in the Caribbean Regional Microenterprise Forum in Bridgetown, Barbados. The event was sponsored by the U.S. Agency for International Development (USAID) and the Caribbean Development Bank. Mrs. Clinton announced $500,000 in assistance for microenterprise assistance to the four Windward Islands of St. Lucia, St. Vincent, Grenada, and Dominica.
July 24, 1997	Mrs. Clinton made remarks at the launching of a new Microenterprise Development Initiative on Capitol Hill.
February 2, 1998	Mrs. Clinton made remarks at the Annual Meting of the World Economic Forum in Davos, Switzerland. First Lady discussed the need for corporate responsibility and her support for microcredit it.
March 24, 1998	Mrs. Clinton, along with the President, made remarks to FINCA in Uganda.
April 18, 1998	Mrs. Clinton met with female entrepreneurs who have received money, training and support through microcredit. The First Lady listened to the women share their personal stories in Cunco, Chile.
April 24, 1998	At the Association for Enterprise Opportunity Conference, Mrs. Clinton discussed the importance of microcredit. Several organizations were acknowledged by the First Lady, including USAID, FINCA, and several entrepreneurs.
June 18, 1998	On Capitol Hill, Mrs. Clinton, along with Senators Kennedy and Domenici, participated in an announcement of the PRIME Act of 1998. The "Program for Investment in Micro-Entrepreneurs Act of 1998" provides grants to organizations that aid microentrepreneurs.

Fact Sheet on the
Presidential Awards for Excellence in Microenterprise Development

The Presidential Awards for Excellence in Microenterprise Development were created as one of the commitments made by the United States at the United Nations Fourth World Conference on Women, held in Beijing China in September 1995. The awards reflect an on-going commitment by President Clinton to advance the role that microenterprise development plays in enhancing economic opportunities of all Americans, especially those who have traditionally lacked access to traditional sources of credit such as women, low income people, and minorities. President Clinton directed the Treasury Department to establish the Presidential Awards, which are administered by the Community Development Financial Institutions (CDFI) Fund. By recognizing outstanding microenterprise organizations, these non-monetary awards will bring wider public attention to the important role and successes of microenterprise development in the domestic economy.

What is Microenterprise?

A microenterprise is a business with five or fewer employees -- at least one of whom is the owner -- and that have a demand for small amounts of credit (less than $25,000). Microenterprise is also often referred to as self-employment.

A microenterprise development organization promotes the development of microentrepreneurs by providing access to credit and business training and technical assistance.

Award Categories

The award categories are designed to embrace the diverse goals, purposes and activities of successful microenterprise organizations, and the challenges and opportunities they face.

- *Excellence in Program Innovation:* The award category recognizes programs which have made a "leap of creativity" in the delivery of microenterprise services.

- *Excellence in Program Delivery: Access to Credit*: The award category recognizes programs that have achieved outstanding success in broadening the availability of credit to microentreprenuers.

- *Excellence in Program Delivery: Poverty Alleviation:* The award category is recognizes programs that have developed unique and effective methods of lessening poverty through developing microentrepreneurs.

- *Excellence in Public or Private Support for Microenterprise Development:* The award category recognizes a government agency, foundation, non-profit organization, financial institution or corporation that has provided strong and innovative support for microenterprise development.

Selection Process

Winners of Presidential Awards were selected through a two-stage review and review process. A key element of the review process was involvement of a team of 20 nationally recognized experts on microenterprise from the public, profit and non-profit sectors. With the evaluations, advice, and recommendations of these experts, the CDFI Fund selected the award winners utilizing a rigorous evaluation process and the following criteria:

* *Poverty Alleviation*: Extent to which the program serves poor people, number of people served, scope of services provided, program design effectiveness, impact, financial and organizational health, and transferability.

* *Access to Credit*: Effectiveness of program design in reaching its intended borrowers, number of people served, quality of loan program management, cost effectiveness, financial and organizational health, and transferability.

* *Program Innovation*: Creativity, effectiveness of the innovation, relevance to the microenterprise field, financial and organizational health, and transferability.

* *Public or Private Support*: Creativity, impact, number of people served, duration of support for microenterprise, extent of financial commitment, and transferability.



February 2-4, 1997
Sheraton Washington Hotel
Washington, DC, USA

COMMONLY ASKED QUESTIONS ABOUT MICROCREDIT & THE MICROCREDIT SUMMIT

I.	BASIC QUESTIONS	PAGE 1
II.	MICROCREDIT	PAGE 4
III.	THE MICROCREDIT SUMMIT	PAGE 7
IV.	MICROCREDIT IN DEVELOPING COUNTRIES	PAGE 10
V.	MICROCREDIT IN INDUSTRIALIZED COUNTRIES	PAGE 13

COMMONLY ASKED QUESTIONS ABOUT MICROCREDIT & THE MICROCREDIT SUMMIT

I. BASIC QUESTIONS

WHAT IS MICROCREDIT?

Microcredit programs extend small loans to poor people for self-employment projects that generate income, allowing them to care for themselves and their families. In most cases, microcredit programs offer a combination of services and resources to their clients in addition to credit for self-employment. These often include savings facilities, training, networking, and peer support. *[For more information, see pp. 4-6 and pp. 10-15.]*

WHY IS IT NEEDED?

The World Health Organization reports that in 1995 one-fifth of the world's population, or more than one billion people, lived in extreme poverty.[1] Focusing on this poorest fifth, the United Nations Development Program finds that they account for only 1.4 percent of the world's Gross National Product and only .2% of commercial lending.[2] Yet, with small amounts of venture capital the poor can finance business endeavors that significantly increase their incomes, making them better able to feed, clothe, educate, shelter, and provide health services to their families.

The story of Molé Motuké demonstrates how someone living in extreme poverty can build a better life for herself and her family when given access to microcredit.[3]

> *When workers from the non-governmental organization Association d'Appui aux Conducteurs de Chariots du Zaire (ACCZ) surveyed a slum area of Kinshasa, Zaire, they found Molé Motuké. Molé, widowed five years earlier, was now living with her four children in an old wrecked car. Food was very hard to come by, and often she would be forced to feed only two of her children one day and the other two the next. Responding to the inquiries of the organizers, she said that she knew how to make "chikwangue," a basic food made from cassava, but that she needed money to go into business.*
>
> *With her first loan of $100, she bought the basic materials for making and selling chikwangue. With the profits from this activity, she has been able to rent a small 3-room house. She can now feed her family well and her children go to school. She is saving to buy a small plot of land on which she hopes to one day build her own house. Other family*

---

[1] "The World Health Report 1996," World Health Organization, 1996, p.3.

[2] "Human Development Report 1994," United Nations Development Program, p.63.

[3] Molé's story is taken from the Microcredit Summit Institutional Profile of Association d'Appui aux Conducteurs de Chariots du Zaire.

WHO IS ORGANIZING THE SUMMIT?

The Summit is being organized by RESULTS Educational Fund, a non-governmental organization (NGO) based in the U.S., whose purpose is to generate the will to end hunger and poverty. RESULTS Educational Fund organized the 1990 World Summit for Children Candlelight Vigils at which more than one million people gathered in 75 countries to bring attention to the Children's Summit and its goals for improving children's health and well-being. The RESULTS Educational Fund Board of Directors includes Muhammad Yunus of Grameen Bank, Marian Wright Edelman, President of the Children's Defense Fund and U.S. Ambassador to the UN-designate Congressman Bill Richardson (D-NM).

HOW IS THE SUMMIT BEING FUNDED?

The Summit is being funded through the private sector. Four sponsors have provided grants of $100,000 each: Citicorp Foundation, Charles Stewart Mott Foundation, MasterCard International, and Monsanto Fund. Other funders of the Summit include the following foundations: Bankers Trust, Chase Manhattan Bank, JP Morgan, American Express, and Johnson & Johnson, among others.

WHY CAN'T THE POOR JUST USE REGULAR BANKS TO OBTAIN LOANS?

There are typically several barriers to the poor receiving loans from regular banking institutions – among them, 1) the requirement of collateral, 2) the fact that banks will not generally lend in small amounts, 3) the necessity of literacy to fill out forms, and 4) in some developing country cultures, the fact that banks may not lend money to women without their husbands' consent.

HOW WIDESPREAD IS ACCESS TO MICROCREDIT NOW?

The Summit Documents estimates that approximately 8 million very poor people around the world currently have access to microcredit. There are hundreds of institutions that provide microcredit, on six continents.

HOW DOES A MICROCREDIT PROGRAM WORK?

Microcredit programs provide credit services to the poor in a way that is responsive to their circumstances. There are many different models for providing microcredit. One model involves potential borrowers forming themselves into small groups. Group members are accountable for ensuring that every other member repays his/her loan, replacing collateral. Repayment is typically made in frequent and small installments -- for example, in weekly repayment meetings over the course of one year. Also, in regular group meetings, business ideas can be approved, business counseling can be provided, savings can be managed, discussions can be had on important topics such as health and education, and community bonds can be strengthened.

The Summit Document lists common characteristics of successful microcredit programs for the poorest, including, among other characteristics[6]:

- Targeting the very poor;
- Tailoring program operations to reach women;
- Simple procedures for reviewing and approving loan applications;
- Delivery of credit and related services to the village and neighborhood level in a convenient and user-friendly way;
- Quick disbursement of small, short-term loans (three months to one year);
- Clear loan recovery procedures and strategies;
- The incentive of access to larger loans following repayment of first loans;
- In developing countries, interest rates which are adequate to cover the cost of operations; in industrialized countries, interest rates which are least equal commercial rates;[7]
- Access to business information, expertise, and advice to microentrepreneurs, and
- Encouraging and accepting savings in concert with lending programs.

---

[6] Microcredit Summit Declaration (January '97 Draft), Paragraphs 6.2.1 - 6.2.13.

[7] Commercial or market interest rates are those that are sufficient to cover costs plus a reasonable rate of return, considering the level of risk involved.

III. THE MICROCREDIT SUMMIT

WILL THIS SUMMIT BE ANY DIFFERENT IN STRUCTURE OR APPROACH THAN PREVIOUS GLOBAL SOCIAL SUMMITS?

Yes, in several important ways:

- This is the first global social Summit this decade to be convened by a non-governmental organization (NGO), instead of the U.N.

- The Microcredit Summit will bring together heads of institutions from *all* sectors of global society - public, private, and non-profit. The Summit will have the participation not only of heads of state and government, but also of heads of U.N. agencies, international financial institutions, donor agencies, domestic government agencies, corporations, foundations, non-profit agencies, and other types of institutions, as well as legislators.

- The Summit's Declaration and Plan of Action will be finalized *before* the Summit convenes. Thus, the agenda of the Microcredit Summit is entirely focused on designing action plans and launching the nine-year campaign to reach the Summit's already-agreed-upon goal, instead of debate on the final document.

- In recognition of the central role that institutions from all sectors of society will play in reaching the Summit's goal, almost all Summit attendees will be delegates of institutions which have joined one of the Summit Councils. Council membership requires an institution to express commitment to the Summit's goal, agree to attend the Summit, and agree to announce, by February 1998, a plan for contributing to fulfilling the Summit's goal.

WHAT WILL BE THE GREATEST CHALLENGE TO REACHING THE SUMMIT'S GOAL?

The Summit Document explains, "The single biggest challenge to expanding microcredit to 100 million of the world's poorest families, even greater than the challenge of mobilizing the necessary funding, is the need to build local institutional capacity in communities around the world."[9]

The Document notes that the emphasis in capacity building during the decade-long campaign to reach the Summit's goal will be to strengthen the thousands of existing microcredit NGOs, cooperatives, credit unions, grassroots groups, and poverty banks that at present comprise the microcredit movement.

IS THE SUMMIT'S GOAL OF REACHING 100 MILLION FAMILIES BY 2005 REALLY ACHIEVABLE?

The fact that hundreds of microcredit programs on every continent have prompted a dramatic expansion in microcredit in the past two decades and the fact that so many prominent institutions in every sector of society have committed to the Summit's goal provide reason to believe that the goal

---

[9] Microcredit Summit Plan of Action (January '97 Draft), Paragraph 13.1

Since joining the village microcredit association three years ago, Mao has taken several loans, from $30 - $50, allowing her to fatten three piglets at a time, develop her small trade activities, and buy a bicycle to make the three kilometer trip to the market quicker and trade more goods. Because she no longer has to resort to working for construction companies, she can work and look after her children at the same time, and her older children can go to school year round.

It has also made a tremendous difference to Mao that she has been able to accumulate savings. Before, when she had no savings at all, she was very afraid of having to cope with accidents or sickness while not being able to afford medical expenses. Now, her savings allow her to feel more secure and confident about the future of her family. "Now that I manage to save some money from week to week," she says, "I have the project to buy zinc to repair the roof of my house next year."

HOW MUCH WILL IT COST TO REACH THE SUMMIT'S GOAL?

The Summit Document estimates that up to $21.6 billion in grants, low interest loans, and commercial loans could be needed to achieve the Summit's goal by 2005. This amount is small in relation to total development aid, private sector donations and social investments, and private capital flows. The estimate includes monies that are now being spent globally on microcredit programs serving very poor people. The Summit Document asserts that of the $21.6 billion, "a little more than half may need to be provided through grants and concessional loans. Thus about $10 billion may come from commercial credit markets, institutional earnings, and the savings of the public, including the savings of the poor themselves".[12]

---

[12] Microcredit Summit Plan of Action (January '97 Draft), Paragraph 9.1

- Gibbons' study of long-term Grameen Bank borrowers found that 46% had lifted themselves above the official poverty line; 34% had risen from absolute poverty to moderate poverty; and 20% remained very poor, usually due to illness in the family.[15]

Mary Akoth's story demonstrates how a microcredit borrower can lift herself out of poverty using a microcredit loan.[16] Mary lives in one of the poorest parts of rural western Kenya with her five children and one grandchild. Mary became destitute in 1979 when her husband left her and her family refused to help her. She was reduced to the most degrading means of earning money in order to pay rent and buy food.

In 1992, Mary attended "Africa Now" training and a year later received a loan of Ksh 200 (US$ 4) from "Africa Now". She started trading in chapatis and tea on the roadside, and soon began to make a profit of Ksh 40 a day. After six months she added rice and beans and increased her client base. She was then able to construct a temporary kiosk.

Today, Mary makes a profit of US$ 8 per day (twice the size of her original loan). She can pay rent, feed her family well, and pay school fees for her school age children. She employs three people and plans to expand her business further. She says she no longer feels isolated and helpless, and now looks forward to a future that she never dreamt possible before.

WHAT ARE SOME OF THE SOCIAL IMPACTS OF MICROCREDIT?

Microcredit programs become vehicles for a variety of desirable social developments. FINCA Founder John Hatch has said:

> "Increased income earned by a low-income mother translates into a chain of positive improvements for her family. This chain starts with her capacity to purchase more food. A better diet and improved nutrition stimulate better family health. Improved health results in greater resistance to disease, higher energy, greater capacity for work and learning, and thus enhanced productivity. As family nutrition and health are stabilized, incremental investments in the education of children are almost certain to follow. Close behind education expenditures come investments in home improvements. Finally, these outcomes are paralleled by a near-total transformation of the borrower's self-respect."

The regular meeting of solidarity groups plays a role in forging the solidarity of the borrower group, and provides an excellent forum for learning and discussion about issues such as health care and sanitation, family planning, ending marriage dowries, running a business, and education, among other things.[17]

---

[15] "Research on Tangail: Crucible of the Grameen Bank Approach to Poverty Reduction," by Professor David Gibbons. The 1992-3 study was conducted with a group of 40 ten-year female loanees drawn from 2 average quality GB centers in two typical rural villages of Bangladesh.

[16] Mary's story is from the Microcredit Summit Institutional Profile of "Africa Now".

[17] Microcredit Summit Declaration (January '97 Draft), Paragraphs 5.3.8 - 5.3.8.2.

V. MICROCREDIT IN INDUSTRIALIZED COUNTRIES

IS MICROCREDIT RELEVANT IN INDUSTRIALIZED COUNTRIES?

Yes. In most industrialized nations, self-employment increasingly is becoming an employment or re-employment option for many, including the poor. Many underemployed and unemployed individuals turn to self-employment as a means to create and supplement income for themselves and their families. Over the last ten years, an infrastructure of microenterprise development organizations has developed in direct response to this trend. These organizations, most of them nonprofit, combine empowerment, education, and credit as stimulants to alleviate poverty.

DOES THE SUMMIT GOAL INCLUDE INDUSTRIALIZED COUNTRIES?

Yes. Of the 100 million very poor families that the Summit seeks to reach, four million will be found in the industrialized countries, half of those in the U.S. In the U.S., the approximately 300 existing microenterprise development programs are currently reaching 40,000 to 50,000 families a year. Reaching 4 million families by 2005 will require that these efforts greatly expand their reach.[20]

HOW WIDESPREAD IS ACCESS TO MICROCREDIT IN INDUSTRIALIZED COUNTRIES?

Microcredit programs in industrialized countries are younger than those in the developing world, but growing steadily. For example, ten years ago in the U.S. there were fewer than ten programs; today there are approximately 300 programs that have empowered tens of thousands of people to start and operate their businesses. In Europe, France is the only country that has started a large-scale microcredit program, but in Belgium, Germany, and the United Kingdom, similar programs are being designed. In the Post-Socialist countries of Eastern Europe a few programs have been created, including the Village Credit Funds project in Albania and the Mikrofund in Poland.[21]

HOW DO INDUSTRIALIZED COUNTRY BORROWERS TYPICALLY USE THEIR LOANS?

Microenterprises are usually found in the retail or service sectors. There are hundreds of possibilities. Examples from the service sector include opening a day care facility, a catering business, a house cleaning service, or a beauty salon. Examples from the retail sector include opening a flower stall or making and selling jewelry.

> *In Chicago, Judy struggled for years to raise her children while living on public assistance. To supplement her meager income, she began selling shoes door to door yet remained dependent on welfare and Medicaid benefits. Judy was referred to the Women's Self Employment Project, one of the many organizations helping women create their own jobs in some of the poorest areas of the U.S. Judy used her first loan of US$600 to expand her business and today owns a retail shoe store. Her youngest son now plans on becoming a businessman himself one day.*

---

[20] Microcredit Summit Plan of Action (January '97 Draft), Paragraph 19.3.

[21] Microcredit Summit Declaration (January '97 Draft), Paragraph 5.2.

industrialized countries, however, is very different from most developing nations' economies. Self-employed individuals constitute a smaller percentage of the labor force in the industrialized world. In addition, industrialized country microcredit programs have unique challenges due to usury laws, lower volumes of lending, and greater demands for training and technical assistance. However, the Summit Document notes that programs in industrialized countries are committed to exploring ways of becoming self-sustaining so that, to the greatest extent possible, their operating costs will be covered through direct revenue from program services.[23]

For More Information, contact Lara Honrado or Jennifer Robey in the Microcredit Summit Media Office, (202) 546-1900. Media can obtain a copy of the Summit Document (Declaration and Plan of Action) upon request.

[23] Microcredit Summit Declaration (January '97 Draft), Paragraph 5.3.3.2.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release January 30, 1997

REMARKS OF THE FIRST LADY, SECRETARY OF TREASURY BOB RUBIN AND AID ADMINISTRATOR BRIAN ATWOOD IN PRESS BRIEFING

The Map Room
1:30 P.M. EST

MRS. CLINTON: I want to go ahead and get started. I wanted to wait until some of the people who were in the other briefing could get here, but I don't want to wait too much longer so that we'll have a chance to visit. And if they come in, they can just join us.

I really appreciate all of you gathering here today to talk with us about something that is very important and near and dear to my heart. Some of you who have accompanied me on some of our overseas trips know that we have visited microenterprise projects and you have seen for yourselves some of the potential that those projects hold for transforming the lives of men and women and children. And I greatly appreciate the continued interest of those of you who have been with me on these trips and the new interest of others of you.

I'm also pleased that Treasury Secretary Rubin and Administrator Atwood could be here, along with their key staffs who have been working on microenterprise issues both within the domestic arena and internationally.

And over the next week, a number of activities will take place here in Washington that will showcase microenterprise, both its successes in developing countries and its application in advanced economies such as ours.

A little later this afternoon, the President will announce the Presidential Awards for Excellence in Microenterprise Development. These awards are our first effort to recognize within the United States the extension of credit and economic opportunity to Americans who might otherwise lack the chance to become economically self-sufficient. I should mention that these rewards are a direct outgrowth of the United Nations Fourth World Conference on Women in Beijing. They represent our nation's commitment to the platform of action agreed to in Beijing.

On Monday, Secretary Rubin, Administrator Atwood and I will speak at an international microcredit summit here in Washington. This conference brings together experts from around the world to talk about ways we can learn from each other and to apply lessons within our own borders. That is a commitment that AID has under Brian Atwood's leadership to pursue what he calls, lessons without borders. And microenterprise is just one aspect of that.

Later Monday afternoon, I will have the opportunity to visit a microenterprise project in Washington called FINCA, which operates on several continents. Those of you who were with me in Nicaragua and in Chile in 1995 will remember that we visited FINCA projects on that trip.

I want to move on to some brief remarks by Secretary Rubin and Brian Atwood, but I want to reiterate something that I have said repeatedly about microenterprise. Although I view this as a very important tool for economic and social development, it is not by any means the only tool that we need to be utilizing here and abroad to promote opportunity among people.

And I think it will have special application in the whole array of tools we attempt to use in moving people from welfare to work. But it also has implications for working poor people, for communities that have lost enterprise and economic opportunity. But it has to fit in with other efforts that are designed to equip people to make better decisions for themselves.

So with that, let me turn to Secretary Rubin.

SECRETARY RUBIN: Well, microenterprise lending is something that the President and the First Lady were involved with when they were in Arkansas, so this has a real history in the Clinton administration. The President, when he ran in '92, as some of you may remember, advocated a nationwide network of community development banks.

After the election, one of the first things the President did was to set people to work to turn that vision into a reality, and out of that came the CDFI Fund which was enacted and is now in the process of being implemented. The first grants have been given out. And I think it's an -- I think both the CDFI Fund, which is a fund of grants to community development institutions of various kind around the country, and the microenterprise program, which is conducted within the Community Development Fund, are both very, very important ideas.

As the First Lady said, they are part of a much broader effort to bring the residents of the inner cities and other depressed areas in our country into the economic mainstream. I've had a personal belief for a long time that the issues of the inner city and more generally the issues of those who live in depressed areas -- rural and inner city -- are probably the single most economic problem our country faces. And this country will never be what it can be economically or socially for any of us, no matter where we live or what our income is, unless we deal with those problems.

When the First Lady went to Asia and came back and talked to us more about the microenterprise area, I particularly felt an enormous sense of energy about this idea. I think it's a very important idea. It is still a relatively small program in this country. But I think it is a very, very big idea, very, very important idea. And I think it will be an important part of the effort -- an effort that we must be successful at over time if we're going to be the kind of country we want to be, to bring the residents of these depressed areas into the economic mainstream.

MR. ATWOOD: It's obvious that we're operating nowadays in a global economy and that there are a lot of interconnections between the international arena and our domestic economy. This idea is an idea that we first heard about in Bangladesh, and we've brought it back -- and Mohammed Unis, who also, I think, came to Arkansas to brief the First Lady and Governor Clinton at the time, and the first real experiment in this was the Good Faith Fund in Arkansas financed by the South Shore Bank in Chicago.

We, in this administration, have really given this a boost because we announced in 1994 a major microenterprise initiative. We began then spending about $130 million a year. We are out ahead of the revolution that's occurring around the world --obviously started and we give full credit to Mohammed Unis -- but the work that we have done has really encouraged a lot of others. We're funding about 150 microenterprise institutions in 40 countries and we feel that we're reaching about 20 million people.

Now, just last year, we worked to negotiate with the Development Assistance Committee of the OECD a document that put forth some targets for the international donor community. One of the targets was that we would try to reduce by one-half extreme poverty. When I say extreme poverty, I'm talking about $370 or so a year -- people who make about $1 a day. Part of the effort is this microenterprise effort. There are about 1.3 billion people. We've got to make inroads if we're going to do it.

We tried to keep our loans to under $300 overseas. And people say, my goodness, that's very small, but think about the people who live in extreme poverty -- $370 a year. People paid back these loans to the tune of over 95 percent repayment rate. Banks around the world, including a lot of American banks, are now beginning to get very interested in this.

Mrs. Clinton visited Banco Sol in Bolivia, which is now the number one bank in Bolivia. We started that program with about $4 million. They now have a loan portfolio of $30 million and 60,000 people who have benefitted from the program are active -- actually have loans that are active at this point.

So this is really a revolution. It is hitting here. We've taken our Lessons Without Borders program to many cities, and Mrs. Clinton spoke to the national conference where a lot of cities were represented in Baltimore just a few months ago. The people of Baltimore sent a delegation to Kenya to look at our microenterprise program there. They created a women's entrepreneurs fund, which is a microenterprise fund in Baltimore. It's really catching on. And I will conclude by saying that of the awardees this afternoon -- there are seven -- four of them were AID recipients. They were working with us, helped us fashion our program. So you can see the interconnectiveness that I've talked about. We're learning lessons from our work overseas.

MRS. CLINTON: I just would add, before we throw it open for questions on this or related subjects, that part of what is attractive about this effort is something that both Brian and Bob alluded to, and that is there is a stereotype of people who are poor, and particularly people who have been on welfare in our country which is just not accurate when it comes to describing the full range of human potential and skills that are available if nurtured and if given a chance to flourish.

We found that in Arkansas when we began to work with South Shore Bank, which is located in Chicago, and was really -- I guess it's fair to say, Brian -- the first effort to transplant some of the lessons learned abroad at home. But to put it in an American context, you cannot take what is done in Bangladesh and transfer it directly to Chicago or Arkansas or Washington, D.C., but you can take the principles underlying what was done in Bangladesh and take those principles and begin to make them work in the American context. And that is what South Shore has done for a number of years, and what we did in working with them in Arkansas.

What I would hope that would come out of this emphasis on microenterprise and the relationships that can be built in communities because of the catalyzing of this kind of economic activity is a greater appreciation in our society at large about the capacity of people at all levels in our country. One of the things that I'm heartened by is something Brian said -- is that a number of commercial banks are now recognizing that there are markets in our own country that they have ignored, and that by thinking anew about how to provide credit in some of our poorest communities, it's going to be good for them as well as for those residents.

And I guess I would just end by saying if you visited enough of these projects, as I have now here and abroad, you will be struck by the tenacity and the commitment of people to help themselves if given what I call these tools of opportunity, one of which is credit.

So we're very hopeful about this, not only in terms of the projects that are being done and the recognition that we're giving them, but in the ripple effect, in the way that not only more projects like this can be started, but others who extend credit, who offer opportunities in the private marketplace will begin to think differently about what is out there that can be available.

So with that, I would be glad to -- yes.

Q Can I follow up on that -- that rickety bus ride into Jessore when Mohammed Unis was explaining how that one beggar woman was finally convinced to take one dollar, and you saw in the faces what a difference it made -- but that's a Third World country. And when you get to the giant engine of the American economy, what is your realistic expectation that some of these micro loans and microenterprises are really going to make a difference, particularly when you're looking at the numbers of people, welfare-to-work -- what's a realistic expectation of the kind of impact it would have?

MRS. CLINTON: I'm not sure that we know, Ann, but I can say based on my experience -- and then certainly Brian and Bob and the people who are working on this can add to that -- I think it's a very realistic strategy to pursue. And I can't say the numbers of people who will be affected or the communities that will be revitalized in whole or in part, but you may remember just a few weeks ago I went with Secretary Cisneros to announce this new community bank in Washington, D.C., and I have followed its development and I have kept in touch with the people who are working on it, and I know from sitting there talking to those people who are going to be both investors and borrowers from that bank that it has tremendous potential.

Now, that doesn't mean it's going to be easily implemented or that there aren't going to be changes that will have to be made in both the philosophy and the practice of it as we move it on a broader scale here in America. But just based on the examples that I know, examples from Illinois, from Arkansas, now from Washington, it is clear to me that if you look at depressed urban and rural areas, particularly urban areas in America, there's a lot of income in those areas, because of transfer payments and because, frankly, of illegal transactions that go on. So there's money in those neighborhoods.

What there isn't is capital accumulation that can be translated into economic institutions, jobs, and everything we think of as the market economy being able to spawn greater opportunity. If we can crack that through microenterprise, through community development fund efforts, if we can begin to get capital and credit into those neighborhoods, we know that there are people there who will be able to create businesses and jobs. So it's just a question of how much patience we're willing to exercise, how much support we're willing to give, and how much of a subsidy there needs to be in the beginning, because there does have to be some subsidy to start with.

Do you have anything to add to that?

SECRETARY RUBIN: No, I think the question is critical mass, and the First Lady said it very well.

Q Is there money in the President's budget for this?

SECRETARY RUBIN: Yes. We have an appropriation request in the budget to be submitted next Thursday for the Community Development Fund, and it's a substantial -- we're not going to pre-announce the budget, but it's a substantial request. And those funds, amongst other things, can be used to help fund these microenterprise institutions around the country.

Q Can you just give us an idea of how that could grow over last year?

MRS. CLINTON: Oh, you want us to spoil all the surprises. (Laughter.)

SECRETARY RUBIN: I'll tell you what we plan to do. I have to help. (Laughter.)

Q I think it's already out.

SECRETARY RUBIN: Okay. We're requesting $125 million for the Community Development Fund this year, and then we scale it up in over a five-year period, requesting $1 billion. We think, as I said before, this is a program with enormous potential. Some portion of that will be available for microenterprise lending, and that's an issue that the people who run the Community Development Fund will have to decide as they go along. But they had a very large number of institutions that were interested in the microenterprise areas, and we think it's a very promising area.

Q How do you measure the success rate of these programs? I guess in one way, it's easy at such a micro level, but once these things get going and are translated to the United States, how do you measure whether they're working or not, the success rate?

MRS. CLINTON: I think there are a number or measurements that I would point to. One, the loan repayment rate, which historically, both internationally and here at home is phenomenally high. And we're talking about loan repayment rates in the neighborhood of 98, 99 percent. I think when I go to FINCA on Monday, their loan repayment rate is what -- 98, 99 percent? So that's a measurement of success -- that people are taking seriously their responsibilities with the money entrusted to them, paying it back. And they pay it back with interest. I mean, it is something that is a market-driven model.

Secondly, I think if you look at where some of the community development bank-like projects have been operating for a significant period of time, you can actually see the differences. Like if you were to go to South Shore in Chicago, you can go to neighborhoods and see the kind of critical mass the Secretary's talking about, because you can see whole streets with flourishing small businesses, whereas 10 years ago they were burned-out holes. There was nothing there. So that you can actually see the transformation.

And I think the third thing I would say is that one of the ways I would measure success is to see how much this government effort spurs private action as well. And it's kind of like the Internet. I mean, that was a government project. People forget that. It was created by the government. It was nurtured by the government. It was subsidized by the government. Then it was spun off into the private market. What I would like to see is 5, 10 years from now, having community banks that are free-standing private banks -- maybe they would be part of a larger holding company -- back in neighborhoods, back on street corners -- banks like I used to remember when I was growing up, with people being able, with advances in technology, to get small loans again. I mean, right now most banks won't even process a loan less than, what,

$2,500 in lots of areas.

So I think a third measure of success is how much the private sector will recognize this market as one that want to be part of.

Q What typically is the interest rate? We asked earlier today about commercial rates.

MR. ATWOOD: In this country there certainly are commercial rates because of usury laws and the like. Overseas, they charge actually a little more, but one has to remember that the poor, even if they didn't have access to one of these facilities, go to the old money lenders. And the old money lenders really sting them with high interest rates -- I mean, double.

Q But what is it that your subsidizing if these are market-rate loans?

SECRETARY RUBIN: These microenterprise lenders, because these are small loans, have very large operating costs relative to the loan made. So that even if you have an extremely high repayment rate, as the First Lady said is what we generally expect will be the case, and you have market rates of interest, you're still having to absorb very high operating costs per loan.

Q Mrs. Clinton, is this something you intend to focus on over the next four years? Do you think this is one of the major themes that you'll try to pursue over the second term?

MRS. CLINTON: I think it fits into what I have tried to do really for 25 years, but certainly over the last four, and will continue to do, which is to look for ways to promote the tools of opportunity for people. I believe very strongly that part of what my husband is trying to do, and people like Bob and Brian helping him to do, is to create conditions -- social, political, economic conditions -- that will equip more people to be able to be, as Bob says, full participants in the mainstream economy, be able to make good decisions for themselves.

And so that's something that I've done for a long time and I'll continue to do. And I view this as an area, a strategy that has a lot of promise.

Q There were some international goals that Mr. Atwood was talking about. Do you have domestic goals, like how many people at this point are participating and how many would you like to participate? And also, one thing that I'm not clear about is, banks often do have stringent rules about who can borrow, who can't, who's reliable, who's not. Do they bend those rules, or do they change them in some fashion?

MR. ATWOOD: I think within the case of microenterprise lenders you really have to look at creditors in a somewhat different way. You have to try character judgments about people rather than using the conventional criteria. And thus far, it is a relatively small -- relatively small in this country. But I think the idea itself is a very, very big idea. And I think the key is for us to support it so that it can become what it has the potential to be.

Q So do you have actual figures on how many people are participating at this point?

MR. ATWOOD: I don't know the answer to that.

STAFF PERSON: -- is quite young -- organization is less than five years old. One of our bidders has actually documented -- developing this country -- organizations that serve several hundred, even several thousand microentrepreneurs. We do not have a total number --

MR. ATWOOD: Just to add one point, that the banks and the participants in these organizations also offer a support mechanism. They create networks so that it isn't just as if you give a loan to someone and they're out on their own. They make contacts with other people, the suppliers for the kinds of things they need. And, obviously, in our capitalist society, there is room to grow. They grow -- the next thing they may ask for is a Small Business Administration loan. But they can move from the micro state to the small business to the medium-size business.

MRS. CLINTON: I just wanted to add to that before we turn to Jim. I think that's a point that we probably should have made earlier. Some of the models that are most successful take people and create what are called, alternatively, things like borrowers groups or marketing groups or whatever,so that people come together and they support each other in the process of taking out a loan, and then they support each other's business. So that, for example, if you -- when I was in Washington a few weeks ago, there is a little, tiny store -- a little, tiny restaurant that got a microenterprise loan. And so the people in the neighborhood who are part of that group, they frequent that restaurant. They begin to understand that if they support that restaurant, then when they go to take a loan maybe to start a used car lot or whatever, they can do business. So that in a sense, it's recreating the community support for a marketplace and getting people back into the idea that by supporting their neighbors and their businesses they too will prosper.

And lots of loan groups will not lend to the next person in line for a loan unless the first person has paid off the loan. So there is an incentive for the second, third, and fourth people who wish to get loans to support the businesses of the first person, because that's the way they will get their loan.

Q Historically, the survival rate on small businesses is pretty low. Do you have any idea what the success rate is -- not just on repayment of loans because the loans are small, it assumes that they can be paid back rather quickly -- but after the first, second, third year, that's when you really see a drop-off in these small businesses. They just go bust.

SECRETARY. RUBIN: This is so new, I think when somebody asked before how are you going to measure success, these are the kind of things that we're going to have to work with. But I think as Brian and the First Lady said, it's not only money, but it's technical assistance. And it's the kind of support that can help people run their businesses more effectively. I think I would be reasonably optimistic about a success ratio in this kind of endeavor. It's going to take time before have enough data to have meaningful --

Q One other question. It's often said that good policy is often good politics. And based on the percentages and the demographics of people who get these loans -- as we understand it, 85 percent minorities, 40 percent women -- that seems to dovetail very nicely with White House outreach. Does that come into play, the politics of all this?

MRS. CLINTON: I don't think so. But I think if you were to look at the people in the areas that are most in need of this kind of economic activity, they are predominantly minority areas and very heavily female-headed household areas. So I think that you've got the demographics and the need kind of fitting together.

But I think that in many of the projects, what's interesting -- and we saw this when we were in Bangladesh and in India -- the number, the percentage of women participating is much higher, even than 40 percent.

I know when Mohammed Unis started his work in Bangladesh he intended to be revolutionary for an Islamic country and have 50-50 borrowers, men and women. But what he found was that very often in that kind of society the women were much more eager to get the loans, more responsible in getting the loans paid back. So, therefore, now their borrowers are like 80 percent, 85 percent women. And we have found that in many parts of the world. So what will actually happen when this all gets set up, I don't think anybody knows. I don't think we can predict what the breakdown in terms of borrowers will be. But it is something that we're going to try to encourage as broadly as possible, and particularly in the areas that need it the most.

Q Have you had any discussions with the Republicans about this? Do you think they'll go along with it?

MR. ATWOOD: I just want to add that this is really strongly supported by a bipartisan coalition on the Hill. I mean, this is capitalism at it's best. I mean, this is really stimulating. We're reaching for a segment of our society -- and this is certainly true in other societies around the world -- that the normal economy, if you will, the formal economy, hasn't reached for yet. And this is quintessential American values and the best of capitalism.

Q In the effort to make welfare reform work, how much do you think this can help? And in our experience with these programs, have we found that the people who end up participating are people who would have been on welfare or are they people who are working poor and wouldn't necessarily be --

MRS. CLINTON: Well, I think the best way to answer that is to say that we think this will be one of the strategies that will be helpful to certain groups of people on welfare. In the work that I'm familiar with in the projects around the country, many of the participants in these microenterprise efforts have been either on welfare at the time of their loan or just off welfare, in danger of falling back on. I mean, that kind of marginal status.

But it is certainly not limited to people on welfare. It is something that -- there are many working poor people with good ideas who are eligible for this, as well. So, again, I don't know that we have the data to answer that definitively. And a lot of it's going to be kind of a learn-as-you-go in what works best in local communities to move people off of welfare. And I think that this is only one of the tools. There's got to be a broad array of strategies to be used.

Q Mrs. Clinton, I'm just wondering if this kind of a briefing is maybe something that you plan to continue as you go about pursuing your interests in this next term. I mean, this is an unusual thing and obviously a big draw for some of us. Do you plan to spend more time with Washington-based press reporters as you go about your --

MRS. CLINTON: Yes, yes, and I do. Because I thought that -- I certainly enjoyed the trips we've taken abroad and we've had, I think, an opportunity both from my perspective and those who are traveling with us to see a lot of things and learn a lot of things that's very difficult to do in the sort of daily routine of the White House. There's so much that you have to do that is reactive and you have to constantly be covering what is of the moment.

And I think there's some advantage both for the issues that I'm concerned about and for the kind of attention that can be paid to them to try to take times like this and to step out a little bit and look at something that may not be a front-burner story, but is actually of some interest, as we've seen. There's been a tremendous amount of publicity about this, which has been very surprising to me to see the coverage both in TV and radio and in the print.

So, yes, I'd like to do this more and if I can get up the energy and time I'll do it on a regular basis on issues.

SECRETARY RUBIN: Can I add one thing on that? These inner-city issues, I said it before, I think are the most important economic issues facing this country. And I think that the First Lady participating in this way is enormously helpful. Because one of the problems is getting media attention, media focus on these very important issues and the programs that I think are responsive so that we can develop support, public and congressional support from these programs. So I think it's enormously helpful that the First Lady bring her ability to get attention to focus on issues something like this. So I at least hope you do. (Laughter.) It's a very important contribution in trying to move forward on these things.

Q Mrs. Clinton, both you and the President have talked in the past about your belief in the ability of government to do good in people's lives. It's clear that we live in pretty austere times, and it seems that both you and the President have chosen to highlight areas that have -- where government is essentially a catalyst, hopefully involving the private sector. Could you talk in general about how your views about the role and power of government have evolved, let's say from the first term until now?

MRS. CLINTON: Well, I think that the way that my husband has talked about government is really what he has advocated as long as I've known him -- which is a long time now -- and what he's tried to do in every public position he's held, and what I've also tried to do.

I thought that it was very significant in the Inaugural Address when he repudiated the position that President Reagan had taken in his first Inaugural. If you remember in the first Inaugural, President Reagan said, government is the problem. And then we struggled along for more than a decade trying to figure out, well, if the government is the problem, then how do we deal on a national level with issues that confront us that can't be dealt with either individually or just through the market. And so there was a lot of back-and-forth about that and we had a kind of stand-off between those who thought government was the problem about everything, and those who thought government was the solution to everything.

And I think it is extremely significant that at the end of this first term, what the President has basically done is to resolve that debate. Now, there are still going to be rear guard actions fought by people who have a kind of monolithic view one way or the other about government. But the real challenge and the action for the next years will be to define more clearly what it means for government to be a catalyst, a partner; for government to play an appropriate role in seeding opportunity and working with other institutions in society.

And I think that has been basically, for as long as I've known Bill Clinton, what he's been struggling with. And I think that that's part of what brings people like Bob Rubin and Brian Atwood into this administration -- is to figure out how do we get the proper balance between these institutions and government. If you believe that government is the problem and the market is the solution, of if you believe government is the solution and market is the problem, you cannot make progress in dealing with what we're confronting as we move toward this new century.

So take this issue, which may look like a kind of small issue at first glance, but, as he usually is, Bob Rubin is prescient and right that this is a very big idea. And it's a big idea because it takes governmental catalytic action that will directly affect some people's lives; but more than that, create a new environment for private economic activity that could have very long-term consequences.

So that there will be and continue to be certain functions that I would argue -- speaking only for myself and not anybody else -- that only the government can do, and other functions that only the market can do. But, as with life, we will find that much of the rest of it is in this kind of gray middle. And that's where the real debate should be.

So I think that as we go forward in the next four years it will become increasingly clear -- or at least I hope it will be -- that when my husband has been talking about finding a third way and creating a new vision about how to function if you're part of the government or the market, that he wasn't sort of trying to straddle the middle or figure out a way to have it on all sides, but he was describing reality. But it was a reality that had not yet caught up with either the vocabulary or the understanding, I would argue, of most of the rest of us.

So that's where we are right now. You know, Bob, who is one of the leading sort of articulators of this -- you might want to add something. (Laughter.)

Q -- have your views changed about what the proper balance is -- that's what I'm asking.

MRS. CLINTON: Not at all. Not at all. It hasn't changed at all. I believe in the balance of power. I believe in the balance of power in government. I believe in the balance of power between government and the private sector. I believe in the balance of power between men and women. I believe in the balance of power. And I think that if you tilt too far one way or the other, you run into trouble.

But that makes it very difficult sometimes to explain in political terms, because it is much easier if you pursue a position that is either ideologically pure or more easily explained and people would say, oh, okay, she's a free marketeer, or she's a big governmenter, or whatever you might want to say; when the truth is that what we've tried to do from the beginning of this country is to strike that balance.

Now, the balance changes as society's needs change, as economic conditions change. And so that's what we're up against now, I would argue.

Q You're saying, then, that Bill Clinton invented triangulation before it became -- (laughter.)

MRS. CLINTON: Well, let me just say, that I think if you go back and study him closely and look at what he did as a governor, that it's fair to say that he understood that balance and argued for it and took stands against both extremes, as I would characterize them, for quite some time.

Q Mrs. Clinton, I really hate to bring up front-burner issues, but duty calls. There is one that we just had a briefing on, and that's that computer list. Would you care to say anything about that? Because you have been depicted as the person who pushed that. And also the allegations that it was actually used in a political purpose by the DNC.

MRS. CLINTON: Well, here's what I know about it -- and I wasn't aware that it was an issue until just a little while ago when somebody said it had been raised. As I understand it, the computer database was put into place to keep track of events and people associated with the official business of the White House. And so far as I know, that is how it was used. There were many practical uses for that. You know, had we invited somebody to a dinner before? We didn't know. We had no records.

If you recall, when we arrived here there was no computer system, basically. It had been removed or it didn't exist, I can't remember which. And you can't run any kind of modern enterprise without some kind of database. And that's what I assume the database was created for and used for.

Q Mrs. Clinton, you're given credit for ordering this in 1994 or when you needed some way to keep track. I guess the question is when the White House attorney's -- Counsel's Office came out with a clear directive that this can be used only for official White House business, the question became whether -- can the Democratic National Committee use the resources to send out the Christmas card or to get a Christmas card list or whether using the resources of these people have been invited to the White House, they've been guests. Can we contact them? Should we contact them for donations or party support? And I think that's where the line is. Are you aware of any of this information going to the Democratic National Committee?

MRS. CLINTON: Ann, I'm not aware of any of the specific uses. And I would doubt if I were the person who ordered it. I certainly was one of the people who said, how will we know whether people -- I'll give you a perfect example. If we're going to have a dinner, how will we even know whether somebody has been invited before? We used to get lots of calls with people who would say, I need to be at this dinner. And we'd say, we're you here six months ago. Oh no, I wasn't here. (Laughter.) So there were a lot of issues like that that struck me as being something we needed some good information on. And that's all I know about it at this time.

Q Mrs. Clinton, one of the things that happens is in these memos is Marcia Scott created this -- throws your name around a lot saying that you're insisting that this be a top priority. And I wondered if -- when you're talking about changes, if you have done anything here to try to make sure people don't take your name in vain or don't give you credit or don't somehow say that Mrs. Clinton is demanding this when, in fact, maybe you really aren't after all.

MRS. CLINTON: Well, Rita, I wish I knew how to do something about that because just this week, I've had people tell me that someone has made it very clear that I want them to have a certain job -- someone I've never heard of. This happens all the time. I don't know quite how you deal with human nature on that level because I guess that's what we're talking about. But I've certainly tried to make it clear. And everyone who works for me tries to make it clear that we want to know if anybody is using my name or referring to me as being the person who has suggested something. And we're just going to do the best we can on that.

I don't know what else to say. I find it surprising. I've told this story before about Madam Mitterrand telling me that she wasn't having flowers at the state dinner because I had told people my husband couldn't be around flowers because of his allergies. And I was horrified.

Well, when we were in Australia, we were at the Governor General's house and we were walking down the grounds and the Governor General says, oh -- to my husband -- he says, so sorry we had to lock up all the kangaroos and koala bears. (Laughter.) Bill, of course, who would rather see a kangaroo and koala bear than most anything, says, what do you mean you had to lock them up? Oh, we were told you couldn't have -- and then they trace it back -- oh, I'm the one who told somebody the President couldn't see the kangaroos and the koala bears. (Laughter.)

So I think it's amusing except that it has gotten me into a little bit of controversy from

time to time. (Laughter.)

Q -- say it had to be a top priority?

MRS. CLINTON: Oh, I certainly think the White House needed a computer database. I mean, absolutely. I assume all of your businesses have some sort of computer records. But the design of it, the use of it, that was for other people to figure out. I didn't know anything about that. But I absolutely believed that we needed a computer system.

At the beginning, some of you may remember, we would have these great big events and people were turned away at the gate because there was no list, because they weren't on the list. And we had terrible, embarrassing encounters at the White House that I didn't think were appropriate. So, yes, I thought we needed some kind of database that could be used for official events.

Q Can we be on the list to get back in? (Laughter.)

MRS. CLINTON: I don't know. We'll see. I don't know.

THE PRESS: Thank you.

END 2:15 P.M. EST

Why is Microenterprise Important?

* Microenterprise is about providing access to opportunity to people who are often left out of the economic mainstream -- such as low income people, women and minorities.

* Microenterprise re-enforces the key American values of opportunity, responsibility, and community.

* Microenterprise development is about opportunity. It assists entrepreneurs in starting new, very small businesses and helping those businesses to grow and flourish. Many Americans have the talent and ideas to start small businesses, but cannot get bank loans or lack some business skills. Microenterprise provides those tools and is an entry point for many people into our economy.

* Microenterprise is about responsibility. Microenterprise is not a hand out -- it is a hand up. Entrepreneurs must repay their loans and work hard to build their businesses and improve their economic well being. Microenterprise programs are new in the United States and represent a fresh opportunity to tap the American entrepreneurial spirt and help people help themselves.

* Microenterprise is about building community. Microenterprise programs build community by creating jobs, building businesses, generating new economic activity, and bringing new entrepreneurs into established business networks and institutions. The microenterprise field consists of some 300 hundred mostly grassroots community organizations dedicated to building their communities and the people who live there.

* The microenterprise industry in the United States is young, dynamic, and diverse -- as demonstrated by the Presidential Award winners. The award winners and the businesses they assist reflect the diversity of microenterprise field, its importance to our national economy, and the well being of our citizens. Seven organizations in four award categories will receive awards:

  Excellence in Program Delivery: Poverty Alleviation: The award category is recognizes programs that have developed unique and effective methods of lessening poverty through developing microentrepreneurs. Award winner:

  -- *The Women's Self Employment Project* is recognized being a leader advocating for and assisting low income women in Chicago pursue self-employment to alleviate poverty and welfare dependency.

BACKGROUND ON
FIRST LADY HILLARY RODHAM CLINTON'S PARTICIPATION IN
THE UNVEILING OF COMMUNITY EMPOWERMENT BANKING PLAN
TO REVITALIZE POOR COMMUNITIES
WASHINGTON, DC
THURSDAY, DECEMBER 19, 1996

"The basis for any long-term solution to poverty rests in a community's ability to help those living in poverty raise their own incomes. Low income Americans are capable and hard-working. What they lack is not initiative, but opportunity and access to credit. As one woman working to establish her small business in Colorado said to me, 'Too many great ideas die in the parking lots of banks.' Microenterprise provides a key element in creating economic opportunity for communities around our country."

Hillary Rodham Clinton, remarks to the Association for Enterprise Opportunity Sixth Annual Conference April, 1996

First Lady Hillary Rodham Clinton today joined Housing Secretary Henry Cisneros and Assistant Secretary Andrew Cuomo to announce the Community Empowerment Banking Initiative to help revitalize poor communities. Under the initiative, HUD is providing start-up funding for community empowerment banks in Washington, DC and other localities around the country.

The banks created by this initiative represent a unique microenterprise venture in the United States and are similar to successful micro-credit programs around the world, including the Grameen Bank in Bangladesh. Grameen, founded by Dr. Mohammed Yunus, provides micro-loans and requires no collateral. It has a 97% repayment rate, with loans often repaid within one year.

In working to promote microenterprise in the United States and abroad, Mrs. Clinton has visited the Grameen Bank, SEWA in India, FINCA banks in Nicaragua and Chile, BancoSol in Bolivia, and other microenterprise ventures. She has seen the potential of microenterprise in the United States at Mi Casa Resource Center for Women in Denver, Colorado. The center provides entrepreneurial services such as skills training, access to capital through micro-loans and ongoing technical assistance for clients.

Mrs. Clinton first learned about microenterprise in Arkansas. When President Clinton was Governor, a development bank and borrowing fund, based on the Grameen Bank and the South Shore Bank in Chicago, Illinois, provided for micro-enterprise investments in the state.

As First Lady, Mrs. Clinton has spoken about the importance of microcredit in development and empowering lower income people in addresses to: the United Nation's Development Fund for Women during the United Nations Fourth World Conference on Women in Beijing, the "Beyond Beijing" conference sponsored by the World Bank in Washington, DC, the Council on Foreign Relations in New York City, the Women's Foundation of Colorado and the 6th Annual Conference of the Association for Enterprise Opportunity in Rhode Island.

Additionally, under her leadership the United States made commitments during the Beijing Conference to further self-employment and microenterprise in our country. The President established a new Presidential Awards program to honor outstanding and innovative programs that provide access to credit, training and technical assistance to microentrepreneurs and potential microentrepreneurs. He also directed the Treasury Department to create an inter-agency taskforce on microenterprise programs to ensure that the programs are doing the job they were set out to do. .

Mrs. Clinton serves as the Honorary Chair for the upcoming International Microcredit Summit scheduled for February 1997.

###

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 3, 1997

REMARKS BY THE FIRST LADY AT THE MICROCREDIT SUMMIT

Sheraton Washington Hotel
Washington, D.C.

MRS. CLINTON: Thank you very much. Thank you, choir, that was wonderful. I got to listen to you as I stood outside. I am thrilled to see such a turnout for this summit, which is one of the most important gatherings that we could have anywhere in our world, to talk about what is possible for raising the sights and aspirations of people, giving them the tools of opportunity, expanding access to credit and creating conditions in which men, women and children will be able to make for themselves better lives.

I'm very grateful to all who have made this summit possible, particularly to the co-chairs, to the heads of state who are gathered, to other distinguished guests, to the Results Educational Fund, to many of the private corporations and other foundations that have helped to sponsor this important gathering.

This is truly an historic occasion. Microfinance is a subject that is near and dear to all of our hearts who are gathered here. And this first global summit on microcredit offers an unprecedented opportunity for us to draw attention to the successes of microcredit in developing countries, as well as in applications in advanced economies around the world.

By bringing together experts from every continent we will be able to learn from each other's challenges and achievements, and apply those lessons within our own borders. I hope that this conference will engender new understanding of microcredit and its potential to transform the lives of individuals, their families, their communities and their nations.

Although it is called "microcredit," this is a macro idea. This is a big idea, an idea with vast potential. Whether we are talking about a rural area in South Asia or an inner-city in the United States, microcredit is an invaluable tool in alleviating poverty, promoting self-sufficiency and stimulating economic activity in some of the world's most destitute and disadvantaged communities.

I first heard about microcredit more than a decade ago when my husband, then the governor of Arkansas, and I were involved in looking for ways to create economic opportunity in the poorest sections of one of the poorer states in the United States. We had heard about the work of the Grameen Bank in Bangladesh and about the work that the South Shore Bank in Chicago. And we reached out to representatives of both to explain to us how this idea of very small amounts of credit could make such a difference.

I remember well when we met with Muhammed Yunus in the Governor's Mansion in Little Rock in 1986. We sat there and listened as he told us how the idea which he had had as an economics Ph.D. and then a teacher back in his home in Bangladesh began to be put into practice. He offered advice as the project in Arkansas got off the ground. Within a few years we, too, could see how the fruits of theGood Faith Fund, as the project in Arkansas was called, were beginning to take root.

It was so contrary to conventional thinking about finance and economic development. And, yet, before our eyes and based on reports from Bangladesh and India and Chicago and elsewhere, we knew something important was happening that had escaped the notice of many who worked in development, of many who were in finance departments of governments. And both my husband and I were determined that the concept of microcredit would have universal relevance. We looked for ways to apply microcredit in America, taking the best of the principles and values that it represented, but making it sure that it could be put into practice in different settings.

Now, more than 10 years later, we can look around this room, from one end to the other, and appreciate the power of Muhammed Yunis' vision. And we can celebrate the courage and dedication it has taken on the part of all of you today -- pioneers in microfinance, lenders in microcredit enterprises, representatives of government and private business and foundations and grass-roots community organizations from all over the world -- the courage that it took to come and understand how the conventional wisdom about poor people and economic opportunity was no longer adequate. (Applause.)

To really understand the significance of this summit one must recognize that you are here because you have broken a paradigm, you have gotten out of the conventional box of thinking about the poor, about economic opportunity, about the partnership between the public and private sector. It is this type of unconventional thinking that we need more of in our world today, to address the problems that all of us confront. (Applause.)

I know those of us here understand that microcredit is a tool -- not the only tool, but we believe an important tool available to promote economic and social development. We have seen with our own eyes in the last several decades how the global economic revolution has transformed lives, many for the better. People with opportunities in places that never thought or dreamed they could see clean water, roads, their children attending school, access to health care.

And yet, we also know that global economic change has not only made winners, it has

made losers as well. And part of our challenge is how do we harness these vast forces of change for the benefit of all people, how do we ensure that no matter where one lives, no matter what race or ethnic background, no matter whether a man or a woman. It is the individual human being willing to work hard who will be given the opportunity if that person takes responsibility to seek and find a better life for themselves.

That is why this idea is important not only on its own merits and that we should work to spread it, be honest about what it can do, make changes where necessary, recognize that it has limitations. But the idea is not only important for what it is, but for what it represents when we put it into the context of the global economic changes that are sweeping through all of our countries. (Applause.)

The United States has long supported microcredit overseas through USAID. And I am pleased that the United States will continue to support microcredit programs and that I hope more American citizens will recognize how important it is to support the economic aspirations of our friends and neighbors around the globe. And one of the ways we will attempt to deliver that message is to demonstrate here within our own borders how microcredit can change the lives of Americans.

Indeed, we are beginning to spread microenterprise throughout the United States. It has to be tailored to our particular economic and social circumstances. And so it is by the very nature of the communities which it is working in going to be diverse -- offering different kinds of loans, resources and business assistance.

But I am pleased that the President, working with the Secretary of the Treasury whom you will hear from later, have recognized the important role that microcredit will play in economic development throughout our country in helping people who are currently on welfare in the United States find opportunities for their own economic self-sufficiency. And to that end, just this last week, the President and Secretary Rubin presented the first Presidential Awards for Excellence in Microenterprise Development. The awards recognize efforts within our country to extend credit and economic opportunity to Americans who otherwise lack the chance to become economically self-sufficient.

The awards also underscore the ripple effect that microcredit projects can create -- not only in lifting individuals out of poverty and moving mothers from welfare to work, but in creating jobs, promoting businesses and building capital in depressed areas.

The United States is also promoting microcredit through the Small Business Administration's Microloan Program -- a public-private partnership which has already awarded $70 million in grants to nonprofit organizations with nearly half of the loans granted going to women. The loans range from $125 to $25,000.

Because of the promise that microcredit holds in the United States, the President announced last week that he is requesting substantial increases in federal funding for the Community Development Financial Institutions Fund. His budget calls for a $1 billion increase

over the next five years. (Applause.)

As I said last week at the White House when we were celebrating microcredit, there are millions of people in our country as there are millions of people in all the nearly 100 countries represented here who are brimming with initiative and desire to take responsibility and to work hard. But they need what I call the tools of opportunity, and one of those tools is access to credit. For too long, many people -- not only the poorest of the poor, but working people and others -- have had to turn to the lenders in the community that extract great price and cost for the money that they give. Others have been shut out completely from any kind of access to credit. And the result has not only been to depress their opportunities, but to depress that of those in their families and in their communities.

Later today, I will visit a microcredit project right here in Washington, D.C. -- one of the FINCA USA projects. I spent time with a FINCA borrowing group in Managua, Nicaragua, and I'm looking forward to hearing from the borrowers in this group here in Washington -- how that model is working for them.

What we are finding is that modest loans are transforming lives, reclaiming villages and rural areas and cities from decay and decline, and helping to reduce the number of people living in substandard conditions or extreme poverty.

I have seen that with my own eyes. Many of you are veterans of microcredit who are here, but others of you have come for the first time to learn how this concept can be translated and transplanted where you live. And others of you in the press are finding this a new idea, something you had not really focused on before. And still others in government and private business are looking for ways to help the economic development of people in the communities that you serve. And I want to take just a few minutes to visualize why I am such an admirer and supporter of microcredit; why I believe that it has such great potential.

So I brought with me some of the pictures that I have had taken as I have traveled to various continents and countries looking at microcredit efforts, and if I could I'd like to show them to you as I talk a little bit more about why they make such an important difference.

I want to start with a picture from India, and those of you who are familiar with SEWA -- and I believe that Ela Bhatt is here and will be speaking -- know how important the Self-Employed Women's Association has been. This group has made it possible for very poor women to learn about finance, to borrow money, to be part of a bank, to save money. And when I visited I met with hundreds of women, some of whom had walked for 12 or 15 hours to come to meet with me, to tell me what those initial small loans meant. And I want to emphasize that it was not just stories about what the loans bought and what they were able to do with the loans, it was the entire of sense of self-worth and potential that those loans created in the women that made the biggest impression on me.

Women stood up and said that they had been vegetable vendors in the markets and had been abused by police officers, others of authority, with no place to turn to try to keep their

businesses going when times were difficult. They told me of working on their family farms, eking out a living in very hard soil with little equipment and little support. And yet, woman after woman stood up and said to me that since they had become members of the Self-Employed Women's Association, they were no longer afraid. They were not afraid to speak up for themselves, to find their place in their family and their village, to help contribute to the income that made it possible for them to think of sending a child to school or having a child get the health care that child needed.

Many of you will find and be able to relate the same kinds of experiences that I have had. And I hope that as we talk about microcredit and as we look at the physical manifestations of loan, ledgers, and I have reviewed -- of businesses that have been started, of milk cows that have been bought, we will also not forget that you are seeding those people with a dream and a hope that they will be functioning members of society whose children's lives will be better.

I've also seen firsthand what happens in Bangladesh, and for anyone interested in microcredit you know that it is a journey to the Grameen Bank that is often part of the learning experience because of the longtime efforts that have been undertaken there. When I visited with a group of women in a village outside of Jasore, I realized that I was visiting a Hindu village, and my schedule did not permit me to go down the road further to visit a Muslim village. And I wanted to see women from both communities who were participating with Grameen. The women in the Muslim village came to the Hindu village, the first time there had ever been such participation together. Never had there been a meeting like that.

And I listened as 150 Hindu women and 150 Muslim women told me how their lives had been transformed by virtue of earning income. These women had lived much harder lives than any I could even imagine, and yet they were filled with hope about their future. And one of the reasons is that Grameen doesn't just extend credit, as many of you know. It tries to put the women and the men who are borrowers not only in borrowing groups for credit purposes, but to help support one another in solidarity, to build stronger families and communities.

Each person who joins the bank has to abide by 16 decisions or principles that range from the mundane such as "we shall build and use pit latrines," to the much more difficult to explain and understand -- "we shall not inflict injustice on anyone; neither will we allow anyone to do so," or "we shall always keep our children and the environment clean." There is even one principle against dowry, which is extraordinary considering the attitudes in many of those communities about the proper role of women and certainly the importance of dowry.

As each woman waits her turn to get a loan, she knows she cannot borrow money until the woman before her has repaid her loan. So there is a built-in incentive to support each other's enterprises.

I saw women making steel and concrete beams they can sell to other women who use them to build houses with loans from Grameen and I visited such a house. So a whole self-sustaining market is created within one village.

Grameen also in Bangladesh attempts to work with children to change attitudes about what is possible for them. Here there was a skit performed in which some of the young children, young boys and girls, were talking about attitudes that were held about education, and in particular, whether or not girls should be educated as well as boys. And by performing that skit, they were serving notice that they understood there was another way, another idea of what could be possible for them.

And so when you go to Bangladesh, and you see, as many of you have, what Grameen means, just like what the
Self-Employed Women's Association means in the lives of these women, their husbands, their families, it makes it clear that we're talking about not only economic transformation, but social transformation as well. (Applause.)

Some months later, I visited a microenterprise project in Denver, Colorado, here in the United States. In this case women, many of them Hispanic Americans, received career counseling and vocational training, and entrepreneurial technical assistance. It is provided by a group called Mi Casa. And here, the women were explaining to me what it meant for them to finally be taken seriously. Many had been on welfare or were just off welfare, and they were looking for an opportunity to take the skills that they had acquired and turn them into income.

Many of those women were good bakers, good seamstresses. They could make alterations. They could provide food for small restaurants. But they didn't, as we hear so often, have access to credit to get started. One woman said to me something I have never forgotten, when she described to me what it was like trying to go to her local bank. She did not have any traditional collateral, but she was a hard worker. She's always worked for other people. She had a good product to sell. But she was turned away because the amount of money that it would have taken for the bank to process her loan was not, in the bank's eyes, worth the investment. And she said, too many great ideas die in the parking lots of banks. (Applause.) And one of the hopes I have is that conventional banking will understand that there is an economic opportunity, a market niche for those willing to service this community.

I certainly was impressed by that when I was in Managua, Nicaragua, meeting with women in a borrowing group shortly after the United Nations Fourth World Conference on Women in Beijing, where the platform of action included a commitment microcredit. And as I have said, and as the President's said, much of the work that we are doing in the United States to advance microcredit is in part a fulfillment of our responsibilities under that platform of action. (Applause.)

I went here to the weekly meeting of the FINCA Group and there were about 30 women who described how they had received small loans to start neighborhood bakeries, seamstress shops -- one was making mosquito netting; one was selling auto parts door to door. I was surprised and very excited when several of the women not only gave me their products, but also asked me what I had been doing in India because some of them had seen on television some pictures of my trip to the Self-Employed Women's Association. They wanted to know what the women there were spending their money on and what businesses they were starting. And I felt

that there was an opportunity for this to be literally a global movement, with people learning from each other and supporting each other. And this is exactly what this summit means to do.

I've also been impressed by the work I've seen in Santiago, Chile, where community bank relies on peer networks to promote and sustain local miicrobusinesses. Here in a local market I met the vendors who were showing their commitment to the bank by putting up awnings in matching blue and yellow to demonstrate that they were part of microenterprise.

Most memorable to me was a woman who told me that as a seamstress she could not compete with the larger factories, and yet she knew there was a market for her work because she had many people who had come and asked her to make something for them but she did not have the capacity to do so. With a small loan, she was able to buy a high-speed sewing machine and replace her old, antiquated one. She said that when she got that new sewing machine she felt like a caged bird set free. And that is a good a way to describe how many of the people I have met seem to feel when given the opportunity.

I saw that again firsthand recently in La Paz, when I met with borrowers at Banco Sol and had a chance to visit the bank itself -- a physical place that is dedicated to microcredit. And the people there were very proud of what they had accomplished. And the United States is pleased that this bank, now the largest bank in Bolivia, was initially supported through a loan from USAID. It is the first commercial in the world completely dedicated to microlending.

The default rate is extremely low, about 2.2 percent; and the repayment rate, obviously, extremely high. I often say to my banker friends that if they had customers like these people, who paid off their loans at 95, 97, 98 percent, they would be very happy. And I think if more banks understood -- (applause) -- the tenacity, the commitment, the entrepreneurial spirit of people like these who are given a chance to help themselves, we would go a long way in not only extending credit, but in eliminating many of the unfortunate stereotypes about people who are poor. (Applause.)

Anyone who has worked with microcredit or seen its impact around the world as I have will testify that those stereotypes are just plain wrong. Most people who are eligible for microcredit around the world work as hard as they know how, from sunup to sundown, and sometimes for many hours before and beyond. And yet, too often, those of us in positions of influence or authority or power dismiss them. We seem to have a belief that if they are poor, they are meant to be poor and will always remain poor. Yet many of us come from families, generations back who themselves were poor, and through hard work and sometimes lucky breaks and opportunities an extended helping hand, we were able to climb our own way out of poverty and to have the benefits that that gave us and our children.

These microcredit projects are proof of what we can unleash if we invest in the economic and human potential of all the world's citizens. I am heartened that so many commercial banks and finance ministries and others around the world are beginning to show such an interest in microcredit. We know that this is not the only answer; we still need investments in education and health, infrastructure in many parts of the world, but we know that this is a critical

component of what will work in nearly any setting we can define.

It is becoming increasingly obvious that this tool not only transforms lives but lifts communities and societies as well. And that, after all, is what this summit is about. It is not just about giving individuals economic opportunity, it is about community, it is about responsibility. It is about seeing how we are all interconnected and interdependent in today's world. It is recognizing that in our country the fate of a welfare recipient in Denver or Washington is inextricably bound up with all of ours. It is understanding how lifting people out of poverty in India or Bangladesh redounds to the benefit of the entire community and creates fertile ground for democracy to live and grow because people have hope in the future.

So I think all of you who have helped to make the pictures that I've shown a reality, who have been advocates on behalf of microcredit and the concepts of community and responsibility that it represents, and I hope that as a result of this summit, many, many more people will understand how microcredit can transform lives, will learn lessons on how to do it right -- (inaudible) -- all of us will recognize that as we move toward this 21st century, we have an opportunity that has seldom come, if ever, in the history of humankind. We have a world that can, with technology, democracy, free enterprise, extend the benefits of prosperity and peace to countless millions whose lives can be lifted up.

So, for all of us, I hope that we will go forward from this summit more convinced than ever that providing economic opportunity, giving people a chance to be responsible, building community can happen everywhere if we have the will to make it so. Thank you for what you're doing. Godspeed on the work ahead. (Applause.)

END

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release January 30, 1997

REMARKS OF THE FIRST LADY, SECRETARY OF TREASURY BOB RUBIN AND AID ADMINISTRATOR BRIAN ATWOOD IN PRESS BRIEFING

The Map Room
1:30 P.M. EST

MRS. CLINTON: I want to go ahead and get started. I wanted to wait until some of the people who were in the other briefing could get here, but I don't want to wait too much longer so that we'll have a chance to visit. And if they come in, they can just join us.

I really appreciate all of you gathering here today to talk with us about something that is very important and near and dear to my heart. Some of you who have accompanied me on some of our overseas trips know that we have visited microenterprise projects and you have seen for yourselves some of the potential that those projects hold for transforming the lives of men and women and children. And I greatly appreciate the continued interest of those of you who have been with me on these trips and the new interest of others of you.

I'm also pleased that Treasury Secretary Rubin and Administrator Atwood could be here, along with their key staffs who have been working on microenterprise issues both within the domestic arena and internationally.

And over the next week, a number of activities will take place here in Washington that will showcase microenterprise, both its successes in developing countries and its application in advanced economies such as ours.

A little later this afternoon, the President will announce the Presidential Awards for Excellence in Microenterprise Development. These awards are our first effort to recognize within the United States the extension of credit and economic opportunity to Americans who might otherwise lack the chance to become economically self-sufficient. I should mention that these rewards are a direct outgrowth of the United Nations Fourth World Conference on Women in Beijing. They represent our nation's commitment to the platform of action agreed to in Beijing.

On Monday, Secretary Rubin, Administrator Atwood and I will speak at an international microcredit summit here in Washington. This conference brings together experts from around the world to talk about ways we can learn from each other and to apply lessons within our own borders. That is a commitment that AID has under Brian Atwood's leadership to pursue what he calls, lessons without borders. And microenterprise is just one aspect of that.

Later Monday afternoon, I will have the opportunity to visit a microenterprise project in Washington called FINCA, which operates on several continents. Those of you who were with me in Nicaragua and in Chile in 1995 will remember that we visited FINCA projects on that trip.

I want to move on to some brief remarks by Secretary Rubin and Brian Atwood, but I want to reiterate something that I have said repeatedly about microenterprise. Although I view this as a very important tool for economic and social development, it is not by any means the only tool that we need to be utilizing here and abroad to promote opportunity among people.

And I think it will have special application in the whole array of tools we attempt to use in moving people from welfare to work. But it also has implications for working poor people, for communities that have lost enterprise and economic opportunity. But it has to fit in with other efforts that are designed to equip people to make better decisions for themselves.

So with that, let me turn to Secretary Rubin.

SECRETARY RUBIN: Well, microenterprise lending is something that the President and the First Lady were involved with when they were in Arkansas, so this has a real history in the Clinton administration. The President, when he ran in '92, as some of you may remember, advocated a nationwide network of community development banks.

After the election, one of the first things the President did was to set people to work to turn that vision into a reality, and out of that came the CDFI Fund which was enacted and is now in the process of being implemented. The first grants have been given out. And I think it's an -- I think both the CDFI Fund, which is a fund of grants to community development institutions of various kind around the country, and the microenterprise program, which is conducted within the Community Development Fund, are both very, very important ideas.

As the First Lady said, they are part of a much broader effort to bring the residents of the inner cities and other depressed areas in our country into the economic mainstream. I've had a personal belief for a long time that the issues of the inner city and more generally the issues of those who live in depressed areas -- rural and inner city -- are probably the single most economic problem our country faces. And this country will never be what it can be economically or socially for any of us, no matter where we live or what our income is, unless we deal with those problems.

When the First Lady went to Asia and came back and talked to us more about the microenterprise area, I particularly felt an enormous sense of energy about this idea. I think it's a very important idea. It is still a relatively small program in this country. But I think it is a very, very big idea, very, very important idea. And I think it will be an important part of the effort -- an effort that we must be successful at over time if we're going to be the kind of country we want to be, to bring the residents of these depressed areas into the economic mainstream.

MR. ATWOOD: It's obvious that we're operating nowadays in a global economy and that there are a lot of interconnections between the international arena and our domestic economy. This idea is an idea that we first heard about in Bangladesh, and we've brought it back -- and Mohammed Unis, who also, I think, came to Arkansas to brief the First Lady and Governor Clinton at the time, and the first real experiment in this was the Good Faith Fund in Arkansas financed by the South Shore Bank in Chicago.

We, in this administration, have really given this a boost because we announced in 1994 a major microenterprise initiative. We began then spending about $130 million a year. We are out ahead of the revolution that's occurring around the world --obviously started and we give full credit to Mohammed Unis -- but the work that we have done has really encouraged a lot of others. We're funding about 150 microenterprise institutions in 40 countries and we feel that we're reaching about 20 million people.

Now, just last year, we worked to negotiate with the Development Assistance Committee of the OECD a document that put forth some targets for the international donor community. One of the targets was that we would try to reduce by one-half extreme poverty. When I say extreme poverty, I'm talking about $370 or so a year -- people who make about $1 a day. Part of the effort is this microenterprise effort. There are about 1.3 billion people. We've got to make inroads if we're going to do it.

We tried to keep our loans to under $300 overseas. And people say, my goodness, that's very small, but think about the people who live in extreme poverty -- $370 a year. People paid back these loans to the tune of over 95 percent repayment rate. Banks around the world, including a lot of American banks, are now beginning to get very interested in this.

Mrs. Clinton visited Banco Sol in Bolivia, which is now the number one bank in Bolivia. We started that program with about $4 million. They now have a loan portfolio of $30 million and 60,000 people who have benefitted from the program are active -- actually have loans that are active at this point.

So this is really a revolution. It is hitting here. We've taken our Lessons Without Borders program to many cities, and Mrs. Clinton spoke to the national conference where a lot of cities were represented in Baltimore just a few months ago. The people of Baltimore sent a delegation to Kenya to look at our microenterprise program there. They created a women's entrepreneurs fund, which is a microenterprise fund in Baltimore. It's really catching on. And I will conclude by saying that of the awardees this afternoon -- there are seven -- four of them were AID recipients. They were working with us, helped us fashion our program. So you can see the interconnectiveness that I've talked about. We're learning lessons from our work overseas.

MRS. CLINTON: I just would add, before we throw it open for questions on this or related subjects, that part of what is attractive about this effort is something that both Brian and Bob alluded to, and that is there is a stereotype of people who are poor, and particularly people who have been on welfare in our country which is just not accurate when it comes to describing the full range of human potential and skills that are available if nurtured and if given a chance to flourish.

We found that in Arkansas when we began to work with South Shore Bank, which is located in Chicago, and was really -- I guess it's fair to say, Brian -- the first effort to transplant some of the lessons learned abroad at home. But to put it in an American context, you cannot take what is done in Bangladesh and transfer it directly to Chicago or Arkansas or Washington, D.C., but you can take the principles underlying what was done in Bangladesh and take those principles and begin to make them work in the American context. And that is what South Shore has done for a number of years, and what we did in working with them in Arkansas.

What I would hope that would come out of this emphasis on microenterprise and the relationships that can be built in communities because of the catalyzing of this kind of economic activity is a greater appreciation in our society at large about the capacity of people at all levels in our country. One of the things that I'm heartened by is something Brian said -- is that a number of commercial banks are now recognizing that there are markets in our own country that they have ignored, and that by thinking anew about how to provide credit in some of our poorest communities, it's going to be good for them as well as for those residents.

And I guess I would just end by saying if you visited enough of these projects, as I have now here and abroad, you will be struck by the tenacity and the commitment of people to help themselves if given what I call these tools of opportunity, one of which is credit.

So we're very hopeful about this, not only in terms of the projects that are being done and the recognition that we're giving them, but in the ripple effect, in the way that not only more projects like this can be started, but others who extend credit, who offer opportunities in the private marketplace will begin to think differently about what is out there that can be available.

So with that, I would be glad to -- yes.

Q Can I follow up on that -- that rickety bus ride into Jessore when Mohammed Unis was explaining how that one beggar woman was finally convinced to take one dollar, and you saw in the faces what a difference it made -- but that's a Third World country. And when you get to the giant engine of the American economy, what is your realistic expectation that some of these micro loans and microenterprises are really going to make a difference, particularly when you're looking at the numbers of people, welfare-to-work -- what's a realistic expectation of the kind of impact it would have?

MRS. CLINTON: I'm not sure that we know, Ann, but I can say based on my experience -- and then certainly Brian and Bob and the people who are working on this can add to that -- I think it's a very realistic strategy to pursue. And I can't say the numbers of people who will be affected or the communities that will be revitalized in whole or in part, but you may remember just a few weeks ago I went with Secretary Cisneros to announce this new community bank in Washington, D.C., and I have followed its development and I have kept in touch with the people who are working on it, and I know from sitting there talking to those people who are going to be both investors and borrowers from that bank that it has tremendous potential.

Now, that doesn't mean it's going to be easily implemented or that there aren't going to be changes that will have to be made in both the philosophy and the practice of it as we move it on a broader scale here in America. But just based on the examples that I know, examples from Illinois, from Arkansas, now from Washington, it is clear to me that if you look at depressed urban and rural areas, particularly urban areas in America, there's a lot of income in those areas, because of transfer payments and because, frankly, of illegal transactions that go on. So there's money in those neighborhoods.

What there isn't is capital accumulation that can be translated into economic institutions, jobs, and everything we think of as the market economy being able to spawn greater opportunity. If we can crack that through microenterprise, through community development fund efforts, if we can begin to get capital and credit into those neighborhoods, we know that there are people there who will be able to create businesses and jobs. So it's just a question of how much patience we're willing to exercise, how much support we're willing to give, and how much of a subsidy there needs to be in the beginning, because there does have to be some subsidy to start with.

Do you have anything to add to that?

SECRETARY RUBIN: No, I think the question is critical mass, and the First Lady said it very well.

Q Is there money in the President's budget for this?

SECRETARY RUBIN: Yes. We have an appropriation request in the budget to be submitted next Thursday for the Community Development Fund, and it's a substantial -- we're not going to pre-announce the budget, but it's a substantial request. And those funds, amongst other things, can be used to help fund these microenterprise institutions around the country.

Q Can you just give us an idea of how that could grow over last year?

MRS. CLINTON: Oh, you want us to spoil all the surprises. (Laughter.)

SECRETARY RUBIN: I'll tell you what we plan to do. I have to help. (Laughter.)

Q I think it's already out.

SECRETARY RUBIN: Okay. We're requesting $125 million for the Community Development Fund this year, and then we scale it up in over a five-year period, requesting $1 billion. We think, as I said before, this is a program with enormous potential. Some portion of that will be available for microenterprise lending, and that's an issue that the people who run the Community Development Fund will have to decide as they go along. But they had a very large number of institutions that were interested in the microenterprise areas, and we think it's a very promising area.

Q How do you measure the success rate of these programs? I guess in one way, it's easy at such a micro level, but once these things get going and are translated to the United States, how do you measure whether they're working or not, the success rate?

MRS. CLINTON: I think there are a number or measurements that I would point to. One, the loan repayment rate, which historically, both internationally and here at home is phenomenally high. And we're talking about loan repayment rates in the neighborhood of 98, 99 percent. I think when I go to FINCA on Monday, their loan repayment rate is what -- 98, 99 percent? So that's a measurement of success -- that people are taking seriously their responsibilities with the money entrusted to them, paying it back. And they pay it back with interest. I mean, it is something that is a market-driven model.

Secondly, I think if you look at where some of the community development bank-like projects have been operating for a significant period of time, you can actually see the differences. Like if you were to go to South Shore in Chicago, you can go to neighborhoods and see the kind of critical mass the Secretary's talking about, because you can see whole streets with flourishing small businesses, whereas 10 years ago they were burned-out holes. There was nothing there. So that you can actually see the transformation.

And I think the third thing I would say is that one of the ways I would measure success is to see how much this government effort spurs private action as well. And it's kind of like the Internet. I mean, that was a government project. People forget that. It was created by the government. It was nurtured by the government. It was subsidized by the government. Then it was spun off into the private market. What I would like to see is 5, 10 years from now, having community banks that are free-standing private banks -- maybe they would be part of a larger holding company -- back in neighborhoods, back on street corners -- banks like I used to remember when I was growing up, with people being able, with advances in technology, to get small loans again. I mean, right now most banks won't even process a loan less than, what,

$2,500 in lots of areas.

So I think a third measure of success is how much the private sector will recognize this market as one that want to be part of.

Q What typically is the interest rate? We asked earlier today about commercial rates.

MR. ATWOOD: In this country there certainly are commercial rates because of usury laws and the like. Overseas, they charge actually a little more, but one has to remember that the poor, even if they didn't have access to one of these facilities, go to the old money lenders. And the old money lenders really sting them with high interest rates -- I mean, double.

Q But what is it that your subsidizing if these are market-rate loans?

SECRETARY RUBIN: These microenterprise lenders, because these are small loans, have very large operating costs relative to the loan made. So that even if you have an extremely high repayment rate, as the First Lady said is what we generally expect will be the case, and you have market rates of interest, you're still having to absorb very high operating costs per loan.

Q Mrs. Clinton, is this something you intend to focus on over the next four years? Do you think this is one of the major themes that you'll try to pursue over the second term?

MRS. CLINTON: I think it fits into what I have tried to do really for 25 years, but certainly over the last four, and will continue to do, which is to look for ways to promote the tools of opportunity for people. I believe very strongly that part of what my husband is trying to do, and people like Bob and Brian helping him to do, is to create conditions -- social, political, economic conditions -- that will equip more people to be able to be, as Bob says, full participants in the mainstream economy, be able to make good decisions for themselves.

And so that's something that I've done for a long time and I'll continue to do. And I view this as an area, a strategy that has a lot of promise.

Q There were some international goals that Mr. Atwood was talking about. Do you have domestic goals, like how many people at this point are participating and how many would you like to participate? And also, one thing that I'm not clear about is, banks often do have stringent rules about who can borrow, who can't, who's reliable, who's not. Do they bend those rules, or do they change them in some fashion?

MR. ATWOOD: I think within the case of microenterprise lenders you really have to look at creditors in a somewhat different way. You have to try character judgments about people rather than using the conventional criteria. And thus far, it is a relatively small -- relatively small in this country. But I think the idea itself is a very, very big idea. And I think the key is for us to support it so that it can become what it has the potential to be.

Q So do you have actual figures on how many people are participating at this point?

MR. ATWOOD: I don't know the answer to that.

STAFF PERSON: -- is quite young -- organization is less than five years old. One of our bidders has actually documented -- developing this country -- organizations that serve several hundred, even several thousand microentrepreneurs. We do not have a total number --

MR. ATWOOD: Just to add one point, that the banks and the participants in these organizations also offer a support mechanism. They create networks so that it isn't just as if you give a loan to someone and they're out on their own. They make contacts with other people, the suppliers for the kinds of things they need. And, obviously, in our capitalist society, there is room to grow. They grow -- the next thing they may ask for is a Small Business Administration loan. But they can move from the micro state to the small business to the medium-size business.

MRS. CLINTON: I just wanted to add to that before we turn to Jim. I think that's a point that we probably should have made earlier. Some of the models that are most successful take people and create what are called, alternatively, things like borrowers groups or marketing groups or whatever,so that people come together and they support each other in the process of taking out a loan, and then they support each other's business. So that, for example, if you -- when I was in Washington a few weeks ago, there is a little, tiny store -- a little, tiny restaurant that got a microenterprise loan. And so the people in the neighborhood who are part of that group, they frequent that restaurant. They begin to understand that if they support that restaurant, then when they go to take a loan maybe to start a used car lot or whatever, they can do business. So that in a sense, it's recreating the community support for a marketplace and getting people back into the idea that by supporting their neighbors and their businesses they too will prosper.

And lots of loan groups will not lend to the next person in line for a loan unless the first person has paid off the loan. So there is an incentive for the second, third, and fourth people who wish to get loans to support the businesses of the first person, because that's the way they will get their loan.

Q Historically, the survival rate on small businesses is pretty low. Do you have any idea what the success rate is -- not just on repayment of loans because the loans are small, it assumes that they can be paid back rather quickly -- but after the first, second, third year, that's when you really see a drop-off in these small businesses. They just go bust.

SECRETARY. RUBIN: This is so new, I think when somebody asked before how are you going to measure success, these are the kind of things that we're going to have to work with. But I think as Brian and the First Lady said, it's not only money, but it's technical assistance. And it's the kind of support that can help people run their businesses more effectively. I think I would be reasonably optimistic about a success ratio in this kind of endeavor. It's going to take time before have enough data to have meaningful --

Q One other question. It's often said that good policy is often good politics. And based on the percentages and the demographics of people who get these loans -- as we understand it, 85 percent minorities, 40 percent women -- that seems to dovetail very nicely with White House outreach. Does that come into play, the politics of all this?

MRS. CLINTON: I don't think so. But I think if you were to look at the people in the areas that are most in need of this kind of economic activity, they are predominantly minority areas and very heavily female-headed household areas. So I think that you've got the demographics and the need kind of fitting together.

But I think that in many of the projects, what's interesting -- and we saw this when we were in Bangladesh and in India -- the number, the percentage of women participating is much higher, even than 40 percent.

I know when Mohammed Unis started his work in Bangladesh he intended to be revolutionary for an Islamic country and have 50-50 borrowers, men and women. But what he found was that very often in that kind of society the women were much more eager to get the loans, more responsible in getting the loans paid back. So, therefore, now their borrowers are like 80 percent, 85 percent women. And we have found that in many parts of the world. So what will actually happen when this all gets set up, I don't think anybody knows. I don't think we can predict what the breakdown in terms of borrowers will be. But it is something that we're going to try to encourage as broadly as possible, and particularly in the areas that need it the most.

Q Have you had any discussions with the Republicans about this? Do you think they'll go along with it?

MR. ATWOOD: I just want to add that this is really strongly supported by a bipartisan coalition on the Hill. I mean, this is capitalism at it's best. I mean, this is really stimulating. We're reaching for a segment of our society -- and this is certainly true in other societies around the world -- that the normal economy, if you will, the formal economy, hasn't reached for yet. And this is quintessential American values and the best of capitalism.

Q In the effort to make welfare reform work, how much do you think this can help? And in our experience with these programs, have we found that the people who end up participating are people who would have been on welfare or are they people who are working poor and wouldn't necessarily be --

MRS. CLINTON: Well, I think the best way to answer that is to say that we think this will be one of the strategies that will be helpful to certain groups of people on welfare. In the work that I'm familiar with in the projects around the country, many of the participants in these microenterprise efforts have been either on welfare at the time of their loan or just off welfare, in danger of falling back on. I mean, that kind of marginal status.

But it is certainly not limited to people on welfare. It is something that -- there are many working poor people with good ideas who are eligible for this, as well. So, again, I don't know that we have the data to answer that definitively. And a lot of it's going to be kind of a learn-as-you-go in what works best in local communities to move people off of welfare. And I think that this is only one of the tools. There's got to be a broad array of strategies to be used.

Q Mrs. Clinton, I'm just wondering if this kind of a briefing is maybe something that you plan to continue as you go about pursuing your interests in this next term. I mean, this is an unusual thing and obviously a big draw for some of us. Do you plan to spend more time with Washington-based press reporters as you go about your --

MRS. CLINTON: Yes, yes, and I do. Because I thought that -- I certainly enjoyed the trips we've taken abroad and we've had, I think, an opportunity both from my perspective and those who are traveling with us to see a lot of things and learn a lot of things that's very difficult to do in the sort of daily routine of the White House. There's so much that you have to do that is reactive and you have to constantly be covering what is of the moment.

And I think there's some advantage both for the issues that I'm concerned about and for the kind of attention that can be paid to them to try to take times like this and to step out a little bit and look at something that may not be a front-burner story, but is actually of some interest, as we've seen. There's been a tremendous amount of publicity about this, which has been very surprising to me to see the coverage both in TV and radio and in the print.

So, yes, I'd like to do this more and if I can get up the energy and time I'll do it on a regular basis on issues.

SECRETARY RUBIN: Can I add one thing on that? These inner-city issues, I said it before, I think are the most important economic issues facing this country. And I think that the First Lady participating in this way is enormously helpful. Because one of the problems is getting media attention, media focus on these very important issues and the programs that I think are responsive so that we can develop support, public and congressional support from these programs. So I think it's enormously helpful that the First Lady bring her ability to get attention to focus on issues something like this. So I at least hope you do. (Laughter.) It's a very important contribution in trying to move forward on these things.

Q Mrs. Clinton, both you and the President have talked in the past about your belief in the ability of government to do good in people's lives. It's clear that we live in pretty austere times, and it seems that both you and the President have chosen to highlight areas that have -- where government is essentially a catalyst, hopefully involving the private sector. Could you talk in general about how your views about the role and power of government have evolved, let's say from the first term until now?

MRS. CLINTON: Well, I think that the way that my husband has talked about government is really what he has advocated as long as I've known him -- which is a long time now -- and what he's tried to do in every public position he's held, and what I've also tried to do.

I thought that it was very significant in the Inaugural Address when he repudiated the position that President Reagan had taken in his first Inaugural. If you remember in the first Inaugural, President Reagan said, government is the problem. And then we struggled along for more than a decade trying to figure out, well, if the government is the problem, then how do we deal on a national level with issues that confront us that can't be dealt with either individually or just through the market. And so there was a lot of back-and-forth about that and we had a kind of stand-off between those who thought government was the problem about everything, and those who thought government was the solution to everything.

And I think it is extremely significant that at the end of this first term, what the President has basically done is to resolve that debate. Now, there are still going to be rear guard actions fought by people who have a kind of monolithic view one way or the other about government. But the real challenge and the action for the next years will be to define more clearly what it means for government to be a catalyst, a partner; for government to play an appropriate role in seeding opportunity and working with other institutions in society.

And I think that has been basically, for as long as I've known Bill Clinton, what he's been struggling with. And I think that that's part of what brings people like Bob Rubin and Brian Atwood into this administration -- is to figure out how do we get the proper balance between these institutions and government. If you believe that government is the problem and the market is the solution, of if you believe government is the solution and market is the problem, you cannot make progress in dealing with what we're confronting as we move toward this new century.

So take this issue, which may look like a kind of small issue at first glance, but, as he usually is, Bob Rubin is prescient and right that this is a very big idea. And it's a big idea because it takes governmental catalytic action that will directly affect some people's lives; but more than that, create a new environment for private economic activity that could have very long-term consequences.

So that there will be and continue to be certain functions that I would argue -- speaking only for myself and not anybody else -- that only the government can do, and other functions that only the market can do. But, as with life, we will find that much of the rest of it is in this kind of gray middle. And that's where the real debate should be.

So I think that as we go forward in the next four years it will become increasingly clear -- or at least I hope it will be -- that when my husband has been talking about finding a third way and creating a new vision about how to function if you're part of the government or the market, that he wasn't sort of trying to straddle the middle or figure out a way to have it on all sides, but he was describing reality. But it was a reality that had not yet caught up with either the vocabulary or the understanding, I would argue, of most of the rest of us.

So that's where we are right now. You know, Bob, who is one of the leading sort of articulators of this -- you might want to add something. (Laughter.)

Q -- have your views changed about what the proper balance is -- that's what I'm asking.

MRS. CLINTON: Not at all. Not at all. It hasn't changed at all. I believe in the balance of power. I believe in the balance of power in government. I believe in the balance of power between government and the private sector. I believe in the balance of power between men and women. I believe in the balance of power. And I think that if you tilt too far one way or the other, you run into trouble.

But that makes it very difficult sometimes to explain in political terms, because it is much easier if you pursue a position that is either ideologically pure or more easily explained and people would say, oh, okay, she's a free marketeer, or she's a big governmenter, or whatever you might want to say; when the truth is that what we've tried to do from the beginning of this country is to strike that balance.

Now, the balance changes as society's needs change, as economic conditions change. And so that's what we're up against now, I would argue.

Q You're saying, then, that Bill Clinton invented triangulation before it became -- (laughter.)

MRS. CLINTON: Well, let me just say, that I think if you go back and study him closely and look at what he did as a governor, that it's fair to say that he understood that balance and argued for it and took stands against both extremes, as I would characterize them, for quite some time.

Q Mrs. Clinton, I really hate to bring up front-burner issues, but duty calls. There is one that we just had a briefing on, and that's that computer list. Would you care to say anything about that? Because you have been depicted as the person who pushed that. And also the allegations that it was actually used in a political purpose by the DNC.

MRS. CLINTON: Well, here's what I know about it -- and I wasn't aware that it was an issue until just a little while ago when somebody said it had been raised. As I understand it, the computer database was put into place to keep track of events and people associated with the official business of the White House. And so far as I know, that is how it was used. There were many practical uses for that. You know, had we invited somebody to a dinner before? We didn't know. We had no records.

If you recall, when we arrived here there was no computer system, basically. It had been removed or it didn't exist, I can't remember which. And you can't run any kind of modern enterprise without some kind of database. And that's what I assume the database was created for and used for.

Q Mrs. Clinton, you're given credit for ordering this in 1994 or when you needed some way to keep track. I guess the question is when the White House attorney's -- Counsel's Office came out with a clear directive that this can be used only for official White House business, the question became whether -- can the Democratic National Committee use the resources to send out the Christmas card or to get a Christmas card list or whether using the resources of these people have been invited to the White House, they've been guests. Can we contact them? Should we contact them for donations or party support? And I think that's where the line is. Are you aware of any of this information going to the Democratic National Committee?

MRS. CLINTON: Ann, I'm not aware of any of the specific uses. And I would doubt if I were the person who ordered it. I certainly was one of the people who said, how will we know whether people -- I'll give you a perfect example. If we're going to have a dinner, how will we even know whether somebody has been invited before? We used to get lots of calls with people who would say, I need to be at this dinner. And we'd say, we're you here six months ago. Oh no, I wasn't here. (Laughter.) So there were a lot of issues like that that struck me as being something we needed some good information on. And that's all I know about it at this time.

Q Mrs. Clinton, one of the things that happens is in these memos is Marcia Scott created this -- throws your name around a lot saying that you're insisting that this be a top priority. And I wondered if -- when you're talking about changes, if you have done anything here to try to make sure people don't take your name in vain or don't give you credit or don't somehow say that Mrs. Clinton is demanding this when, in fact, maybe you really aren't after all.

MRS. CLINTON: Well, Rita, I wish I knew how to do something about that because just this week, I've had people tell me that someone has made it very clear that I want them to have a certain job -- someone I've never heard of. This happens all the time. I don't know quite how you deal with human nature on that level because I guess that's what we're talking about. But I've certainly tried to make it clear. And everyone who works for me tries to make it clear that we want to know if anybody is using my name or referring to me as being the person who has suggested something. And we're just going to do the best we can on that.

I don't know what else to say. I find it surprising. I've told this story before about Madam Mitterrand telling me that she wasn't having flowers at the state dinner because I had told people my husband couldn't be around flowers because of his allergies. And I was horrified.

Well, when we were in Australia, we were at the Governor General's house and we were walking down the grounds and the Governor General says, oh -- to my husband -- he says, so sorry we had to lock up all the kangaroos and koala bears. (Laughter.) Bill, of course, who would rather see a kangaroo and koala bear than most anything, says, what do you mean you had to lock them up? Oh, we were told you couldn't have -- and then they trace it back -- oh, I'm the one who told somebody the President couldn't see the kangaroos and the koala bears. (Laughter.)

So I think it's amusing except that it has gotten me into a little bit of controversy from

time to time. (Laughter.)

Q -- say it had to be a top priority?

MRS. CLINTON: Oh, I certainly think the White House needed a computer database. I mean, absolutely. I assume all of your businesses have some sort of computer records. But the design of it, the use of it, that was for other people to figure out. I didn't know anything about that. But I absolutely believed that we needed a computer system.

At the beginning, some of you may remember, we would have these great big events and people were turned away at the gate because there was no list, because they weren't on the list. And we had terrible, embarrassing encounters at the White House that I didn't think were appropriate. So, yes, I thought we needed some kind of database that could be used for official events.

Q Can we be on the list to get back in? (Laughter.)

MRS. CLINTON: I don't know. We'll see. I don't know.

THE PRESS: Thank you.

END 2:15 P.M. EST

FIRST LADY HILLARY RODHAM CLINTON
REMARKS FOR HUD COMMUNITY FIRST BANK GRANT ANNOUNCEMENT
WASHINGTON, D.C.
DECEMBER 19, 1996

I am delighted to help celebrate the creation of the Community First Bank here in Washington and similar community empowerment banking initiatives in Baltimore and in the Mississippi Delta. Let me thank Secretary Cisneros for his vision, leadership and tireless support of innovative projects to bring jobs and opportunity to communities all across the country. As the President has often said, Secretary Cisneros has been the best HUD Secretary our country has ever had and we will miss him tremendously.

Over the years, we've heard a lot about the unique and often difficult challenges facing the men, women and children who call our Nation's Capital home. Much has been written and debated about what is wrong with this city and what isn't working. And we will all do our part to meet these challenges. But let's not forget that this is a unique place to live, work, and do business. Not only is it the capital city, it is a mecca for tourists, a leading center for biotechnology and medical research, and a nerve center for international communications. It is a place filled with people who are working hard to bring greater prosperity and progress to the District of Columbia.

The Community First Bank of D.C. is but one indication of the energy and vision at work here. This unique partnership between the federal government, private businesses, and neighborhood residents, will bring credit, jobs, and economic independence to people who are willing to work hard and take responsibility. It has the power to transform the lives not only of its loan recipients but entire families, neighborhoods, and communities.

I know this because I've seen firsthand in Bangladesh, in India, in Nicaragua, in Chile, in Bolivia and in our own country how loans as small as $100 can empower men and women to lift their families out of poverty and make their neighborhoods better places to live.

I have stood in some of the poorest neighborhoods in the world-- neighborhoods that have weathered civil wars and earthquakes -- and have listened as people told me how their lives had changed from destitution to inspiration because a community bank had given them the opportunity to start small businesses selling and sewing clothes, baking bread and pastries and weaving mosquito netting. One woman even told me that she had built a lucrative business selling auto parts door-to-door!

I wish that all of you could have been with me at a discussion with members of a microlending network in Santiago, Chile. There, I met a seamstress who told me that for years, she could barely make a living and compete with the large clothing factories in the city. "I felt like I had all this potential and all this energy, like I was a bird in a cage," she said. But buying a high-speed sewing machine with a small loan from the village bank made her feel like "a caged bird set free." We all laughed when she added, "I kissed that sewing machine over and over

again."

My husband and I were early-believers in the potential of microlending to transform communities. When he was Governor of Arkansas, the President started the "Good Faith Fund," a small microlending project inspired by the Grameen Bank in Bangladesh.

Whether it's a sewing shop in Chile or a diner here in D.C., small neighborhood businesses created with microloans -- businesses that bring much-needed jobs, goods and services to low-income areas -- are vital to reclaiming communities from decay and decline. In many cases, a small loan to a low-income citizen has proven to be a reliable catalyst for self-sufficiency. But unfortunately, microlending is still a little-known concept here in the U.S. For many citizens across our country, people who work hard, but have little or no collateral, securing a loan to start a small business or buy a modest home is a distant dream. As one woman at Mi Casa, a microlending project in Denver told me, "Too many great ideas die in the parking lots of banks."

The Community Empowerment Banking Initiative we've announced today can change this situation. Let me commend Assistant HUD Secretary Andrew Cuomo for his hard work and leadership in shepherding this initiative. This initiative recognizes that community revitalization must begin with people. It empowers local residents not only to start or expand businesses and buy their first homes, it also encourages them to own stock in the bank. Everyone has a stake not only in the success of the bank, but in the success and prosperity of the neighborhood businesses who are loan recipients.

The bank is a true model of a community working together, creating opportunity for each other and taking responsibility for the future. And I know that the people of Washington will succeed this effort.

###

FIRST LADY HILLARY RODHAM CLINTON

REMARKS AT THE ASSOCIATION FOR

ENTERPRISE OPPORTUNITY CONFERENCE

WASHINGTON, D.C.

APRIL 24, 1998

Thank you very much. Well, what a crowd of enthusiastic advocates, and practitioners, and supporters of one of the most significant movements sweeping our country and the world. It is such an honor to be here with you. I want to start by thanking Senator Kennedy -- who I know has to get back to the Senate -- for his introduction, but more than that, for his energy and his commitment to the causes that really do change people's lives at the grass roots level. He's given courageous leadership in opening opportunities for America's citizens in every field. I am delighted that he has a new bill calling for greater public/private investments in education and training programs for micro-entrepreneurs. If his past record is any guide, I believe that we will see a program like that enacted, because when Senator Kennedy makes it a priority, somehow or another, it seems to happen.

You know, I can remember not so long ago, certainly, when I first became acquainted with the work of micro-enterprise and micro-credit programs that we could not have had such a large conference devoted to the importance of these micro-enterprise programs. Because there weren't that many people who understood the significance of this movement and who had in any way participated in it. But now we are building a movement across the country and around the world. Everyone must play a role and everyone must contribute if we are to be as successful as we know we can.

I want to thank the Association for Enterprise Opportunity for sponsoring this national event. I want to pay particular respect to its two Chairs, Mary Matthews and Christine Benuzzi, for inviting me to join you here today. Appreciation, also, to the Host committee from the Virginia Micro-enterprise Network, particularly, Becky Clay Christensen, and the members of AEO's Conference Planning Committee, especially Welthy Soni, its Chair, and so many others who have worked to make this conference possible.

Now, I saw some of you last year at the White House as I joined the President and Senator Kennedy at the Presidential Awards Ceremony for the top micro-enterprise organizations throughout the country. I also joined Secretary Rubin in speaking with you via video at your 1996 Conference in Rhode Island. That's when I first announced these awards as part of America's commitment to the Beijing Women's Conference Agenda. So now it's a pleasure to be with you again -- only this time in person.

We are here, first, to celebrate our progress. We know that micro-enterprise works, here

in the United States and around the globe. I have seen that progress first hand -- here at home in Washington, D.C. and in Denver, Colorado. I've seen it in places as far apart as India and Nicaragua, and all points in between on I think every continent except Antarctica. I know that micro-enterprise and micro-credit programs work because I've had first hand experience.

As the Senator said, when my husband was Governor of Arkansas and he was working very hard to increase economic opportunity for some of the poorest people in our country, we began looking for innovative ways to do just that. That's how I heard about the work of the Grameen Bank in Bangladesh. I learned about the efforts modeled on Grameen at South Shore Bank in Chicago. Ever since that exposure to these first programs that I was aware of, I have seen the countless success stories that have slowly, but steadily changed people's lives and maybe even, more importantly, developed that support for a good idea that is now beginning to be replicated.

We have so many things to be grateful for, those of us who support micro-enterprise. Over the past five years, the traditional support organizations serving economically disadvantaged entrepreneurs are increasingly joined by a broader spectrum of partners --such as those involved in social services, housing, and public health. Today, church groups, and manufacturing organizations, and chambers of commerce are even recognizing how important this movement is to opening up the economy and opportunity to more Americans. I think it is critical that we work to strengthen and expand these partnerships.

We're also changing how we're helping people to create and develop and sustain their own businesses. Training and technical assistance have become an even more critical component for success. I want to commend AEO for its commitment to sharing those skills with entrepreneurs around the country. Because we all know that you don't just get your credit and go out and run a successful business. To run a small business -- even a micro-business -- people must learn how to develop a business plan, understand the importance of such things as having checking and savings accounts, and a greater knowledge about the rules and regulations that govern business in our country. These are the tools of business, and our most disadvantaged entrepreneurs, in particular, must have access to them to succeed and must have mentoring so they know how to use them.

Communities are expanding efforts to insure that fledgling entrepreneurs have greater access to credit and loans. And those loans, of course, as you all know, are a great business investment from the other side of the ledger. The default rate for many micro-loans is extremely low -- on average about 2.2 percent -- and the repayment rate is extremely high. I'm often saying to my friends in banking and to groups that contain bankers that if they had more customers like these entrepreneurs, they would do a better job on their own bottom line, and they ought to look out to lending to those people. One of the most exciting developments to my way of thinking, is the progress we're seeing when individual entrepreneurs are joining forces and sharing resources with each other.

About ten years ago, Bill and I went to Northern Italy; I don't know if any of you have had a chance to visit some of the enterprises that have been organized there. Northern Italy has one of the most thriving economies in the entire world. It is doing far better financially than the southern part of its country and in large measure because they had a tradition of guilds and organized networks that were established by the church or by political parties. But they began to understand a couple of decades ago that for small businesses to flourish they needed modern resources and tools. They needed to know how to market, they needed to keep their books right, they needed a way to communicate effectively with trade opportunities and export mechanisms around the world.

And it was impossible for an individual baker, or textile manufacturer, or other small entrepreneur to be able to do that on his or her own. So they began banding together, creating associations among small businesses, primarily businesses that had the same kind of needs and produced similar products. As a result, they shared costs, so that they hired one bookkeeper who took care of the books of 10, 20, 30, or a 100 organizations. They hired one person to market all of their goods, so they only had to pay and share the expenses to send one person to a trade fair in Rome, or in Munich, or in the United States. So they really created the opportunity to leverage their resources and to share the costs.

This is so important and I'm delighted it's beginning to happen here in the United States. Small entrepreneurs are expanding their markets beyond their neighborhood borders. They're getting into industries like day care, elder care, recycling. And they're doing it in a smarter way by understanding that alone they couldn't provide the services or meet the costs and expenses a modern business needs, but by joining together in association they can.

For example, I heard a story about a woman living in a poor, rural area who was producing salsa in her home. She didn't have the money to move her operation out of her kitchen to expand her businesses, but it was a good business. So people in the community recognized her potential and donated an old building with commercial equipment and leased it to her and gave her support and the technical assistance to make the leap to larger scale production. Now, she's not only producing more salsa -- which happens to be one of my favorite foods in the world, and at some other occasion I'll tell you why, I think it keeps me healthy. She's also attracted other entrepreneurs, who are now making jars and related products, who are pooling their common eforts to produce services and products that enhance economic opportunity far beyond the woman with her salsa.

There's growing evidence that efforts to expand the base of support and implement new strategies are having a very positive impact. Today, a three-year study of American micro-enterprise borrowers is being released by Acción International. It shows that after three loans, an entrepreneur's take home pay increased an average of $455 a month. Low income participants are doing even better. Business profits also shot up dramatically after three loans. So, we're learning that it takes a series of investment opportunities, the kind of mentoring that is required. The first loan doesn't do it, because you make a lot of mistakes and you have to learn a lot. The

second loan you improve your skills, you make more progress. By the third loan you're really ready to take off and it makes a difference in people's lives.

This study also confirms what many of us have learned from talking with micro-entrepreneurs around the country, and the world. The people who participate in micro-enterprise define their success far beyond financial gain. They also talk about a sense of pride, and control over their future, greater flexibility in their family lives, and the pleasure they feel as they become more active participants in their communities.

So taking all this good news, which you will be discussing at this conference, you've already heard from some very important and impressive speakers about what is happening in micro-enterprise. What is our mission, those of us who support and believe in this movement? How do we take our individual experiences, the success stories we've seen and try to meet the ambitious goals -- set by the AEO at this conference -- to assist one million low income and economically disadvantaged individuals achieve economic self sufficiency in the next ten years?

Well, that's really the challenge that we face. I'm very pleased that the administration is committed to taking some of the steps necessary with you to actually realize this goal. You've already heard from many of the leaders in our federal agencies who are expanding support for micro-enterprise initiatives across the country. Secretary Rubin and his colleagues at the Department of Treasury have announced the opening of the application process for the second series of Presidential Awards for Micro-enterprise Development. The President has requested $125 million for the Treasury's CDFI Fund, and you will have to be there lobbying and advocating on behalf of this investment. We will need your support.

We also know that the Administrator of the Small Business Administration, Aida Alvarez -- who was with me at a micro-enterprise event in Temuco, Chile just a few days ago -- is making even more of a commitment by the SBA to micro-enterprise. The SBA's commitment to substantially expand its micro-loan program, and help spread the word about the benefits of such loans, will assist us in making progress toward the AEO goal.

We cannot rely solely on the public sector, even if it is as committed as my husband and his administration are. Every one of us have to do more to bring the word about the success of micro-enterprise to the private and not-for-profit sectors. We have to create more challenges to the entire society to recognize the stake we all have in creating economic opportunity for all Americans, but, particularly, low income Americans. We also have to make the connection between micro-enterprise and other issues that are essential for helping working families succeed.

For example, there's a vital connection between our economic potential as individuals, families, and communities and the availability of safe, quality, affordable child care. We also know there is a vital connection between our efforts to rebuild communities, make them safer, revitalize neighborhoods, and the need to expand micro-enterprise opportunities so people feel a

stake in these common efforts to improve our lives.

Many people have asked me about micro-credit around the world and I'm always delighted to regale them with the stories that I come home with, whether they are from a meeting in the Adams Morgan section of Washington, or in Denver, or anywhere else I have been. Just recently though, I had one of those great moments personally when we were in Uganda. During our visit to Africa, I was able to take both my husband and President Museveny to a village far out in the countryside, about a 45 minute helicopter ride from Kampala to visit a micro-credit project, a FINCA borrowing group. And I think it probably, I may be wrong and I'd love to hear from someone later, I think it probably was the first time one head of state, let alone two heads of state visited a micro-credit project on the ground in a country where it is actually working to change lives.

Now, I believe that there are many stories like that, but getting that level of visibility, so that the traveling press and those who follow the travels of Presidents around the world knew that this was important enough for both the President of the United States and the President of Uganda to fit into their schedules sends a very strong message. That message has to reverberate around the globe and it has to penetrate into board rooms of corporations, and directors of banks, and everywhere that there is credit that could be used to enhance the opportunities for loans to entrepreneurs.

Now, we are going to do all that we can at the national level to keep pushing this agenda forward. That's one of the reasons that I am so pleased that Kate McKee, who many of you know has worked closely with AEO, is soon to become the Director of the Office of Micro-enterprise Development at USAID. The economic challenges we face in the United States are not, obviously, the same as those faced by the poor women of Uganda, of Bangladesh, but there are similarities. There are lessons we can learn. The role that USAID is playing, not only in promoting micro-enterprise around the world, but in bringing those lessons home, what they call "Lessons without Borders," is a critical part of raising the public's consciousness about the role of micro-enterprise. But, ultimately, when all is said and done, what really matters is what happens in the lives of individual people who borrow money, learn skills, develop business opportunities.

I want to mention two women who are here this morning whose dreams are being fulfilled because of their involvement with micro-enterprise. Congratulations to Sonja Thornsberry, from Swords Creek, Virginia. Sonja's husband was injured in a mining accident and was suddenly faced with supporting her family. She's now running Family Motors, a used car company -- thanks to the skills and support she received from a micro-enterprise program.

Congratulations to Janice Anderson, from Baltimore, Maryland. Janice's health made it difficult for her to work a regular 8 to 4, 9 to 5 job, but she knew she always wanted to be self-employed. She borrowed $500 from her parents to purchase a computer, she received training from a women's entrepreneur group and a small loan -- and now runs a small profitable office

service business out of her home. She has a plaque in her office that reads, "Lord, help me to remember that nothing is going to happen to me today that you and I together can't handle." Next month Janice will receive the SBA's "1998 Welfare to Work Business Owner of the Year" from Maryland's Governor Glendening.

Now, I also want to tell you a little bit about the banners that are hanging up here behind me on the podium. They're made by Carol Willoughby, an entrepreneur from Duluth, Minnesota -- who began working out of her home making church and wedding banners when her husband was virtually unemployed. In 1991, AEO began providing her the tools to expand her business. Today, she's hired her husband, and provided part-time employment for her neighbors. In 1991, her gross sales were $6,000, today they are $60,000.

I want to congratulate Carol, Sonja, Janice, all of you who have similar success stories to tell. You were given he opportunity. You were provided access to credit. You may have been given some technical assistance, some education, and skills training, but your success is due to you, to your energy, your ideas, and your commitment. The name of Carol's company appropriately enough is "Let the Whole World Know."

Well, I wish we had a banner big enough to string from one end of our country to the other bringing home the message of micro-credit and enterprise and what AEO is doing but we don't. Even Carol's company can't produce a banner that big. But instead, we have all of us, and each of us should spread the success stories we know about, bring new partners to the table, continue to draw strength from each other, learn how better to do what we are doing. There's always room for getting it better.

I know that I'm convinced more than ever that providing economic opportunity, giving people a hand up -- not a hand out -- giving people a chance to be responsible for themselves and their families is what is the most important goal we have to give that sense of dignity, and respect, and self-confidence to every man and woman in our land. By doing so, we get some very important extra added benefits. We do build stronger families, we do build stronger communities, we do build a stronger country, and we, then, see the results which move us all closer to realizing the ideals that we set forth in our founding documents and what we care so much about as Americans.

So thank you, thank you for what you are doing everyday and what you will do in the years ahead. There is no more important task being done by anyone anywhere in our country today.

Thank you very much.

Why is Microenterprise Important?

- Microenterprise is about providing access to opportunity to people who are often left out of the economic mainstream -- such as low income people, women and minorities. Microenterprise reinforces the key American values of opportunity, responsibility, and community.

- Microenterprise development is about opportunity. Microenterprise programs assist entrepreneurs in starting new, very small businesses and helping those businesses to grow and flourish. Many Americans have the talent and ideas to start small businesses, but cannot get bank loans or lack some business skills. Microenterprise programs provide access to those tools and promote micro-business ownership as an entry point into the mainstream economy.

- Microenterprise is about responsibility. Microenterprise is not a hand out -- it is a hand up. Entrepreneurs must repay their loans and work hard to build their businesses and improve their economic well being. Microenterprise programs are new in the United States and represent a fresh opportunity to tap the American entrepreneurial spirit and help people help themselves.

- Microenterprise is about building community. Microenterprise programs build community by creating jobs, building businesses, generating new economic activity, and bringing new entrepreneurs into established business networks and institutions. The microenterprise field consists of some 300 - mostly grassroots - community organizations dedicated to building their communities for the people who live there.

- The microenterprise industry in the United States is young, dynamic, and diverse. As demonstrated by the Presidential Award winners, these programs and the businesses they assist reflect the diversity of microenterprise field, its importance to our national economy, and the well being of our citizens.