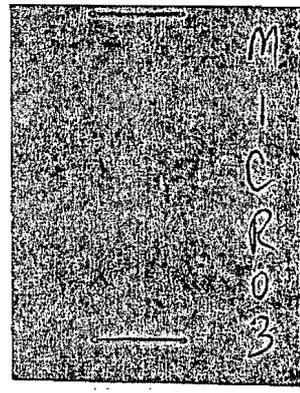


**FIRST LADY HILLARY RODHAM CLINTON
REMARKS TO THE MICROCREDIT SUMMIT
WASHINGTON, DC
FEBRUARY 3, 1997**



[Acknowledgements: Queen Sofia; former Prime Minister of Japan Tsutomu Hata; distinguished Heads of State; RESULTS Educational Fund; members of the organizing committee; Citicorp Foundation, Charles Stewart Mott Foundation, MasterCard International, Monsanto Fund and other generous sponsors]

It is a privilege to be here with so many old and new friends for what is truly an historic occasion. Microcredit is a subject near and dear to all of our hearts. This first global summit offers an unprecedented opportunity to draw attention to the successes of microcredit in developing countries as well as its 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. And I hope that this conference will engender new understanding of microcredit and its potential to transform the lives of individual men and women, their families, their communities and their nations.

Although it's called "micro," microcredit is really a "macro" idea. I say this because I know there are still some who view microcredit as a worthy tool — but one that, however noble, is too small and too marginal to have much impact on a global economy such as ours.

The Marshall Plan it is not. But on the eve of the 21st century, in an era of greater competition and scarcer resources — an era when the gap between rich and poor is widening in many parts of the world — microcredit represents a new understanding of how we can equip people on the margins of society with the tools they need to take control of their lives and their futures.

A small idea, yes. But a small idea with large consequences. Microcredit is not just about making loans available to the poor. It's not just about improving the lives of individuals and their families. It's about creating the conditions necessary to sustain democracy and the free market system. It's about shifting the balance of power.

Building and sustaining democracy has always required a balance of power: a balance of public political power, private economic power, and the power of civil society, the formal and informal networks that bring people together to make decisions for themselves and for the common good.

Today we need to be reminded that democratic values are at risk when that balance shifts to the extremes -- not only when government becomes too cumbersome or intrusive; not only when the marketplace becomes driven by profits alone; not only when civil society becomes

weakened by larger political and economic forces — but when too many people in too many parts of the world are denied their rightful place in the political, social, economic and civic life of their countries.

Microcredit is a single but important tool that allows democratic values — the values of freedom, opportunity, responsibility, community and respect for human dignity — to be internalized in people's hearts, minds and everyday lives. It enables those without a voice, and in some cases those without a vote, to begin to claim their share of personal, economic and civic power and have a stake in the societies in which they live.

In that way, microcredit has exponential effects that go far beyond the idea itself.

I first learned about microcredit more than a decade ago when my husband, then Governor of Arkansas, and I were involved in the creation of the Good Faith Fund. It was one of the earliest attempts at microcredit in this country and was modeled after the South Shore Bank in Chicago. Muhammad Yunus met with us and offered advice as the project got off the ground. Within a few years we could see that this revolutionary concept -- so contrary to conventional thinking about finance and economic development -- not only could succeed but could do so in diverse cultural and geographic settings.

What we discovered in Arkansas is that the concept -- if not the details -- of Dr. Yunus' Grameen Bank in Bangladesh had universal relevance. For us, the key was to apply that concept in an American context.

Now, more than 10 years later, we can look around this room and appreciate the power of one man's vision. And we can celebrate the courage and dedication it has taken -- on the part of all of you here today -- to challenge conventional wisdom and remain faithful to the notion that providing credit to women and men on the margins of society can reap economic and social benefits for us all.

I don't wish to suggest that microcredit is the only tool available to promote economic and social development. But I would argue that it is a critical tool -- one that has important implications not only for poor people, and those moving from welfare to work in my country, but also for the working poor and for communities suffering from lost economic opportunities and enterprise.

While the United States has long supported microcredit programs overseas through the U.S. Agency for International Development, I am pleased to tell you that microcredit today is a growing phenomenon within these borders. This country's young and dynamic microenterprise field has learned much from projects elsewhere in the world. But it also recognizes that microenterprise will only succeed in the United States if it is tailored to our particular economic and social circumstances. As a result, you will find that microenterprise programs in the United States are diverse. They offer many different kinds of loans, resources and business assistance.

depending on the clients served.

Just last week the President, joined by Treasury Secretary Bob Rubin, presented the first Presidential Awards for Excellence in Microenterprise Development. The awards recognize efforts within this country to extend credit and economic opportunity to Americans who might 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 people 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 awarded \$70 million in grants to non-profit organizations, with nearly half of those loans 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 our Community Development Financial Institutions Fund. His budget calls for a \$1 billion increase over the next five years.

As he said last week at the White House, there are millions of people in our country brimming with initiative and desire who are willing to take responsibility and work hard. But they need what I often call the "tools of opportunity." And one of those tools is microcredit. For a farmer whose livelihood has been undermined by bad luck and bad weather, an inner city parent who is trying to balance a night shift in a factory with family duties, a mother who has been exiled from the workforce because she took time off to raise children, an older person who is retired from a previous job, a disabled person who isn't mobile, a welfare mother who is eager to move off the public dole and into work, microcredit offers a path to the economic mainstream.

Later today, I will have the chance to visit a microcredit project right here in Washington, D.C. called FINCA USA. A few years ago I spent time at a FINCA borrowing group in Managua, Nicaragua, and I'm looking forward to seeing how the FINCA model is being translated on American soil.

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

I have seen this for myself at microcredit projects in Central and South America and South Asia, many of which are supported by our government through USAID. And I have seen similar successes at microcredit projects in the United States. If you will indulge me for a few minutes, I'd like to share what I have learned at the microcredit projects I have visited, particularly some of the stories I've heard -- stories that offer powerful testimony about the impact of microcredit on

individual lives and the lives of entire communities.

1. THE SELF-EMPLOYED WOMEN'S ASSOCIATION IN AHMADABAD, INDIA

SLIDE 1: HRC and Ela Bhatt in front of SEWA center

I had the opportunity to meet with Ela Bhatt on my trip to South Asia in 1995 to learn more about her organization, the Self Employed Women's Association. As some of you know, Ela Bhatt was a devotee of Gandhi, who himself was quite outspoken about women's rights. Nowadays we might not agree with everything he said. But his emphasis on the full participation of women in society gave Ela Bhatt the philosophical grounding she needed to form this union of women -- women who were vegetable vendors, rag pickers, totally victimized and oppressed in the most dehumanizing ways. Her union gave them the strength to believe in themselves. And that spirit of self-reliance was palpable when I attended their gathering.

SLIDE 2: HRC looking at ledgers inside bank

My first impression was seeing women dressed in beautiful, brightly colored saris, some of whom had walked for 12 to 15 hours to get to this village bank. Although they were poor and under-educated, they were a model of efficiency and organization. These women lined up to get their loans, which were recorded in thick, yellowed stacks of paper. This was their bank. They had created it. They ran it. And they were proud of it.

SLIDE 3: Woman speaking at discussion

One woman stood up and talked about how she used to be afraid of her husband, her mother-in-law, the police. Now, she said, I'm not afraid any more. She felt the bank helped her by its focus on principles that were firm. "We shall be" and use principles to "We shall" in the spirit of the original, and the can be a new way to do it. "We shall" at the heart of all form and the end of all class. There is no more of the dirty, which is to say, the

SLIDE 4: Faces of women in audience

You may know that Gandhi was influenced by the writings of Henry David Thoreau. And Martin Luther King was influenced by the teachings of Gandhi. So I probably shouldn't have been surprised when, at the end of my visit, the women stood up and sang "We Shall Overcome" in their local dialect. Each woman there carried a sense of individual power born of the solidarity and community they had achieved collectively through SEWA.

SLIDE 5: HRC and CVC with woman making block prints

a rickshaw. This woman affirmed Dr. Yunus' theory that women who borrow money are likely to convert that loan into an investment in their families.

SLIDE 9: *Girls performing skit*

SLIDE 10: *HRC, CVC and Dr. Yunus observing woman at loom*

3. MI CASA IN DENVER, COLORADO

SLIDE 11: *Discussion with women at MiCasa*

Some months later I visited a microenterprise project in Denver, Colorado. As I said, microcredit can work in many different circumstances. In this case women, many of them Hispanic, receive career counseling, vocational training, and entrepreneurial services. With loans and technical assistance provided by Mi Casa, two of the women I met had started a computer business in a garage. The business had grown into a firm with dozens of employees.

SLIDE 12: *Discussion at Mi Casa*

Another woman said something that will stick with me forever because it summed up the reality for so many poor women and men around our country who are unable to receive credit through traditional commercial lending institutions. She said: "Too many great ideas die in the parking lots of banks."

4. FINCA IN MANAGUA, NICARAGUA

SLIDE 13: *Woman speaking at discussion at FINCA Nicaragua*

About a month after the United Nations Fourth World Conference on Women in Beijing, where the Platform of Action included a commitment on microcredit, I was in a poor barrio in Managua where I went to the weekly meeting of members of a FINCA borrowing group. There were about 30 women, who described how they had received small loans to invest in businesses that included neighborhood bakeries, seamstress shops, and one that was making mosquito netting.

SLIDE 14: *Woman giving HRC tortillas*

I was surprised -- and elated -- when one woman stood up and asked me about my trip to India and then described the emotional connection she felt with women halfway around the world.

SLIDE 15: Woman giving HRC bread

5. PENA [Pay-Nyah] SOL IN SANTIAGO, CHILE

SLIDE 16: HRC buying fruit at stand

This community bank relies on peer networks to promote and sustain local microbusinesses. I visited a local market where vendors put up awnings in matching blue and yellow to show their commitment to the bank and its members.

SLIDE 17: Woman giving HRC gift (hand-sewn Chilean craft)

Most memorable to me was meeting a seamstress who could not compete with larger sewing operations in the city because she could only afford an antiquated sewing machine. She felt trapped by her circumstances, she said. But once she got a loan, she was able to buy a high-speed sewing machine, which she said she kissed over and over again. "I felt like a caged bird set free," she told me.

6. BANCO SOL IN LA PAZ, BOLIVIA

SLIDE 18: HRC with borrowers at BancoSol bank counter

On my most recent trip overseas, in December, I had the chance to visit BancoSol, which is now the largest bank in Bolivia. Initially supported through a loan from USAID, it is the first commercial bank in the world completely dedicated to microlending. Its success in one of the poorest countries in the world speaks volumes about the potential of microcredit. Even here the default rate is extremely low -- about 2.2 percent -- and the repayment rate extremely high.

SLIDE 19: HRC in discussion with BancoSol borrowers

One cannot visit any of these projects without being struck by the tenacity, commitment and entrepreneurial spirit of people who are given a chance to help themselves. We have all heard unfortunate stereotypes about people who are poor. Yet anyone who has worked on microcredit or seen its impact around the world, as I have, will tell you that the stereotypes are just plain wrong. So we need to revise the conventional thinking about poor people and recognize that entrepreneurial spirit is alive and well in most of us if allowed to flourish.

These microcredit projects are proof of what we can accomplish if we unleash the economic and human potential of all of the world's citizens.

Today we can be heartened that commercial banks are beginning to show interest in microcredit. They are impressed with the repayment rates of some of the poorest borrowers in the world. They are discovering that when poor people organize themselves, support each other, and strengthen the bonds of community through community banks and self-employment associations, economic activity grows.

What is becoming increasingly obvious from one end of the globe to the other is that microcredit is about opportunity — about giving people a tool to become economically self-sufficient and contribute to society.

It is about responsibility — about requiring those who are given opportunities to take responsibility for their lives. In this case, borrowers must work hard, build their businesses, and repay their loans.

And it is about community — about working together for the common good. Through microcredit, individuals unite to create jobs, businesses, and capital. And in the process they create stronger families, stronger neighborhoods, and stronger nations.

So I thank you for your dedication and effort on behalf of microcredit around the world -- and on behalf of men, women and families whose lives have improved dramatically not only because they received an infusion of cash, but because they received an infusion of confidence in their ability to succeed.

May God bless you and the work you do every day to help us reach our dream of a healthier, happier and more prosperous world.

Thank you.

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