Success from hard work and ingenuity.

Steadfast ally

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"Although we can walk on our own, we still occasionally need a helping hand," said small-scale businesswoman Berta Esmeralda Alarcón, of El Salvador.

The testimonials, intensely human stories of resourcefulness, creativity and sheer grit, were presented before an attentive and influential audience. Among those present were United States first lady Hillary Rodham Clinton, accompanied by Costa Rican first lady Josette Altmann de Figueres, and their counterparts from Nicaragua, Honduras, Guatemala and Belize. "We have all wondered how we can promote development without sacrificing traditional values," said Clinton during her address. "Microenterprise offers a partial answer, for it is sustained by those very values that have stood us so well for so long: hard work, ingenuity, sacrifice, a desire for a better life."

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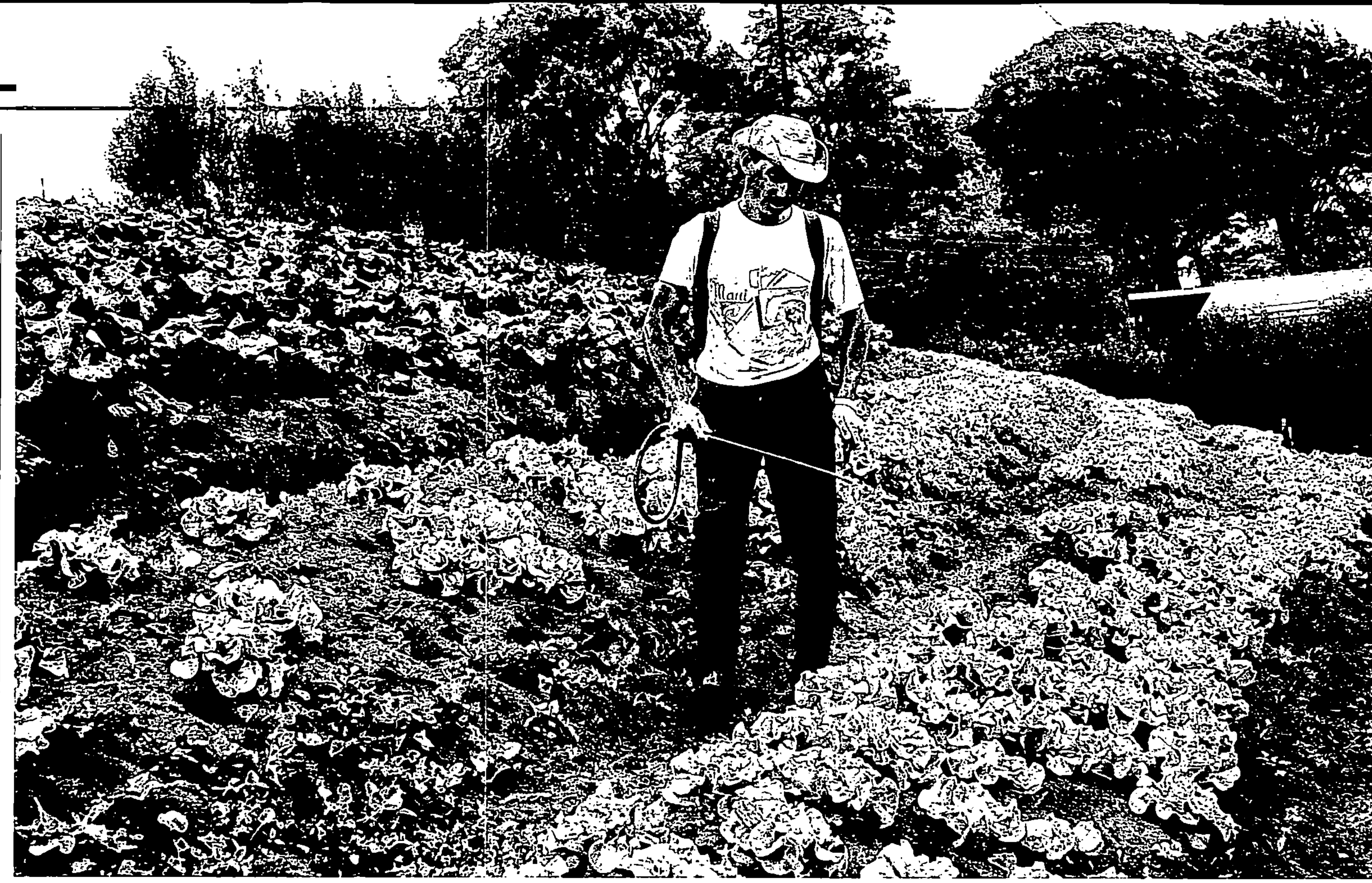

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But to go that additional step and grow the business, microentrepreneurs need outside help. In many cases, donor agencies and governments must step in to help a microentrepreneur to diversify product lines, build strategic alliances with other businesses, obtain subcontracts from larger firms, penetrate new markets, exchange information on market conditions and adopt technology. In other cases, microentrepreneurs organized in groups or associations can lobby for changes in government regulations or seek government investment in local infrastructure. Participants agreed that donors and governments should do more to provide nonfinancial services to the microenterprise sector. Although clients need loans when they start their businesses, consolidation and expansion depends on access to market information, training in management and vocational skills, and longer-term financing.

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Xica de Cotón used credit to expand.

AEO Policy Paper

ASSOCIATION FOR ENTERPRISE OPPORTUNITY • APRIL 1998

70 E. LAKE STREET • # 1120 • CHICAGO, IL 60601 • 312-357-0177 • FAX: 312-357-0180 • aeochicago@aol.com

EXECUTIVE SUMMARY

The Role, Complexities and Practice of Microenterprise in the United States

Small business is the backbone of the U.S. economy, accounting for 53.1% of all jobs. (Office of Advocacy, Small Business Administration). Though often overlooked, the smallest firms within this realm, self-employed individuals and microenterprises employing fewer than ten workers, are playing an increasingly vital role. As reported by the U.S. Small Business Administration, while firms of five to five hundred employees in all industries experienced a net loss of 2,065,000 jobs from 1989-1991, microenterprises experienced a net increase of 2,624,000 jobs. Despite their critical role, it remains virtually impossible for most microentrepreneurs to obtain the capital and management assistance they require to grow their businesses, develop new products, tap new markets, and create new jobs.

The U.S. Microenterprise Industry

The most striking feature of the U.S. microenterprise industry is its diversity. While the individuals and communities in the U.S. that need and benefit from microenterprise assistance are quite varied, most microenterprise development programs target their services to low-income people. Programs are tailored to meet the needs of specific target groups such as persistently poor individuals and individuals dependent on public assistance, women, minorities, the working poor, and individuals or business sectors who, for these and other reasons, lack access to credit. Programs may also specifically target young people, refugees, rural areas, homeless individuals, dislocated, underemployed or unemployed workers, or ex-offenders.

The goals adopted by each program depend not only on its community and target groups, but also its organizational structure. In the U.S., a wide range of institutions –including stand-alone microenterprise development organizations, community development corporations, loan funds, community action agencies, women's organizations, community development banks and credit unions, housing and social service programs, and federal, state and local government agencies – are involved in implementing microenterprise development programming. Working independently or as part of a larger organization or network, microenterprise programs pursue diverse goals that include job creation, business and community development, poverty alleviation, human capital development, income generation, and asset development and economic self-sufficiency among women, ethnic minorities and other disadvantaged populations.

U.S. microenterprise programs have evolved many different development models that use a variety of credit, technical assistance and personal support to meet diverse goals. There are three principal program models that dominate microenterprise programs in this country.

- Credit-led individual loan programs provide loans to clients on a one-to-one basis.
- Training-led programs are based on providing substantive training and/or technical assistance to clients before offering or referring clients to credit.
- Peer lending programs provide credit to microentrepreneurs through borrower or peer groups, in which individuals come together to make group underwriting decisions, create some safeguards against default, and provide mutual support and technical assistance.

What is the Association for Enterprise Opportunity?

The Association for Enterprise Opportunity (AEO) is the national association of organizations committed to microenterprise development. We provide our members with a forum, information and a voice to promote enterprise opportunity for people and communities with limited access to economic resources.

Founded in 1991, and based in Chicago, AEO also represents the U.S. microenterprise agenda in the growing international community. Membership in AEO is open to practitioners, individuals, public agencies, funders and others who share in AEO's mission.

AEO's challenge, issued to all microenterprise supporters across the country, is to help one million low-income individuals in the U.S. to achieve self-sufficiency through self-employment by 2008. We invite participation from all sectors and welcome their support.

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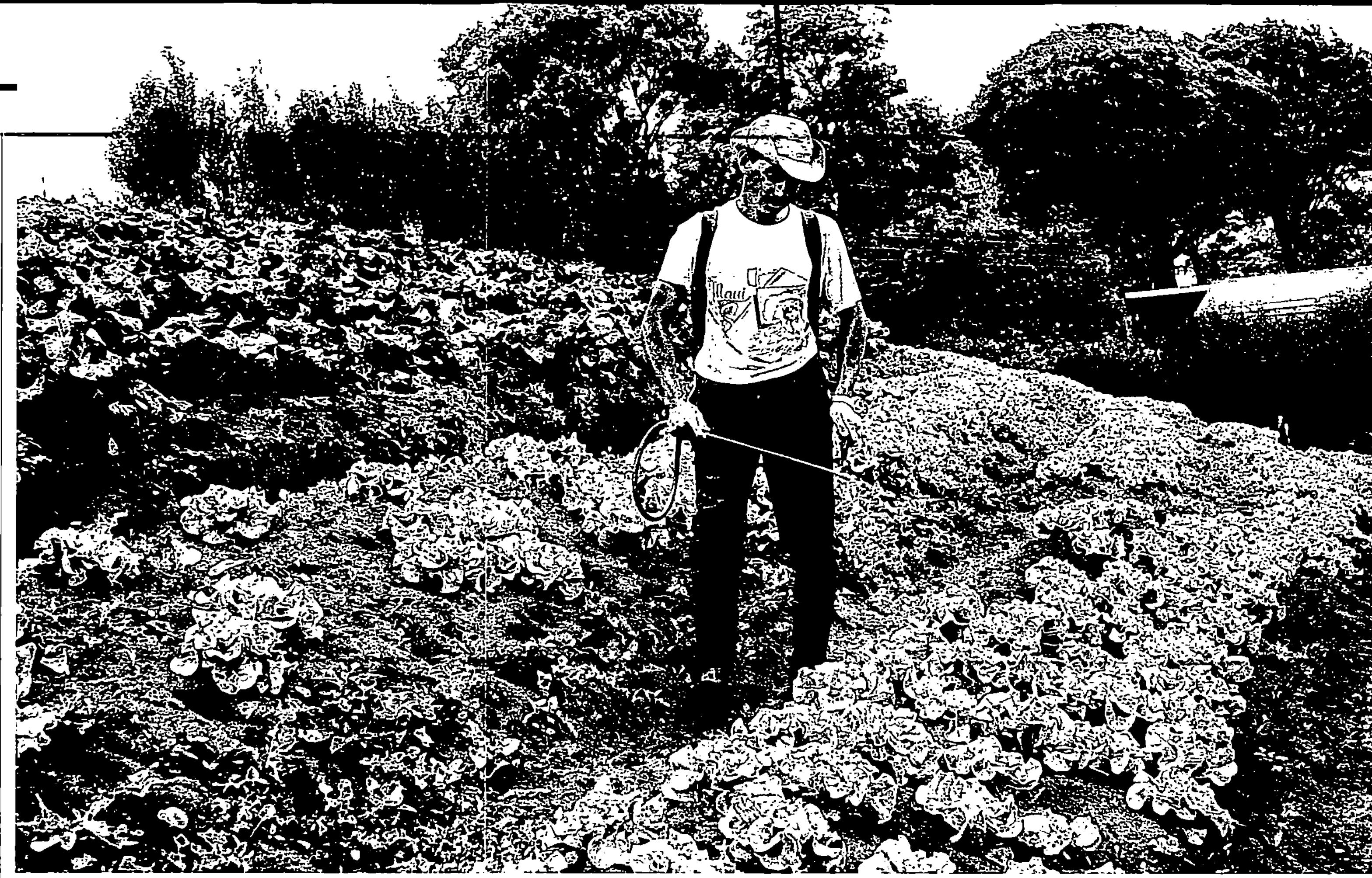
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Steven A. Cohen
04/23/98 11:58:06 AM

Record Type: Record

To: Michael A. O'Mary/OPD/EOP, Laura E. Schiller/WHO/EOP, Christine N. Macy/WHO/EOP

cc:
Subject:

is there a line in tomorrow's AEO address re: an Accion Study, and if so, can someone forward to me for their use in a press release.

by words, SBA, and pledged their support for helping AEO to achieve their goals; HHS is pledging its support as well for child care package; I nkow you've heard form many fedeal agencies who pledged their support; treausrey, SBA, hud, HHS; Commerce; dept of agriculture; -- a lot of support; getting into this broader comprehesnie approach; that everyone has a role to play; treasury hoff; commend cdfi funds for their cooreindating efforts; it's working, an increase efforts to those agencies who are not yet fully aware of microenerprise yet;

challenge us and leading us; her vision; for the next century; legislative agenda; underscret level making presentations; Rubin, Alverez;

senators Pete de Menici; Sen. Carey from Mass; harkin from Iowa; honored Dale Bumpters form Arksnas retiring; champion and founding father of micro loan program within SBA; senator wellstone;

AOE: is the national association of orgs committed to microenterprise devel; provide forum, information, and voice to promote opportunities for people and communities limited access to resources; and reps us in growing international community. Kate McKEE -- policy volunteers; slef help in norch carolina; appointed chief of microenetrprise develpment program at usaid; she's leading in us enterprise; new bridge between us and other programs will be broadened considerably. We're as excited about htis important -- KATE is member of policy committee AEO; she's a key leaders in policy dewvel arena; and well known to federal agencies, treasury, ag and sba. Everyone very excited;

economically -- but that such a commitment makes a very real difference in people's lives.

But perhaps as important, these studies confirm what many of us have known from talking to entrepreneurs across the country, and around the world. That people involved in micro-enterprises define success beyond financial gain. They also talk about a sense of pride, and control over their future. They talk about more flexibility in their family life. And they talk about the pleasure they feel as more active participants in the revitalization of their communities.

So what is our mission here today, and over the next few years, to ensure that more micre-entrepreneurs across America can fulfill those same dreams, and expand the opportunities for themselves, their families, and their communities? What can we do, as individuals, as community organizations, as government agencies, as churches, as financial institutions, as social service providers, to open up more doors of opportunity and self sufficiency for our most disadvantaged citizens? Thanks to so many of you here today, we've already broken the stereotypes about the poor, about economic opportunity, and about what's possible with public/private partnerships. We know what tools and resources must be leveraged to make a difference in people's lives. Now we must take the next steps. And go beyond preaching to the choir, and convince the uncoverted.

I'm pleased that this Administration is committed to taking those next steps, and expanding its support for microenterprise iniativives across the country. The Small Business Administration, which is the lead federal agency for micre-enterprise, has been steadily increasing its support for micro-loans -- and technical assistance -- since the late 1980s, when it first established domestic microenterprise sites around the country. SBA now plans to increase access to its microloan program -- by expanding to the the full 200 microlenders and 25 technical assistance providers allowed by current legislation.

SBA is also increasing awareness of its loan program by spreading the word about success stories, and educating potential funders about SBA's contributions in this area. There will also be a greater emaphasis on electronic tools, such as assisting in the development of web sites for mocriborrowers to create global markets for local products. SBA is also working to ensure greater financial security for the microloan program, by seeking, among other things, to eliminate population based state funding caps.

I wanted to mention that SBA's administrator, Aida Alvarez -- who I believe you heard from yesterday -- joined me in a small town in Chile just a few weeks ago, where we met with women entrepreneurs, and heard their stories of economic success and empowerment. We are very fortunate to have such a strong champion of microenterprise on our side, pushing for greater commitments of public funds for the microenterprise movement. And I understand that you heard from Secretary Rubin the other night about new initiatives -- the second series of presidential awards for microenterprise deelopment. (President has requested $125 million for the Treasury CDFI fund. -- which runs both programs by hrc.) 200 individuals hosted at wh for these awards.

Senator Kennedy is introducing her. Refer to His letter.

HILLARY RODHAM CLINTON
REMARKS AT THE ASSOCIATION FOR ENTERPRISE OPPORTUNITY CONFERENCE
WASHINGTON, D.C.
APRIL 24, 1998

Thank you, Senator Kennedy, for that kind introduction. But more, for your courageous leadership in opening up opportunities for America's citizens in every field. I also applaud your proposed legislation that will call for a dollar-for-dollar match between federal and private funds, aimed at supporting educational and training programs for micro entrepreneurs. We are all indebted to you for you support.

It is a great pleasure to be here today, and to join the many partners, in both the public and private sector, who have come together to participate in this important conference. I am thrilled to see such an extraordinary turn out, because your presence here today underscores the growing commitment across America to give people the tools of opportunity to create a better life for themselves, their families, and their communities. I ~~applaud~~ congratulate you on your Conference theme: Microenterprise Works When we all Work Together, because if we are to meet the ambitious goals of this conference, and continue to build the micreenterprise movement across this country -- and around the world --- then everyone has a role to play. Everyone must contribute.

I want to thank the Association for Enterprise Opportunity for sponsoring this national event, and its two chairs, Mary Mathews and Christine Benuzzi, for inviting me join you here today. We are all indebted to the work of the the Host committee from the Virginia Microenterprise Network, particularly Becky Clay Christensen, and the members of AEO's Conference Planning Committee, especially Welthy soni, its chair, and Kay Cole, Becky Christensen, Kate Mckee and Lawrence Yanovitch and so many others who have worked so hard to make this conference a success. that AEO is doing invaluable work in promoting ~~the~~ microcredit opportunities nationwide and I commend their leadership.

come
We're here, first and foremost, to celebrate the progress of micro enterprise initatives across the state -- a subject near and dear to my heart. I first heart about micro-credit and micro-enterprise when my husband, then the governor of Arkansas, and I were involved in looking for ways to create economic opporutnity in the poorest sections of one of the poorest states in this nation. We heard about the work of the Grameen Bank in Bangladesh, and the efforts of the South Shore Bank in Chicago. And ever since that initial exposure to these pioneering efforts to lift people out of poverty, and ~~ever since I've seen what small amounts of credit or other investments can do to turn their lives around~~, I've sought to spread the word ~~about about~~ about microenterprise ~~and its ever widening circle of~~ benefits.
about here + abroad. confirmed by my travels at home

When I look out at this audience this morning, I am struck not only by how our numbers are growing, but how our faces are changing. Over the past five years, we've seen organizations created soley to serve economically disadvantaged entrepreneurs are being joined by those involved in housing, and social services, and public health. Today, more and more church groups, manufacturing organizations, and chambers of commerce are also becoming partners in

and broad support --

many visits w/ ~~and the~~ entrepreneurs in the US here + around the world -

micro credit

this movement to ~~open up economic opportunities for Americans~~.

But thanks to the efforts of leaders like the Association for Enterprise Opportunity, we're also changing how we're helping people to create and develop and sustain their own businesses. Training and technical assistance remains a critical component for success. I've just returned from a trip to Chile with the President, and met with a number of women entrepreneurs who had received training from a non governmental organization. They talked about how important it was to receive that training -- which combined self esteem issues and business development. And I could see, from their beautiful crafts, and their growing businesses in down products and dried flowers, how these efforts had changed their lives. Everyone here today has heard stories similar to this one over and over again, as entrepreneurs gain the knowledge, and the confidence, to plan for their businesses, including better managing the money they already have.

Community efforts are also growing to ensure fledgling entrepreneurs access to credit and loans. Micro-credit loans are critical to their efforts to grow and build their businesses. They are also a great business investment. As many of you know so well, the default rate for many of these loans is extremely low -- about 2.2 percent -- and the repayment rate is extremely high. I often say to my banker friends that if they had customers like these entrepreneurs -- who pay off their loans at 95, 96, 97 percent -- they would be very lucky indeed.

We are also seeing progress when individual entrepreneurs are joining forces -- and sharing resources -- with each other. They're publishing joint catalogues, and joining up on trade missions. And as a result, small entrepreneurs are expanding their markets beyond their neighborhood borders, and getting into industries like day and elder care, housewares, recycling.

I've heard about one story where a woman who produced salsa in a rural community couldn't afford to step up out of her own kitchen. So the community donated an old building, with commercial equipment, and leased it to her. And now, that woman is not only making a lot of salsa, she's attracted other entrepreneurs who are making jars and other related products. I believe we must all work to encourage these joint efforts, which produce an ever widening cirle of opportunity.

New strategies are emerging -- again thaks to AEO and others -- that will further the progress we're already seeing. We need to encourage greater economic literacy within the micre-entrepreurial community. To run a small business, people must understand the importance of having checking accounts, and saving acounts, and have a greater knowledge about IRS rules and regulations. These too are the tools of any bussiness, and our most disadvantaged entrerpreneurs, in particular, must have access to them to succeed.

Today, there is growing evidence that these efforts to expand the number of partners, and implement more comprehensive strategies to support small business entrepreneurs, are having a very real and positive impact. A 3-year study just released by Accion International, for example, shows that after three loans, an entrepreneur's take home income increased an average of $455 -- with low income entrepreneurs doing even better. Business profits also shoot up dramatically after three loans. So we'e learning that it takes a longer term commitment to lift people up

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 fund 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.)
January 30, 1997	The President, joined by First Lady and Secretary Rubin, to present the Inaugural Presidential Awards for Excellence in Microenterprise Development at the White House.
February 3, 1997	Mrs. Clinton to keynote at the International Micro Credit Summit in Washington, D.C.
February 3, 1997	Mrs. Clinton to visit a Foundation for International Community Assistance (FINCA) borrowing group in Washington, DC.

AEO Exchange

UPDATE • UPDATE • UPDATE • UPDATE • UPDATE

ASSOCIATION FOR ENTERPRISE OPPORTUNITY • APRIL 1998

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First Lady Hillary Rodham Clinton to Serve As Honorary AEO Conference Chair

First Lady Hillary Rodham Clinton has agreed to serve as honorary chair of the AEO Conference to be held in Washington D.C.

Mrs. Clinton has a long history of supporting and promoting microenterprise development, beginning in 1986 when Mrs. Clinton and then-Governor Clinton met with Mohammed Yunus, founder of the Grameen Bank in Bangladesh, to discuss the relevance of the Grameen Bank model to rural Arkansas. In 1988, Mrs. Clinton was involved in the creation of, and served on the Board of, the Southern Development Bank Corporation and its nonprofit affiliate, the Good Faith Fund, one of the first rural microenterprise funds in the United States. More recently, Mrs. Clinton has continued to speak publicly on microenterprise development, particularly as it affects low-income women. In January, 1997, the First Lady and President Clinton presented the Inaugural Presidential Awards for Excellence in Microenterprise Development, where all award winners were members of AEO. We are delighted at the First Lady's acceptance of AEO's invitation to serve as honorary chair.

Conference Registration to be Tight: Register Now

If you have not registered for the AEO Annual Conference and Membership meeting and plan to attend please register *immediately*. Only those attendees who have registered and have registration badges will be allowed into AEO sessions. A government-issued photo ID will be required at registration. Anyone who does not have a proper registration badge will be turned away from sessions and asked to return to the registration desk.

Please call or fax your registration and session sign-up along with your procedure for payment in order to ensure proper registration. Registrations received without payment will not be accepted.

If you have questions, please contact AEO by fax at 312-357-0180.

CDFI Core Component/Technical Assistance NOFAs

The U.S. Department of the Treasury is making available at least $40 million to fund the Community Development Financial Institutions (CDFI) Program core components, involving direct financial and technical assistance to CDFIs and has issued a separate NOFA for a TA-only component to address the unmet capacity needs of CDFIs.

Deadline: June 12, 1998

Applications: CDFI Awards Manager

TEL: 202-622-8662 FAX: 202-622-7754

Conference is Opportunity for Legislative Visits: Schedule Yours

If you have not yet scheduled an appointment with your Congressman or Senator, please do so now. Call to say you will be in town for the AEO Conference and would like to meet with him or her briefly to discuss mciroenterprise development. You should also invite him or her to the legislative reception. If you do not know the number of your Congressman or Senator, the Capitol Switchboard is 1-202-225-3121

AEO to Sponsor Conference Legislative Reception

AEO is sponsoring a legislative reception for members of Congress and staff on Thursday, April 23 from 3:30 to 5:00, in Room B-340 of The Rayburn Building.

AEO sent invitations to all members of Congress. Please contact your Congressional representatives to ask them to attend this meeting. In addition, all members have been invited to attend key Conference events as guests of AEO. If you have any questions, or need another invitation to be sent, contact:

Zulma Mustafa at AEO 312-357-0177 X26

New Tentative Agenda for Friday, April 24

7:30 to 8:45	Committee Meetings and Continental Breakfast
9:00 -11:15	Partnerships Plenary
11:30 - 12:45	Lunch
1:00 -2:45	Concurrent Training Sessions (originally scheduled for Friday morning)
3:15 - 5:00	Concurrent Training Sessions
6:00	Motorcoaches leave for FUN night at the Torpedo Factory

Sessions Cancelled

Thursday

MO11 Accessing Markets: the Internet and Specialty Food Entrepreneurs

PA3 Microenterprise Development and Minority Organizations

PA8 Creating Partnerships with Job Developers

Friday

Roundtables have been cancelled. Other opportunities to meet on-site will be offered.

MO4 So Your Non-Profit Organization Wants to Run a Business

MO2-3 How to Build a Diversified Funding Base

PD5 Innovative Program Design: Creative Ways to Expand, Improve, and Deliver Microenterprise Programming

Saturday

PA12 Building Effective Corporate Partnerships

ET11 Beyond the Basics: Where True Empowerment Begins

LE2 Using Partnerships to Support Peer Lending

PA10 Partnerships between Microenterprise Development and Housing Programs

LE10 Identifying Business Finance Markets

RE6 Practical Outcome Measurements in Microenterprise

Sold-Out Sessions

All of Wednesday's pre-conference sessions, starting at 8:00 AM are sold out and oversubscribed. If you signed up and your registration was received after the cut-off date you will be contacted.

The response to the Microenterprise Training Institute was so strong that AEO is planning a series of regional institutes to be offered at statewide meetings. Watch for more information.

MICROENTERPRISE TOURS

Meet working entrepreneurs from the Washington D.C. and Northern Virginia area. The Ethiopian Community Development Corporation (ECDC) and FINCA, will be conducting bussed tours on both Thursday and Friday. On Thursday, the ECDC Tour will depart at 12:30 PM and FINCA will run two cycles of tours beginning at 12:30 PM and 1:30 PM. On Friday, both tours will depart at 2:30 PM. Tours will leave from the area adjacent to the Virginia Microenterprise Network Concierge Desk. Please meet at least 15 minutes prior to departure and check in with the program staff person. Preregistration is required, and each tour is $15. Space is limited. Please stop by the Registration Desk for details.

Conference Updates: Open Immediately

Association for Enterprise Opportunity
70 East Lake St.
Suite 1120
Chicago, IL 60601

May 7, 1997

Dear Friends:

Thank you for inviting me to attend the Association for Enterprise Opportunity's Seventh Annual Conference and Membership Meeting in Omaha, Nebraska.

I am grateful for organizations like the Association for Enterprise Opportunity that work to foster partnerships between public and private enterprise. In communities throughout our nation, there are individuals who have the initiative and the desire to take responsibility and work hard. If they are to succeed, they must be given tools of opportunity -- one of these is access to credit. Microcredit is an invaluable tool in alleviating poverty, promoting self-sufficiency and stimulating economic activity in communities throughout our nation and the world.

As I travel across the country and around the world meeting with people, I listen to them share their stories about the opportunities microcredit has brought to their lives. The ripple effect from microcredit projects can lift individuals out of poverty, move mothers from welfare to work, create jobs, promote businesses and build capital in depressed areas. It is my hope that your dedication to and success with microcredit projects in your local communities will resonate throughout the nation and encourage others to invest in the economic and human potential in their own neighborhoods.

Please accept my best wishes for a productive and enjoyable conference.

Sincerely yours,

Hillary Rodham Clinton

Hillary Rodham Clinton

FIRST LADY HILLARY RODHAM CLINTON
VIDEOTAPED REMARKS FOR ASSOCIATION FOR ENTERPRISE OPPORTUNITY
SIXTH ANNUAL CONFERENCE
APRIL 23, 1996

Good morning. Although we can't join you in person, Secretary Rubin and I wanted to take this opportunity to congratulate the Association for Enterprise Opportunity and all your members on the important work you are doing to expand economic opportunity to all Americans. This is a vital undertaking, and your gathering comes at a crucial time.

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."

Members of AEO know the importance of microenterprise. You have provided people across our country with opportunity -- the opportunity to borrow small amounts of money and prove that all kinds of people are credit-worthy. You have given people the opportunity to gain technical knowledge, to start small businesses to bring some great ideas to life, and most important, to improve their own lives and the lives of their families.

In my travels throughout our country and around the world, I have seen first-hand the transforming effects small loans can have, especially for women and their families in both the developing and developed world. At the Grameen Bank in Bangladesh, I encountered women who told me how they were achieving economic security. I met a woman who used a small loan to buy a milk cow. After she paid off the loan with proceeds from the milk, she took out a loan for another cow. After repaying that loan, she decided it was time for her husband to help increase the family income. She took out a third loan to buy him a rickshaw.

And I met a woman in Chile whose whole outlook on life was changed by the fact that someone took a risk and lent her money to buy a sewing machine. She said she felt like "a bird freed from its cage" when she received her first loan.

Whether it is for a milk cow in Bangladesh or for a computer in Chicago, women and men need help, encouragement -- <u>and</u> credit -- to make that first investment. Here in the United States, we are working to build up a micro-enterprise network. It is still very young, but already several hundred programs, most of them represented here today, have enabled tens of thousands of Americans to gain access to credit and training as well as something more fundamental: self-respect and self-sufficiency. Some of the people served by these programs are on welfare, but they are creating a better future for themselves and their children. And they just needed a little help -- a jump start -- to realize their own potential. But too often that jump-start is hard to come by.

I became a believer in microcredit years ago, when my husband was governor of Arkansas. We combined elements of the Grameen Bank and Chicago's South Shore Bank to create a development bank and a borrowing fund that began to make the kind of investments in that state that we wanted to see throughout the country.

Last year at the United Nations Fourth World Conference on Women, where I was privileged to represent our country, the United States made two commitments to further self-employment and micro-enterprise in the United States. First, the President established a new Presidential Awards program to honor outstanding and innovative programs that provide access to credit, training or technical assistance to microentrepeneurs and potential microentrepeneurs. Today, we are happy to announce the formal structure and specifics of these awards.

The President also directed the Treasury Department to coordinate microenterprise programs across a number of our federal agencies to ensure that those programs are doing the job they were designed to do. Additionally, the United States will continue to support microenterprise in developing countries through USAID.

In today's global economy, microenterprise development needs to become a key element in providing economic opportunity for women and men everywhere in the world.

I now have the pleasure of introducing Treasury Secretary Robert Rubin, who will discuss the Administration's initiatives and particularly the development of the Presidential Awards for Microenterprise Excellence program.

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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 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.

credit training learn market

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.

D.C.

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.

India

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.)

USA

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.

Chile

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.

good investment financially -- but in many other ways as well -

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.

verified

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

SBA

Lenny Dominguez

Temuco

S ALVAREZ - Ced

Chris Salo CEO

Ana

Jaime Dominguez

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFI) FUND

U.S. DEPARTMENT OF THE TREASURY

FACSIMILE TRANSMITTAL SHEET

TO:
KATY BUTTON

COMPANY:
OFFICE OF THE FIRST LADY

FAX NUMBER:
456-6244

FROM:
Bill Luecht, Public Affairs Officer, CDFI Fund

DATE:
April 23, 1998

TOTAL NO. OF PAGES INCLUDING COVER:
6

RE:
Per your voice mail message

X URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

Katy-

Sorry I missed you when I called.

Per my voice mail to you, attached is the section of the press release from the Presidential Awards ceremony last year which outlines the various federal programs supporting microenterprise development. It may be a little out of date, but hopefully it will help.

I'll be heading back to the conference this afternoon. I f you have any questions and need to reach me, my pager number is 1-888-617-1851.

Bill

Story of microcredit is the story of individuals women w/ ideas + energy – w/ the aid ~~the~~ tool

FEDERAL PROGRAMS SUPPORTING MICROENTERPRISE DEVELOPMENT

There are several federal programs that support microenterprise development efforts in the United States in addition to the Presidential Awards for Excellence in Microenterprise Development. The following are the primary programs that support these efforts, and a list of the Presidential Award winners who have received funding through these programs. Some of the Presidential Award winners have received funds from other federal sources that are less specifically-targeted to microenterprise development; these programs are not listed below.

U.S. Department of the Treasury

Microenterprise Initiatives
Community Development Financial Institutions Fund

The CDFI Fund is charged through a presidential memorandum with implementing two microenterprise programs. The first is the Presidential Awards for Excellence in Microenterprise Development. The second is an interagency effort to coordinate microenterprise programs administered by the Federal agencies and departments. The Fund will be convening the first formal meeting of the interagency effort in the next few months.

The contact person for the Presidential Awards for Excellence in Microenterprise Development is Jeannine Jacokes, CDFI Fund, (202) 622-8662.
The contact persons for the CDFI Fund's interagency effort are Jeannine Jacokes and Joyce Klein, (202) 622-8662.

Community Development Financial Institutions (CDFI) Program
Community Development Financial Institutions Fund

The CDFI Program makes grants, loans, and other investments in community development financial institutions (CDFIs). CDFIs include community development banks, credit unions, loan funds, venture capital funds, and microenterprise loan funds. In July of 1996, the CDFI Fund awarded $37.2 million to 32 community development financial institutions. Among these awardees were two microenterprise organizations, and several other community development financial institutions that include microlending as part of their community financing efforts.

Two of the Presidential Award winners -- Cascadia Revolving Fund, and ACCION Texas of the ACCION U.S. Network -- have received assistance through the CDFI Program.

The contact person for the CDFI program is Bill Luecht, (202) 622-8662.

<u>Bank Enterprise Awards Program (BEA)</u>
Community Development Financial Institutions Fund

The BEA program provides incentives for traditional banks and thrifts to invest in CDFIs -- including microenterprise loan funds -- and to increase their lending and provision of financial services in distressed communities. In October of 1996, the CDFI Fund awarded $13.1 million to 38 banks and thrifts that participated in the BEA program.

The contact person for the BEA program is Jeannine Jacokes, (202) 566-6640.

U.S. Small Business Administration

<u>Microloan Demonstration Program</u>
Office of Financing

The SBA Microloan Demonstration provides loans and technical assistance grants to intermediaries that make loans of less than $25,000 to entrepreneurs. It also provides grants to microenterprise organizations that provide technical assistance to low-income individuals to assist them in securing private sector business financing. To date, the Microloan Demonstration has loaned more than $68.9 million to microenterprise intermediaries, with no loss to the federal government. There are currently 103 lending intermediaries and 23 technical assistance providers participating in the program. The demonstration period ends this fall, and Congress will be considering the status of this program.

Two of the Presidential Award winners -- the Women's Self-Employment Project and the North Carolina Rural Economic Development Center -- participate in the Microloan Demonstration Program.

The contact person for the Microloan Demonstration Program is Jody Raskind, Office of Financing, (202) 205-6497.

<u>Women's Business Demonstration Program</u>
Office of Women's Business Ownership

The Women's Business Demonstration Program provides three-year grants to organizations that provide assistance to women-owned businesses. Most of the businesses assisted are microenterprises. Fifty-four programs in twenty-eight states and the District of Columbia have received grants to date. The Demonstration received a $4 million appropriation in FY1997.

The contact person for the Women's Business Demonstration Program is Robin Diamond, (202) 205-3850.

U.S. Department of Health and Human Services

Job Opportunities for Low-Income Individuals Program (JOLI)
Office of Community Services

The JOLI program provides three-year grants to nonprofit organizations engaging in demonstration projects aimed at creating jobs for low-income individuals, particularly welfare recipients. The program has funded a number of microenterprise programs, and has been a key source of support for microenterprise organizations placing a special focus on welfare recipients and very low-income individuals. The JOLI program received a FY1997 appropriation of $5.5 million. This enables the program to make ten three-year grants of up to $500,000.

One of the Presidential Award winners, the Women's Self-Employment Project, has received three grants from the JOLI program.

The contact person for the JOLI program is Nolan Lewis, Office of Community Services, (202) 401-5282.

Micro-Enterprise Development Project
Office of Refugee Resettlement

Provides grants to states and public or private non-profit organizations providing microenterprise services to refugees. Targeted refugees are those receiving public assistance, at risk for receiving public assistance, and lacking the ability to secure small loans. The Office of Refugee Resettlement provided over $2.3 million in grants in FY1996.

One of the Presidential Award winners, the Women's Self-Employment Project, has received a grant from the Office of Refugee Resettlement. A second award winner, the Cascadia Revolving Fund, served as a partner and subcontractor to another grantee under the Micro-Enterprise Development Project.

The contact person for the program is Carmel Clay-Thompson, Office of Refugee Resettlement, (202) 401-4557.

U.S. Department of Labor

Self-Employment Assistance Program (SEA)
Unemployment Insurance Service, Employment and Training Administration

The North American Free Trade Agreement legislation gave states the authority to allow recipients of unemployment insurance to pursue self-employment. States that pass enabling legislation can pay "self-employment allowances" in lieu of regular unemployment benefits to dislocated workers who choose to start a business. Only individuals who are likely to exhaust their unemployment benefits may participate, and states are required to provide self-employment training and assistance to unemployment insurance recipients pursuing this option. Ten states have enacted authorizing legislation, six states have implemented the program, and programs are operational in five states. Federal authorization for this program expires at the end of 1998.

The contact person for the Self-Employment Assistance Program is Tom Edwards, (202) 219-6871.

U.S. Department of Agriculture

Rural Business Enterprise Grants
Rural Business - Cooperative Services, Specialty Lenders Division

Rural Business Enterprise Grants help public bodies, non-profit corporations, and federally recognized Indian Tribal groups to finance the development of small and emerging private business enterprises located in rural areas. Grant funds can be used to support the costs of a wide range of business-development activities, including developing and acquiring land; constructing buildings and streets; refinancing; obtaining business technical assistance and associated training; and financing business start-up and working capital.

Two of the Presidential Award Winners -- Working Capital and the Nebraska Microenterprise Partnership Fund -- have received funding from the RBEG program.

The contact for the program is Carol Boyko, Rural Business - Cooperative Service, Specialty Lenders Division, (202) 720-0661.

U.S. Department of Housing and Urban Development

Community Development Block Grant
Community Planning and Development

In the 1992 reauthorization of the CDBG program, microenterprise development was included as an eligible activity. Although only a small proportion of total CDBG funding is used to support microenterprise activities, this is an increasingly important source of funds for local microenterprise programs. For example, many state governments that support microenterprise do so by providing funds out of their Small Cities Block Grant allocations.

Three of the Presidential Award winners -- Cascadia Revolving Fund, the Nebraska Microenterprise Partnership Fund, and the Women's Self-Employment Project -- have received funds through the CDBG program.

The contact for the CDBG program is Ken Williams, Deputy Assistant Secretary, Grants Programs, (202) 401-6367.

Empowerment Zones/Enterprise Communities
Community Planning and Development

The Enterprise Zone and Empowerment Communities program provides incentives to enable communities to enhance economic opportunities within distressed urban neighborhoods and rural areas. Four types of federal incentives are provided: (1) tax incentives; (2) flexible block grants; (3) waivers and flexibility with existing federal resources; and (4) priority consideration for discretionary federal programs. The application for the program required communities to come together to create a strategic plan for utilizing the federal tools. More than 100 Empowerment Zones and Enterprise Communities were designated in 1994 through a competitive application process.

One of the Presidential Award winners -- the ACCION Texas affiliate of the ACCION U.S. Network -- has received funding through the EZ/EC program.

The contact for the EZ/EC program is Julian Potter, Director, EZ/EC Initiatives, (202) 708-6339.

U.S. Small Business Administration

SBA

Fax Transmission Cover Sheet

The U.S. Small Business Administration offers opportunities for all Americans to start, build and grow their own businesses into the 21st century.

To: Christie Macy

Organization: White House

Phone: Fax:

Date: Time:

Number of Pages (including this page): 4

From: Andy Rivera / Loan Officer

Office: SBA

Phone: Fax:

Message:

Note: Be aware fax machines using thermal paper produce an unstable image which will deteriorate. Copy messages onto plain paper prior to filing as a record!

Did you know that in fiscal year 1997 the SBA –

- maintained a guaranteed-loan portfolio of more than $29 billion in loans to 200,000 small businesses that otherwise would not have had such access to capital?
- backed over 49,400 loans totaling a record $10.9 billion to America's small businesses?
- made a record 2,700 investments worth $2.37 billion through its venture capital program?
- provided a record 50,000 loans totaling $1.1 billion to disaster victims for residential, personal-property and business losses?
- extended management and technical assistance to nearly 900,000 small businesses through its 12,400 Service Corps of Retired Executive volunteers and approximately 1,000 small business development center locations?
- assumed a leadership role in the President's Welfare-to-Work Initiative by encouraging entrepreneurship and linking small businesses with potential employees?

Did you know that America's 23 million small businesses –

- employ more than 50 percent of the private workforce,
- generate more than half of the nation's gross domestic product, and
- are the principal source of new jobs?

Call us at 1-800-U-ASK-SBA or visit our website at www.sba.gov

SBA Form 959 (04/98) Previous editions are obsolete.

Microenterprise Briefing Paper
Administrator Alvarez, Chile, April 1998

Domestic Industry

- Domestic microenterprise development sites were established in late 1980's at several independent sites around the country, notably in Pine Bluff, Arkansas, at the Good Faith Fund and Iowa City, Iowa, at the Institute for Social and Economic Development.
- In 1991, SBA entered the field when legislation was enacted establishing the Microloan Demonstration Program.
- SBA Microloan Program goal is to provide access to **credit to those individuals and businesses which cannot access traditional financing institutions** and, to provide **integrated business based technical assistance** to microborrowers.
- Under the program, SBA makes loans and grants to non-profit intermediaries that make microloans and provide technical assistance to very small businesses.
- **In June, 1992, SBA funded its first 37 organizations.**
- Since 1992, SBA has provided approximately $67 million in microloans to over 6,700 microbusinesses.
- Approximately 45% of SBA funded microloans have been made to women, 40% to minorities.
- The SBA Microloan Program filled a gap in rural lending with over 35% of the microloans reported being made in Rural areas.
- Business based **Technical Assistance (TA) is available to all microborrowers** under the SBA program.
- Other domestic funders include the Department of Agriculture, the CDFI fund, private foundations, banking consortiums, state and local government and individual private sector supporters

Domestic Concerns

- **Expansion without sufficient funding for Technical Assistance;** The industry is interested in seeing microloans made available nationwide. However it is concerned that without appropriate technical assistance funding, lenders will be at risk with weakened portfolios and inadequately supported small business owners.

- **Microlending as the panacea for welfare to work;** While the industry has long been active in moving people toward self sufficiency, we must be realistic in our understanding that only a small percentage of welfare recipients are oriented toward entrepreneurship.

HILLARY RODHAM CLINTON
TALKING POINTS
MICROENTERPRISE EVENT
TEMUCO, CHILE
APRIL 18, 1998

- Thank you, Victoria Gonzalez, for that introduction, and thank you and Mayor Castillo for the tour. It's been such a pleasure to come to this mercado today, and to have had the opportunity to visit with some of the women entrepreneurs here who are lifting up their lives, and the lives of their families, through their wonderful businesses. You are all here because you were filled with good ideas, and the desire to take responsibility and to work hard. What you needed were the tools to take those ideas and turn them into businsses. And thanks to the training you got, and the small loans you recieved, you transformed your ideas into these wonderful flowers and crafts and other products that I have just had the pleasure of seeing.

- I've witnessed many examples today here in Temuco of what is being accomplished all across Chile when people work together, at the community level, to open up opportunities for themselves and their communities. I've visited a Mapuche cultural center, where people from the community and the non governmental organizations are working as partners to boost the educational opportunities for their children. And I've visited a health clinic, where the government and the local doctors are sharing resources and medical knowledge to meet the health needs of the indigenous population. And here, I see a successful micro credit project -- supported by public funds and charitable organizations -- that are helping you and so many more out of poverty, and giving you the opportunity to be self sufficient.

- I've had the privilege of travelling to many communities like this around the world, and talking to women like yourselves about how they have changed their lives through these small microenterprise projects. But the story I remember most was from a woman I met in Santiago a few years ago. She told me she worked as a seamstress, but knewshe could be far more productive if she only had a new sewing machine. She said when she got her new sewing machine, she kissed it. She said she felt like a caged bird set free. That was a wonderful image to describe what so many people feel when given an opportunity to contribute to their family, their community, their nation.

- As we meet here in Temuco today, the democratically elected leaders of our hemisphere are meeting in Santiago at the Summit of the Americas. They are discussing how all of their nations can contribute to economic growth and stability of the hemisphere, improve the quality of life for their citizens, and strengthen democracy .

- Among the Summit documents they will be signing is a commitment to strengthen the development of micro and small and medium size enterprises -- particularly for women.

- It calls for three important things that I believe will help all of you. 1) Getting you the training and know how to expand and buildd your businesses. 2) Seeking a lot more money from the World Bank, the IDB, and other bilateral donors to offer more loans to micro enterpreneurs thoughout the Americas. (I know that the IDB plans to boost its lending by $4-500 million, and I can promise you USAID will increase its grants to support microfinance by $120 million over the next 3 years. And 3) A commitment that governments look at their laws and regulations so that microfinance institutions like the Residencias Universitarias Femininas can grow and become banks, and that commercial banks can open micro finance windows that let you in.

- I wish those leaders could be here today, and to see what can be accomplished when people with innovative ideas and determination to do better are given the tools to improve their lives. If these leaders were here in Temuco with us, they would see with their own eyes how right their Summit is to call for expanded micro-credit and greater economic opportunities for women. Because programs like this work. And we need more of them.

- Yet while the government has taken a leading role in these critical areas -- like education, and health, and micro-credit -- that is only the beginning. It's the partnerships we build, here at the community level, that truly transform lives, and fulfill dreams.

- What we see here is what can be accomplished when everyone -- the U.S. Inter-American foundation, the Spanish government's AID program; the non-governmental organizations like RUF and Interned, and citizens like yourselves, all come together to open up opportunities for people to rebuild their lives.

- These partnerships are the building blocks of a better life for the citizens of this community. But they are also the building blocks for an even stronger democracy throughout Chile, and throughout this hemisphere.

- I look forward to hearing from all of you this afternoon. I want to hear you talk about your experiences and the challenges you continue to face in making your small businesses succeed and grow. And I know that in your stories, I will hear the voices of progress, and the hope for a better future. And perhaps I will see the wings of that bird that has escaped from its cage to freedom.

U.S. Small Business Administration

SBA

Championing America's Entrepreneurs

Fax Transmission Cover Sheet

To: Christie Macy

Organization: Office of the First Lady

Telephone: ______ Fax: 202//456-5709

Date: April 23, 1998 Time: 12:01 PM

Number of Pages (including this page): 3

From: Jenny Dominguez

Office: the Administrator

Telephone: 202/205-6684 Fax: 202/205-6230

Message:

As per our earlier conversation, enclosed please find information from the Mapuche woman, one of the ladies Mrs. Clinton visited during her visit to a microenterprise in Chile. I traslated her e-mail and have enclosed both English and Spanish versions. Hope this is useful.

Sanger - 57234

Note: Be aware fax machines using thermal paper produce an unstable image which will deteriorate. Copy messages onto plain paper prior to filing as a record!

Did you know the SBA ...

Has a portfolio guaranteeing over $29 billion in loans to 200,000 small businesses that otherwise would not have had such access to capital?

Guaranteed over 52,700 loans totaling $10 billion to America's small businesses in fiscal year 1996?

Last year extended management and technical assistance to nearly 850,000 small businesses through its 950 Small Business Development Centers and 13,000 Service Corps of Retired Executives volunteers?

Provided more than 38,000 loans totaling $987 million to disaster victims for residential, personal property, as well as business losses in fiscal year 1996?

Has 7,000 private sector lenders as partners providing their capital to small business?

Has increased its venture capital program with more private capital in the past two years than in the previous 15 years combined?

Provides loan guarantees and technical assistance to small business exporters through U.S. Export Assistance Centers in 15 cities?

Can be contacted through the SBA Home Page on the Internet (http://www.sba.gov)?

Can respond to written small business questions through the U.S. Business Advisor on the Internet (http://www.business.gov)?

Did you know that America's 22 million small businesses ...

Employ more than 50 percent of the private workforce,

Generate more than half of the nation's gross domestic product, and

Are the principal source of new jobs?

Dominguez, Jenny

From: CEDM Liwen[SMTP:liwen@entelchile.net]
Sent: Wednesday, April 22, 1998 1:18 PM
To: Dominguez, Jenny
Subject: para Chris Sale

English text translated:

Hello! My name is Soledad Milacura; I am a Mapuche and we met during Mrs. Hillary Clinton visit to Temuco, Ninth Region of Chile a few days ago. On that occasion, I promised to send you information on our microenterprise.

Our organization is called Traditional Mapuche Food and Beverage Wvf Ko (which means water that springs from mapudungun), established in August 1996, through a project for the National Corporation for the Development of Indigenous Peoples (CONADI, from its Spanish acronym) . We are 4 young Mapuche women from different zones and regions. Our main objective in developing this type of enterprise is to market, promote and rescue our traditional Mapuche cuisine through a food and beverage service in authentic tradition. Our proposal arises from a true feeling to maintain alive and project the essential cultural identity of our people, as well as to share our values and culinary expertise with those not of Maphuche origin in view of contemporary intercultural relations, especially for city dwellers. We also endeavor to generate added income for our families without impactiong our culture, and to generate employment and compete with the outside world.

We know that we lack experience regarding business management and administration, and this is why I am very interested in getting in touch with other women working on similar projects. If possible, could you please send me information in this regard on what your administration does.

I greet you once more....

Soledad Millacura Antilaf
Wvf Ko

CEDM Liwen
Centro de Estudios y Documentación Mapuche
e-mail : liwen@entelchile.net
Voz - Fax : (56 - 45) 235 790
Carrera 165, Temuco, Chile

Spanish text as recieved:

Me complace saludarle, mi nombre es Soledad Millacura, soy Mapuche y nos conocimos en la reunion que sostuvo la Sra. Hilary Clinton en la ciudad de Temuco, Novena Región de Chile, hace unos dias atras. En esa ocasion me comprometi a enviarle informacion sobre nuestra microempresa.

Nuestra entidad se denomina **Servicio de Cocteleria y Comida Tradicional Mapuche Wvf Ko** (lease wüf ko, significa agua que brota en mapudungun), nace en agosto del año 1996, a traves de un proyecto presentado a la Corporacion Nacional de Desarrollo Indigena, CONADI, somos 4 jovenes mujeres mapuche provenientes de diferentes zonas y realidades. El objetivo primordial que nos mueve a involucrarnos en una empresa de esta naturaleza es conocer,

rescatar y difundir los alimentos tradicionales Mapuche bajo la forma de un servicio de cocteleria, pretendiendo recrear un elemento cultural propio, de particular importancia y trascendencia. Nuestra propuesta obedece a un sentimiento sincero por mantener vivo y proyectar un esencial valor cultural de nuestro pueblo, busca tambien compartir nuestros valores y conocimiento culinarios hacia el publico no mapuche en el espacio caracteristicos de las relaciones interculturales contemporaneas como lo es la ciudad.
Otro de nuestros objetivos es poder generar ingresos, sin que necesariamente se vea afectados nuestros intereses culturales, generar mano de obra y competir con el medio externo.
Sabemos que nos falta experiencia en lo que se refiere a administracion y manejo de negocios, es por esto que me interesaria de sobremanera si ustedes me pudieran contactar con otras mujeres que estuviesen trabajando con alguna experiencia similar. Si es posible que me envien informacion sobre esto de lo que ustedes manejan.
Le saludo nuevamente...

Soledad Millacura Antilaf
Wvf Ko

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