
The Microcredit Summit

*The
Microcredit
Summit Report*

*We have assembled to launch a global campaign
to reach 100 million of the world's poorest families,
especially the women of those families,
with credit for self-employment
and other financial and business services,
by the year 2005.*

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The Microcredit Summit

February 2-4, 1997



The Microcredit Summit Report

THE HISTORY OF THE UNITED STATES

BY

W. H. CHAPMAN

AND

W. H. CHAPMAN

AND

W. H. CHAPMAN

NEW YORK

1850

1850

*The time has come
to recognize microcredit
as a powerful tool
in the struggle to end
poverty and economic dependence.*



*We have assembled
to launch a global campaign
to reach 100 million
of the world's poorest families,
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A Letter from the Summit Campaign Director

April 1997

Dear Friend of the Microcredit Summit,

On February 2-4, 1997, more than 2,900 people from 137 countries gathered at the Microcredit Summit to launch a campaign to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services by the year 2005.

The Microcredit Summit has generated a great deal of enthusiasm, evidenced by comments like the following:

...one of the most amazing events in which I ever participated.

Margaret Catley-Carlson, President
The Population Council

*...I am awed by the experience I just had, aware of
having been witness to a moment in history.*

Dr. Christopher Dunford, President
Freedom from Hunger

As important as the Summit was in galvanizing attention, the most important questions being asked now are: What happens next? Will there be follow-up activities? How will we reach the Summit's goal?

The Summit process *will* continue, and its success rests on the initiative taken by those who attended the Summit and by those who did not. At the Closing Plenary I said:

The success of the Summit depends on the answer to the question, "What will I do, and what am I committed to enlisting my institution to do?" The success of the Microcredit Summit rests on the seriousness with which each institution develops and fulfills its institutional action plan. Most action plans are due by February 1998. We know that some plans will be late. We know that some action plans will be timid. We know that some action plans will be bold. It is the bold plans and the bold institutions that will remind and inspire the others.

As you read through this report, decide which you will be and then take action. We will publicize some of the boldest plans in upcoming issues of the Summit campaign newsletter.

Sincerely,

Sam Daley-Harris

Sam Daley-Harris
Summit Campaign Director

An Overview of the Microcredit Summit Agenda

Sunday, February 2

Opening Plenary
Council Meetings
Delegation Meetings
Opening Dinner

Monday, February 3

Plenary Session
Meet the Challenge Sessions I
Meet the Challenge Sessions II
Regional Plenaries/National Meetings
Plenary Cultural Event

Tuesday, February 4

Plenary Session
Council Meetings
Closing Plenary

Opening Plenary of the Microcredit Summit

Sunday, February 2, 1997

Excerpted Statements

H.E. Sheikh Hasina, Prime Minister, Bangladesh Co-Chair, Council of Heads of State and Government

As the Chair of the Opening Plenary and Co-Chair of the Microcredit Summit Council of Heads of State and Government, I welcome you to the Summit....

Today as many as 1.3 billion people in different parts of the world are languishing under the crushing burden of hunger, malnutrition, disease and illiteracy. Millions of them do not have adequate shelter over their heads.

Nearly a quarter of the children of the world go to bed every night without food. Against this rather grim background, the Microcredit Summit is a reminder that the international community has neither forgotten nor chosen to ignore the victims of the curse of poverty.

Our purpose as an assembly here is to launch a global campaign to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services by the year 2005. I am here to endorse this goal and offer my full support....

In our careful assessment, meeting the credit needs of the poor is one of the most effective ways to fight exploitation and poverty. There can be no doubt that human beings, however poor, do have the innate capacity to change their fates for the better through empowerment and partnership....



We are here to herald an innovation in banking that has the potential to strike a serious blow to poverty in my country and in countries all around the world. But this is more than a revolution in banking. It is a revolution in empowerment and in building self-esteem; it is a reaffirmation of faith in the invincible nature of human hope and dignity....

Tomorrow morning we will sign the Declaration of Support. I have already signed mine, which I will turn in during tomorrow's ceremony. This Declaration of Support embodies universal support for a tested and viable alternative for a hunger- and poverty-free world.

Each of us must ask what we can do to further this Summit's mission. We must ask what our institutions can do, be they public or private....

For my part, I will be the advocate and goodwill ambassador of microcredit when I meet with other heads of state and government at regional and global forums....I'll meet with the leading microcredit institutions in my country, along with leaders of business and industry, leaders of the academic community and the media, in an effort to chart the next step for Bangladesh toward fulfilling the Summit's goal....I will meet the poor and deprived women and tell them [that] now it will be their time to rise up and share the country's resources....

I hereby commit myself and the government of Bangladesh to this multifaceted global campaign of innovation, courage and determination.

I believe that this campaign will become one of the great humanitarian movements of history. This campaign will allow the world's poorest people to free themselves from the bondage of poverty and deprivation to bloom to their full potentials to the benefit of all—rich and poor.

H.E. Alpha Oumar Konare, President of Mali

When I was requested to come and attend and take part in the Microcredit Summit, I did not hesitate for an instant because this initiative fully meets one of my greatest concerns....How can we once again give hope to the poorest of the poor? How can we help those who must no longer only be talked about in our debates and our discussions—but who want to become players also in our discussions and in our debates?....

Mali finds itself, of course, in a very difficult situation for all sorts of reasons. It is a land-locked country and, therefore, its economy depends on weather and on the access to raw materials. Our population is basically a rural population, and the per capita income is hardly that of US\$ 300....When there are banks they are mostly not accessible to those who have a very low income....

We solemnly declare at the very outset our full support to the objectives of this campaign and our total commitment to do our very utmost so that this operation will be a full success....The faith of Mali in this new possibility is



tremendous, particularly so because it corresponds to the basic principles of our democratic philosophy: to give responsibility to the grassroots people so that they will be able to have in their own hands their own destiny....

In this search for the better well-being of the people of Mali, we want to open every possible door that will lead to increased productivity and better well-being of our people, the well-being of Africans and that of every citizen of the world. We therefore fully support the collective efforts that need to be carried out to overcome poverty throughout our planet, and that is the reason why we reassert today that we are fully available to have an open dialogue, to share our experience, and to cooperate closely with all the organizations and all the microfinance community and institutions which wish to make progress in this direction....

We must not be pessimistic....I have full faith in the international community – as long as it takes on board fair, straightforward struggles....We do not expect solutions coming from the outside. What we expect from our partners in development [is] the impetus that you can all give us so that the people can carry on the projects themselves. If people are convinced that nothing will happen in Africa, that nothing will improve, that nothing will move, then we are condemned ahead of time and we will achieve nothing. But, on the contrary, if there is dialogue, full respect, and if you try to promote what we wish to achieve, then we will reach dignity and self-respect for all of us....

We believe in the moral strength of the very poor, and we believe that the rich are also willing to help the poor, and because we have faith in this we have tremendous hope in this Summit – that it will serve as a paradigm, as a model for the future, so that in the 21st century, this challenge will be not only to help, but to help people help themselves over and beyond borders....

H.E. Yoweri Kakuguta Museveni, President of Uganda

I think that there are six causes of poverty in the Third World. Cause number one is the concept of how to fight poverty itself....Uganda, for instance, produces a lot of coffee. This coffee is produced by small-scale farmers. Uganda as a country gets a considerable sum of money from coffee and this coffee is an aggregate of small crops from many farmers, but each of the individual farmers gets very little for himself...because coffee is a low-priced commodity....

In order to rectify this, we in Uganda have thought of three things. First of all, food security for the farmer himself. He should grow food for himself to eat. Secondly, we think that there should be two strategies....The big-scale and



medium-scale farmers can grow any crop. They can grow low-value crops; they can grow high-value crops – since they are growing them on the large scale, because of scale production, they will be able to make profit. But for the small farmers, I would like them to grow their own food for food security, but also grow high-value crops, rather than low-value crops....

The second [problem] is of land fragmentation. Land is fragmented to very small pieces, which is not economic. This is because of wrong inheritance practices. The third cause of poverty is lack of roads....There is a lot of confusion. I see a lot of people coming there who [are] engaged in poverty alleviation....I don't talk of poverty alleviation, I talk of poverty elimination.

The other constraint for the farmer is lack of processing capacity. If he produces tomatoes but they are not processed, then the man will remain poor. If he produces milk which is not processed, then the man will remain poor. Whatever he produces must reach the market. To reach the market in good condition, it needs some processing. This can be provided by private people through privatization, it does not have to be done by the government....

Eventually this is the problem of markets....We have got protectionism in Europe. We have got protectionism in America....Uganda can produce any amount of food you want, but where is the market?

Another problem for poverty elimination in the past in Uganda has been the lack of liberalization, the restrictions on the farmers. One day...my bureaucrats [came] and said there is a big problem...Kenyans are taking a lot of food from Uganda. "How are they taking it?" [I asked]. They said, "They are buying it from the farmers." I said, "They are buying it? Oh, I thought they were robbing it....If the Kenyans are buying the food, then what is the problem?" But they wanted to control our farmers so that they don't sell to whoever they want to sell to, so that they only sell to the Uganda business dealers in food. But we have given freedom to the farmers. They can sell wherever they want to sell their food....

Now for the towns, I think lack of skills...is the big problem, lack of education. So far in Uganda, we have announced universal education. We advocate vocational education. Then finally...once you have got all this in place, you can talk of credit.

H.E. Pascoal M. Mocumbi, Prime Minister, Mozambique

I represent a country where more than 50 percent of the population live below the poverty line. Microcredit is an essential part of assisting the poor. Therefore I welcome this timely initiative....whose goals and objectives will allow many of the world's poor to free themselves of the bondage of poverty and build a better life for their families.

The Summit is taking place at the most opportune time – when my country is in the process of consolidating peace and stability after decades of war....These efforts must be complemented by sustainable economic, social and human development....



The different systems of microsavings and microcredit, of secular tradition in Mozambique, are similar to those which can possibly be found in other societies....Within the framework of offering employment opportunities, and in the spirit of restoring individual initiatives, projects of microcredit moderated by state banks were launched. Such loans were granted to unemployed peoples or those recently trained....The general results did not correspond to our expectations, indicating the need to improve the system. With the end of emergency relief programs appealing for sustainable actions, the initiatives for community-based microcredit, especially in the rural areas, multiplied. Networks of small savings and short-term loans were fostered. Consisting of ten to twenty members each, the majority being women, the rate of loan reimbursement was

90 percent – despite the interest rates being higher than in the formal systems. The level of savings are growing, reducing dependence on external financial injections. Visits by promoters of the microsavings and credit are also used to discuss themes concerning mother and child health and nutrition, emphasizing essential preventive measures.

The ongoing experience of more than three years allows us to affirm that when the disadvantaged have access to small amounts, they can organize themselves into associations of savings and loans. These experiences are starting to attract the attention of the formal financial system and are seen as sources of new initiatives of the private sector, especially to those who provide services in the rural areas. The government program emphasizes the promotion of systems which combine microcredit with microsavings at the community level, associated with human development and improvement of health status....

We are here to endorse the goals of the Summit and offer our committed support. We are equally here to support the Declaration and Plan of Action which we are about to sign because we believe that this plan places significant

importance on creating viable institutions which permit the poor to work [their] way out of poverty with dignity. We take this opportunity to make known our commitment to these extraordinary efforts to eradicate poverty and to the campaign launched at this Microcredit Summit.

I wish to end by underlining my government's determination to do all it can and cooperate with anyone who has the welfare of the poor at heart, to make the vision and goals of this Summit a reality. The success or failure of the Summit will depend on the commitment of all of us in fulfillment of its goals.

H.E. Alberto Fujimori, President, Peru

I believe that our countries' greatest chance to create wealth and progress lies in the pride and courage of our smallest entrepreneurs, those self-made men and women who turn adversity into hope...



Millions of citizens in our countries, of which Peru is but one example, have made what I call "ant-scale investments." Their small savings and earnings have been invested in microbusiness and self-construction. In Peru, informal "ant-scale investments" just in home-building total US\$ 20 billion.

My government is responding to this reality. These capital investments from low-income Peruvians are frozen, because the homes they build lack property titles. And their legitimate owners cannot use their properties to provide credit collateral.

To overcome this barrier, we have devised a program to title informal property....Our goal is to register one million titles by the year 2000, thus reaching out to 6 million people, or one-fourth of all Peruvians....

Formerly, villagers had to walk for miles from their towns and wander in the bureaucratic jungle wasting their time and money. Obviously, they chose to dodge regulations. Now our titling teams reach the remotest towns, draw the settlement plans and, after thorough surveying, they award property titles. Life in the human settlements will never be the same. Unable to produce their homes' property titles, unable to pass them on to their children, or mortgage their property to obtain a loan, our own citizens were treated as second-class....

The government of Peru is about to launch MIBANCO, a credit and financial institution especially geared at supporting and promoting growth for low-income entrepreneurs, energizing a vital sector of our economy. This initiative will dramatically boost microcredit in our country....

We are committed to ensuring the appropriate environments that will attract private investment willing to serve this dynamic and thriving market of small

producers. Private capital can make MIBANCO a solid bank that will live and last beyond successive administrations and allow millions of Peruvians to defeat poverty....

Government is playing here an exclusively promotional role, as fits a modern state that strongly believes in free and open markets, but at the same time is concerned with creating opportunities for all. And in this effort the private sector must be actively involved. Few microfinance institutions in the world today rely primarily on private capital. That is our challenge and our commitment. My intention is to learn from the best microfinance experiences in the world and bring forward Peru's contribution to achieving the noble objectives of this Summit.

H.M. Queen Sofia, Spain
Honorary Co-Chair, Microcredit Summit

The success of microcredit programs has turned credit into an incredible leverage of economic and social progress which has enabled the recovery of rights which seemed to have been forgotten. These facts have a special merit and are an example to us all, but they achieve their true meaning and great value by being a model, a paradigm in the fight against inequality....



We are all, in principle, responsible for the success of the Summit's objective....In order to contribute to this noble cause, and within the scope of my foundation, I have had the pleasure to sign agreements in recent months with UNICEF Spain in order to implement development programs through microcredit in a rural area of Peru—agreements I wish to extend in the future to other needy areas of other countries....

We are convinced that poverty is the denial of every human right and its eradication the speediest way of bringing down the invisible barrier which isolates the most deprived from the rest of the world. And this is the best homage we can render to the millions of men and women

who have set their expectations on this Summit, which I hope shall be known in the future as the summit of justice and solidarity.

**Tsutomu Hata, Former Prime Minister, Japan
Honorary Co-Chair, Microcredit Summit**

To reduce poverty we must increase the overall economic pie. In other words, economic growth is important. This is unquestionable.... Nevertheless, economic growth is not a sufficient condition for eliminating

poverty. We even see that in some areas where economic growth is sustained that the gap between rich and poor is even widening....



Microcredit is an effective means of providing the poor with a way to obtain the benefits of economic growth. Normally, access of the poor to the means of production, including credit, is a major restraint, and it serves to hinder their own participation in economic growth. Microcredit, by alleviating the restraint on credit, attempts to create a mechanism by which people can escape poverty with their own hands. The effect on reducing poverty is explained eloquently by the many success stories.

It is in awareness of this that, in my country, we have started providing yen-based loans to the Grameen Bank [and others] and such assistance is growing steadily. Nevertheless, the aid for microcredit in Japan is still just beginning. I intend, hereafter, to advocate the importance of

microcredit to government and the private sector....

Microcredit is a relatively new system and still has many areas that are not perfect. In order for microcredit to serve as a truly effective means of reducing poverty and to develop and to spread, many issues need to be addressed, including: capacity building, improving the systems side of both donors and recipients and, furthermore, raise the awareness of the recipient so that funds can be raised effectively....

With the new friends who have gathered here at this Summit with the same goals in mind, we will be able to make progress towards this goal and achieve our objectives.

**Prof. Muhammad Yunus, Managing Director, Grameen Bank
Co-Chair, Council of Practitioners**

This Summit is to pronounce goodbye to the era of financial apartheid. This Summit declares that credit is more than business. Just like food, credit is a human right.



This Summit is about setting the stage to unleash human creativity and the endeavor of the poor. This Summit is to guarantee every poor person the chance to undertake responsibility to establish his or her own human dignity.

This Summit is to celebrate the success of millions of determined women who transformed their lives from extreme poverty to dignified self-sufficiency through entering into microcredit programs. This Summit is about creating opportunities for 100 million [of the world's] poorest families to follow the footprints left behind by these successful, brave women.

This Summit is not a fundraising event. This Summit wants to inspire the world by putting together all the good news we have created around the world during the past years. This Summit wants to build will, wants to build capacity, wants to end poverty in the world.

Only one hundred years back, men were still struggling to find a way to fly. Many people seriously thought, "Men will never fly." Those people who were committed to the idea of flying were looked at as crazy people. In 1903, the Wright brothers flew their first plane. It stayed in the air just 12 seconds. It covered 120 feet. At that moment the seed of a new world was planted. Only 65 years later, man confidently went to the moon, picked up moon rocks and returned to the world...

In the microcredit field, we are just flying our Wright brothers' plane. We are covering 120 feet here, 500 feet there. Some find our plane unsafe, some find it clumsy, some find it not good enough for the job. We can assure you we'll soon fly our Boeing, our Concorde; we'll be ready with our booster rockets...

We believe that poverty doesn't belong to a civilized human society. It belongs to the museums. This Summit is about creating a process which will send poverty where it belongs—the museums...With the energy I feel in this room, I feel more confident than ever that we will make it.

H.E. Dr. Siti Hasmah, First Lady, Malaysia

Under the patronage of Her Majesty Queen Fabiola of Belgium, the International Steering Committee on the Economic Advancement of Rural and Island Women (ISC) is an advocacy group consisting of 15 committed First Ladies and Wives of Heads of Government...The primary objective of the ISC is to help alleviate poverty among the rural women and their families....

Undoubtedly, among the serious problems faced by rural women today are the levels of their education; their access to food, shelter and safety; their access to medical and health services; and their access to productive resources, in



particular credit and other financial services....Women's access to financial services is made even more difficult by problems such as gender discrimination, despite the fact that women have shown themselves to be creditworthy....

We at the ISC are convinced that microcredit programs are a powerful tool to help uplift the standards of living of the rural and island women and in moving them and their families out of the grips of perpetual poverty....

The ISC fully supports the goals of the Microcredit Summit and gives its pledge and full commitment to ensure the success of this noble cause....As an advocacy group we will continue our work at national and international levels and in ensuring that microcredit programs implemented do reach out to include women...At the regional level, the members of the regional steering committee are encouraged to initiate microcredit programs if they have not done so, or to strengthen and expand their programs to meet the

Summit's [goal]....Progress reports and follow-up activities on microcredit programs will be presented at the ISC Asia-Pacific meeting to be held in Malaysia at the end of 1997....

We hope to encourage member countries to embark on the national plans to facilitate training on microcredit programs....I hope this Summit will achieve great success. The ISC supports you....

Sen. Rino Serri, Under-Secretary of State Ministry of Foreign Affairs, Italy



Italy, some time ago, has established new priorities for its own cooperation development which gave priority both to the fight against poverty and aid to employment and production....

Microcredit is closely linked to the concept of microentrepreneurship. This concept represents, in turn, the first step of the bottom-up process which is both a symptom and a guarantee that a true and vital economy in the production sector will be successfully implemented....

Microenterprise is one of the most efficient tools to combat poverty. Nevertheless, according to World Bank statistics, only 2% of microentrepreneurs in developing countries have access today to any financial services.

We must make any effort to guarantee a genuine right of access to credit.

**Huguette Labelle, President,
Canadian International Development Agency
Co-Chair, Council of Donor Agencies**

We all know perfectly well that access to credit can change the very image that a poor person will have of himself or herself, will enable the fulfillment of that person, and will immediately increase his or her productivity and his or her standard of living....



In past decades immense energy has been deployed to fight fiscal deficits. Let's deploy as much energy today to deal with a human deficit, to rid ourselves of this cancer that poverty represents....

As donors, we want to be effective, and microcredit clearly brings benefits to the lives of the poor: new economic vitality for communities, better income for the poor, a boost for the private sector and civil society at the grassroots levels and, above all, greater well-being for families in greatest need....

If we can indeed give 100 million of the world's poorest families, especially women, access to credit for self-employment by the year 2005, we will have made a very big dent in the job crisis. We will have shored up the world's families. We will have boosted productivity, eased shameful inequity, and come a long way in liberating human potential.

**Robert Shapiro, Chairman, Monsanto Company,
Co-Chair, Council of Corporations**

All of us can look backward in time to a generation of our own ancestry who struggled simply to sustain themselves and their children. Poverty is our common ancestor....

We all know that taking that first step – on that first rung on the ladder of economic opportunity – is the hardest step of all and the most critical event on the history of our families....It is clear from the experience of millions around the world that access to capital is certainly part of the answer....

Together we face some unprecedented challenges. With the inexorable growth of the world's population, we face intolerable growth in the gap between rich and poor – a gap that will surely be filled with violence and disease and social and political chaos....Needless to say, that sort of world would be calamitous to all human activity – and not least for that particular



human activity we call productive work, which in the aggregate constitutes the global economy on which we all depend.

For poverty is not only a moral tragedy....It is also a tragic waste of the fundamental human potential to produce and contribute. And even from the narrowest perspective of economic self-interest, the people in economies like ours know that as families emerge from poverty, they can become our customers, our suppliers, our partners. They can educate their children, and they can create the kind of future we want our children to share....

The opportunity at this Summit for companies like ours to learn more about the potential role of microcredit in helping families escape poverty is therefore enormously valuable to the people who make up our company. And we are eager to put what we learn into practice....

***Ela Bhatt, General Secretary,
Self-Employed Women's Association
Co-Chair, Council of Practitioners***

If the poor are to share in the economic growth of their countries, their countries must commit adequate resources to help build the institutions that serve the poor. And the poor must be empowered to participate actively in these institutions and in the economic growth of their countries. Without the active participation of the poor, and especially poor women, poverty will not be reduced.



The poor want access to credit, not subsidies. They want rapid, reliable, continued access to financial services. They borrow small amounts, but these tiny loans have a huge impact. Ask any of the poor entrepreneurs and producers who are with us today to tell us the difference a small loan can make in their lives and in their work. The poor use their loans for a mix of enterprise and family needs. And, they have learnt to manage this mix and still maintain their high repayment rate.

But, more than credit, the poor want ownership of productive assets. Building assets in the hands of the poor means that financial institutions serving the poor must place

more emphasis on savings instruments, the integration of business development services into credit programs...and the introduction of social insurance arrangements such as insurance for health care, child care, and shelter....

Banks need to become more involved with microenterprise through providing direct services and through support of microenterprise organizations that already serve the poor....Commercial banks need to undergo significant changes in their attitudes toward the poor. They need to change their structures and lending technologies if they are going to play a major role in providing financial services to the poor....

I urge governments, policymakers, and financiers to provide committed support to poor peoples' organizations. Do not treat them as projects; instead, integrate them into the financial sector that you yourself belong to.

Federico Mayor, Secretary General, UNESCO

Microcredits provide those deprived of wealth and opportunity with the financial tools for self-reliant development. In the absence of capital and collateral, they enable creative potential to fructify in a social setting. They nurture development at its roots, at the local level, within a neighborhood setting, in a unique cultural context....



This Summit is a measure of how far the microfinance concept has borne fruit worldwide in different forms and settings. The challenge before us now is to identify ways and means of boosting its impact on poverty alleviation by extending microfinance services to the 100 million poorest families by 2005 and by ensuring that they bring lasting benefits in the form of sustainable livelihoods....

If we are to build on the remarkable achievements so far, microfinance must be complemented by supporting programs in the fields of education, health, and other essential services...This is the aim of a cooperation agreement that UNESCO signed with the Grameen Bank in September 1995. Current cooperation under the agreement includes designing a basic education program tailored to the needs of Grameen borrowers and their families, and advising on the provision of cellular telephones to rural women in Bangladesh and on the exploitation of solar and other forms of renewable energy....

UNESCO identifies strongly with the goals of this Summit and would hope to contribute significantly to its Plan of Action....

***Dr. William Vendley, Secretary General,
World Conference on Religion and Peace
Co-Chair, Council of Religious Institutions***

How can religion respond to the challenges of extreme poverty?....
[E]xtreme poverty can be changed. And when we have the capacity to change something, the moral responsibility to change it follows. To the degree that we can change the reality, the moral onus follows in parallel....



Each religion is now challenged, at the present moment in time, to examine its own living core, its deepest moral sense and memory, in what it has to do in relationship to 100 million people being in extreme or dire poverty....

Religions are challenged to operationalize their own communities' assets....By no means do I restrict my comment to the issues of money. Our communities are challenged to use their imaginations....their abilities to gather people, to convene, to organize at local, national, even international levels....

Religions, all of them, are challenged to cooperate...to learn to speak a common language so that when we deal with an issue of poverty of this size, the actual moral dimension of this problem comes forward....

Religions are challenged to cooperate as they operationalize their care. We need to see the interaction between banks, between government, and between the ability of religious communities to organize....

***Michael Chu, President, ACCION International
Co-Chair, Council of Practitioners***

Some months ago, in a house off an unpaved mud road in Santa Cruz, Bolivia, I visited Doña Teresa, a woman who four years ago borrowed US\$ 125 to sustain one oven doing what she knew best: baking bread. Four years later, she has four ovens operating around the clock on three shifts, and employs 17 people—plus a couple of kids that deliver her bread on bicycle....Her pride is her business and her ten-year old son who is flourishing as a full-time student....

What is truly revolutionary is that the vanguard of microcredit has proven that this activity of enormous social impact can be managed to achieve



economic viability. A program dedicated to the poor can grow to the point of paying for all its costs, capital included....

If the promise to pay of the Doña Teresas in the shanty towns of this world could back a piece of paper that is purchased by an investor in the most sophisticated capital markets of our planet, then I think many of you would agree that the goals of this Summit are close at hand....

The most wonderful fact is that this has already occurred. Certificates of Deposit of an entity solely dedicated to microfinance in Latin America have been sold to financial investors in the United States....

So that is the reason I think today is a historic day and why we pledge to increase the US\$ 1 billion the ACCION network has lent in the last five years by US\$ 11 billion between now and the year 2005. And that the ACCION

Network will take its coverage of 275,000 active clients in 1996 to two million by the end of the year 2005....

**Connie Evans, President,
Women's Self-Employment Project
Co-Chair, Council of Practitioners**

Collectively, we represent what can be a glorious future with our voices and our vision. It is a vision for a global movement whereby poor families, especially the women in those families, are joined by practitioners, CEOs, Presidents and Parliamentarians, advocates from all disciplines and walks of life, to eradicate poverty. A global movement whereby microcredit, microfinance, and microenterprise are supported and fostered.



As practitioners we must develop—and continue to develop—programs that directly and profoundly empower people to help themselves. We must develop and manage sophisticated data information systems so that we can strategically share best practices and avoidable mistakes. We must develop human and financial resources to sustain the best programs. We must hold accountable all those responsible for the management and administration of our governments....And, most importantly, we must incorporate our clients into decision-making positions in our institutions, our communities, and our governments....

Be renewed, be assured, have courage, and let's all be bold. Embrace the goal of the Microcredit Summit. Speak loudly and proudly of our task to reach 100 million of the world's poorest, especially the women, with all the tools of microenterprise....Give your voice to the vision and make your commitment to the Declaration and Plan of Action.

***Eduardo Pablo Amadeo,
Secretary for Social Development, Argentina
Co-Chair, Council of Domestic Government Agencies***

To defeat poverty, good will and a generous heart are not enough. The problem is how to do it....

One way of operating that needs to be discarded is to have actions from the top downward, with a charitable state that gives and poor people who receive....Such a policy denigrates human beings and perpetuates poverty....It cancels people's ability and willingness to build their future themselves.



My friends, the government of Argentina commits itself to support the cause that has brought us together today. And this is why I would like to announce to you the decision of President Menem to establish a trust fund for the development of microenterprises. It will be co-administered by the government and community organizations and will assure access to credit for the poorest through an alternative financial system based on the community itself following the best practices that have developed and which all of you will be discussing.

The initial financial resources for this trust fund in the amount of US\$ 60 million have been committed, and we hope to be able to improve our plan of action as a result of our discussions during the course of this meeting.

***Ismail Serageldin,
Vice President, The World Bank***

Consider the paradox of our times. We live in a world of plenty, of dazzling technology and enormous prosperity. Capital markets transact over US\$ 1.2 trillion a day, enough to buy and sell the entire U.S. economy in a week....Yet economic uncertainty and tragic poverty remain the lot of most of humanity....



Inequalities are growing within countries and between countries. The richest 20% of humanity have more than 80% of the world's income. They are 60 times as rich as the poorest 20%....This is, more than ever, a time for a coalition of the caring. This Summit...is the birth of that coalition, the beginning of a movement to curb extreme poverty and abolish its corollary, hunger.



The World Bank will do its part in promoting the enabling regulatory environment, in financing wholesalers where appropriate, in joining with others to promote sound standards and best practices primarily through the Consultative Group to Assist the Poorest (CGAP), and working with the private sector, primarily through the International Finance Corporation (IFC), to build bridges between the commercial sector and the micro-financiers who actually are where it counts. And we pledge ourselves to work with all others in the unremitting battle against poverty.

There is no time for complacency; the time for action is now. Our goals are reachable. It must be done. It can be done. It will be done.



Presidents Alpha Oumar Konare of Mali and Alberto Fujimori of Peru and former Prime Minister Tsutomu Hata of Japan share a light moment

Opening Dinner of the Microcredit Summit

Sunday, February 2, 1997

Excerpted Statements

*Jack Litzenberg, Program Officer,
Charles Stewart Mott Foundation*



Mott believes [that] at a time when there are few open doors for low-income communities, microenterprise development is revolutionary in that it offers a simple and effective entry....

And while microenterprise development so clearly echoes the economic forces facing low-income communities, perhaps its real genius lies in its simplicity. For self-employment suggests a set of small but achievable steps forward into our new economy.

In summoning people to match their talent and labor with small amounts of credit, microenterprise development meets low-income communities where they are in producing new opportunities to create work, income, and assets, thereby affirming human worth and dignity. Most importantly, it delivers what it promises in a world where that maxim is rare.

**Paul Ostergard, President,
Citicorp Foundation**



Everyone in this room is a banker, because everyone here is banking on self-employment to help alleviate poverty around the world.

Citicorp's experience with microcredit goes back around 20 years. What began as a philanthropic grant has become a much more business like arrangement with microcredit lenders....In 1995, we committed US\$ 10 million to a new program to help expand the microcredit movement and draw it closer to local capital markets....

Tonight I'm happy to announce that based upon the work we have witnessed today, Citibank will commit another major grant to the Summit campaign, to move this work ahead over the next nine years, and to match the commitment all of you are making to its success.

**Juan Somavia,
Permanent Representative to the UN from Chile**

Poverty eradication can be accomplished, provided we marshal our policy instruments and available public and private resources in that direction.



Because the world does not lack resources – it lacks the right priorities. We are all personally committed to action. That's my feeling of why we're here. The first [action] will be to sign the Summit Declaration of Support tomorrow. With this act we acknowledge and assume our responsibilities. We are prepared to exercise leadership.... We do not want to be judged by the beauty of our words, but by the strength of our actions and the effectiveness of our policies in the multiple spheres of influence represented by those gathered here tonight....

We all believe in microcredit as an instrument for social change. Not as a panacea, but as a new and already tested tool for discovering new solutions to an old and intractable problem. Helping to eradicate poverty by promoting entrepreneurship through increased access to credit by those living in poverty is truly a path-breaking idea. What I like most about microcredit is that it builds on age-old human

instincts: the need to believe in ourselves and use our imagination, to dare, to take risks, all in pursuit of the most worthwhile of all causes—the advancement of your family, yourself, and your community. It is not just about increasing personal financial resources; it is about self-respect and human dignity. Self-employment is maybe the ultimate expression of social and economic self-reliance.



A member of the *Kantouran African Dance Company* ignites the crowd with his dynamic drumming



The *Bangladesh Cultural Group* entertains guests at the Opening Dinner

Monday Morning Plenary of the Microcredit Summit

Monday, February 3, 1997

Excerpted Statements

Robert Rubin, Secretary of the Treasury, United States

President Clinton has long advocated improved capital access as a critical step in helping to bring the poor of the world into the economic mainstream. In 1992, when he was running for president, then-governor Bill Clinton advocated a nationwide system of development banks. When he was elected, we enacted legislation in 1994, and since then have begun the implementation of that legislation with the first grants for a true nationwide community development bank program....Just last week [President Clinton] presented the first annual Presidential awards for excellence in microenterprise to seven institutions that represent the cutting-edge and best practices in this field....



Government, in our view, has a critical role in creating an enabling environment for the development of microenterprises and the conduct of small businesses....

The President [of the United States] believes very strongly, and so do I, that bringing the poor of the world and the poor of [the United States] into the economic mainstream is important not only for them, but it's absolutely critical for all of us—no matter where we live or what our incomes may be—if we are going to have a healthy world economy and a healthy world society....

Carol Bellamy, Executive Director, UNICEF

Poverty reduction is perhaps the most important challenge facing the international community as we approach the twenty-first century. Microcredit enterprises are remarkably successful in helping families to improve their lives and the lives of their children....



UNICEF has initiated and supported small savings and loan programs in several countries....This field experience has demonstrated that small loans, combined with greater access to basic social services, can reduce poverty faster than when microcredit is provided alone....In Viet Nam, for example, we found that 97 percent of the borrowers sent their daughters to primary school, against only 73 percent of non-borrowers. Access to small loans and basic social services are two sides of the same coin.

UNICEF intends to: integrate microcredit into UNICEF programs...where lack of access to small loans is identified as a key obstacle in improving the situation of women and children; continue to work with communities, NGOs and governments to stimulate national efforts to expand microcredit for women; advocate for the allocation of adequate resources to the two areas that are key to reducing poverty, access to small loans and to basic social

services;...and monitor and evaluate our own support to microcredit to improve its effectiveness and efficiency and contribute to the dissemination of best practices....

UNICEF supports the objectives of the Microcredit Summit, and we are delighted to join hands with all to help achieve them.

**Dr. Nafis Sadik, Executive Director,
United Nations Fund for Population Activities**

The United Nations Population Fund, which I represent, fully supports the goals of the Microcredit Summit, and we will be very happy to sign the Declaration....

Even today, most societies—particularly in the developing world—take it for granted that women will depend economically on men....This perception must be challenged and changed if women are to develop to their own full potential. Women as well as men need to be empowered to have control over their own lives, including both their productive and reproductive lives. Providing women with economic opportunities is a critical part of this process....



Experience around the world shows that microfinance is an excellent means, although certainly not the only means, of expanding women's economic opportunities, thus allowing them to exercise greater control over all aspects of their lives....

These self-employment programs can have considerable impact simply by involving women in informal social interaction with other women, including inducing very important changes in behavior—such as women individually exercising the right to reproductive decisions.

Since 1982, UNPFA has supported a number of activities combining provision of reproductive health services and information with micro-financing activities....

These experiences confirm that the benefits of individual control over reproductive life and economic life reinforce each other. Improving individual livelihoods, while also ensuring access to reproductive health and information, enhances women's self-esteem, their confidence, their participation in political and community life, their decision-making power, and their position in the family....

***Nancy Barry, President, Women's World Banking
Co-Chair, Council of Practitioners***

If sometimes we sound evangelical, it is because we are trying to change the world....We have a daunting challenge....



We need to build on the existing microfinance institutions that are operating in Africa, Asia, Latin America, North America, and Eastern and Western Europe. We as practitioners need to be sure that we have moved firmly beyond the feel-good phase to recognizing that we are in the business of social change. We need to build partnerships, alliances, and we even need to create our own competitors if we are going to reach the 100 million goal. Secondly, new institutions will need to join this movement. And those will be multi-purpose NGOs, they will be grassroots women's groups, and my hope is that a large number of mainstream financial institutions will join this movement....

We in the microfinance practitioner community can tell you how to do well by doing good. We cannot tell you that it is easy....It will require tremendous innovation. It is not just by replicating what we do; it will require consumer lending technologies combined with community outreach....

We as the practitioners are here to create an asset transfer, to give poor people a voice, and to build the recognition that these are the most courageous, innovative, and entrepreneurial people on earth, and they deserve our support.

**Noeleen Heyzer, Executive Director, UNIFEM
Co-Chair, Council of UN Agencies**

I was told many years ago that it is through small steps and little pushes that we create the larger momentum for change. But even to take those small steps and little pushes, for very many women means, in the words of a poet, to "defy the gods and defy the odds" so that they can sing their song. This Summit is a celebration of women's song....



The journey to this Summit has been a long one. Many of you have been involved in supporting alternative financing schemes for nearly twenty years....UNIFEM has been proud to be a partner in this process...We facilitated the formation of The International Coalition on Women and Credit, which consists of 32 of the world's leading groups and 200 affiliated organizations....

We have learned that participation in credit schemes can be a pathway for women to greater civic participation and engagement in the public sphere....We have learned that access to credit allows women to lift themselves out of poverty, powerlessness, and vulnerability....We have learned that when women gain sustainable livelihoods, the health, nutrition and education of other members of the household, especially children, improve at the same time...We have learned that by increasing women's access to credit, we are defying gender stereotypes on access to productive assets and opportunities....

Instead of just bringing women to struggle against the mainstream, or admit them as part of the economic mainstream, [the goal is] really to use them to change the economic mainstream. Women can play the lead in transforming businesses so that they become ecologically and socially accountable.

**J. Brian Atwood, Administrator,
U.S. Agency for International Development**

We're absolutely committed to trying to lead this international revolution so that we can have some impact on the extreme poverty that haunts our earth. We of course support your goal of trying to reach 100 million of the



world's poorest families in the next nine years. We think this is ambitious, but we know it can be achieved....

And it must be done when you consider that there are 1.3 billion people living in extreme poverty. The international donor community has pledged to cut that number by one-half by the year 2015. That is a very ambitious goal, and without microcredit financing, that goal will not be realized....

We have to measure results, and we do it often through quantitative means. We do it by looking at the amount of the loan portfolio that banks and organizations have been able to sustain...by looking at the amount of the loans and the number of the loans....and of course we look at the payback rates....

But I have my own evaluation system....What I try to do is to look into the eyes of the people who are building a new life with these loans....When you see the effect of these programs through the human eyes of the persons that are affected by them, you know that they are changing the face of poverty. You know that they are empowering people. And you know that they are working.

**Fawzi al-Sultan, President,
International Fund for Agricultural Development
Co-Chair, Council of International Financial Institutions**

Access to even small-scale deposit and credit services, together with other productive services, can work something close to miracles. Our experience, in a variety of conditions across the developing world, underlines that the rural poor are really bankable....

We must nonetheless keep in mind not only the benefits but also the limits of microfinance as a tool....It is not enough by itself to ensure sustainable development for the rural poor. The poor equally need access to better technologies, to health and education services, to fair markets and adequate infrastructure....

Throughout our efforts we must make sure our work addresses the real needs and priorities of the people we want to serve. We also need to be realistic about the capacity of the microfinance providers themselves....Banking with the poor requires good management ability, especially in controlling the costs of operation and in assessing risks....

And finally, we have to make sure the financial sector as a



whole is set up to support our efforts....Interest-rate structure, monetary policy, and requirements for registration and reserves can make or break microfinance providers....

To help achieve [the Summit's] goal, IFAD is committed to allocating up to 30 percent of its loan portfolio, or about US\$ 125 million a year, to promote financial services to the poorest....

We will integrate the microfinance strategy into our overall program planning and work with others, wherever possible, to further the Summit Action Plan....

Richard Child, President of the Latin American Region, MasterCard International

I speak for all of MasterCard when I say that we are most pleased and privileged to be among you. We are especially pleased to pledge our commitment to microcredit's mission....



MasterCard International...is a network of 22,000 financial institutions around the world. Our commitment to microcredit is to become a catalyst to the commitment of our members – to ignite the commitment of others.

MasterCard's corporate social responsibility mission is to educate and prepare tomorrow's world citizens for economic participation in their communities. Our mission clearly supports microcredit's efforts of reaching 100 million of the poorest families by the year 2005....

MasterCard University is our global education program targeted to our members. We will provide financial institutions [with] educational materials to facilitate their entry into microlending. MasterCard University will establish a depository of best practices in microlending so that vital knowledge can be transferred from one market to another.

As our involvement increases, we look forward to learning from and working with you to achieve the Summit's goal – to eradicate poverty. We are proud to be among the leaders launching this great endeavor.

Hillary Rodham Clinton, First Lady, United States Honorary Co-Chair, Microcredit Summit

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.

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.

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.

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

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 rebounds to the benefit of the entire community and creates fertile ground for democracy to live and grow, because people have hope in the future.



Tuesday Morning Plenary of the Microcredit Summit

Tuesday, February 4, 1997

Excerpted Statements

***Bella Abzug, President,
Women's Environment and Development Organization
Co-Chair, Microcredit Summit Council of Advocates***

What this summit is addressing goes to the heart of the need for social, political, and economic change....



The poor have a right to aspire to the mainstream of their countries, but women do not want to be mainstreamed into a polluted stream. We want to clean the stream and transform it into a fresh and flowing body, one that moves in a new direction—a world at peace—that respects human rights for all, renders economic justice, and provides a sound and healthy environment....

I ask each of you to wear the hat of an advocate and pledge to bring passion to your work....I ask you to back microcredit for macro change—to build communities, not only markets. I ask you with one hand to respond to the daily needs of those who go hungry each day and, with the other hand, shake the system that is so upside down, it is generating a race to the bottom. I ask you to remember that the most pernicious form of environmental degradation today is not pollution or toxic dumps or military fallout, all daggers in the planet's lifeline, but poverty. Not poor

people. Let me be clear. Poverty is the result of greed, a rapacious and unsustainable global economy, premised on an inequitable free market.

I ask you to back the borrower-knows-best principle...that you support women as owners, entrepreneurs, shareholders, board members, and decision-makers on all levels....I ask you to embrace a gender approach in your work that helps to root out gender-based oppression. I ask that you reach out to people who are physically unable....I ask you to reject the no-money mantra of the '90s and ask for ingenuity in mobilizing the US\$ 21.6 billion....I ask you to remember that our microcredit strategy is not a panacea, nor a passing fad....

Never, never, never underestimate the historic importance of what we do here today. And no matter how steep the pass, how discouraging the pace, I ask you to never give in and never give up.

**Harka Gurung, Director,
Asian and Pacific Development Center
Co-Chair, Microcredit Summit Council of Advocates**

The Asian and Pacific Development Center is a regional institution owned and governed by twenty-two countries of the Asia-Pacific region, to provide intellectual leadership in the search for development strategies suited to the region. As such, the Center is mandated to assist member countries develop plans and programs for poverty alleviation.



We must focus on promoting viable products, services and sustainable institutions. Only viable institutions can reach a significantly large number of poor households....We need to document how these products and services are properly designed for delivery to the poor and, finally, disseminate the best practices....Second, the target audience for our advocacy must include policy-makers, government regulators, banks and financial institutions, and decision-makers of microfinance institutions....We must ensure adoption of appropriate financial policies and institute them better so as to enable microfinance institutions to attract resources and overcome their operational constraints to achieve financial viability.

Advocates can play a catalytic role, particularly in pushing for appropriate legislation that would allow non-bank microfinance institutions to engage actively in saving mobilization. Deposits are an important source of loanable funds and they are cheaper than externally borrowed commercial funds....

The impact of advocacy should be seen ultimately in terms of its

contribution to this Summit's goal. We will have to decide the extent to which each of our own institutions will provide support and substance to the common goal.

The Asian and Pacific Development Center intends to provide technical assistance for the strengthening of national networks of microfinance. APDC has embraced the challenge, in cooperation with partner institutions, to reach 70 million poor households in the Asia-Pacific region by the year 2005.

***Poul Grosen, Executive Secretary,
United Nations Capital Development Fund***

I am not an expert on microfinance. I do, however, believe in microfinance – not as the solution to poverty but as one integral component of the solutions needed to reduce poverty. We at the United Nations Capital Development Fund have included microfinance as an important part of our overall approach to reducing poverty in Least Developed Countries for more than 20 years. Today [UNCDF] has microfinance projects in nearly 40 countries – 75% of which are in Africa. We have committed US\$ 70 million to microfinance – roughly one-third of our total portfolio of projects....



The rest of our budget goes to providing necessary infrastructure to facilitate access to markets, such as rural roads and small bridges. We also design projects to strengthen governmental and non-governmental institutions, to assist governments to decentralize authority to district levels and to assist with sustainable management of natural resources.

Microfinance is an efficient instrument, but an instrument that can work only when integrated into other development actions.... We must work to build conceptual and operational linkages between, for example, microfinance and the environment, microfinance and decentralization, microfinance and the empowerment of women....

We strongly support this Summit and its goals.... We commit to devote the largest share of our resources to work in rural Africa. We commit to publishing our failures for all to learn from. We commit ourselves to the goals of this Summit. In the coming years, we will continue contributing our experience to actual microfinance projects and to the ongoing development of microfinance as an effective instrument for reducing poverty worldwide....

P.A. Kiriwandeniya, Executive Director, SANASA

SANASA is one of the largest credit and cooperative movements dealing with microfinance in Asia. We have a membership in excess of 725,000 and provide services to roughly 15% of total population in [Sri Lanka]. In 1995, our average loan size – \$US 90. Yet today I appear before you not only as a representative of SANASA, but as spokesman for the entire international savings and credit movement....



The occasion of this Summit has provided savings and credit cooperative practitioners with the opportunity to reflect upon their role in the microfinance community. In order to make our presence more widely known, we have developed a statement of principle that we apply in our microfinance activities....

One of these principles merits special attention: savings mobilization for institutional sustainability and self-sufficiency. The evolution of the microfinance effort over the last decade has almost exclusively focused on making credit available to the poor. As we seek to address the microfinance needs of the poor, it is crucial that we place equal emphasis upon the generation of local savings – needed to attain true self-sufficiency for the programs.

After 16 years as chairman of SANASA I am convinced that, in terms of philosophy, action, and institutional framework, savings and credit cooperatives are one of the best systems for microfinance and poverty alleviation....

Savings and credit cooperatives are more than registered financial institutions; they work with a holistic approach to build a cooperative social order owned by the poor.

Wakako Hironaka, Member of the House of Councillors, Japan

The first time I heard the term microcredit and learned how it helped the very poor, it brought to my mind the Japanese word *tanomoshii*, meaning "trustworthy." In Japan, we had a similar credit system in the prewar days that was also administered at the village level, mostly by women, and was very helpful in enhancing the spirit and cohesiveness of our communities....

Japan has been providing economic assistance to developing countries by allocating in its annual budget more than 1 trillion yen – or approximately US\$ 10 billion – for Official Development Assistance (ODA); however, it has mostly been directed to large scale projects by the request of the recipient countries....



In 1992, the Japanese Government adopted the "ODA Charter," which led to greater priority for programs such as environment-related projects and social sector development. This new trend has been reflected in the 1995 ODA budget, which included US\$ 30 million in "grassroots" grant assistance programs for aiding NGOs, and also a US\$ 30 million dollar loan to the Grameen Bank in Bangladesh through the Overseas Economic Cooperation Fund....

We have founded within the Japanese Diet the "Parliamentarian League for Poverty Eradication," and have been tackling the problem of world poverty. Within the Parliamentarian League we have established a sub-group to support this Microcredit Summit....

As a concrete goal for the future, we are fully committed to urge the Japanese government to allocate 10% of its ODA to "grassroots assistance," of which 1% or approximately US\$ 100 million should be assigned for the microcredit program. By continuing such microcredit assistance for 10 years, Japan's contribution will cover about 5% of the resources to attain the goal of the Microcredit Summit, which was estimated at US\$ 21.6 billion.

***Mazide Ndiaye, President and CEO, FAVDO
Co-Chair, Microcredit Summit Council of NGOs***

As far as the future is concerned—the follow-up of the Summit—it is clear that everybody, including NGOs, is in favor of seeing the accomplishment of the objectives of microcredit....However, to get there we are going to need people to do the work, to stay up through the night, and these same people, or other people, will have to strive to keep things on track. What I mean by that is, striving toward the final goal, the final beneficiary—the poor.



Many visions, as we know, turned into their opposites because the institutional mechanism was privileged over the objective—the poor....We need to keep an open eye—to be careful as to what is done and will be done in the name of microcredit. From an institutional standpoint, we shall have to create operational structures to ensure efficiency, but if, after a while, we continue to think more of the institution than of the populations for which it was created, within a few years we shall find ourselves with a completely negative result. We will have created large institutions whilst the poor are still waiting for their shares....

Allow me to insist on how important it is for us to make sure that some democracy, some transparency, can be established within the program....Some people were saying the poor can pay, they should pay, we should make them pay. Others were saying that the state should suppress caps on interest rates so that those who go into microcredit have all the margin of maneuver that they need. But we need some protection. We need to find a compromise between the two extremes. We can't totally leave room to those who grant credit because, amongst them, there could be some bad apples....

**Shri S.S. Boparai, Secretary to the Government of India
Ministry of Industry, Department of Small Scale Industry**

India today, with a population of over 900 million, has a large number of persons living below the poverty line....Success achieved in implementation of government-supported self-employment schemes has been a mixed one at the most....In spite of Reserve Bank of India's regulations mandating lending by the banks for these schemes, the targeted poor have not been able to avail of the credit in a manner required for the sustainability of their microenterprises. It is now generally recognized that the formal banking sector suffers from inherent problems hindering its capacity to provide microcredit to the poor....



As part of the Government's overall policy for eradication of poverty...special attention is being paid to support NGOs which aim at helping the poor....

The issues raised in the Declaration and the approach indicated in the Plan of Action of the Microcredit Summit are both relevant and urgent for addressing the problems of poor families. In the context of India, special mention needs to be made to the Summit's unequivocal recognition of the fact that the single biggest challenge...is the need to build local institutional capacities....

India can easily have a share of about 25 million in the overall number of 100 million poor families to be reached with microcredit by 2005....It has been estimated [at a workshop held by SEWA, the Self-Employed Women's Association] that for covering 25 million poor households with programs of microcredit, US\$ 4.2 billion will be required in the form of credit in the targeted period of 9 years, besides US\$ 85.7 million per year for strengthening institutional capabilities.

While no difficulty is envisaged in finding resources of this order, availability of the right kind of NGOs, capable of delivering microcredit successfully, is likely to pose a major challenge....The government of India is fully committed to providing all possible assistance, both financial and non-

financial, in this regard. It also remains dedicated to providing a conducive policy framework....

The government of India will remain committed to the goals and objectives of the Summit and will look forward to cooperation with all international agencies, bilateral and multilateral institutions, practicing NGOs and others....



A borrower tells her story as SEWA's Jayshree Vyas prepares to interpret for the audience



Council meeting moderators addressed many concerns of delegates



Belgium's Queen Fabiola, Spain's Queen Sofia, and Dr. Muhammad Yunus listen to a plenary speaker

Tuesday Afternoon Plenary of the Microcredit Summit

Tuesday, February 4, 1997

Excerpted Statements

**Sam Daley-Harris, Summit Director
President, RESULTS Educational Fund**

With this closing Plenary we will take our commitment to the Summit's goal home with us. It is there, at home, that we must nurture the commitment. It is there that we must enlist others. It is there that we must develop and move to fulfill our institutional action plans.

The success of the Summit depends on the answer to these questions: What will I do? What am I committed to enlisting my institution to do to fulfill the Summit's goal? The success of the Summit rests on the seriousness with which each institution develops and fulfills its institutional action plan. Most action plans are due February 1998. Others are due now. We know that some action plans will be late—perhaps nine years late. We know that other action plans will be timid—and that other action plans will be bold. It is the bold plans and the bold institutions that will remind and inspire the others. The Microcredit Summit Secretariat will publicize the bold plans in a newsletter and a website so that others may know and others may be inspired. We will continue our work with the media and we will produce a report every two years announcing how far we have come toward reaching the "one hundred million of the world's poorest families" goal....



**John Hatch, Founder, FINCA
Co-Chair, Council of Practitioners**

Our microcredit movement will someday embrace every nation of the planet. It will eventually benefit at least one of every ten families in the world. It will be led not by governments, but by their citizens. Its greatest victories will be won not by soldiers, but by mothers. Its most important acts of creativity and of generosity will be demonstrated not by technicians or donors, but by the very poor....

We have created at this Summit a cause too large to be completed by a few microcredit institutions. In this context it simply doesn't make sense to fight for market share, steal each others' clients, or invade the coverage areas of other microcredit institutions, when there are still so many potential clients who still have not yet gained access to microcredit services.

The time has come also for greater transparency. From now on the success of any one microcredit program is the success of all. And the failure of any program can harm the entire movement if its lessons are not learned, corrected and shared in a timely fashion....

We emerge from this Summit with the realization that our mission is too complicated, too technically daunting, for any one institution to have mastered the best or the only microcredit model that works....

And, finally, we must learn and continue to listen to people whom we serve—the poor....In our march toward ever-higher complexity and sustainability, let us not create institutions that no longer listen to the poor. Let us not create services whose requirements are too complex for the poor to understand or, indeed, to manage themselves. Let us remember that we are servants of the poor, not their masters nor their saviors.



Dr. el-Bindari Hammad, World Health Organization

The baby we have been nurturing and helping grow now has a life of its own. There is no going back. There are no cynics, no detractors, no pessimists who can halt the progress of this movement now. We are on the crest of a wave that moves inexorably toward its final destination. Those who believe will ride it; those who do not believe will be left behind.

Commitment is what this is all about. The World Health Organization is committed. We are committed to reducing suffering and death throughout the



world...We are committed to reducing the unacceptable inequities in health status that exist between different populations in almost all societies. We are committed to improving the well-being and quality of life of the poorest of the poor, the most disadvantaged and the most vulnerable groups....

Development is not just increasing wealth, whether for people or nations – not just accumulating material goods. Development is about well-being and a better quality of life for all people. Wealth alone cannot, and never will, automatically bring health and well-being....

The World Health Organization is committed to work side by side with microcredit enterprises in all regions of the world to reach hundreds of millions of people with microcredit initiatives, enabling people to be wealthy and healthy.

***Prof. Dr. Winfried Pinger,
Development Spokesman, CDU-CSU, German Bundestag
Co-Chair, Council of Parliamentarians***

I think we all are encouraged at the end of these days. I am encouraged by the marvelous engagement of the hundreds of practitioners, member-based organizations, NGOs, financial institutions. I didn't know that there are so many. Microcredit for poorest people – that means that they will be able to have their own business – but they not only get money. If they are successful – and they are successful – they get self-consciousness and human dignity.



Over one billion people live still in extreme poverty. I think that is a failure of our development policy. I feel it's a scandal for human society. But now we know one of the best tools to fight against poverty – microcredit – and we should use it.

Practitioners want to do more...We politicians, we parliamentarians, should do our part. That means we have to change our priority...We should give more financial means to microcredit...We have to convince our colleagues and we all should do our part....

I think we are committed to do our part. I think we shall reach the ambitious goal of the Summit. Let's do it.

Ana Paula dos Santos, First Lady, Angola

We are gathered here not as Asians, Africans, Europeans and Americans. We are here as concerned citizens of the world. We are resolved to enhance the daily living conditions of millions of our brethren who survive amidst the poverty that now surrounds us. We are gathered here in our collective decision to make a serious commitment—no more excuses, no more pinning of blame. We are here to find solutions that make a difference....



We are all aware of the meager support for the use of public monies for social welfare. Fortunately, with the prospects for peace in my country, Angola, my government is now committed to prioritizing the productive sector in its development programs with special emphasis given to social programs....

The Angolan people are resolute and hardworking. They are seeking a better world and hope to benefit from the results of this Summit. After several decades of war, we are anxious to till our own soil, take our crops to market and have the newly demobilized soldiers resuming a new life, equipped with the means necessary for their survival with dignity....

I am particularly enthusiastic with regards to the impact of microcredit programs in my country and in Africa....It is incumbent upon us—men, women, governments, financial institutions, non-governmental organizations, churches and the private sector—to dedicate ourselves to the task at hand, that of organizing and implementing our agreements in this Summit in order to maximize our most valuable resource, our human potential....

On behalf of millions of Angolan women, I would like to join in as we say “yes” to the appeal for implementation of the actions listed in the final Declaration of this Summit....

I hereby pledge all my efforts and influence toward the accomplishment of the goals listed in the Action Plan of this Summit on Microcredit.

Enrique Iglesias, President, Inter-American Development Bank

Latin America has undertaken in recent years dramatic changes in our economic life, in our economic policies—and very successfully. I think we are in the right direction....

But we have a major problem. Out of our 460 million people, we see more than 200 million people living below the poverty line, and of those, 60 [million]



in absolute poverty. Our interest today in microenterprise is that it becomes one of the major instruments that we may have to face the poverty challenge of Latin America. Without meeting that challenge, there will be no respectable development objectives.



In the last five years, with US\$ 400 million, we have reached 600,000 small microentrepreneurs in Latin America. I should not call them microentrepreneurs; they are entrepreneurs of microenterprises, which is different. We have learned a lot. Money is important...but as important as money is technical cooperation, institutional support, and to help them to build the basis of real sustainable development in their own enterprises....

We are committing US\$ 500 million for the coming five years. We are mobilizing grants, loan funds, guarantees, equity investments....But the real success is whether we are able to mobilize, at the levels of the countries, programs which can put together governments and NGOs to organize a banking system—in other words, to have a full movement in the society, to take this as an issue in which everybody must participate collectively.

Of course it's very important to do development with the big changes, the big projects. But it is also important to look in the bottom of society because these important things, they do not reach these areas where we have a real sleeping giant. The tremendous capacity of these 150 million people working in small business is a tremendous worth in our region. It is a tremendous potential for growth, for social development, for employment, to increase our productivity....

We must move from charity to empowerment...We are not investing in paternalism; we are investing in dignity....We are not investing in marginalizing societies; we are building citizens of democracies.

Kofi Annan, UN Secretary General as read by James Gustave Speth

This Summit is a powerful expression of global solidarity with the world's poorest families, and with the world's poorest women in particular. It is also a landmark event in our ongoing fight to eradicate poverty. I salute all those inspired individuals which have had a hand in organizing this Summit and in ensuring its success....

All of us know that if we are to live in a world of peace, stability and security, the social and economic needs of the world's people must be addressed. We also know that progress in this regard has achieved mixed

results. While there have been major gains in life expectancy and literacy and infant mortality rates, there remains widespread deprivation....This is an unacceptable situation, an affront to human dignity. The international community has recognized this fact and, through the vehicle of the United Nations conferences, has committed itself to far-reaching programs of action for the betterment of living conditions worldwide.

The General Assembly has also welcomed the convening of this Summit in particular and with good reason. Microcredit is a critical anti-poverty tool—a wise investment in human capital. When the poorest, especially women, receive credit, they become economic actors with power. Power to improve not only their own lives but, in a widening circle of impact, the lives of their families, their communities and their nations, and the community of nations....

I therefore fully endorse the goal of this Summit to reach 100 million of the world's poorest households by the year 2005. Poor people are not a problem to be overcome. Rather, they are a vital force whose productive potential must be unleashed. This Summit provides both the vision and the practical means to help accomplish this goal. You can count on the UN to be there with you throughout this effort between now and the year 2005.

***James Gustave Speth, Administrator,
United Nations Development Program
Co-Chair, Council of UN Agencies***

It is a myth that poverty can be eradicated through economic development alone, or even through growth with social safety nets....We at UNDP have made the empowerment of the poor, through access to assets, our number one job. And access to microcredit is probably the single most empowering asset of all....



Microcredit is also building a path for more types of services for poor people—services such as insurance and business development services. The pioneering lessons of microcredit are paving the way for a radically new approach to poverty reduction—one that relies on empowering poor people through access to economic and social and political assets....

We must also recognize that the way many markets operate put poor people at a distinct disadvantage. For competition to be fair, markets must provide a level playing field. Not only do poor people need working capital, but they also need adequate infrastructure, entrepreneurial support and the upgrading of skills, and access to information....Governments have a primary responsibility in ensuring that such services are available, even in remote and

isolated places, and the international donor community has a profound obligation to help....

I'm here to commit UNDP to support the work of this community...We will increase our advocacy of and collaboration for microfinance and we will strengthen our efforts to advance the rights and opportunities of women...I will communicate the objectives you have reached here to each of our 135 country offices, encourage their further efforts to support your efforts, and track this work to ensure that it conforms to the standards that you have set for us.

We have developed and are pleased to announce here today a new program that we call MicroStart...designed to support new and fledgling microfinance institutions in developing countries through grant capital and through technical assistance....This US\$ 40 million effort is a pilot effort, which will be undertaken in 25 countries over an 18 month period....We are committed to seeing this as the beginning of an ever growing UNDP, UNCDF, UNIFEM commitment to microfinance throughout the world.

**James D. Wolfensohn, President, The World Bank
Co-Chair, Council of International Financial Institutions**

We endorse what you and we have signed [the Summit's Declaration of Support] and are part of this effort to bring about microcredit to 100 million families. We do this with an enormous sense of enthusiasm, and we do it with not a little bit of uncertainty and a little bit of pride—uncertainty born out of the fact that we've tried over recent years to make our efforts into microcredit and sometimes we've succeeded and sometimes we've failed....What we're trying to do is to learn, to learn with you and to recommit to those in our world who need opportunity and a chance for a better life.



I think I'm in an institution that has the capacity to do a great deal of good in this world. But I've become convinced after visiting 46 countries and after having met with friends in civil society and in the private sector....that helping the world's poor is not a job for a singular star; helping the world's poor has to be a partnership....

As I've traveled around the world in the last 18 months, I've come to recognize that the great hope for the bank is not our brilliance, is not our money, is not our 50 years experience. It is the strength and dignity of the people we are working with....The people look different; the cultures are different. But the human spirit is the same. A desire for a

better life, a desire for opportunity—not a desire for charity. A desire to grow, a

desire to feel something in yourself, a desire to create something in your family....

The Bank is only a small player in all this—a prominent one, but a small one. We commit ourselves at this Summit to be your partner. We will help in whatever way we can. If we don't get it right, tell us how we can get it right. Let us work together and let us work together as partners in trying to reach that 100 million goal and in trying to leave the world a more peaceful and safer place for our children.



Bangladesh Prime Minister Sheikh Hasina and
Mozambique Prime Minister Pascoal M. Mocumbi
address the Heads of State Council

Communiqué Issued by the Council of Heads of State and Government at the Microcredit Summit

*As presented by
Council Co-Chair H.E. Sheik Hasina,
Prime Minister of Bangladesh*

We, the Heads of State and Government, and our representatives participating at the Microcredit Summit held in Washington, D.C. from 2 to 4 February 1997, recognize that collective human effort can produce extraordinary achievements. As we enter the twenty-first century with nearly a fifth of the world's population still living in absolute poverty and with nearly thirteen million children still dying each year from its effects, we renew our efforts to mobilize the dynamic energy of collective human will in the effort to end absolute poverty.

We believe that successful anti-poverty strategies must unleash the energies of people living in poverty and enable them to gain access to resources, including capital to improve their situation—for themselves, especially their youth and children, and for the society they live in—which in turn would promote social justice, harmony, and contribute to the consolidation of peace. We note that freedom from the bondage of poverty promotes education, health, and increases the well-being of people. To this end, microcredit has been found a most effective tool.

We join with other actors of society to launch the Microcredit Summit's global campaign to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services by the year 2005. We recognize the campaign's commitment to the development of sustainable institutions which assists women and their families living in poverty, while at the same time creating an incentive for microenterprise activities and generating self-employment.

We believe that access of people to credit would enable them to work their way out of poverty with dignity, promote their effective participation in social,

economic, and political activities, and would contribute to sustainable development.

We recognize that governments will need to play a crucial role in this movement and therefore, we welcome the Summit's Declaration and Plan of Action and expect to consult with leading practitioners to identify and implement best practices.

We bring our energies to this effort because we recognize that microcredit programs are a key strategy towards achieving many of the goals, including eradication of poverty and empowerment of women, agreed to at the major global gatherings of this decade, including the World Summit for Social Development in Copenhagen and the Fourth World Conference on Women in Beijing.

We call on all people of goodwill to join in the effort to expand the reach of credit for self-employment and other financial and business services to 100 million of the world's poorest families, especially the women of those families, by the year 2005. We believe this to be a critical next step in the effort to reduce overall poverty substantially and eradicate extreme poverty from the face of the earth.

We believe that if we all work together, this campaign will become one of the great new chapters in human history and will allow tens of millions of people to free themselves and their families from the vicious cycle of poverty. We call on all donor countries, international institutions and other bodies involved in eradication of poverty to fully utilize the opportunities that could be provided by institutional microlending to people living in poverty, especially women.

We pledge to inform and educate our peoples about the effectiveness of microcredit and to be spokespersons for this remarkable development tool and the establishment, adaptation and reform of institutions that will be needed to ensure its expansion to tens of millions more.

We pledge to make our nations an example for this campaign and endeavor to ensure that half of the families who are among the very poor are participating in microcredit programs by 2005.

We will make known to other leaders our commitment to this extraordinary effort for the eradication of poverty and empowerment of peoples living in poverty and to the campaign launched at this Microcredit Summit.

We will encourage other Heads of State and Government to join with us in the effort to arrive at the most important goal of our time.

Joint Declaration of the Councils of International Financial Institutions (IFIs) and Donor Agencies

Washington, D.C., February 4, 1997

The members of the Councils of IFIs and of Donor Agencies, meeting in joint session on February 2 and 4, 1997, and partly joined by the Council on United Nations Agencies on February 2, 1997, have agreed on the following:

First: The Council members endorsed the general themes of the Microcredit Summit, as captured in the following nine points:

1. Microcredit is Part of a Larger Movement *

Microcredit is just one part of a larger effort to end poverty. To be successful, the overall movement to end poverty will require the implementation of a broad range of strategies.

2. The Goal of the Summit

The goal of the Microcredit Summit is to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services by the year 2005.

3. Definition of the Poorest

The Summit Declaration and Plan of Action defines the "poorest" families in developing countries as those among the bottom 50% of those living below the poverty line. Within industrialized countries the Summit focuses on all those living below the poverty line.

4. Institutional Sustainability

Within developing countries the Summit Declaration and Plan of Action is committed to building sustainable institutions. In industrialized countries the economic context is radically different; however, programs in industrialized countries are committed to exploring ways of becoming self-sustaining so that, to the greatest extent possible, their operating costs will be covered through direct revenue from program services.

* Points 1-9 comprise the major themes of the Microcredit Summit.

5. Impact in the Lives of Clients and their Families

The Microcredit Summit is committed to programs having a measurable, positive impact in the lives of the very poor.

6. Current Reach

The document estimates that of the 100 million very poor families, eight million very poor clients are being reached currently. The remaining 92 million additional clients to reach the Summit's goal, will come from developing countries, countries in transition and industrialized countries.

7. The Major Challenge

The major challenge is to reach 100 million of the world's poorest families. However, the Summit Declaration and Plan of Action can be derailed by an indiscriminate flow of resources to programs that are not ready for the next level of growth. The pace of growth should be consistent with the goal of institutional sustainability. If growth occurs too quickly, or if the goal of expansion is put ahead of sustainability, programs may have more clients than they can serve effectively.

8. Estimated Resources Required

The Summit Declaration and Plan of Action estimates that some US\$ 20 billion will be required over the next nine years, subject to the absorptive capacity of microfinance institutions. These resources would come from grants, concessional or low-interest loans, funds borrowed at commercial rates, savings of the borrowers and equity.

9. Fulfillment of the Summit's Goal

The Plan of Action stresses that the basic building block of the Microcredit Summit Campaign is the institutional action plan. Most action plans are due February 1998.

Second: These being very much the spirit of the Summit Plan of Action, the Council members supported the objectives of the Summit and will work towards achieving these goals.

Third: The Councils agreed that the key steps toward implementation would be the individual institutional action plans, which reflect what the agencies plan to do in the areas under their purview. These plans would be subject to periodic revisions. The plans would be shared between the members as they become available, ideally before February 1998.

Fourth: The Councils decided that they would periodically review the progress made towards achieving the objectives of the Summit, and that the first review would be next February by circulating all the available institutional action plans at the level of the heads of agencies in February 1998.

Fifth: The Councils also agreed that to maintain contact and coordinate what they are each doing in the area of micro finance to share information and best practices, they would utilize CGAP for day-to-day coordination, where these questions would be taken up by the specialized staff of the agencies. They thus do not intend to create any new or additional structures for coordination.

For the Council of IFIs	For the Council of Donor Agencies
Fawzi Al-Sultan	Huguette Labelle
President of IFAD	President of CIDA
Co-Chair	Co-Chair



Informal meetings were common among Summit delegates



A member of *Ollantay*, a music group from Peru, performs at the Plenary Cultural Event

“Meet the Challenge” Session

The following is excerpted from one of the nearly seventy “Meet the Challenge” Sessions which were held at the Microcredit Summit. Microcredit Summit newsletters in 1997 and 1998 will highlight other “Meet the Challenge” sessions.

Targeting the Poorest and Covering Costs

David Gibbons, Executive Trustee, CASHPOR: Credit and Savings for the Hard-core Poor, Philippines

CASHPOR is a network of 23 Grameen Bank replications in nine countries of Asia. Grameen Bank is also a member.

I see the two parts of this topic as very much interrelated. We are not talking about methodology for reaching the poorest on the one hand and covering costs on the other. We're talking about cost-effective targeting or cost-effective identification of the poor. Now, why must we put some effort into identifying the poor? Why can't we just offer our services to everybody in the rural areas and let them decide whether they want to participate? Well, this is one of the relatively unknown secrets, I think, of the success of the Grameen Bank. Not widely known is the fact that it is exclusively for people below a certain asset wealth line. In the case of Grameen Bank, it's 50 decimals of average agricultural land and household assets of not more than the value of one acre of agricultural land in the area concerned. So Grameen is exclusively for households below that line. And this was developed because of Prof. Yunus' observation that many...so-called poverty-focused programs throughout the third world, in particular, had failed because the benefits were taken by the not-so-poor and the non-poor....

All of the replications under CASHPOR have followed that basic principle. We have spent a lot of effort trying to adapt the Grameen approach to

identifying the poor to other conditions in other countries in the region... We feel we have, now, a very cost-effective way of identifying the poor that works in most conditions throughout Asia – with some adaptation always necessary. But the basic tool, which I will describe as the housing index, holds from China to Vietnam to Philippines, Indonesia, North and South India, Bangladesh, and so forth. We have moved away a bit from Grameen's targeting, which involves a household interview, because we feel a household interview is too expensive and produces information of questionable reliability, validity, especially if you focus on household income... So we have found an indicator that we think, in most cases, enables us to identify about eighty percent of the poor very quickly. And that is what we call the house index... There are three dimensions of the house, and we can look at it from the roadside. We don't have to conduct any interviews. We just go up and down the lanes in the village and map the houses which appear to be qualified. We look at the size, we look at the physical condition or building materials, and we look at the material of the roof.

The material of the roof is very interesting because that turns out to be a simple but powerful way of identifying the very poor, as distinct from the poor, in most countries of Asia. I'm talking about thatched roofs, roofs made out of woven bamboo, roofs made out of twigs, roofs made out of plastic sheeting. These are temporary roofing materials which always have holes... always leak, always create a health problem for the household. Nobody wants to live under a temporary roof unless they have to. So the people living under these temporary roofs are nearly always the very poor. Now if you combine that with small size of house and very simple building materials – mud, jute sticks, things like that – then you are very close to identifying most of the very poor...

Some very poor people live in bigger houses, for various reasons. They might have inherited a bigger house and now they no longer have any income. So we have an appeal procedure because these people will come up to our field assistants and say, "Hey, how come you are not putting me on the list? I want to participate also... I have a big house, but I actually have no income. I'm very poor." So then we say, "Okay, you are an appeal case." A more senior officer, usually the branch manager, will come and interview such cases. This is how we try and pick up the exceptions to the rule.

Now, there is one major limitation of this house index, which I should mention. And that is in communities where there is an effective government housing program, such as many parts of India now... Then you can have very poor people living in so-called *pucca* houses (modern brick, cement and concrete houses). But they have nothing else. So it doesn't work where there is an effective government housing program for the poor. For those cases we have found it very useful to use the PRA method, the Participatory Rural Assessment method, for wealth ranking. We bring the whole village together to find out who are the very poor, who are the not-so-poor, who are the non-poor, through participatory methods....

First the representative of each household lists their major assets (e.g., land,

house, large farm animals, farm equipment, etc.), with their current values. These are recorded on cards, one for each household. Then the name of each household is read out and the villagers are asked to say to which of three piles it should be added: not-so-poor, poor, or very poor. In cases of dispute, the asset list is read out and a final decision is reached by consensus.

Interestingly, we find when we compare the cost-effectiveness of these two methodologies, the house index versus the PRA, they come out almost exactly the same. It takes about five minutes for an experienced field assistant to use the house index properly, and it takes about five minutes per household to use PRA properly, if you break it down. So these are alternatives. They can be used according to the local circumstances. They have roughly the same cost implications.

***John DeWitt, Managing Director,
Small Enterprise Foundation, South Africa***

Established in 1992, the Small Enterprise Foundation currently has 2,000 borrowers, 45% of whom are below the national poverty line.

What I can share with you is an experience of a program that started out wanting to reach the very poor and ended up being a microenterprise program instead... When we launched our program, our heart was to reach the poor...and help them to get over the poverty line...We decided that the method we would use is we would offer a very small loan size because, surely, only the poor would take a very small loan size. The next thing we did is we went to one of the poorest areas in South Africa...and we began to do the loans. But after a few years, we realized that [of] the people we were serving, the majority did not live below the poverty line...

And so we had to start questioning, "What do we do about it?" After some time we realized the issue is, in fact, the "targeting" [of very poor clients] that Grameen Bank and CASHPOR have been preaching all the time. So then we launched the second program which had "targeting", and that program is very different in characteristic in terms of the clients to our initial program...

If you look at the housing, then the clients in the microenterprise program generally live in brick structures, and very often these are plastered. The clients from the poverty program live in mud buildings. When it comes to schooling, you'll find that about thirty percent of the children of the poverty program ... don't go to school at all. It very, very seldom happens that children of clients of the other programs don't go to school. The reason why children don't go to schools in the poverty program is generally because the parents can't afford a school uniform for the children...When it comes to food, you'll find that the clients in the poverty-focused program don't eat meat very often...They don't buy vegetables; they generally collect vegetables. They eat moko and fish and

such things very seldom. The clients in the other program...eat meat quite often, and they do buy moke, they do buy fresh vegetables... And then children are the best indication of poverty by far. There's a substantial difference between the children in the one program versus the other. You'll find that in the poverty program the children are dirty and are wearing dirty clothing, and they're not changing their clothing very often. And the main reason is because their parents can't afford soap. And obviously they can't afford more clothing as well....

So, these are two totally different programs...When asked to answer the question, "If you want to reach the poor, can you simply offer a small loan size?" – what we find is that it didn't work in our case. We have to ask ourselves, "Why not? Why did people who had enough assets, why did they come for such a small loan?" And then, the opposite to that, "Why didn't the poor join?"

The people who are better off joined the program because there's no other access to credit there except from loan sharks. They're also desperate for credit, and they have very legitimate needs. But they're coming and taking small, small loans, inappropriate for their own needs, in the hopes that one day you will give them a bigger loan. And they're prepared to stay with you for years in the hope that you'll give that bigger loan.

Now the clients that are very much poorer, why don't they come to you in large numbers? And the reason is, they're intimidated by the wealthier clients. What we've heard from literature from all over the world is what we found in our own case, and through hard experience. The poorer people see who goes to your program, and they just say, "This program is not for us; it is for those better off people." And then very often the wealthier people, maybe just the less poor, intimidate the poor, simply by saying, "This meeting is for serious people. Here we have to be serious about business. Somebody who is only selling a few vegetables is not serious about business." Poor people already have pretty low self-esteem, but you add a few comments like that, and they leave. So, the presence of the non-poor unfortunately did scare away the poor. And that's why we have to go for an exclusive poverty focus.

We started using a housing index method.... Such a test, of course, is not 100 percent accurate. David Gibbons reckons these kind of tests are about 80 percent accurate. We recently did a PRA exercise, and I must say I think that maybe our test is only 70 percent accurate. But one thing we know for sure is that the clients we are getting from this test are very, very different from the clients we were getting before we introduced the test.

When it comes to the cost of recovery issue, well, for us it's not debatable. We are going to become self-sustaining. And so therefore, again, we look at the cost-structure; we do long-term projections; we say that when we get to about 30,000 borrowers, then we will be self-sustaining, and we set the interest rate appropriately. So for me it's not an issue of "How do you become self-sustaining?" It's your pricing that is the issue, and obviously your efficiency, and then the determination to become self-sustaining.

“Meet the Challenge” Sessions

Meet the Challenge Sessions I (morning)

The Basics of Designing a Sustainable Microcredit Program to Serve Very Poor People in Developing Countries (AC004)*

Moderator: Muhammad Yunus, Grameen Bank

Panelists: Christopher Dunford, Freedom from Hunger; Kimanthi Mutua, KREP; Srividhya Rajagopalan, Working Women's Forum (India); Sonia B. Saltzman, ACCION International

The Basics of Designing a Sustainable Microcredit Program to Serve Very Poor People in Developing Countries (in Spanish) (AC005-SP)

Moderator: John Hatch, FINCA

Panelists: Jackie Bass, Save the Children; Ellen Vor der Bruegge, Freedom from Hunger; Sharon D'Onofrio, Catholic Relief Services; Alicia Paucar, FINCA Nicaragua

The Basics of Designing a Sustainable Microcredit Program to Serve Very Poor People in Developing Countries (in French) (AC006-FR)

Moderator: Kathleen Stack, Freedom from Hunger

Panelists: Reda Mamari, Save the Children Lebanon; Alou Sidibe, Kafo Jiginew

The Basics of Designing a Sustainable Microcredit Program to Serve Poor People in Industrialized Countries (AC007)

Moderator: Peggy Clark, The Aspen Institute

Panelists: Jeffrey Ashe, Working Capital; Sarah Forster, The World Bank; Peter Nares, Self-Employment Development Initiatives; Christopher Sikes, Western Massachusetts Enterprise Fund

* Numbers correspond to the order numbers of audiocassettes available from the Summit Secretariat.

Building Effective Microcredit Programs to Serve Very Poor People in Eastern Europe (AC008)

Moderator: Maria Nowak, ADIE

Panelists: Rosalind Copisarow, Fundusz Mikro; Konini Zana, Albanian Development Fund; Neyira Nalic, BOSPO; Roger Voorhies, Opportunity International

Methodology for Reaching the Poorest and Covering Costs (AC009)

Moderator: David Gibbons, CASHPOR

Panelists: Eduardo Bazoberry, PRODEM, Bolivia; John DeWit, Small Enterprise Foundation; Delores McLaughlin, PLAN International

Moving Toward Institutional Sustainability in Developing Countries (AC010)

Moderator: Nancy Barry, Women's World Banking

Panelists: Clara Ackerman, Fundacion WWB; Humaira Islam, Shakti Foundation; Jennifer Riria, Kenya Women Finance Trust

Moving Toward Institutional Sustainability in Industrialized Countries (AC011)

Moderator: Bill Burrus, ACCION USA

Panelists: Mary Coyle, Coady International Institute; Mary DuPont, YWCA-New Castle County; Delma Soto, ACCION New York

Establishing Management Information Systems to Assess the Strength of Our Organization and to Effectively Manage (AC012)

Moderator: Dipal Chandra Barua, Grameen Bank

Panelists: Jaime D. Arguello, FINCA International; Masud Isa, Grameen Shamogree; Joyce Kadandara, World Health Organization; Graham Perrett, Freedom from Hunger

Designing Cost-Effective Business Development Services for Poor Clients in Industrialized Countries (AC013)

Moderator: Mary Matthews, Northeast Entrepreneur Fund, Inc.

Panelists: Frank Ballesteros, PPEP; Marcie Goldstein-Gelb, Working Capital; Erzsebet Timar, Hungarian-American Enterprise Fund

Monitoring Program Impact in the Lives of the Clients (AC014)

Moderator: Noeleen Heyzer, UNIFEM

Panelists: Pancho Otero, MPI; Helen Todd, CASHPOR; Jayshree Vyas, SEWA; Aida Toure, FEDA; Olunbunmi Fape, Country Women Association of Nigeria; Chandra Jagaria, SEWA

Developing New Financial Products and Services in Response to Client Need (AC015)

Moderator: Abdelmajid Slama, IFAD

Panelists: Dr. Cecilia D. del Castillo, NWTF; J. Howard Jones, University of Reading, UK; Mohini Malhotra, CGAP Secretariat; Miguel Taborga, Inter-American Development Bank

Participatory Methodologies: Maximizing Client Participation in Design, Management, and Evaluation of Lending Group Activities (AC016)

Moderator: Ela Bhatt, SEWA

Panelists: Febbie Kaufulu, FINCA Malawi; Jonathan Taylor, North Capitol Neighborhood Development, Inc.; Carmen Velasco, Pro Mujer

Designing Cost-Effective Business Development Services for Very Poor People in Developing Countries (AC017)

Moderator: Rich Williamson, Mayer, Brown & Platt

Panelists: Gilberto Amaya, ATI; Lara Goldmark, Inter-American Development Bank; Hassan Zaman, BRAC

Ensuring that a Repayment Problem Does Not Become a Repayment Crisis (AC018)

Moderator: H.L. Latifee, Grameen Trust

Panelists: Barbara Calvin, Calmeadow; Chris Hock, Rural Finance Facility; Sukor Kasim, University Sains Malaysia; Mila G. Mercado, AHON-SA HIRAP, Inc.

What are the Sources of Grant Funds for Microcredit Programs in Developing Countries? (In Spanish) (AC019-SP)

(What is available? How can it be improved? How can it lead to sustainable institutions that serve the very poor?)

Moderator: Rupert Scofield, FINCA International

Panelists: Jose Luis Curbelo, Inter-American Development Bank; Santa de Euceda, ODEF; Gladys de Enriquez, FINCA Honduras; James Franz, Opportunity International

UN Agency Funding of Microcredit Programs (AC020)

(What is available? How can it be improved? How can it lead to sustainable institutions that serve the very poor?)

Moderator: Ellen Johnson Sirleaf, UNDP

Panelists: Carol Bellamy, UNICEF; Poul Grosen, UNCDF; K. Tapiola, ILO; Larbi Mebtouche, UNHCR; Tony Huq, UNESCO

Donor Agency Funding of Microcredit Programs (AC021)

(What is available? How can it be improved? How can it lead to sustainable institutions that serve the very poor?)

Moderator: Beth Rhyne, USAID

Panelists: Lars Ekengren, Sida; Sally Shelton-Colby, USAID; Deborah Stokes, AusAid; Hisao Tanimoto, OECDF; David Wright, ODA

Domestic Government Agency Funding of Microcredit Programs in Developing Countries (AC022)

(What is available? How can it be improved? How can it lead to sustainable institutions that serve the very poor?)

Moderator: Dr. Salehuddin Ahmed, PKSF

Panelists: Alla Koua, Ministry of Family and Women's Affairs, Cote d'Ivoire; P.A. Kiriwandeniya, Federation of Thrift and Credit Cooperative Societies Limited (Sri Lanka); Dr. Atiqur Rahman, IFAD; Ravi Gupta, Reserve Bank of India

International Financial Institution Lending for Microcredit (AC023)

(What is available? How can it be improved? How can it lead to sustainable institutions that serve the very poor?)

Moderator: Ismail Serageldin, The World Bank

Panelists: Nancy Birdsall, Inter-American Development Bank; Jim Moody, IFAD; Maria Otero, ACCION International; Mieko Nishimizu, The World Bank; Peter Sullivan, Asian Development Bank

Financing Microcredit Programs: Mobilizing Savings and Ensuring Their Safe Use (AC024)

Moderator: Eleanor Howard, Inter-American Development Bank

Panelists: Carlos Cuevas, The World Bank; Barry Lennon, USAID; David C. Richardson, World Council of Credit Unions; J.D. Von Pischke, consultant

Finding Microcredit Programs to Support: A Guide for Funders (AC025)

Moderator: Gert Van Maanen, EDCS

Panelists: M. Udaia Kumar, SHARE; Lamiya Morshed, Grameen Trust; Anne Haines Yatskowitz, ACCION New Mexico

When is a Program Ready to Access Commercial Funds?: A Discussion of Commercial Standards (AC026)

Moderator: Michael Chu, ACCION International

Panelists: Heather Clark, USAID; Debra Drake, ACCION International; Jenny Hoffmann, Khula Enterprise Finance Ltd.

Foundation Funding of Microcredit: An Overview of Current Trends and How to Expand the Number of Funders in the U.S. and Canada (AC027)

Moderator: Sarah K. Gould, Ms. Foundation for Women

Panelists: Jack Litzenberg, Charles Stewart Mott Foundation; Lisa Mensah, The Ford Foundation; Janet Thompson, Citibank; Brandee Galvin-McHale, Citicorp Foundation

What is My Company's Deep Strategic Interest in the Fulfillment of the Summit's Goal, and How Can I Educate and Enlist Others to Work to Support It? (AC028)

Moderator: Charlotte Rush, MasterCard International

Panelists: Amo Houghton, US House of Representatives; Robert Harness, Monsanto Company; Darwin Eads, Corporate Resource Group

How Can Microcredit Practitioners in Developing Countries Build National Networks and Associations? (AC029)

Moderator: Elaine Edgcomb, The SEEP Network

Panelists: Vijayalakshmi Das, Friends of Women's World Banking; Aelle Dondo, Kenya Rural Enterprise Program; Diego Guzman, ACCION Colombia; Benjamin Montemayor, TSPI Development Corporation

How Can Microcredit Practitioners in Industrialized Countries Build National Networks and Associations? (AC030)

Moderator: Chris Benuzzi, AEO

Panelists: Alison Feighan, Robert A. Rapoza Associates; Bob Friedman, Corporation for Enterprise Development; James Cawley, The SEEP Network

How Can Microcredit Practitioners in Developing Countries Build National Networks and Associations? (in Spanish) (AC031-SP)

Moderator: C. Aguilar Cruz, COPEME

Panelists: Sincrito Cifuentes, FENACOAC; Jorge Oroza Manrique, Catholic Relief Services; Leo Sloldaat, Women Finance Trust of Zambia; Ernesto Parra, CORFAS

How Can Microcredit Practitioners in Developing Countries Build National Networks and Associations? (in French) (AC032-FR)

Moderator: Candace Nelson, The SEEP Network

Panelists: Kotsoni Akemakou, Fucec, Togo; Natch Mantia, Fidi; Alpha Ouedrago, RCPB; Didier Thys, Catholic Relief Services

How Can Parliamentarians, Advocates, and Other Leaders Get High-level Government Commitment to Microcredit Programs and the Summit's Goal? (AC033)

Moderator: Dr. Winfried Pinger, German Bundestag

Panelists: Michael McGowan, MEP, United Kingdom; Wakako Hironaka, House of Councillors, Japan; Toby Moffett, Monsanto Company

Hearing from the Clients (AC034)

Moderator: Rosina Wiltshire, UNDP

Panelists: Patrisia Akoth Amolo, Kenya Rural Enterprise Program; Emilio Reyes Ramos, ACCION Peru; Hortensia Contreras, FINCA El Salvador; Taslima Akter, South Asia Poverty Alleviation Program

Microcredit and The Media (AC035)

Moderator: Mike Kiernan, InterAction

Panelists: Michael Serrill, *Time* Magazine; Michelle Singletary, *The Washington Post*; Gabriela Romanow, ACCION International

Linking Microcredit with Health (AC036)

Moderator: Dr. Rodriquez-Garcia, George Washington University

Panelists: Dr. A. El-Bindari Hammad, World Health Organization; Dr. Bettina Schwethelm, Project HOPE; Maria Sokenu, Institute for Poverty Eradication; Dr. William Waters, George Washington Center for International Health

How Can Employees of Multinational Corporations, Service Club Members and Others Find and Appropriately Support Local Microcredit Programs? (AC037)

Moderator: Marshall Saunders, International Fellowship of Rotary

Panelists: Susy Cheston, Women's Opportunity Fund; S. Devaraj, ASA; Iris Lanao de Salinas, FINCA Peru; Helenmarie Zachritz, FEMAP Foundation

Meet the Challenge Sessions II (afternoon)

The Basics of Designing a Sustainable Microcredit Program to Serve Very Poor People in Developing Countries (AC038)

(finding training, setting appropriate interest rates, ensuring loan repayment, setting performance and impact standards, ensuring borrower participation, establishing savings, etc.)

Moderator: Aminul Alam, BRAC

Panelists: Dipal Chandra Barua, Grameen Bank; Martin Burt, Mayor Asuncion, Paraguay; M. Udaia Kumar, SHARE; Rupert Scofield, FINCA International; Hassan Zaman, BRAC

The Basics of Designing a Sustainable Microcredit Program to Serve Very Poor People in Developing Countries (see above) (in Spanish) (AC039-SP)

Moderator: John Hatch, FINCA

Panelists: Jackie Bass, Save the Children; Ellen Vor der Bruegge, Freedom from Hunger; Sharon D'Onofrio, Catholic Relief Services; Alicia Paucar, FINCA Nicaragua

The Basics of Designing a Sustainable Microcredit Program to Serve Very Poor People in Developing Countries (see above) (in French) (AC040-FR)

Moderator: Didier Thys, Catholic Relief Services

Panelists: Alpha Ouedraogo, RCPB; Alain Plouffe, Socodevi; Kathleen Stack, Freedom From Hunger

The Basics of Designing a Sustainable Microcredit Program to Serve Poor People in Industrialized Countries (AC041)

Moderator: Connie Evans, WSEP

Panelists: Frank Ballesteros, PPEP; Jeannine Jacokes, CDFI Fund; Peter Nares, SEDI; Karen Sherman, Counterpart International; Joanna Eigen, SEDI

Methodology for Reaching the Poorest and Covering Costs (AC042)

Moderator: Sukor Kasim, University Sains Malaysia

Panelists: S. Devaraj, ASA; John DeWitt, Small Enterprise Foundation; Christopher Dunford, Freedom from Hunger; Delores McLaughlin, PLAN International

Moving Toward Institutional Sustainability in Developing Countries (In Spanish) (AC043-SP)

(see morning session)

Moderator: Maria Otero, ACCION USA

Panelists: Carlos Castello, ACCION International; Mauricio Rojas, Banco del Desarrollo; Richard Rosenberg, CGAP Secretariat; Carmen Velasco, Pro Mujer

Moving Toward Institutional Sustainability in Industrialized Countries (AC044)

(setting appropriate interest rates, ensuring repayment, keeping costs down)

Moderator: Jeffrey Ashe, Working Capital

Panelists: Janie Barrera, ACCION Texas; Rosalind Capisarow, Fundusz Mikro; Martin Connell, Calmeadow; Christopher Sikes, Western Massachusetts Enterprise Fund

Going to Scale: Lessons from Global Health Programs and Other Experts in Expansion (AC045)

Moderator: Bill Foege, MD, The Carter Center

Panelists: Dr. A. El-Bindari Hammad, World Health Organization; Andy Ego, Global 2000; Ciro de Quadros, MD, MPH, Pan American Health Organization

Managing the Growth of Microcredit Programs: Recruiting and Training Staff (AC046)

Moderator: Muhammad Yunus, Grameen Bank

Panelists: Steve Gross, ACCION International; Atiqun Nabi, BRAC; Iris Lanao de Salinas, FINCA Peru

Monitoring Program Impact in the Lives of the Clients (AC047)

Moderator: Thomas Joseph, ACTIONAID-Ethiopia

Panelists: Renee Chao Beroff, CIDR; Susan Johnson, ACTIONAID; Shahidur Khandanker, The World Bank; Alfonso Castillo, Union Regional de Apoyo Campesino

Designing Cost-Effective Business Development Services for Very Poor People in Developing Countries (AC048)

Moderator: Andy McGuire, ATI

Panelists: Hank Jackelen, UNDP; Andrew Jeans, ITDG; Alexandria Overy, Save the Children; Valeria Budinich, ATI

Managing the Growth of Microcredit Programs: Using a Spreadsheet or Model to Plan for Scaling Up (AC049)

Moderator: Ken Koskela, Opportunity International

Panelists: Jamie D. Atguella, FINCA International; David Gibbons, CASHPOR; Maria Eugenia Iglesias, Finasol S.A.; Masud Isa, Grameen Shamogree

What Can Commercial Banks and Microcredit Institutions Learn from Each Other? (AC050)

Moderator: Nancy Barry, Women's World Banking

Panelists: Mercedes Canalda, ADOPEM; Chris Hock, Rural Finance Facility; Lisa Mensah, The Ford Foundation; Jayshree Vyas, SEWA

Participatory Methodologies: Maximizing Client Participation in Design, Management, and Evaluation of Lending Group Activities (AC051)

Moderator: Jaya Arunachalam, Working Women's Forum (India)

Panelists: Dr. Cecelia D. Del Castillo, NWTF; Osvaldo N. Feinstein, IFAD; Carol Judy, Grassroots Neighborhood International

Targeting Very Poor Youth as Clients of Microcredit Programs (AC052)

Moderator: David Newing, The Canadian Youth Business Foundation

Panelists: Suzan Habachy, The Trickle Up Program; Patrice LeFleur, Commonwealth Youth Program; Estella Richardson, Street Kids; Mantha Sharma, Bharatiya Trust

Grant Funding of Microcredit Programs in Developing Countries (AC053)

(What are the sources of grant funds for seeding institutions, for scaling-up and for practitioner networks? How can these funds lead to sustainable institutions that serve very poor people? What funds are available for loan capital? What funds are available for capacity building?)

Moderator: Mark van der Voet, Ministry of Foreign Affairs, The Netherlands

Panelists: Dr. John L. Mason, Monsanto Fund; Marilou van Golstein Brouwers, Triodos Bank N.V.; Fernando Lucano, SIDI; Allert van den Ham, NOVIB

**Grant Funding of Microcredit Programs in Europe (see above)
(AC054)**

Moderator: Malcolm Hayday, Charities Aid Foundation

Panelists: Viviane Vandemeulebroucke, INAISE; B. Van Oven, Doen Foundation; Mark Hayes, Shared Interest, UK

**Finding Microcredit Programs to Support: A Guide for Funders
(AC055)**

Moderator: Elaine Edgcomb, The SEEP Network

Panelists: Brandee Galvin-McHale, Citicorp Foundation; Anna Wadia, Ms. Foundation for Women; Henrie M. Treadwell, W.K. Kellogg Foundation

Guarantee Funds (AC056)

(their purpose and experience; equity funds and pooled investment funds)

Moderator: Michael Chu, ACCION International

Panelists: Stephan Harpe, Calmeadow; Donna Katzin, Shared Interest; Sonia B. Saltzman, ACCION International; Alex Silva, PROFUND Internacio S.A.

**Financing Microcredit Programs: Mobilizing Savings and
Ensuring Their Safe Use (AC057)**

Moderator: Shafiqul Haque Choudhury, ASA

Panelists: Victorine Ktohozoude, ACCOSCA; Pancho Otero, MPI; Chris De Noose, WSBI; Rauno Zander, IFAD

**How Can Microcredit Programs in Developing Countries Establish
Relationships with Local Banks? (AC058)**

Moderator: Kathy Waldron, Citibank N.A.

Panelists: John Conroy, Foundation Development Corporation; Gil Crawford, Seed; Ahmed Jazayeri, IFAD; Lisa Lindsley, ACCION International

**How Can Microcredit Programs in Industrialized Countries
Establish Relationships with Local Banks? (AC059)**

Moderator: Gary Hattem, Bankers Trust

Panelists: Peter Blum, Triodos Bank; John Else, Institute for Social and Economic Development; Terry Mollner, Calvert Social Investment Fund; Delma Soto, ACCION New York; Kim Wilson, Working Capital

Finance Minister and Multilateral Bank Perspectives on Microenterprise (AC060)

Moderator: Robert Rubin, Secretary of the U.S. Treasury

Panelists: Nancy Birdsall, Inter-American Development Bank; Fawzi H. Al-Sultan, International Fund for Agricultural Development; Ismail Serageldin, The World Bank; A. Sangowawa, African Development Bank; Peter Sullivan, Asian Development Bank; Elizabeth Wallace, European Bank for Reconstruction and Development; Soumaila Cisse, Minister of Finance, Mali; Bob Boone, U.S. Treasury

How Can I Enlist Others in My Service Club, School, or Religious Institution and Educate Them About Microcredit and the Summit's Goal? (AC061)

Moderator: Louis Knowles, EDCS

Panelists: Robert Clemetson, New Community Baptist Church; Maureen Fenlon, EDCS; Kathy Pomroy, Bread for the World; Steven Rickard, Rickard Realty Advisors, Inc.

Identifying and Addressing Regulatory Obstacles to the Growth of Microcredit Programs in Developing Countries (AC062)

Moderator: Kimanthi Mutua, Kenya Rural Enterprise Program

Panelists: Shari Berenbach, Calvert Social Investment Fund; Janney Carpenter, Shorebank Advisory Services; Rachel Rock, ACCION International

Identifying and Addressing Regulatory Obstacles to the Growth of Microcredit Programs in Industrialized Countries (AC063)

Moderator: Lawrence Yanovitch, FINCA International

Panelists: Dr. Paul Armbruster, DGAV; Bob Friedman, Corporation for Enterprise Development; Pieter van Gils, Van City Savings Credit Union; Maria Nowak, ADIE

How can Advocates and Other Leaders get High-level Government Commitment to Microcredit Programs and the Summit's Goal? (AC064)

Moderator: Lois Barber, EarthAction

Panelists: Sheila Davie, RESULTS UK; Dr. Hakra Gurung, Asian and Pacific Development Center; Julia Taft, InterAction

Using the Media to Educate the Public about Microcredit and the Summit's Goal (AC065)

Moderator: David Butts, Bloomberg Business News

Panelists: Peter Demchuk, Nightline; Steve Dryden, Bloomberg News; Carol Douglass, FINCA International

Hearing from the Clients (AC066)

Moderators: Rosina Wiltshire, UNDP and Hisao Tanimoto, OECF

Panelists: M.A. Hamid, South Asia Poverty Alleviation Program; Chandra Jagaria, SEWA; Fructuosa Quispe, PRO-DEM; Maseote Alice Semosa, Small Enterprise Foundation; Aida Toure, FDEA; Hortensia Contreras, FINCA El Salvador; Patrisia Akoth Amolo, Kenya Rural Enterprise Program; Emilio Reyes Ramos, ACCION Peru; Taslima Akter, South Asia Poverty Alleviation Program

Accessing Microcredit Information on the Internet (AC067)

Presenter: Hari Srinivas, creator of the Informal Credit Homepage in Japan, presented an Internet demonstration

Microcredit Programs and the Environment (AC068)

Moderator: Dean Pallen, CIDA

Panelists: Dan Biller, The World Bank; Tammy E. Newark, TechnoServe; Mike Saxenian, Conservation International; Karin Theophile, U.S. Forest Service



Singing "We Shall Overcome"
at the Closing Plenary



The Microcredit Summit Fulfillment Campaign

How Can I Become Involved?

Everyone can play a role in achieving the Summit's goal. Each individual is asked to identify his or her sphere of influence, and educate that organization in the Summit's goal and enlist them into joining the appropriate Microcredit Summit Council. The fifteen Summit Councils include almost every institution in society, and the Microcredit Summit Plan of Action outlines the unique contributions that each sector of society can make.

What If I Am Not a Member of an Appropriate Institution?

Look to educating members of your own community: your place of worship, your place of employment, your school, or any other institution with which you are affiliated. By sharing your commitment to eradicating poverty and supporting the work of microcredit institutions and the very poor people they serve, individuals can mobilize institutions to join Summit Councils and develop action plans.

What Does the Secretariat Provide to Help Me Enlist My Institution?

There are a number of materials that can help you present the Microcredit Summit to leaders and others in the institution with which you want to work. You can purchase a videotape of five brief video programs (five minutes each) that were shown at the Microcredit Summit. The stories of borrowers highlighted in the Summit Declaration and the Themes of the Summit (see page 47) can be helpful tools. In the first issue of the Summit newsletter, we will provide a sample presentation and a full list of resources. Invitations to join a Summit Council can be requested from the Secretariat using the perforated form in the back of this Report or pulled from our website (<http://www.microcreditsummit.org>).

My Institution is Already a Council Member; Now What?

For institutions who are members of one of the 15 Summit Councils, the most important next step is the development and announcement of **Institutional Action Plans**. All council member institutions are asked to

develop an action plan outlining how their institution will contribute to the fulfillment of the Summit's goal.

Your support of your institution's development of its action plan – by continuing to educate and inspire those in your institution who will be working on it – is one of the most powerful ways to contribute. Once your institution's action plan is developed, attention and energy must be paid to its deployment in a timely and quality manner.

What Should an Action Plan Include?

To assist in the development of action plans which reflect the principles outlined in the Microcredit Summit Declaration and Plan of Action, and to facilitate the sharing of bold and innovative plans, the Secretariat is developing Action Plan Summary Forms. Action Plan Summaries for microcredit practitioners in developing countries, for multilateral and bilateral donor agencies, and for UN Agencies were developed by the Summit Organizing Committee and are available now, and are included in this report for reference (see pages immediately following this section). Institutional Action Plan Summaries for all other Councils (NGOs, Advocates, Religious Institutions, Educational Institutions, Banks and Commercial Finance Institutions, etc.) are being developed by leaders from these sectors and will be available from the Summit Secretariat in June 1997. All Council members will be sent the appropriate Action Plan Summary at that time.

Institutional Action Plan Summaries are requested to be shared with the Secretariat by February 1998 or no later than one year following the institution's membership in the Council.

By publicizing and sharing bold Institutional Action Plan Summaries – and the progress that institutions are making toward fulfilling them – the Secretariat hopes to inspire bold commitments and actions from others.

What Will the Secretariat Do to Help?

RESULTS Educational Fund is committed to supporting the commitments made at the Microcredit Summit. Even more important, RESULTS Educational Fund will continue to enlist others in this work. Through the Microcredit Summit Secretariat, RESULTS Educational Fund will make available the following resources to support others:

- ◆ A quarterly newsletter will highlight institutional progress in creating and implementing bold action plans in support of the Summit's goal, and provide a forum for promoting best practices and resources.
- ◆ An interactive site on the World Wide Web will publicize the successes of microcredit and progress toward the Summit's goal, and facilitate the sharing of best practices and resources. The website will also include a

searchable database of council member institutions, and brief profiles on practitioner institutions.

- ◆ Media coverage will be generated to build public awareness, fuel excitement, encourage implementation of action plans, and enlist new participants in the movement.
- ◆ The Secretariat will solicit opportunities to present the Summit at global, regional, and national conferences.
- ◆ A report will be produced every two years, monitoring global progress toward the achievement of the Summit's goal.
- ◆ Materials for others to use in education and outreach will be produced and made available.

How Can I Receive Materials from the Microcredit Summit Secretariat?

If you are not already on the Microcredit Summit mailing list, you may be added by filling out the perforated mailing list form in the back of this Report and returning it to:

Microcredit Summit Secretariat
c/o RESULTS Educational Fund
236 Massachusetts Avenue, NE, Suite 300
Washington, D.C. 20002
USA

If no mailing list form is enclosed with your copy of this report, please contact the Secretariat by mailing a note to the above address, or by phone (1-202-546-1900), fax (1-202-546-3228) or e-mail: microcredit@igc.apc.org.

Please note that a US\$ 25 annual service fee is requested to help cover the costs of producing and mailing these materials.



Delegates affirm their institution's commitment to the Microcredit Summit by signing the Declaration of Support



INSTITUTIONAL ACTION PLAN SUMMARY FOR BI-LATERAL AND MULTI-LATERAL FUNDERS OF MICROCREDIT

Members of the Microcredit Summit Councils of Donor Agencies, UN Agencies, and International Financial Institutions agreed to complete an Institutional Action Plan outlining how their institution would contribute to fulfilling the Summit's goal of reaching 100 million of the world's poorest families, especially the women of those families, with credit for self employment and other financial and business services by the year 2005. While the February, 1997, Summit was not a pledging conference, plans are necessary if progress is to be made. We ask that each institution update and re-submit this form each year.

Name of Institution: (Please Print) _____ Person Completing this Form : _____

Country: _____ Phone Number (with country and city code): _____ Fax: _____

Part I: Mainstreaming Microcredit within the Institution: Please indicate status of the following policies by checking the appropriate box.

Strategic Objective	As of 31 Dec. 1996		As of 31 Dec. 1997		As of 31 Dec. 1998			
	Yes	No	ID ¹	NID ¹	Yes	No	ID	NID
Microcredit funding guidelines in use which give priority to institutions that serve very poor people and are working toward sustainability. ²	Yes	No	ID ¹	NID ¹	Yes	No	ID	NID
Mechanisms in use which allow the direct support of microcredit banks, NGOs, and other microcredit institutions.	Yes	No	ID	NID	Yes	No	ID	NID
Funding mechanisms in use that foster institutional sustainability of microcredit banks, NGOs, and other microfinance institutions.	Yes	No	ID	NID	Yes	No	ID	NID
Specification and/or monitoring of social indicators (especially movement out of poverty) as measurement of the impact of microcredit banks, NGOs, and other microfinance institutions.	Yes	No	ID	NID	Yes	No	ID	NID
Mechanisms which more clearly delineate and track our institution's support for microcredit banks, NGOs, and other microfinance mechanisms that serve very poor people.	Yes	No	ID	NID	Yes	No	ID	NID

¹Very Poor means that the family was in the bottom 50% of the population living below their country's poverty-line when they took their first loan.

²Please see "The Guiding Principles for Selecting and Supporting Intermediaries" adopted by the Committee of Donor Agencies for Small Enterprise Development and by the Donors' Working Group on Financial Sector Development. These guidelines recommend funding microcredit institutions that meet incremental and absolute performance and reach standards, with support provided for loan funds, capitalization, and practitioner-based institutional development. For the purpose of the Microcredit Summit, the guidelines' references to "low-income" clients and "the poor" should be changed to very poor people.

³In Development

⁴Not in Development

Part II: Funding

	1996 Actual	1997 Proposed	1998 Proposed
(A) Amount of grant funds in US\$ spent on microcredit programs that serve very poor people.			
(B) Percent of (A) that is channeled directly to microcredit banks, NGOs, and other microfinance institutions.			
(C) Amount of concessional funding lent for microcredit programs that serve very poor people.			
(D) Percent of (C) that is channeled directly to microcredit banks, NGOs, and other microfinance institutions.			
(E) Amount of funds spent on capacity building and technical assistance for microcredit banks, NGOs, and other microfinance institutions that serve very poor people.			

Institutional Action Plan Summary for Practitioners and Network Organizations in Developing Countries

Members of the Microcredit Summit Council of Practitioners agreed to complete an institutional action plan outlining how their institution would contribute to fulfilling the Summit's goal of reaching 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services by the year 2005. We ask that each institution complete this form by February 2, 1997, or within one year of joining the council, and then update and re-submit this form each year.

Name of Institution: (Please Print) _____

Person Completing Action Plan Form: _____

Country: _____ Phone Number (with country and city code): _____ Fax: _____

Questions 2 through 8, below, refer to clients who were very poor* when they received their first loan.

Strategic Objective	As of 31 December 1996 Actual	As of 31 December 1997 Proposed	As of 31 December 1998 Proposed	As of 31 December 2005 Proposed
1 Total # active clients (clients with a current loan)				
2 Total # active clients who were poor* when they received their first loan				
3 Percent of Number 2, above, who are female				
4 Average first loan per client (in US\$)				
5 Average savings per borrower (in US\$)				
6 Percent of clients who have crossed the poverty line among those who were very poor* when they took their first loan				

*Very poor means that the family's income was in the bottom 50% of the population living below their country's poverty line.

Strategic Objective	As of 31 December 1996 Actual	As of 31 December 1997 Proposed	As of 31 December 1998 Proposed	As of 31 December 2005 Proposed
7 Financial services, in addition to credit and savings, offered to clients who are very poor or were very poor* at the time of their first loan. (For example: life insurance, health insurance, pension plans, etc.)	<i>(Please Print)</i>			
8 Business development services offered to clients who are very poor* or were very poor at the time of their first loan. (For example: training, on-site technical assistance, marketing assistance, etc.)	<i>(Please Print)</i>			
9 Percent financial self-sufficiency: (What percent of your operating and financial expenses are you covering with income from interest and fees?)				

Institutional Action Plan Summary for UN Agencies

Members of the Microcredit Summit Councils of Donor Agencies, UN Agencies, and International Financial Institutions agreed to complete an Institutional Action Plan outlining how their institution would contribute to fulfilling the Summit's goal of reaching 100 million of the world's poorest families, especially the women of those families, with credit for self employment and other financial and business services by the year 2005. While the February 1997 Summit is not a pledging conference, plans are necessary if progress is to be made. We ask that each institution update and re-submit this form each year.

Name of Institution: (Please Print) _____

Person Completing this Form: _____

Country: _____

Fax Number (with country and city code): _____

Part I: Mainstreaming Microfinance within the Institution: Please indicate status of the following policies by checking the appropriate box.

Strategic Objective	As of 31 Dec. 1996			As of 31 Dec. 1997			As of 31 Dec. 1998		
	Yes	No	ID ¹	Yes	No	ID	Yes	No	ID
Microfinance funding guidelines in use which give priority to institutions that serve very poor ² people and are working toward sustainability. ²	Yes	No	ID ¹	Yes	No	ID	Yes	No	ID
Mechanisms in use which allow the direct support of microcredit banks, NGOs, and other microfinance institutions.	Yes	No	ID	Yes	No	ID	Yes	No	ID
Funding mechanisms in use that foster institutional sustainability of microcredit banks, NGOs, and other microfinance institutions.	Yes	No	ID	Yes	No	ID	Yes	No	ID
Specification and/or monitoring of social indicators (especially movement out of poverty) as measurement of the impact of microcredit banks, NGOs, and other microfinance institutions.	Yes	No	ID	Yes	No	ID	Yes	No	ID
Mechanisms which more clearly delineate and track our institution's support for microcredit banks, NGOs, and other microfinance mechanisms that serve very poor people.	Yes	No	ID	Yes	No	ID	Yes	No	ID

¹Very Poor means that the family was in the bottom 50% of the population living below their country's poverty-line when they took their first loan.

²Please see "The Guiding Principles for Selecting and Supporting Intermediaries" adopted by the Committee of Donor Agencies for Small Enterprise Development and by the Donors' Working Group on Financial Sector Development. These guidelines recommend funding microcredit institutions that meet incremental and absolute performance and reach standards, with support provided for loan funds, capitalization, and practitioner-based institutional development. For the purpose of the Microcredit Summit, the guidelines' references to "low-income" clients and "the poor" should be changed to very poor people.

³In Development

⁴Not in Development

Part II: Funding

	1996 Actual	1997 Proposed	1998 Proposed
(A) Amount of grant funds in US\$ spent on microcredit programs that serve very poor people.			
(B) Percent of (A) that is channeled directly to microcredit banks, NGOs, and other microfinance institutions.			
(C) Amount of concessional funding lent for microcredit programs that serve very poor people.			
(D) Percent of (C) that is channeled directly to microcredit banks, NGOs, and other microfinance institutions.			
(E) Amount of funds spent on capacity building and technical assistance for microcredit banks, NGOs, and other microfinance institutions that serve very poor people.			



Staying on the Summit Mailing List

Working to ensure that 100 million of the world's poorest families, especially the women of those families, are receiving credit for self employment and other financial and business services by the year 2005.

To **REMAIN** on the Summit mailing list, or **TO BE ADDED**, you **MUST** complete this form and return it to the Microcredit Summit Secretariat with a contribution to help with the cost of producing and mailing the Summit Campaign Newsletter.

To remain on, or be added to, the Summit Campaign mailing list, please print:

Name: Mr./Ms. _____
 Title: _____
 Organization: _____
 Address: _____
 City: _____ State/Province: _____ Zip/Postal Code: _____
 Country: _____ E-mail: _____
 phone (with country and city codes): _____ fax: _____

Please check the ONE category which most closely describes your organization:

- | | | | |
|--|--|---|--|
| <input type="checkbox"/> Microcredit Practitioner ¹ | <input type="checkbox"/> Service Club | <input type="checkbox"/> Domestic Government Agency | <input type="checkbox"/> Bilateral Donor Agency |
| <input type="checkbox"/> NGO (non-practitioner) | <input type="checkbox"/> Corporation | <input type="checkbox"/> Commercial Bank or Financial Institution | <input type="checkbox"/> Head of State or Government |
| <input type="checkbox"/> Advocate | <input type="checkbox"/> Educational Institution | <input type="checkbox"/> Foundation/Philanthropist | <input type="checkbox"/> Int'l Financial institution (i.e. World Bank, Inter-American Dev. Bank) |
| <input type="checkbox"/> Religious Institution | <input type="checkbox"/> UN Agency | <input type="checkbox"/> Parliamentarian | |

¹ The Microcredit Summit Organizing Committee has defined practitioner organizations as those administering microcredit or providing training to organizations that deliver microcredit. Non-governmental organizations that are not currently involved in microcredit but that are involved in delivering social services in the field (i.e. literacy, health, family planning, agriculture) are encouraged to join the Microcredit Summit Council of NGOs. Organizations that don't deliver social services in the field but that are involved in education, advocacy, fundraising, policy development, or research are invited to join the Microcredit Summit Council of Advocates.

Service Fee:

- I am sending \$US 25 to help with the costs of producing and mailing the quarterly campaign newsletter.
 I am sending an additional contribution of \$US 25 \$US 50 \$US 100 \$US 250 other: _____
 to be used as the service fee for a Summit Council Member Institution in the developing world.

Please indicate payment method:

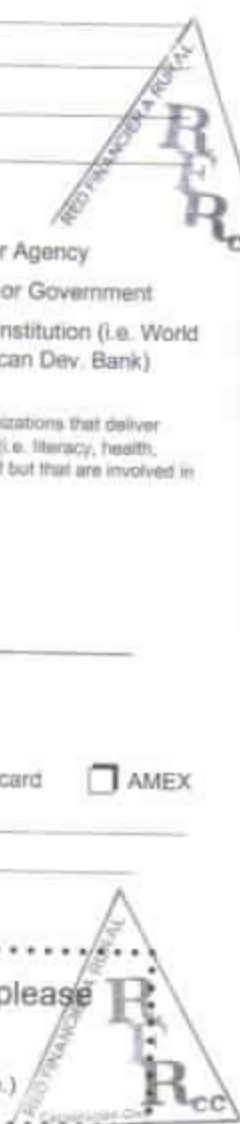
check enclosed (Please make check payable in US\$ to RESULTS Educational Fund) **-or-** VISA Mastercard AMEX
 Credit Card Number: _____ Expiration Date: _____
 Name on Card: _____ Signature: _____

If your organization is **NOT** already a member of a Microcredit Summit Council, please check here if you would like us to send you an invitation.

(Please be certain to complete the top portion of this form and check the category of your organization, above.)

PLEASE RETURN THIS FORM TO:

Microcredit Summit c/o RESULTS Educational Fund; 236 Massachusetts Ave., NE, Suite 300, Washington, DC, 20002, USA;
Phone: 202-546-1900; Fax: 202-546-3228; E-mail: microcredit@igc.apc.org; WWW: <http://www.microcreditsummit.org>





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The Microcredit Summit is a project of the RESULTS Educational Fund

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