

# Seattle Post-Intelligencer

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## Seattle reaching out with loans

### Gates Foundation puts new energy in microfinancing

By Tom Paulson, P-I Reporter

One of the gurus of an anti-poverty strategy known as "microfinance" came to Seattle on Tuesday to meet with such locals as investor Bill Clapp -- leaders in this market-oriented form of international philanthropy.

"There's certainly a lot going on here," said Sam Daley-Harris, head of the Global Microcredit Summit and founder of RESULTS -- a non-profit, anti-poverty organization based in Washington, D.C., with an active branch in Seattle.

Although any major U.S. city might have one or two groups active in microfinance, Daley-Harris said the Seattle business community has spawned way more than its fair share of such organizations.

Microfinance or microcredit refers to the practice of granting very small loans to poor people (usually in developing countries) for business projects aimed at helping them escape poverty. The approach, born of necessity in poor nations, has been around since the 1970s, largely because of the efforts of Bangladeshi economist Muhammad Yunus.

Perhaps the biggest thing going on now with microfinance is that the Bill & Melinda Gates Foundation is exploring getting into it in a big way.

"It's a real eye-opener to see what a difference a small loan can make in these poor communities," said Clapp, a Northwest businessman and investment manager who in 1994 -- after a RESULTS-sponsored visit to El Salvador -- formed Global Partnerships

The non-profit organization supports microfinance programs in Latin America.

Besides Global Partnerships, there is Redmond-based Unitus (started by a former Microsoft employee, with a focus on India), the Seattle branch of the Grameen Foundation USA (with Yunus serving as a board member and which has an emphasis on using microfinance loans to expand access to technologies) as well a number of similar efforts conducted by religious organizations such as World Vision.

At the New York City June event in which Warren Buffett announced he planned to give the bulk of his billions to the Gates Foundation -- effectively doubling the Gateses' philanthropic fund and making it by far the world's largest charity -- Melinda Gates said one new area of high interest for them will be in support of microfinance activities.

"There are 550 million households that live on less than \$2 a day," said Dr. Raj Shah, the Gates Foundation's point man on the microfinance front. The philanthropy, which met Tuesday with Daley-Harris, has made a few small donations in this area but plans to get much more involved in the near future. Women in poor communities have been the focus of most microfinance programs, Shah said, and for good reason.

"The data show that women prioritize these investments to benefit their children and family," he said, and that they have a much lower tendency to default on a loan than do men.

Tuesday, at the small office of Global Partnership located near the University of Washington, Daley-Harris spoke to about 50 people. The field of microfinance, he predicted, needs to expand greatly to meet the challenge of global poverty. With the Gateses' announcement alone, he said, "Microfinance is no longer micro."