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## Microfinance: Global Partnerships' splendid torch

By Lance Dickie, *Seattle Times* editorial columnist

In a season of inane political commercials and Wall Street bailouts, I have sought out the perfect tonic for the cynicism overwhelming my civic sensibilities.

I am drawn to the illumination from a *splendid torch* held aloft by Global Partnerships, a Seattle charity with a record of innovation and success in combating poverty. George Bernard Shaw's words were invoked during a luncheon this week where 1,200 celebrants gathered to honor the empowering work launched by Bill and Paula Clapp.

The core of their approach is to help very poor people start very small businesses capable of yielding dramatic results.

Global Partnerships routes \$34 million from socially aware investors into a network of microfinance that filters down to a current roster of 650,000 borrowers of microcredit in Latin America. The charity also brokers another \$20 million donated on top of the investment funds.

Global Partnerships works through 21 partners that make the loans in Bolivia, El Salvador, Guatemala, Honduras, Nicaragua and Peru. Ecuador and Mexico are next.

With all of us so familiar with the massive amounts of money spent on foreign aid, the surprise and insight is how much difference very small sums of money can make in lives of families and villages. Microcredit is indeed tiny; initial borrowing might be \$50 or \$100. The amount is relative to incomes of \$2 per day.

Most loans — around 97 percent — are made to women and they represent seed money to start or expand small enterprises. The borrowers have repeatedly demonstrated a knack for turning meager profits into substantial improvement of living conditions: better nutrition, opportunity for education, access to health care and habitable shelter.

The devices of microfinance and microlending are well-established, but even with a record of success, they still have a quality of economic and social alchemy to them. Wolfram Latsch, assistant professor at the University of Washington's Henry M. Jackson School of International Studies, told me economists want to identify and quantify norms and standardized features that could be evaluated and tested against other lending techniques.

Refinements await discovery, but the changes in lives are real. Dr. Muhammad Yunus received the 2006 Nobel Prize for founding the Grameen Bank of Bangladesh in 1983, the model for what followed.

Keynote speaker for the Business of Hope Luncheon was Sam Daley-Harris, founder of Results, a citizen lobby to build political will to end world hunger, and director of Microcredit Summit Campaign, a network of microfinance organizations. His achievements and challenges fill a hotel ballroom, but the spotlight was held by a Honduran woman with a humble story.

Maria Argentina Osorto has a small store in the village of Choluteca. She recounted her life's travails and triumphs via an interpreter whose connection to the audience was seamless. Desperately poor and feeling all grown up by age 14, she left home and started her own family and had five children by age 21. To raise money, she began selling vegetables near her children's school.

Argentina used minuscule loans to expand her business, and eventually found 11 women who

*continued on reverse*

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contributed \$10 each to start their own village lending pool. She and her family were forced to relocate after a storm wiped out all they had. Undaunted, she and her husband of 35 years started over, and now have a small store attached to their home, and a plot of ground with a few cows.

Her story is replicated hundred of thousands of times. Loan repayment is near 100 percent. The infusions of cash and confidence pays extraordinary dividends. Global Partnerships thrives with good reason.

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