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Analysis: Big Business Tackles Poverty

By Meghan O'Connell and Jessica Taylor

WASHINGTON –The worldwide crusade against poverty has a robust new ally – big business.

Business leaders from around the United States gathered last week in Washington, D.C., for the Initiative for Global Development's National Summit. Founded in 2002 by five Seattle businessmen who saw the dire state of global poverty getting worse, the coalition has now grown to a network of over 252 members committed to the idea that expanded cooperation between the public and private sectors and growth of trade can drastically help poverty-stricken areas around the world.

"Around 9/11, a lot of people became curious about what they perceived as a dislike for America around the world," said Bill Clapp, IGD co-founder and CEO of Global Partnerships. "We decided that poverty was a key issue an organization could contribute to. It not only made sense, in terms of future security, to tackle issues of healthcare and the environment, but also because it was the right position for us to have in the world and that it was the right message for us to be sending."

Such concern was the impetus for Clapp and his co-founders, former Sen. Daniel J. Evans, R-Wash., William H. Gates, Sr., former EPA administrator William D. Ruckelshaus and former Chairman of the Joint Chiefs of Staff Gen. John M. Shalikashvili to begin the IGD as a

way for business leaders to collaborate and brainstorm new ideas to promote positive change.

Member businesses succeed through their ability to efficiently deliver products. In the case of the IGD, the products are tailored solutions to communities' individual needs. Businesses benefit because healthy communities can become a trade partners, and creating self-sustaining solutions to educational, health, human rights, environmental and developmental problems means less money is required for foreign aid.

The initiative is not meant to supplant other organizations, but to organize and enhance current efforts and bolster government and private-sector cooperation. In order for the IGD to implement programs in a country, the nation must undergo a corruption assessment and propose its own plan for development.

A successful initiative many leaders praised was the establishment of microcredits to nations with severe poverty. Microfinancing deals with the provision of financial services to those left outside the traditional financial system. Microcredit, or small loans, is part of microfinancing, and can be used for such purposes as starting or expanding businesses. Default on loans is low, and lenders receive interest on their money.

"These credits give people enough to develop some capital," said Ruckelshaus. "When you get growth started, it's amazing how much progress you can make."

A list of high-profile speakers on both ends of the political spectrum praised the IGD's efforts, demonstrating that the elimination of extreme poverty is a global need that has no partisan divide.

"Poverty is the greatest problem in the world today,"

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former Secretary of State Madeleine Albright, who opened the summit, told United Press International. "The greatest divides we have are between the rich and the poor."

Albright also praised the collaboration between the public and private sectors promoted by the IGD. "Government can't do everything by itself, and businesses can't do everything by itself. I really do see it as a partnership," said Albright. "There are various places where the government can do better and various places where businesses can do better."

Albright's successor at the State Department, Gen. Colin Powell, gave the summit's keynote address, echoing her praise for the IGD's work. "I think this is one of the most important, dynamic, and far-reaching assistance efforts that we have seen," said Powell.

President George W. Bush later addressed the summit, applauding the IGD's efforts to foster more cooperation between the government and private businesses.

"The reduction of extreme poverty in our world must be a key objective of American foreign policy," Bush said. "And it is."

Fighting global poverty coincides with American values and serves the nation's interest in terms of economics and security, Bush said, underscoring how increased prosperity improves lives, which opens markets for U.S. products and reduces the appeal of radicalism.

Trade is the most effective way to reduce poverty, Bush continued. He further warned against becoming a protectionist nation.

"Now is the time for the world to come together and make this world a free trading world," Bush said. "(America is) ready to eliminate all tariffs and subsidies and other barriers to free flow of goods and services, and we expect other nations to do the same."

President Bush also emphasized the need for civil liberties. "Nations that build institutions that secure the rule of law and respect human dignity also are more likely to create an economic climate that fosters investment and growth," he said, affirming America's responsibility to promote liberty

and help build institutions necessary for a free society and thriving commerce.

Through Millennium Challenge Accounts, the Bush administration has since 2004 provided foreign aid to countries who demonstrate efforts to establish just governments and stable economic systems.

"The mandate of the (program) is to reduce poverty through economic growth. An absolutely necessary compatible component of that is the participation of the private sector in the reduction of poverty throughout the world," said Ambassador John Danilovich, head of the body that administers the MCAs.

"Our grants go a long way to initially alleviating (poverty), and the private sector's subsequent involvement will continue that process," Danilovich added.

However, accountability is still the underlying message of both the MCA program and global private sector involvement.

"Aid programs should be results-oriented and performance-oriented. If they are, they will produce results. The result is not to give people money -- the result is to alleviate poverty and produce economic growth," said Danilovich.