

Microcredit sets foreign aid example

In 1997, the Microcredit Summit Campaign was launched with a goal of reaching 100 million very poor families to enable them to begin and expand their businesses.

These are families with virtually no assets, and little or no education and health care. When the campaign started only 8 million families were getting microloans. On Monday, the campaign announced in its annual report that it had reached its target.

In 2007, 106 million families had a least one person actively receiving a microcredit loan — an increase of 1,225 percent. In well-run microcredit programs, the loan repayment rate is up to 97 percent.

How is this possible? The campaign was based on three principles: (1) focusing on microcredit programs lending to the very poor; (2) setting clear, measurable goals, and (3) regularly monitoring and reporting on progress made toward those goals.

President Barack Obama and Congress say they plan to reform U.S. foreign aid. If they're truly serious about making foreign aid reduce poverty, they should follow the campaign's example and base our foreign aid programs on reducing poverty; setting clear, measurable goals; and regular reporting. Otherwise, our foreign aid will continue to be a jumble of conflicting priorities, programs, and outcomes.

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