

**Opportunity International UK’s 10th Anniversary Reception**

Speech given by

The Rt Hon Sir Edward George, Governor of the Bank of England

At Commerzbank, London 22 January 2002

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Your Royal Highness, Ladies and Gentlemen,

Over the past few years I have become increasingly conscious of a developing common understanding, both nationally and internationally, on some of the key economic and social questions that confront us.

In my own field I am struck by the greater emphasis, both here and in virtually all parts of the world, on open and competitive markets, within a framework of macro-economic and financial stability, as the driving force of economic progress - of sustained growth of output, high levels of employment and rising living standards.

But I’m struck, too, by an increasing recognition that, while the market economy – properly regulated to reflect public policy concerns and to limit discrimination – is seen to benefit our economies as a whole, the benefit does not extend to every sector of our society. It can by-pass substantial parts of our community altogether. Extreme disparities resulting from such exclusion are unacceptable per se in a civilised society; and they represent both lost economic opportunity and a potential source of social tension.

Addressing these concerns is importantly a matter for governments; but I am struck, finally, by a growing awareness that it is not solely a matter for governments, but a challenge for all of us – at both the corporate and personal level.

Now these are not exactly new thoughts. There is a longstanding tradition of charitable and community involvement in this country certainly, including the involvement of the City with disadvantaged communities on our doorstep. What is new, it seems to me, is the increasing commitment to such involvement - not just in the interest of the beneficiaries, or even in the interest of the overall economy and reduced social tensions, but in the interest, too, of those who contribute to it, for example in terms of the way in which companies are viewed by the community at large, but also by their staff, or prospective staff, who themselves increasingly look to work for socially responsible employers. It was to encourage this commitment – to applaud the efforts of those that are already engaged with the community, in a whole raft of different ways, and to encourage others to become more involved, that the Heart of the City campaign was launched, I believe very successfully, some eighteen months ago.

The same considerations apply internationally. Globalisation means different things to different people, but for me it means the progressive extension, and intensification, of free trade and freedom of capital flows to all parts of the world. There is no doubt that it has brought substantial benefit to the world economy as a whole in terms of faster economic growth.

But it has also drawn attention to the fact that some countries are less well placed to take advantage of the global market economy than others - whether because of the way in which the rules of free trade are applied or because of their stage of development. Many countries remain trapped in poverty and need to be helped in their development efforts through properly targeted official aid and technical assistance. It is the clearly valid point made by many NGO’s and peaceful

anti-globalisation protesters; and it is increasingly acknowledged by the official international community. It has been pushed steadily higher up the international financial agenda, and it will be a key topic of discussion at the International Summit Meeting on Financing for Development at Monterrey in March. Like social inclusion nationally, the economic inclusion of all members of the international community is not just a matter of moral principle, it has the capacity to make a major contribution to our global economic progress and to reduce international tensions.

But, again like social inclusion nationally, international inclusion is not solely a matter for governments. It is too diverse and complex, too multifaceted, an issue to be addressed simply through over-arching intergovernmental channels. It, too, is a challenge that needs to engage us all – again at corporate and personal level. And that essentially is why we are here this evening.

Opportunity International is not, of course, the sole channel through which the private sector can respond to that challenge. It does not displace efforts to improve health or education in the poorer countries or humanitarian aid for example. There are many valid international causes just as there are many domestic channels for charitable and community involvement.

But Opportunity International is an important channel which we would do well to consider very carefully – perhaps especially those representing international businesses, including particularly international financial businesses.

Its distinctive characteristic is its involvement in micro-finance. Quite simply that means the provision of typically very small loans (often with support in the form of advice or training), and increasingly of micro-savings facilities, to people – or small groups of people – without access to normal commercial finance, but who have the capacity to work for themselves, and thereby contribute to their local economies, if only they can get through the starting gate. The essence of it is that it helps people to help themselves to become self-supporting.

It is a truly international effort. Opportunity International UK – whose 10th anniversary we are celebrating this evening – is one of seven support partners alongside similar organisations in Australia, Canada, the US, France, New Zealand and Germany. The support partners raise private finance – substantially leveraged with official financing – which it deploys through 42 independent, local, implementing partner organisations in 25 countries around the world, currently serving nearly 300,000 clients. It is a remarkable fact that 85% of those clients are women.

The role of the implementing partners is critical. Opportunity International reports that they have achieved a loan repayment rate of 98%. What that means, of course, is that the initial funding can be repeatedly recycled from borrowers that have become self-sustaining, even accumulating savings, to new borrowers. That in itself clearly multiplies the development impact; but it can also contribute to the development of the business of the implementing partner into a self-sustainable micro-finance bank. If I may disagree with Shakespeare, in this case it is the good that men do which lives after them! But it does depend on the technical and professional guidance and support which Opportunity International is able to give to their implementing partners on the ground.

Your Royal Highness, the needs of poor communities both here in our own country and internationally are limitless. We all have a responsibility – alongside government – to help to address those needs, in the interest of the underprivileged certainly, but also in our own interest and that of a more cohesive and harmonious society. Opportunity International is a powerful and dynamic means through which we can contribute to reducing global poverty, and I commend it to you all.

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