Statement

by

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and
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on item 89 (a)
Implementation of the first United Nations Decade for the
Eradication of Poverty (1997-2006)

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Mr. Chairman,

Distinguished delegates,

The adoption by the United Nations General Assembly of the resolution in 1995 on the first United Nations Decade for the Eradication of Poverty (1997-2006) marked a turning point in mobilizing international support for the global fight against poverty. Five years later in the Millennium Declaration, poverty has been identified as the greatest challenge of the new century. Indeed, more people die nowadays from poverty than in conflicts or from violence. This year’s Report of the Secretary-General on the Decade (A/59/326) covers extensively the contribution of microcredit to poverty eradication. The General Assembly recognized in 1997 that special role in its resolution 52/194, subsequent to which the Secretary-General has submitted a number of reports highlighting the significant support that microcredit programmes was providing to poverty reduction in various parts of the world. Having originated in 1976 from Bangladesh, through its legendary Grameen Bank, it is estimated that over 67 million poor and low income people had access to microfinance worldwide in 2003. The last count indicated that as many as 70 countries – developing, economies in transition and developed – have active microcredit/microfinance programmes.

Experience of the Least Developed Countries (LDCs), show that microcredit and microfinance are effective tools of poverty eradication and empowerment of people, particularly women. In Bangladesh, the Grameen Bank, the largest provider of microcredit in the world, has a network of nearly 1300 branch offices in more than 46,000 villages that serve 3.8 million clients, 96 per cent of whom are women. It has disbursed so far loans worth US$ 4.5 billion. Microcredit has been incorporated into the national development strategy of Bangladesh and has become its most powerful engine in pursuit of the 2015 Millennium Development Goals (MDGs) on poverty eradication. Experience of Bangladesh is not unique. From Benin in Africa to Bolivia in Latin America, from Nepal in South Asia, to Samoa in the Pacific, to Bosnia and Herzegovina in Europe, poor people can tell many success stories about microcredits that brought dramatic change to their lives and opening up the doors to a meaningful future. As a matter of fact, Benin which leads the LDC Group, has the largest number of microfinance institutions (MFIs) in the West Africa Monetary Union (UMOA) region with more than 1,100 outlets and 700,000 clients.

The 2004 ECOSOC High-Level Segment deliberations on the theme of “resources mobilization and enabling environment for poverty eradication” in the context of implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 took stock, among other things, of the role of financial intermediation (savings, credits and remittances) in poverty reduction in the LDCs and concluded that microcredit can be an effective tool for increasing productive capacities of local communities, inclusion of poor people in economic flows, promoting local markets growth, creating jobs and employment opportunities. During the same segment, a roundtable of the Investment Forum on “Local Private Sector Development: The Role of Microfinance/Microcredit” chaired by H.E. Mathieu Kerekou, President of Benin
examined the obstacles to microfinance activities in LDCs and identified lack of policy and regulatory environment, insufficient access to information and weak human and institutional capacity for microfinance as significant. It concluded that as a result of these impediments access to microcredits remains limited. In most LDCs, the penetration rates hardly exceed 1 per cent. That, at the same time, also tells us about the huge potential of expansion of microcredit programmes in these countries, thereby contributing to their poverty reduction efforts.

The impact of microcredit shows that it has been most pronounced in extreme poverty. Microfinance should not, however, be viewed as the sole instrument for poverty reduction. Its enormous potential can be fully realized only in combination with other interventions like social protection programmes, wage employment schemes, education and training and as part of a broader poverty eradication strategy. Microcredit is an inducer, a catalyst for economic activity of the poor people. Another of its far-reaching impact is the empowerment of people, particularly women. Numerous studies conclude that microcredit lead to the empowerment of women by providing them with income, increasing their role in household decisions, changing family attitudes and societal perception, providing with opportunity for networking and with access to information and markets. It increases self-confidence and advances the status of women in the community. On the occasion of the launch of the International Year of Microcredit (IYM 2005) this week on 18 November, the United Nations Office of the High Representative has teamed up with the International Fund for Agricultural Development (IFAD) to host a roundtable on the subject of “Empowering Women through Microcredit”.

The International Year of Microcredit provides us with the unique opportunity for improving awareness, sharing knowledge, as well as best practices and lessons learned in microcredit and microfinance. The Secretary-General has renewed his invitation in his present Report to Member States to establish national coordinating committees for the observance. He has also asked the United Nations system and other stakeholders to develop new partnerships to link their microcredit activities. Many LDCs have already undertaken national activities related to the Year (Angola, Bangladesh, Mali, Mauritania, Togo, Zambia, etc.) and many more, I am sure, will follow their suit. The Office of the High Representative is actively involved in the United Nations Secretariat’s preparations for the observance of the Year. From a personal point, I feel particularly enthusiastic about the IYM 2005 as I had the pleasure of proposing the initiative in 1998 in a different incarnation.

Microcredit/microfinance pose enormous potential for the human security in the LDCs. For the LDCs microcredit is more than just a development tool. It is a vital means of income generation, social inclusion and empowerment. In short, it is an important means of our continuing and wide-ranging struggle against poverty in the LDCs and its teeming millions.

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