



United Nations Industrial Development Organization

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The United Nations Industrial Development Organization,

Recalling the recommendations for the first United Nations Decade for the Eradication of Poverty (1997-2006), resolution 52/194 and especially paragraph 12 with the decision to include future discussions of the role of microcredit under the program entitled: "Implementation of the first United Nations Decade for the eradication of Poverty" (1997-2006),

Acknowledging the fact that the private/small enterprise sector already employs over 500 million of the poor (according to the Consultive Group Assist The Poorest (CGAP) in 1998), and constitutes an active base for strengthening the private sector in developing countries,

Approving of the MicroStart program launched by UNDP in February 1997,

Emphasizing that potential microcredit candidates should be chosen based on institutional assessment, realistic business planning and capacity proposal,

Believing that sustainable microfinance is a key component in alleviating poverty,

Endorsing the importance of the specific programmes aimed at rural and women entrepreneurship development,

Seeking to expand the outreach of microfinance services to people living in poverty and extreme poverty,

Bearing in mind that significant resources are required to meet the potential demand for building sustainable microfinance systems,

Realizing that the financial sustainability of Microfinance institutions should be considered, thus the institutes should not only be lending but also saving in order to ensure their long term sustainability,

1. *Adopts* the consensus that microfinance shall be placed under Service Module 4 in UNIDO's activities in order to ensure that its importance in private sector development is recognized and expanded;

2. *Determined* to increase and improve market access of micro and small enterprises through microfinance by building legal and financial institutions;

3. *Supports* the removal of legal barriers preventing banks from establishing business relationships with private enterprises and private individuals so that they can have access to domestic and international markets;
4. *Aims* to have proper monitoring over the development of the private sector in poor countries from the international organizations;
5. *Supports* the evolution of private enterprises from informal into formal sector of poor countries' economies;
6. *Endorses* cultural and regional specific approaches when implementing microfinance programmes;
7. *Stresses* the importance of innovative programmes, pilot projects and the development of financial technology to address the poorest of the poor so that they have access and productively use microfinance services;
8. *Affirms* that microfinance should be supplemented by other programmes such as Business Development Services; (A) awareness-building programmes on a board range of microfinance services, (B) information dissemination on service providers, (C) basic literacy, numeracy and skills training for women, ethnic minorities and other disadvantaged groups, (D) social mobilization for the formation of community-based organizations and solidarity groups actively participating in microfinance-markets;
9. *Calls upon* Member States to launch relevant policy reforms in order to create an environment sufficiently flexible to accommodate a wide array of microfinance service providers by offering incentives such as tax cuts for banks and companies that provide microfinance programmes;
10. *Reminds* that microfinance should be viewed as a complementary program, and thus should be accompanied with a social assistance program for those living in extreme poverty to provide their basic needs (food, health, shelter, clothing, and education) and technology and technological assistance within a lend-leasing scheme.