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Implementation of the first United Nations Decade
for the Eradication of Poverty (1997-2006)

Implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006)

International Year of Microcredit, 2005*

Report of the Secretary-General

* This part of the report was prepared in collaboration with the United Nations Capital Development Fund.

Summary

This report is in two parts. Part I responds to General Assembly resolution 57/266, in which the Secretary-General is requested to submit to the Assembly at its fifty-eighth session a report on its implementation. The report finds that progress in reducing poverty is mixed at the regional and national levels, and that on current performance many countries, particularly in Sub-Saharan Africa, are not likely to achieve the poverty reduction goal at the national level by 2015. A similar picture emerges for the attainment of the other Millennium Development Goals. The report reviews the progress that has been achieved in some selected areas that can significantly effect the attainment of the goals relating to reducing poverty and hunger.

Part II responds to General Assembly resolution 53/197 in which the Secretary-General is requested to submit to the Assembly at its fifty-eighth session a report containing a draft programme of action for the observance of the International Year of Microcredit, 2005. The report presents proposals for the objectives and activities for the Year, and provides several recommendations related to the preparation and organization of the Year.

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Part I: Progress in poverty reduction

A. Introduction

1. The General Assembly stressed in resolution 57/266 that the first United Nations Decade for the Eradication of Poverty (1997-2006) should contribute to achieving the targets of halving, by 2015, the proportion of the world's people whose income is less than one dollar a day and the proportion of people who suffer from hunger, through decisive national action and strengthened international cooperation as part of an integrated approach to achieving the internationally agreed development goals, including those contained in the Millennium Declaration. The resolution also stressed the multidimensionality of poverty and highlighted key policy considerations that would contribute directly or indirectly to the fight against poverty. Selected issues pertaining to the implementation of the Decade are taken up Section C in this part of the report.

B. Taking stock of progress[1]

2. An important benchmark of the effective implementation of resolution 57/266 is the state of progress towards the time-bound development goals as contained in the Millennium Declaration, in particular the goal of halving the proportion of people whose income is less than $1 a day,[2] since they address the multi-dimensionality of poverty. The World Bank estimates[3] that the proportion of poor people living on less than $1 a day in developing countries declined from 29.6 per cent to 23.2 per cent between 1990 and 1999 -- a transition of roughly 123 million persons out of extreme poverty even though the population in these countries grew by 15 per cent to 5 billion during the same period. If current trends are maintained, the goal is likely to be achieved at the global level. At the regional level, the picture is mixed. Apart from East Asia and the Pacific, and South Asia, all other regions have experienced setbacks since 1990. (Table 1). Progress towards the other development goals contained in the Millennium Declaration has been mixed and a comprehensive assessment is presented the report of the Secretary-General on the implementation of the United Nations Millennium Declaration (agenda item 44).

3. Resolution 57/266 underscored the importance of the empowerment of women as an underlying factor for effective poverty reduction policies. In part, progress towards this objective is reflected in the extent and nature of women's participation in the labour force. Gender disparity in the labour market has not improved by much between 1990 and 2000. Globally, women's share in non-agricultural wage employment was estimated at 36 per cent in 2000. Between 1990 and 2001, women's share of non-agricultural wage employment rose in all regions except for the Middle East and North Africa where the share fell from 25 to 22 per cent, and in the transition economies where the share hovered between 48-49 per cent. The informal sector continues to be a more important source of employment for women than for men in most countries, and is especially pronounced in sub-Saharan Africa where the share of informal

[1] The discussion in Part I draws upon Department of Economic and Social Affairs Statistics Division and Development Policy and Planning Office "Monitoring report on indicators of trends in implementation of the millennium development goals and targets, 1990-2003", Final working draft.

[2] See A/56/326, annex for more details of the other time-bound goals.

[3] World Bank, "Global Economic Prospects 2003", Washington , D.C

employment non-agricultural wage employment for women is 84 per cent. In North African and Middle Eastern countries, however, the trend is reversed where more men find employment in the informal sector than women.

4. Poverty reduction is not possible without the delivery of safe drinking water. Over the past decade, nearly one billion people have gained access to improved water supplies. According to UNICEF/WHO the greatest gain in improved water coverage was achieved in South-central Asia, where the proportion rose from 72 per cent to 85 per cent. The lowest coverage rates remain in Sub-Saharan Africa where only 58 per cent of the population has access. During this period, no progress was made in the least developed countries. Poor people continue to be the worst affected, with 50 per cent of the population in developing countries exposed to polluted water resources. Out of 1.2 billion people without access to safe drinking water, 40 per cent are in East Asia and the Pacific, 25 per cent in sub-Saharan Africa, and 19 per cent in South Asia.

5. Efforts to reverse the spread of HIV/AIDS, the fourth largest cause of death world wide, have resulted in limited progress. At the end of 2002, an estimated 42 million people globally were living with HIV. In sub-Saharan Africa, HIV/AIDS is the leading cause of premature mortality and is reflected in the declining life expectancy. In 2002, there were 2.4 million AIDS deaths in sub-Saharan Africa and prevalence rates among adults aged 15-49 reached 8.5 per cent. At the global level, the number of adult women with the disease rose to roughly equal the number of adult men in 2002, suggesting that the disease is spreading fastest among women. In Asia and Eastern Europe where HIV prevalence is on the rise, high-risk sub-groups are injecting drug users (IDU) and sex workers. Recent declines in HIV prevalence in some countries have been attributed to successful prevention programmes.

Official development assistance

6. Official development assistance (ODA) rose by 4.8 per cent in real terms from $52.3 billion in 2001 to $57 billion in 2002. Despite efforts for efficient and effective delivery of ODA, it is estimated that current ODA pledges will fall far short of the amount needed to meet the goals of the Millennium Declaration. The World Bank estimates that the cost of achieving the goals is likely to require at least an additional $50 billion a year over and above the resources from developing countries themselves. However, an additional boost to ODA levels is possible, for instance, through the UK proposal to establish the International Finance Facility (IFF)[4] to facilitate the achievement of the Millennium Development Goals (MDGs) by 2015. The scheme would raise ODA to more than $100 billion through the use of long-term government donor pledges. The donor pledges will back the long-term bonds that will be issued to finance the development and the MDG needs of developing countries.

Debt relief

7. Over the period 1990 to 2000, the average debt service to exports ratio in all low- and middle-income economies stood at about 18 per cent. The World Bank and International Monetary Fund estimate that for countries in the HIPC programme, the ratio of debt service to exports has been cut by more than 40 per cent, from more than 16 per cent to 9 percent (roughly

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[4] International Finance Facility, Department for International Development (DFID), HM Treasury, January 2003.

half the average for all developing countries). The 26 countries that entered the HIPC programme are estimated to be saving an average of $1.3 billion a year because of lower debt servicing costs, compared with payments in 1998/99. [5]

8. More than six years after the inception of the HIPC initiative, eight beneficiary countries (as of April 2003) have reached the completion point out of the 26 that had reached the intermediate benchmark, the "decision point". The delay in bringing more countries to the "completion point" is attributed to the problems faced by some countries in preparing PRSPs and implementing fiscal targets, which partly results from the weak international economy, and to delayed funding of the HIPC Trust Fund. Moreover, some of the eight countries appear to have experienced worsening debt indicators, as a result of lower world commodity prices and export receipts than had been expected. However, as the recent case of Burkina Faso demonstrates, it is possible to have an arrangement whereby a "topping up" of debt relief at the completion point if commodity prices have fallen since the projected need for relief was calculated.

C. Selected issues on implementing the Decade

9. In this Section two issues - governance at the international and national level and poverty reduction strategies - have been selected for discussion because they are among the key preconditions for countries to achieve rapid growth and poverty eradication. While poverty reduction strategies flourish in a participatory environment, such a participatory approach can take root most easily when democratic governance is present.

Governance

10. The issue of governance at the international and national levels was highlighted in Resolution 57/266 as important elements of an integrated approach towards poverty eradication. This concern about the contribution of democratic governance to social and economic development is in consonance with the view that has been highlighted repeatedly in numerous United Nations conferences and summits, including the World Summit for Social Development[6] and the twenty-fourth special session of the General Assembly[7] and the Millennium Summit. More recently, at the conference on Financing for Development held in Monterey in 18-22 March 2002, there was agreement among Member States that good governance underpins the mobilization of both domestic and international resources for developing countries.[8] And at the 2002 Summit in Johannesburg, the importance of good governance to sustainable development was again given prominence.[9]

11. There is increasing evidence that a considerable number of developing and transition economies in all regions have intensified efforts in strengthening governance through the

[5] World Bank/IMF, Heavily-Indebted Poor Countries Initiative, Fact Sheet, March 2003, http://www.worldbank.org/hipc/hipc-review/Fact_Sheet_mar03_.pdf

[6] Report of the World Summit for Social Development, Copenhagen, Denmark, 6-12 March 1995

[7] A/S-24/8/Rev.1, Report of the Ad Hoc Committee of the Whole of the twenty-fourth special session of the General Assembly

[8] A/Conf.198/11, Report of the International Conference on Financing for Development

[9] A/Conf.199/20, Report of the World Summit on Sustainable Development

development of participatory decision-making processes, greater accountability and transparency in public administration. The Human Development Report 2002 reports that since 1980, 81 countries have taken significant steps towards democracy, 33 military regimes have been replaced by civilian governments, and 140 of the world's nearly 200 countries now hold multiparty elections. In addressing the issue of democratic governance the Human Development Report 2002 also highlighted the fragility of some of these developments: Of the 81 new democracies cited above, only 47 are fully democratic, and many others appear not to be in transition to democracy or have lapsed back into authoritarianism or conflict. This state of affairs underscores the vital need for support at the regional and international levels for the ongoing processes to promote democratic governance at the national level.

12. In Africa, for example, some of these national efforts have been supported by regional and sub-regional initiatives such as the Steering Committee within the New Partnership for Africa's Development, to develop a proposal for standards in governance, and the African Peer Review Mechanism (APRM) to promote adoption of the standards and monitoring. National efforts to address corruption have also found concerted regional and international support: At the regional level, the African Union has a draft convention on preventing corruption, while at the international level, the Ad Hoc Committee on the Negotiation of a United Nations Convention against Corruption has been deliberating an international legal instrument to criminalize corrupt acts and monitor the implementation of its provisions.

13. The importance of good economic governance at the global level was reaffirmed in resolution 57/266 as being fundamental for achieving poverty eradication and sustainable development. There have been important developments in this regard which are extensively covered by the Report of the Secretary-General the Outcome of the International Conference on Financing for Development (agenda item 95). Nevertheless, it is important to highlight some recent developments such as the adoption of the Doha Work Programme, at the Fourth Ministerial Conference of the WTO, which promises to create the conditions which can make the international trading system more development friendly and increase the capacity of developing countries to participate in the system more effectively. Effective market access for the products of developing countries is one key outcome of this promised improvement in the international trading system which can make a singular contribution to faster growth and poverty eradication in poor countries. In this regard, the special needs of the least developed countries (LDC) should be emphasized because the participation of these countries in world trade remains marginal and, to date, no LDC has acceded to the World Trade Organization.

14. Although governance at the national and international levels has received greater attention in recent years there only has been some modest progress in several areas; the major promises of major initiatives undertaken by the international community and Governments have yet to be fully realized.

Poverty Strategies

15. To support the Decade for the eradication of poverty and the implementation of the Social Summit outcome, UNDP launched the Poverty Strategy Initiative (PSI) in 1996.[10] With

[10] See Poverty Strategy Initiative (PSI) Programme evaluation and lessons learned, June 2000, UNDP, New York.

an initial funding of US$11 million, most of the 11 selected country projects were started in 1997 or 1998 with particular focus on various areas, including qualitative assessment of poverty, household surveys and poverty profiles, poverty reduction strategies and programmes, analyses of social spending and aid flows to basic services; national human development reports, capacity development for poverty reduction planning, as well as social mobilization and constituency building.

16. Overall, the evaluation of the PSI studies found that they made a significant impact towards formulating poverty reduction programmes, advocacy and public awareness and capacity building. They generated relevant knowledge towards policy-making by stimulating policy discussion in many countries where poverty was not even on the political agenda. Raising awareness among policymakers and the civil society and the participation of all stakeholders brought a sense of urgency in dealing with poverty. With a strengthened knowledge base, the transfer of skills to national experts and government agencies and civil society, have helped build capacity in formulating poverty reduction strategies and in performing advocacy roles better. Lastly, the PSI has functioned as a catalytic agent in promoting inter-agency co-operation and in leveraging additional resources for similar activities.

17. In general, the promotion, adoption and implementation of poverty reduction strategies has made good progress on several fronts. Perhaps one of the biggest boosts to this effort has resulted from the implementation of the Poverty Reduction Strategy Papers (PRSPs). The preparation of the PRSP is seen as a vehicle to orient aid towards key issues and objectives in the poorest countries through a participatory process, emphasising country ownership, and linking overall national policy to external assistance programmes.

18. Increasingly, the focus of the PRSPs is the achievement of the development goals of the Millennium Declaration, principally the goal of poverty reduction. The PRSPs are also being explored as a means to orient bilateral development assistance by the members of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD).

19. As of March 2003, 25 full PRSPs have been reviewed and a further 23 countries have completed interim PRSPs. The use of the PRSP reflects an attempt to place renewed emphasis on national ownership of development and highlights the importance and urgency of capacity building to enable countries to design and implement country-driven development strategies in a participatory way. However, the Commission for Social Development in its Agreed Conclusions "National and international cooperation for social development" made the crucial point that in order for PRSPs to provide an improved social outcome "a broad platform is necessary to place them within a wider context where all social objectives would be adequately taken into account".[11]

20. Monitoring of the MDGs is already underway at the country level. Countries have undertaken voluntary reporting of progress towards achieving the development goals of the Millennium Declaration and, to date, about 40 countries have already completed their first report. Such reports are not meant to include in-depth analysis and detailed policy recommendations but rather should be seen to engage political leaders and top decision-makers, and to mobilise civil society, communities, the general public and the media. They provide a systematic and identifiable follow-up to the global conferences and world summits of the 1990s. These reports are therefore a tool for awareness raising, advocacy, alliance building, and renewal of political

[11] E/2003/26, E/CN.5/2003/9 Draft Resolution V.

commitments at the country level, as well as to build national capacity for monitoring and reporting on goals and targets. The intention is that these country reports will help focus the national development debate on specific priorities.

D. Conclusion

21. **Progress in the implementation of the Decade for poverty eradication has been patchy and uneven. While there has been progress in the faster growing developing countries on many fronts, the poorer developing countries, where economic and social development is most needed, still lag behind. Further efforts are needed at the national level, supported by the regional and international communities if these goals are to be achieved.**

22. **Yet, there are some fresh developments and results that point towards progress. These efforts are worthy of concerted support at the regional and international levels and it is noted that there have been advances on this front as well, most recently and visibly in Africa. If these efforts can be sustained and leveraged, the political and social environment that emerges will provide a sound and stable basis for economic and social development that will contribute to the achievement of the Millennium Development Goals.**

23. **It is also noted that strategies for poverty reduction have been adopted by more and more countries as part of an integrated approach to economic and social development, emphasising national ownership and broad-based participation of stakeholders. Progress on this front underscores the national commitments to poverty eradication and the closer alignment between countries' overall policy frameworks and their external assistance programmes. However, in order for PRSPs to provide an improved social outcome, a broad platform is necessary to place them within a wider context where all social objectives would be adequately taken into account.**

24. **It is also encouraging to note the modest revival of ODA levels following the commitments made in Monterrey. Although ODA levels are still well below their historical highs and considerably below the minimum levels needed to attain the Millennium Development Goals, recent events give cause for optimism that ODA levels may continue to rise. The reality facing poorer countries striving for economic and social development remains unchanged - despite the best efforts of many of the poorer countries to fully utilize their domestic resources for development and poverty reduction, external assistance and international cooperation are still key to ensuring that they will be able to achieve the development goals as envisioned in the Millennium Declaration.**

PART II. Proposed objectives and activities for the International Year of Microcredit, 2005

A. Introduction

25. The General Assembly, at its fifty-third session, adopted resolution 53/197 in which it proclaimed 2005 the International Year of Microcredit (henceforth referred to as "the Year") and requested that the observance of the Year be a special occasion for giving impetus to microcredit programmes throughout the world. The resolution invited Governments, the United Nations system, all concerned non-governmental organizations, other actors of civil society, the private sector, and the media to highlight and give enhanced recognition to the role of microcredit in the

eradication of poverty, its contribution to social development and its positive impact on the lives of people living in poverty. It also invited all involved in the eradication of poverty to consider taking additional steps, including the strengthening of existing and emerging microcredit institutions and their capacities, so that credit and related services for self-employment and income-generating activities may be made available to an increasing number of people, and to develop further other microfinance institutions.

26. The proposed objectives and activities that are discussed in this part of the report for the Year take into account the views of Member States in response to the note verbale of 6 December 2002 from the Secretary-General. The proposals also reflect the views of relevant organizations of the United Nations system and interested non-governmental organizations.[12] Furthermore, recommendations emanating from the recent major United Nations conferences and summits on issues related to microcredit and microfinance were also taken into consideration.

B. Background and overall orientation

27. Governments, relevant agencies of the United Nations system as well as key industry stakeholders are emphasizing that the unique and widely varying needs of poor people require an extensive range of financial products and services, including credit, savings, insurance, and asset building mechanisms. The concept that poor people benefit from microcredit has evolved to recognize that the people living in poverty warrant and deserve access to a range of financial tools that enhance their ability to increase incomes, build assets and mitigate the vulnerability in times of economic stress. The provision of a range of financial services for the poor people is often referred to as microfinance. Microcredit or microfinance [13] has received increasing attention as an effective anti-poverty tool and has successfully contributed to lifting people out of poverty in many developing countries. The role of microcredit in the eradication of poverty is stressed in ECOSOC agreed conclusions 1997/1, which called for strengthening the institutions supportive of microcredit and recognized importance of access of microcredit of people living in poverty to enable them to undertake microenterprises to generate self-employment and contribute to achieving empowerment, especially women.

28. Major United Nations conferences and summits have given emphasis to the role of microcredit and microfinance in poverty eradication and empowerment of poor people, particularly women, including the Programme of Action of the World Summit for Social

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[12] As of 1 July 2003, replies were received from Algeria, Bahamas, Belgium, Canada, China, Fiji, Gabon, the Gambia, Guatemala, Kuwait, Moldova, Morocco, Nauru, the Netherlands, Peru, the Philippines, Qatar, Switzerland, Yemen and Zambia. Responses were also received from FAO, ILO, IMF, UNCTAD, UNESCO, UNFPA, UNICEF, UNIDO, UNIFEM, WFP, WHO, and the World Bank. Relevant Departments and Offices in the United Nations Secretariat were also consulted. Responses were also received from the Microcredit Summit Campaign, and the Foundation for International Community Assistance (FINCA).

[13] It was proposed by some countries and UN agencies that the terms “microcredit” and “microfinance” be used interchangeably. However, in the literature, “microcredit” and “microfinance” are not identical concepts as microfinance includes a range of financial services, such as savings and insurance, besides credit.

Development;[14] the twenty-fourth special session of the General Assembly[15], the Beijing Declaration and Platform for Action of the Fourth World Conference on Women[16] and the further actions and initiatives to implement the Beijing Declaration and Platform for Action[17]; the Programme of Action for the Least Developed Countries for the Decade 2001-2010[18]; the Monterrey Consensus of the International Conference on Financing for Development[19]; and the Plan of Implementation of the World Summit on Sustainable Development.[20] The Monterrey Consensus specifically mentions microfinance initiatives and recognizes that microfinance and credit for micro-, small and medium-sized enterprises, including in rural areas, particularly for women, as well as national savings schemes, are important for enhancing the social and economic impact of the financial sector.

29. The momentum generated by the major United Nations conferences and summits, particularly the World Summit for Social Development and the Fourth World Conference on Women, inspired the holding of the Microcredit Summit in Washington, D.C. in 1997, which, through its Declaration and Plan of Action, launched a nine-year global campaign to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services by the year 2005. The latest data show that over the last five years the number of poor people who benefited from microcredit programmes has grown from 7.6 million in 1997 to 26.8 million by the end of 2001.[21]

30. Sound microfinance is having a positive impact on the lives of poor people, improving their household incomes, building assets, and safeguarding them against vulnerabilities arising from economic and other crises, through savings, credit, insurance and other financial vehicles. Evidence from microfinance programmes demonstrates that access to financial services enables poor people to improve their health, nutrition, education, and school enrolments of their children.[22] Financial services also help improve the stability and growth of microenterprises. However, poor people in most countries still do not have access to formal financial services. The challenge now is to expand the reach and develop more effective services for poor people on a sustainable basis. Incorporating empowerment approaches in microfinance, building networks to advocate women's greater participation is also an important priority. Focus is needed on promoting good practices, capacity building of microfinance institutions, and forging partnerships between governments, donors, international organizations, non-governmental organizations, the private sector, and other stakeholders.

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[14] Report of the World Summit for Social Development, Copenhagen, Denmark, 6-12 March 1995

[15] A/S-24/8/Rev.1, Report of the Ad Hoc Committee of the Whole of the twenty-fourth special session of the General Assembly

[16] A/Conf.177/20, Report of the Fourth World Conference on Women

[17] A/S-23/10/Rev.1, op.cit.

[18] A/CONF/.191/13, Report of the Third United Nations Conference on the Least Developed Countries

[19] A/CONF.198/11, Report of the International Conference on Financing for Development

[20] A/CONF.199/20, The Plan of Implementation of the World Summit on Sustainable Development

[21] State of the Microcredit Summit Campaign Report 2002, Microcredit Summit Campaign

[22] See for example the discussion in the World Economic and Social Survey, 1999, chap. VII.

C. Proposed Objectives

31. The International Year of Microcredit will be an important event to give impetus to microcredit and microfinance programmes and activities around the world. The objectives of the Year may include building upon the following:

(i) Microcredit and microfinance and development goals - Assess and promote the contribution of microcredit and microfinance towards achieving the goals as contained in the Millennium Declaration, and the goals of major conferences and summits;

(ii) Public awareness - Promote awareness and understanding of microcredit and microfinance; their role in poverty eradication, including achieving the Millennium Development Goals; and how they empower people and contributes to communities;

(iii) Pro-poor financial systems - Identify critical measures for Governments to optimally stimulate sustainable, pro-poor financial sectors, and build collective visions and strategies that position microcredit and microfinance as integral parts of a country's financial systems;

(iv) Sustainable access - Increase the capacity of microcredit and microfinance service providers to be more effective and efficient at addressing the needs of poor and very poor people, and strengthening the capacity of donors and Governments to support these institutions by following good practice microcredit and microfinance principles;

(v) Innovation and partnerships - Promote, support and create innovation and strategic partnerships between and among Governments, organizations of the United Nations system, private, public sectors, civil society, non-governmental organizations (NGOs), and other microcredit and microfinance stakeholders to build and expand the outreach and success of microcredit and microfinance.

D. Activities and initiatives at the national, regional and international levels

(i) Microcredit and microfinance and development goals

32. Expanding microcredit and microfinance can contribute towards achieving the goals as contained in the Millennium Declaration, and the goals of major conferences and summits. The following activities may be undertaken to assess and promote the contribution of microcredit and microfinance in this regard:

(a) Evaluate the progress made towards the Microcredit Summit target of reaching 100 million families with sustainable financial services;

(b) Identify, map and promote microcredit and microfinance activities of Member States, relevant organizations of the United Nations system and other stakeholders, and the contribution of these activities to achieving the Millennium Development Goals;

(c) Assess current microcredit and microfinance resource allocations, including funding, and evaluation of resources required to achieve the Millennium Development Goals;

(d) Encourage Member States to use the Year as an opportunity to develop strategies for 2005-2015 in light of the contribution of microcredit and microfinance to achieving the Millennium development goals.

33. The outcomes of these efforts would be synthesized in a report with follow-up recommendations to strengthen capacity-building of the microcredit and microfinance sectors and presented to the General Assembly at its fifty-ninth session.

(ii) Public awareness

34. The Year offers a platform to increase public awareness and knowledge about microcredit and microfinance, their role in achieving the Millennium development goals, and how they empower people and contribute to communities.

Activities at the international level

35. The following advocacy activities may be carried out to create awareness about the importance of microcredit and microfinance in poverty reduction:
(a) Designate a "world microcredit or microfinance day"; establish a website; and invite prominent personalities to promote the Year's objectives and activities;
(b) Increase the access of the public to information on microcredit and microfinance by producing and distributing printed, visual and audio materials such as reports, booklets, newsletters, press releases, press kits, posters, stamps, television and radio programmes, and involve the media and other sources of public information;
(c) Promote new innovations, alliances and other good practices through reports, video, audio, and other mediums to highlight the positive impact of microcredit and microfinance on empowering clients; the results of microcredit and microfinance performance assessments; and the contribution of microcredit and microfinance to achieving the Millennium Development Goals;
(d) Share experiences and lessons learned on microcredit and microfinance as well as strategies and modalities to improve the provision of appropriate financial services to poor and very poor people;
(e) Launch a campaign to highlight the excellent performance of microcredit and microfinance clients, particularly women, in repaying loans, managing household incomes, using various financial instruments to build assets; building micro-enterprises; investing in communities; and contributing to development, especially in the LDCs.

Activities at the regional and national levels

(a) Organize regional and national study tours and workshops on microcredit and microfinance good practice programmes and institutions in order to sensitize the public, share expertise, address regional barriers, and build collaborations;
(b) Organize events to raise awareness about good practices and increase commitment to scale up microcredit and microfinance efforts by, for example, establishing an award of excellence for national institutions offering superior microcredit or microfinance services;
(c) Produce documents and videos, and host events to build public awareness on the role of microcredit and microfinance in reducing poverty and promoting development, on progress made, constraints faced, and ways to expand microcredit and microfinance programmes.
(d) Expand outreach through improved microcredit and microfinance marketing targeted at increasing the information for poor people.
(e) Encourage the involvement of educational institutions in the promotion of microcredit and microfinance concepts and practices.

(iii) Pro-poor financial systems

36. The Year provides an opportunity to identify critical measures for Governments to stimulate sustainable, pro-poor financial sectors, and build collective visions and strategies that position microcredit and microfinance as an integral part of country's financial systems.

Activities at the international level

37. In an effort to stimulate sustainable, pro-poor financial sectors consider establishing a working group comprising the Bretton Woods Institutions, the Consultative Group to Assist the Poor (CGAP), the relevant agencies of the United Nations system, and other key stakeholders to develop recommendations for pro-poor financial policies, regulatory and legal frameworks at the national, regional and international levels. Specific initiatives may include:
(a) In consultation with Governments, donors, financial institutions, NGOs, and other stakeholders, and based on research and broad-based experience, identify critical measures for Governments to stimulate sustainable, pro-poor financial sectors;
(b) Integrate extensive bodies of work conducted by Governments, donors, educational institutions, NGOs, and financial institutions that have championed an integrated approach to microcredit and microfinance in their countries and regions;
(c) Based on the findings, prepare recommendations for stimulating sustainable, pro-poor financial sectors and submit them to the General Assembly at its fifty-ninth session so that Governments can consider these recommendations and set measurable targets leading to pro-poor sustainable financial sectors;
(d) Organize training workshops on the critical measures that government officials and other stakeholders need to adopt for stimulating pro-poor financial systems;
(e) Establish awards for countries with good practices in microcredit or microfinance.

Activities at the regional and national levels

(a) Consider reviewing regional and national legal, regulatory and institutional frameworks that restrict the access of people living in poverty, especially women, to financial services;
(b) Provide training and incentives for improving access and strengthening the capacity of pro-poor financial services;
(c) Work with the formal financial sector (international investors, local, wholesale, retail, etc.) to expand their involvement in building microcredit and microfinance sectors and outreach to microcredit and microfinance clients.

(iv) Sustainable access

38. The Year offers an occasion to build sustainability in the microcredit and microfinance sectors. The foundation of such sectors lies in the capacity of microcredit and microfinance service providers to be more effective and efficient at addressing the needs of their target markets, and the capacity of donors and Governments to support these providers by following good practice microcredit and microfinance principles.

Activities at the international level

39. The Year could augment and build upon currently available research to enhance sustainable microcredit and microfinance. In addition, an array of new activities could highlight the importance of sustainability, and provide stakeholders with tools and knowledge to successfully contribute to sustainable microcredit and microfinance, namely:

(a) Promote working platforms for Governments, donor countries, United Nations agencies, public, private sectors, and NGO stakeholders to transfer successful strategies (linkages, technical assistance, capacity-building, good governance, product and service development; technology, including ICT) needed to expand sustainable microcredit and microfinance;

(b) Augment efforts to implement uniform, sustainability-focused performance measurement standards that are rigorous, transparent and universal, and build consensus among stakeholders and report on these agreed measures.

Activities at the regional and national levels

40. Regional and national actions may play a lead role in advancing sustainable access to microcredit and microfinance services for poor people, namely:

(a) Building on national financial sector strategies to create national mechanisms to coordinate donor support for microcredit and microfinance which is consistent with the country's vision for sustainable microcredit and microfinance;

(b) Explore obstacles to sustainable microcredit and microfinance and evaluate actions taken to establish and strengthen both, provide prudential saving and insurance, and related financial services to poor people and very poor people.

(c) Assess microcredit and microfinance skill-building training programs to assist national institutions in selecting appropriate, effective and efficient means to increase institutional capacity for offering sustainable microcredit and microfinance;

(d) Provide capitalization and institutional development support to sustainable financial institutions that meet high performance standards in transparency, and reaching a large number of poor people.

(v) Innovation and partnerships

41. The Year gives an opportunity to promote, support and create innovation and strategic partnerships between Governments, donor countries, relevant organizations of the United Nations system, private, public sectors, civil society, NGOs, and other stakeholders as well as to further expand the success of microcredit and microfinance at addressing the financial needs of poor people.

Activities at the international level

42. In an effort to forge strategic partnerships, it is important to build consensus on the distinct and collective purposes, comparative advantages, roles and responsibilities for microcredit and microfinance stakeholders in supporting the successful growth of microcredit and microfinance. This effort will directly feed into other international level activities, namely:

(a) Organize activities and events that support and promote partnership initiatives and build innovative and synergistic solutions to key issues in areas such as the needs of the LDCs, gender disparity, rural isolation, the very poor, lack of infrastructure and health services as well as basic solutions to increasing capacity and scale of operations;

(b) Coordinate communication platforms that recognize the role of the private sector in poverty reduction as a positive trend and promote private sector financial innovations and public-private partnerships to deepen domestic financial markets;

(c) Promote capacity-building networks, partnership building exchanges and mentoring opportunities where front line practitioners can share their experiences and learn from each other. This may include group exchanges, Internet conferences, thematic roundtables, networking programs, and opportunities to link institutions together to build solutions;

(d) Support and promote innovation partnerships between banking, information and communication technology and microcredit/microfinance sectors to use ICT to improve access to financial services for poor people.

Activities at the regional and national levels

43. At the regional and national levels, a coordinated approach to microcredit and microfinance that encourages and supports innovation and strategic partnerships, will enhance efforts and create opportunities to transfer successful practices between partners. Coordination, partnerships, and innovation sharing could be the trademarks of the Year, and the value of these strategic linkages needs to be promoted. These initiatives may include:

(a) Collaborate with regional networks to expand the depth, scale effectiveness and efficiency of microcredit and microfinance within the regional context and to use collaboration and partnership to enhance the access of disadvantaged women and other marginalized groups to financial services by strengthening links between banks and intermediary lending organizations, including legislative support and training;

(b) Build collaboration initiatives to address unique microcredit or microfinance needs through organizing meetings of donors and LDCs to address obstacles encountered in developing microcredit or microfinance in the LDCs context; donors, agricultural and rural financial institutions in the region to adapt microcredit and microfinance good practices to the reality of poor rural households; national and regional women's groups to establish and expand innovative financial services adapted to meet the needs of poor women;

(c) Develop platforms to research, document and showcase national good practices, success stories, and new partnerships in microcredit and microfinance that may include examples of client focused products and service strategies, and financial delivery mechanisms that meet marginalized groups, and in-country donor staff collaboration that result in expanded reach and innovation.

E. Institutional and funding arrangements

44. Past experience with international years and other similar events indicates that the General Assembly usually designates a United Nations entity to serve as the lead agency for coordinating and implementing the activities of the United Nations system for the observance of the Year. The role of lead entity for the Year may be undertaken jointly by the United Nations Capital Development Fund (UNCDF) and the Department of Economic and Social Affairs

(DESA) of the United Nations Secretariat. The UNCDF, as the policy advisory and technical assistance centre for microfinance within the UNDP group, is well positioned to participate in the joint coordinating entity as it supports a variety of initiatives that facilitate the provision of financial services for the poor, through microfinance programmes. DESA is well positioned to participate in the joint coordinating entity by virtue of its role in the implementation of the outcomes of the major United Nations conferences and summits, in particular the World Summit for Social Development and of the twenty-fourth session of the General Assembly, as well as the implementation of the first United Nations Decade for the eradication of poverty. The joint lead entity can closely collaborate with the members of the Consultative Group to Assist the Poor (CGAP) and other relevant agencies of the United Nations system involved in microcredit and microfinance.

45. Coordinated activities and initiatives at the national level through partnerships and participation of all relevant actors in society are essential for the observance of the Year. This approach can be facilitated through setting up national coordinating mechanisms responsible for promoting the activities related to the Year. The Economic and Social Council guidelines for the observance of international years,[23] encourages countries to establish national committees or other mechanisms for preparing for and conducting the international year at the national level.

46. In addition, successful observance of the Year will depend on the ability to mobilize funding through voluntary contributions. Support is needed from all partners in order to promote public awareness about microcredit and microfinance and undertake other activities related to the observance of the Year.

F. Conclusion and recommendations

47. **Microcredit and other financial services for poor people are important instruments for poverty reduction and empowering poor people, especially women. The observance of the Year provides a significant opportunity to raise awareness of the importance of microcredit and microfinance in the eradication of poverty, share good practices, and further enhance programmes that support sustainable pro-poor financial sectors around the world. Expanding outreach can contribute to achieving the goals of major conferences and summits as well as the Millennium Development Goals, particularly targets related to halving the proportion of the people living in extreme poverty by 2015, and promoting gender equality and empowerment of women.**

48. **The General Assembly may wish to consider the following actions:**

(a) Invite the Department of Economic and Social Affairs of the United Nations Secretariat and the United Nations Capital Development Fund, as the policy advisory and technical assistance centre for microfinance within the UNDP group, to jointly coordinate the activities of the United Nations system for the preparation for and observance of the Year and call upon the relevant organizations of the United Nations system to collaborate with the coordinating entities;

(b) Invite the World Bank, the Consultative Group to Assist the Poor, the United Nations Capital Development Fund, and the relevant organizations of the United Nations

[23] Economic and Social Council Resolution 1980/67

system to establish a working group to prepare recommendations for stimulating sustainable, pro-poor financial sectors;

(c) Invite Member States to consider establishing national coordinating committees or focal points with responsibility for promoting the activities related to the observance of the Year;

(d) Call upon Member States, relevant organizations of the United Nations system, non-governmental organizations, private sector, and other actors to collaborate in the preparation for and observance of the Year;

(e) Following the example of the informal Focus Group for International Year of Mountains, composed of interested Permanent Representatives to the United Nations, invite interested Member States to consider convening an informal group for the International Year of Microcredit;

(f) Encourage Member States, relevant organizations of the United Nations system, non-governmental organizations, private sector and foundations, and other actors to make voluntary contributions and lend other forms of support to the Year in accordance with the guidelines for international years.

Table 1
Population living on less than $1 per day and head-count index in developing and transitional economies, selected years, 1990-2015

	Number of people living on less than $1 per day (millions)[a]		
Region	1990	1999	2015
East Asia and the Pacific	486	279	80
(excluding China)	(110)	(57)	(7)
Eastern Europe and Central Asia	6	24	7
Latin America and the Caribbean	48	57	47
Middle East and North Africa	5	6	8
South Asia	506	488	264
Sub-Saharan Africa	241	315	404
Total	1 292	1 169	809
Total, excluding China	917	945	735
	Head-count index (percentage)[b]		
	1990	1999	2015[a]
East Asia and the Pacific	30.5	15.6	3.9
(excluding China)	(24.2)	(10.6)	(1.1)
Eastern Europe and Central Asia	1.4	5.1	1.4
Latin America and the Caribbean	11.0	11.1	7.5
Middle East and North Africa	2.1	2.2	2.1
South Asia	45.0	36.6	15.7
Sub-Saharan Africa	47.4	49.0	46.0
Total	29.6	23.2	13.3
Total, excluding China	28.5	25.0	15.7

Source: World Bank, *Global Economic Prospects and the Developing Countries 2003* (Washington, D.C., 2003), table 1.9, p.30

[a] The $1 per day is in 1993 purchasing power parity terms. The numbers are estimated from those countries in each region for which at least one survey was available during the period 1985-1999.

[b] The head-count index is the percentage of the population below the poverty line.