



American Model United Nations  
**Second Committee**

GA 2nd/II/2

SUBJECT OF RESOLUTION: Role of Microcredit and Microfinance in the  
Eradication of Poverty

SUBMITTED TO: The General Assembly

SUBMITTED BY: The Second Committee

*The General Assembly*

1           *Reaffirming* Article 1 Section 3 of the United Nations Charter which calls for  
2 international cooperation in solving problems of an economic, social, cultural, or  
3 humanitarian character,  
4

5           *Acknowledging* the emphasis given to the role of microcredit and microfinance in  
6 poverty eradication and empowerment of the disenfranchised people in the G8  
7 Declarations of 2004 and 2005, the 2005 United Nations World Summit, the Africa  
8 Commission Report, the Summit of the 2002 Monterey Consensus, the Brussels Program  
9 for Action, and Agenda 21 of the Rio Declaration,  
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11           *Recalling* Resolution 53/197 declaring 2005 as the International Year of  
12 Microcredit, Resolution 58/221 Programme of Action for the International Year of  
13 Microcredit, and Resolution 59/246 The Role of Microcredit and Microfinance in the  
14 Eradication of Poverty,  
15

16           *Guided* by the success that has been achieved in microcredit and microfinance  
17 programs,  
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19           *Cognizant* of 1997 to 2006 being the first United Nations Decade for the  
20 Eradication of Poverty,  
21

22           1. *Further resolves* to expand the already established World Solidarity Fund in  
23 the United Nations by:  
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25                   (a) Coordinating the efforts of Non-Governmental Organizations (NGO),  
26 which are conducting microfinancing activities in least developed countries (LDC),  
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28                   (b) Utilizing this program's effectiveness at securing voluntary  
29 contributions to aid in offsetting the start-up costs of microfinancing institutions,  
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31                   (c) Invites regional microcredit networks, banks, and organizations, such

32 as the African Microcredit Network, to join the World Solidarity Fund under the auspices  
33 of the United Nations to develop germane policies for the global implementation of  
34 Microcredit programs;

35  
36 2. *Renews* its appeal to international, regional, and indigenous banking and  
37 financial institutions to foster objective standards of risk assessment in microfinancial  
38 regulatory frameworks, which is respectful of national sovereignty;

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40 3. *Expressing* the hope that developed member-nations will continue to support  
41 initiatives to tackle the root causes of poverty and marginalization in striving to reach the  
42 2015 targets set forth in the Millennium Development Goals (MDG) through:

43  
44 (a) Urging the Sixth Committee of the General Assembly to broaden the  
45 definition of Heavily Indebted Poor Countries (HIPC),

46  
47 (b) Renegotiating and restructuring the multilateral and bilateral debt of  
48 HIPCs in order to alleviate the economic stress placed on countries whose struggles may  
49 not be addressed due to the lack of inclusion in this definition,

50  
51 (c) Making concrete progress in fulfilling its commitments of .7% gross  
52 national product for Official Development Assistance (ODA);

53  
54 4. *Encourages* member-states to work to develop receptive economic  
55 environments which would allow for greater success of microfinancing and microcredit  
56 programs consequently we:

57  
58 (a) Urge increased cooperation between government and private sectors  
59 and development goals and initiatives,

60  
61 (b) Recognize the advantages of the inclusion of all members of society,  
62 including the participation of women through cooperatives and small enterprises,

63  
64 (c) Proclaim that gender equality and the empowerment of women through  
65 access to financial services is in the spirit of the Beijing Declaration, the Beijing Platform  
66 for Action Plus 10, and the United Nation Millennium Declaration;

67  
68 5. *Expresses the need* to modernize developing economies so that the  
69 entrepreneurial poor can become competitive in the global market place, therefore we:

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71 (a) Recommend that International Financial Institutions (IFI) such as the  
72 World Bank, International Monetary Fund, regional development banks consider and  
73 assess microfinance-related Poverty Reduction Strategy Papers (PRSP),

74  
75 (b) Call upon the formation of a multilateral program that would facilitate  
76 the exchange of experiences among successful microcredit and microfinancing programs,  
77 such as the Grameen Bank in Bangladesh, to developing member-nations in need of

78 assistance,

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80 (c) Request that United Nations Country Teams should develop a strong  
81 working relationship with IFIs to enhance the quality of country-level technical advice,

82

83 (d) Call upon the United Nations Capital Development Fund (UNDCP) to  
84 supplement its technical guidance and training services with the recommendations of the  
85 World Summit on the Information Society (WSIS) held in Tunis in November 2005;

86

87 6. *Having resolved* to promote the rule of law and good governance with the  
88 United Nations Convention on Corruption, while recognizing the positive contributions  
89 of North-North and North-South cooperation, we:

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91 (a) Endorse the proposed United Nations High-Level Committee on South-  
92 South Cooperation,

93

94 (b) Endorse the proposed Special Unit for South-South Cooperation in the  
95 United Nations Development Program (UNDP),

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97 (c) Encourage nations and regional organizations to create oversight  
98 agencies that will mirror the works of the African Economic Research Consortium  
99 (AERC), the African Peer Review Mechanism, and the Consultative Group to Assist the  
100 Poor (CGAP) in regulating microfinance institutions,

101

102 (d) Further recommend all nations to review existing national banking  
103 laws and make necessary amendments, if necessary, to attract investments and to expand  
104 microfinancing capacities;

105

106 7. *Recognizing* that microcredit has been less effective in reaching the poor in  
107 rural areas because of high transaction costs, inefficiency, and inexperienced  
108 management, therefore we:

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110 (a) Encourage the promotion of microfinance institutions in rural areas  
111 through various public awareness programs,

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113 (b) Stress the need to improve the efficiency and effectiveness of  
114 microfinance programs in rural areas by encouraging the transfer of technology and  
115 information and increasing the capacities of relevant NGO and Commercial Bank  
116 sponsored programs;

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118 8. *Emphasizes* the importance of national governments in taking the initiative to  
119 aid and implement microfinance programs.

Passed, Yes: 78 / No: 3 / Abstain: 8