



American Model United Nations

General Assembly Second Committee

GA 2nd/I/3

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

SUBMITTED TO: The General Assembly Second Committee

The General Assembly Second Committee

1 *Recalling* the duties outlined by “Implementation of the first United Nations
2 Decade for the Eradication of Poverty” (1997-2006),
3

4 *Taking note* of the General Assembly resolution A/C.2/52/L.27/Rev.1 which
5 acknowledges the responsibilities and planned course of action pertaining to the
6 implementation of microcredit,
7

8 *Guided by* the purposes and goals outlined in the Millennium Development Goals,
9

10 *Aware* of the severity of the mounting economic crisis our global community faces
11 and its impact upon the growth of unemployment and poverty worldwide,
12

13 *Noting* that it is often the case that those living in poverty are not capable of
14 working their way out of poverty without the aid of some outside force,
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16 *Bearing in mind* that microfinance and specifically microcredit programs
17 worldwide have proven to be a successful tool in the fight against poverty,
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19 *Recognizing* that the structure of the microcredit system allows for serious
20 potential corruption,
21

22 1. *Recommends* the cooperation of multilateral organizations and multinational
23 agreements alike in an effort to address the global economic crisis, which is beyond the
24 point at which individual states can fix the problem on their own;
25

26 2. *Urges* all member states to examine the feasibility of microcredit use and
27 incorporate the implementation of microcredit into their poverty eradication and
28 economic growth policies;
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30 3. *Encourages* the United Nations and other institutions such as the Arab
31 Development Fund, and assorted NGOs, to fiscally support the nations of the world,
32 within their respective cultural regions, in their future implementation of microfinance
33 and microcredit programs, with a particular focus on those 48 least developed countries;
34

35 4. *Reminds* that while the contributions from the aforementioned institutions will

36 be great, they will not be sufficient to fund microfinance and microcredit on such a broad
37 scale, as such warranting the necessity for contribution from both commercial and for-
38 profit banks;

39
40 *5. Urges* the international community to focus on expanding access to
41 finance training and education and support services for microfinance and microcredit
42 participants, including participants who have not received microcredit loans;

43
44 *6. Calls* for a reduction of finance barriers to participation in microfinance
45 programs, so as to preserve the incentive for such commercial and for-profit banks to
46 ensure their involvement;

47
48 *7. Endorses* the creation and implementation of both regional development
49 microfunds and an international development microfund, that act in tandem as a
50 safeguard against extortion in the system by providing that the needs of people trump that
51 of profit, without eliminating profit as an incentive for commercial and for-profit banks as
52 lenders;

53
54 *8. Also encourages* transparency within the microfinance and microcredit systems
55 that focuses on both issuing microcredit to small groups of people as well as the
56 individual in order to create an information sharing network between the different cultural
57 regions so as to ensure:

58 (a) Efficiency of investment;
59 (b) And development of best practices;

60
61 *9. Urges* that those countries adopting microfinance and microcredit programs to
62 use a 3-tier system, which quantifies success rates and necessity for guidance in the
63 implementation of microfinance and microcredit as tools for the eradication of poverty,
64 which will entail the following:

65 (a) Each individual country addressing their own economic issues on a case by
66 case basis;
67 (b) Each tier quantifying the level of guidance the nation will receive from the
68 International Development Agency, the first tier have the highest rate of growth
69 and as such need less guidance;
70 (c) The aforementioned regional and international microfunds will play a greater
71 role in each successive tier;
72 (d) Direct investment in the respective country's people and private organizations
73 is proportionate to the level of International Development Agency guidance.

Passed, Yes: 58 / No: 21 / Abstain: 21