

**Inaugural Address**  
**The Millennium Development Goals and Microfinance**

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Ladies and gentlemen,

I am honoured and privileged to join a distinguished group of Microfinance practitioners engaged in achievement of the Millennium Development Goals. I am pleased to participate in this session, which provides a broader context for the discussion about “The Millennium Development Goals and Microfinance” and will share my perspective on the role of Microfinance institutions in promoting the Millennium Development Goals (MDGs).

**MDGs:**

Allow me to first give you a quick overview of the MDGs. The Millennium Development Goals emanate from a vision document called the Millennium Declaration signed by 189 world leaders in September of 2000 envisioning the world for all women, men, youth and children free of hunger, poverty and disease, a world of Human Dignity for all. The MDGs outline the key priorities for human development and they demonstrate a clear and explicit connection to Human Rights. To be precise, the MDGs are a set of eight specific goals to eradicate extreme poverty and hunger, ensure all boys and girls complete primary education, promote gender equality, improve the health of mothers and children, reverse the spread of HIV/AIDS, malaria and TB protect the environment, and create a global partnership for development.

**Challenges:**

The reality is poverty claims more victims than wars every year. These challenges call for involvement of all people worldwide through stronger partnership within the international development community and increasing importance of global collective action. At present, the Asia Region is facing a number of development challenges:

- Over 641 million people living on less than \$1 a day in the region – WB recently estimated 1.4 billion people in the developing world live on less than \$1.25 a day
- 834 million people suffer from hunger live in developing regions, approx. 560 million people live in the Asia-Pacific region (More than the population of the 25-country European Union), The largest numbers live in India and China
- 28 million children are out of primary school
- 250,000 women die each year during childbirth or from pregnancy complications
- Some four million children die before the age of 5
- Over 1.5 billion people in rural areas live without basic sanitation

We are the first generation that has enough resources, technology and human capital to effectively address the issues of poverty. And we can be the first generation that makes poverty history. But achieving and exceeding the MDGs require strong political will from national leaders. Simultaneously, citizen participation and institutions such as MFIs are indispensable to accelerate the MDG progress.

Ladies and gentlemen,

**Helping tools:**

Capital, along with human labor, is a key factor of production. For poor people, access to capital is a critical component for their livelihoods, empowerment and lifting themselves out of poverty. Therefore, financial education is a part of a broader approach to accelerate the achievement of the MDGs, which also includes women's empowerment through cash management, savings and credit programmes at the household level.

Financial education can help reduce vulnerability of the poor. It helps bring together communities of the unorganized poor, building their social capital and networks. Building and sustaining social capital requires faith and affirmative action within the alternative paradigm of Financial Education, whereby building the capacity of communities to direct their economic and social development is given primary importance and focus. This social capital then sets the stage for other interventions in primary education and health including child mortality, maternal health, HIV/AIDS, malaria and other communicable diseases. Microfinance paves the way for the empowerment of women, promoting awareness, literacy and leadership among women from poor communities, thereby combating gender inequality.

We face rising economic disparities among different countries and regions, ethnicities, minorities and disadvantaged populations in the Asia region. Social exclusion and gender inequality remain key obstacles to achieve the Millennium Development Goals. We need to accelerate our action to reduce the high levels of underweight and malnourished children, maternal mortality and the prevalence of tuberculosis. We must increase access to basic healthcare, education and sanitation in rural areas. We have to cope with the increasing trends of adult HIV infections since 1990. It is also very critical that we create an enabling environment and economic growth that provide equal employment opportunities especially to youth and women.

Ladies and Gentlemen,

In Asia and certain part of Africa, we increasingly see women benefiting from microfinance services. This has created positive shift in values and expectations that affect women's roles in society when they are responsible for managing household incomes, loans, savings and insurance options, in short, microfinance empowers them. The research shows that credit extended to women has a significant impact on their families' quality of life, especially their children. They are more likely to send their daughters to school.

The microfinance revolution started among rural women in Bangladesh in the 1970s and the Asia region is the most advanced in terms of outreach of MFIs, has retained the highest volume of savings and credit, and served more members than any other continent. However, countries like India and China still have very low outreach, despite a high concentration of the region's poor.

The Millennium Campaign believes that by achieving gender equality and empowering women will help achieve all the Goals. Hence, with 6 more years towards 2015, our focus is on women, hunger and maternal health.

**More actions needed:**

Ladies and gentlemen,

I would like to propose some priority areas of action to accelerate MDG progress in which microfinance institutions can play an important role:

Eradicate poverty and hunger;

- Diversification of livelihood opportunities of poor people making them more resilient to adverse negative shocks emanating from financial, food, fuel and climate crisis
- Allow the poor to plan for unanticipated and future expenses
- Enhance equitable distribution of national economic growth
- Provide an alternative mechanism for poverty reduction

Ensure education for all;

- Financial education can lead to an increase in family income and therefore enhance opportunities for children especially girls to participate in full-time education
- Increase household budgets to cover out-of-pocket school expenses such as books, uniforms and transportation
- Reduce the economic need to keep children out of school and in income-generating activities
- Decrease the likelihood that enrolled children will drop out of school

Promote gender equality

- Enhancing of women's access, control and ownership of resources
- Increasing women's participation in income-generating activities and decision-making at the household and community levels; and
- Strengthening of social and political leadership of women.

Improve basic healthcare with particular attention to child and maternal mortality;

- Reducing household income constraints can enable the marginalized and disadvantaged population to address other health issues exacerbated by poverty:
- Provides financial access to education, prevention and treatment measures for HIV/AIDS, malaria and other infectious diseases; and
- Enhances child and maternal health by providing access to health care services and resources; Provide access to health care insurance and protection

Ensure environmental sustainability

- Include education in rural resource management which can enhance the sustainability of income-generating activities and natural resources;
- Provide access to alternative agricultural inputs which are environmentally friendly

Global partnership

- Alternative microfinance institutions provide a new channel for global collaboration for poverty reduction.

It is my firm belief that MFIs have a larger role to play in advancing the MDGs' progress. MFIs can help community groups to prioritise needs and to engage in development initiatives. MFIs can encourage and support community-based organisations and non-governmental organisations (NGOs) to become providers of key development resources, such as extension services especially in remote areas to increase outreach. Furthermore, you can help promote the knowledge sharing of good practices, for instance production methods and natural resource management to promote local initiatives and to

ensure the sustainable use of environmental resources. More importantly, you can play an active role in promoting the right to access public information at the sub-national level to enhance governance and accountability.

I would like to take this opportunity to reaffirm our commitment in strengthening collaborations with MFIs groups and would like to invite you to take part in our global initiative to fight against poverty and for the achievement of the MDGs, the Stand Up and Take Action Campaign from 16 -18 October 2009. The Stand Up Campaign provides a platform to engage common citizens from all walks of life to pledge their solidarity with the world's poorest people. Last year, more than 116 million people around the world participated in this campaign. Concrete actions and MDGs related activities were widely organised and actually had a positive impact in people's lives e.g. education and health camps, food, book and bed-net distributions, job fairs and household budget training course etc. It was the largest single, coordinated movement of people in the history of the Guinness World Records.

Ladies and gentlemen,

In conclusion, achieving and exceeding the Millennium Development Goals require great contribution from each and every one of us. I would like to paint a hopeful picture and let me conclude with a firm belief that Microfinance institutions have a vital role to play. We now have only 6 years left to achieve the MDGs by 2015, we need your participation now more than ever. Your energy, idealism and goodwill can help make up for lost ground, and achieve development goals in full and on time.

Thank you.

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