

**MIDDLE EAST/AFRICA REGION MICROCREDIT SUMMIT
MEETING OF COUNCILS
10-13 OCTOBER 2004-AMMAN, JORDAN**

**STATEMENT BY ADV. BIENCE GAWANAS, AFRICAN UNION COMMISSIONER
FOR SOCIAL AFFAIRS, TO THE OPENING CEREMONY OF THE
MICROCREDIT SUMMIT 10 OCTOBER 2004**

Your Majesty Queen Rania of Jordan,
Your Royal Highness Prince Talal of Saudi Arabia,
Honourable Aham, Minister of Planning
Prof. Muhammad Yunus, Managing Director of Grameen Bank
Mr Nasser Al-Kahtani, Executive Director AGFUND,
Mr Sam Daley-Harris, Director of Microcredit Summit Campaign,
Your Excellencies, Members of the Diplomatic Corps,
Esteemed Participants,
Distinguished Ladies and Gentlemen,

Allow me to express, on behalf of the African Union Commission, our profound appreciation to be invited to this important Microcredit Summit taking place in Amman, capital of the Hashemite Kingdom of Jordan. It is my honour to represent the African Union Commission in this important meeting that brings together leading stakeholders in the area of micro-finance from the African continent and the Middle East and that will mean a lot of difference to the millions of impoverished Africans in our continent and our brothers and sisters in the Middle East.. Let me also register our appreciation for the warm welcome and hospitality extended to myself and my Director for Social Affairs, Dr Kamel since our arrival in this beautiful city of Amman.

Your Majesty

Your Royal Highness

Ladies and Gentlemen,

This Microcredit Summit is taking place at a historic time for the African continent, as we have convened, roughly a month ago, an Extraordinary Summit of African Heads of State and Government on the issues of Employment and Poverty Alleviation. The Extraordinary Summit took place in Ouagadougou, capital of Burkina Faso and brought together African Heads of State and Government, Representatives of Employers Federations, Trade Union Representatives and Civil Society Organizations active in the field of employment and poverty alleviation. The Summit was a success in that for the first time, African leaders received input from those working in the field on poverty issues. At the conclusion of the Summit, the Heads of State and Government adopted a Declaration and Plan of Action on Employment on Employment and Poverty Alleviation as well as a Follow-up Mechanism, which I will outline in a few moments.

Your Majesty

Your Royal Highness

Ladies and Gentlemen,

The reality of poverty on the African continent is well known and estimates are that many African countries will not be able to meet the MDGs by 2010 especially halving poverty. According to the UNDP, more than 2/3 of the economies of African countries have slumped, with nearly half of them still having per head capital, which is below that of 20 years ago. These figures speak for themselves: over 200 million Africans, that is one African out of 4, do not have enough to eat; nearly half of the African population live on less than one dollar a day. These statistics are not exhaustive. But beyond statistics, there are daily human realities, which cannot be described by any statistics.

In order to confront these challenges, the African Heads of State and Government adopted the Declaration on Employment and Poverty Alleviation in September 2004. In order to empower the poor and the vulnerable, particularly in

the rural communities and the urban informal economy, the African leaders recognized the importance of enhancing their capacities including access to financial resources, in particular micro-financing in order to meaningfully integrate them into the labour market. In the same vein, they also committed themselves to ensure equal opportunities for vulnerable and marginalized groups by empowering them through increased access to decent employment and resources, real business opportunities, and productivity as well as the promotion of innovative approaches to income generating activities and entrepreneurship. The African Union Commission recognized the critical role that micro-finance organizations can play in the implementation of the Ouagadougou Declaration on Employment and Poverty Alleviation and we are ready to work closely with them, both at national and regional level, in the implementation process.

You will agree with me that these are bold initiatives, which offer potential for self-empowerment through access to much-needed resources like micro-finance. In the same declaration, African Leaders also committed themselves to facilitating the integration of the Africans in the Diaspora on the continent's development efforts, including through targeted investments, job and wealth creation in collaboration with public and private sector as well as civil society. With a view to securing resources and capacity to carry out the implementation of the Declaration, the African Heads of State and Government urge the UN Organs to speed up the operationalization of the World Solidarity Fund and appeal to the international community, governments, donors, foundations, the private sector and the civil society to contribute to the Fund for the attainment of the MDGs, particularly the alleviation of poverty;

Your Majesty

Your Royal Highness

Ladies and Gentlemen,

Let me briefly reflect on the Plan of Action on Employment and Poverty Alleviation. This Plan of Action sets out eleven priority areas that outlines specific policy

options African countries can implement to reduce unemployment and alleviate poverty on the continent. The important area of micro-financing is a key strategy under one of the priority areas of promotion of the agricultural sector and rural development, sustainable management of the environment for food security and development of support infrastructure. Amongst other actions, African Governments are encouraged to promote the cultivation of cash crops as an alternative means of income generation than growing narcotic related crops such as cannabis. Other actions are to encourage and support the development of micro-insurance and innovative decentralized social security schemes to provide social protection through community or group support. The Plan of Action also accords high priority to the exchange of country experiences and best practices in the area of employment and poverty alleviation, which amongst others will include best practices in the sector of micro-financing. These best practices will also include achievements of individual states in the provision of financial resources and support services to income generating programmes and projects for the vulnerable groups.

Your Majesty

Your Royal Highness

Ladies and Gentlemen,

Allow me to extend our highest congratulations to the leadership of Microcredit Summit, which from their headquarters in Washington, D.C., encourages and promotes microcredit programs around the world and particularly in the developing countries. Your devotion and commitment to assisting the poorest of the poor with access to microfinancing is a highly commendable endeavour. The African Union Commission is ready to work closely with you in creating a conducive environment for organizations of the poor, such as Microcredit Councils, to function effectively on the African continent. We fully concur with the view that Microcredit programmes that advance small sums of credit to poor people, do indeed enabling them to start up their own small businesses. In fact, the experience of Prof. Muhammad Yunus, Founder and Managing Director of Grameen Bank of

Bangladesh, demonstrated that Microcredit systems have allowed millions of poor people in Asia to climb above the poverty line. We fully support the efforts to replicate the Asian Microcredit success story in Africa. However, we need to engage all stakeholders and particularly organizations of the poor, to further promote and strengthen Microcredit programmes and activities on the African continent. Microcredit Councils and Institutions, as represented by the majority of you, have indeed an important role to play in the implementation of African Union Declaration and Plan of Action on Employment and Poverty Alleviation.

As borrowers of last resort to the poorest of the poor, you empower people who had neither a bank account nor a credit history to join the Microcredit system. It is evident that keeping lending to small groups of four or five friends has shown a much lower default rate on loans made to small groups than those made to individuals. Your efforts to promote greater participation by women in Microcredit system is highly commendable as it advance the agenda of women's economic empowerment.

Your Majesty

Your Royal Highness

Ladies and Gentlemen,

The African Union Commission is keenly aware that the economic development of the continent would be accomplished with the active involvement of national, regional, continental and international stakeholders and role players. It is therefore important to forge solid and multifaceted partnerships to effect real changes and to effectively fight poverty and unemployment. Partnerships between our organizations will enable our constituencies, the Member States and Member Councils, to find genuine solutions to the problems of acute poverty and widespread unemployment facing our countries.

In the same vein, it is to be recalled that 2005 has been declared the International Year on Micro-credit and we at the African Union stand ready for collaborative action in marking the year.

In conclusion, let me reiterate our conviction that microfinance schemes have indeed the potential to expand their outreach and effectiveness in making a difference to the lives of the poor and vulnerable. We could not agree more with the following statement from UNDP website :

"When the poorest especially women receive credit, they become economic actors with power; power to improve not only their lives but ... the lives of their families, their communities and communities of nations".

I thank you.