

Workshop on Financial Support Programs for Micro-Enterprises Development

24-25 May 2006, Hefei, Anhui Province

Speech by Mr. Zhang Guoqing, Deputy Director of ILO Beijing

Dear Mr. Yu Faming, Director-General, Employment and Training, MOLSS

Dear Mrs. Xuan Lin, Director-General, Anhui Provincial BOLSS

Ladies and Gentlemen:

With the new emphasis now given to micro-enterprises, self-employment activities and household enterprises, now all considered as essential actors for achieving social and economic development in developed and developing countries, microfinance has become very fashionable and is attracting increased attention.

Year 2005 was the International Year of Micro-credit, which launched by the United Nations, to promote small business and the financial institutions that provide loans and other financial services to the public.

The International Year of Micro-credit 2005 was declared in 1998 by the UN General Assembly to recognize the micro-credit contribution to poverty reduction. For microfinance to make an effective contribution to the attainment of the Millennium Development Goals, the following challenges will need to be met over the next ten years:

- Make the policy environment more conducive to open access for the working poor to affordable financial services;
- Improve the performance of microfinance institutions;
- Improve knowledge of the socio-economic impacts, and particularly the gender impacts, of microfinance;
- Help microfinance institutions scale up through linkages with local and international institutions;
- Tap the international capital markets, particular socially responsible investment funds, pension funds, etc. to foster and support micro finance institutions;
- Improve policies in support of social finance;

On the occasion of the launch of the International Year of Micro-credit, 2005, the Director-General of the International Labour Office, Mr. Juan Somavia said that micro-credit is about poverty reduction and the ILO has tremendous interest in micro-credit precisely because fighting poverty is at the heart of our mandate. He also said, first and foremost, micro-credit creates jobs, promotes self-employment, livelihood and helps people expand their economic activities so they can hire others.

In 1991, the ILO created the Social Finance Program as a focal point to analyze, evaluate and disseminate financial sector issues relevant for employment and social justice. The program is organized around three major themes:

- Reduce vulnerability;
- Invest in job creation;
- Make financial policies more employment focused.

Social Finance is using financial instruments to promote Decent Work. It means sustainable finance with a social goal. It is about credit, savings and other products that help the poor to cope better with risk, take advantage of income-generating opportunities, organize and have a voice and also to promote and encourage those institutions catering to the financial needs of the working poor and small and medium enterprises that create jobs.

Mr. Bernd Balkenhol is the chief of the ILO Social Finance Program who came from Geneva to present this workshop to share the international experiences with our participants.

The Program also publicized a set of training materials, for example: “ Leasing for Small and Micro Enterprises, A guide for Designing and Managing Leasing Schemes in Developing Countries”, “ Guarantee Funds for Small Enterprises: A Manual for Guarantee Fund Managers”. The main author of these publications is Ms. Linda Deelen who is the microfinance expert from the ILO SRO cam from Bangkok to facilitate the workshop.

From the ILO Beijing Office, the Specialist on Enterprise Development and Job Creation, Mr. Satoshi Sasaki and Consultants of Ms. Chen Wei and Max Tunon are also here to join us to support the meeting.

In China the micro-credit guaranteed schemes have been implemented in different cities for years. And recently the Chinese Government has been continuing to improve its policies on guaranteed micro-credit loans to reach more needed people. Last January, the Peoples’ Bank of China, the Ministry of Finance and the Ministry of Labour and Social Security jointly issued a new policy to widen channels for the people who are able to apply for guaranteed micro-credit loans, such as laid-off workers and graduate students to start their own business.

During the Asia Microfinance Forum held in Beijing, last March, the senior official from the Peoples’ Bank of China introduced the new policy on microfinance development. They are supporting not only the commercialized microfinance company but also non-profit microfinance institutions.

This meeting is the opportunity for us to exchange the experiences on small guaranteed loans with the participants from the central government departments and from 14 city institutions, and also to learn to views of the ILO experts on microfinance.

For this, I’d like to extend my appreciation to MOLSS and Anhui colleagues for your efforts to make the workshop possible.

Finally I wish the meeting a success.

Thank you for your attention.