



**General Assembly Second Committee**

**Topic:** Microfinance

**Co-sponsors:** Antigua and Barbuda, Democratic Republic of the Congo, Federal Republic of Germany, Federative Republic of Brazil, Islamic Republic of Afghanistan, Islamic Republic of Iran, Islamic Republic of Pakistan, Japan, Kingdom of Spain, Kingdom of Thailand, Kingdom of the Netherlands, People's Republic of China, Plurinational State of

Bolivia, Republic of Argentina, Republic of Azerbaijan, Republic of Chile, Republic of Costa Rica, Republic of Cuba, Republic of Djibouti, Republic of Ecuador, Republic of France, Republic of India, Republic of Indonesia, Republic of Italy, Republic of Kazakhstan, Republic of Korea, Republic of Portugal, Republic of Serbia, Republic of Singapore, Republic of South Africa, Republic of Togo, Republic of Turkey, Republic of Zambia, Russian Federation, Socialist Republic of Viet Nam, Swiss Confederation, Syrian Arab Republic, United Arab Emirates, United States of America

Alarmed by the fact that 80% of humanity lives under less than \$10 a day and that 2 billion people live on less than a dollar a day,

Deeply considering the millennium development goals and that one in five people in developing regions live on less than US \$1.25,

Acknowledging that only 5% of microloans a year will go forward to those in poverty which is at least 14.5% of the people in the world,

Observing the lack of education about microfinance and general management of financial resources in rural areas as well as with women,

Recognizing the need to make available financial education courses,

Recognizing the lack of financial insurance for microfinance banks for borrowers who cannot pay,

Having examined instances of fraud in many microfinance institutions by both the people and the banks themselves,

Knowing that many people will have to make a financial plan for the future for retirement and higher education savings,

Takes note of the misuse of the microfinance loans amongst the borrowers, by using the funds for other reasons not the reasons on which the loan was given for,

Endorses the liability of microfinance loans by protecting all monetary payments by force and by electronic breaching,

Realizes the lack of microfinance banks in some areas which does not allow people access to microfinance loans and thus keeping people in poverty,

1. Establishes a UN certification to nonprofit goodwill microfinance institutes to distinguish the greedy from the true microfinance institutes;
2. Calls to create a global NGO to create more microfinance banks recognizing the lack of microfinance banks in rural areas;
3. Requests that secure cards replace cash for loans to be given to debtors by the NGO where:
  - a. Debtors scan the cards to POS scanners which verify the motive of the debtor, whether he/she is using the loan for business or personal expenses, and
  - b. POS scanners for shops obtained from banks in return for community work;
4. Requests a global awareness program to promote microfinance among the lenders and the borrowers as well as establishes a program specific only for women;

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5. Emphasizes the need for funding, following the 2005 year of microfinance, and establishes another worldwide event to support microfinance, including a web site in which you can donate;
6. Calls upon co-sponsors states to publically endorse microfinance loans in hopes to encourage people to use them;
7. Support a secure card with restrictions that will prohibit people to purchase items that are not meant to be purchased using the microloan money;
8. Requests funding from the World Bank, IMF and ECB to form a research committee to find information and create the policy to manage microfinance institutions;
9. Seeks to limit fraud by proposing that the aforementioned committee will perform follow ups annually to inspect the microfinance system in the different areas of the world;
10. Establishes the creation of mobile microfinance institutions that in the absence of an established institution can reach very rural areas as well as very impoverished areas;
11. Calls upon UN member states to create a global microfinance loan application;
12. Recommends a financial insurance policy for microloan banks, which will cover approximately \$5,000 U.S. dollars;
13. Expresses appreciation to microfinance banks, and further recommends member states of the UN to provide incentives for these types of loans to these banks;
14. Recommends a limit a borrower can take out at a time based on their income;
15. Encourages individuals to create a microfinance bank with the proposed NGO that will fund these MFI startups.