

RESENTATION
by Ms Jung Jae-Wook (Korea)

Ms Chair-Person, distinguished delegates,

My presentation will focus on reviewing the status and prospect of the existing micro-credit institutions and facilities and presenting some ways for reinforcing micro-credit with the view to expediting the rapid growth and development of women-owned micro enterprises (ME).

Micro-Credit – as we normally understand - is basically designed to provide loans, savings and other financial services to micro enterprises. Micro-Credit also aims to enlarge access to the financial market.

Micro-Credit policies and programs have proved effective in helping Micro-Enterprises (ME) in forming initial capital. Its resources mainly come from government, civil agencies and financial institutions as well as other organizations including NGOs.

Micro-credit programs have been successful in various places. It is widely known that Accion International of the United States and the Grameen Bank of Bangladesh are good examples.

We in the APEC-WLN have recognized that micro-credit policies and programs serve as a new alternative for expanding women-owned businesses. Many under-financed women have actually started their own businesses by obtaining initial funds through micro-credit. Micro-Credit has provided small loans to businesswomen who were unable to obtain credit from banking institutions.

The United Nations declared The Year of Micro-Credit in 2005 in full recognition of the vital importance of Micro-Credit. As far as APEC-WLN is concerned, workshops and other projects have been undertaken under such themes as Innovative Micro-Enterprises for Sustainable and Balanced Growth, and important recommendations have been made to further activate micro-enterprises in member economies.

Speaking of my own country, Korea has had several financial institutions which partially operate micro-credit. They include mutual savings banks, mutual finance cooperatives. Central and provincial governments have also operated credit guarantee foundations.

The Korean government established the Social Solidarity Bank (SSB) in 2002 as a non-governmental micro-credit institution in the hope that SSB would help expand the economic opportunities for under-financed entrepreneurs. The bank has functioned quite efficiently thus far though the results leave much to be desired, particularly when, despite continuing government efforts, the gaps between the rich and the poor continue to widen and donations and subsidies are not actively forthcoming as much as one would expect.

Development experts, while positively evaluating the growth of micro-credit facilities, have noted serious limitations in the current scope and sustained growth of micro-credit .

New studies cast serious doubt over whether small loans can significantly reduce the magnitudes of financial plight facing micro-enterprises.

Overall, micro-credit has not been developed or utilized on a full scale. Among other things, financial institutions are not fully involved or committed in this area. The overall environment does not seem amply favorable to enabling micro-financing to provide significant enough assistance to the micro- and small- enterprises.

Adequate conditions are not in place for fully-fledged exploitation of micro-credit facilities. There seems to be an urgent need to ensure sustainable operations of micro-credit institutions.

Support measures for micro-credit would include education and training as well as other elements. There seems to be a need for transnational and international modalities as well as government and NGO efforts to provide funding assistance and facilitate networking of financial agencies involved in micro-credit and offer necessary technical expertise.

Legal and institutional adjustments and readjustments would be required at the national, transnational, regional and international levels to facilitate and expand micro-credit.

While fully appreciating steady measures taken by individual governments in this particular area, we look to larger subsidies and stronger policy measures to aid the micro-credit sector. With the income gaps continuing to widen between the rich and the poor, governments and non-governmental agencies will need to develop and implement more effective measures to energize economic activities on the part of micro-enterprises.

Micro-credit policies and programs should be supplemented by education, training, and other necessary measures. Adequate atmospheres and attitudes must be fostered in favor of expanding micro-credit institutions and facilities at the national, regional and international levels, whenever possible.

I also think that micro-credit is related to national and international endeavors to bridge the gaps between the rich and the poor and eradicate poverty and promote sustainable development.

Global experiences indicate that, for successful operations of micro –credit programs, governments and non-government agencies must help create adequate environments and attitudes relating to legal frameworks, institutions, and sources of information, among other things. Also, closer consultations and cooperation among agencies and organizations involved in micro-credit should be promoted.

Finally, I'd like to propose that an experts group be formed within APEC-WLN to study the issue in greater detail.

In concluding, I hope my statement has shed some light on the existing problem areas concerning Micro-Credit and its relationship to Micro-Enterprises.

Thank you for your attention.