INTERNATIONAL YEAR FOR MICRO CREDIT

An opportunity to explore the impact of micro finance on disaster reduction

The UN/ISDR is taking the opportunity of The International Year of Microcredit to organise a number of events around the world to stimulate a debate on how safety nets and micro insurance can contribute to disaster risk reduction.

“Microcredit and more generally micro finance have proven their value in many countries as a weapon against poverty and hunger but have not yet been fully utilized as tools for reducing disaster impacts ” says Salvano Briceño, director of the secretariat of the UN/ISDR. “ Our objective is twofold: firstly to sensitize the social and financial communities and institutions on the potential role of micro finance in reducing disaster risk. Secondly to raise awareness among the disaster and risk management community to use this financial tool to reduce the vulnerability of hazard-prone populations.”

Hazards are a major risk for the poor and marginalized, who are already the most vulnerable in society; the destruction of property and livelihoods furthers their downward cycle of poverty.

“Some concrete experiences in India and Bangladesh have shown the potential of microfinance to reduce the impact of disasters on populations but the use of micro finance for disaster risk management can be further explored, both in terms of supporting recovery from disasters and in preventing disaster impacts in poor communities” confirms Margaret Arnold from the Hazard’s Management unit of the World Bank.

“We need to explore various flexible approaches in using these tools for poverty reduction,” says Salvano Briceño, “This new approach is essential to the achievements of the Millennium Development Goals.”

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The UN/ISDR will particularly encourage partners and experts to look for potential new mechanisms that can reduce the impact of hazards and will promote national and local discussions with micro-finance institutions, commercial banks, insurance companies, NGOs, CBOs and disaster reduction experts.

The secretariat will also invite decision-makers and NGOs involved in recovery efforts for the Indian Ocean tsunami and earthquakes to develop capacities for long-term disaster risk reduction. The ISDR Secretariat’s participation in the micro credit campaign will culminate with the International day for Disaster Reduction on the 12th of October 2005 when a number of events will be organised around the world.