

**DRAFT**  
**THE ROLE OF CREDIT UNIONS IN MEETING THE  
MILLENNIUM DEVELOPMENT GOALS**

David Hulme

University of Manchester

Presentation to the Asian Credit Union Forum, Colombo,  
Sri Lanka, 21-23 September 2006



# The Millennium Development Goal (MDG) Story

- Since World War 2 leaders and nations have made big promises about development and poverty reduction.
- In the mid-1990s something changed – a Millennium Effect – once every 1000 years
  - MDGs agreed by 189 countries in 2000
  - Monterrey Summit in 2002 commits rich countries to doubling aid
  - Many countries produce Poverty Reduction Strategies (PRSs)
  - The World Bank develops a method for measuring global poverty reduction
  - In 2000 around 1.2 billion extremely poor people and 2.8 billion poor
  - Citizens in some countries are more vocal about prioritising global poverty
  - In 2005 G8 and EU have global poverty reduction as their lead agenda item

# Three steps to the MDGs

- **Step 1**    **UN Summits of 1990s**
- **Step 2**    **The DAC and the International Development Targets (IDTs)**
- **Step 3**    **The Millennium Declaration**

# The MDGs – 8 Goals

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

**8 goals, 18 targets and 48 indicators**

# The MDGs – Values and Practices

- The MDGs are a political product underpinned by the values of freedom, equality, solidarity, tolerance, respect for nature and shared responsibility
- They are imperfect – example, death of a poor, older person
- Equality and solidarity only go so far. Rich countries resisted date specific indicators for Goal 8.
- They are the Best Game In Town.

# CREDIT UNIONS AND POVERTY REDUCTION

What do we know about this? Here are my impressions.

- The membership of CUs – mainly of the non-poor. However, in specific cases CUs can reach the poor and or almost poor.
- CUs and Rural Development – CUs can contribute to rural prosperity and this can help poor rural people.
- CUs and Social Values – historically cooperatives have contributed to progressive social change. You will know best if yours are simply talking about this or doing something practical in the real world.

# DIRECT ACTIONS BY CREDIT UNIONS TO CONTRIBUTE TO MDG ACHIEVEMENT 1

- Why can poor people not access credit union services?
  1. CU products are not appropriate for the poor – ask them and LISTEN to their answers.
  2. The geography of credit unions – rural areas and slums/informal settlements.
  3. Social exclusion and discrimination – gender, race, ethnicity, religion, class, disability.

# **DIRECT ACTIONS BY CREDIT UNIONS TO CONTRIBUTE TO MDG ACHIEVEMENT 2**

- What products and services do poor people want?
  1. Savings services
  2. Emergency loans
  3. Health and life insurance
  4. Micro-enterprise loans
  
- Key design features
  1. Simple terms and conditions
  2. Reliability
  3. Flexibility



## **DIRECT ACTIONS BY CREDIT UNIONS TO CONTRIBUTE TO MDG ACHIEVEMENT 3**

- How can credit unions provide these on a sustainable basis?
  1. Fees and interest rates
  2. Being efficient

# INDIRECT ACTION BY CREDIT UNIONS AND MEMBERS FOR MDG ACHIEVEMENT 1

Maybe the biggest contributions credit unions can make are indirect.

1. **Employment Effects** – encouraging CU members to be good employers: treat staff fairly, give staff shift leave, provide healthy and safe working conditions. Moral crusade and good business sense.
2. **Social Support** – more support from CU members to poor relatives and neighbours and plans for emergency/disaster responses.

# INDIRECT ACTION BY CREDIT UNIONS AND MEMBERS FOR MDG ACHIEVEMENT 2

- 3. Lobbying and Advocacy for Pro-Poor Policies** – engage with Poverty Reduction Strategies (PRS) and monitor PRSs.
- 4. Social Cohesion** – ask the question: ‘are we a truly inclusive organization in terms of gender, race, ethnicity, religion, age, class, disability or do we need to reform ourselves’?

# CONCLUSION

- The World's biggest promise
- Cynics may sneer at the MDGs – they are wrong
- India's Employment Guarantee, Bangladesh's Old Age Pensions, debt write-offs, foreign aid increases
- Bill Gates has not given up heading Microsoft because of bullshit – the MDGs are leveraging change
- Could your credit union do more – just a little bit?
  - Microfinancial services to poor people?
  - Good employer codes of practice
  - Is our union socially inclusive? – Lobby on the PRS