



Resolution 1813 (2011)¹

Promoting microcredit for a more social economy

Parliamentary Assembly

1. Microcredit is a critical anti-poverty tool and a wise investment in human capital. It is often used as a means of encouraging the growth of self-employment and the formation and development of microenterprises. In many cases this is linked to measures to promote the transition from unemployment to self-employment. Microcredit can therefore play an important role in the promotion of social inclusion. It is of particular importance for rural areas and can play an important role in integrating ethnic minorities and immigrants, both economically and socially.

2. Microcredit operations need to be seen in a broader legal and support framework because financial, employment and social welfare systems are interrelated. Microcredit should be increasingly viewed as a means of advancing socio-economic progress in society (notably, in terms of employment and socio-economic cohesion). Although microcredit is not a new concept, it is important to note that it is diversely dealt with in the member states of the Council of Europe, depending on the policy framework and the legislation in place. Although member states have already taken measures to promote microcredit, these measures appear to be quite specific and are sometimes only locally applicable. Yet, well-defined modalities and structures are the key to the good functioning and utility of microcredit bodies to society.

3. The Parliamentary Assembly therefore invites the member states to adapt national institutional, legal and commercial frameworks in order to promote a more favourable environment for the development of microcredit, notably by:

- 3.1. devising employment policies which increasingly ensure equal treatment for the self-employed and for wage-earners;
- 3.2. furthering self-employment and microenterprises by a programme of publicity and awareness raising, aimed at the general public, carried out in schools, universities and employment agencies;
- 3.3. introducing measures to lower legal, tax and administrative barriers, such as exemption from social insurance charges for start-ups, simplified registration procedures for new microenterprises and access to more numerous and less expensive outlets.

4. The Assembly also encourages member states to create a hospitable economic environment enabling the development of microfinance institutions and covering all segments of the population by:

- 4.1. reducing operating costs by introducing favourable tax regimes, whether through tax exemption for microfinance institutions or reductions in taxes for individuals or enterprises that invest in these activities;
- 4.2. improving the institutional framework for self-employment and microenterprises;
- 4.3. increasing the chances of success of new microenterprises through training, mentoring and business development services;
- 4.4. providing technical assistance and general support for the consolidation and development of non-bank microfinance institutions, including at regional level;

1. Text adopted by the Standing Committee, acting on behalf of the Assembly, on 27 May 2011 (see [Doc. 12609](#), report of the Committee on Economic Affairs and Development, rapporteur: Mr Braun).



4.5. providing additional financial capital for microcredit institutions.

5. With regard to the Council of Europe Development Bank (CEB) the Assembly reiterates its call for a more extensive use of the co-operation agreements concluded by the bank with the European Union, international financial institutions and the United Nations specialised agencies with a view to sharing costs, practices, competences, experience and risks. In particular, efforts of the bank should focus on co-financing activities in the neediest target countries and specifically on microfinance so as to further entrepreneurship of women, the integration of immigrant communities, socio-economic cohesion, energy efficiency and national development priorities. This would increase the bank's visibility, impact on development and risk-taking capacity.

6. The Assembly welcomes the involvement of the Congress of Local and Regional Authorities of the Council of Europe in the moves to promote microcredit. The Congress's position on the possibilities which microfinance can offer at local and regional level were particularly stressed in its Resolution 263 (2008) and its Recommendation 244 (2008) on responsible consumption and solidarity-based finance, as well as in its Resolution 294 (2009) on overindebtedness of households: the responsibility of regions. The Assembly supports the Congress's call on local and regional authorities to promote solidarity towards the more vulnerable – including towards persons excluded from the conventional banking circuits – *inter alia* by developing micro-loans, and microcredit generally, through partnerships with professionals.

7. Finally, the Assembly welcomes the long-standing and highly relevant activities of the European Bank for Reconstruction and Development (EBRD) in the field of small business finance (the EBRD is the single largest investor in that field in eastern Europe and central Asia) and encourages it to:

- 7.1. continue to provide private micro and small enterprises with sustainable access to financial services, via a range of financial institutions and greenfield investment;
- 7.2. provide assistance to partner institutions so as to build technical capacity;
- 7.3. engage in policy dialogue to improve the enabling environment in its countries of operation.