

## "Micro-credit for micro-enterprise"

### Launch of the report

The All Party Parliamentary Group on Socially Responsible Investment hosted a reception on 15 July 1999 to launch a new report - *Micro-credit for micro-enterprise* - supported by the British Bankers' Association and written by Pat Conaty and Thomas Fisher at the New Economics Foundation. The report proposes a strategy to develop micro-credit services for the smallest enterprises in the UK.

Nine out of ten British businesses employ less than five workers, and such micro-enterprises have generated more employment in the UK since 1979 than any other size of businesses. However, micro-enterprises have special needs for financial and other support. The report suggests that micro-credit, which targets tiny loans and special support at micro-enterprises, has the potential to address this gap, and has a proven track record internationally (for example, in developing countries, in Poland and in the United States).

The consultation paper for the Small Business Service for the first time formally acknowledges the special needs of micro-enterprises. Michael Wills, Under Secretary of State for Small Firms, has also lent his support to calls to develop micro-credit, saying he is keen to make progress on the issues. At the launch itself, David Smith, the head of the DTI Regional Directorate, invited micro-credit practitioners and banking representatives at the reception to tell the Government what they needed to grow micro-credit services in the UK.

The representatives of the banks, micro-credit initiatives and government officials therefore gave broad support to the development strategy proposed in Chapter 7 of *Micro-credit and micro-enterprise*. This marks a potential partnership between banks, micro-credit initiatives, and the Government which we are keen to promote as the constructive way forward.