



ICRC

Speech given by Mr Peter Maurer

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Your Royal Highness Grand Duchess Maria Teresa,
Representatives of the Luxembourg Government,
Mr Hoyer,
Ladies and gentlemen,

I am very glad to be here tonight, among a community of professionals who have come together to debate financial inclusion for sustainable development, and I am honoured to be present when the 6th European Microfinance Award is presented to one of several great institutions that dedicate their efforts to addressing fragility and helping people in challenging situations.

I feel privileged to share with you some thoughts from the perspective of a humanitarian organization, all the more so because the three finalists – from Guinea, Syria and the Philippines – represent emblematically fragile contexts: they stand for the global health crisis, the new and de-structured conflict environments and the intensification of natural disasters due to climate change.

Ladies and gentlemen,

Over 20 years ago, two essays by German writer Hans Magnus Enzensberger caught my attention. In “Aussichten auf den Bürgerkrieg” and “Die Große Wanderung,” Enzensberger wrote in the early 1990s about what might await us in the decades to come. A blink of the eye after the fall of the Berlin Wall, Enzensberger described with visionary accuracy the fragmentation of political landscapes, the disintegration of the international order, the spread of violence and the destruction of value and values in the economies and societies that lay ahead of us.

What was a gloomy prediction some 20 years ago has become a trend. Today, we find ourselves in a world at war, with record numbers of people displaced since the Second World War – over 60 million people are currently fleeing violence worldwide – and the average duration of displacement has increased to 17 years.

In recent years the number of parallel crises has risen and violence has escalated; the impact of conflict has amplified, particularly in the Middle East and Africa. These developments are tied up with some of the longest and most persistent crises of the past decades: Afghanistan, the Democratic Republic of the Congo, Sudan and Somalia have all become synonymous with countries permanently at war.

But the nature of these wars has changed too: they have moved into cities and brought about the emergence of new actors, using new weapons and new military strategies and tactics – often in total disrespect of, or even brutal opposition to, international humanitarian law and human rights law. This is the daily reality for Syrians, Iraqis, Yemenis, Malians, Nigerians and many more. And once again, after last week’s tragic events in Paris, which follow in a long line of violent attacks deliberately targeting civilians in London, Madrid, Nairobi, Beirut and many other cities, we wonder whether unpredictable and indiscriminate violence isn’t becoming part of a new reality in seemingly prosperous and developing societies.

In the countries where the ICRC works, where conflicts are raging and violence is escalating, system collapse has become the norm and microfinance institutions are more and more coming into their own. Health, water and sanitation, and education systems are falling apart, leaving millions without the most basic services. In the Middle East, the Sahel and the Lake Chad regions – to mention just three examples – millions of people are forced to rely predominantly on local resilience and international humanitarian assistance.

While such developments may be reversed eventually, dysfunctional international organizations, power competition at global and regional levels, and a leadership vacuum in

the international community culminate in a stark absence of political solutions to conflicts. Years of ineffective or non-existent political processes and structures, indispensable to provide minimal stability, have taken their toll on people, their resilience, and the fabric of so many societies.

This is anything but a surprise. Let's be honest: the last 20 years were not a success story of human development for far too many. The gap between stable, prosperous countries and unstable, fragile countries has expanded: empty promises of development, justice and equity have contributed to frustration and hopelessness in many places. Fragility in terms of violence, exclusion and lack of justice has expanded; armed violence and military logic once again dominate as the means to achieve political goals. Within just a few years, decades' worth of progress in development were eradicated; it was not only the poorest that were affected but some emerging, middle-income countries as well.

This situation is unsustainable, ethically, politically, and economically. The cost of global conflict and other violence is estimated at 11–15 trillion US dollars per year, at least 10% of global GDP. With no political solutions in sight, we are left with only pragmatic humanitarianism – calling for respect for the basic rules and principles of humanity and engaging with all sides in a conflict and with efforts to stabilize societies in conflict as best we can. Neutral, impartial, independent humanitarian action is the first and most fundamental measure to bring stability to the most volatile contexts, but it is not enough. We need to do more for the people that Paul Collier called the bottom billion, and who have since the publication of his book become the bottom billion and a half.

What can we reasonably do to harness the potential of technological progress, connectivity and globalization, to better fulfill people's aspirations to development, justice, peace and humanity?

There are three broad objectives behind which both microfinance institutions and humanitarian actors should rally: (1) reduce fragility and strengthen resilience; (2) prevent exclusion; and (3) and engage in a major initiative for impact and innovation in our respective fields.

Fragility has become the new norm. Beyond the traditional dichotomy of war and peace, states of fragility are multiplying, driven by economic and environmental stress, poverty and injustice coming together in an explosive mix. There are months where more people are killed by guns in Latin American cities and on drug trafficking pathways than in the Syrian war. There are war hospitals in Central Africa and Somalia that treat more patients wounded as a result of inter-communal violence and crime than war victims. Some of the most fragile contexts are situated in middle-income countries, while some of the poorest countries contain pockets of economic growth and stability.

To prevent exclusion, we must recognize that we are witnessing a radicalization of politics, and a shift in political dynamics, with a danger of hasty, haunted, short-term political decision-making. The refugee crisis that Europe is facing is emblematic of this: while investment in adequate infrastructure for those arriving in our wealthy countries is necessary, diverting all public funds into domestic expenditure risks disastrous consequences. Investing in fragile contexts – in the countries that people must flee because there is no hospital for their sick mother, no school for their children or no electricity for their son's business – uncontestedly has the greatest impact. Calm and reasoned political decision-making will mean the difference between creating new divides between "us and them" and achieving inclusion and a fair chance for everyone.

To ensure impact, we will have to up our game, on all fronts at the same time. For the ICRC this means simultaneously responding to short-term emergencies, in which violence and destruction flare up suddenly, and bridging the gap with long-term needs, in places where

public institutions are either absent or destroyed and the root of the problem goes very deep. For microfinance institutions, this may mean accepting higher risks and reaching people who are excluded from the prosperity of their globalized environment, who have never had access to such structures. There is no either/or, but only an intelligent combination of tools and instruments to strengthen self-protection and self-reliance and restore people's pride and prospects. While humanitarian organizations may be able to hedge some of the risks for microfinance institutions, a serious consideration of conditions for private investment is needed in the light of fragilities today. Microfinance may be the sector par excellence to show other parts of the private sector the way. Increasingly also, we will have to carefully weigh the financial risk of engagement against the much broader risks of non-engagement and inaction.

Ladies and gentlemen,

Tonight's award is testimony to the dimensions acquired by the microfinance sector in recent years, bringing the prospect of development, independence and sustainable livelihoods to the most vulnerable parts of the world. With loans worth USD 80 billion and growth rates of 15 to 20%, today's microfinance sector not only plays a critical role for millions of people, but is a tangible opportunity for those over two billion people still excluded from traditional financial services, from the poorest countries and war-torn regions to the neglected suburbs of prosperous cities.

I strongly believe that, as humanitarian actors, we need to take a much closer look at the great work and the innovative models of microfinance, centred on tapping into people's potential and reaching millions of customers around the world. And, in turn, your sector can surely benefit from some of the experiences of humanitarian actors in being the first and frontline negotiators and respondents in stabilizing societies. The list of what is needed and necessary is so obvious:

- knowledge sharing and cross-fertilization between not-for-profit humanitarian actors and commercial, profit-oriented private companies, including public-private partnerships
- new forms of cooperation between local and international actors and action
- new innovative solutions and fruitful partnerships that can help us all to deliver our services better

In November last year, I became a member of the World Economic Forum's foundation board and the Chair of the Global Agenda Council on Fragility, Violence and Conflict, and I can testify to the usefulness of bringing actors as different as the ICRC and the private sector closer together on a platform for private-public partnership. The ICRC's proximity to conflicts and analysis of dynamics is interesting for the private sector, its methodology of working close to victims and perpetrators of violence offers insights into the dynamics of societies, which are beneficial to the private sector, and in turn we at the ICRC benefit from exposure to the private sector's dynamism in finding solutions in complex crises.

From humanitarians to microfinance, our business models, if you will, are different, our philosophy and methodology are different, our financial and organizational structures may differ, but we are all committed to leaving a constructive footprint, to building rather than destroying, in a world that is already marked by too much destruction.

I would like to congratulate the three finalists for their achievements, and thank you for your attention.