
**“BLUE BOOK ON BUILDING AN INCLUSIVE FINANCIAL SECTOR FOR DEVELOPMENT”
Initial Multi-Stakeholder Dialogue in Amman, October 12th 2004**

At the first Middle East and North Africa Microcredit Summit held in Amman, hosted by the Summit Campaign and the AGFUND, a special session was held to launch the Blue Book dialogues on addressing the challenges to building inclusive financial sectors.

Though participants agreed that a well-functioning financial sector is the foundation for individuals to better contribute to their country's economic activity, the discussions focused on the constraints to reaching this ideal and the steps to be taken to achieve it that are most important in the Middle East and North Africa Region.

Following a brief introduction on the initiative by Kathryn Imboden, Chief Technical Advisor from UNCDF and the Financing for Development Office, Fouad Abdelmoumni of Al Alama, Morocco (Advisor for the Year) and Henri Dommel of IFAD shared their views to launch the dialogue.

Fouad Abdelmoumni called for widening access to financial services from the current 20% of the poor in the region who have access to the sustainable access by 80-90%. He underlined that we shall have at hand over the next 5-10 years the financial and technical means to push out this “finance frontier,” but that we need the contribution of all actors to deepen the financial sector and to make microfinance part of the mainstream financial sector.

Participants then were asked to indicate the five most serious constraints to building inclusive sectors that they faced in their specific and institutional setting. Contributions flowed from the group.

“Finally we get a chance to talk about this!” said one participant from Yemen.

Concerns related to both the supply and demand sides: the weak institutional capacity of lenders and the low level of business acumen and financial literacy of borrowers.

It was also pointed out that the economic environment is influenced by a lack of appropriate enabling legislation, the auditing standards and the legal system. A number of cultural factors specific to the region were highlighted, as well as a range of constraints that are not specific to the region such as a lack of savings opportunities, relatively little diversity in financial products, and no concrete vision of what the financial sector should look like.

The vision statement of one participant was straightforward: “Development finance should be upside down.” Other attendees echoed this sentiment that, through decentralized financial delivery systems, the needs of the bottom of the income pyramid should be met.



Participants had a wide range of proposals for follow-up: further such dialogues with practitioners at the country level as an inclusive process, creation of “observatories” on microfinance at the national level and bringing in governments and the private sector.

Participants were invited to regard the session as an ongoing process that should not be seen as confined to the conference in Amman; they were invited to follow up with practitioners at the country level and share with the organizers experiences from their region and their institutions.

Drawing from the practical knowledge and expertise of practitioners in the government, financial sector and development communities, the series of multi-stakeholder consultations seeks to engage the wide range of constituencies and diverging perspectives around the world on building an inclusive financial sector for development. Investigation will continue during consultations through May 2005, culminating with the Global Meeting on Building Inclusive Financial Sectors, with the participation of Member States and other interested stakeholders.