



Promotion of the Microfinance Sector in the MENA Region (MFMR)

Context

Greater access to financial services promotes social stability, stimulates economic growth and employment, and stabilises the financial system. In the Middle East and North Africa (MENA), however, the level of financial inclusion is among the lowest worldwide. A very limited number of people and businesses have access to financial services, which could help them to improve their social and economic wellbeing.

Microfinance is an essential means to advance financial inclusion. In recent years, the sector has witnessed high growth in the MENA region. Nevertheless, specific laws and regulations besides an efficient support structure would ensure stability and enhancement for the sector.

Objective

The framework conditions for access to adequate financial services for the low-income population in the MENA region have improved.

Approach

Regionally, the programme promotes cross-border dialogue, knowledge exchange and access to sector specific information. It undertakes capacity development measures with the Arab Monetary Fund (AMF) to assist partner governments in their policy processes towards more inclusive financial sectors. It furthermore supports the Microfinance Network of Arab Countries, Sanabel, through organisational and strategic advice as well as the Development and Employment Fund in Jordan in its institutional reform towards an apex lender for MFIs.

On the national level, the MFMR programme provides technical support at policy and regulatory level as well as for the service structure for MFIs. The programme assists policy decision makers in Egypt, Jordan and the Palestinian Territories in developing and implementing strategies on financial inclusion. It supports the national authorities in their efforts to strengthen the legal framework and the supervisory capacities for the microfinance sectors.

Partner	Regional The Arab Monetary Fund (AMF) SANABEL Egypt Egyptian Financial Supervisory Authority Central Bank of Egypt Jordan Ministry of Planning and International Cooperation Central Bank of Jordan Development and Employment Fund Palestinian Territories Palestine Monetary Authority
Commissioned by	The German Federal Ministry for Economic Cooperation and Development (BMZ) The European Union (EU)
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Impact

The legal and practical guidance provided by the GIZ MFMR programme has given regulators a better understanding of international policy makers' experience in microfinance.

The Egyptian Financial Supervisory Authority has granted three licenses to commercial microfinance companies and licensed 530 existing NGO-MFIs. The Egyptian Banking Institute leads the development of the National Financial Literacy Strategy. The microinsurance market is supported through a new platform, bringing together insurance companies and MFIs.

In Jordan, a Microfinance bylaw issued in 2015 mandates the Central Bank to supervise MFIs. The EU funded project "Promoting financial inclusion through improved governance and outreach of microfinance in Jordan", carried out by MFMR, helps the government in developing its financial inclusion strategy, including a sub-strategy for microfinance.

The Palestine Monetary Authority has issued the first licenses for MFIs and has set up internal structures in terms of human and IT capacities to supervise the sector.

Sanabel has approved a three years strategy, erected a new internal structure and improved its training offer. It has been empowered in launching the 2014 GIZ Gender Award.

