



**Regional Policy Forum on  
Inclusive Finance for Fragile and Post-Conflict Contexts/States in  
Africa**

**Concept Note**

**October 27, 2022**

**8:00-17:00HRS (GMT +3)**

**Nairobi, Kenya**

Registration Link: [https://aercafrica-org.zoom.us/webinar/register/WN\\_0ivvcEtMT6-94mUXmBwOug](https://aercafrica-org.zoom.us/webinar/register/WN_0ivvcEtMT6-94mUXmBwOug)

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## **1. Introduction**

There is an abundance of empirical evidence over the years for positive linkage between financial sector development and economic development. The channels for this linkage are the multiple functions that the financial systems provide beyond savings and capital mobilization to include information production, price discovery, liquidity provision, etc. This, in turn, broadens access to finance and promote efficient allocation of resources, all of which contribute to economic development and potentially to poverty reduction. Supported by a large body of studies that provide evidence of the role of financial sector development in economic development, African governments, in the last two decades, have embarked upon financial sector reforms aimed at enhancing the development and capacity of financial systems, including stock exchanges. The past decade has seen wide-ranging financial market reforms in Africa which, coupled with private sector-led innovations especially in mobile money, have led to far more people across the continent having access to formal financial services (broadening of financial inclusion). Despite these successes, access to and usage of basic financial services remains disappointingly low particularly in fragile and post conflict countries (FPCCs). Yet, the reduction of income inequality through financial development and inclusion could lead to greater social and political stability, which in turn could contribute to greater financial system stability. Designed as part of the AERC-IDRC co-operation on *Promoting Leadership for Economic Policy in Fragile Countries in Africa*, this collaborative project was launched to inform development policy and discourse especially as it relates to FPCCs

## **2. AERC Research on Inclusive Finance for Fragile and Post-Conflict States in Africa**

Finance plays a crucial role in poverty and conflict cycles. Lack of access to financial services stifles entrepreneurial activities and thus may perpetuate and/or deepen poverty leading to underdevelopment and stagnation, thereby exacerbating social and economic tensions. Africa's inclusive growth and realization of the 2030 agenda for sustainable development (SDGs) depend on inclusive finance in the first stage. Fintech is an important new area of financial sector development and bears great promise for enhanced financial inclusion, especially in fragile and post conflict countries, where the traditional financial sectors are generally underdeveloped, thus allowing for leapfrogging by these countries.

Through a generous support by the [International Development Research Centre \(IDRC\)](#), [African Economic Research Consortium \(AERC\)](#) has conducted collaborative research on "**Inclusive Finance for Fragile and Post-Conflict States in Africa**". This research project uses empirical evidence to better understand financial sector development and inclusion in fragile and post conflict countries in Africa, with a view to inform policy on Africa's inclusive growth and realization of the 2030 agenda for sustainable development (SDGs). The research draws on country-specific research from 10 countries to understand the role of financial inclusion in

economic growth and development in Africa's fragile and post-conflict settings/situations by paying greater attention to nuances in the specific countries.

### **3. Objectives of the Regional Policy Forum**

- To provide insight on the role of financial inclusion in achieving the UN sustainable development goals (SDGs) in fragile and post-conflict situations.
- To provide policy actors with a platform to discuss on Africa's inclusive growth and realization of the 2030 agenda for sustainable development (SDGs).
- To generate innovative ideas and progressive partnerships to promote access to and usage of basic financial services in fragile and post-conflict states in Africa

### **4. Expected outcomes**

- Increased awareness and understanding of the role of financial inclusion in achieving the UN sustainable development goals (SDGs) in fragile and post-conflict situations.
- Policy gaps and windows of opportunities in financial sector development and inclusion are identified and strategies to improve financial inclusion in fragile and post conflict countries in Africa discussed.
- Strengthened cooperation and networking among policy stakeholders on inclusive finance is forged.
- Areas for further research in the inclusive finance field and policy making are crystallized.