

Communiqué

The fourth annual DFI Fragility Forum convened on 3-4 May 2022 at the Blavatnik School of Government, University of Oxford, with participation of 25 Development Finance Institutions (DFIs), as well as official agencies and shareholder representatives.

The Forum was co-organised by the African Development Bank, British International Investment, the International Finance Corporation and the International Growth Centre.

The Forum provided an opportunity for DFI leaders, agencies and shareholder representatives to consider together recent events affecting several fragile and conflict-affected settings (FCS) (including domestic and geopolitical conflict, COVID-19, increasing concerns around health, food, and energy security), and how both communities could work together to address the challenges and opportunities that these presented. Reports were presented by the IGC on Strengthening DFI Collaboration in Fragile and Conflict-affected Settings and on Donor Initiatives for Private Sector Development in such environments.

The Forum explored the key role that DFIs have in igniting private sector development in FCS and the challenges and opportunities they face in enhancing their engagement in what are typically high-risk and low-return investments in FCS, and discussed how shareholders and DFIs could better establish roles and collaborate in addressing three issues:

- Activities upstream of actual investments, including improvements to the environment for business and the development of sector investment frameworks and project preparation
- Financial risks
- Non-financial (including reputational) risks.

It was recognised that countries characterized by fragility and conflict continue to fall further behind, and the global macro-economic situation does not augur well for reversing this trend. It was also agreed that private sector growth is essential in creating economic opportunity and building resilience. In that context, DFIs were seen as critical actors, and in many countries the only actors that can mobilize capital for investment.

It was agreed that there was scope to improve alignment between policies of development partners and DFI approaches to investing in contexts of fragility and conflict. DFIs will need shareholder support to address specific risks in fragile and conflict countries arising from weak institutions and an underdeveloped private sector, donor funding to develop the business enabling environment and support for the development of bankable projects that the private sector can invest in and that underpin economic growth. Concessional funding is critical to help mitigate risks and address low or negative expected rates of return in fragile and conflict settings. Shareholders need the support of DFIs in making their development impact more explicit. DFIs should collaborate more closely amongst themselves and with other development actors to speak with one voice on the need for business reform at the country level and work together to accelerate the pipeline of investable projects and crowding in private sector investment, leveraging platforms such as the Africa Resilience Investment Accelerator (ARIA).

The DFI community remains committed to exploring avenues for working together, and the organising partners look forward to convening the DFI Fragility Forum in the future.