

Communiqué

The fifth annual DFI Fragility Forum convened on 26-27 April 2023 at the Blavatnik School of Government, University of Oxford, with participation of 26 Development Finance Institutions (DFIs).

The Forum's co-organisers, the African Development Bank, British International Investment, the International Finance Corporation and the International Growth Centre were pleased to partner with the Africa Resilience Investment Accelerator (ARIA) in organising this year's forum.

The Forum participants explored key trends in the global development agenda, including the increase in domestic and geopolitical conflict, the realignment of several OECD countries of their aid budgets, and the global debate on broadening mandates of multilateral institutions from poverty reduction to global public goods such as climate change. The DFI leaders discussed how their operations are being affected and explored options for accessing funding and for ensuring that addressing instability and conflict should be prioritised as a key global public good by the global development agenda. They recognised that collaboration and a medium-term perspective was particularly important in Fragile and Conflict-affected Situations (FCS).

The Forum provided an opportunity to exchange and discuss DFI innovations in approaches to investment in FCS. Participants discussed successful examples of DFIs collaborating in FCS, working upstream of investment, developing institutional strategies and adapting operations and instruments for investing in fragile contexts. The participants also discussed the current status and future plans of previous initiatives that the Forum contributed to, including ARIA and country-level collaborations.

A key theme of this year's forum was local currency finance in FCS. Participants agreed that there is a strong development rationale associated with scaling local currency finance, both for borrowers and for the development of liquidity management in the local financial sector. A report prepared by the IGC in consultation with a wide representation of DFIs and other financial institutions active in the sector was presented at the forum, showcasing current approaches and outlining available DFI collaboration in improving FX risk mitigation options available for local currency lending in FCS.

It was agreed that two task forces would be established to conduct feasibility studies on:

- Technical Assistance to central banks and financial institutions to support financial stability, and access to local currency via central bank swaps as well as on local currency credit guarantees,
- A local currency platform acting as an onshore delegated Treasury capability.

Participants reviewed the experience of the Forum over its five annual meetings to date, including considering the results of a survey of members' views. It was recognized that some real progress had been made, but that there is scope to advance many areas of DFI collaborations in FCS. Members were generally in favour of keeping a part of the Forum for discussions and exchanges of experience among DFIs but also having part of future Forums involving well-prepared dialogue with other stakeholders. It was agreed that the convening institutions would reflect on the points made in discussion and make proposals to Forum members for priority topics for at least the 2024 Forum.