

Communiqué

The sixth annual DFI Fragility Forum convened on 4-5 June 2024 at the Blavatnik School of Government, University of Oxford, with participation of 20 Development Finance Institutions (DFIs).

At last year's Forum, 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.

This set the context for this year's Forum, which opened with participation by non-DFI speakers on initiatives to draw additional finance into peace-enhancing investments in conflict-affected settings. The agenda also enabled DFIs to discuss among themselves issues that would be highly relevant to future engagement with shareholders and development agencies, including good practice both in managing ESG issues and in making effective use of blended finance.

Investments in conflict-affected situations

The Forum heard online presentations from several peace-related investment initiatives, which is indicative of a developing area of research into peace positive investing. Participants had the opportunity to raise issues that clarified the scope and potential of the initiatives.

DFI Collaborations and Innovations

The Forum was updated on the progress of two active programmes, Invest Nepal and the Africa Resilience Investment Accelerator (ARIA), now active in five African countries. Presentations by individual DFIs gave additional illustrations of the value of enhanced collaboration amongst DFIs in markets as diverse as Ethiopia and Ukraine, and of common approaches to conflict-affected situations more generally, such as collaborative approaches to implementing conflict sensitivity. The discussion again showed the variety of types of collaboration and of cross-learning between DFIs, as well as the demonstration effect of deployment of their collective voice and innovative investments. ARIA was seen as a successful approach to delivering on the impact investment mandates and approaches to responsible investment in some of the most underserved markets in Africa.

Local Currency Financing

A key theme of the previous year's forum was local currency finance in fragile and conflict-affected settings (FCAS).

Participants were briefed on progress since that discussion, which showed continuing improvements in the availability of local currency options for several DFIs. Participants looked forward to further progress as part of the package of MDB reforms currently under discussion in the G20, emphasising the need for the MDB reform road map to consider the particular interests of FCAS.

Environmental, Social and Governance (ESG) related issues in FCAS

Participants favour a risk-based, outcome-oriented framework (principles-based) with a differentiated approach delivered over a timeframe that is appropriate in the project context.

In addition:

- Participants commit to sharing good practices on ESG risks across DFIs in the context of fragility.
- IFC commits to including conflict-sensitivity analysis plus fragility in parallel to the discussion of the updated IFC Sustainability Framework.
- Participants commit to discuss approaches to engaging with shareholders and CSOs (NGOs) and welcome the invitation by Proparco to continue today's discussion at a meeting in Paris in the coming months.
- Participants acknowledge the costs associated with addressing non-financial risks in FCAS and the need to find long-term funded solutions to allow DFIs to continue to deliver long-term sustainable value in these markets.
- Participants will work together to tell their stories better across DFIs for external dissemination.

Concessional Finance in FCAS

Participants highlighted the crucial role of concessional blended finance in enabling private sector support in environments characterised by high costs, significant risks, market failures and affordability concerns. They called for the development of concessional instruments that are more directly targeted at the high cost of projects in fragile and conflict environments, for including portfolio or platform approaches to blended finance, for strengthening the link between action on the enabling environment and investment financing - such as through ARIA - and for more open architectures for blended finance facilities.