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Traveler

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Date

19. – 20. April 2017

Destination

Frankfurt a.M., Germany

Purpose

1. regular meeting of GIZ Ag policy working group
2. informal expert discussion on impact investments at company HQ *Finance-in-Motion*, Frankfurt a.M., Germany
3. discussion on engagement of KfW Competence Center Urban Development and Natural Resources on blended finance and innovative financing mechanisms

Persons met

Heike Höffler, Christoph Langenkamp, GIZ; Sylvia Wisniwski and Elvira Lefting, managing directors Finance-in-Motion; Klaus Gühr, Katja Eichner, Competence Center Urbanisation and Natural Resources, KfW Frankfurt a.M., Germany;

Background

The Strategic Initiative *Agenda 2030 and Rural Transformation* is focusing 2017 on ODA financing trends, new donor/IFI initiatives and programmes in ARD as well as innovative financing instruments relevant for ARD, including climate finance. Frankfurt a.M. is hosting a number of impact investment initiatives in close cooperation with KfW. The mission covered:

- (1) **Regular meeting of GIZ AG policy working group** – Platform secretariat participates regularly in information exchange and strategic debate;
- (2) **Informal expert discussion with *Finance-in-Motion* and partners** – regular contact with Platform as a follow-up of “The Investment Case” (CIFOR), Development Finance Forum 2015 (KfW) and Annual General Assembly in January 2017;
- (3) **KfW** – follow-up with Katja Eichner, Platform focal point and Klaus Gühr, head of unit *Urbanisation and Natural Resources* on life examples of blended financial arrangements and other innovative instruments – role of ODA and development banks in 2030 as a follow-up of the Annual General Assembly High-level Forum of the Platform in January 2017 and KfW presentation by Thomas Duve;



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Regular meeting of GIZ AG policy working group

The report of this AG policy working group will come out in German. Here are some of the main results:

- Follow-up on GIZ “Exemplary analysis of matching grant schemes in South-Eastern Europe” – interesting instrument to induce investments by farming communities and households to accelerate modernisation of AG production, communication of innovations, self-organisation of farming communities – as one of the innovative financing instruments, matching grants schemes fit very well with blended finance funds and other approaches – not yet introduced in many ODA interventions in Africa due to weak governance and institutions;
- impact of upcoming EU agricultural reform on developing countries’ food sector and competitiveness of AG in Africa - analysis to be presented as draft on 18. May 2017 at BMZ. Interest of EU and BMZ in enhanced WTO negotiations on agricultural trade following the Nairobi Accord and the continued discussion on the free-trade European Partnership Agreements (EPAs) – follow-up by Trade and Private Sector working group of the Platform considering new momentum in AG trade debate and interest in inclusive agri-business – see also EU Fact Sheet on Value-Chain Development;
- it was agreed that the Platform will present the outcomes of ODA data analysis 2016 to the group before the summer break;

Informal expert discussion with Finance in Motion and partners

The expert discussion focused on the Impact Investment Report 2016 of Finance in Motion (www.finance-in-motion.com/IIR2016). The report outlines the approach of this blended finance instrument as “agent of change” in view of addressing (amongst others) improved financial services through impact bonds, private and public equity and venture capital.

Agriculture is relatively high on the agenda of *Finance-in-Motion* and its 5 fund arrangements of different nature. The new ArbaroFund as a sixth fund was created recently. For the Platform and its discussion on increased finance for agriculture and rural development, *Finance-in-Motion* is an excellent partner for the working group *Agenda 2030 and Rural Transformation* in close cooperation with CIFOR (The Investment Case), KfW (Platform member and important financier of blended financial arrangements) as well as partners of the impact investment community at large.

The Platform membership should have better access to this development group which is of growing importance considering the private sector engagement of banks, foundations, NGOs in cooperation with development banks and IFIs. The details of the fund arrangements and the experiences offer good material for further debate.

It was agreed that *Finance-in-Motion* would present their case of agriculture during a webinar (see also KfW below).

Discussion with KfW Competence Centre Urbanisation and Natural Resources

The discussion on the engagement of KfW Competence Center Urban Development and Natural Resources on blended finance and innovative financing mechanisms follows the Development Finance Forum 2015 and the presentation of KfW/Thomas Duve at the Annual General Assembly High-level Forum in January 2017 on blended finance arrangements.

Judging from the outcomes of the OECD data analysis 2016 of ODA and other financial flows to developing countries and following the call from the UN for an accord on Finance for Development, new financing arrangements are being tested in a number of countries with relatively good governance and institutional capacity and less in LDCs. KfW has already formed a number of partnerships with Deutsche Bank, DEG and many others of the private sector (*Finance-in-Motion, Africa and Trade Investment Fund, Climate Insurance Fund, DEG Agri-business and Food Security Programme/Kenya etc.*). KfW plays a key role with regard to including ODA into impact investments.

The unit Urbanisation and Natural Resources is a very small policy unit of KfW and the Platform focal point only has limited capacity to engage with the work streams. However, KfW is very interested to contribute to the debate on the future of development banks/IFIs in agriculture and rural development. The innovative potential of initiatives which KfW has been supporting in the past should be made available to the Platform membership contributing to the debate in the working group on *Agenda 2030 and Rural Transformation*.

It was agreed:

1. information exchange should lead to a collection of good KfW practices which might also be relevant to Africa, where blended finance funds and other initiatives have not yet gained much ground;
2. participation in a Platform webinar in cooperation with *Finance-in-Motion* and partners of KfW and “The Investment Case” (CIFOR) in 2017;
3. expert consultation on blended finance arrangements for ARD and PPP in Bonn, Germany in 2018;