

Side-event: Actions to address currency risks

3rd FFD4 Preparatory Committee Meeting

12th February, 2025 | 11:30 a.m. – 01:00 p.m.

Draft concept note

Background

A critical impediment to mobilizing investments for sustainable development is local currency risk as foreign exchange volatility can drastically limit the volume of investments, especially in developing countries. Most official sector lending by development finance institutions and bilateral donors takes place in hard currencies. This results in currency risk arising out of an investment being taken by the developing country, sometimes even by SMEs in the recipient countries. While there is a range of hedging tools that can be used to manage currency risk, many of these are often either not available in developing countries or they are available but at a prohibitive cost.

The Fourth International Conference on Financing for Development (FfD4) in 2025 offers a pivotal moment to address this challenge. Ahead of the Conference, the Global Investors for Sustainable Development (GISD) Alliance launched a workstream on “**Tackling local currency risk**”. As part of this work, GISD conducted in-depth interviews with investors, multilateral development banks, governments, and other prominent players in the ecosystem to provide recommendations to address currency risk.

Objectives

The GISD Alliance is organizing a side event to bring together private and public sector stakeholders to discuss key recommendations for managing currency risks to unlock sustainable development investments. The side event will build on findings from GISD’s workstream as well as inputs from members of the FFD4 Business Steering Committee. The following questions will guide the discussion:

- What are the successes and limitations of existing tools and strategies? How can some effective solutions, that are presently in use, be scaled up?
- What new solutions and policy proposals can be brought to FFD4 for tackling currency risks to mobilize investments for developing countries?
- What should local policymakers do to develop domestic capital markets to encourage investments in sustainable development?
- Is a global platform for holding and managing currency exposure needed? Who from within the international system is best placed to manage such a platform and what mechanisms would be best suited to do so?

Moderator

- Shari Spiegel, Director, Financing for Sustainable Development Office, United Nations Department of Economic and Social Affairs

Introductory remarks

- Gautam Jain, Senior Research Scholar, Center on Global Energy Policy (CGEP), Columbia University School of International and Public Affairs

Panelists

- Mark Stafford, Head of Global Markets, Investec Bank Plc
- Ben Weisman, Managing Director & Global Head of Capital Mobilization, GFANZ
- Simone Andrews, Senior Responsible Investment Manager, APG
- Government of Brazil
- EBRD or World Bank / MIGA

Proposed programme (90 minutes)

- Opening remarks by moderator (*5 minutes*)
- Introductory remarks and presentation (*15 minutes*)
- Panel discussion (*50 minutes*)
- Audience Q&A (*15 minutes*)
- Closing remarks by moderator (*5 minutes*)