



Local Currency, the Sustainable Development Goals, and Catalyzing the Private Sector

29th November | 8:30 am - 5 pm

Neue Mälzerei, Friedenstraße 91, Berlin



Federal Ministry
for Economic Cooperation
and Development



BLENDED
FINANCE
TASKFORCE

TCX, IN COOPERATION WITH THE GERMAN FEDERAL MINISTRY FOR ECONOMIC COOPERATION AND DEVELOPMENT (BMZ) AND THE BLENDED FINANCE TASK FORCE, IS HOSTING THE CONFERENCE ENTITLED “LOCAL CURRENCY, THE SUSTAINABLE DEVELOPMENT GOALS, AND CATALYZING THE PRIVATE SECTOR”.

BACKGROUND

To finance the Sustainable Development Goals (SDGs), joint action is required from the public and private sectors and the development finance community. The current practice is to deliver development finance in hard currency, such as the US Dollar. However, most households, enterprises, and institutions in frontier markets receive their income in local currency. This creates a mismatch. When a currency depreciates, the local borrowers face an increased debt servicing burden, pushing them into crisis management and preventing them from growing their business. Too often, currency risk is offloaded onto those that can bear it the least.

At a micro level, currency risk causes hardship and uncertainty for households and enterprises. At a macro level, currency depreciation leads to instability in entire economic sectors, most obviously in the financial sector but also in the energy and infrastructure sectors. This macro-economic instability makes long term structural planning difficult, hindering equitable economic growth.

Ironically, the large investment inflows that are needed to reach the SDGs will cause large-scale financial instability if they take place in hard currency and expose borrowers to currency risk. The more advanced countries are developing their local capital markets to cope with this challenge; the more frontier markets, in Africa especially, need external solutions, knowledge and expertise to address the issues. In this sense currency crises have something in common with other crises: the most vulnerable are always the hardest hit.

The conference will give insights into the local currency challenge to realizing the SDGs, focusing on the most frontier markets.

THE ROLE OF GOVERNMENTS

Governments worldwide have been supporting initiatives that increase the use of local currency. These include the Africa Local Currency Bond Fund, Guarantco, the Credit Guarantee and Investment Facility, and TCX, to name the most well-known. The MDBs, too, are focused on increasing significantly the share of local currency finance, either directly or through TCX.

The German and Dutch Governments in particular have been supporting TCX by investing in first loss loans from the outset of the Fund and increasing their support over time. To support TCX's

rapid growth, the Fund is reaching out to donor governments all over the world to increase its capital base. The Fund is not seeking grants; it is requesting governments to invest in long term first loss loans.

The conference will give insights into the rationale for governments to support innovative solutions to manage currency risk. Why can't the market provide these solutions? What are the good and bad experiences of working with initiatives like TCX? Should a government invest or grant funds?

THE ROLE OF THE PRIVATE SECTOR

The private sector has always invested in emerging markets bonds for return reasons primarily, not to generate development impact. Since 2015, these investors have shown that they are increasingly willing to invest in the risks and returns of the most frontier currencies, such as the Tanzania shilling, the Tajikistani somoni, the Myanmar kyat, and the Rwanda franc. The investable nature of these currencies was demonstrated through TCX structuring local currency bonds in close cooperation with its shareholders, effectively catalyzing the private sector while offsetting the risks on the Fund's books and boosting its capital efficiency. In 2018 alone, more than 20 off shore local currency bonds were issued.

The conference will give insights in the development of this fascinating new market, the reasons commercial parties want to invest in the currencies of the Least Developed Countries, and the future of this unique development. Will it provide the global solution for mitigating local currency risk?

THE ROLE OF TCX

TCX has been offering long-term currency hedging solutions in more than 70 currencies for over 10 years. The Fund is a partnership between governments, development banks, impact investors and the private sector that has enabled billions in local currency investments that otherwise would not have happened at all or would have happened in hard currency. But concretely, what is the development impact of a financial derivative? How does the Fund support in this fashion, the most fragile countries? When will it become independent from government support?

At this conference, ODI will present TCX's Theory of Change and the Fund will present its future strategy. It will be a focused venue - by invitation only - where donor governments and other institutions can share their experiences and views on local currency finance.

PROGRAM

08:30 - 09:00	Registration and coffee
09:00 - 09:10	Welcome Ruurd Brouwer , CEO, TCX Inken Schönauer , Editor-in-Chief at EF-magazine
09:10 - 09:30	Keynote speech Michael Krake , Director Private Sector; Trade; Employment; Digital Technologies Directorate, German Federal Ministry for Economic Cooperation and Development (BMZ)
09:30 - 09:45	Speaker Saskia Jongma , Deputy Director Sustainable Economic Development Department, Ministry of Foreign Affairs of the Netherlands
09:45 - 11:00	Panel I: Local Currency and the SDGs Moderator: Haje Schütte , Head of Division, OECD Development Cooperation Directorate Sergio Pombo , Head of Private Equity Funds, Green Climate Fund John Morton , Senior Advisor, Blended Finance Taskforce Chad Larson , former CFO, M-Kopa Archil Mestvirishvili , Vice-Governor of the National Bank of Georgia Closed by Q&A session
11:00 - 11:20	Coffee break
11:20 - 12:30	Panel II: Improving access to local currency financing Moderator: Inken Schönauer , Editor-in-Chief at EF-magazine Norbert Gorißen , Deputy Director General, BMU Kay Parplies , Head of Unit - Financial Instruments, EC Thomas Heinig , Senior Project Manager, KfW

Marion Hoenicke, Head of Division - Lending in the Neighbourhood Countries, SMEs, EIB

Aude Pacatte, Director, EBRD

Closed by Q&A session

12:30 - 13:30	Lunch break
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13:30 – 14:30	Panel III: Catalyzing the private sector through local currency bonds – Connecting Capital Markets
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Moderator: **Bert van Lier**, CIO, TCX

Cecile Gambardella, Managing Director, Bank of America Merrill Lynch

Gyula Toth, Deputy head of portfolio management, Macquarie Investment Management

James Doree, Managing Director, African Local Currency Bond

Richard Proudlove, Head of MTNs and Private Placements, ING

Closed by Q&A session

14:30 – 15:00	The Development Impact of Currency Risk Mitigation: TCX's Theory of Change
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Judith Tyson, Research Fellow, Overseas Development Institute (ODI)

Harald Hirschhofer, Senior Advisor, TCX

15:00 - 15:45	TCX Strategy
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Ruurd Brouwer, CEO, TCX

Inken Schönauer, Editor-in-Chief at EF-magazine

15:45 - 16:00	Coffee break
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16:00 - 17:00	Discussion sessions with TCX, DFIs and donors in "round table" setup
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Table 1: Meet TCX – Ruurd Brouwer

TCX representatives will answer questions pertaining to TCX's business model, its products, pricing, relationships with clients and investors as well as any other issue related to the organization. This table is geared towards guests who want to have a deeper understanding of TCX in general or who want to clarify details of how TCX operates.

Table 2: The impact of TCX – Judith Tyson and Harald Hirschhofer

TCX representatives will answer questions on how TCX’s products and services foster inclusive and sustainable economic growth and how this contributes to poverty alleviation. This table is geared towards guests who want to have a deeper understanding of TCX’s Theory of Change and the academic evidence behind it.

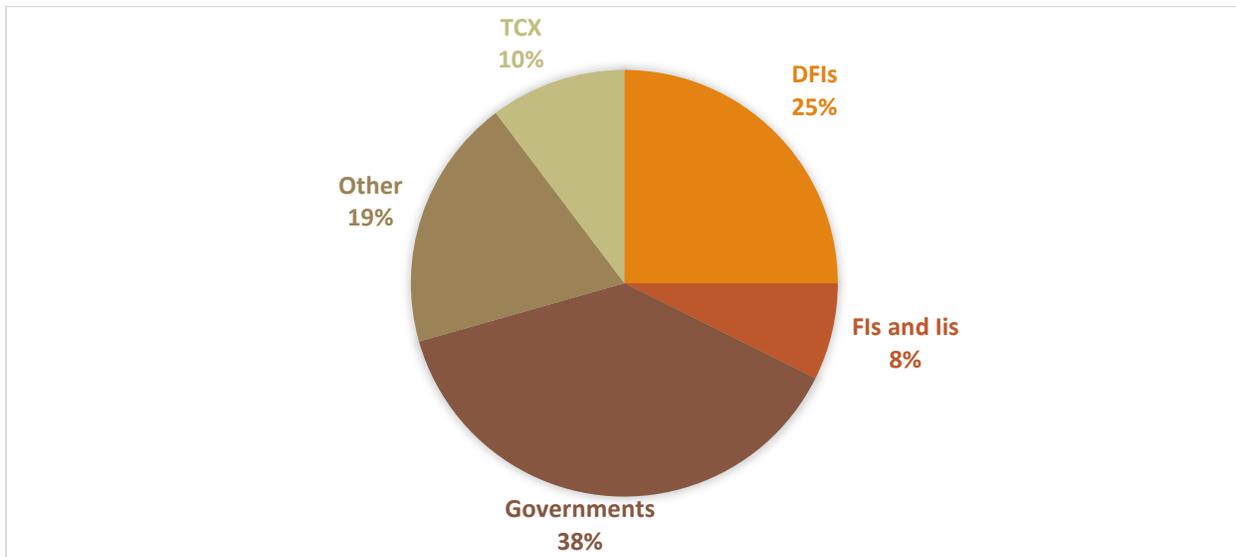
Table 3: Meet the development banks – Thomas Heinig

Shareholders in TCX, mainly Development Finance Institutions (DFIs) will discuss the practicalities of working with TCX while exchanging experiences with other local currency financing options. This table is geared towards guests who want to have a deeper understanding of different approaches to the currency risk issue.

17:00	Closing remarks - drinks
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Ruurd Brouwer, CEO, TCX

AUDIENCE STATISTICS



CONTACT PERSON

Ilona Eichler, i.eichler@tcxfund.com, +31 20 531 48 62

BIOGRAPHIES – IN ORDER OF APPEARANCE

Ruurd Brouwer



Ruurd Brouwer was appointed CEO of TCX in January 2015. Prior to that he held a number of senior management positions within FMO, amongst which Director Africa, Director Financial Institutions and Chair of FMO's Credit Committee. He started at FMO as Investment Officer focused on Financial Institutions, Capital Markets and Infrastructure in Africa. During his career, Ruurd has been active as a member of the Board of Directors of Financial Institutions in Nigeria, Cote d'Ivoire, Senegal and Mauretania. He served on several Africa focused Investment Committees, amongst which Emerging Africa Infrastructure Fund in London and Capital Alliance Private Equity Nigeria. He was honored to be part of the selection committee for the new CEO of PTA Bank in 2011. He is currently Chairman of the Board of Directors of the Regional MSME Investment Fund for Sub Sahara Africa (REGMIFA) and Chairman of the IC of BiX Fund. Ruurd started his career in 1993 at the United Nations Protection Force followed by the Dutch Ministry of Foreign Affairs where he worked for the Private Sector Department on African-Dutch Public Private Infrastructure Investments, and on the World Bank Reconstruction Program on Bosnia Hercegovina. The challenge of TCX and therefore of Ruurd is to maximize investment flows to Africa in the right, African, currency.

Inken Schönauer



Inken Schönauer is the editor-in-chief of the EURO FINANCE magazine, a financial magazine, based in Frankfurt. After her studies she first worked as an editor for the Börsen-Zeitung. After that she was the London correspondent for the German daily Die Welt and later correspondent for the Börsen-Zeitung in Düsseldorf. Inken regularly anchors conferences covering financial and economic topics. Inken graduated from the Westfälische Wilhelms-Universität Münster and holds a master's degree in political science and economic policy.

Michael Krake



Michael Krake is Deputy Director General at the Federal Ministry for Economic Cooperation and Development (BMZ). He leads the directorate "Private sector; trade, employment; digital technologies". Over the last 15 years Michael Krake has served in various functions for the German Government. As Head of Political Staff, he led the Ministry's divisions responsible for strategic planning and policy analysis, communications and relations to parliament and cabinet. As Head of Development Cooperation, he worked at the German Embassy Kampala/Uganda for three years. For two years he worked in Nairobi/Kenya as a consultant and BMZ's regional Coordinator on drought resilience at the Horn of Africa. Before joining BMZ he has worked as management consultant for McKinsey & Company. Michael Krake holds a degree in Economics from the University of Bonn (Germany).

Haje Schütte



Mr. Haje Schütte is the Head of the Financing for Sustainable Development Division of the OECD Development Co-operation Directorate. His work focuses on how to address the dual challenges at the core of the 2030 Agenda, i.e. mobilizing unprecedented volumes of resources, and leaving no-one behind. Haje oversees the provision of data, standards as well as policy analysis and guidance to OECD Members, the OECD Development Assistance Committee (DAC) and other the Financing for Development stakeholders, in support of an integrated and holistic view of all development finance flows required for reaching global development goals.

A development banker with over 20 years' experience in investment operations and policy, from 1999 to 2015 he held management positions at the German KfW Group. He has also worked with the International Labour Organisation. Mr. Schütte, a German national, holds an Executive Masters from HEC Paris / Saïd Business School Oxford and graduate degrees in economics from the London School of Economics and Political Science, and the Freie Universität Berlin, as well as in development studies from the German Development Institute.

Sergio Pombo



Sergio A. Pombo is the Head of Private Equity Funds at the Green Climate Fund (GCF). Before GCF, Sergio co-founded Berkana Private Equity, LLC, a US-registered limited liability company that invests in clean energy and energy efficiency projects in Latin America. Prior to managing Berkana, he was a Senior Investment Officer with the International Finance Corporation's (IFC) Private Equity and Investment Funds Department, in Washington, DC for 17 years. Prior to IFC, he worked for the European Bank (EBRD) in London in the capacity of a Principal Manager, Financial Policy and Strategic Planning. Sergio has a BSc. Industrial Engineering degree from Pontifical Xavierian University. He holds an MBA degree from American University of Washington, DC, and received a Private Equity and Venture Capital certificate from Harvard's Business School, Executive Program. Sergio serves on the Board of several global private equity funds.

John Morton



John E. Morton brings more than twenty years of experience in emerging markets, investment finance, and economic and environmental policy. Mr. Morton is a Fellow with the European Climate Foundation, a Senior Fellow at the HHL Graduate School of Management in Leipzig Germany, a Senior Fellow at the Atlantic Council's Global Energy Center, a Senior Advisor to the Blended Finance Task Force and a Senior Advisor with Aligned Intermediary, an investment advisory group that works with long-term investors to accelerate and increase the flow of private capital into climate infrastructure projects and organizations. Previously, Mr. Morton was a Presidential Appointee in the Obama Administration and served in a variety of roles including as White House Senior Director for Energy and Climate Change at the National Security Council and as Chief Operating Officer of the Overseas Private Investment Corporation (OPIC).

Chad Larson



Chad is a co-founder and Senior Advisor to M-KOPA Solar, having previously served as founding CFO and Chief Credit Officer, and has lived in Nairobi with his wife and three children since M-KOPAs launch in 2011. Prior to that, he worked ten years in investment banking at Bank of America, in New York, Sydney and San Francisco.

Archil Mestvirishvili



Since 2009, Archil Mestvirishvili is a Member of the Board of the National Bank of Georgia and Deputy Governor of NBG. In different years, he was working for the Georgian Parliament Budget Office, as a leading specialist; for the National Bank of Georgia as Economist-Researcher; Head of Macroeconomics Department, for the Administration of the President of Georgia as Head of Monetary, Fiscal and Economic Policy Department; for Tbilisi City Hall, as a Head of Economic Policy Department. He graduated from Tbilisi State University, Department of Mathematics and Mechanics, in 1994. He

graduated from Temple University (2000-2002), Philadelphia, Pennsylvania in 2002, Scientific Degree – Master of Arts in Economics.

Norbert Gorißen



Norbert Gorißen is deputy director general for “International Policy” in the Federal Ministry for the Environment, Nature Protection and Nuclear Safety (BMU). Six units report to him, which cover bilateral relations to all countries except EU-member states, the coordination of G7 and G20 affairs, the 2030-Agenda, international finance for climate and environment including the international climate initiative, international environmental cooperation in the areas of cities and energy. Until June 2018 he headed the unit on international climate finance and the international climate initiative and has been the EU negotiator on climate finance in the UNFCCC negotiations, including for the Paris Agreement. He is German alternate Board member to the GCF. Under his leadership the international climate initiative of BMU (IKI) grew from € 120 Mio. in 2008 to € 436 Mio. in 2018. IKI commissioned more than 600 climate projects in about 80 developing countries. During the German G20 presidency he initiated and oversaw the OECD project “Investing in Climate, Investing in Growth”. Previously he headed the division “European Union” and was responsible in this capacity for the preparation and organization of the 2007 EU-presidency of Germany in the area of environment. Since 2003 he headed the division “International and EU Affairs of Renewable Energies” in the BMU and organized the international “renewables2004” conference in Bonn. Prior he worked as a desk officer in the EU division of the ministry. He started his career at the Federal Environmental Agency in 1986 and worked in different fields of transport and environment including several international activities.

Kay Parplies



Kay Parplies is the Head of Unit for Investment and Innovative Financing in the European Commission's Directorate-General for International Cooperation and Development (DG DEVCO), where he works, among other areas, in the development of innovative blending instruments, such as equity, guarantees and risk-sharing mechanisms, implemented in cooperation with partner financial institutions. The main current focus of his work is the EU External Investment Plan, including the new EUR 1.5 billion EFSD Guarantee facility. Before joining DG DEVCO, Kay headed the unit for coordination with the EIB Group, EBRD and other IFIs. Prior to that position he was a senior economist in the trade directorate's Chief Economist team. Kay joined the Commission in 2000 as a case officer for merger control at DG Competition. Before joining the European Commission, Kay worked for NatWest Markets' project finance and advisory division. He holds a Ph.D. in industrial economics from Cambridge University and a M.Sc. in Economics and Finance from Warwick University.

Thomas Heinig



Thomas Heinig is Senior Project Manager for Financial Sector Development/Global Funds at KfW in Frankfurt, Germany. Before that, he worked for more than 10 years as Senior Risk Manager at several German banks. Thomas studied Business Administration at the University in Goettingen, Germany, with a focus on Banking and monetary economics.

Marion Hoenicke



Marion Hoenicke has been with the European Investment Bank (EIB) since 1997 where she currently heads the Neighbouring Countries – Banks division, focusing on lending to SMEs and mid-caps. Marion is responsible for EIB’s activities in the Eastern Neighbourhood (Armenia, Azerbaijan, Georgia, Moldova, Russia, Ukraine) and Southern Neighbourhood (Egypt, Israel, Lebanon, Jordan, Morocco, Tunisia) Regions. She serves on the Board of Directors of the Green for Growth Fund. She previously worked for six years in the private sector, including Siemens and Bouygues, in Germany and France. Marion holds a degree in Electronics Engineering from the Technical University Chemnitz.

Aude Pacatte



Aude has been with the EBRD since 1998 where she has covered different positions within the Treasury department before being promoted to Deputy Head of Asset and Liability Management in 2008. In 2014, she was promoted to Head of Local Currency Balance Sheet Management when a unit dedicated to managing risks associated with EBRD’s local currency activities was created as a result of EBRD’s increased on-shore activities in a growing number of countries. She has since been actively working on supporting the growth of EBRD’s local currency loan portfolio. Aude is also actively supporting the development of domestic money markets and is part of money market working groups in a number of countries.

Bert van Lier



Bert van Lier joined TIM in 2008 and is responsible for TCX’s commercial activities, including origination, structuring, pricing, trading and portfolio management and strategy. Prior to joining TIM, he built a varied 18-year career at ING Bank, including 5 years as Managing Director responsible for Structured Product Sales in The Netherlands, and Global Equity Derivative Sales. He holds an MBA from Tilburg University and an Executive Master of Finance and Control from VU University Amsterdam.

Cecile Gambardella



Cecile Gambardella is a Managing Director in the Global Markets division at Bank of America Merrill Lynch in London, responsible for France and Benelux Senior Relationship Management. Prior to this, Cecile was a Managing Director in the Global Emerging Market Sales team, marketing investment products, liability-side derivatives and structured financing solutions to financial institutions and corporates. She joined the bank in July 2011 from JPMorgan Chase where she spent several years, notably in CEEMEA and LATAM Cross Asset Sales & Structuring. Cecile has lived several years in Emerging Market countries, including Argentina, Paraguay and Brazil. She holds a double Master’s Degree in Economics, Finance and Business Law and is a graduate of Assas and Sorbonne universities in Paris.

Gyula Toth



Gyula Toth joined Macquarie Investment Management Austria in March 2018. He is responsible for the management of the Macquarie Sustainable EM local currency fund. Prior to that he was working as Emerging Market Portfolio Manager of Munich Re & Ergo Asset Management (MEAG) between 2014 and 2017. He was in charge of managing ca. € 2bn worth of emerging market bond portfolio. Advisory in strategic asset allocation, CEE banking sector, sustainability models. Prior to that role Gyula was Managing Director for Ithuba Capital (2012-2014), Head of Group EMEA FI/FX strategy (2009-2012), Economist/Strategist (2005-2009) for UniCredit Corporate and Investment Banking and National Central Bank Expert at the European Central Bank (2004-2005). He started his career in 2002 in the Financial Stability Department of the National Bank of Hungary. Gyula graduated from the Budapest University of Economic Sciences and Public Administration with a Masters Degree in Finance.

James Doree



James Doree is a Managing Director at Lion's Head and has primary responsibility for the managing the African Local Currency Bond Fund (www.alcbfund.com). Through this and other initiatives, he originates and executes transactions in financial services, housing, renewable energy, infrastructure and agriculture. Since 2015, the ALCB Fund has raised \$175 million in committed capital and has made investments in more than 15 African countries.

Richard Proudlove



Richard heads the MTN & Private Placement desk at ING in London. The desk is responsible for originating and structuring debt transactions and has been active in the emerging and frontier market space. Richard joined ING in 2015 and previously worked at Citi and Barclays.

Judith Tyson



Dr Judith Tyson is a specialist in financial market development and private finance for developing countries. After receiving a Doctorate in Economics from SOAS, she joined the ODI in 2014 and has published research on the mobilisation of private finance, the partnering of public-private financing, financial sector development, financial stability and financial inclusion. She leads the finance component of the ODI Supporting Economic Transformation (SET) program, a \$4m DFID research grant, and is co-investigator of a \$2 million ERSC research programme based at SOAS relating to financial inclusion. She also has more than two decades' experience as a senior investment banker at JP Morgan and Deutsche Bank.

Harald Hirschhofer



Harald is Senior Advisor at TCX. A trained macro economist, he joined TCX at its beginning in 2008 to implement a macro-fundamental based pricing approach for currency hedging in small frontier markets. Today, he works on scaling up the development impact of TCX and new strategic initiatives. A large part of his efforts is dedicated to developing local currency financing solutions for renewable energy and infrastructure. From 1994 to 2008, Harald worked at the IMF. Before that, he worked at the US House of Representatives in Washington and a London investment bank.