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Office for South-South Cooperation

South-South Ideas

The Role of Southern-Based Development Finance Institutions in South-South Cooperation and Mobilization of the Private Sector for Sustainable Development

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Acronyms and abbreviations

AIIB	Asian Infrastructure Investment Bank
ACMF	ASEAN Capital Market Forum
AfDB	African Development Bank
AfCFTA	African Continental Free Trade Area
AFD	Agence Française du Développement
Afreximbank	African Export-Import Bank
ALIDE	Latin American Association of Development Finance Institutions
ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
AU	African Union
BNDES	Brazilian National Bank for Economic and Social Development
BRICS	Brazil, Russian Federation, India, China and South Africa
BDMG	Development Bank of Minas Gerais
CABEI	Central American Bank for Economic Integration
CAF	Development Bank for Latin America
CARICOM	Caribbean Community
COMESA	Common Market for Eastern and Southern Africa
DFI	Development Finance Institution
EAC	East African Community
ECOWAS	Economic Community of West African States
FGM	Financial Governance Mechanism
G-NEXID	Global Network of Eximbanks and Development Finance Institutions
GCC	Gulf Cooperation Council
IADB	Inter-American Development Bank
ICD	Islamic Corporation for the Development of the Private Sector
IDFC	International Development Finance Club
INSE	Institute of the New Structural Economics - Peking University
IsDB	Islamic Development Bank
LAIA	Latin America Integration Association
LDCs	Least Developed Countries
MERCOSUR	Southern Common Market
MSME	Micro-, Small- and Medium-Sized Enterprise
NDB	New Development Bank

PPP	Public-Private Partnership
RCEP	Regional Comprehensive Economic Partnership
SADC	Southern Africa Development Community
SDG	Sustainable Development Goals
SME	Small- and Medium-Sized Enterprise
SSC	South-South Cooperation
TDB	Eastern and Southern African Trade and Development Bank
UNOSSC	United Nations Office for South-South Cooperation
UNCTAD	United Nations Conference on Trade and Development
WFDFI	World Federation of Development Finance Institutions

Executive Summary

Addressing the United Nations Sustainable Development Goals requires thorough consideration by governments, public and private institutions, the private sector and other stakeholders. The variance in the level of development of countries from the global South, and the connections between them, calls for robust South-South cooperation modalities and instruments that can deal with innovative financial matters as a complement to traditional development assistance.

In this connection, Southern-led Development Finance Institutions (DFIs) need to play an active role to support emerging economies, developing and least development countries, particularly by mobilizing the private sector, so that these countries can implement sustainable development agendas adapted to their domestic conditions. Given the heterogeneity of institutions, this paper does not seek to recommend institutional models or region-specific actions. Instead it highlights issues and examples from which Southern-led financial institutions can draw lessons to strengthen cooperation strategies and initiatives.

The paper examines how selected Southern-led DFIs provide support, including mobilizing the private sector, with a focus on sustainable development. Further, it explores the contribution of South-South Cooperation to the emergence of a consolidated Southern Financial Governance Mechanism comprising national and regional development banks, export-import banks and other stakeholders. Its purpose is to jointly explore cooperation strategies and alternative funding sources to attain consensus on ways to address the SDGs in a manner that reflects the economic and social priorities of the global South. Given the global economic and financial crisis which has been accentuated since the outbreak of the COVID-19 pandemic, a huge challenge is to ensure appropriate political will on the part of Southern-led DFIs to commit to such enhanced cooperation.

The conclusion and recommendations of the paper leave the discussion open and call for further research on the role of Southern-led DFIs and on a potential consolidated Southern Financial Governance Mechanism. Such a mechanism is expected to contribute to implementation of the SDGs as an initiative from the global South addressing the issues from a South-South perspective. It would also complement the research carried out by UNOSSC on the importance of South-South Cooperation in strengthening global South trade, investment and regional integration. To build an inclusive, resilient and sustainable post-COVID world it is vital to increase the pool of sustainable finance, particularly removing bottlenecks to blended finance and other innovative financing instruments.

Introduction

The rigid conditions required to access finance from traditional multilateral development banks and the disadvantageous structural conditions (mainly unskilled labour forces and limited investments, innovation and financial resources) faced by developing countries prevent them from integrating effectively into the global economy. This has led to the rising importance of South-South Cooperation (SSC) and given greater prominence to Southern-led Development Finance Institutions (DFIs) within the global financial landscape.

Southern-led DFIs support emerging economies, developing countries and least developed countries (LDCs) by providing financial support and advisory services and, in some cases, offering solidarity terms.

Southern-led DFIs in the paper refer to national and regional development banks, as well as export-import banks. These institutions support emerging economies, developing countries and least developed countries (LDCs) by providing financial support and advisory services and, in some cases, offering solidarity terms. To perform their duties, DFIs use market means to achieve development goals. In general, they have a separate legal personality and financial account. Distinct from aid agencies, they utilize financial instruments (e.g., loans, equity, guarantees, insurance) and their funding sources can include government sponsorship, support for fundraising or other funding from stakeholders (Xu et al., 2020).

The paper reviews the role and impact of select Southern-led DFIs, as well as their current and potential SSC platforms and partnerships to support developing countries needs. Due to the particularities of international financial institutions, it is nearly impossible to prescribe a set of actions or policies that are relevant and instrumental to all such Southern-led institutions. Thus, this paper does not seek to recommend institutional models nor region-specific actions; instead it highlights issues from which Southern-led financial institutions can then extract lessons and experiences in support of cooperation strategies and initiatives to address the pressing development needs arising at the global level.

In addition to this focus on finance institutions from the global South, strategies carried out by multilateral development banks and development agencies from advanced countries are briefly covered to examine their significance to the way Southern-led DFIs operate. In many cases, these institutions share multilateral development bank strategies.

With the purpose of making a fruitful contribution to those issues, the paper draws on recent literature and analysis, web resources and, in some cases, first-hand information related to countries and institutions.

The paper specifically addresses the following questions:

— How does international development cooperation and blended finance support mobilization of the private sector to address the Sustainable Development Goals (SDGs)?
— How do select Southern-led DFIs mobilize private finance and focus on sustainable development?
— What potential cooperation avenues can be envisaged given the heterogeneity of institutions?
— Which institutions and stakeholders can benefit from the issues raised in this paper?
— What efforts are being advanced by Development Finance Institutions in response to the COVID–19 pandemic?

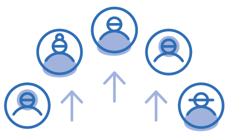
The paper also explores the contribution of SSC to the emergence of a consolidated Southern-led Financial Governance Mechanism (FGM) comprising national and regional development banks, export-import banks and other stakeholders. The purpose of the proposed FGM will be to jointly explore cooperation strategies and alternative funding resources and to attain consensus on how to address the economic and social priorities of the global South as reflected in the SDGs

Given the multifaceted impact of COVID-19, the SDGs are a valuable tool to guide national and international recovery efforts.

As of the writing of this paper, the COVID-19 pandemic has become a major worldwide challenge. Although it is still too early to quantify the magnitude of the pandemic's political, economic and social impact, the situation affects every country, with developing countries and LDCs having the least resources to fight its devastating effects. Given the multifaceted impact of COVID-19, the SDGs, with their broad yet integrated perspective that can help countries better understand and combat this crisis, are a valuable tool to guide national and international recovery efforts. This is the time to further strengthen global support for South-South Cooperation and other development cooperation drivers.

It is expected that the issues discussed in this paper and the proposals for furthering cooperation among Southern-led DFIs will be useful to the institutions reviewed herein and for stakeholders from the South. Similarly, it is hoped that other public and private entities at national, regional and international levels will benefit from the paper. This includes national governments and regional organizations from Asia, Africa, Latin America and the Caribbean. Some integration groupings and trade and economic agreements may explore ways and means to integrate DFIs from the global South into their action programmes. They are, for example, the African Union, the African Continental Free Trade Area (AfCFTA), the Economic Community of West African States (ECOWAS), the Common Market for Eastern and Southern Africa (COMESA), the Southern Africa Development Community (SADC), the Association of Southeast Asian Nations (ASEAN), the Gulf Cooperation Council (GCC), the Regional Comprehensive Economic Partnership (RCEP), the Caribbean Community (CARICOM), the Pacific Alliance, the Latin American Integration Association (LAIA) and the Southern Common Market (MERCOSUR). Other expected audiences of this research are participants in blended finance mechanisms, academics, civil society and other stakeholders. International organizations, including United Nations agencies and programmes, may also benefit from the contents of the paper.

1. South-South Cooperation and Development Finance Institutions



The 2030 Agenda requires the commitment of a diverse set of stakeholders, including public and private actors, which has prompted Southern-led DFIs to support the mobilization of the private sector to aid emerging economies, and developing countries and LDCs to achieve the SDG.

The global economic and financial system has been experiencing a paradigm shift as international development finance emphasizes the mobilization of the private sector in support of the SDGs of the United Nations Agenda for Sustainable Development (2030 Agenda). It is clear that the 2030 Agenda requires the commitment of a diverse set of stakeholders, including public and private actors, which has prompted Southern-led DFIs to support the mobilization of the private sector to aid emerging economies, and developing countries and LDCs to achieve the SDGs.

South-South Cooperation refers to the process by which countries from the global South work together to find solutions to the common development challenges they face. This process is growing in importance within the global financial landscape due to the difficulty many countries in the global South face when dealing with financial conditions applied by traditional multilateral development banks. Often this difficulty is compounded by the unique domestic shortcomings these countries must overcome. SSC provides these countries with an accessible alternative to the support they need.

Southern-led national and regional DFIs can address the financial needs of Southern countries by rapidly scaling-up large amounts of finance, providing innovative funding modalities and lending with less rigid conditions than traditional finance institutions. Functionally, they do so by liaising with the private sector, fundraising, lending capital and providing financial and advisory services. Importantly, they are distinct in that they are institutions whose mandate, ownership and governance structure are in line with their members' development priorities. As such, DFIs have better local knowledge than traditional international financial agencies and are well placed to address member country development priorities.

In particular, an SSC-focused financial system features Southern-led DFIs, with cooperation strategies and platforms that are better able to provide support to emerging economies, developing countries and LDCs. These institutions do so by sharing knowledge, exchanging technologies and forming common proposals, while also adhering to the principles of respect for sovereignty, ownership and independence, equality and non-interference in domestic affairs.

The 2030 Agenda (adopted in September 2015) is a plan of action for all stakeholders that include 17 goals considered urgently needed to shift the world onto a sustainable and resilient growth trajectory. The estimated high costs of addressing the 2030 Agenda and the investment needs of developing countries and LDCs represent a formidable challenge for the United Nations and the international community.

Various international agreements issued by the United Nations community help guide the role of Southern-led DFIs, with an emphasis on SSC, in promoting a sustainable future. The Addis Ababa Action Agenda 2015 set a strong foundation to support implementation of the 2030 Agenda and offers a new global framework to finance sustainable development (United Nations, 2015). The Paris Agreement under the United Nations Framework Convention on Climate Change (adopted in December 2015) is a universal, legally-binding global agreement, dealing with greenhouse gas emissions. The second high-level United Nations Conference on South-South Cooperation (held in Buenos Aires in March 2019; also called BAPA+40) highlighted the crucial role of SSC as a complement to North-South international development cooperation to pursue the SDGs. As stated by the United Nations, the need to complement insufficient financial assets of many emerging economies, developing countries and LDCs makes it crucial to identify relevant Southern partners to collaborate in sustainable development areas, including mobilizing Southern-led financial and other resources (United Nations, 2016).

The development of robust SSC, including to deal with financial matters, led by experienced and highly knowledgeable southern-led DFIs would be a major asset to emerging economies, developing countries and LDCs and would allow them to more effectively implement sustainable development tailored to their domestic conditions. Addressing the SDGs requires the commitment of a diversity of stakeholders and resources, including public finance provided by development institutions and blended finance (a combination of public and private financial resources).

The COVID-19 pandemic has become a major challenge, faced by all countries, and its effects have influenced the approach and modality of interventions implemented by Southern-led DFIs. Though it is premature to attempt to precisely quantify the magnitude of the pandemic impact, it is expected that production networks will be disrupted due to the high level of global market integration. The situation is of particular concern for developing countries and LDCs given their vulnerable economies and the combination of precarious work conditions, high levels of debt distress and insufficient fiscal and policy space that limits their options to respond to external economic shocks, such as those brought on by the COVID-19 pandemic.

An urgent need for increased public health spending is occurring in the midst of declining revenues, collapsing export earnings and pending debt payments, all of which has exposed a US$2-3 trillion funding gap in the developing world, which the international community has not been able to honour. According to estimates for 2020, the global economy will contract by 4.3 percent, trade will shrink by around one-fifth and foreign direct investment flows will be cut by up to 40 percent, reaching their lowest level of the past two decades (UNCTAD, 2020). This can be an opportune moment, and indeed could be considered an essential time, to further strengthen support of South-South and Triangular Cooperation mechanisms in support of addressing the SDGs.

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2. International Development Cooperation and Mobilization of Private Finance to Address the SDGs

Despite years of concerted efforts by communities, nations and the international community, considerable investments are still required to achieve the SDGs. Specifically, funding is needed to close infrastructure gaps in areas affecting the most vulnerable populations (e.g., water and sanitation, roads, rail and ports, power stations), to address food security, to implement climate change mitigation and adaptation protocols and to improve access to health and education services.

In 2014, on the eve of the adoption of the 2030 Agenda, the United Nations Conference on Trade and Development (UNCTAD) estimated that total investment needs in developing countries to cover the above sectors ranged from $3.3 to 4.5 trillion annually. The United Nations has strongly backed the mobilization of public and private resources in support of its Decade for Action, designed to address the SDGs. UNCTAD also highlighted the need for both public and private investment to meet the SDGs (UNCTAD, 2014). However, circumstances are dominated by the economic and financial shocks associated with the COVID-19 pandemic, such as disruptions to industrial production, falling commodity prices, financial market volatility and rising insecurity. If the COVID-19 pandemic is added, the ability of countries to achieve the SDGs by 2030 is aggravated and demonstrates that participants in international development cooperation need to mobilize financial resources and align global economic policies and financial systems with the 2030 Agenda now more than ever.

Mobilization of Private Finance: Traditional Multilateral Development Banks and Development Finance Institutions From the South

Developed countries and traditional multilateral development banks have joined Southern-led DFIs to launch initiatives to mobilize private finance. In 2015, the Development Committee, jointly with the African Development Bank (AfDB), the Asian Development Bank (ADB), the World Bank Group, the International Monetary Fund (IMF) and other international development institutions, set out the agenda 'From Billions to Trillions' (WB/IMF Development Committee, 2015) with the aim of shifting from 'Billions' in ODA to 'Trillions' in all type of investments (public and private, national and global, etc.), by engaging and incentivizing private finance. Since the establishment of this agenda, engaged partners have realized the need to increase external financial flows to support developing countries as they work towards successful SDG implementation and a more cohesive and coordinated finance framework between government and institutions working toward the 2030 Agenda.

As part of multilateral development bank engagement in mobilizing and catalysing[1] private investment for development, consensus has been reached that private sector finance can play a critical role in meeting the SDGs. Multilateral development bank support consists of providing additional services to those already offered by private markets at the local level, based on the principle of additionality, meaning they limit their participation to areas where market failure is present and finance from commercial sources on reasonable terms and conditions is not available.

The multilateral development banks-led Task Force on Additionality (Multilateral Development Banks, 2018) has developed a common framework among those banks on this issue. For instance, the AfDB's 2013 Private Sector Development Policy demonstrated additionality in its intended interventions as a significant operational principle (AfDB, 2013). Through the strengthening of its Assessment of Development Outcomes and Additionality procedure, the AfDB's goal is to avoid crowding out private sector investors and to bring to the market products and services that are beneficial or additional to those provided by other financiers. In this way it has positioned itself favourably to mitigate risks in private sector finance operations in support of the SDGs (Merchant, 2020). Southern-led DFIs could emulate this example and establish their own guidelines for projects they undertake in partnership with local private sector actors. Indeed, in view of their knowledge of local economic and social conditions of member countries, Southern-led DFIs are better positioned than their traditional counterparts to accurately evaluate the needs of local private financial sectors and can more quickly identify gaps where their intervention would provide much needed additionality in the form of resources and knowledge.

Triangular cooperation

Mobilization of private finance has also involved several triangular cooperation initiatives which are in line with BAPA+40. The Global Partnership Initiative on Effective Triangular Cooperation, launched in Nairobi in 2016, has facilitated the exchange of experiences between a number of stakeholders (governments, international organizations, development banks from the global South and elsewhere, civil society organizations, representatives from the private sector and research institutions). According to a Global Partnership Initiative report (Organization for Economic Cooperation and Development, 2019), most Triangular Cooperation projects are engaged in Latin America and the Caribbean, followed by countries from Africa, Asia-Pacific, the Middle East and Northern Africa, Europe and the Commonwealth of Independent States. Governments and international organizations are still the main actors in Triangular Cooperation and non-state actors (civil society organizations, academia, the private sector, philanthropic initiatives, local and regional governments, etc.) continue to contribute with expertise, finance and human resources.

An important lesson from the Global Partnership Initiative report is that Triangular Cooperation works best when all partners accept that they can learn from each other rather than relying solely on a North-South flow of expertise. It is therefore imperative that emerging economies, developing countries and LDCs take responsibility to share

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1 Catalyzing in this context refers to any action beyond financial mobilization, such as policy reforms concerning laws and regulatory frameworks that enable higher amounts of private investment and public finance.

the wealth of knowledge and experience they have accumulated over the years. To do so, they must be provided access to the necessary platforms and resources involved in cooperation programmes.

Blended finance

At this juncture, it is important to mention the blended finance concept as a tool to mobilize investment in SDG projects that are feasible from a commercial viewpoint or those that require an acceptable level of risk mitigation. This is done using flexible capital and favourable terms offered by public or philanthropic sources to increase private sector investments in developing countries. Blended finance comprises foreign and domestic instruments and mechanisms, such as investment grants, loan guarantees, structured finance and equity investment. The goal is to create investment opportunities in developing countries with an acceptable risk/return profile for private investors by leveraging development funding at below-market terms (i.e., concessional). Development finance agencies also play an important role in blended finance in commercial transactions and via raising concessional funding from donors (e.g., government development agencies) that is then blended with their own capital to fund and invest in projects and companies at below market terms which they would not otherwise support (Merchant, 2019). In view of the increased importance of development financial agencies participating in blended finance, the Working Group on Blended Finance, composed of both international finance agencies and Southern-led DFIs, enhanced the agreed principles for a more rational use of blended concessional finance when specific projects in a given sector need the intervention of this type of finance (Working Group on Blended Concessional Finance, 2019).

Despite the need to focus on addressing the SDGs, the bulk of blended finance has gone to industries more attractive to the private sector rather than to projects addressing development needs. For example, energy, financial services, information and communication technology accounted for 67 percent of blended finance between 2008 and 2017 (UNCTAD, 2019). Flows are almost absent to sectors such as water, sanitation and transportation that are crucial for vulnerable populations.

According to available information, the bulk of blended finance transactions were launched after 2005, with 92 percent launched between 2006 and 2018, and particularly after 2009 with 79 percent launched between 2010 and 2018 (Convergence, 2019). Transactions have declined in the case of Sub-Saharan Africa (44 percent in 2010-2012 and 37 percent in 2016-2018) and Latin America and the Caribbean (20 percent in 2013-2015 and 13 percent in 2016-2018). Blended operations targeting Asia (both East Asia and the Pacific and South Asia) have increased (27 percent in 2010-2012 and 31 percent in 2016-2018). As per the above figures, the participation of low-income countries as beneficiaries of blended finance is insufficient and they still need additional resources adapted to their local context and targeted to appropriate sectors.

Southern-led DFIs have a central role to play in fixing this imbalance as they provide risk capital, including guarantees, insurance and concessional funds. To increase mainstream private investment for SDGs, the Blended Finance Taskforce Action Programme has launched initiatives to scale up private investments for high-impact sectors and to mobilize a network of blended finance funds and initiatives to share knowledge and build capacities for sustainable growth as required by the Paris Agreement and the SDGs (Blended Finance Taskforce, 2018).

Southern-led Development Finance Institutions: Mobilization of the private sector to address the Sustainable Development Goals

Southern-led DFIs have launched strategies, programmes and initiatives to mobilize the local private sector and address developing countries' financial needs. Local commercial banks in developing countries are often too small to finance the productive sectors and lack the necessary experience and skills to undertake project finance or to participate in project identification, design and negotiation with equal capabilities to investors. Based on their liability structure, which is designed to provide finance for long-term investments, Southern-led DFIs can fill this gap and support infrastructure projects, capital-intensive industries and strategic sectors that are essential to developing countries that face difficulties accessing finance.

The Addis Ababa Action Agenda 2015 highlighted the need to align domestic and international resource flows with local economic, social and environmental policies. At the local level, crucial actions for implementing sustainable development and the SDGs include appropriate public policies and the effective mobilization and use of domestic resources. These public policies should aim to create an environment that encourages entrepreneurship, a vibrant domestic business sector and appropriate regulations to minimize financial volatility. The following discussion briefly addresses a few areas in which Southern-led DFIs could intervene by providing financial support and advisory services.

Infrastructure projects. In order to promote sustainable development in developing countries, potential investors can build a set of SDG-related projects and identify potential companies capable of implementing them. These types of partnerships between investors and local private actors are referred to as public-private partnerships (PPPs), are increasingly receiving attention in developing countries. Two key elements required for successful PPPs are a sufficiently strong institutional capacity of the public sector and a well calibrated regulatory framework of domestic banks. Domestic banks are critical as they finance the local currency tranches of these projects and can extend PPP programmes to smaller projects and vulnerable sectors of the economy. Extensively used in the Latin American region, PPPs have financed energy projects and constructed airports, freight railways, seaports, water and sanitation facilities, hospitals and jails. In Asia, to address the needs for infrastructure investment, the Asian Development Bank provides an integrated and holistic approach to PPPs by including advocacy and capacity development, an enabling environment, project development and project finance.

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Africa's infrastructure finance needs are estimated at $130-170 billion a year by 2025 and currently there is a finance gap between $68-108 billion a year (AfDB, 2020a). PPPs are a potential element to narrow this gap by bringing in private sector investment in infrastructure. Investors have praised the role of international development finance as indispensable to secure finance for PPP projects in Africa. Supported by the AfDB Private Infrastructure Development Group, the Kigali Bulk Water Supply project, is a PPP between the Government of Rwanda and Kigali Water Limited (KWL), a water treatment company. It is expected to have important development outcomes such as improving public health, addressing reliable water for the industry sector, contributing to enhance economic growth and private sector development. It is one of the largest water supply PPP projects in Sub-Saharan Africa. (AfDB 2020b)

Capital markets. Southern-led DFIs' support to private sector development also involves developing capital markets, as they are a powerful tool to promote sustainable development. However, in many emerging economies, developing countries and LDCs capital markets face several structural issues, such as inadequate market infrastructure, a lack of appropriate regulation and supervision, the absence of reliable information and a limited supply and demand. To function properly, capital markets need a critical mass of investors and issuers to make markets function and to add the necessary liquidity.

In the absence of such elements, establishing regional capital markets could be an alternative for developing countries and their regional organizations. It involves various steps, including exchanging information among market participants to discuss issues of common concern (e.g., exchange controls), working with central banks and other banking-related authorities, encouraging regulators to adopt objectives that recognize the benefits of harmonization and creating capacity building programmes for both regulators and market participants. Some countries from the global South are already taking steps to form regional capital markets that show the benefits of promoting SSC. The Latin America Integrated Market was established by members of the Pacific Alliance, a regional grouping launched in 2011 by Chile, Colombia and Peru; Mexico joined in 2014. It began operations with its first transaction in May 2011 involving stock exchanges in Chile, Colombia and Peru. Most domestic investors still prefer local companies, so this regional capital market has not experienced the expected increase in trade volume, however it has helped to consolidate and deepen the process of financial integration among Pacific Alliance members.

In Africa, members of the Southern African Development Community (SADC), except for the Seychelles, established the Protocol on Finance and Investment (SADC, 2006). As a reflection of the importance of regional integration to reactivate SSC, this Protocol facilitates the creation of domestic capital markets, while expanding, maintaining and regulating existing ones. The purpose is to harmonize securities markets at the sub-regional level. The Protocol is binding to all SADC members, yet several outstanding issues need to be resolved before it can enter into force (Chidede, 2017). It is worth mentioning that the Bourse Régionale des Valeurs Mobilières that involves activities of eight members of the West African Economic and Monetary Union is fully operational throughout the subregional financial market (BRVM, 2020).

A regional capital market integration initiative of the Association of Southeast Asian Nations (ASEAN) aims to strengthen regional growth by improving financial intermediation, capacity and risk management and by reducing vulnerabilities to external shocks and market volatility. The ASEAN Capital Market Forum (established in 2004) launched the ACMF Vision 2025 to improve regional infrastructure and connectivity, strengthen cohesiveness in regulations and practices, promote ASEAN asset classes, foster the mobility of professionals, increase investor participation and promote shareholder interaction, cooperation and coordination. A preliminary assessment is that Asian stock markets remain more integrated with global stock markets than with regional ones. Intra-regional cross-border transactions are still concentrated in only a few Asian economies.

The work of well-established regional capital markets can be best facilitated through Southern-led DFIs. Given their knowledge of local markets and country development priorities, these institutions can counteract the pro-cyclical behaviour of private finance, promote innovation and structural changes necessary for robust economic growth, enhance domestic financial systems with emphasis on financial inclusion, support finance of infrastructure investment and other public goods and promote environmental sustainability. However, Southern-led DFIs face several challenges to meet the financial and advisory support required by emerging economies, developing countries and particularly by LDCs. Indeed, their capital base must be increased and their loan portfolios expanded to address country needs to reach sustainable development. This is best achieved by increasing government support, which is difficult in the case of many developing countries and LDCs. As public development institutions based on a solid credit rating, Southern-led DFIs can raise funds in international capital markets and attract sovereign investment funds.[2] In some cases, they are supported by their national governments or foreign development finance agencies, but this is not always realistic for some developing countries. Although it is important to add external funds into those Southern-led DFIs and enlarge their membership, including foreign partners, this should not compromise the solidarity terms offered to clients from vulnerable economies.

Southern-led Development Finance Institutions: Cooperation Strategies

Development banks have become important multifunctional policy tools that address market failures and growth bottlenecks as required by national development strategies. As global and national conditions evolve, these institutions can quickly adapt to the changing priorities associated with rapid structural transformations. There is a wide variation in the mandate, makeup and funding structure of these development banks. They can be fully owned by the government but can also have minority or even majority private sector shareholders. This heterogeneity makes cooperation between them interesting to explore.

Development banks are well suited to contribute to enhancing SSC and Triangular Cooperation, given their ability to use financial leverage and channel private investments, and can be drivers of knowledge transfer and risk mitigation, the latter of which the private sector cannot assume (Overseas Development Institute, 2017). Moreover, these institutions are committed to supporting infrastructure and sustainable development finance that falls under the SDG 9 mandate to "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation." In parallel to development banks, Export Import agencies provide trade finance and offer several instruments to support the domestic private sector, such as insurance, short-, medium- and long-term export credits, guarantees and advisory services. Export Import agencies address the financial needs of exporters by providing pre-export capital and medium- and long-term finance support to importers. There is room for further collaboration between both types of institutions, such as sharing information on project and investment opportunities.

2 Sovereign investment funds are a government-affiliated investment vehicle that manages a substantial pool of assets. It includes pension funds, traditional sovereign wealth funds, central bank reserve funds, state-owned enterprises and various policy-driven investment funds backed by government-affiliated capital. (World Economic Forum, 2019).

The following section addresses cooperation initiatives between development finance institutions and agencies. It also looks briefly at the COVID-19 pandemic as both a challenge and opportunity for cooperation.

Fostering cooperation avenues between Southern-led Development Finance Institutions

With the purpose of exchanging experiences and eventually adopting common projects and strategies, Southern-led DFIs participate in global cooperation schemes and networks, which also involve institutions from advanced countries. As stated before, given the particularities of international finance institutions and agencies, it is difficult to prescribe a set of joint actions or policies Southern-led DFIs should all adopt, nor region-specific models or actions they should emulate.

Any strategy or initiative by Southern-led DFIs would need to necessarily take into consideration the current COVID-19 pandemic that has become a major global crisis. The United Nations has strongly called upon actors to scale-up the necessary actions to prevent, suppress and break the transmission, which entails reinforcing solidarity among all stakeholders. The need to enhance cooperation to respond to the pandemic was discussed at a high-level event on Finance for Development in the Era of COVID-19 and Beyond (28 May 2020) and the High-Level Meeting of Heads of State and Government (28 September 2020) convened by the United Nations, Canada and Jamaica. Both events highlighted the need for international financial institutions to proactively support developing countries by ensuring new financial flows, including on concessional terms (United Nations, 2020).

The role of SSC and Triangular Cooperation in providing a platform to connect institutions and stakeholders from different backgrounds, countries and regions to explore areas of cooperation to alleviate the urgent impact of the pandemic cannot be emphasized enough.

The role of SSC and Triangular Cooperation in providing a platform to connect institutions and stakeholders from different backgrounds, countries and regions to explore areas of cooperation to alleviate the urgent impact of the pandemic cannot be emphasized enough. International development banks and stakeholders have introduced special measures to address the COVID-19 pandemic. Similarly, Southern-led DFIs are increasingly launching initiatives and finance packages. Table 2 (updated through October 2020): *Selected Southern-led DFIs: Indicative and advanced responses to COVID-19 pandemic* shows some advanced and preliminary proposals and responses to the pandemic from these institutions, all of which share the common objective to address the global health crisis, while giving priority to the most vulnerable sectors of the population.

The following paragraphs look at organizations and cooperation platforms where those institutions can exchange experiences and promote joint activities and strategies.

The International Development Finance Club (IDFC). Created in 2011, this platform brings together 26 national and regional development banks from both advanced countries and the South to work together to implement the SDGs and the Paris Climate Agreement. In response to the unprecedented crisis caused by COVID-19, members commit to capitalizing on their experiences to structure an appropriate joint framework to ensure a sustainable and inclusive economic recovery. Members have been mobilizing a full set of financial capacities and instruments, including loans, guarantees, facilities, massively reallocating funding, adopting measures with moratoria on repayments, the introduction of grace periods and reductions in interest rates. In addition, they have proposed systemic solutions by supporting local financial systems to ensure liquidity and maintain jobs. Beneficiary sectors include micro-, small- and medium-sized enterprises (MSMEs), transport, tourism, energy, industry, commerce and services. To further increase funding, some development banks have already issued special bonds in international capital markets (IDFC, 2020).

The World Federation of Development Finance Institutions (WFDFI). The Federation was created in 1979 to coordinate the work and advocacy activities of development finance agencies around the world and serve as a platform for information and knowledge exchange. Members are organized in geographic associations, including the Association of African Development Finance Institutions, the Association of Development Financing Institutions in Asia and the Pacific, the Latin American Association of Development Finance Institutions (ALIDE), the Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank and, recently, the European Long-term Investors Association. In preparation for the Finance in Common Summit held in November 2020, ALIDE joined the Inter-American Development Bank (IADB), the IDFC and the Development Bank of Minas Gerais (BDMG) on 7-15 October 2020 to discuss the role of Latin American DFIs in developing resilient and sustainable responses to the COVID-19 crisis in the region (ALIDE, 2020).

To support the transformation of societies and the global economy toward a more resilient development architecture, public development banks joined forces to form a global coalition at an online Finance in Common Summit (12 November 2020). Under the patronage of the Agence Française du Développement and with support from the United Nations, WFDFI and IDFC, the Summit presented an opportunity to reinforce the need to enhance cooperation to mitigate the economic effects of the pandemic and focus on sustainability. A session titled "The Visible Hand: Development Banks in Transition" took place at the Summit, which included an academic event with the participation of the Institute of the New Structural Economics of Peking University and Open Discussion Days that gathered researchers, development banks and other stakeholders. As part of the Summit, Agence Française du Développement and the Institute of the New Structural Economics developed a comprehensive database on development public banks and financial institutions worldwide (Xu et al., 2020).

The Global Network of Eximbanks and Development Financing Institutions (G-NEXID). This Network was officially launched in 2006 with UNCTAD's endorsement. It is a forum to facilitate cooperation among export credit agencies and DFIs in support of South-South trade, investment and project finance. Members are Eximbanks from the global South and the following international organizations are partners: UNCTAD, the International Trade Centre, the World Trade Organization and the World Economic Forum, among others. G-NEXID has been promoting networking opportunities, exchanging information and sharing best practices, conducting capacity building initiatives and exchange programmes, undertaking research, preparing common publications and facilitating common positions articulated in international forums (G-NEXID n.d.).

3. Assessing Southern-led Development Finance Institutions and Their Roles in Strengthening South-South and Triangular Cooperation

The following section assesses selected Southern-led DFIs and how they can strengthen SSC and Triangular Cooperation. The consolidation of a Southern-led FGM that mobilizes the private sector, focusing on sustainable development is also explored.

The proposed FGM would involve national and regional development banks, export credit agencies and public and private stakeholders. It would include activities, initiatives and modalities to enhance SSC and Triangular Cooperation. The Mechanism is expected to contribute to implementation of the SDGs as it represents an initiative from the global South to address SDGs from a South-South perspective. It is still too early to predict the composition and functioning of the proposed FGM. This paper recommends that a consultation with international financial institutions and agencies should be carried out at the global level, which would need to be organized by a specialized institution in the field. Support from multilateral developed banks would be also envisaged.

The Southern-led DFIs summarized below feature different objectives, mandates, *modus operandi*, partnerships, policies and programmes. These institutions have been selected from the various regions to show their initiatives to mobilize the private sector and their commitment to sustainable development and implementation of the SDGs. Each case is reviewed based on information gathered from their webpages and, in some cases, from primary information received from the institutions.

At this juncture, it is important to emphasize the need for a survey (based on a questionnaire), which would allow for a thorough consultation with all Southern-led DFIs and other relevant institutions to identify their conditions and strategies, as well as potential avenues for cooperation between them. Such a survey and its distribution would need to be guided by a recognized organization(s) empowered to contact country representatives and other stakeholders and who would then disseminate the findings. The Agence Française du Développement and Institute of the New Structural Economics comprehensive, worldwide database of public development banks and financial institutions can serve as a reference when preparing for the survey. The results of such a survey would provide invaluable information to the institutions themselves and to other relevant stakeholders who interact with them. Specifically, it would indicate how these DFIs could most effectively move their agendas forward, especially regarding how they can best launch cooperation initiatives together. Such a survey would also assess these Southern-led institutions' capacities and in doing so identify bottlenecks and unique challenges. Previous surveys have proven to be a useful way to enhance knowledge about SSC. For example, a survey (based on a questionnaire) carried out in 2013 discussed the potential role of trade finance institutions in fostering global recovery during the 2008 financial and economic global crisis, highlighting their contribution to SSC and providing a number of useful lessons the trade finance institutions could use to improve their functionality (Alvarez, 2013).

In the appendixes, Table 1: *Selected Southern-led DFIs focusing on Sustainable Development* shows the initiatives carried out by the selected Southern-led DFIs covered in the paper on mobilization of the private sector and their policies to promote sustainable development. This table illustrates the reality that every institution is different and uses a variety of mechanisms and strategies, such as private sector development, support to MSMEs, co-financing of public and private projects, support to financial and advisory services and finance mechanisms in local currencies. Moreover, each institution is introducing facility or emergency funds to address COVID-19, as seen in Table 2.

1 Asian Infrastructure Investment Bank

The Asian Infrastructure Investment Bank (AIIB) was founded by China in 2016, and now has more than one hundred members and many partnerships with multilateral development banks and DFIs from Southern countries. The bank supports high-quality sustainable infrastructure investment and enhanced connectivity in Asia. The bank was launched as an alternative to the slow pace of reform in global finance governance and to the weaknesses of financial regulations applied by traditional development banks. The AIIB's decision-making primarily relies on forging and reaching a consensus, as it is governed by majority voting rules and includes a veto power (by China) as a final backstop (He, 2016). In 2018, AIIB launched a strategy to mobilize private capital for infrastructure. To do so, it partners closely with commercial and development banks and fund managers. The bank's priority is to involve institutional investors with significant assets as they are not constrained by regulations and are able to mobilize long-term funding into sustainable infrastructure projects in emerging markets (AIIB, 2018). The AIIB provides finance through a variety of modalities, including loans, investments in the equity capital of an enterprise and guarantees for loans focusing on economic development.

The AIIB's priorities are in line with the SSC and Triangular Cooperation objectives aimed at pursuing sustained economic growth and sustainable development in the South through development cooperation, policies and programmes. It cooperates with Chinese policy banks, state-owned banks and international finance institutions and supports the Silk Road Fund in funding the Belt and Road Initiative. BRI has also expanded to become a global initiative involving several countries in Latin America as well the Asian, European and African continents and their adjacent seas, strengthens partnerships among involved countries and sets up multi-tiered and composite networks with the purpose of promoting diversified, independent and sustainable development.

With its focus on sustainable development, the AIIB has also pursued joint endeavours with regional and international development banks, private financial institutions and cooperates with other partners in the public and non-governmental sectors.

Among these, it partners with the Multilateral Cooperation Centre for Development Finance that serves as a platform to foster high-quality infrastructure and connectivity investments for developing countries, including throughout Belt and Road Initiative recipient countries (Gordon, D. et al., 2020).

2 New Development Bank

The New Development Bank (NDB) is an international financial institution established by Brazil, Russia, India, China and South Africa (BRICS) in 2014 (NDB, 2020a). As articulated in the NDB's Articles of Agreement, it is mandated to mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, complementing existing efforts of multilateral and regional financial institutions for global growth and development. To fulfil its objective, it deploys a variety of financial instruments, such as loans, guarantees and equity investments.

As envisaged in the bank's General Strategy 2017-2021, it has primarily provided long-term loans in its initial years of operations and is moving towards gradually offering other financial products, such as equity investment (NDB, 2017). It has increased its non-sovereign (including private sector) operations over time, which accounted for about 20 percent of the bank's cumulative approvals at the end of 2019. Moreover, as a main component of its value proposition, it has been providing finance in member country local currencies. Supporting the transition to sustainable infrastructure in member countries and enlarging support to regional integration remains a central challenge for the bank, as projects in non-member countries can only be approved on an exceptional basis, thus limiting its catalytic role in finance development on a regional scale (Costa, 2020).

The NDB finances its operations from its own capital, which includes paid-in capital provided by member countries and retained earnings, as well as from funds raised in capital markets through the issuance of securities. The bank has also established additional funding platforms, which allow to raise funds in both hard and local currencies. The NDB is a concrete cooperation outcome and an effective example for future SSC and provides a possible lesson for other Southern-led DFIs to emulate.

As envisaged in the General Strategy 2017-2021, one of the primary ways the NDB can promote SSC is through its project operations, where knowledge and expertise, innovation and technology can be transferred and exchanged. Moreover, in the spirit of SDG 17 on Partnerships for the Goals, the NDB has developed strategic partnerships with a diversity of stakeholders to promote collaboration on finance and implementing projects, knowledge exchange and institutional development. By the end of 2019, the bank had signed several Memorandum of Understanding to facilitate collaboration across development partners (NDB, 2020a). Its cooperation with the Food and Agricultural Organization (FAO) is an example of its effort to build and implement effective partnerships to support SSC.[3]

3 In 2018, the NDB attended the Ministerial Level Forum on global SSC in Agriculture, which was jointly organized by FAO and the People's Republic of China. The NDB and FAO established a Memorandum of Understanding in 2019 to drive progress, as well as strengthen joint interests and activities related to water, land use and agriculture. Two workshops on Development Impact and the SDGs have been co-hosted by the NDB and FAO to share technical knowledge and strengthen alignment of efforts among development partners with SDGs across the sectors of irrigation, water resource management and sanitation.

3 African Development Bank

The African Development Bank (AfDB), which started operations in 1964, supports infrastructure development and the African private sector through select programmes and projects. The Africa Small and Medium Size Enterprise Programme provides lines of credit and technical assistance to local African financial institutions (AfDB 2020c). The Programme is open to banks, regulated specialized finance houses and non-bank finance institutions, including micro-finance institutions with a small- and medium-sized (SME) portfolio. The aim is to address finance supply and demand shortcomings in local markets to strengthen the capacity of African countries and mobilize the private domestic sector. Acting as a facilitator and finance provider, the AfDB contributes to implement the SDGs and promotes the creation of capacities that foster SSC.

The AfDB's 2013-2017 strategy identified private sector development as a core operational priority that should be at the centre of Africa's transformation into a more stable, integrated and prosperous continent (AfDB, 2013). As such, the strategy prioritizes African business, local entrepreneurship and efficient integration into global value chains for the promotion of cooperative sustainable growth. It is worth noting that the AfDB and the International Finance Corporation carried out a blended finance transaction through securitization sold to private investors (Merchant, 2019).

Infrastructure development is crucial to improving developing countries' quality of life, which is why it is both implicitly and explicitly contained in the SDGs, particularly in SDG 9 on building resilient infrastructure. In this connection, in 2012 the AU, the African Union Development Agency, the AfDB and the United Nations Economic Commission for Africa launched the Programme for Infrastructure Development in Africa (PIDA). It is a robust multi-sector programme covering transportation, energy, trans-boundary water and telecommunications and was developed in consultation with the eight Regional Economic Commissions. PIDA facilitates continental integration in Africa by improving regional infrastructure through an integrated multisectoral corridor approach that encompasses innovation, eco-friendliness, gender sensitivity, employment promotion and industrial development. The African Regional Economic Commissions and member countries are currently identifying priority infrastructure projects for PIDA's second phase (2021-2030).

PIDA's approach is in line with the African Continental Free Trade Agreement (AfCFTA) signed by 54 countries, in force since 30 May 2019 and operational since 7 July 2019. This ambitious integration initiative aims at creating a single continental market for goods and services, expanding intra-Africa trade across the Regional Economic Commissions and the African continent in general, enhancing competitiveness and supporting economic transformation. AfCFTA is in line with the African Union Agenda 2063 that emphasizes the need for inclusive and sustainable growth and development aligned with the SDGs (African Union, 2020). With 34 countries having deposited their instruments of ratification, the African Union Summit held on 5 December 2020 announced that AfCFTA trade will start on 1 January 2021. (African Union, 2020b).

The African Development Bank has enormous potential to enhance SSC and Triangular Cooperation. For example, in 2011, AfDB and the Federative Republic of Brazil agreed on the establishment of the South-South Cooperation Trust Fund to support African countries to mobilize and take advantage of development solutions and technical expertise available in the South. This initiative sets a precedent for further initiatives promoted by AfDB that involve other Southern-led DFIs.

4 Asian Development Bank

The Asian Development Bank (ADB) was founded in 1966. The bank's Strategy 2030 lays out its agenda for economic changes in the region. The Strategy aims to eradicate extreme poverty and expand the bank's vision to make the region prosperous, inclusive, resilient and sustainable (ADB, 2018). As one of its main priorities, the bank seeks to enhance connectivity in the region by fostering regional cooperation and integration. This involves providing support to member countries in priority areas, such as regional public goods, and to promote collective actions meant to mitigate cross-border risks, including climate change, pollution, energy and water security and infectious diseases. In pursuing these priorities, the ADB follows SSC principles, including sharing knowledge, experiences and best practices related to the above-mentioned priority areas. The ADB directs its concessional finance to the region's most vulnerable member countries.

To support its operational priorities, the ADB has broadened its private sector operations to fill market gaps in the region to ensure the delivery of solid development results, including achieving greater financial inclusion, gender equality, job creation and access to affordable housing, insurance and savings. This involves preparing bankable projects that attract private sector finance, promoting private sector participation in infrastructure through corporate and project finance and catalysing investments through PPPs. The ADB's private sector portfolio achieved a record $3.1 billion in commitments in 2018 and mobilized $7.2 billion in co-finance in the same year. The energy sector accounts for the bulk of these funding commitments (ADB, 2019).

Given the enormous infrastructure needs of the Asia-Pacific region, the ADB's 'Public-Private Partnership Operational Plan 2012-2020' is an important modality to expand work with the private sector to generate greater sustainable economic growth in the region. Furthermore, the ADB's Trade Finance Programme plays an important role in supporting trade and SMEs. On the strength of these programmes, which include advocacy and capacity development, project development and finance, the ADB has proved itself to be a significant contributor to implementation of Southern countries' development strategies.

5 Inter-American Development Bank

Founded in 1959, the Inter-American Development Bank (IADB) finances sovereign projects and programmes through loans, guarantees, grants and technical assistance in the Latin America and Caribbean region. Thanks to its financial strength, the bank has been able to successfully raise capital in international markets. The bank's commitment to sustainable development is reflected in its development challenges (social inclusion and equality, productivity and innovation, fostering regional integration) and its emphasis on addressing cross-cutting issues including gender equality, inclusion and diversity, climate change, environmental sustainability, institutional capacity and the rule of law (IADB, 2020a). The IADB's strategic priorities respond to the region's development needs and are closely aligned to the SDGs. Furthermore, the bank consolidated its private sector operations with its partner IDB Invest whose activities include finance investments, mobilizing resources and providing advisory services (IADB, 2020b).

6 The China Development Bank and the Export-Import Bank of China

The China Development Bank (CDB) and the Export-Import Bank of China (China Eximbank) were established in 1994 as policy banks in support of projects contributing to national economic development and social stability. Since 2001, China has gradually opened its doors to foreign capital and advanced technology. The country has also encouraged its own enterprises to go abroad and take advantage of the opportunities of globalization. The financial services provided by these two banks have been crucial to Chinese enterprises expanding abroad, particularly for those pursuing mega-projects in the areas of energy, mining, infrastructure and equipment manufacturing. These investments not only enabled Chinese enterprises to provide their funds, technology, products and equipment to the world but also helped them to further integrate into the global economy.

In 2007, a government reform defined the boundary between the two policy banks. The CDB continued as a development finance institution and has supported enterprises in their efforts to build overseas cooperation by vigorously expanding development financial services to such areas as energy, mining, infrastructure, equipment manufacturing and agricultural processing. Jointly with China Eximbank, the State Administration of Foreign Exchange and the China Investment Corporation, the CDB provided a $40 billion Silk Road Fund (2014) to the Belt and Road Initiative (Ren et al, 2017). On the other hand, China Eximbank's priority shifted from the export of capital goods to providing credit and supporting enterprises engaging in foreign contracting projects and investments (Ren et al., 2017). China Eximbank has supported numerous projects abroad covering more than 100 countries and regions. Apart from supporting enterprises with the bank's ordinary services, China Eximbank also provides preferential loans to enterprises (i.e., concessional loans and preferential export buyer's credit) for overseas business ventures focusing on infrastructure construction projects, energy resource projects and social welfare projects.

Chinese cooperation started by supporting governments and state-run companies through policy banks. However, in recent years this has changed and most of the CDB's recent activity is focused on loans to Chinese companies. For example, Chinese policy bank finance in the Latin America and Caribbean region fell to roughly $1.1 billion in 2019 compared to $2.1 billion in 2018 (Myers and Gallagher, 2019). This decline, ongoing since 2015, can be explained first by China's slowing economic growth and diminishing reserves, forcing Chinese banks to choose overseas projects carefully and protect assets. Despite this clear drop in Chinese policy bank lending to Latin America and the Caribbean countries, an increasing number of China-backed financial institutions and regional funds have become engaged in the region. Some examples of such institutions and funds include the China-LAC Industrial Cooperation Investment Fund, the China-LAC Cooperation Fund and the Special Loan Programme for China-Latin America Infrastructure. In some cases, Chinese banks have partnered with the Inter-American Development Bank and/or the Development Bank of Latin America. Beside co-finance projects and regional funds, Chinese commercial banks affiliated with Chinese companies are active in Latin America and the Caribbean and other regions. As part of Chinese policy, banks efforts to streamline projects in the Latin America and Africa, the China-LAC Industrial Cooperation Investment Fund and the China-Africa Fund for Industrial Cooperation were merged to better serve Chinese companies.

The China-Africa Development Fund, a subsidiary of the China Development Bank, was the first Chinese equity fund dedicated to fostering China-Africa economic ties and invests in both Chinese firms with economic and trade activities in Africa and African firms and projects invested in by Chinese firms. The fund was established with $1 billion in capital in 2007 but this amount has only gradually increased over time. By the end 2016, the fund reported investing only $4.4 billion in African countries since its inception (UNCTAD, 2018). Chinese cooperation with Africa was reaffirmed at the 2018 Forum on China-Africa Cooperation, during which China cited the $60 billion financial support to Africa offered in 2015 (FOCAC, 2018). According to available information these investments are concentrated in the transportation and energy sectors (Sow, 2018). The Forum on China-Africa Cooperation has become an important platform for dialogue and an effective mechanism for practical cooperation between Africa and China. Results can be appreciated in terms of infrastructure, such as railroads, roads, ports and power plants.

In general, for the China-Africa Development Fund and other similar strategies and programmes to generate greater benefits for Africa and any other region, they need to align their initiatives to local African national and regional development strategies and provide necessary technical capacities (e.g., law enforcement, technical know-how). It is also necessary for these bodies to contribute to the development of local SSC platforms, both in terms of tangible change and knowledge sharing. Having been looked up to by many African states as a channel to contribute to sustainable development, China has the opportunity to build and maintain deep cooperative partnerships with African states through win-win SSC strategies.

7 Development Bank of Latin America

The Development Bank of Latin America was established in 1970 with a membership of 17 Latin America and Caribbean countries, Spain, Portugal and private banks from the Latin America and Caribbean region. The bank's strategic goals are fostering development and integration, providing finance to member countries, promoting and supporting the private sector throughout the Latin America and Caribbean region, enhancing internal processes and building capacity in the region. Based on these goals, CAF offers member countries several finance facilities through concessional credit lines and preferential conditions, co-finance operations with European and Asian partners and syndicated loans led by CAF aimed at attracting international finance intermediaries to the region. The bank has established special funds and programmes with partners (grants and blended finance) to promote key sectors for sustainable development, including the mobilization of the private sector. CAF offers a variety of loans, either bilaterally or through co-finance operations and issues thematic bonds (green, social, sectoral) to mobilize investment resources that focus on social responsibility (CAF, 2020a). The bank also has a programme of local currency loans to support micro enterprises. In 2019, resources were allocated to sovereign loans (52 percent), non-sovereign loans and lines of credit to support the productive and financial private sector and technical cooperation. CAF focuses its resources for technical cooperation (reimbursable or not) on knowledge transfer and ensures project proposals are supported by good practices before they are submitted for loans (CAF, 2020b).

CAF's regional sustainable development agenda favours social inclusion and supporting sectors such as water, education, urban development, health and nutrition. At the regional level, the CAF-led SME Productivity Support Programme focuses on boosting Pacific Alliance export activity with up to $300 million to exporting SMEs, which is channelled through commercial banking (CAF, 2019).

At the global level, CAF has established strategic alliances with finance members of the IDFC and participates in the Latin America Investment Facility regional blending facility. The Latin America Investment Facility mobilizes funds to help Latin American economies finance projects in key sectors essential to achieving the SDGs. CAF's commitment to the development of the Latin America and Caribbean region and the various alliances established with international development partners shows there is potential to further contribute to a wider strategy involving Southern-led DFIs.

8 Central American Bank for Economic Integration

The Central American Bank for Economic Integration (CABEI) began operations in 1960 with a membership of Central American countries and non-regional shareholders and countries. The institution has taken important steps to increase the bank's relevance in the region, focusing on issues such as poverty, the environment and integration. The bank's 2020-2024 Institutional Strategy lays out its vision for the future: strengthening its institutional governance, achieving greater economic and social impact; promoting regional integration including finance high impact regional initiatives; and consolidating and strengthening the bank's financial capacity so that it can transfer benefits to its member countries (CABEI 2020a). CABEI's support for the private sector is focused in the corporate business sector, promoting the development of inclusive businesses and facilitating innovative and alternative financial products to SMEs.

CABEI is a member of the IDFC and the above-mentioned Latin America Investment Facility. The bank is joining other IDFC members and national and regional development banks to foster a sustainable and inclusive recovery from COVID-19. Fully committed to the priorities of Central American countries and as an example of SSC initiatives, in October 2020, CABEI agreed with the Association of Caribbean States to promote cooperation and exchange of experiences on the issues of regional integration, climate change, environment and infrastructure. This alliance is expected to contribute to the fight against the adverse effects of COVID-19.

9 Brazilian National Bank for Economic and Social Development

The Brazilian National Bank for Economic and Social Development (BNDES) was established in 1952 to address Brazil's immediate needs for long-term finance of infrastructure and industrial projects. The bank has undergone significant changes over time responding to local conditions (BNDES, n.d.). Following the initial heavy investment in infrastructure, in the 1960s the bank expanded to the cattle raising and agricultural sectors, with SMEs at the centre of its operations. In 1974, three subsidiaries were established to operate in capital markets to expand capitalization for Brazilian companies; in 1982, these three subsidiaries merged into the BNDES *Participações* (namely, BNDESPAR).

In the 1990s, BNDES focused on supporting the government's privatization programme and in 2003, it promoted industrial activity. While the bank has continued to invest in infrastructure projects, starting in 2008 it expanded its operations to include investments in large individual companies. The bank's mission is to foster sustainable and competitive development in the Brazilian economy, generating employment, supporting exports of MSMEs and reducing social and regional inequalities. In December 2019, BNDES presented its triennial plan for 2020-2022 (BNDES, 2020a), which laid out a strategy to increase productivity, promote access to an integrated and sustainable infrastructure (particularly in health, urban mobility, logistics, gas and energy) and ensure access to education, health and security services.

BNDES has played an important role in furthering cooperation among similar national and regional institutions focusing on sustainable development. In this connection, BNDES cooperates with members of the IDFC, including in 2017 when it organized an exchange programme for G-NEXID members that included an overview of Brazilian institutions and representatives from the private sector. BNDES has signed agreements with other national banks of the BRICS countries to promote joint activities in support of their countries. Furthermore, in 2019 NDB and BNDES reaffirmed their cooperation agreement which includes activities to exchange knowledge on topics related to infrastructure and sustainable development, designing joint mechanisms for infrastructure investment, performing joint research on topics of mutual interest and providing training and capacity building through exchange programmes. These activities reaffirm the full commitment of these institutions to promote SSC.

10 Islamic Corporation for the Development of the Private Sector

The Islamic Corporation for the Development of the Private Sector (ICD, n.d.), is a multilateral organization founded in 1999 and affiliated with the Islamic Development Bank (IsDB) Group. The ICD seeks to address the SDGs through investments in the economy, creating conducive business environments and facilitating interactions and engagements between stakeholders to address the development needs of member countries. At the beginning of 2019, the ICD established clear strategic objectives focusing on financial institutions, launching innovative and enabling products, building digital platforms, addressing member country development needs and deepening collaboration with the IsDB Group.

The ICD's commitment to SSC is epitomized in its work with SAFALIM Printing and Packaging SA., a private company specializing in food production, printing and packaging whose market is extended throughout various African countries. Thanks to the ICD's Murabaha finance structure facility, the company obtained the equipment it needed and in turn was able to produce tangible development results, such as the creation of more jobs, expansion of its manufacturing facility and an overall increase in its competency, expertise and technological capabilities (ICD, 2019).

The IsDB itself has been a major advocate for SSC and Triangular Cooperation, as exemplified by its commitment to operations that bring its member countries together to solve the development challenges they share. Guided by the principles of SSC and aligned with the spirit of the 2030 Agenda, the IsDB designed the Reverse Linkage technical cooperation mechanism. Interventions under this mechanism engage the private sector. The IsDB's support for SSC is also reflected by the National Ecosystems for SSC and Triangular Cooperation, which it developed in collaboration with the South Centre and UNOSSC (IsDB, 2020).

11 Caribbean Development Bank

The Caribbean Development Bank was established in 1969 and is comprised of 19 Caribbean countries. The bank' mission is to reduce poverty and transform the lives of the inhabitants of its member countries through sustainable, resilient and inclusive development as described in the SDGs. The bank supports financial inclusion to narrow gender access disparities and provides incentives to SMEs. Its current objectives are stated in its Strategic Plan 2020-2024 and include building social, economic and environmental resilience in harmony with the 2030 Agenda. The bank also seeks to improve connectivity and logistics in member states by improving transportation and communications infrastructure, which is consistent with the SDG 9 goal of building resilient infrastructure and promoting sustainable and inclusive industrialization. Given the large development finance demands of member countries, the Caribbean Development Bank stands ready to develop partnerships with other stakeholders and the private sector. (Caribbean Development Bank, 2020)

12 Eastern and Southern African Trade and Development Bank

The Eastern and Southern African Trade and Development Bank (TDB), founded in 1985 as the PTA Bank, is a trade and financial institution operating in Eastern and Southern Africa that serves as the financial arm of the Common Market for Eastern and Southern Africa (COMESA). Its membership is comprised of COMESA member countries, along with institutional shareholders from non-African states. TDB provides support (finance and other services) to both sovereigns and corporations from African countries, covering all sectors of the economy. The bank finances and fosters trade, regional economic integration and sustainable development. Its financial facilities include trade finance, project and structure finance, syndications, support to SMEs and advisory services. TDB has cultivated a diverse array of partnerships, including with African banks and institutions. (TDB, n.d.)

13 African Export-Import Bank

The African Export-Import Bank (Afreximbank) is a Pan-African multilateral financial institution devoted to finance and promoting intra- and extra-African trade. It was established in October 1993 by African governments, private and institutional investors and non-African investors. The bank's shareholders are a mix of public and private entities from Africa and elsewhere. It supports corporations, governments and financial institutions, which act as intermediaries in trade transactions and other financial operations. Through the bank's trade and project finance initiatives, it has positively impacted trade and economic development across Africa (Afreximbank, 2020a).

In partnership with the International Trade Centre, Afreximbank plans to promote intra-African trade by training small business owners and young entrepreneurs to take advantage of potential opportunities from AfCFTA. The bank is also party to G-NEXID and its support to this network of export-import banks and DFIs includes providing additional capacity building opportunities, such as its Structure Trade Finance Seminar and Workshops (2018). In May 2018, the bank joined the Finance Center for South-South Cooperation and the Made-in-Africa Initiative to mobilize equity funds to channel foreign direct investment from China and developing countries to support Africa's industrialization and integration into global value chains (Afreximbank, 2018). The Finance Center for South-South Cooperation is a non-profit international organization whose objective is to promote cooperation and partnerships among developing countries.

14 Export-Import Bank of India

The Export-Import Bank of India (India EximIndia) was set up in 1982 as a specialized export credit agency that now offers a variety of financial services to businesses to help explore new opportunities and expand their market boundaries. With the purpose of promoting economic development, Exim India addresses the financial needs of corporations, MSMEs and enterprises. It empowers Indian ventures to secure contracts across the world and supports the development objectives of other developing countries (India EximBank, n.d.).

The bank collaborates with countries of the South through trade, investment and capacity building. It also supports knowledge and technology transfer within emerging economies. As an example of cooperation with AfCFTA, the bank decided to enhance India-Africa trade and investment by collecting feedback from stakeholders, mainly Indian companies, on the African sectors in which Indian skills can provide support. Apart from strengthening its capacities, moving up the value chain and improving infrastructure, Africa needs to reduce risks associated with trade and investment in the region. In view of the limited access to finance from the African banking system, Exim India proposes trade finance facilities. Some of the bank's prior SSC experiences to promote economic development in Africa have included the implementation of a programme on Film Finance for the Nigerian Export-Import Bank (NEXIM), the design and implementation of Export Finance programmes and projecting Mauritius as an investment hub for Indian films (India Eximbank, 2020a).

4. Conclusions and Recommendations

This paper has reviewed how the global economic and financial system has been experiencing a paradigm shift as international development finance emphasizes the mobilization of the private sector in support of sustainable development and the implementation of the SDGs. This has led to a rising importance of SSC and given greater prominence to Southern-led DFIs within the global economic and financial landscape.

The roles that Southern-led DFIs play to address the priorities of emerging economies, developing countries and LDCs have been assessed in the paper and raise several policy issues that are discussed below. Also, the paper includes a practical recommendation for a survey of national and regional development banks, Eximbanks and other stakeholders to identify their potential contribution to the proposed Southern-led FGM, focusing on ways to address the needs of developing countries and LDCs.

In recent years, many new strategies, initiatives and modalities have arisen to address the paradigm shift mentioned above. Multilateral development banks have launched several initiatives that promote the mobilization of private finance, while adhering to the concept of additionality when operating in proximity to the local private sector. This concept is important to how and when development finance institutions and agencies go through with their interventions, as the main tenant is that these institutions should only contribute resources to the mobilization and strengthening of the private sector when they are unavailable or beyond the means of the local market, to avoid crowding out local actors. This is particularly important in developing countries whose local private sectors are in many cases still underdeveloped and require support for their continued growth.

The new paradigm calls for further efforts from public, private and philanthropic organizations to unlock additional non-traditional finance to fulfil the growing financial requirements needed to effectively address the SDGs.

The new paradigm also calls for further efforts from public, private and philanthropic organizations to unlock additional non-traditional finance to fulfil the growing financial requirements needed to effectively address the SDGs. These actors must serve as resource mobilizers to help scale up blended finance resources to solutions that have demonstrated a high level of positive development impact. In short, it is crucial to create the right investment opportunities in high-impact sectors (e.g., agriculture and health) and ensure that such opportunities are properly financed via blended finance, including with the participation of DFIs. Doing so will help emerging economies, developing countries and LDCs to meet their development goals embedded in the SDGs.

With regard to the ways and means that DFIs from the global South mobilize private finance and focus on sustainable development, the paper assessed a selection of Southern-led DFIs, all of which are independent institutions with their own objectives, mandates, priorities, programmes and policies. Despite their differences, they all share a common goal: the implementation of the SDGs of the United Nations 2030 Agenda. Importantly, they all recognize that the private sector must be involved in a greater capacity to make this possible.

The issues and institutions reviewed in the paper highlight lessons learned and shed light on the challenges currently facing the global South. As shown in Table 1: *Selected Southern-led DFIs focusing on Sustainable Development*, the policies and programmes enacted by Southern-led DFIs have endeavoured to enhance MSMEs, support PPP projects, provide finance facilities to the private sector through special credit lines and funds, co-finance operations, finance enterprises abroad and lend money in local currencies. Additionally, it is clear that many emerging economies, developing countries and LDCs require support for improving their local regulatory environment. Doing so is a crucial step for them to be able to attract the investments that will help them improve their local economic, social and financial infrastructure and develop reliable local and regional capital markets to further attract financial resources.

With reference to attracting investments, the paper discussed the establishment of regional capital markets which involves discussions at the national level between market participants and other relevant actors, including government officials, regulators, capacity building programmes, etc. In this connection, the paper showed a few relevant initiatives, such as the Latin American Integrated Market stock exchange, the ACMF Vision to strengthen the ASEAN regional capital market, the SADC Protocol on Finance and Investment to facilitate the expansion of domestic capital markets and the Bourse Régionale des Valeurs Mobilières stock exchange, which is operational throughout the West African Economic and Monetary Union. DFIs can facilitate these markets to grow and attract investments. Thanks to their knowledge of local markets and country development priorities, DFIs can counteract the pro-cyclical behaviour of private finance, promote innovation and structural changes and enhance domestic financial systems. In addition, a few Southern-led DFIs have issued thematic bonds in international capital markets, which help incentivize investments in member countries. Table 1: *Selected Southern-led DFIs focusing on Sustainable Development* includes examples of policies and programmes involving mobilization of the private sector.

Regarding the large finance shortfall which hinders addressing the SDGs and the 2030 Agenda, the paper noted the crucial importance of strengthening Southern-led national and regional banks, which requires increasing their capital base so they can expand lending activities while offering competitive financial conditions. As state-owned banks, based on a solid credit rating, they could raise funds in capital markets or attract sovereign wealth funds. Alternatively, these banks would need to obtain government or foreign support – which is not always feasible for some countries. In this connection it is important to recall that a competitive advantage of Southern-led DFIs is their ability to rapidly scale-up large amounts of finance and to provide innovative funding modalities and lending with less rigid conditionalities, compared to those of traditional development banks.

On the issue of cooperation avenues for Southern-led DFIs, the paper argued that the heterogeneity of backgrounds, *modus operandi*, programmes and strategies suggests that opportunities exist for cooperation activities of mutual benefit. This includes exchange of experiences, knowledge transfer, capacity building programmes and promoting joint strategies. However, the decision to cooperate rests solely with each institution. It is thus worth mentioning the cooperation experience between the national development bank members of the NDB (the bank of the BRICS) that promotes experience sharing and joint activities, which has facilitated agreements among them on common policies and strategies. The NDB experience can also serve as a reference for SSC involving Southern-led DFIs from different regions on how it is possible to cooperate when there is political will. NDB is open to adding other potential members and has established partnerships with multilateral development banks and other institutions. Given the bank's current mandate, the NDB Board of governors can only approve projects benefiting member countries; therefore, it has a limited role to support economic integration projects.

Sustainable infrastructure projects should ensure that the positive spill-over effects on the surrounding community environment surpass any adverse effects on the economy and on vulnerable groups.

Another experience that merits some consideration is sustainable infrastructure. A generally accepted argument is that such projects should ensure that the positive spill-over effects on the surrounding community environment surpass any adverse effects on the economy and on vulnerable groups (Costa, 2020). For example, the huge Belt and Road Initiative finance needs have prompted the Chinese authorities, the AIIB and other development finance institutions to cooperate and establish a Multilateral Cooperation Center for Development Finance to support infrastructure connectivity through information sharing, project preparation and capacity building. This implies that institutions with different mechanisms need to agree on common goals about sustainable infrastructure to facilitate the participation of potential investors and to adopt flexible approaches in support of their projects, while also adequately addressing sustainability, concessionality and transparency issues (Gordon et al., 2020).

Eximbanks are also participating in SSC initiatives. For example, Afreximbank has promoted cooperation initiatives with the Finance Center for South-South Cooperation to mobilize investments from China and developing countries to support Africa's industrialization and integration into global value chains. India Eximbank launched an initiative in support of AfCFTA through surveying Indian companies interested in helping selected African sectors and supported African film industries. In addition, the India Eximbank proposes trade-finance facilities.

In view of the greater prominence of Southern-led DFIs within the global economic and financial landscape, these institutions would benefit from reinforcing cooperation, bearing in mind their respective mandates and thematic areas. It would also be helpful to better contribute to sustainable development if these institutions aligned their methodologies, were open to monitoring from members and partner institutions and strengthened their ties to the private sector. Given the diversity of institutions, cooperation partners need to engage on an equal footing to be successful. This is particularly important in the case of Triangular Cooperation in which the recipient country needs to ensure the ownership of the cooperation strategy at the local level and that their wealth of knowledge and experience accumulated over the years is recognized by the other actors involved.

Southern-led DFIs usually participate in forums to discuss ways to better address sustainable development. The United Nations has facilitated discussions on ways to achieve SDGs and it is aware of the need to undertake stronger efforts after the onset of the COVID-19 pandemic. In the context of this pandemic, the Finance in Common Summit was an opportunity to build cooperation and launch a global response to the novel global challenge. The Summit represented an occasion to demonstrate the crucial role played by public development banks, public leaders, private sector representatives, academics and civil society advocates in reconciling short-term counter-cyclical responses to crises with sustainable long-term measures that can have a positive impact on the planet and society (Finance in Common, 2020).

There is a need for a thorough consultation with Southern-led DFIs and other relevant stakeholders to identify their conditions and strategies, as well as potential avenues for cooperation between them.

On a more practical matter, the paper emphasizes the need for a survey that would allow for a thorough consultation with Southern-led DFIs and other relevant stakeholders to identify their conditions and strategies, as well as potential avenues for cooperation between them. Such a survey and its distribution would need to be guided by a recognized organization empowered to contact country representatives and other stakeholders and who would then disseminate the findings. The results would provide invaluable information to the institutions themselves and all other relevant stakeholders who interact with them. It would also indicate how these DFIs could most effectively launch joint cooperation initiatives and serve as a useful tool to the would-be consolidated FGM proposed in the paper.

On the feasibility of a consolidated Southern-led FGM, the objective is to approach national and regional development banks, export credit agencies public and private stakeholders focusing on the global South. Based on the information surveyed on their experience, programmes and strategies, the proposed FGM will recommend activities, initiatives and modalities to enhance SSC and Triangular Cooperation. It is expected to contribute to implementation of the SDGs as it represents an initiative from the global South to address SDGs from a South-South perspective.

On the need to confront the COVID-19 outbreak, examples of initiatives adopted by selected Southern-led DFIs in response to the pandemic are found in Table 2: *Selected Southern-led DFIs: Indicative and advanced responses to COVID-19 pandemic*. They range from small-scale interventions to special programmes designed to enhance the healthcare sector or even entire economies. The search for solutions to the COVID-19 global pandemic and its resulting hardships highlights the need for enhanced development cooperation. A range of possible responses to this outbreak have already risen and there is an urgent need to act quickly considering the many challenges the developing world is already tackling, e.g., the repercussions from the 2008 – 2009 financial crisis. The management of pandemic fallout calls for stronger global humanitarian response systems and a renewed focus on international development cooperation, particularly regarding public health and food security. It is thus critical that international organizations, public and private institutions and other stakeholders focus their resources on the search for solutions. In this undertaking, SSC and Triangular Cooperation should be at the centre of debates.

To conclude, this paper hopes to contribute to discussions on the increasing importance of development finance mechanisms and institutions as a means to address the global economic and financial crisis that has been accentuated since the outbreak of the COVID-19 pandemic. The impact of the crisis hinders the timely achievement of the SDGs. Against this backdrop, this assessment of Southern-led DFIs, their policies and programmes, their contribution to SSC and the mobilization of the private sector shows there is room to look for alternative ways to address the SDGs. One important way this can be done is through strengthening cooperation among Southern-led DFIs, while maintaining their unique mandates, *modus operandi* and policies and programmes, provided there is sufficient political will to commit to such enhanced cooperation.

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Table 1: Selected Southern-led DFIs focusing on Sustainable Development

Institution	Founding year, status, objectives/mission	Membership/beneficiary countries	Partnerships and cooperation initiatives	Selected policies, programmes on mobilization of the private sector sustainable development and SDGs
African Development Bank (AfDB) www.afdb.org	Regional multilateral development bank Founded in 1963, effective since September 1964 Objective: To promote sustainable economic and social development and social progress, contributing to poverty alleviation.	Regional African countries and non-regional members	Initiatives and Partnerships www.afdb.org/en/topics-and-sectors/initiatives-partnerships	Private Sector Development, including supporting SMEs Affirmative finance action for women Programme for Infrastructure Development in Africa, second phase
African Export-Import Bank (Afreximbank) www.afreximbank.com	Pan-African multilateral Export Import financial institution Founded: October 1993. Objective: finance, promoting and expanding intra-Africa and extra-African trade.	Bank's shareholders: 146 (May 2018), including African national and regional institutions, private investors International financial agencies, export credit agencies, non-regional members	Constructive partnerships and strategic alliances with international institutions G-NEXID (member)	Play a pivotal role in providing or marshalling the necessary funding for Africa's transformation. Jointly with the AU, supports AfCFTA. Services: Trade finance programs, project-related finance, guarantees, bonding facilities; advisory services.
Asian Development Bank (ADB) www.adb.org	Development Bank Founded: 1966 Objective: to reach a prosperous, inclusive and sustainable Asia Pacific region, eradicate extreme poverty.	68 members, of which 49 are from Asia and the Pacific, the rest from outside	Bilateral partners Multilateral partners Private sector	Strategy 2030: sets the way for the ADB to respond effectively to the region changing needs: sustain efforts to eradicate extreme poverty and achieve a prosperous, inclusive, resilient and sustainable Asia Pacific. Broaden private sector operations. Services: loans, technical assistance, grants and equity investments to promote social and economic development.
Asian Infrastructure Investment Bank (AIIB) www.aiib.org/en/index.html	Development Bank Founded: January 2016 Objective: Support high-quality, sustainable infrastructure and enhanced connectivity investment in Asia.	More than 100 countries from various regions	World Bank Group. AfDB, African Development Fund, ADB, Eurasian Development Bank, European Investment Bank, IADB, IsDB, NDB, other institutions	Invest in sustainable infrastructure, support to environmental and development goals, increase connectivity across Asia. Mobilize private Capital jointly with partners.
Brazilian National Bank for Economic and Social Development (BNDES) www.bndes.gov.br	National Development Bank Founded 1952 Mission: To foster sustainable and competitive development in the Brazilian economy, generate employment and reduce social and regional inequalities Objective: to support industrial policy, infrastructure, export finance.	To provide financial support to Brazilian companies, public administration entities. The BNDES system comprises FINAME (industrial finance), BNDESPAR (raising capital for projects).	Memorandum of understanding signed (2015) with the NDB of the BRICS countries. Memberships: G-NEXID IDFC	Supports exports, technological innovation, sustainable socio-environmental development and modernization of public administration. Supports local sustainable production, MSMEs.
Caribbean Development Bank www.caribank.org/about-us	Regional finance institution, Established in 1969 and entered into force in 1970 Mission: to reduce poverty and transform lives of member countries through sustainable, resilient and inclusive development in line with SDGs.	Caribbean (borrowing) countries	IADB, the Multilateral Investment Fund World Bank Group	The 2020-2024 strategic framework: build social, economic and environmental resilience, in harmony with the United Nations Agenda 2030 and SDGs. Support the development of bankable and affordable pipelines of public-private partnership projects.
China Development Bank www.cdb.com.cn/English	Development finance institution Founded in 1994 Status: Policy bank under the direct leadership of the State Council. Objective: Support Chinese enterprises "going abroad;" cooperates with developing countries.	Chinese government and enterprises.	The bank has domestic branches, overseas representative offices, subsidiary banks Jointly with China Eximbank, the State Administration of Foreign Exchange (SAFE), China Investment Corporation: supports the Belt and Road Initiative Member of IDFC	Provides medium and long-term facilities to support China's long-term economic and social development strategies Provides finance to developing countries through special funds. Supports Belt and Road Initiative and other international cooperation programmes in industrial capacity, equipment manufacturing, infrastructure connectivity, energy and resources and Chinese enterprises to "go abroad."

Institution	Founding year, status, objectives/mission	Membership/beneficiary countries	Partnerships and cooperation initiatives	Selected policies, programmes on mobilization of the private sector sustainable development and SDGs
Export-Import Bank of China (China Eximbank) http://english.eximbank.gov.cn	Export Credit Agency Founded in 1994 Status: State-own policy bank; independent status Objective: support China's foreign trade, investment and international economic cooperation; financially support enterprises to build overseas economic cooperation	Chinese enterprises investing abroad	Member of G-NEXID	Sustainable development strategy Support Credit Business (foreign trade, cross-border investments, foreign corporation, etc.), trade finance, financial markets and equity investments. Supports the Belt and Road Initiative Provides financial support to enterprises "going abroad."
Central American Bank for Economic Integration (CABEI) www.bcie.org/en/about-us/general-information	Regional development finance institution Founded in 1960 Objective: to promote economic integration and a balanced economic and social development in Central America.	Founding members, regional non-founding members from Central America Extra regional members (Korea, Taiwan, Spain)	Cooperates with the Association of Caribbean States: to strengthen regional integration projects. Member of IDFC, Latin America Investment Facility.	Promotes economic development and integration focusing on poverty alleviation and environmental issues. Strengthen the private sector, corporate business sectors, promotion of inclusive businesses, facilitates innovative and financial products to SMEs.
Development Bank of Latin America (CAF) www.caf.com/en	Development finance institution, Founded in 1970 Objective: To promote sustainable development in Latin America and the Caribbean through credit operations, concessional and/or with preferential finance conditions.	17 Latin America and the Caribbean countries, Spain, Portugal and private Banks from the Latin America and the Caribbean region	Multilateral development banks and regional organizations from Europe, Asia, Africa and Latin America. Member of IDFC, Latin America Investment Facility.	To promote sustainable development through the following facilities: - Credit lines including private finance linked with renewable energies and energetic efficiency. - Co-finance operations with European and Asian partners to reactivate infrastructure projects. - Syndicated loans where CAF leads the transaction (e.g., public-private partnerships) to attract financial intermediaries - Creation of special funds and programs (grants and blended finance) jointly with partners and including private finance, i.e., Latin America Investment Facility - Bilateral or co-finance short, medium and long-term loans, including direct loans, credit lines, non-sovereign loans and special loans. - Loans denominated in local currency: for micro-finance enterprises. CAF programme to issue thematic bonds (green, social sectorial) to mobilized investment focusing on social responsibility. Special mechanisms to mitigate interest rate and exchange rate risks. Non-finance services: capacity building to promote private sector participation in infrastructure development and public services.
Eastern and Southern African Trade and Development Bank (TDB) www.tdbgroup.org	Regional organization Specialized trade and finance institution Founded: 1985 and reformed in 2012 Objective: to foster trade, regional economic integration and sustainable development via trade finance, project and infrastructure finance, asset management and business advisory services.	Membership includes: Tripartite Free Trade Area covering COMESA, EAC and SADC countries; the Indian Ocean Commission. Non-regional members (China, Belarus), plus institutional shareholders.	The Corporate Council on Africa the African Economic Research Consortium and other strategic partners. Member of IDFC, G-NEXID	Contributes to SDGs, through SMEs, climate-.oriented projects on the African continent; strategic partnership to drive green infrastructure finance in clean energy. Services: corporate finance, asset finance, long-term finance.

Institution	Founding year, status, objectives/mission	Membership/beneficiary countries	Partnerships and cooperation initiatives	Selected policies, programmes on mobilization of the private sector sustainable development and SDGs
Export-Import Bank of India [India EximBank] www.eximbankindia.in	Export finance institution Founded: 1981, setup 1982 Objective: to integrate foreign trade and investment with Indian economic development; provide financial assistance to exporters and importers; enable Indian ventures to secure contracts across the world; and support development objectives of other countries.	Indian enterprises Developing countries	Multilateral development banks World Bank group, ADB, UNDP	Financial services to businesses to explore new projects and extend their business boundaries. Support corporates, MSMEs, enterprises. Financial services: buyer's credit, corporate banking, lines of credit, overseas investment finance, project exports to Indian firms and developing country projects.
Inter-American Development Bank Regional bank (IADB Group) http://idbdocs.iadb.org/wsdocs/getdocument.aspx? docnum=EZSHARE-1177496895-319	Regional development bank Founded: 1959 Objective: support development challenges: social inclusion and equality, productivity and innovation and economic integration. Comprises IADB, IDB Invest and IDB Lab (funds raised from donors).	26 Latin America and the Caribbean borrowing (Shareholders) 22 non-borrowing countries	Non-borrowing countries: European countries, China, Israel, Norway, South Korea, Switzerland	Support the implementation of the SDGs including private sector engagement. Finance includes loans, partial credit guarantees, grant finance and political risk guarantees. Promotes economic development in member countries including private sector development. Provides loans, guarantees and technical cooperation to sovereigns and private sector lending with IDB Invest. IDB Lab: Multilateral Investment Fund provides equity investment grants and small loans.
Islamic Corporation for the Development of the Private Sector (ICD) (Affiliated to the Islamic Development Bank (IsDB Group) https://icd-ps.org	Multilateral organization Founded, November 1999 Mission: to complement IsDB activities through the promotion of the private sector Objective: Support leading projects and clusters under the umbrella of the IDB Group Business Forum.	IsDB Group	Multilateral development banks and regional development banks, Investor funds, development agencies, United Nations agencies, World Trade Organization, World Bank Group, Organization for Economic Cooperation and Development Member of IDFC	Addressing SDGs through investments in the real economy, creating conducive environments. Support economic development by providing finance to private sector projects in accordance with Islamic Laws.
New Development Bank (NDB) www.ndb.int	Development Bank Founded in Brazil, 2014 Objective: mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging and developing countries.	Brazil, India, Russia, China, South Africa (BRICS)	Cooperation agreement with the BRICS interbank cooperation agreement Cooperation agreements with national and multilateral banks; commercial banks; enterprises, the academic sector	Sustainable development at the core of NDB operational strategy 2017-2021. Supports public and private projects with loans, guarantees, equity participation and other financial instruments. Provides finance in local currencies of member countries. Thanks to its solid credit rating, NDB has issued bonds in China including a green bond.

Table 2: Selected Southern-led DFIs: Indicative and advanced responses to COVID-19 pandemic (updated 14 October 2020)

Institution	Target sector/special programmes/ activities	Partners	Additional information available
African Development Bank (AfDB)	Support to boost capacity in COVID-19 prevention and management protocols for healthcare and mitigate the impact on people and businesses. COVID-19 response facilities Fight COVID-19 social bond issue.	African Development Fund: provides finance packages Jointly with multilateral development banks and other entities, participates in the Global Infrastructure Project on ensuring sustainability and resilience Post-COVID-19	Multi-country COVID-19 Crisis Response Support Programme (AfDB, 2020e) Issuance of a Fight COVID-19 social bond issue (March 2020) – on the Luxembourg Stock Exchange and COVID-19 Response Facility: to provide flexible and emergence assistance to members (AfDB, 2020e) COVID-19 Rapid Response Facility Additional emergency facilities to build capacities to contain the spread of the pandemic.
African Export-Import Bank (Afreximbank)	Launched the Pandemic Trade Impact Mitigation Facility (PATIMFA) Support to the African Centres for Disease Control and Prevention (African CDC) and the African Union COVID-2019 Response Fund. (Afreximbank, 2020b) Support to the Africa Medical Supplies Platform.	African Union United Nations Economic Commission for Africa	PATIMFA: $3 billion to assist member countries in managing the adverse impact of financial, economic and health shocks caused by COVID-19. Finances medical equipment and supplies.
Asian Development Bank https://covid19policy.adb.org/	COVID-19 Pandemic Response Option of the ADB's Countercyclical Support Facility aimed at strengthening the health sector. $20 billion package (April 2020) Policy Actions for COVID-19 Economic Recovery (PACER)	International Monetary Fund, World Bank Group, WHO, UNICEF, United Nations agencies, development agencies and other	Pandemic Response Package, including concessional and grant resources, loans and guarantees to the private sector. Loans and guarantees will be provided to financial institutions to rejuvenate trade and supplies. Emergency assistance loans to support social protection and health facilities. $20 billion package: support to private companies with supply medicines and essential services, trade finance, supply chain finance and microfinance programs, technical assistance and rapid grants (ADB, 2020a). PACER Dialogues: good practices in national planning, digital technology, strengthening the role of the private sector, developing social protection. Targeting Southeast Asia and China (ADB, 2020b).
Asian Infrastructure Investment Bank (AIIB)	Support to mitigate the adverse effects of the pandemic in poor and most vulnerable sectors, mitigate the health and economic effects COVID-19 Crisis Recovery Facility -part of international coordinated response- (AIIB, 2020a) COVID-19 Emergency Response Health Preparedness projects	Policy-based co-finance with World Bank and ADB	Crisis Recovery Facility: covers health sector needs, economic resilience, liquidity constraints, provides sovereign backed or non-sovereign backed finance for regular investment projects and adds on to on-going operations. Issuance of COVID Bonds: during March-May 2020 surpassed by 50 percent issuances compared to same period in 2019 (AIIB, 2020b).
Brazilian National Bank for Economic and Social Development (BNDES)	Support to all economic sectors to combat the impact of COVID-19. Emergency Credit Access Programme joint with the Ministry of Economy launched 2020 (BNDES, 2020c).	Brazilian Treasury	Emergency Credit Access Programme: support for SMEs to obtain credit by providing guarantees and protecting jobs. Small Business Credit lines for working capital Emergency Employment Support Program Suspension of payments (standstill) to the private sector, benefiting MSMEs. Matchfunding Salvando Vidas (Saving Lives), a collective finance action aimed at the purchase of materials, supplies and equipment for philanthropic health institutions Credit funds to MSME involve alternative channels such as fintechs or digital payment systems (BNDES, 2020b).

Institution	Target sector/special programmes/ activities	Partners	Additional information available
Caribbean Development Bank	Guidelines focusing on developing health and safety rules that are necessary to allow for schools and other educational institutions to safely operate. Support to disadvantaged students at the University of the West Indies with a grant that involves facilitating remote learning solutions (Caribbean Development Bank, 2020).		
Central American Bank for Integration (CABEI)	Support to the Economic Reactivation Programs and MSMEs. Emergency Support Preparedness Programme for COVID-2019.	German Financial Cooperation though the Kreditanstalt für Wiederaufbau Group and European Union support to MSMEs through the Financial Support Facility	Facilities to support MSMEs negatively affected during quarantine periods (CABEI, 2020b). Emergency Support Programme: comprising containment and mitigation phases.
China Development Bank and China Eximbank	China Development Bank donated medical equipment to Morocco. China Eximbank's support has involved various types of interventions targeting the Hubei Province.		China Eximbank: special measures to support the epidemic control in China, bond issues to support economic redress and enterprise development; exemption of loan interest of MSMEs and industries (China Eximbank, 2020).
Development Bank of Latin America (CAF)	Emergency credit lines of up to $50 million per country to provide direct attention to public health systems (CAF, 2020c).		Facilities include emergency credit lines of a countercyclical nature and rapid disbursement. Provides country loans to mitigate the effects of the pandemic in member countries' health systems and other sectors. Study on Technology for Integrity in times of COVID-19: to reduce corruption risks associated with public procurement during the COVID-19 emergency.
Eastern and Southern African Trade and Development Bank (TDB)	Support to the African Centres for Disease Control and Prevention (African CDC) through the bank's COVID-19 Emergency Response Programme (TDB, 2020).	Scaled-up support to the region with global funding partners via risk-sharing agreements and co-finance Joins multilaterals, sovereigns, private sector and philanthropic partners to support the African CDC.	Supports essential medical supplies, financial institutions facing liquidity challenges, corporate clients with access to supply chain and necessary inputs and sovereign clients with short- and long-term liquidity challenges Support the African CDC: to prevent severe illness and death from COVID-19 infections and minimize social disruption and economic consequences of the pandemic
India Export – Import Bank (India EximBank, 2020b)	Contribution to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund to combat, contain and provide relief to the pandemic.		Eximbank and employees contributed to the relief fund. The fund will be used for combat, containment and relief efforts against the coronavirus outbreak and similar pandemic-like situations in the future.
Islamic Corporation for the Development of the private sector (ICD), part of IsDB	IsDB Group set up a "Strategic Preparedness and Response Facility" to mitigate the negative health and socio-economic impact of the COVID-19 pandemic. ICD provides emergency funding.	IsDB Group	The IsDB Strategic preparedness and response facility supports the public and private sector through the Reverse Linkage technical cooperation mechanism. ICD Emergency funds medium and long-term finance instruments to help financial, agri-food, energy, healthcare industries and financial institutions supporting SMEs (ICD, 2020).

Institution	Target sector/special programmes/ activities	Partners	Additional information available
New Development Bank (NDB)	Support to combat COVID-19 pandemic, including healthcare resources and support to social sectors. Emergency Assistance Programme in Combatting COVID-19 to China and other member countries. Coronavirus Combatting Bond issued by the Bank of China. (NDB, 2020b)	The NDB issued a 3-year Renminbi (RMB)-denominated Coronavirus Combating Bond in the China Interbank Bond Market (April 3, 2020). The Bank raised RMB5 billion thanks to noticeable investors' interest (largest RMB-denominated bond and first issued by a development bank in China)	Emergency Assistance Facility: - loans to finance direct expenses to face COVID-19 outbreak or support to government measures to recover from the pandemic; and - emergency assistance programme loans to China and India: to address health and economic impact of the outbreak.

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