

Moving from Triangular Cooperation to  
Cooperation for Development:  
New initiatives for deepening IDFC collaboration  
2016

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# Acronyms

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AFD	Agence Française de Développement
AfDB	African Development Bank
ALIDE	Latin American Association of Development Finance Institutions
APEC	Asia-Pacific Economic Cooperation
BANDESAL	Banco de Desarrollo de El Salvador
BCIE	Banco Centroamericano de Integración Económica
BMZ	Federal Ministry for Economic Cooperation and Development
CAF	Development Bank of Latin America
CDB	China Development Bank
CDG	Groupe Caisse de Dépôt et de Gestion
CFE (Ecuador)	Federal Electricity Commission (Ecuador)
COFIDE	Corporación Financiera de Desarrollo S.A.
DAC	Development Assistance Committee
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
EIB	European Investment Bank
EU	European Union
GEF	Global Environmental Facility
GIZ	Gesellschaft für Internationale Zusammenarbeit
IADB	Inter-American Development Bank
IBSA	India Brazil South Africa bloc
IDFC	International Development Finance Club
IIF	Institute for International Finance
IIPSA	Infrastructure Investment Programme for South Africa
JICA	Japan International Cooperation Agency
JBPP	Japan-Brazil Partnership Program
KfW	KfW Bankengruppe
MIDA	Malaysian Investment Development Authority
MRI	Mutual Reliance Initiative
MTPA	Malaysian Trade Promotion Authority
NAFIN	Nacional Financiera S.N.C., I.B.D.
ODA	Official Development Assistance
OECD	Organisation of Economic Cooperation and Development
SADC DFRC	Southern African Development Community Development Finance Resource Centre
SIBDI	Small Industries Development Bank of India
SSC	South-South Cooperation
TC	Triangular Cooperation
TIB	Tanzanian Investment Bank
TİKA	Turkish Cooperation and Coordination Agency
TSKB	Industrial Development Bank of Turkey
UNIDO	United Nations Industrial Development Organisation
UN OSSC	United Nations Office of South-South Cooperation
ZITPO	Zambian Investment and Trade Promotion Agency

## 1. INTRODUCTION<sup>11</sup>

In 2014, the members of the International Development Finance Club began to explore a framework that best defined and described development cooperation within the Club. Initially the proposal was based on the concept of Triangular Cooperation (TC) that would provide a platform for the concrete deepening of collaboration between members.

This paper is informed by a research process led by the DBSA on members' understanding of 'South-South' Cooperation (SSC), TC and other forms of multilateral cooperation. The ideas in this Discussion Paper will lay the foundations of deeper collaboration between members and could potentially result in concrete projects co-financed by IDFC members.

The paper explores the process that led to the IDFC members coining the term 'Cooperation for Development' (CfD) to more accurately describe the kind of collaboration that takes place between members and with non-members. Cooperation for Development includes cooperation with the intention to have a significant development impact as well as the development of members through knowledge sharing, capacity building and adoption of best practice across the Club. The IDFC has since adopted the term Cooperation for Development, which best describes their modes of collaboration.

## 2. METHODOLOGY

The lead on the workstream, the Development Bank of Southern Africa, convened a roundtable to explore the following aspects of TC:

- Their understanding and experience of TC;
- The existing models for co-financing and what they entail;
- The acceleration and deepening of efforts to make our relationships more effective;
- The role of the private and public sectors in TC and the role civil society plays, if any;
- Sources of finance available to support sustainable development (including but not limited to infrastructure finance, social programmes, etcetera);
- New financial instruments and investment options that need development to meet the increased demand for sustainable development, domestic resource mobilisation and a reduced reliance on Official Development Aid (ODA); and
- Development of a framework for cooperation that relies on mutual reliance, mutually agreed diagnostic tools, mutual assessment reviews, etcetera to make finance more effective and sustainable.

Three teleconference calls were held with the Japan International Cooperation Agency (JICA), *Groupe Caisse de Dépôt et de Gestion* (CDG), Morocco and *Nacional Financiera, S.N.C* (Nafinsa), Mexico. Two discussions were held with academics/think-tank members who work on South-South and multilateral cooperation.

## 3. DEFINITIONAL ISSUES

### 3.1 Innovative financing

There is a trend towards defining and finding innovative ways of financing for development that shows how development partners have begun to look beyond Official Development Assistance. Innovative Financing is one such trend, which the World Bank has defined as

Budget outlays from established sovereign donors or bonds issued by multilateral and national development banks exclusively to achieve funding objectives. Innovative development finance therefore involves non-traditional applications of solidarity, PPP and catalytic mechanisms that (i) support fundraising by tapping new sources and engaging investors beyond the financial dimension of transactions, as partners and stakeholders in development; or (ii) deliver financial solutions to development problems on the ground<sup>2</sup>.

<sup>1</sup> A special thank you to Bancóldex for collaboration on content and to all IDFC partners for their feedback, which has contributed to the development of this paper.

<sup>2</sup> UNDP, 2012. 'Innovative Financing for Development: A New Model for Development Finance?' p.5. [http://www.undp.org/content/dam/undp/library/Poverty%20Reduction/Development%20Cooperation%20and%20Finance/InnovativeFinancing\\_Web%20over.pdf](http://www.undp.org/content/dam/undp/library/Poverty%20Reduction/Development%20Cooperation%20and%20Finance/InnovativeFinancing_Web%20over.pdf) to address market failures or scale up ongoing developmental activities'

The OECD determines that innovative financing includes 'mechanisms of raising funds or stimulating actions in support of international development that go beyond traditional spending approaches by either the official or private sectors, such as:

- New approaches to pooling private and public revenue streams to scale up or develop activities for the benefit of partner countries;
- New revenue streams (e.g. a new tax, charge, fee, bond raising, sale proceed, or voluntary contribution scheme) earmarked to developmental activities on a multi-year basis; and,
- New incentives (financial guarantees, corporate social responsibility or other rewards or recognition) to address market failures or scale up ongoing developmental activities<sup>3</sup>.

### 3.2 South-South Cooperation

The United Nations Office for South-South Cooperation offers the following definitions:

The terminology used to define the type of engagement determines the kinds of relationships entered into during collaborative initiatives. Some traditional development partners could argue that the term 'South-South cooperation' does not include their involvement in development partnerships and that the focus is shifted towards a geographical construct. In some contexts, South-South cooperation could carry the weight of politics and cultural impoliteness as it denotes a particular level of power to the participants in that relationship.

In the early stages of the deliberations, members suggested that TC was a more economically and politically inclusive term as it is neither attached to geographic origin nor 'old' terminology (developed vs developing) but recognizes each participant as an equal partner in the relationship. TC allows for a relationship that goes beyond three partners, as evidenced in the OECD definition below but through current use, the triangular reference limits the kinds of relationships that could possibly emerge in collaborative initiatives.

In the discussions informing this Discussion Paper, a few alternatives were posited:

- Mélange cooperation, which encompasses the different partners in the relationship;
- Transformational cooperation, which speaks to the intended development impact of the cooperation; and,
- Traditional and emerging cooperation, which defines the nature of the partners engaged in the collaboration.

What becomes clear is that the terminology is steeped in a particular history, geography and politics. In defining cooperation, the development sector needs to take into consideration any prior sensitivity related to those terms and attempt to forge new definitions that more aptly describe the current relations.

#### 3.2.1 New initiatives for SSC

A number of new initiatives have emerged around South South Cooperation. The United Nations Conference on Trade and Development (UNCTAD) co-hosted a Technical Working Group (TWG) in Geneva with the Network of Southern Think-tanks (NeST). The network has committed itself to 'generating, systematising, consolidating and sharing knowledge on South-South co-operation (SSC) approaches to international development'. The Geneva TWG meeting's theme of the meeting was 'Defining, measuring and reporting on South South Cooperation'. NeST provides inputs into global and regional debates such as the African Platform for Development Effectiveness (AP-Dev), Africa Vision 2063, the Post-2015 Development Agenda, Financing for Development (FfD), BRICS/IBSA Africa Summits and the Global Partnership for Effective Development Cooperation.

The discussions in Geneva looked at the difference between South South Development Cooperation (SDC) and SSC and had detailed discussions about what each approach would entail. In 2015, at a NeST workshop in South Africa<sup>4</sup>, participants grappled with the definition and parameters of SSC and SDC. A number of different inputs were provided:

- The Buenos Aires Plan of Action (1978) defines SSC to include technical and economic cooperation between developing countries. SCC would then include trade, investment, aid, lending, debt relief, capacity development, technology and knowledge transfer. SSC should be inclusive and include government participation.

3 OECD (2009) cited, in UNDP 2012 'Innovative Financing for Development', p.7.

4 Neissan Alessandro Besharati, Matshediso Moolwa, Kelebogile Khunou and Ornela Garelli Rios, 'Developing a Conceptual Framework for South South Cooperation', September 2015, found at <http://www.saiia.org.za/news/welcome-to-nest-africa>

- When defining SDC, the motive should be for development purposes and not for economic profit.

It is important to note that many participants on the NeST forum are from civil society and from government institutions tasked with measuring and reporting on SSC. Some countries were ahead of others in relation to the measuring and reporting while others were still setting up institutions for those two processes and rely on their central banks or national treasury departments to structure the reports.

In evaluating SSC, the definitional challenges arise especially on what should be included and excluded in the definition; which processes count; how should SSC be measured; and, how do very disparate national systems begin to align and coalesce into a generally accepted measurement system. For the purposes of the IDFC, the members were of the opinion that SSC and SDC insufficiently described the universe of their cooperation with partners.

A second notable initiative is the United Nations Economic and Social Council's (ECOSOC) Development Cooperation Forum (DCF) for Southern providers of development cooperation. The second meeting will take place in Delhi in February. The DCF is based on respect for national sovereignty; national ownership and independence; equality; non-conditionality; non-interference; and mutual benefit. The DCF informs the Financing for Development process, contributes to the Addis Ababa Action Agenda and the post-2015 development agenda. Some of the IDFC countries are members to this forum.

### 3.3 Triangular Cooperation: A definition

Triangular Cooperation infers a new kind of relationship between partners. It provides a framework within which partners can share experiences, strengths, and mitigate weaknesses and threats. It was evident in the earlier debates informing this Discussion Paper that TC exists in various computations within the grouping, either between members or between members and other countries.

It is important to note that an area of cooperation that has not been focused on sufficiently is that between Development Finance Institutions (DFIs) themselves. Development banks have expertise in their own countries that could be transferred or shared with other DFIs. The main issues at hand are how members can deepen their collaboration, pool resources, and offer solutions to development problems that IDFC members face or partners outside the Club.

Triangular Cooperation has been described as North-North-South, South-South-North, South-South-South, and so on. The Bogota Statement, Towards Effective and Inclusive Development Partnerships<sup>5</sup>, has referred to it as a 'bridge' between the North-South and South-South models of cooperation.

A number of developing countries have adopted triangular cooperation in their development focus, namely, Argentina, Brazil, Chile, China, Egypt, Indonesia, Malaysia, Republic of Korea, Singapore, Thailand, Tunisia and Turkey. Interestingly, seven of the 12 countries listed above are involved in the IDFC, while Malaysia is involved via a project with the Japan International Cooperation Agency (JICA).

The UNDP defines Triangular Cooperation as 'Southern-driven partnerships between two or more developing countries, supported by a developed country(ies) or multilateral organization(s), to implement development cooperation programmes and projects'<sup>6</sup>.

In 2010, the Organisation of Economic Cooperation and Development's (OECD) Development Assistance Committee (DAC) initially defined triangular cooperation as:

Partnerships between DAC donors and pivotal countries (providers of South-South Cooperation) to implement development cooperation programmes/projects in beneficiary countries (recipients of development aid)<sup>7</sup>.

Later, in 2012, OECD DAC amended the definition to:

A partnership where one or more providers of development cooperation support South-South cooperation, joining forces with developing countries to facilitate a sharing of knowledge and experience among all partners involved<sup>8</sup>.

If the definition used in the IDFC is limited to the OECD DAC and the UN's conceptions of triangular cooperation, a large community of development partners will be excluded. It is in the interests of inclusivity that the IDFC creates its own definition that allows for various configurations that encompass current development cooperation examples.

5 <http://www.un.org/en/ecosoc/newfunct/pdf/bogota-statement-final.pdf>

6 UNDP, Frequently Asked Questions - South - South and Triangular Cooperation [http://www.undp.org/content/dam/undp/library/Poverty%20Reduction/Development%20Cooperation%20and%20Finance/SSC\\_FAQ%20v1.pdf](http://www.undp.org/content/dam/undp/library/Poverty%20Reduction/Development%20Cooperation%20and%20Finance/SSC_FAQ%20v1.pdf)

7 [http://www.die-gdi.de/uploads/media/DP\\_14.2014.pdf](http://www.die-gdi.de/uploads/media/DP_14.2014.pdf) (p.36)

8 Ibid.

### 3.4 IDFC partnerships: Cooperation for Development

The objective of this Discussion Paper is to define the kind of cooperation in which IDFC members engage. The general consensus is that it is cooperative in nature with one or more IDFC members cooperating with development partners in a way that extends knowledge sharing, technical assistance and financing in ways that are innovative and work for the partners. The main argument is that it develops the IDFC member(s) as well as the non-IDFC partner through cooperation in areas of mutual benefit and interest.

Triangular Cooperation was seen to be the closest descriptor for the IDFC's cooperation modalities as is evidenced in their current partnerships for development. However, it was agreed that the definition was limited in that it did not comprehensively describe the entire gamut of engagements among IDFC members.

For the purposes of this IDFC initiative related to deepening cooperation within the Club, the term 'Cooperation for Development' (CfD) has been coined. The IDFC cooperates in the areas of knowledge sharing, capacity building and technical support. These partnerships are based on sharing knowledge, experiences and best practices among members for mutual benefit or for the benefit of additional parties who might be members.

The cooperation can be a single event collaboration within a particular sector, for example, energy generation, or a multiyear programme across a number of sectors. For the IDFC, Cooperation for Development (CfD) indicates a particular kind of partnership between members and/or third parties with the objective of deepening development impact and forging stronger partnerships with like-minded institutions.

## 4. WHY DEEPER COOPERATION?

The Third International Conference on Financing for Development (FFD3) was held in Ethiopia in July 2015 under the theme 'Time for Global Action'. Emerging from the FFD3 was the Addis Ababa Action Agenda (AAAA) that recognized the challenges facing the global economy and human development. The AAAA commits to delivering on social protection and essential public services; scaling up efforts to end hunger and malnutrition; promoting inclusive and sustainable industrialization; generating full and productive employment and decent work for all; protecting ecosystems; and promoting peaceful and inclusive societies. To achieve the Sustainable Development Goals, multilateral development banks (MDBs), Development Banks, countries, financial institutions and development agencies would need to work together with civil society and the private sector to ensure that sufficient funds are raised. The development impact of finance will become integral to the success of financing efforts as finance is more carefully invested in strategic projects; as domestic demands are beginning to place pressure on international investments; as finance has to stretch further than before and be more effective, efficient and successful than in the past. For this reason, cooperation and strategic partnerships will be important to drive future financing for development.

Due to the grand scale need for development, the MDBs committed to extend more than \$400 billion over the next three years towards financing the SDGs. World infrastructure gaps are estimated to be around \$1 trillion per year. It is important to harness all sources of finance to meet the SDGs and all other development needs, including social and economic infrastructure, and social programmes. In light of this, new models of cooperation have to be sought, developed and practiced in the next period of development.

The global financial crisis, the Paris Declaration, Busan Partnership Agreement and increasing domestic demands on countries call for alternative methods of resource mobilisation and innovative financing for development. South-South Cooperation (SSC) and TC provide opportunities to pool resources in priority areas, share human resources and skills and best practice amongst IDFC members. In 2011, the UN General Assembly highlighted 'the importance of scaling up present initiatives and developing new mechanisms'<sup>9</sup> to deal with the growing need for development finance. All these opportunity spaces for collaboration reduce costs and ensure that the same level of development effectiveness and support are upheld, despite narrowed fiscal spaces.

The existing experiences with SSC and TC limit the engagements to technical transfers and knowledge sharing practices. Continued demands on DFIs create an imperative that the institutions work smarter, more effectively and produce a higher development impact through their work with partners.

The IDFC members recognize that a triangular relationship is not one particular configuration of cooperation but could involve various partnerships. It is necessary to emphasise that members believe that lessons could be gleaned from the recipients of development cooperation as well as the other partners. The relationship is therefore one based on sharing, learning and building expertise and knowledge. The example that comes to mind is Mozambique's sharing of lessons learned from Brazil with Malawi, or the DBSA's expertise in fund management with other DFIs in Africa. These examples will be expanded upon in the next section.

<sup>9</sup> UNDP, 2012. 'Innovative Financing for Development: A New Model for Development Finance?' p.5. [http://www.undp.org/content/dam/undp/library/Poverty%20Reduction/Development%20Cooperation%20and%20Finance/InnovativeFinancing\\_Web%20ver.pdf](http://www.undp.org/content/dam/undp/library/Poverty%20Reduction/Development%20Cooperation%20and%20Finance/InnovativeFinancing_Web%20ver.pdf)

In a paper on South-South and Triangular Cooperation, Akihiko Tanaka posits that SSC and TC have a role to play particularly in regional or cross-border development programmes and collaboration as they offer opportunities for mutual learning and knowledge sharing and are effective in mobilizing skills from across the world.<sup>10</sup>

The very success of the IDFC illustrates a paradigm shift from the traditional notions of development cooperation to one where national and regional development finance institutions from developing and emerging countries playing an increasing role in the mobilisation, channeling and implementation of resources.

## 5. LESSONS LEARNED THROUGH TRIANGULAR COOPERATION

Experiences with South-South Cooperation and Triangular Cooperation are numerous. This section serves to outline only a few to provide points of discussion for the proposals at the end of this document.

In a 2008 article, Nagesh Kumar explored a new paradigm in development cooperation and highlighted six 'appropriate' reasons for SSC and TC:

- Developing countries share similar structural characteristics such as abundance in labour and relative capital scarcity therefore developing country solutions will take those factors into consideration;
- Technological solutions are from environments that have relatively poor infrastructure therefore particular solutions will be developed for those environs;
- Developing country expertise will be attuned to geo-climatic conditions therefore agricultural solutions will be tailored to those climes;
- The development of technologies and expertise will be at the right scale to address the size of markets in developing economies;
- Technologies and expertise is likely to be cost effective in view of low income consumers in developing markets; and,
- TC can achieve much greater effectiveness per unit of resources spent compared to traditional North-South development assistance relationships.<sup>11</sup>

Kumar also notes that TC will continue to expand because of traditional and emerging development partners' strategies to expand into developing countries. China and India have expressed an interest to expand their business with Africa, while emerging markets such as Malaysia, Turkey, the Republic of Korea and others have also deepened their relationships with other Global South partners.

The article covers different sectors of cooperation ranging from infrastructure to training, to trade facilitation. Kumar's empirical evidence highlights the SSC in Software Technology (SSC-ST) as an example of how SSC and TC could be implemented among partners. One recommendation Kumar makes for development finance institutions is to give preference to procurement from Global South suppliers by either having rotational bidding by suppliers or by reserving a certain proportion of procurement from Southern suppliers to delivery in other developing countries.<sup>12</sup> This would prove to be an additional form of assistance to develop southern value chains leading to economic development in those countries.

Other forms of TC do exist that have also combined innovative forms of financing for development. These include green bonds, state guarantees, PPPs, taxes, debt-based instruments, carbon taxes, financial transaction taxes, IMF's Special Drawing Rights and Solidarity Tobacco Contributions. The latter four are new initiatives while partners have instituted others and practice those modalities to varying degrees.<sup>13</sup>

Innovative financing and cooperation modalities could produce research and knowledge sharing among IDFC members. The UNDP calls for more work at country level, 'to explore country level perspectives of the innovative mechanisms implemented so far – both positive and negative'.<sup>14</sup> This call could be answered by the IDFC members as there is a rich history of collaboration within the Club but there were still opportunities to and a commitment to explore new modalities of cooperation. The next section looks at existing experiences of IDFC members.

## 6. IDFC EXPERIENCES WITH SOUTH SOUTH AND/OR TRIANGULAR COOPERATION

This section looks at each institution individually as they responded to the questionnaire. Annexure A provides a more detailed outline of cooperation within each institution and between their institutional partners. This section uses the Triangular Cooperation rather than Cooperation for Development because the information was gathered prior to the Club's decision to adopt the CfD framework.

<sup>10</sup> [http://jica-ri.jica.go.jp/publication/assets/1\\_PartI-Chapter0.pdf](http://jica-ri.jica.go.jp/publication/assets/1_PartI-Chapter0.pdf) Full publication available at [http://jica-ri.jica.go.jp/publication/booksandreports/scaling\\_up\\_south-south\\_and\\_triangular\\_cooperation.html](http://jica-ri.jica.go.jp/publication/booksandreports/scaling_up_south-south_and_triangular_cooperation.html)

<sup>11</sup> Nagesh Kumar, 2008. South-South and Triangular Cooperation in Asia-Pacific: Towards a New Paradigm in Development Cooperation' in Research and Information System for Developing Countries, RIS-DP #45, pp. 4 - 5. [http://www.aideffectiveness.org/media/k2/attachments/dp145\\_pap\\_1.pdf](http://www.aideffectiveness.org/media/k2/attachments/dp145_pap_1.pdf)

<sup>12</sup> Kumar, 2008, p.45

<sup>13</sup> UNDP, 2012. [http://www.undp.org/content/dam/undp/library/Poverty%20Reduction/Development%20Cooperation%20and%20Finance/InnovativeFinancing\\_Web%20Over.pdf](http://www.undp.org/content/dam/undp/library/Poverty%20Reduction/Development%20Cooperation%20and%20Finance/InnovativeFinancing_Web%20Over.pdf)

<sup>14</sup> Ibid. p.40.

## 6.1 Bancóldex (Colombia)

Bancóldex's sharing initiatives are not scheduled but develop upon specific requests from current IDFC partners, governments within the region and non-IDFC members who are aware of Bancóldex's strengths and expertise. They share knowledge through multilateral groups, government requests, bilateral initiatives, intraregional technical cooperation and institutionalised sharing programmes. Bancóldex is one of the more experienced TC members of the IDFC (along with JICA) and has extensive expertise in knowledge sharing and capacity building within the region and with other partners.

## 6.2 CAF (Latin America)

CAF cooperates with IDFC members and other development banks and institutions in a variety of ways, including knowledge sharing, capacity building initiatives, networking activities, inter-regional forums and events, joint policy research, syndicated loans, co-financing, refinancing, guarantees, grants and technical assistance.

Examples of cooperation with partners include but are not limited to:

### **CAF-KfW:**

CAF and KfW have worked together toward the development of the LAC region for more than 30 years (since 1977). Currently, CAF has 6 credit facilities with KfW for a total of USD 844.10 MM. This cooperation has helped finance projects in Peru, Panama, Uruguay, Ecuador, Brazil, Venezuela, Dominican Rep., Mexico, Colombia and Bolivia, in sectors like infrastructure, energy, climate change, transport, and water and sanitation.

A few project examples:

- Massive Transport Projects in Peru: USD 140 M
- Metro of Panama: USD 110 M
- Wind power project in Mexico: USD 20 M
- Infrastructure in Dominican Rep.: USD 40 M
- Hydroelectric Project in Venezuela: USD 50 M

### **CAF-AFD:**

CAF signed its first credit facility with AFD in 2011, for USD 260 MM, to finance urban transport, energy, water and wastewater projects in Brazil, Colombia, Dominican Rep. and Mexico. CAF and AFD are currently closing a second credit facility for EUR 100 MM to finance climate change mitigation and adaptation, urban development, massive/urban transport, and water and sanitation projects in Colombia, Dominican Rep., Peru, Ecuador and Bolivia.

A few project examples:

- Energy in Brazil: USD 65 M
- Transport in Brazil: USD 20 M
- Infrastructure in Brazil: USD 47 M
- Water and Sanitation in Brazil: USD 25 M
- Urban Transport in Colombia: USD 70 M
- Urban Development in Dominican Rep.: USD 33 M

CAF has cooperation agreements covering a range of activities, with AFD, KfW, VEB, BNDES, Caribbean Development Bank, Central American Bank for Economic Integration (CABEI), Agencia Española de Cooperación Internacional para Desarrollo (AECID), Belgian Investment Company for Developing Countries (BIO), Netherlands Development Finance Company (FMO), Italian Ministry of Foreign Affairs, Simest Italia, European Investment Bank (EIB), Asian Development Bank (ADB), China Exim Bank, Japan Bank for International Cooperation (JBIC), OPEC Fund for International Development (OFID), Eximbank of India, Exim Thailand, International Enterprise (IE) Singapore, Korean Institute for International Economic Policy (KIEP), Korea Development Bank, Korea Exim Bank, Export Development Canada (EDC), US Trade and Development Agency (USTDA), and Avina Foundation, among others.

## 6.3 JICA (Japan)

The Japan International Cooperation Agency (JICA) has been engaged in Triangular Cooperation for over 30 years, and has developed many successful practices in this field. For example, JICA has brought together the Zambian Investment and Trade Promotion Agency with the Malaysian Investment Development Authority and the Malaysian Trade Promotion Authority to exchange lessons learnt in and ideas from Malaysia through technical transfer to Zambia.

A second example is the collaboration with JICA, Brazil and Mozambique in the agricultural sector through the Japan-Brazil Partnership Program (JBPP), where JICA has facilitated the transfer of Brazil's expertise in agriculture to a Lusophone African country with a growing agricultural sector. JICA is, in fact, a leader in SSC and TC (see links below) and has produced a number of research papers on the topic in addition to implementation of SSC and TC programmes on the ground.<sup>15</sup>

In 2009, the African Development Bank, JICA and the Export-Import Bank of Korea agreed to co-finance the construction of 350km of road and related activities in Mozambique from Nampula to Cuamba totalling 5.978 billion yen. The project was also the first co-financed Japan-Korea ODA project.<sup>16</sup>

#### 6.4 CDG Group (Morocco)

The Caisse de Dépôt et de Gestion (CDG) Group is a financial institution managing long-term savings in Morocco. Their institutional experience with cooperation has predominantly been on a bilateral basis for knowledge sharing; institutional capacity building; joint ventures for skills transfer; and cooperation in industrial initiatives. CDG has also concentrated their work in francophone Africa, which capitalises on a shared language and similar cultures and knowledge systems common among their clients.

#### 6.5 EIB, KfW and AFD (Mutual Reliance Initiative)

One existing example of financial collaboration within the IDFC is the Mutual Reliance Initiative (MRI) established by the European Investment Bank (EIB), KfW Bankengruppe (KfW) and Agence Française de Développement (AFD).

The institutions are similar in framework and operate from the same regional base, namely Europe. Their interests converge in their Africa strategies, which make it easier for the identification of common interests, agreement on project criteria, monitoring and evaluation responsibilities and other areas of cooperation that do not require case-by-case board approval. The EIB also works across 28 member states, while the AFD and KfW belong to the two biggest European Union (EU) member states. The agreement was fashioned after the Paris Declaration called for the harmonization and streamlining of aid.

The consortium has regular meetings to share experiences and best practice. Practical needs of the project govern the kinds of institutional arrangements into which the members enter, for example, who the leader of the project is, who will finance and oversee due diligence and feasibility studies, etcetera.

A concrete example of the operations of the MRI is evident in the Infrastructure Investment Programme for South Africa (IIPSA) where the DBSA manages the fund provided through their relationship with the European Union for the development of infrastructure in South Africa and the rest of Africa. The DBSA has been appointed as manager of the IIPSA due to its extensive expertise in programme management particularly the management of partner funds.

#### 6.6 BNDES (Brazil)

In addition to Brazil's triangular cooperation with JICA, the country has triangular relations in the biofuel sector with India and South Africa as members of IBISA; with Mercosur members in an agreement to cooperate in the biofuels sector and production technologies; with the Asia Pacific Economic Cooperation Biofuels Task force; UNIDO and the African Union; and, the EU and Africa on Agriculture. Brazil's experience has been in technical and knowledge transfer, institutional capacity and building as one of the leaders in the biofuel sector. The EU and the United States of America have been brought in to facilitate triangular cooperation with the assistance of Brazil.

#### 6.7 TSKB (Turkey)

The Industrial Development Bank of Turkey and Germany's Federal Ministry for Economic Cooperation and Development (BMZ) have entered into a triangular relationship to promote development effectiveness, partnerships and foster 'South-South cooperation, regional development, dialogue and networking'<sup>17</sup>. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) established an office in Ankara to initiate cooperation projects and to advise TİKA on instruments and methods of development cooperation. To date, the relationship has yet to identify projects for co-financing. Germany has selected Turkey as a TC partner because of the latter's status as an emerging development partner or an 'anchor country'<sup>18</sup>. Through this bilateral relationship, Germany and Turkey could expand their relationship into the Adriatic region or into other developing countries elsewhere. This relationship is evidence of the potential of developing an existing bilateral relationship into TC.

15 [http://jica-ri.jica.go.jp/publication/booksandreports/japans\\_triangular\\_cooperation\\_mechanism\\_with\\_a\\_focus\\_on\\_jicas\\_activities.html](http://jica-ri.jica.go.jp/publication/booksandreports/japans_triangular_cooperation_mechanism_with_a_focus_on_jicas_activities.html) and [http://jica-ri.jica.go.jp/publication/booksandreports/tackling\\_global\\_challenges\\_through\\_triangular\\_cooperationachieving\\_sustainable\\_development\\_and\\_eradi.html](http://jica-ri.jica.go.jp/publication/booksandreports/tackling_global_challenges_through_triangular_cooperationachieving_sustainable_development_and_eradi.html)

16 [http://www.jica.go.jp/english/news/press/2009/100311\\_01.html](http://www.jica.go.jp/english/news/press/2009/100311_01.html)

17 [http://www.die-gdi.de/uploads/media/DP\\_14.2014.pdf](http://www.die-gdi.de/uploads/media/DP_14.2014.pdf) (p.41)

18 [http://www.die-gdi.de/uploads/media/DP\\_14.2014.pdf](http://www.die-gdi.de/uploads/media/DP_14.2014.pdf) (p.43)

TSKB is not a deposit taking institution therefore relies mainly on funds provided by DFIs. The share of funds provided by such multilateral funding agreements consists of approximately 72% of the total (outstanding) financing of the Bank as of today. Among the 10 fund provider DFIs, two are IDFC members. TSKB has a well-established relationship with KfW and AFD. The Bank has signed nine credit lines with KfW since 2002 and four credit lines with AFD since 2005. Additionally, TSKB and China Development Bank (CDB) are developing their bilateral relations in respect of a new credit line.

In recent years, TSKB has received technical assistance (TA) from DFIs on topics such as industrial pollution abatement, energy efficiency, renewable energy and etcetera. The Bank established its Environmental Management System (EMS) as an outcome of a TA programme provided by KfW.

TSKB and KfW have started a concurrent staff exchange programme this year. TSKB will be attending the Guest Observer Course hosted by the Korean Development Bank.

The Bank participated in the BRICS SCO Financial Forum and the St. Petersburg Economic Forum, both hosted by Vnesheconombank (VEB).

TSKB is also a member of the Long-term Investors Club.<sup>19</sup>

### 6.8 DBSA (South Africa)

The DBSA has pursued cooperation through 'smart partnerships' as a strategic thrust of its business. This type of triangular cooperation has been applied in the pursuit of intermediaries and local partners in countries where the DBSA has significant operations. Such triangular cooperation aims to build the capacity of local DFIs within the region funding deployment of expertise and transfer of skills to DFIs to ensure sustainability of the interventions. Funds from the KfW credit line were used to finance a programme within SADC Development Finance Resource Centre (DFRC), which, in turn, was used to finance capacity building within national DFIs, such as the Tanzanian Investment Bank (TIB).

### 6.9 CDB (China)

The China Development Bank (CDB) has not been in line with any policy specifically designed for promoting SSC, but has been broadening its collaboration with foreign governments, enterprises and financial institutions in key areas of infrastructure, agriculture, social sectors and energy.<sup>20</sup> CDB has been broadening its collaboration with foreign government, enterprises and financial institutions in key areas of infrastructure, agriculture, social sectors and energy. During the recent years, CDB has made significant progress in the implementation of measures under the multilateral financial cooperation frameworks of the Shanghai Cooperation Organization Interbank Association, China-ASEAN Interbank Association and BRICS Interbank Cooperation Mechanism. It also promoted the China-Portugal Fund and the China-Africa Development Fund as overseas investment platform. As of the end of 2013, the bank had outstanding foreign currency loans of US\$250.5 billion.

### 6.10 NAFIN (Mexico)

Nacional Financiera S.N.C., I.B.D. (NAFIN) cooperates with IDFC and non-IDFC members. The latter group includes the IADB, World Bank, Climate Funds (GEF, CTF), bilateral banks, among others by (i) receiving loans and technical cooperation for financing priority projects (renewable energy and energy efficiency) and, (ii) sharing knowledge, experience and best practice.

Currently NAFIN has a close relationship with KfW, CAF, SIDBI, BNDES, Bancóldex, BCIE and COFIDE. In addition, NAFIN is developing a relationship with the AFD for collaboration in different areas.

In addition to IDFC, NAFIN is a member of other associations that work on topics involving Small and Medium Enterprises (SMEs). NAFIN is also a member of the Latin American Association of Development Finance Institutions (ALIDE), Institute of International Finance (IIF), APEC Financial Institutions Dealing with SMEs, and Group of Montreal.

## 7. WHITHER TRIANGULAR COOPERATION?

### 7.1 UN Strategic Plan 2014 - 2017

The UN OSSC's evaluation of SSC and TC, in preparation for their 2014 - 2017 Strategic Plan called for the following:

- the need to translate short-term, immediate benefits into long-term sustainable results based on innovation from Southern stakeholders;
- greater voice and participation on the part of participants through specific tools and operational guidance;

<sup>19</sup> <http://www.ltic.org>

<sup>20</sup> <http://cdb.com.cn>

- stronger and more robust financing commitments on the part of relevant stakeholders and partners; and,
- a stronger reporting framework and mechanisms to support SSC and triangular cooperation at the regional and country levels.

The 2014 - 2017 Strategic Plan Outcome 3 outlines the end result where 'innovative South-South, triangular and public-private partnerships and funding modalities marshal financial and in-kind resources that support the scaling up of the development impact of Southern solutions in meeting the internationally agreed development goals, including the Millennium Development Goals'.<sup>21</sup>

The IDFC should go beyond knowledge sharing, capacity building and institutional support and begin to engage on supporting the financing of projects through DFI instruments that are at the disposal of the IDFC members. Of the examples of IDFC TC offered above, the MRI is the only relationship that provides co-financing for project implementation.

In order to move beyond the conventional conceptions of TC, new systems will need to be developed, new ways of evaluating and selecting projects and more especially, new ways of working together as members of the IDFC will need to be determined. Rather than concentrate on providing assistance to the 'host' country of the project, ways of measuring success and challenges should be developed to ensure that the TC in IDFC can be replicated among the members and deepened through successes.

## 7.2 Guarding against paternalism

Countries and institutions enter into relationships for various reasons that range from self-interest to mutual benefit. In defining their collaboration, members will need to remember the power dynamics that exist within the development financing world, as well as in geographic and cultural spaces that have evolved over time. John Gaventa's 'power cube' distinguishes between:

- Places: global, national and local;
- Types of spaces: closed, invited, created; and
- Three faces of power: visible power, hidden power and invisible power.<sup>22</sup>

Gaventa's lens will assist in bringing together very different partners, in helping them to identify modes of cooperation and determine areas of cooperation through a value system. It will also begin to provide the 'recipient' or 'host' country with agency in a financial relationship.

The global, national and local spaces offer varying opportunities to engage with ideas and practices. In reference to the development sector, the global level will offer less opportunity to engage but hold more influence at that level rather than at a local or even national level. The differential levels of power in the local, national and global levels present different opportunity spaces for engagement and influence.

The IDFC comprises a range of institutions and countries that have selected to cooperate on development issues. This would be an opportune moment to move development cooperation to beyond the geography of countries and the status of their economies (traditional/emerging/recipient) to a system of shared values, mutual benefit and clear development objectives.

In order to develop an IDFC framework for Cooperation for Development, this Discussion Paper unpacks Gaventa's lens in the context of the Club. By requesting research that moves beyond TC and SSC, the IDFC has attempted to move beyond the global, national and local to locate itself within a practice framework that looks at values rather than geographical location. The understanding is that each member's experience could contribute to a larger understanding and a new model for cooperation among IDFC members.

Secondly, the types of spaces Gaventa refers to are closed, invited or created spaces. Participants are invited into closed spaces where the power is concentrated within a group of members. If the space is constituted on the basis of invitations, there is an understanding that someone or a group holds the power to extend those invitations. Finally created or claimed spaces emerge through the agency of less powerful actors. These are dynamic and organic and members come or leave and group according to the issue under discussion.

Gaventa's lens provides the foundation for the partnerships as IDFC members deepen their inter-Club cooperation but also invite new members into the shared space within the Club. The engagements could result in a new shared space in which global power relations are shifted and changed; where the old terms of South South or Triangular Cooperation, which still infer geographic location and carry with them notions of 'developed' and 'developing' or 'emerging' are shifted by equal relations and shared learnings and experiences. IDFC's new spaces of cooperation would then demand a new term and definition to frame what they do, why they do it and how they do it within the context of deepening development cooperation.

21 <http://ssc.undp.org/content/dam/ssc/documents/Key%20Policy%20Documents/N1362177.pdf>

22 Gaventa, J. (2006). 'Finding the spaces for change: A power analysis.' IDS Bulletin 37(6): 23-33 cited on [http://www.capacity.org/capacity/opencms/en/topics/context\\_systems-thinking/the-power-of-understanding-power.html](http://www.capacity.org/capacity/opencms/en/topics/context_systems-thinking/the-power-of-understanding-power.html)

Finally, Gaventa's three faces of power identify visible, hidden and invisible expressions of power within a group. Visible power is transparent and works with the understanding that there is a framework for decision making and engagement between members. Hidden power assumes that there is a cabal with sufficient power to set the agenda for the group, while invisible power shapes the psychological and ideological boundaries of participation.

The IDFC's framework operates at each geographic level (local, national and global) to maximize the development impact of their work. Through collaboration with other partners, two institutions or countries could share information and experience that impact the local conditions directly. The global nature of the IDFC sets the scene for change to occur at a global level by introducing new modes of collaboration for development partners.

Through the IDFC's framework, the formal rules and structures for engagement within the club are being defined through this engagement with each other. The process is visible, inclusive and addresses the 'who, how and what' of cooperation. It would be correct to argue that the hidden power and invisible power have less credence within the Club because of the transparent process that is being developed to deepen Cooperation for Development.

In earlier discussions, IDFC members were concerned about the terminology used to describe their collaboration. This Discussion Paper goes a long way to demystifying existing cooperation between IDFC members and how it is being practiced.

## 8. ANALYSIS

To reiterate, the existing collaboration within the IDFC has supported technology, skills and knowledge transfer and has not been evident in co-financing, beyond a few examples, including AFD, KfW, JICA, CAF and Bancóldex, among others. The cooperation has been for knowledge sharing, capacity building and technological assistance.

### 8.1 Modalities of cooperation

In order to deepen existing models of cooperation, there are a few lessons partners have highlighted:

- **Bilateral initiatives:** Much of their bilateral or triangular cooperation has been on a demand basis where they are approached by partners or other countries to share information and skills based on their expertise in particular areas of study or business. Through these bilateral initiatives the programmes are tailored to match the partners' needs. Sharing may be reciprocal according to the country and institution's levels of development. The modes of sharing information also vary based on the level of detail and contact time needed, for example, the information could be shared electronically, through teleconferences or longer in-house training programmes.
- **Governmental requests:** requests for assistance or cooperation may come from governments or multilateral bodies that require the expertise of an IDFC member. Entities may ask IDFC members to help them with information on institutional processes, products and services, financing mechanisms, development programmes for different sectors of the market (financial inclusion, entrepreneurship, industrial development, etcetera). These demands could be once or twice a year and usually include visits to the other partners' countries and institutions.
- **Institutional requests:** institutional partners request for collaboration or assistance more often than governments. Institutions who have done business with each other in the past reach out to those partners to deepen collaboration. The institution's prior knowledge of the strengths and expertise of the partner facilitates the former's request for assistance and information.
- **Multilateral requests:** multilateral bodies who have worked closely with IDFC members and know their institutional capabilities and operational levels will often approach specific institutions for assistance with non-IDFC members. This shows the benefits of being linked to multilateral institutions within regions and globally as existing relationships can drive the formation of new and deeper relations.

### 8.2 Capacity building

In the areas of capacity building a number of models have been developed. In 2006, the United Nations Environment Programme (UNEP) produced a document that looked at 'Ways to Increase the Effectiveness of Capacity Building for Sustainable Development'. They define capacity building as 'initiating and sustaining a process of individual and organisational change that can equally refer to change within a state, civil society or the private sector, as well as a change in processes that enhance cooperation between different groups of society'. The definition looks at capacity building as the catalyst for a process of change and the importance of building institutional capacity.<sup>23</sup>

23 UNEP, 2006. 'Ways to Increase Effectiveness of Capacity Building for Sustainable Development'. Discussion paper presented at the Concurrent Session 18.1 The Marrakech Action Plan and Follow-up, 2006 IAIA Annual Conference, Stavanger, Norway. <http://www.unpei.org/sites/default/files/PDF/institutioncapacity/Ways-to-increase-effectiveness-SD.pdf>

The UNEP model highlights the following:

- Identifying needs and building on existing capacities;
- Being clear about the objectives;
- Using a wide range of capacity building approaches;
- Targeting the right people to build a critical mass;
- Making the training of trainers approach work; and,
- Institutionalising capacity building programmes.

The IDFC members who have developed capacity building as an expertise will have various manifestations of each of these factors. Bancóldex and JICA have significant expertise in building capacity and could contribute to information sharing within the IDFC on their respective models.

### 8.3 Knowledge sharing

The bulk of collaboration between IDFC members takes place in the realm of knowledge sharing. Members within the group have a vast experience of sharing information and expertise, some more than others. A model could be developed within the IDFC to make the most of lessons learnt by experienced members and the needs matrix of members who require knowledge sharing to drive institutional excellence.

A guide that could prove to be useful is one developed by the World Bank Institute titled, 'The Art of Knowledge Exchange – A Results-focused Planning Guide for Development Practitioners'<sup>24</sup>, which assists partners to:

- *Identify and assess capacity development needs*

Partners should identify the development goal and how it could be achieved; identify the institutional capacity gaps and consider the capacity-development objectives. Careful identification of the objectives of the exchange would determine the framework of the engagement.

- *Define the knowledge exchange*

This activity would identify the ideal participants, consider the capacity outcomes and identify the most appropriate knowledge providers. Within the IDFC, a number of partners have specific expertise, which could be identified through the process of developing the triangular cooperation model.

- *Design and develop an appropriate knowledge exchange initiative that responds to those needs*

The knowledge exchange instruments would vary according to the knowledge that is being developed or shared, for example, Community of Practice, conferences and fora, peer consultation, dialogues, expert visits, study tours and twinning arrangements. The selection and sequencing of activities could occur through action planning, brainstorming, e-discussion, group discussion, presentation and survey, among others.

- *Implement the knowledge exchange initiative*

After going through the first three stages in knowledge exchange, the initiative will have to be piloted through a shared project. This implementation could occur on existing ideas for deepening knowledge exchange and CfD as well as on new areas of collaboration identified by the IDFC members. The implementation of ideas is important as it is through the practical application of these stages that the IDFC members will identify gaps and tailor the World Bank's model to suit their own modes of cooperation more effectively and efficiently.

- *Measure and report the results*

Finally, results should be reported to members of the IDFC to share information and to create knowledge for the Club as a whole. A matrix of measurement for results based cooperation should be developed in the Cooperation for Development workstream for future use by members.

### 8.4 Deepen existing cooperation

To deepen cooperation within the IDFC, members have approved a framework for collaboration. A database is being developed to capture the follow, inter alia:

- The exact detail of collaboration between members;
- The partners involved in each incident of collaboration;
- The areas of expertise and experience of each member;
- The areas in which they are willing to collaborate; and,

<sup>24</sup> [http://wbi.worldbank.org/wbi/Data/wbi/wbicms/files/drupal-acquia/wbi/The\\_Art\\_of\\_Knowledge\\_Exchange\\_revised.pdf](http://wbi.worldbank.org/wbi/Data/wbi/wbicms/files/drupal-acquia/wbi/The_Art_of_Knowledge_Exchange_revised.pdf)

- The possible areas in which they need other members' assistance. An additional area of information could be around the particular Sustainable Development Goals supported by each IDFC member, as per Afd's input at a workshop with the DBSA in February 2016.

The proposed database and framework will be presented to the first CEO's Steering Committee Meeting in 2016.

Additional areas of collaboration could include but not be limited to the following activities:

- Compile a list of all models of engagement within the IDFC and with their partners;
- Improve and deepen existing CfD arrangements in the IDFC across the five strategic pillars;
- Identify opportunities for additional collaboration;
- Establish an operational framework that could be tailored to each partner's needs;
- Identify the roles and responsibilities of each member in a CfD arrangement;
- Develop an evaluation framework for post-implementation assessments;
- Strengthening ownership of the project by the beneficiary country;
- Determine how to operate within and across different legal and regulatory frameworks or find common ground on those issues;
- Identify best practice and quick wins to ensure that there is immediate evidence of success to drive the initiative;
- Identify skills gaps within the IDFC and with partners and address those gaps; and
- Identify the shared values in development work across the IDFC and translate those into an operational framework for co-financing through CfD.

What should be noted is that there is significant planning that needs to take place before knowledge exchange and capacity building programmes take place. The IDFC could mainstream and institutionalise knowledge sharing and capacity building through its pillars of engagement for each annual programme, for example, in the area of sustainable development or renewable energy.

## 9. CONCLUSION

This Discussion Document presents a few options for the IDFC members to deepen their collaboration particularly around Cooperation for Development and innovative financing modalities. The proposals presented are neither exhaustive nor prescriptive, but provide members with some grist for their thought mills during the upcoming meeting in Lima. It should be noted that only a few members responded to the questionnaire informing this paper. A few members responded by explaining that they do not engage in SSC or any form of TC but instead promote regional cooperation in their areas of activity.

Final definitional points: the BSTDB explained that their members are all essentially emerging markets and not in the geographic South nor can they be regarded as such using the old development theory framework. Also, HBOR advised that they currently do not have programs related to or aimed at South-South / Triangular Cooperation activities.

In order to mark the unique IDFC process, the Club members have moved away from the commonly-used terms of Triangular Cooperation and South South Cooperation, towards an IDFC-specific term, Cooperation for Development, that comes without the prior political frameworks of development finance, the geo-political pointers inferred in the term 'South South' or the numerical indicators in Triangular Cooperation. Cooperation for Development affords the IDFC an opportunity to develop their own frameworks, measurements and monitoring and evaluation of the collective development impact of the group. The IDFC will continue to develop the cooperation framework to create an ideal platform on which to portray the different kinds of cooperation within the Club.

## 10. ANNEXURE A – CURRENT AREAS OF COOPERATION

Areas of collaboration	Members involved	Collaboration	High level details	IDFC partner sector focus
CAF	AFD, CDB, JBIC, KfW, NIB, SEK	Long-term loans	Provides finance to lend on to other clients	Areas of mutual benefit
	KfW	Credit facilities	CAF and KfW have worked toward the development of the LAC region for more than 30 years. This cooperation has helped finance projects in Peru, Panama, Uruguay, Ecuador, Brazil, Venezuela, Dominican Republic, Mexico, Colombia, Bolivia	Infrastructure, energy, climate change, transport and water and sanitation
	AFD	Credit facility	CAF received its first credit facility from the AFD in 2011 and currently is closing a second credit facility.	Urban transport energy, water, waste water projects Climate change Urban development, massive/urban transport, water and sanitation projects
	AFD, Caixa do Brasil, European Commission-LAIF, French Government, OFID Fund, Spanish Agency for International Development (AECID)	Grants	Managing grants for programmes	Areas of mutual benefit
	Afrexim Bank, Asian Development Bank, Avina Foundation, IE Singapore, Ministry of Foreign Affairs and Trade (Rep of Korea), Government of the UK	Knowledge sharing programmes	Collaborate on knowledge sharing platforms	Areas of mutual interest
CDG	Francophone African partners	Bilateral mainly	Joint ventures for skills transfer, knowledge sharing	Cooperation in industrial initiatives
JICA	KfW, AFD, CAF, DBSA, PTA	Bilateral MOUs with institutions	Bilateral MOUs with institutions to deepen and focus collaboration	Common areas of interest
	AFD, World Bank, Korean EXIM Bank, China EXIM Bank	Knowledge sharing	Bilateral annual consultations for knowledge sharing in areas of common interest and to explore future collaboration	Common areas of interest
	KfW, ADB, WB, AFD, Korean EDCF	Coordination mechanism	The six development banks (JICA, KfW, AFD, WB, ADB, Korean EDCF) has created a coordination platform called "Six Banks Initiative" in Vietnam for maximizing development impacts and seeking opportunities for co-finance projects.	Common areas of interest

Areas of collaboration	Members involved	Collaboration	High level details	IDFC partner sector focus
JICA	IDFC members (KfW, AFD, CAF) and Non-IDFC members (MDBs, DFIs, etc.)	Co-finance	JICA co-finance various projects with other financial institutions including IDFC members.  Examples: <ul style="list-style-type: none"> <li>• Project in developing geothermal energy in Olkaria, Kenya with KfW and AFD</li> </ul>	Various sectors such as Transport ,Energy, Environment, and Climate Change
	SIDBI, COFIDE	ODA loan (Two Step Loan)	JICA provides, through ODA loan to respective governments, funds with other financial institutions for their local financing in specific areas.  Examples: <ul style="list-style-type: none"> <li>• Micro, Small and Medium Enterprises Energy Saving Project with SIDBI</li> <li>• Energy Renovation Infrastructure Assistance Program with COFIDE</li> </ul>	Various sectors such as Energy efficiency
	Non-IDFC members	Triangular cooperation	JICA implements Triangular cooperation projects for facilitating knowledge sharing among developing countries as well as for making a greater development impact using with Southern knowledge & experience.  Example: <ul style="list-style-type: none"> <li>• Agricultural Development in Mozambique under partnership with Brazil</li> <li>• Industrial Development in Zambia through knowledge sharing and technical advice from Malaysia</li> </ul>	Various sectors (Agriculture, Economic Development, Health, Education, etc.)
Bancóldex	Inter-American Development Bank (IDB) members	Technical assistance, knowledge transfer	Through the Intraregional technical cooperation (CT/INTRA), IADB borrowing countries provide technical assistance to another country to share information and technology.	Common areas of interest

Areas of collaboration	Members involved	Collaboration	High level details	IDFC partner sector focus
Bancóldex	BNDES	Knowledge sharing	To identify opportunities for financial cooperation, information about Bancóldex operations and processes	Related to foreign trade, trade operating routines, products and services.
	Korean Sharing Programme (KSP)	Knowledge sharing and skills development	The KSP has led to three outcomes: development of a strategic paper to guide Bancóldex's strategy process; share information and skills development to support business	Strategic inputs Non-financial support models Instruments to support business competitiveness
	Forum for East Asia-Latin America Cooperation (FEALAC)	Knowledge sharing	Bancóldex-iNNpulsa Colombia are organising a Financing Innovation and Dynamic Entrepreneurship Forum to share bi-regional experiences	Financing innovation and entrepreneurship Develop networks and connections to maximise collaboration Create space to identification of cooperation and business opportunities around innovation and high impact entrepreneurship
	Federal Ministry of Education and Research of Germany	Knowledge sharing	Two institutions signed a joint declaration in April 2015 to generate knowledge exchange between public and private institutions related to innovation	Business growth Competitiveness Innovation
	World Bank	Capacity building	World Bank contributed to Bancóldex with capacity building to share best practices and knowledge	Impact evaluation methodologies
	JICA	Knowledge sharing	Nominated Bancóldex staff to participate in Knowledge co creation programmes developed in Japan to address specific issues.	Current programme is designed to share experiences on Export and Investment Promotion.
BNDES	IBSA, Mercosur, APEC, UNIDO, EU	Knowledge sharing and skills development	Lessons learnt in Brazil production technologies	Oil and gas, biofuels, agriculture
TSKB	AFD, KfW	Credit lines/financing products	TSKB has signed 9 credit lines with KfW since 2002 and 4 credit lines with AFD since 2005.	Environment Climate protection Hydro and wind power plants Municipal infrastructure Renewable energy, energy efficiency Industrial resource efficiency , sustainable tourism, innovative renewable energy
	CDB	Credit lines	Discussions underway to develop bilateral relations re new credit line	

Areas of collaboration	Members involved	Collaboration	High level details	IDFC partner sector focus
TSKB	KfW	Training and capacity building	TSKB and KfW started a concurrent staff exchange programme in 2015.	Skills development and knowledge sharing in areas of mutual benefit
	Korea Development Bank		TSKB will attend the Guest Observer Course hosted by the Korean Development Bank	
	BRICS and Shanghai Cooperation Organisation	Knowledge sharing and regional integration	Attended BRICS and SCO summits in UFA – exchange of knowledge and economic development strategies	Economic blocs and skills development
	KfW	Technical cooperation	TSKB developed its Environmental Management System in collaboration with KfW.	Environment
	Other DFIs		Cooperated in areas such as industrial pollution abatement, energy efficiency, renewable energy	
AFD	KfW	Co-financing	Mutual Reliance Initiative to co-finance key areas of mutual interest	Climate change (water and sanitation, energy, renewable energy and transmission)
	JICA	Knowledge sharing	Provide research support in areas of mutual interest	Sustainable urban development, climate change adaptation in small island states, rural development and food security
	DBSA		Africa Project Preparation and Study Facility Fund (PPSF)	Infrastructure (transport)
	CAF		Line of credit, Study Facility Fund established and staff exchange, co-financiers	Sustainable urban development, water resources management and decentralisation
	KfW and EIB	Sharing project due diligence responsibilities	Mutual recognition of other partners' procedures; Delegation of most tasks to the 'lead financier'; Active partnership and reciprocity; Decision making and finance; and Contract rests with each financier.	Co-financing and project value-chain
	Other IDFC members		AFD has recently issued climate bonds. Many IDFC members requested information about green and climate bonds. Initial meetings between technical teams of AFD and BNDES (for example).	Climate bonds

Areas of collaboration	Members involved	Collaboration	High level details	IDFC partner sector focus
NAFIN	Bancóldex	Knowledge sharing	NAFIN visited Bancóldex to learn about products and processes	Learn about the Colombian guarantee programme
	SIDBI and CFE (Ecuador)		SDBI and CFE visited NAFIN to learn about products and processes	Electronic factoring platform
	BCIE		BCIE visited NAFIN to learn about products and processes	Factoring, guarantees and quality process management system
	COFIDE		Meeting held to share expertise on products and processes	Operation of fund-of-funds and capital seed programme and entrepreneurial programme work
	Development Bank of Jamaica Limited		DBJL visited NAFIN to learn about processes and products	Microfinance and financial intermediaries, Credit Guarantee System Programme, risk management, factoring, among others
	Hong Kong Mortgage Corporation Limited		NAFIN staff visited HK to learn more about their processes	Guarantees and risks
	Mexican Secretariat of Energy		Co-hosted conference	'Economic Growth, Energy and Sustainable Development'
	ALIDE	Capacity building	Co-hosted workshop	Credit and Operational Risk
	BANDESAL	Manager of loans	Finance priority projects	Renewable energy and energy efficiency
	CAF and IADB	Loans	Disbursement partner for IADB and CAF	Capacity building and research on sustainable development projects
	KfW		New loans being negotiated for geothermal, cogeneration and energy efficiency projects	Renewable and energy efficiency projects
	UK Department of Energy and Climate Change		Finance for second phase of project	Energy efficiency project
	DBSA	AFD	Project Preparation and Feasibility Study Fund (PPFS)	Project preparation fund for NEPAD Regional Integration Infrastructure Programme
EIB		Project Development and Support Facility (PDSF)	Preparation of infrastructure projects/programmes in east and southern Africa	Transport, energy, ICT, water and sanitation
EU, AFD, EIB, South African National Treasury		Infrastructure Investment Programme for South Africa (IIPSA)	Promotion of essential infrastructure investments in South Africa and SADC	Energy, transport, water and environment, ICT, social services
SADC Secretariat, EU Regional Office and KfW		Project Preparation and Development Facility (PPDF)	Preparation of approved projects in the SADC Infrastructure Master Plan	Transport, energy, ICT, water and sanitation (and tourism)

Areas of collaboration	Members involved	Collaboration	High level details	IDFC partner sector focus
DBSA	BRICS	Co-financing, knowledge sharing, staff exchange, new product development	Explore ways to deepen BRICS Interbank Cooperation Mechanism	Mandated sectors of mutual benefit (transport, ICTs, energy, water and sanitation) in South Africa and Africa
	JBIC, EIB, AFD, AfDB, KfW	Credit lines	To provide financing through the DBSA for infrastructure finance in areas of mutual interest	Renewable energy
	AFD (phase I) and AfDB (phase II)	Pan African Capacity Building Programme	Capacity building in Africa	Infrastructure management and development capacity
	KfW, SADC DFRC	Capacity building, technical assistance	Built on 'smart partnerships'	DFI development in SADC
	Vnesheconombank	Knowledge sharing	Week long seminar with VEB to share information on business and operations processes, key sectors and other areas of interest with non-IDFC partners (SME development)	SME development Processes and products
CDB	SCO, bilateral partners, BRICS, China-ASEAN Interbank Association, Portugal and Africa	Co-financing, skills development, knowledge sharing	Provides loans for key projects directly with partner, develops financial and economic multilateral structures	infrastructure, agriculture, social sectors and energy

## 11. ANNEXURE 2: NEW AREAS FOR CFD

The IDFC has identified five pillars for the short-term:

- Sustainable infrastructure (CAF)
- Sustainable urban development (CAF/JICA/AFD)
- Social and economic inclusion
- Energy efficiency
- Renewable energy
- Triangular Cooperation (cross-cutting issue - DBSA/CDG/Bancóldex)

In addition to these areas, IDFC members are willing to collaborate in additional areas:

IDFC member	Focus area
TSKB	APEX banking and financing of renewable energy and energy efficiency projects
AFD	Climate change and green bonds (including the five pillars)
NAFIN	Triangular cooperation Social and economic inclusion (including gender and youth)
DBSA	Green bonds Syndication Skills transfer Energy Transport Water and sanitation Knowledge sharing

IDFC member	Focus area
BSTDB	Promote regional cooperation in mandated area of activity with members who are all essentially emerging markets (lessons for other emerging market partners?)
Bancóldex	International financial trade MSMEs support (financial and non-financial) Green energy Impact evaluation Innovation and entrepreneurship
JICA	Climate change Geothermal plant development Sustainable urban development Support to fragile countries
CAF	Transport Water & sanitation Energy (traditional and renewables) MSMEs ICTs Innovation Trade Finance Health Education Poverty reduction Financial inclusion Urban development Regional integration Institutional reform and governance Environment and climate change Climate finance tracking harmonisation (with AFD)