



Global Financial Cooperation: Boosting Sustainable Development in Asia-Pacific and Latin America

International cooperation in the financing agenda for sustainable development has gained relevance as a response to the economic, social and environmental challenges faced by the countries of Latin America, the Caribbean and the Asia-Pacific region in general, and among Development Banks in particular.

At the recent Asia-Pacific and Latin America and Caribbean Development Banking Meeting conducted within the framework of the APEC 2024 Summit, held on November 13 and 14 at ALIDE's headquarters in Lima, Peru, leaders of financial institutions and development banks highlighted the need to adopt transformative approaches that allow not only to mobilize resources, but also to structure comprehensive solutions that meet emerging needs. Sustainable financing, financial and social inclusion, and innovation and cooperation

were highlighted as the main axes and challenges of this collaborative effort.

Thus, it was noted that various financial and development institutions have implemented innovative strategies to address these challenges, promoting sustainability, equity, and digital transformation. This article examines the most outstanding initiatives of the participating institutions and their impact on the development of both regions presented in various panels of this meeting.

SUSTAINABLE FINANCING: A FUNDAMENTAL PILLAR

Sustainable financing is crucial to addressing the sustainability agenda in the region. This type of financing integrates environmental, social and climate criteria into business and investment decisions, facilitating the equilibrium between economic development and environmental protection.

Nafin and Bancomext have been pioneers in the issuance of sustainability bonds, allocating funds to projects with social and environmental impact. In international and local markets, these institutions have issued bonds totaling US\$ 4 billion, financing projects in key sectors, such as transportation, education, and housing infrastructure. These efforts not only promote sustainability, but also improve the quality of life of the benefited communities.

Corporación Financiera de Desarrollo (Cofide) of Peru has adopted a similar strategy, issuing green, social, and blue bonds in order to finance sustainable projects. It has become the main issuer of this type of bond in the Peruvian market, mobilizing resources for infrastructure, education and housing projects. Moreover, it has implemented specific products to support MSMEs, including partial credit guarantees to share risk with microfinance institutions, thus promoting equitable growth and poverty reduction in rural and extreme poverty areas.

Financiera de Desarrollo Territorial (Findeter) of Colombia has also stood out in this ambit, promoting sustainable and equitable infrastructure. Among its initiatives are the construction of solar farms, small hydroelectric plants and the acquisition of electric buses in Bogotá. These investments not only contribute to emission reductions and energy efficiency, but also improve the quality of life of urban and rural populations.

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PRODUCTIVE AND TECHNOLOGICAL TRANSFORMATION: BOOSTING COMPETITIVENESS

Productive and technological transformation is essential for sustainable and equitable development. The institutions focus on promoting sustainable production and consumption models, increasing investments in renewable energy and clean technologies, and addressing the challenges and opportunities of digitalization.

Corporación de Fomento de la Producción (Corfo) of Chile faces the challenge of transforming the Chilean economy, which depends in great measure on the export of natural resources. Corfo has established policies in order to foster innovation and economic diversification, with an emphasis on sustainability and equity. A prominent project is the Green Hydrogen Program, which seeks to develop a green hydrogen industry in Chile, reducing dependence on fossil fuels and contributing to the fight against climate change. In addition, Corfo is creating a Development Finance and Investment Agency,



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which will consolidate all productive financing initiatives under one roof, promoting financial inclusion and equitable development in regions outside urban centers.

NABARD, India's National Bank for Agriculture and Rural Development, plays a central role in financial inclusion and rural development in India. It offers credit through rural financial institutions and agricultural cooperatives, facilitating access to credit and financial services for farmers. Moreover, it has implemented a project to digitize rural cooperatives, improving efficiency and financial inclusion. In the ambit of climate-resilient agriculture, it leads climate finance initiatives through the use of carbon credits and promotes renewable energy financing in rural areas.

Banco de Desarrollo Empresarial (Bancóldex) of Colombia prioritizes the improvement of business productivity in MSMEs, aligning its work with strategic objectives of

sustainability and competitiveness. The institution has integrated advanced technologies, such as the Internet of Things (IoT), big data, artificial intelligence (AI), and blockchain in order to improve efficiency in resource management and to promote financial inclusion. Its innovative products include the Foreign Exchange Hedging Platform, Neocrédito and the Digital Leasing Product, which facilitate access to financing and promote business sustainability.

Banco de Desarrollo Productivo (BDP) of Bolivia emphasized how technology can be a powerful tool to improve processes, times and services within organizations, and that the implementation of technological solutions allows the identification of strategic areas with potential to support the development of the country. As well, it was emphasized that development banks should take advantage of these opportunities to design programs that promote the growth of companies and contribute to national development, aside from positioning themselves as key guides in the identification and utilization of new potentialities detected through technology.

On another level, ALADI, the Latin American Integration Association, promotes strategies for intraregional trade, with a particular focus on supporting SMEs through the incorporation of new information technologies. The Latin SMEs Great Businesses platform is a key tool that offers solutions designed for the specific needs of these companies, fostering their participation in local and intraregional commerce. This effort seeks to strengthen competitiveness and regional economic integration, promoting more equitable and sustainable development.

FINANCIAL AND SOCIAL INCLUSION: REDUCING INEQUALITIES

Financial and social inclusion is essential to reduce inequalities and promote sustainable development. The strategies include support for MSMEs and vulnerable sectors, financial inclusion programs and rural development and cooperatives.

Eco Invest Brasil is a program of the Brazilian Government that aims to create incentives to increase investments towards the ecological transition. It is divided into four lines of action: Blended Finance, Long-term Currencies, Currency Derivatives and Project Structuring. These initiatives seek

to reduce the cost of capital, mitigate the challenges of foreign currency debt, attract foreign direct investment for green projects, and catalyze the development of sustainable initiatives in Brazil.

Agrobanco, Banco Agropecuario of Peru, focuses on highly vulnerable sectors, promoting social and gender inclusion with a focus on sustainability. The institution uses technology to improve access to finance and support smallholder farmers, contributing to rural development and poverty reduction.

Banco de la Nación (BN) of Peru has excelled in promoting financial inclusion through successful initiatives such as shared offices and service points in remote communities. Public entities, subject to the political direction of the country, must work together with multilateral organizations such as the IDB to ensure the achievement of their plans, as it is essential to set long-term goals and maintain a clear roadmap, which allows the continuity of projects despite changes in human resources within these entities.

Aside from that, the Japan International Cooperation Agency (JICA) supports Latin American countries in priority areas, such as social inclusion, the environment, and disaster prevention. The agency offers grants, loans, and technical cooperation focusing on financing investment by private companies in projects with social impact. In Peru, JICA co-finances sustainable construction and energy efficiency projects, facilitating training and the formation of entrepreneurial networking.

INNOVATION AND COLLABORATION, KEYS TO THE FUTURE

Innovation in financial products and collaboration between the public and private sectors are essential for the financing of sustainable projects. Development institutions recognize the importance of adopting digital technologies and impact measurement tools in



order to maximize the social and environmental benefits of their interventions.

ADFIAP, the Association of Development Finance Institutions in Asia and the Pacific, focuses on financial collaboration for sustainable development and the transition to a formal, global economy through technological innovation. The association fosters the modernization and efficiency of its members through solutions such as the ABANX Core Banking System and the ESG credit scoring platform. These tools allow financial institutions to assess the sustainability and ethical impact of borrowers and investments, promoting responsible and sustainable financial practices.

The Inter-American Development Bank (IDB) has set new strategic objectives to address climate change and boost sustainable regional growth. Among its main lines of action are the development of the fintech industry, support for regulators in the financial sector, the promotion of innovative credit solutions and the creation of regulatory sandboxes. The IDB also promotes financial inclusion by using fintechs to reduce information asymmetries and design innovative instruments for long-term financing.

The Eurasian Development Bank highlighted the interest in the cooperation with international



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entities, especially in the ambit of climate finance and the importance of projects to support emerging economies in achieving the climate change (CC) goals and the Sustainable Development Goals (SDGs). The bank seeks to establish alliances at the global level, including LAC, in order to understand the common obstacles faced by the regions and to work together to overcome them. Currently, they collaborate with institutions such as CAF and Fonplata, and have a memorandum of understanding (MOU) with Banco Nacional de Desenvolvimento Econômico e Social (BNDES).

To advance greater cooperation with development banks in areas such as financing, studies, information and knowledge, they consider it crucial to mobilize projects that help achieve the climate goals of their members. However, they face capital limitations, so it is necessary to expand alliances in order to mobilize resources and investments. This can be achieved in two ways: by increasing the capital of existing partners or by attracting new non-regional investors, following the example of other regional development banks.

Overall, development finance institutions play a crucial role in supporting key sectors of sustainable development and financial inclusion in Latin America and the Caribbean. Through various initiatives and strategies, these organizations promote innovation, sustainability and equity, contributing to the economic and social development of their respective regions.

Collaboration between the public and private sectors, as well as the use of advanced technologies, are fundamental elements to achieve these goals and face global challenges, such as climate change and social inequality.

The Asia-Pacific Economic Cooperation (APEC) Forum has promoted trade and financial multilateralism at the global level, serving as a catalyst for trade agreement negotiations. APEC is focused on strengthening connectivity and resilient supply chains in the region, adopting and improving standards systems and promoting the flow of quality investments. APEC also intensifies policy frameworks and strategies that support capacity building and the exchange of policies in areas of common interest, facilitating the transition from employment and entrepreneurship into formality.

[Return to the Table of Contents](#) 