



Federal Ministry
for Economic Cooperation
and Development

Shaping development with Latin America and the Caribbean

Partnerships for ecological transformation
and social justice





Dear readers,

Germany has close ties with many of the 33 countries of Latin America and the Caribbean. We share fundamental principles, including democracy, respect for human rights and social cohesion. As well as having enormous economic potential, the region is also quite clearly an indispensable partner for us in tackling the global challenges of climate change and biodiversity loss. There is a strong interest in deepening cooperation on the part of Germany and the countries of the region. Let us turn this momentum to good use!

The Federal Ministry for Economic Cooperation and Development (BMZ) directs its efforts towards the many issues on which our interests coincide. A priority of our development cooperation is the shared commitment to a socially just transition towards a climate-neutral economy. Scaling up renewable energies is one key factor, and we are driving forward on this through, for instance, our climate and energy partnerships with selected countries.

By adopting the resolutions at the UN Biodiversity Conference (COP 15) in Montreal, the international community has declared its commitment to stopping biodiversity loss. This goal cannot be achieved without Latin America and the Caribbean. After all, some 40 per cent of our planet's natural species are concentrated in this region. This is why we are working hard together to promote the conservation, restoration and sustainable use of ecosystems in Latin America and the Caribbean. The Amazon rainforest plays a central role in these efforts.

Dismantling inequalities, consolidating the rule of law and upholding peace and democracy are important focuses of our cooperation. In all those fields we will act in partnership to strengthen the rights, resources and representation of women and girls as well as vulnerable groups.

For German development policy, it is paramount that, jointly with our partner countries, we develop concepts for improving people's lives, catalysing climate action and protecting biodiversity. Strengthening Latin America and the Caribbean also means securing the foundations of a liveable future for humanity.

We at the BMZ look forward to deepening further our relations with Latin America and the Caribbean.

Yours,

A handwritten signature in black ink, reading 'Svenja Schulze'. The signature is fluid and cursive, with a large initial 'S' and 'S'.

*Svenja Schulze MdB
Federal Minister for Economic Cooperation
and Development*



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I Working together for a socio-ecological and just transition

The Federal Ministry for Economic Cooperation and Development (BMZ) cooperates with the countries of Latin America and the Caribbean as well as with their regional organisations on implementing their development agendas and protecting global public goods. In the context of a fast-changing world simultaneously confronted by multiple crises, we want to deepen our partnership with the Latin American and Caribbean countries. The guiding principle for our engagement is a partnership between equals, based on mutual trust and a willingness to learn from one another. We do this in cooperation with our partners at the European and international level. Our cooperation with the region is guided by the following insights:

- Global action on climate change and biodiversity loss can only succeed in solidarity with the countries of the region.
- A socio-ecological transformation of economies across the region facilitates sustainable economic development, reduces inequality and creates quality jobs.
- Discriminatory structures are dismantled and equal participation for all facilitated if we foster democratic, stable and peaceful societies.
- We must build on our areas of common interest and shared values to achieve global objectives such as the 2030 Agenda.
- Challenges and differing viewpoints must be openly discussed in order to define common areas for development cooperation.

For the BMZ, the focus here is on:

- **Deepening bilateral, regional and multilateral development cooperation** with our partners in Latin America and the Caribbean using a variety of cooperation instruments.
- **Shaping a socially just and environmentally sound transformation** of the economy by, for instance, forging new climate and development partnerships.
- **Protecting, restoring and sustainably using natural resources** and ecosystems, such as the Amazon region and the coral reefs of the Caribbean.
- **Fostering good governance, peace and democracy**, for instance by assisting reconciliation initiatives in the peace process in Colombia.
- **Promoting the rights, resources and representation of women, girls and vulnerable groups** by, for example, jointly taking feminist initiatives with our partners in the region.
- **Creating innovative formats** designed to leverage common and complementary interests, such as dialogue networks with the region on ways of delivering the Paris climate goals.

II Foundations of partnership in times of multiple crises

What connects Germany with the region: potential opportunities of cooperation

As diverse as the 33 countries in the Latin American and Caribbean region are in geographical, political and economic terms, they have shared legacies of language, culture and history that offer favourable opportunities for cooperation between several countries or at regional level. Germany, for its part, is connected with numerous countries in the region by fundamental principles such as democracy, respect for human rights and social cohesion. These form a solid foundation for our cooperation.

Another factor is the enormous economic potential that lies in the region. Nearly every country is a middle-income economy. Four countries in the region, namely Chile, Costa Rica, Colombia and Mexico, already belong to the Organization for Economic Cooperation and Development (OECD)¹, while Brazil and Peru are accession candidates. Argentina, Brazil and Mexico are members of the Group of Twenty (G20), which comprises the world's leading industrialised countries and emerging economies. The region already has close economic links with Germany and other European Union countries.

The countries of Latin America and the Caribbean have a tradition of strong engagement within multilateral fora and organisations. Working together with many of the region's countries, the Federal Ministry for Economic Cooperation and Development pushes for the elaboration and implementation of ambitious global agreements, especially those designed to protect global public goods. These agreements include the 2030 Agenda Sustainable Development Goals, the Paris Agreement

on climate, and the United Nations Convention on Biodiversity. Particularly when it comes to tackling environmental issues and combating inequality, the people of Latin America and the Caribbean regard the EU and Germany as their most valuable partners. The challenges ahead do not stop at national borders, so regional organisations, not least the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), are important partners for tackling them. Multilateral development banks, such as the Inter-American Development Bank (IDB) and the World Bank, are also major players in financing reforms.

At the same time it is apparent that many countries across the region are keen to defend their political and economic independence and so are seeking to diversify their foreign relations. Whereas, above all, the United States has traditionally exercised considerable influence in the region and cultivated close relations with many of these countries, we have recently seen China in particular becoming another player. The volume of trade between this region and China soared from 10 billion US dollars in 2000 to 450 billion US dollars in 2021. As for the European Union, its trade volume has also been growing, recorded at around 390 billion US dollars in 2022.

This is the background against which the BMZ aligns its cooperation with the region to existing areas of overlapping interest, as seen above all in a shared focus on achieving a socio-ecological and just transition.

This applies not only in our bilateral but also in European and multilateral development work. The BMZ is keen to ensure a coherent approach in this respect, both within the German government ("Team Germany") and at EU level ("Team Europe").

1 Die OECD is an association of, at present, 38 democratic industrialised countries for coordinating their economic, trade and development policies. For details: www.oecd.org

Tackling the challenges together

The great potential of our relations with Latin America and the Caribbean lies in our common objectives and expectations. There are, however, major challenges and some differences of opinion to be addressed. It is vital that they are discussed openly so that areas of development cooperation can be defined jointly.

Social issues and economy: The often high levels of income and education as well as the established economic systems found in the region contrast sharply with the most extreme degree of inequality anywhere in the world. The region's economies are predominantly dependent on raw materials, with only limited value being added domestically, while their rates of investment and innovation are relatively low. Moreover, the COVID-19 pandemic has driven up rates of poverty and extreme poverty.

→ This is why the BMZ supports the region in moving towards socio-ecological transformation of the economy and countering inequality (see section III.1 Just transition).

Environment and climate: Latin America and the Caribbean region are home to 40 per cent of the world's biodiversity and 23 per cent of global forest cover. This makes it the most important region for protecting biodiversity and forest habitats. Moreover, the region is a key player for enabling a climate-compatible transformation of the world's economy, not least due to its major reserves of the strategic raw materials needed for this transformation, like lithium and copper. On the other hand, the region is itself suffering substantial damage from climate change, ongoing deforestation and environmental degradation, not to mention the negative impacts of urbanisation. Marginalised and poverty-stricken communities are particularly badly affected by these challenges.

→ This is why climate action, environmental protection and sustainable use of natural resources are strong focuses of BMZ cooperation with the region (see section III.1 Just transition).

Governance and human rights: The countries of the region have, for the most part, democratic systems and structures. In many countries there is a strong and diverse civil society that has a voice in shaping political and social life. There are a number of well-established regional organisations, but success in deepening regional cooperation has so far proved elusive. Moreover, democratic systems are coming increasingly under pressure as organised crime, political polarisation and, in some places, authoritarian tendencies are threatening citizens' rights and freedoms. Many people have little trust in government institutions, not least due to corruption and poor public safety. Another reason is inadequate protection of human rights, particularly for Indigenous communities, Black people² and migrants.

→ This is why the BMZ focuses on good governance and initiatives to foster peace and democracy in the region (see section III.2 Good governance, peace and democracy).

Equality: Across the region we find strong civil society movements actively advocating equality for women and girls. Indeed, there is now a growing number of governments pursuing a feminist approach. The proportion of female members of parliament in the countries of the region stood at 38 per cent in 2022, which is significantly more than the 26 per cent global average. On the other hand, there are substantial shortcomings in the sphere of gender equality. In particular, gender-based violence is widespread, with the region recording the world's highest rate of femicides in 2021.

→ This is why the BMZ is committed to equal access to rights, resources and representation as well as the active protection of women and girls (see section III.3 Feminist development policy).

2 The term "Black" is frequently used as a self-descriptor by people of African and Afrodiasporic origin themselves and by the anti-racism movement. See: BMZ Feminist Development Policy, Glossary, p. 36: www.bmz.de/resource/blob/153806/bmz-strategy-feminist-development-policy.pdf

Partner countries

The BMZ works particularly closely with six countries in the region.³ **Bolivia, Ecuador and Colombia** are bilateral partner countries with whom we are pursuing shared development objectives as a long-term commitment. **Brazil, Mexico and Peru are among our “global partners”**; these are partners with whom we are working on joint answers to global questions that will determine humanity’s future. With them we are pursuing regional or global goals on the path to sustainable, climate-compatible and resilient development. Beyond these partnerships, we collaborate with all countries across the region through regional, global and multilateral projects and also by using the instruments of non-governmental development cooperation.

³ For details of the BMZ engagement in the bilateral partner countries: www.bmz.de/en/countries

Partner countries for German development cooperation in Latin America and the Caribbean



III BMZ priority areas in Latin America and the Caribbean

1. Just transition: mitigating climate change and biodiversity loss by building sustainable economies

The Federal Ministry for Economic Cooperation and Development (BMZ) understands the concept of just transition to mean making sure the shift to a climate-neutral economy is done in a way that is socially fair. Latin America and the Caribbean is a key region for mitigating climate change and restoring and conserving biodiversity. For this is where we find the world's largest areas of tropical rainforest, especially in the Amazon region. Although Latin America and the Caribbean forms only 16 per cent of the Earth's surface it is home to 40 per cent of the world's species of plants and animals. In addition to rainforests, it encompasses mangroves and coral reefs in the Caribbean. Over 60 per cent of the region's electricity production already comes from renewable sources, and there is still considerable potential for expanding renewables in the fields of wind and solar power, geothermal energy and green hydrogen. Many countries across the region are identifying major opportunities here. The same goes for their deposits of raw materials, above all copper and lithium, which are playing an important key strategic role in global economic transformation. Moreover, compared with other regions engaged in cooperation with the BMZ, Latin America and the Caribbean can build their futures on relatively strong economies.

At the same time, however, the region is particularly affected by the crises of climate change and biodiversity loss. The increasing incidence of natural disasters presents a difficult challenge. What is more, the domestic industries of mining, fisheries, agriculture and forestry frequently pose a threat to people, the environment and the climate. The

region is, for instance, witnessing the biggest decline in forest cover worldwide, and the melting of the world's tropical glaciers, 99 per cent of which are found in the Andean countries, is severely impacting water supplies in the region. In the case of hydropower schemes, a conflict of interest is emerging between the expansion of renewable energy and the conservation of tropical rainforests. Environmental degradation hits women and Indigenous Peoples particularly hard because their livelihoods typically rely disproportionately on direct access to natural resources. Urbanisation is now over 80 per cent, making Latin America and the Caribbean the second most urbanised world region. Its burgeoning cities demonstrate a disproportionately large carbon footprint. What is more, based as they are on raw material extraction, the economic models of many countries in the region are coming under increasing strain because the further processing of raw materials tends to take place elsewhere, with the result that countries lose out on sections of the value chain that would be a critical factor for their own development. Diversification of the region's economies therefore plays a key role in the drive towards sustainable and inclusive economic growth.

Thanks to the boom in commodity prices, most countries in the region saw poverty rates fall after 2000, in some cases markedly. However, as commodity revenues subsequently shrank and the COVID-19 pandemic took hold, the proportion of the region's population living in poverty increased again between 2015 and 2021, growing from 8.8 to 13.8 per cent. The degree of social inequality remains immense. While the most affluent ten per cent of society take 55 per cent of total income, the bottom 50 per cent dispose of just ten per cent. Another problem is the high level of public debt, which peaked in 2020 due to the pandemic. Although it has since been contracting again, many countries in the region with inadequate access to capital markets continue to face difficulties.

In seeking to create a just, environment-friendly and climate-compatible development of the region the BMZ is fostering a “just transition” by:

- **Forging ahead with new partnerships:** Transitioning to a climate-compatible and digitalised economy while the demand for energy and resources continues to grow is a tough challenge for many partner countries. The BMZ is assisting this process in a variety of new formats. They include bilateral Climate and Development Partnerships with Peru and Colombia. They have been agreed in concert with other departments of the German government and are designed to help the partner countries achieve their national climate targets. Similarly, we are exploring and consolidating partnerships with other donors and multilateral development banks.

Climate and Development Partnership with Peru:

A partnership agreed between Germany and Peru in 2022 has been deepening cooperation on, in particular, climate change adaptation, emissions reduction and biodiversity conservation. The main focus of the climate partnership is on measures to implement the climate targets pledged in Peru’s Nationally Determined Contributions (NDCs). In addition, a broad-based dialogue on climate policy is to be established between Germany and Peru. This explicitly includes people from disadvantaged groups as well as young people, the scientific community and the private sector.

- **Supporting the transition to clean energy:** The economic models followed by many countries of the region depend on fossil fuels. To promote clean and safe energy sources the BMZ is helping them to accelerate the roll-out of renewable energies and energy-efficient systems.

Expanding renewable energies in Bolivia:

Bolivia and Germany are working together to upgrade the Bolivian electricity market by integrating electricity from distributed generation systems and renewable sources. 70 per cent of electricity supplies used to depend on the burning of fossil fuels, but power is increasingly being generated by photovoltaic systems installed on private or commercial roofs, which is fed into the public grid and remunerated.

- **Scaling up green hydrogen:** Many countries in the region enjoy favourable conditions for renewable energy generation. There is considerable interest in exploiting this potential for the production of green hydrogen. This technology makes it possible to decouple production from consumption in terms of when and where the energy is generated and used. It is contributing to climate-compatible economic transformation. Helping to remove existing obstacles to this strategy, the BMZ is offering consultancy support for establishing and growing local hydrogen economies and their value chains.

Promoting green hydrogen in Brazil:

The H2Brasil project is helping to put in place the legal, institutional and technological conditions needed to build a green hydrogen economy in Brazil. The project is creating teaching and research capacity and providing consultancy on regulatory and institutional frameworks. It is helping to gather the know-how and information required by companies and investors, while also fostering innovation through testing labs, innovation competitions and other initiatives. In the framework of the Power-to-X (PtX) development fund set up by the BMZ, finance is channelled into projects involving large-scale reference facilities and industrial plants that offer opportunities for local users along the entire hydrogen value chain. This funding is arranged through a tendering procedure designed to identify suitable and eligible projects by public and private enterprises in Brazil.

→ **Supporting measures to insure against climate-related losses and damages:** Latin America and the Caribbean is one of the world regions where the impacts of climate change have become most obvious, as seen in the melting of the Andean glaciers, the prolonged periods of extreme drought and the tropical cyclones sweeping across the Caribbean. The BMZ supports climate change adaptation initiatives, including measures to secure urban environments and agriculture. Alongside financing mechanisms, a central focus is on developing instruments to insure against climate-related losses and damages.

Climate risk insurance for Caribbean and Central American countries: The BMZ contributes to the Caribbean Catastrophe Risk Insurance Facility (CCRIF), which offers protection against losses and damages resulting from climate change. In the event of natural disasters such as cyclones or earthquakes, this insurance scheme provides the countries affected with rapid financial assistance, without the need to await a damage assessment. Payments can be disbursed on the basis of previously defined parameters, such as hurricane strength. In this way CCRIF offers swift and uncomplicated assistance to countries in need. The assistance package also includes technical consultancy on reconstruction and other issues. Moreover, CCRIF contributes to engineering projects such as flood barriers, critical infrastructure and early warning systems.

→ **Boosting environment-friendly and climate-compatible finance and investment:** When it comes to creating dedicated climate financing mechanisms and developing models for sustainable investment, the region can offer a solid foundation thanks to its comparatively well-developed finance systems. In collaboration with its partners, including the EU and regional banks, the BMZ is establishing innovative financing instruments. Sustainability bonds, for example, mobilise private capital and promote investment in an inclusive and resource-efficient economy low in greenhouse

gas emissions. Moreover, special loan programmes enable micro, small and medium-sized enterprises (MSMEs) to enjoy equitable access to financial services. This work is helping to mitigate economic inequalities.

The Energy Efficiency Guarantee Fund in Brazil:

In Brazil, support is being provided to a guarantee fund run by the Brazilian Development Bank (BNDES). The fund offers guarantees against the credit risks facing small and medium-sized enterprises that are willing to invest in energy efficiency. In this way, private capital is mobilised for investment in energy efficiency measures, contributing both to climate change mitigation targets and the economic stability of the participating companies.

→ **Promoting the transformation of agriculture:** Agriculture is traditionally an important sector in the region, accounting for around seven per cent of GDP in the Mercosur trade bloc, for example. However, it is responsible for a very substantial carbon footprint. Factoring in changes in land use, this sector is responsible for 47 per cent of emissions, compared to the global average of 19 per cent. The BMZ supports a socio-ecological transformation of agriculture that will enable this sector to develop its full potential in terms of food and water security, public health, climate change mitigation and biodiversity conservation. In this context we are promoting deforestation-free and traceable supply chains, competitive products for the European market, and fair, safe and secure production and working conditions.

- **Supporting the conservation, restoration and sustainable use of natural resources:** Many countries in Latin America have, in recent years, witnessed a dramatic decline in forest cover. Brazil alone lost more than eight per cent of its total stock of tropical primary forest between 2002 and 2021. This is accompanied by a growing threat to biodiversity across the region. The BMZ is committed to the conservation, restoration and sustainable use of ecosystems, which include soils, wetlands, peatlands, reefs and forests, above all those in the Amazon region. Protecting biodiversity and making biodiversity integral to concepts for sustainable use (“bio-economy”) can, moreover, create new economic opportunities, not least for Indigenous Peoples and rural communities. The Indigenous and Tribal Peoples Convention (ILO 169), ratified by Germany in 2021, is an important step forward here. Yet Indigenous Peoples and communities are coming increasingly under attack, including physical attack. This is why the BMZ has made protecting and supporting Indigenous Peoples and communities a focus of cooperation in this field.
- **Promoting sustainable urban development and the circular economy:** The BMZ is committed to creating sustainable and liveable cities in the region. This requires the redesigning of transport systems and the expansion of the circular economy. Europe provides three-and-a-half times as much local public transport infrastructure per inhabitant as does Latin America and the Caribbean. Transport sector concepts need to embrace inclusive local public transport, e-mobility, walking and cycling. In addition, the BMZ continues to promote energy efficiency of buildings and in construction and also solutions in the drinking-water, waste-water and waste management sector. Our support also includes the training of experts needed to expand the circular economy.
- **Fostering the just transition to a climate-neutral economy through training and employment:** Transformation of the economy can lead to the loss of traditional jobs. This is why the BMZ is helping to establish and expand national vocational training systems, in part through cooperation with the Inter-American Development Bank (IDB). Our focus here is on women and girls along with the needs of tomorrow’s labour market. These include IT, high-tech and green jobs, which means climate-friendly and sustainable employment in fields such as renewable energy and sustainable building.

Bioeconomy in Ecuador: Ecuador increasingly recognises the potential economic benefits offered by its biological diversity and its nature conservation areas. The BMZ is assisting the local partners with the task of implementing their national bioeconomy strategy. Indigenous groups and producer organisations are being helped to diversify and to market products with strong economic potential, including cinnamon and vanilla from the Amazon region. These efforts add more value at the local level and generate additional income. They not only create incentives for protecting these important ecosystems but also open new development prospects for local communities.

Expanding the dual vocational training system in Mexico: The BMZ is supporting Mexico in its efforts to unify and roll out its system of dual vocational training. The aim of this cooperation is to ensure that both companies and the trainees benefit from a training scheme that meets labour market requirements while delivering greater gender equality. Since cooperation began in 2015, the number of trainees has grown more than sixfold, now exceeding 10,000 per training year, with the proportion of female participants rising from 29 to 40 per cent.

→ **Promoting social protection and inclusion:** A core concern of our just transition policy is the need to strengthen social protection systems in the context of economic restructuring. The labour market is at the centre of this policy. After all, more than half of employees in the region work in the informal sector, without health insurance, pension schemes or other social protection arrangements. Working with, for example, the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), the BMZ is helping to provide consultancy on scaling up social protection systems that will, above all, improve the support available for people working in the informal sector.

2. Fostering good governance, peace and democracy

Democratic elections and changes of government are the norm in most countries across the region. The governments of almost all our bilateral partner countries also share a strong policy focus on social issues. This is driven not least by the presence of an active and diverse civil society. Civil society organisations give a voice to disadvantaged groups in particular and take a stand against the, in part systematic, violence directed at human rights defenders, environmental activists and journalists as well as at women, Indigenous communities and LGBTIQ+ people. A representative opinion survey conducted in the region has highlighted the widely held view that Europe is the most valuable global cooperation partner when it comes to strengthening democracy, especially in the field of human rights.

Despite having essentially democratic structures and institutions, the region is marked by a high degree of democratic fragility, social vulnerability and institutional weakness. Many people in the region perceive government administration as too ineffective and unresponsive to citizens' needs, whether in relation to social protection systems, local infrastructure or public safety. This failure includes the problem of shrinking space for civil society action, especially in Central America. Corruption, violence, organised crime and legal impunity hamper development in many places severely. Human rights are strongly undermined by the high levels of violent crime. The region's share of the world's population came to nine per cent in 2018, yet it accounted for 34 per cent of violent deaths worldwide. In combination with poverty, negative climate change impacts and other factors, violence is a driver of migration and forced displacement.

The BMZ promotes peaceful, human rights-based development and strengthens democracy by:

- **Supporting human rights protection:** Citizens in a number of countries across the region face grave violations of their human rights, including denial of access to justice and even torture. This is why the BMZ supports, among other initiatives, the Inter-American Court of Human Rights. This body plays a key role in interpreting and applying the Inter-American Human Rights Convention and is well respected in the region and worldwide.
- **Strengthening good governance, combating crime and corruption:** Weak states, corruption, money laundering and organised crime pose structural obstacles to inclusive and sustainable development in the region. The BMZ is supporting its partner countries in key aspects of good governance, including the rule of law, access to justice, transparency and good financial governance and, in so doing, the ability of the state to deliver services.

Combating illicit financial flows in Latin

America: The global initiative on “Combating illicit financial flows” assists the regional organisation *Financial Action Task Force of Latin America* (GAFILAT) and the government of Peru in applying international standards to the task of fighting money laundering and the funding of terrorism. One example is the assistance given to enable the Peruvian law enforcement agencies to establish investigative techniques, deploying artificial intelligence, for tracking financial transactions.

With diversity for peace in Colombia: The Paz Diversa project is strengthening the participation of women and LGBTIQ+ organisations in efforts to address the legacy of violence and implement the peace deal. Among its various activities the project advises victim compensation processes and offers psychosocial support. In this field, the project is helping to implement the 130 gender-specific measures set out in the peace agreement and to drive forward a process of social change towards reconciliation. To this end, the project is designing training programmes on how to deal with stereotypes and discrimination.

→ **Promoting regulation and governance stand-**

ards: Germany’s Supply Chain Due Diligence Act, the EU’s Deforestation-Free Supply Chain Regulation, and EU trade agreements have laid down ambitious regulatory frameworks that present some difficult challenges for many countries in the region. Together with the European Commission and other European partners, the BMZ is supporting projects designed to establish deforestation-free supply chains, especially by strengthening systems for tracking the path products have taken. This work not only contributes to the achievement of national development goals but also expedites access by partners in the region to the European market.

→ **Supporting people fleeing their homes and**

their host communities: At the end of 2021 some 20 per cent of the world’s refugees and internally displaced persons were recorded as originating from this region. The BMZ is helping to provide legal assistance and facilitate social and economic integration by providing training programmes. A special focus of these initiatives is on cooperation with the host communities and with particularly marginalised groups, such as displaced women, young people and LGBTIQ+ persons.

→ **Countering armed conflict and violence, ac-**

tively fostering peace processes: Latin America and the Caribbean is the most violent region in the world. This can be seen most starkly in the case of Colombia, the country with the world’s longest-running armed conflicts. A peace treaty was signed in 2016 between the government and the FARC guerrilla movement, but there is still no comprehensive peace. The root causes of the conflict, including extreme inequality of income, are still in place. The BMZ is supporting initiatives designed to help participants come to terms with a violent past, pursue transitional justice and compensate victims. A particular focus is on strengthening the active participation of women and girls in these processes.

3. Fostering just societies through feminist development policy

In countries across the region we find a rising number of civil society activities focused above all on gender equality for women and girls. These activities can build on the persistent efforts, in some cases over decades, of feminist groups committed to improving the position of women and girls. There are also more and more governments, as seen in Brazil, Colombia and Mexico, now taking a feminist approach to the task of improving access by women and girls to rights, resources and representation. This feminist approach extends to measures designed to dismantle the discrimination of structurally disadvantaged groups, which specifically include LGBTIQ+ persons, migrants, Indigenous Peoples and Black people.

Both structural discrimination and everyday violence are realities facing women, often even in their immediate social environment. The discrimination of women in the region also has a strong social and ethnic component. On the one hand, we find highly skilled women from the middle and upper class who already have a considerable degree of equality in society. On the other, there are very large groups of particularly marginalised women across the region. These include Indigenous and Black women, female migrants, and women with disabilities. These women, most of whom live in poverty, encounter social insecurity and violence particularly frequently. Indeed, women tend to be economically disadvantaged, having worse access to educational and training opportunities, to labour markets and, in particular, to the more highly skilled jobs. They are worse paid and take on a far bigger share of unpaid domestic and care work than men do. The existence of such gender inequalities means that women and girls face particular vulnerabilities in terms of their livelihoods, their health and their safety.

The BMZ aims to foster a society based on social justice and equal political and economic participation by:

→ **Promoting equal access to rights, resources and representation:** Across the region as a whole, women and girls as well as LGBTIQ+ persons are inadequately protected against gender-based violence, and rights are insufficiently respected, especially those of Indigenous women. So it is in this context that the BMZ focuses on preventing and stopping gender-based violence. The BMZ also supports the dissemination of gender-transformative narratives through media and education, an approach which can help to effect sustained changes in the discriminatory social norms and gender stereotypes dominant in society. In the struggle for equal rights, the BMZ also promotes the strengthening of women's position in land rights and land use as well as greater female participation in societal discourse and policymaking.

Tackling gender-specific violence in Bolivia:

The "Previo" project in Bolivia is working to strengthen the prevention of violence against women and girls. Challenging gender stereotypes contributes substantially to this goal. The violence prevention work is carried out in schools and universities as well as in collaboration with businesses. Companies taking positive steps can, for instance, qualify for a seal of approval confirming an outstanding commitment to gender equality in their organisational culture.

→ **Strengthening economic participation:** In Latin America and the Caribbean, the current labour force participation rate for women stands at 49 per cent, the lowest level recorded over the last ten years. By comparison, the rate on the German labour market is approximately 73 per cent. In seeking to improve employment participation, working conditions and remuneration levels for women, the BMZ is promoting interlocking measures that combine financial incentives, training opportunities and labour market services.

→ **Taking up feminist initiatives, building networks:** Across the region we find large numbers of active feminist initiatives in politics and in civil society. In seeking to make use of this potential and learn from our partners in the region, the BMZ is promoting a dialogue series with the Gender Affairs Division of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC). It is designed to strengthen feminist approaches in policymaking, dealing with issue such as recognition of domestic and care work, which is performed almost exclusively by women and is rarely remunerated. This dialogue will, in turn, lead to recommendations on the future formulation of the BMZ portfolio in the region with regard to feminist development policy.

Supporting gender equality in Colombia:

Working together with the Inter-American Development Bank (IDB), the BMZ supports Colombia in its efforts to implement policy reforms in the field of gender equality. This assistance rests on a policy-based lending arrangement under which disbursements are linked to political reforms. Specifically, measures have been agreed to prevent violence against women, advance gender equality and strengthen the rights of people with differing sexual orientations and gender identities. Funding is also directed at creating and consolidating the country's regulatory framework for rolling out a national care policy.

IV Partners and instruments in our cooperation with the LAC region

Partners

The work of the Federal Ministry for Economic Cooperation and Development is based on long-term cooperation with, at present, **six partner countries**, and our strong partnerships with governmental and non-governmental actors, multi-lateral institutions, business and civil society. As a prerequisite for successful cooperation we always **identify points of shared interest from which to start**.

The first and most important point of contact for the BMZ is the national government of the respective country. By engaging in a policy dialogue, we agree with our partners on the objectives and the measures of Technical and Financial Cooperation. Working with public institutions **at national level** we aim to achieve structural impacts that will benefit the whole partner country. We also pursue decentralised approaches, forging links with **federated states, regional authorities and municipalities**. Frequently, it is precisely these lower levels of government that first embark on pioneering approaches, which are then worth identifying and supporting.

Municipal-level cooperation: More than 130 German cities and local authorities engage in partnerships with the region. An important focus of this cooperation is on climate change mitigation and adaptation. The Federal City of Bonn, for example, is working with the Bolivian capital La Paz in the fields of energy supply, integrated waste management and environmental education.

For the work of the BMZ at regional level in Latin America and the Caribbean, our strategic partners are various **regional organisations**. We collaborate with them primarily on issues that transcend national borders and can be tackled by several countries working together. This is the case, above all, with climate action and environmental protection. Among these regional organisations, a special role is played by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC). This partner works with us on issues of regional importance that can catalyse development across the whole region, including feminist development policy. We also have a close working partnership with the Central American Integration System (SICA), the Caribbean Community (CARICOM), the Organization of American States (OAS), the Inter-American system of human rights, and the Amazon Cooperation Treaty Organization (ACTO).

The **European Union** and the Latin America and Caribbean region can build on a long track-record of cooperation, although new impetus is now needed given the context of competing geopolitical actors. The BMZ takes the view that we can achieve more with the region and for the region by working in concert with the EU and its member states. This is why the BMZ gives its partnerships with the region a decidedly European character. Our development policy cooperation with the region is conducted in consultation and harmony with the EU, which is also realigning and deepening its relations with the region. Among the core issues here are fast-tracking a just ecological and digital transformation, dismantling inequalities, and pursuing a common trade agenda.

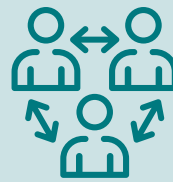
Multilateral development banks are important drivers of change for the countries of the region and partners in financing reforms on the path to sustainable development. Germany is a shareholder in a number of these banks, including the Inter-American Development Bank (IDB), which the region holds in particularly high regard, the World Bank, and the Caribbean Development Bank (CDB). This role enables us to exert direct influence on their strategic focus and on the implementation of shared priorities such as climate financing. Development banks also offer opportunities to leverage the funds invested, promising a bigger development impact. The Development Bank of Latin America (CAF) and the Central American Bank for Economic Integration (CABEI) also play an important role for our development work in the region.

The IDB Amazon Initiative: Along with other actors, the BMZ is contributing to a fund established under the IDB's Amazon Initiative to promote projects working on bioeconomy, sustainable forestry and forest protection in the Amazonian countries. These are issues with which we are also closely involved through our bilateral cooperation in the Amazon region.

Civil society in the region is a multifaceted and important partner for the development work of the BMZ. Defending civil society organisations from persecution and violence is a task of special significance for an open society. In particular, organisations protecting the environment, defending human rights and working for peace are key actors for tackling both local and global problems and indispensable voices in democratic discourse. A free press also plays an important role here, which is why we are supporting the training of journalists through the Deutsche Welle Akademie.

A self-supporting economic structure is a prerequisite for sustainable development. So **cooperation with the private sector** is of great importance, as seen in the work of the German Chambers of Commerce Abroad in the region. The **trade unions** also play an important role by pushing for regular, well-paid jobs in the context of the informal employment commonly found across the region.

Science is a central driver of the innovation needed for socio-ecological transformation, making the region's academic and research community an important ally of the BMZ. For instance, the Monterrey Technical University in Mexico has been jointly commissioned by the BMZ and the Green Climate Fund (GCF) to assist Latin-American climate start-ups as they scale up innovative business models for climate change mitigation technologies in regional markets.

Bilateral TC
and FCTeam Europe
Initiatives and
Global GatewayInnovative
financing instrumentsTriangular
cooperationNon-governmental
cooperation

Instruments for cooperation with Latin America and the Caribbean

Development policy requires not only suitable partners but also the right instruments for achieving the objectives outlined in this paper. German development cooperation employs a **toolbox containing a wide range of instruments** adapted to the region's comparatively high level of development, while working with our partners to apply sometimes innovative concepts.

→ **Bilateral governmental Technical and Financial Cooperation (TC and FC):** These instruments are the main focus of our cooperation with partner countries and regional organisations. The BMZ operates through its implementing organisations with their proven track-record: the Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ, for TC), the Kreditanstalt für Wiederaufbau (KfW, for FC), the Physikalisch-Technische Bundesanstalt (PTB, the National Metrology Institute of Germany) and the Bundesanstalt für Geowissenschaften und Rohstoffe (BGR, the Federal Institute for Geosciences and Natural Resources).

→ **Team Europe Initiatives and the Global Gateway investment agenda:** Regional and national Team Europe Initiatives, in which the BMZ is widely involved, draw together the activities of the EU, its member states, implementing organisations and development finance institutions. In this way the various approaches can be interlinked and bigger impacts achieved, above all through digitalisation. One example is a dialogue network with the region aimed at achieving the Paris climate goals. The BMZ also supports the EU-LAC Digital Alliance, a regional Team Europe Initiative. Contributions include funding for the Digital Transformation Center in Mexico, which is identifying ways of enhancing a climate-friendly economy through digitalisation. The BMZ also contributes to the Global Gateway investment agenda, which is rolling out major infrastructure projects in the region. Our concern is, in particular, to ensure that the new infrastructure will benefit development.

→ **Innovative financing instruments:** Given the amount of money needed for development, environmental protection and climate action, it is vital to attract private investment in addition to government funding. Financing instruments such as reduced-interest development loans, thematic funds or sustainability bonds are mobilising urgently needed private investment for cooperation with the region. An increasingly important role is also accorded to policy-based lending, in which disbursements are conditional on political reforms. Since the issue of public debt is particularly acute for individual countries in the region, debt restructuring comes into play for the countries concerned through coordination with European and international partners.

Climate bonds for Latin America and the Caribbean:

The Latin America Green Bond Fund (LAGreen) was first launched in 2019 by the BMZ in collaboration with the EU and realised by the Kreditanstalt für Wiederaufbau (KfW). Its mission is to mobilise private capital for climate-friendly investment that will help countries in Latin America and the Caribbean achieve their Nationally Determined Contributions (NDCs). LAGreen invests in the climate bonds of local issuers, thus mobilising more private investors. In this way, LAGreen makes an important contribution to covering the funding shortfalls.

→ **Triangular cooperation:** The BMZ also works with numerous countries in the region in the form of triangular collaborations. Under this arrangement, a developing country or emerging economy confronted with a specific development challenge is assisted by another country that has already acquired valuable experience in overcoming such a challenge. The BMZ engages in such triangular cooperation as a funder and provider of technical expertise.

Triangular cooperation to protect coral reefs:

In a triangular cooperation scheme between the Dominican Republic, Costa Rica and Germany, the Dominican Republic has benefited from Costa Rica's experience in setting up funding mechanisms for coastal protection. Conversely, Costa Rica has shown great interest in the Dominicans' work on active coral breeding and subsequent introduction on the ocean bed.

→ **Non-governmental cooperation:** Non-state entities, including churches, political foundations and non-governmental organisations, also initiate and perform valuable development activities in Latin America and the Caribbean. Their work is often supported by the BMZ and constitutes an important pillar of German development cooperation. Responsibility for implementing these projects lies with the non-state entities themselves. Despite receiving state grants they retain their full independence.

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