



BMZ | German Federal Ministry for Economic
Cooperation and Development and
ECLAC | Economic Commission for Latin America
and the Caribbean

A model of cooperation for the twenty-first century



UNITED NATIONS

ECLAC

BMZ



Federal Ministry
for Economic Cooperation
and Development

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Foreword

Over the past few decades, the Economic Commission for Latin America and the Caribbean (ECLAC) and the Federal Ministry for Economic Cooperation and Development (BMZ) of Germany have built a strategic partnership based on shared values and a common goal: furthering development in Latin America and the Caribbean.

Despite great strides in development across the region, the countries of Latin America and the Caribbean face challenges in closing economic and social gaps and advancing towards sustainable economic growth with equality. Weaknesses in social protection, tax systems, education and strengthening of human capital, productivity and technological innovation are deepening inequality and call for enhanced public policies to combat it. Cooperation between ECLAC and BMZ thus seeks to bolster the management capacity of the States so that, in partnership with civil society and the private sector, they can tackle and resolve these complex challenges and gradually shift their development strategies.

Set out herein are the achievements of this strategic partnership, which both ECLAC and BMZ see as a model of cooperation for the twenty-first century. The partnership's success is due, among other factors, to building on outcomes and experience from previous programmes, on ties with bilateral German cooperation programmes and on lessons learned along the way. Enhancing the exchange of experts, boosting responsiveness to the countries' technical assistance requirements and helping to put innovative approaches on national and regional development agendas have also contributed to these success stories.

As strategic partners, ECLAC and BMZ complement each other very well. ECLAC provides a platform for policy dialogue in Latin America and the Caribbean, generates knowledge and provides economic, social and environmental public policy recommendations to the countries. And BMZ does more than support ECLAC with its own wide-ranging network and expertise: it draws on expertise and recommendations from ECLAC as feedback for its bilateral projects.

Moving forward, the two institutions will continue to work with the countries of Latin America and the Caribbean, promoting policies and practices for addressing the challenges of sustainable development in its three pillars: economic, social and environmental.



Alicia Bárcena

Executive Secretary
Economic Commission
for Latin America
and the Caribbean (ECLAC)



Dorothee Fiedler

Deputy Director General
for Latin America and the Caribbean
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I. Background

The Economic Commission for Latin America and the Caribbean (ECLAC) and the Federal Ministry for Economic Cooperation and Development (BMZ) of Germany have been working together for decades on socioeconomic development and environmental projects in the countries of Latin America and the Caribbean. In 2003 ECLAC and BMZ agreed to shift their focus from projects to programmes, and defined their cooperation as a “strategic partnership”. Germany was admitted as an ECLAC member State in 2005.

The Government of Germany highlighted its partnership with ECLAC in its foreign policy paper for Latin America and the Caribbean: “As a member of the United Nations Economic Commission for Latin America (ECLAC/CEPAL) and the Commission’s largest bilateral donor, Germany is actively involved in the regional economic, environmental and development policy discourse”.¹

Among the objectives of the Government of Germany are promoting sustainable development, strengthening social cohesion, protecting the climate and the environment and seizing economic opportunities together. Germany’s strategy seeks to further bi-regional political dialogue between Europe and Latin America and the Caribbean and to enhance the role of the United Nations in addressing global challenges.

The ECLAC programme of work² and its recently-published institutional policy document “Time for equality: closing gaps, opening trails”³ bear witness to a vision of development agenda priorities that has significant points in common with those of the Government of Germany. ECLAC promotes public policymaking geared towards economic growth with equality and sustainability on the basis of technological innovation and social inclusion. Moreover, as a multilateral Commission that promotes international cooperation for the sustainable development of the region, ECLAC is actively involved in enhancing bi-regional political dialogue between Europe and Latin America and the Caribbean.

¹ Auswärtiges Amt: Germany, Latin America and the Caribbean: A Strategy Paper by the German Government. 2010.

² LC/G.2434(SES.33/5) [online] www.eclac.org/pses33/noticias/paginas/0/39330/2010-1-SES-33-5_Draft_Programme_of_work.pdf

³ LC/G.2432(SES.33/3) [online] www.eclac.org/publicaciones/xml/1/39711/100604_2010-115-SES-33-3-Time_for_equality_doc_completo.pdf

The first part of this document sets out the shared interests of the two regions; the second part describes the partnership that BMZ and ECLAC have been forging to promote sustainable development. And it concludes by outlining pillars for this partnership moving forward, as well as suggestions on how to enhance their impact. In both form and substance, this partnership will shape and guide the future of international cooperation for the sustainable development of the region.

II. The relationship between Germany and Latin America: relevance, milestones and future

1. An intertwined past

Historically, Germany has contributed immensely to the development and modernization of Latin America and the Caribbean. Count von Humboldt's travels on the eve of the independence movements are remembered to this day. The waves of migration from Germany in the nineteenth and twentieth centuries —especially those to the southern part of the region and to Mexico— are well documented. They spurred agricultural and industrial development in their countries of destination. By the late twentieth century there were some 5 million people of German descent in Latin America and the Caribbean. Just as an example, two prominent thinkers from contemporary Latin America (and former Executive Secretaries of ECLAC) had family ties to Germany: Raúl Prebisch and Gert Rosenthal.

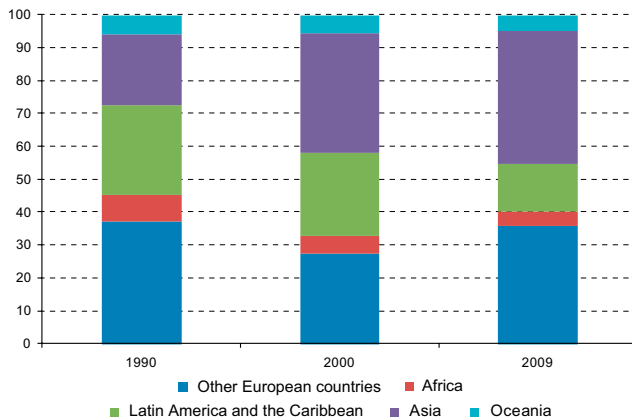
2. Direct investments and trade flows

During the 1950s the saying went that São Paulo was the largest German industrial hub outside Germany. German industry, along with that of other countries, did indeed benefit from import substitution industrialization policies deployed in the region. After these policies were abandoned in

the 1980s and trade opening gained steam, the relative importance of German investment in Latin America began to decline. More recently, this trend steepened with the emergence of attractive areas for investment in Europe and Asia (see figure 1). At present, the annual flow of German investment towards the region accounts for barely 1% of the total outflow. Nevertheless, some traditional companies (mainly in the automobile and chemical industries) restructured and enhanced their presence in Latin America and the Caribbean.

• Figure 1 •

Germany: foreign direct investment stock outside the European Union, United States and Canada, by destination, 1990-2009
(Percentages)



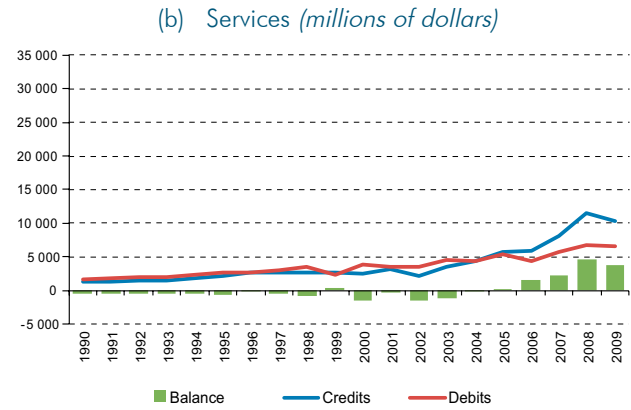
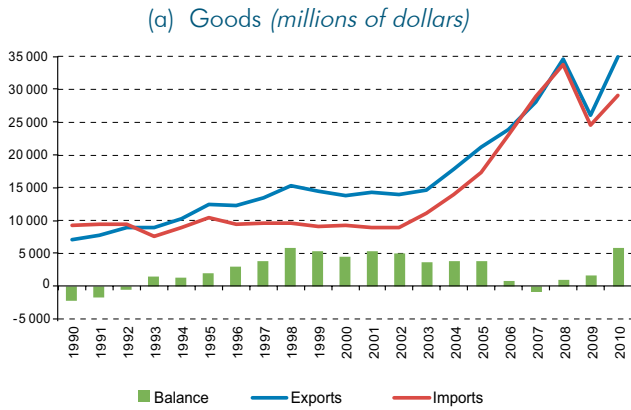
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures provided by Deutsche Bundesbank and Deutsche Bundesbank, *Foreign Direct Investment Stock Statistics*, Special Statistical Publication No. 10, April 2011.

Bilateral trade, on the other hand, is surging even though the market is still a small one. Trade flows in both directions fell off sharply with the outbreak of the international financial crisis in 2008. Subsequently, exports rallied more quickly than imports thanks to the faster, sustained recovery of demand in Latin America, leading to a small surplus for Germany. Germany's principal trade partners in the region are Brazil and Mexico, which account for more than 50%, followed by Argentina, Chile, Colombia and Peru (see figure 2).

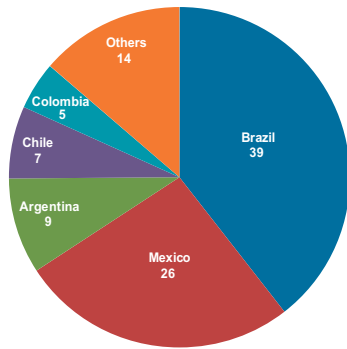


• Figure 2 •

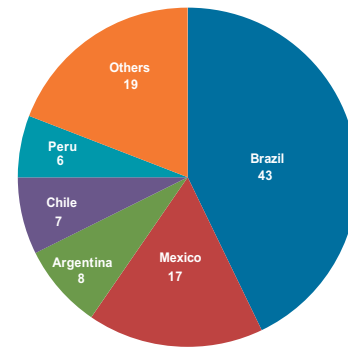
Germany: bilateral trade in goods and services with Latin America and the Caribbean, 1990-2010
(Millions of dollars and percentages)



(c) Exports of goods to Latin America and the Caribbean, by country, 2010 (percentages)



(d) Exports of goods from Latin America and the Caribbean, by country, 2010 (percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, Commodity Trade Database (COMTRADE) and Deutsche Bundesbank.

Among the countries of the European Union, Germany is still the region's largest trade partner, ranking in the top five origin markets for imports into Argentina, Brazil and Mexico.

In an increasingly interconnected, competitive world, the Latin American and Caribbean region needs to improve its access to global markets, and Germany needs to secure a privileged relationship with Latin America and the Caribbean. Hence the mutual interest in cooperating on matters of trade policy.



3. Bilateral value chains

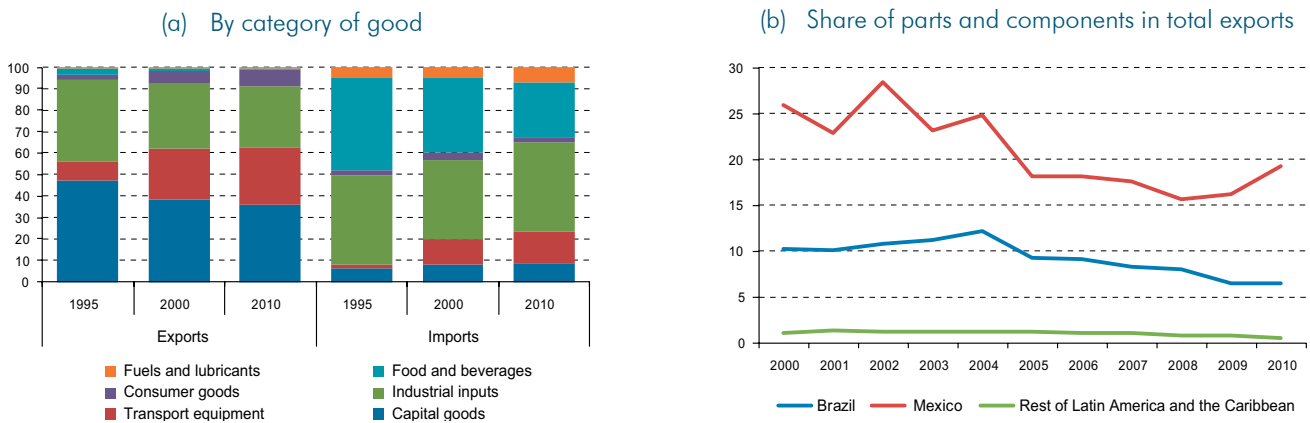
Trade between Germany and Latin America and the Caribbean favoured the maturation of value chains for some strategic industries. Germany is a major supplier of capital goods and transport equipment, which together account for two thirds of its exports (see figure 3). This transfer of medium and high technology clearly boosted the competitiveness of Latin American business, with the benefits rippling along chains and across sectors.

The countries of Latin America are linked at several points of the transport sector value chain. In addition to transferring technology, this chain extends to many small and medium-sized enterprises (SMEs), which play a pivotal role in both regions.

The transport industry is in turn linked to opportunities for innovation in the field of alternative fuels such as ethanol and biodiesel that, while contributing to the food security controversy, are attracting major interests.

In Brazil and Mexico, manufacturers such as Daimler AG and Volkswagen have production plants and import some of their parts from their parent companies. These plants have come to specialize in turning out certain models for export throughout the world, including to Germany. Brazil and Mexico have also carved out a niche by producing certain parts that are imported by manufacturers located in Germany. All told, parts accounted for 20% and 7%, respectively, of Mexico's and Brazil's exports to Germany in 2010. The metal-exporting countries of the region are also part of this chain. The region provides nearly 60% of the global supply of lithium, which is indispensable for manufacturing batteries and electric cars. This percentage could rise once lithium mining begins in the Plurinational State of Bolivia, which is considered to have the largest reserve in the world.

• Figure 3 •
Germany: composition of trade flows with Latin America and the Caribbean, 1990-2010
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, Commodity Trade Database (COMTRADE).

This privileged relationship is being buffeted by growing competition from the ever-larger footprint of Chinese industry. But Germany can enhance its ties with Latin America and the Caribbean through cooperation. For example, Germany has considerable expertise in promoting innovation,

thanks to models from established technology research organizations (Fraunhofer, affiliated institute and Steinbeis models) that have often inspired governments in the region. Germany has been supporting the emerging alternative fuel industry with studies and research to identify potential food security and environmental impacts and the sort of industrial development policies that could cushion any negative impacts.

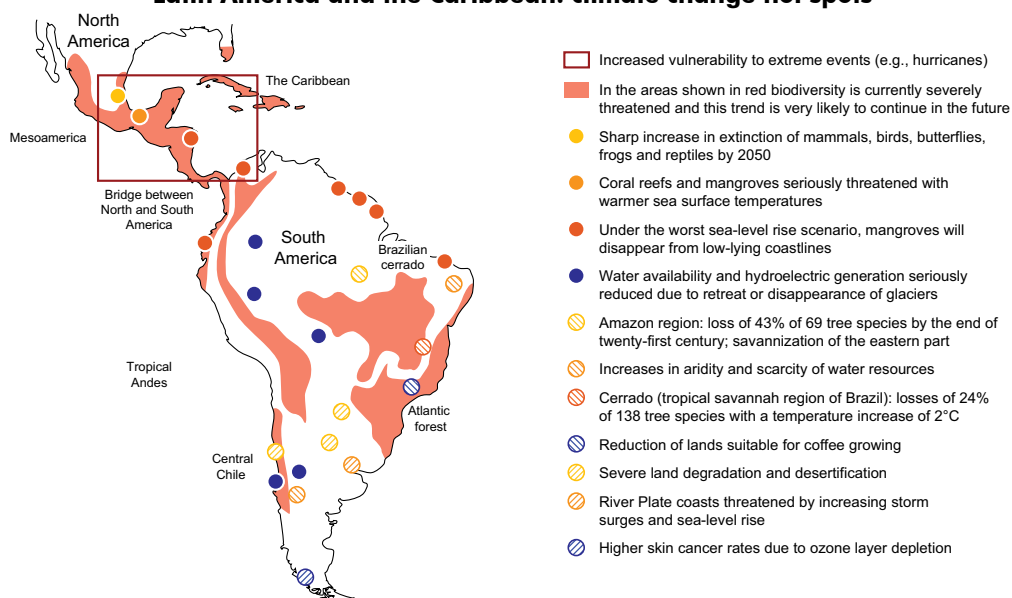
4. The environment

Climate change, the ozone hole and sea pollution do not stop at the borders between countries. Germany is working resolutely on this issue and has met all of its commitments to reduce greenhouse gas emissions under the Kyoto Protocol. Regarding emission levels, Germany has already reached the target set for 2012 of a 21% reduction compared with 1990.

There is fertile ground for sustainable development cooperation in Latin America and the Caribbean. The governments of the region are having to deal with so many immediate needs and emergencies that it is difficult for them to take a long-term approach to setting priorities in relation to the environmental pillar. The consequences of rapid growth without sustainability or measures for mitigating its negative indirect impacts will have worldwide repercussions.

• Map 1 •

Latin America and the Caribbean: climate change hot spots



Source: Intergovernmental Panel on Climate Change (IPCC), *Climate Change 2007: - Impacts, Adaptation and Vulnerability: Contribution of Working Group II contribution to the Fourth Assessment Report of the IPCC*, Cambridge, Cambridge University Press, 2007.

The region has a trove of natural resources and biodiversity that is not yet fully known. It accounts for more than one fourth of the planet's reserves of fresh water, is home to six million square kilometres of tropical forest and provides a wide range of environmental services to the world.

Latin America is regarded as one of regions that are most vulnerable to the impacts of climate change; the region therefore needs to embark on a major adaptation and mitigation effort supported by the international community.

5. A partnership for global governance

Germany and Latin America and the Caribbean have another shared interest: the desire to enhance global governance through multilateralism.

With the fall of the Berlin Wall, a reunified Germany shifted its political and economic priorities in favour of European integration, which has gradually extended eastward across Europe. That same decade, the external debt crisis forced Latin America and the Caribbean to abandon the import substitution model of industrialization. As markets opened and State institutions weakened (both of which were often radical processes), several countries were returning to democracy. Fragile States needed to modernize in order to face new challenges. Starting in the 1990s, decentralization, empowerment of local governments and open regionalism became political and economic priorities for the region.

The need to strengthen global governance through multilateralism became even more apparent in the first decade of the twenty-first century, especially in the face of the 2008 international financial crisis and its aftershocks that continue to this day. It is to this end that Germany and Latin America and the Caribbean are seeking to raise their profile and influence in multilateral global governance mechanisms and help shape the new global context.

6. The future of the relationship between Germany and Latin America and the Caribbean

The relationship between Latin America and the Caribbean and Germany needs governments, businesses and social actors to work together even more closely so as to facilitate sound, productive investments that further inclusive, environmentally sustainable development beyond the economic complementarities that have been their focus till now. Deeper cooperation with Germany would enable Latin America and the Caribbean to:

- create more SMEs in order to generate quality jobs in global value networks and chains;
- encourage investments in climate change mitigation technology, counteracting the negative externalities of unregulated economic growth;



Alicia Bárcena, Executive Secretary of ECLAC, and Dorothee Fiedler, Deputy Director, Policy Issues and Organisation of Bilateral Development Cooperation, BMZ, with Álvaro García, Minister for Economy and Finance of Uruguay.

Forum European Union – Latin America and the Caribbean, Montevideo, 2009, organized by BMZ and the Ministry of Economy and Finance of Uruguay.



- step up the use of environmentally-friendly energy, diversifying the energy matrix with renewable, non-conventional sources, and
- spur innovation and the massification of new technologies, especially information and communications technologies (ICTs).

Germany, in turn, would benefit in key dimensions of its economic and social well-being. A consolidated relationship would allow Germany to expand its traditional markets (automobile, chemical and pharmaceutical industries) and build up its base of SMEs. It could also explore new markets in non-traditional areas (for example, new technologies and the green economy), as well as other sectors (such as telecommunications, energy and financial services) where Germany, despite its historical importance, has little representation in Latin America. Under a privileged relationship with the region, Germany would secure a supply of natural resources, help conserve biodiversity and contribute to environmental sustainability.

At a time when the world sees Latin America in a new light, there is a unique opportunity to devise medium-term economic, social and environmental strategies for building closer ties. It is especially important to bear in mind Latin America's heterogeneity and pay attention to the opportunities and constraints found in the less-developed economies in the region.



III. The road to a strategic partnership between ECLAC and BMZ

ECLAC and BMZ, having identified spheres in which Latin America and the Caribbean and Germany share significant strategic concerns, geared their cooperation towards facilitating the establishment of a relationship grounded in mutual respect and shared interests.

The first cooperation action with Germany dates back to 1979. Since then, ECLAC and Germany's development cooperation has often blazed the way for innovative issues and ideas.

As cooperation between ECLAC and Germany developed and deepened, the parties came to refer to it as a "strategic partnership." It is a partnership based on shared values and the search for mutual benefits. Changing modalities and instruments, converging thematic areas and complementarity in the contributions made by both institutions are behind this successful cooperation.

Commissioned by BMZ, the German Agency for International Cooperation (GIZ) is the main partner of ECLAC in executing cooperation projects and programmes.

1. Thematic development of cooperation: from sectoral to global

The agenda has changed a good deal over the years along with the array of development challenges the region needed to address. So, during the 1980s—especially the first half of the decade—cooperation came in the form of targeted initiatives. This changed markedly from 1984 on. A look back reveals certain stages and thematic trends.

- At first, three spheres of intervention took centre stage in programmes: micro, small and medium-sized enterprises (MSMEs), the agricultural sector and infrastructure-related issues. All three remained on the cooperation agenda until the beginning of the new millennium.
- After the so-called "lost decade" of the 1980s, the region entered a phase of recovery and public policy realignment. Starting in the 1990s there was a rush of projects related to State modernization.

Cooperation in figures

Over the past decade there were:

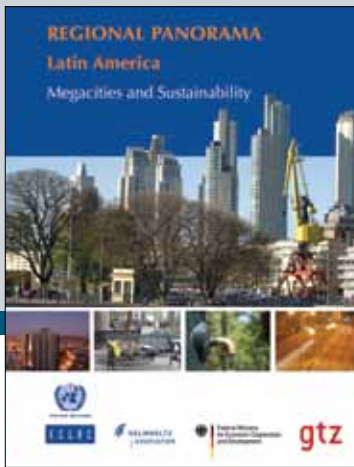
- a dozen programmes;
- nearly 200 publications;
- more 150 events and training sessions throughout the region



From invisibility to the spotlight: care as a pillar for policies and stakeholders in Latin America • September 2011



Distributive impact of public policy • March 2011



Regional Panorama, Latin America: Megacities and Sustainability • December 2010



Determinants of replacement rates in individual capitalization pension funds: comparative scenarios in Latin America • May 2011



Impact of quality infrastructure in Latin America • February 2011

During that period, ECLAC and BMZ together promoted a process of change towards a robust, competent State institutional structure that would make it possible to tackle the many exigencies of sustainable development. Among the central themes were decentralization, local development, fiscal management of the State, governance, social policy and international trade policy.

- More recently, the focus has increasingly shifted to issues related to sustainable development and the integration of its three pillars. Key concepts (natural resource management, energy efficiency and renewable energy, to name a few) have come to the fore, as has, in the past few years, climate change.

The cooperation portfolio has undergone radical changes. First, it evolved from projects to multi-year, pluri-thematic programmes dealing with State modernization, sustainable development and the promotion of policies for social and economic equality. Cooperation is increasingly systemic in focus. Second, the characteristically regional approach taken by ECLAC has become better meshed with items on the global agenda, such as regional energy integration across countries and the reduction of greenhouse gas emissions.

2. Changing cooperation instruments and modalities

Some basic instruments, like financial contributions, have remained virtually unchanged over the years. This mechanism allocates resources for specific thematic areas and transfers administration to ECLAC while close contact is maintained at the technical level with German cooperation. This procedure allows for detailed programme and component planning as well as considerable flexibility for adapting activities as the external context evolves.

Cooperation took a qualitative step forward when a team of German experts joined ECLAC in the late 1990s. Their physical presence made for easier and more responsive tailoring of activities in the face of external changes. But, above all, it brought qualitative improvement in the technical and strategic dialogue with GIZ and BMZ. Moreover, the experts are a bridge to Germany's bilateral projects in countries of the region, and they are a useful link that expedites exchanges with specialized institutions in Germany and Europe.

The next qualitative leap was in 2003, when German support shifted from individual projects to integrated, pluri-annual programmes. This format made it possible to conceptualize and implement cooperation themes much more consistently and take a more integral approach to issues by harnessing synergies. To enhance their close cooperation even further, in 2003 ECLAC and BMZ decided to refer to it as a “strategic partnership.” This step gained even greater significance upon admission of Germany as a member State of ECLAC in July 2005. More than isolated events, these advances are the expression of a long-standing relationship built on trust and mutual respect.

It is a relationship that also yields successful networking and shared expertise. For example, ECLAC has brokered several visits to Chile, Argentina and Brazil by high-level Chinese delegations, to whom GIZ-China had asked the Commission to show its work programme. The visits led to an issue of the CEPAL Review in Mandarin (in preparation) to disseminate Latin American experiences to Chinese counterparts facing similar development issues.



In November 2005, the German flag was officially raised in the presence of the German Ambassador to Santiago, Joachim Schmillen.

3. Cooperation success factors

Access to experts and institutional knowledge available in Germany and elsewhere in Europe

The challenges that the region faces for generating global public goods are so complex that they require a broad range of technical capacities and shared expertise for assessing different approaches and focuses. Access to sources of theoretical and practical knowledge in Germany and elsewhere in Europe is therefore a must.

Enhanced capacity to respond to country requests for technical assistance

One of the major advantages of cooperation with Germany is the flexibility that makes it possible to dovetail planning with national agendas. It is essential for the countries of the region to have access to technical assistance. This would not have been possible without support from Germany, given the limited regular resources available to ECLAC for this purpose.

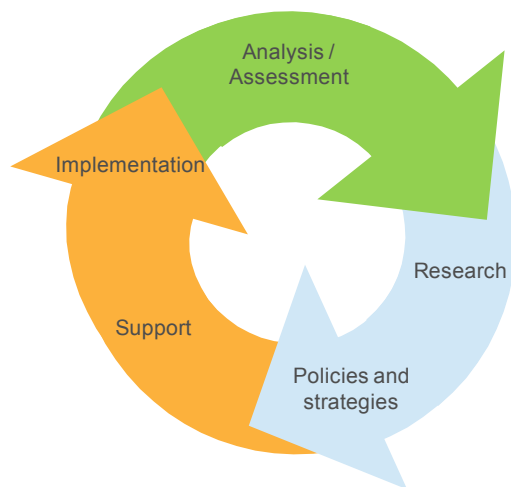




Putting relevant, emerging and innovative issues on the development agenda

German technical and financial cooperation generally supports the introduction and development of non-traditional areas of work. This has helped put ECLAC at the forefront of emerging issues on the policy and technical agenda for development. The introduction of thematic areas such as health and pension system reform, fiscal policy and the consolidation of youth and employment issues are good examples.

• Diagram 2 •
ECLAC and Germany: complementary levels of cooperation intervention



Complementarity of levels of intervention to multiply the impact of cooperation for countries

When possible and appropriate, issues on the ECLAC programme with BMZ are linked to bilateral projects of German development cooperation at the local and national level. This bridge enables ECLAC to provide complementarity by using its own channels of access to national sectoral authorities in order to work closer to local actors. This synergy provides for qualitative enrichment of policymaking and improves implementation by linking a regional perspective to local and national approaches, thus generating a virtuous circle of feedback among policies at different levels.

Complementarity is a powerful outcome of cooperation between ECLAC and BMZ. While ECLAC centres on designing and formulating public policy, German development cooperation focuses on managing and supporting change processes in close collaboration with local actors.

Cooperation should yield benefits for both parties if it is to remain relevant over time. But above all it should benefit the countries of the region.



4. Cooperation success stories

Set out below are snapshots of joint projects in different thematic areas over the past few years.

Tax reform and fiscal policy

Argentina, Chile, Ecuador, El Salvador, Guatemala, Mexico, Panama, Peru and Uruguay received technical advice on designing and implementing tax reforms. Studies were conducted to document and monitor income tax evasion. Uruguay also received technical support for opening a tax study centre. The centre played a substantial role in income tax reform. With these processes came platforms for debate on fiscal policy, leading to a yearly institutionalized event attended by representatives from all of the countries of South America. During the economic crisis that erupted in 2008, the countercyclical measures taken by 19 countries of the region were compiled; that information was used as the basis for disseminating and exchanging good practices to be used by governments of the region.

Managing climate change

Advisory services in this area have approached the issue from several angles. Several national studies were conducted as a basis for regionwide comparisons, looking, on the one hand, at the economic consequences of climate change and, on the other, on the space available for adaptation and mitigation policies.

The findings from these studies were debated at international events and were used to formulate policy proposals and guidelines for designing a legal and institutional response. For example, some initiatives involved strategies for reducing emissions caused specifically by deforestation and forest degradation. Others supported spaces for intraregional dialogue that would enable the countries of Latin America and the Caribbean to take a more unified stance in international negotiations.

Latin America and the Caribbean is the most unequal region in the world in terms of income distribution.

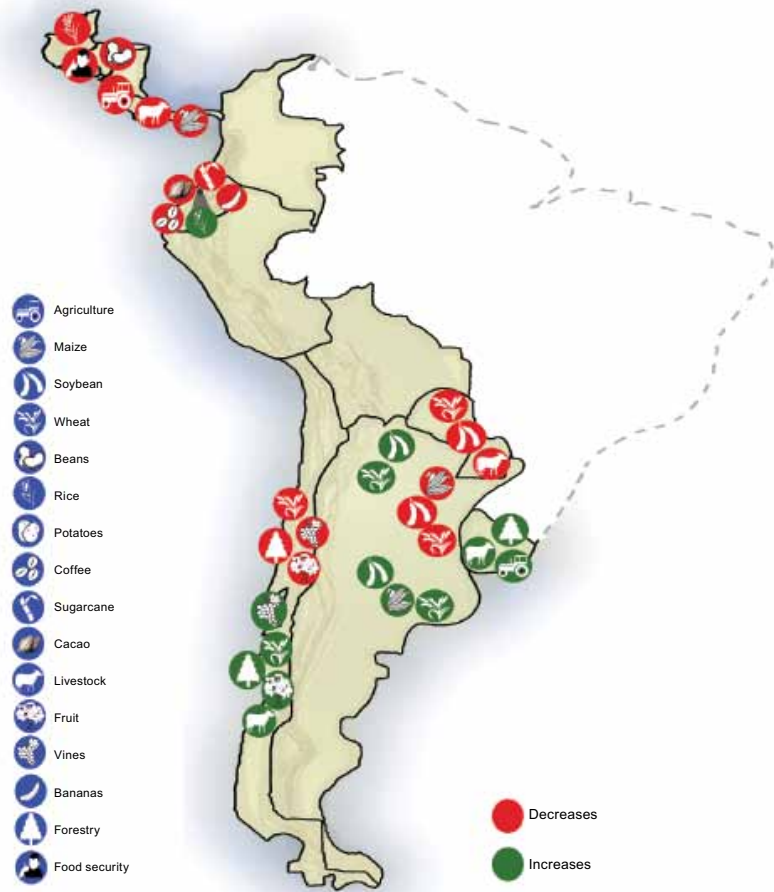
Tax systems are a key instrument for achieving a more equitable economy, but Latin America has been characterized by weak public finances, a generally inefficient tax burden because of ineffective collection, low participation in direct taxation, regressive taxes and a high rate of tax evasion.

In such conditions it is very difficult to generate a fiscal space for active, effective countercyclical policy that will maintain a country's well-being and support social cohesion by means of income redistribution.

Precisely because climate change is a global issue, measures to mitigate its impacts must be taken both at the national level and on a concerted basis regionwide. Over the past few years it has become very clear how vulnerable the region is to climate change, endangering the development of productive sectors and ecosystems that are indispensable for life. The consequences of climate change are structural and require new patterns of growth and consumption as well as adjustments in productive structures. Some of the symptoms, such as forced climate migration, changes in land use and difficulty in accessing water resources, reveal the magnitude of the problems that are yet to be resolved.

• Map 2 •

Central and South America (selected countries): summary of the impacts of climate change on the agricultural and forestry sectors



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the economics of climate change studies and other information from the respective countries.

Innovation and technological capacities

One of the major achievements in the field of cooperation is the agreement between the science and technology ministries and agencies of eight countries of the region (Argentina, Brazil, Chile, Costa Rica, Cuba, Mexico, Nicaragua and Uruguay) for encouraging future cooperation on innovation and national science and technology systems. Studies were conducted to pinpoint the scope and importance of innovation for specific sectors. Spaces for regional dialogue were created to spur exchange and mutual learning—both of which are crucial for innovation. Welcomed as an original approach was the first edition of the School for Policymakers in Science, Technology and Innovation, a medium-term effort launched by ECLAC in cooperation with German development cooperation. In addition to training science and technology policymakers and administrators, the school became a launch platform for South-South cooperation proposals (such as one between Brazil and Costa Rica in the nanotechnology field). One of the initiatives coming out of this training effort was to replicate the “school” on a traveling basis, both locally and nationally, seeking to achieve better coordination between “agents of innovation.”

Improving the competitiveness of the countries of the region is regularly cited as a requisite for diversifying existing productive structures. It is hoped that this will lead to higher levels of participation in international markets, thereby contributing to inclusive growth with sustainability—in other words, growth that generates increased revenue and improved job quality. In this economic, social and environmental context, national science and technology innovation systems have a key role to play. In many countries in the region, these systems do not make sustainable development or responsive action a priority, either because of unfavourable regulatory conditions or because functions are fragmented between actors (academia, the productive sector and the public sector). Germany’s knowledge and expertise makes it an ideal partner for promoting innovation in the region.



The School for Policymakers facilitated the exchange of expertise in designing, implementing and evaluating science, technology and innovation policies in the region. November 2010



The project's major publications *

- Public policy guidelines for the drinking water and sanitation sector
- Promoting efficiency in State water utilities: the new open State enterprise
- Controlling transfer prices in the drinking water and sewerage industry
- Protecting the human right to water and investment arbitration
- Investment in water and sanitation as an answer to exclusion in Peru: development, implementation and lessons of the Water for All programme (PAPT)
- Regulatory accounting, financial sustainability and joint management: major issues in water and sanitation services
- International investment agreements, infrastructure investment sustainability, and regulatory and contractual measures

* All publications available in Spanish only.

2006-2010 cooperation programme “Sustainability and equal opportunity in globalization”

Component 1, theme 4 of this programme, entitled “Building Commitment, Efficiency, and Equity for Sustainable Water Supply and Sanitation in Latin America and the Caribbean”, was undertaken jointly by ECLAC, GIZ and BMZ. The aim of this project was to strengthen the capacity of national Governments in the region to design and implement effective public policies with an emphasis on commitment, efficiency, equity and sustainability.

Excerpts from letters of appreciation

(...)The Regional Conference on Building Commitment, Efficiency and Equity for Sustainable Drinking Water and Sanitation Services in Latin America and the Caribbean had a favourable impact on the drinking water and sanitation subsector in Mexico.

We were able to include the outcomes of the conference in the bill that the Water Resource Committee of the Senate of the Republic submitted on 5 February 2009. Ad hoc legislation can foster public policies that guarantee modern, efficient drinking water, sewer and sanitation systems for the cities and towns of our country (...).

Roberto Olivares • Executive Director
National Association of Water and Sanitation Companies (ANAES)
Mexico



(...) As part of the project Building Commitment, Efficiency and Equity for Sustainable Drinking Water and Sanitation Services in Latin America and the Caribbean (ECLAC/GTZ), a national workshop was held on Drinking water and sanitation services in Guatemala: potential benefits and determinants of success. We believe that the study is an objective, highly professional diagnostic review. (...) The members of the Specific Water Cabinet, and the other participants as well, benefited from the workshop and from meeting the highly professional members of the mission. Upon completion, the study will serve as input for Guatemala's ongoing review of the legal and regulatory framework for providing drinking water and sanitation services.

The preliminary findings of the study were discussed more broadly at the twenty-sixth Central American Conference and the fifth National Conference on Sanitation Engineering (...) attended by government officials from all of the countries of Central America and from several Caribbean countries.

Elisa Colom Morán • Coordinator
Technical Secretariat of the Specific Water
Cabinet and the Presidential Programme
"Water, source of peace"
Guatemala

I am writing to thank the Natural Resources and Infrastructure Division (...) for its collaboration under the ECLAC/GTZ project, Regional Conference on Building Commitment, Efficiency and Equity for Sustainable Drinking Water and Sanitation Services in Latin America and the Caribbean (...). The Regional Conference on Policies for Economically Efficient, Environmentally Sustainable and Socially Equitable Drinking Water and Sanitation Services (...) helped enrich and guide our national debate on improving the regulatory and legal framework for the sector so as to advance towards extending quality services to the entire population (...).

The technical assistance (...) provided us with guidelines for appropriately drafting [the new water law] in keeping with the need to protect the public interest and in line with international expertise and the state of the art in this sphere.

José Salazar Barrantes • Chairman of the Board of Directors
National Superintendency of Sanitation Services
Peru

List of major events

2010

- Course-Workshop on Institution-building for water and sanitation utilities in Guatemala: analysis and challenges, Guatemala City
- Workshop on International treaties for investment protection and public service regulation, Buenos Aires
- Workshop on Control of transfer pricing in the drinking water and sanitation industry. Santiago

2009

- Second Chilean/German forum on innovation and research, Santiago
- National labour workshop "Drinking water supply and sanitation services in Guatemala: potential benefits and success factors". Guatemala City
- Cooperation between the division and the Water Regulators' Association of the Americas (ADERASA). Cartagena, Colombia
- Seminar "International agreements on investment, sustainability of infrastructure investments and regulatory and contractual measures", Lima

2008

- Regional conference on policies for economically efficient, environmentally sustainable and socially equitable drinking water and sewerage services



IV. The strategic partnership: a model of cooperation

The physiognomy of the region has undergone profound changes over the past three decades. Among the most noteworthy are the consolidation of democratic regimes; the implementation, in nearly all of the countries, of policies for reducing poverty and inequality; economic growth; and an improved response to economic crises. But challenges remain, and there are gaps still to be closed. These include building new State institutional structures to meet citizen demands for more — and better— basic services such as education, health and housing; improving the distribution of income to promote social cohesion; devising more consistent social and economic policies to advance towards meeting global commitments; creating more —and better— jobs; and achieving steady increases in productivity and investment that will contribute to economic growth with equity and sustainability.

Against this backdrop of progress and challenges, it is especially important to strengthen the partnership between ECLAC and BMZ. Each one brings its own comparative advantages to bear, and their combined effort can yield far more effective multilevel, multi-thematic joint action.

Looking forward, we believe that there is room for enhancing the strategic value and relevance of this partnership by designing cooperation programmes to capitalize on the following opportunities:

1. Complementarity between ECLAC and BMZ

Complementarity between ECLAC and BMZ levels of intervention makes for a virtuous circle of feedback

There is a need to reinforce and systematize linkages and the creation of synergies between, on the one hand, thematic areas for cooperation between ECLAC and BMZ and, on the other, projects conducted bilaterally and regionally by Germany. Both institutions combine proximity to implementation and learning processes at the local level with the ability to influence national policies and the capacity to disseminate best practices among countries.

The regional dimension of development

The regional dimension of development that ECLAC brings to the table is of value precisely because the challenges of development are transboundary.

This anchor strengthens the partnership between ECLAC and BMZ and allows for direct participation in the debate, at the highest decision-making levels in the countries. Joint ECLAC/ BMZ presence at regional and global forums would yield opportunities to work together on preparing, shaping and positioning thematic areas of mutual concern that respond to the interests of the countries and on putting those regional issues on the global agenda.



Networking

In an ever more interconnected world that increasingly revolves around groups and networks, ECLAC and BMZ want to strengthen and share their political and technical contacts so as to better fulfil their respective mandates. In this context, ECLAC can share its network of contacts through its secretariat, the agencies of the United Nations system and the countries of the region. Germany can contribute its contacts with institutions in Europe, governments, academia and centres of excellence to spur political and technical dialogue on the most pressing development-related issues.

2. South-South and triangular cooperation

South-South cooperation has been on the development cooperation scene for several decades now. With today's emerging economies and strengthening national and local capacities, it is more and more in the spotlight. But there is no mechanism for systematizing, aligning or encouraging actions in this sphere. The thematic range runs all the way from missions for sharing expertise among peers with similar challenges and lines of thought, to implementing joint projects. South-South cooperation is at the core of what ECLAC does: fostering exchange among the countries of the region, systematizing successful and innovative expertise for development and building and strengthening thematic and technical networks. The advantages we see in South-South and triangular cooperation are as follows:

- consolidating a spirit of solidarity and integration among countries;
- interacting with peers to promote horizontal relationships between providers and recipients of cooperation;
- building capacities, for both the country receiving knowledge and the country that shares it; and
- systematizing successes and testing them in other national contexts and realities.

Exploring a cooperation scheme in which ECLAC and BMZ would support South-South cooperation would add real value for all of the actors.

3. Putting innovative issues on the development agenda

One of the characteristics of this cooperation has been to put issues relevant to development on the public agenda. Promoting innovative issues, like health and pension system reform or fiscal policy, did raise the profile of both institutions in the region. But, above all, it has helped build States that guarantee rights and well-being.

The strategic partnership between ECLAC and Germany is more relevant than ever. These are times that call for mature partnerships based on shared values such as trust, mutual respect and the familiarity of those who know how to work as a team. Over time, ECLAC and Germany alike have earned a great deal of credibility by implementing competent, relevant and untied technical cooperation. Combining this store of trust and optimizing the complementarity of the two institutions will further strengthen the impact of cooperation on policies and strategies for development in the region.

Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)

The Federal Republic of Germany has been involved in cooperation and development since 1952. A separate ministry was created in 1961 and has been responsible for economic cooperation and development since then. The Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung /BMZ) develops the guidelines and the fundamental concepts on which German development policy is based. It devises long-term strategies for cooperation with the various players concerned and defines the rules for implementing that cooperation. These are the foundations for developing shared projects with partner countries and international development organizations. All efforts are informed by the United Nations Millennium Development Goals and their ambitious timeline.

See [online] <http://www.bmz.de/en/>



Economic Commission for Latin America and the Caribbean (ECLAC)

The Economic Commission for Latin America and the Caribbean (ECLAC), established in 1948 as the Economic Commission for Latin America, is one of the five regional commissions of the United Nations. Headquartered in Santiago, Chile, it was founded with the purpose of contributing to the economic development of Latin America, coordinating actions directed towards this end, and reinforcing economic ties among its member States and between them and other countries of the world. Subsequently, its scope of action was expanded to include the countries of the Caribbean, and promoting the region's social development was added to its core objectives. In June 1951, the Commission established the ECLAC subregional headquarters in Mexico City, which serves the needs of the Central American subregion, and in December 1966, the ECLAC subregional headquarters for the Caribbean was founded in Port of Spain, Trinidad and Tobago. In addition, ECLAC maintains country offices in Buenos Aires, Brasilia, Montevideo and Bogota, as well as a liaison office in Washington, D.C.

See [online] <http://www.eclac.cl/>



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