



Federal Ministry
for Economic Cooperation
and Development

BMZ Member Update

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Four Priority Areas of our Development Policy

Providing Global Health and Bodily Autonomy

Pushing Back Poverty, Hunger and Inequality

Forging Ahead with the Just Transition

Embracing a Feminist Development Policy

Core thematic area 'Sustainable Economic Development, Vocational Training and Employment' follows the guiding principle of **a socio-ecological transformation of the economy**

- Multiple crisis require a fundamental **transformation of the economies** of our partner countries, **towards socially just, ecologically sustainable, digital and competitive economic systems.**
- Following the definition of the ILO: „greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind“.
- Paradigm shift:
 - From micro to macro-level interventions with a strong focus on economic policy as the key driver of the socio-ecological transformation
 - Aiming at structural changes; systems approach

Transformative Approaches to **Private Sector and Financial Systems** Development

- Build capacities of partner countries to effectively formulate strategies to drive the transformation towards inclusive green economies
- Improve economic framework conditions, so that private-sector potentials are used to transform markets, increase competitiveness, innovations and investments and thus also the supply of good jobs.
- Core approaches:
 - Green and gender-transformative business environment reforms (women economic empowerment)
 - Green industrial policy / net-zero industrialization
 - Sustainable finance: integrating sustainability criteria in financial decisions through policy and regulatory frameworks



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Examples of BMZ Initiatives Aimed at Promoting the Socio-Ecological Transformation of the Economy



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Co-funded by
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Implemented by:
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Macroeconomic Reforms/Green Growth in Vietnam

- The bilateral project supports the Vietnamese government in **formulating and implementing macroeconomic reforms**, improving coherence of economic policies, as well as enhancing the management of public and private resources with the objective of promoting a transition towards a green and inclusive economy.
- The main implementation partners are Ministry of Planning and Investment, Central Institute for Economic Management, Ministry of Finance, State Bank of Vietnam and Ministry of Labour, Invalids and Social Affairs.
- Areas of support:
 - ➔ provide research and policy advice with regard to economic restructuring towards green growth, circular economy and regional development linkages
 - ➔ improve public financial management and promote financial market reform
 - ➔ integrate social dimensions into green growth policies

More information can be accessed at <https://www.giz.de/en/worldwide/18779.html>.



Investment Climate Reform (ICR) Facility

- The ICR Facility is demand based and offers targeted, short-term **technical assistance** for business environment improvements.
- Funding: €22.75m of which €20m from EU, €2.5m BMZ, €0.25m British Council
- Target groups are e.g. ministries, business associations, development finance institutions in most countries in Africa, the Caribbean and the Pacific.
- A new focus is set on promoting Business Environment Reforms that enhance **Women's Economic Empowerment**.



More information can be accessed at <https://www.icr-facility.eu/>.

The PtX Development Fund

- The PtX Development Fund is a **financing instrument to close the bankability gap** in large-scale PtX projects and assist developing countries and emerging economies in the establishment of a local green hydrogen economy.
- Target groups qualified to apply for calls are public institutions and private companies in ODA-countries.
- The fund
 - provides grants for catalytic investments along the entire green hydrogen value chain – from production to processing (incl. hydrogen derivatives) all the way to storage, transport and dissemination infrastructure
 - supports partner countries building local value chains around green hydrogen, facilitating the local production and use of green hydrogen and derivatives.

More information can be accessed at <https://www.kfw-entwicklungsbank.de/Our-topics/PtX/>.

Sustainable Economic Transformation and Sustainable Finance

- The global program **advances the socio-ecological transformation of economic and financial systems in our partner countries** while taking into account international standards and global agendas.
- The program aims at
 - driving international agenda setting and knowledge transfer in the area of sustainable economic transformation and sustainable finance while strengthening the voice of developing countries
 - providing demand-based economic policy advisory (with links to PtX Development Fund)
 - transforming financial systems by strengthening sustainable finance policy and regulatory frameworks
 - integrating sustainability in the financial industry's business practices through capacity building
 - supporting the Team Europe Initiative Sustainable Finance Advisory Hub