
A greener economy: pioneering triangular cooperation between the Republic of Korea, Spain and Latin America

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Theme^{1 2}

Cooperation between the Republic of Korea, Spain and Latin America to promote a green economy presents a rare opportunity to make progress in sustainable development. This paper explores some options for triangular cooperation to foster emission reductions, the protection of natural capital and clean technology deployment as the pillars of a green economy.

Summary

Cooperation between the Republic of South Korea, Spain and Latin America (LatAm) has the potential to make a positive contribution to promote a green economy. Opportunities for cooperation include, among others: institutional cooperation, capacity building, policy exchange and diffusion –in particular green recovery programmes inspired by green ‘new deal’ type initiatives–. Spain and Korea have experience in designing green measures to tackle economic downturns. These measures are part of a ‘green deal’ framework that could be further developed in Latin America to reactivate the economy. Underlying this opportunity for cooperation is Latin America’s abundant natural wealth, from land-based and marine biodiversity to critical minerals for the low-carbon transition. The region has set up climate targets, a number of countries have adopted ambitious climate legislation, and some countries have played a positive role at critical junctures in the UN climate negotiations. Moreover, bilateral trade and strong investment, trade, historical and institutional ties underpinned by shared values in LatAm and Spain bode well for strengthening cooperation. Both Korea and Spain have developed bilateral cooperation with some Latin American countries, which provides a positive basis on which to build future triangular cooperation on green economy measures.

In April 2022 the Elcano Royal Institute and the Korea Foundation organised a roundtable to kickstart a dialogue about triangular cooperation on the green economy with a focus on clean technologies, mobility, nature protection and digitalisation. This

¹ The views expressed by Dr Araya in this article do not necessarily reflect those of the European Climate Foundation.

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paper builds on the analysis and insights shared during the roundtable and complements it with further insights from ongoing work on green economy issues in these geographies. It concludes by providing some recommendations for future cooperation.

Analysis

(1) Introduction

The benefits of shifting to a green economy abound in national debates in the Republic of Korea, Spain and in Latin America (for example in Chile, Costa Rica and Colombia). A full conceptualisation of a 'green economy' falls out of the scope of this paper and has been reviewed in economic literature in the past years. Nonetheless, a definition and key features of green economies are provided here to avoid fuzzy conceptualisations and to help identify tangible areas where triangular cooperation between the Republic of Korea, Spain and Latin America might develop.

Defined as low-carbon, resource efficient and socially inclusive, the concept of 'green economy' was born in 1989 with the publication of the Blueprint for a Green Economy. Two decades later, the United Nations Environmental Programme (UNEP) also used the term in its Green Economy Initiative, under which it commissioned a study on the Global Green New Deal (GGND) to stimulate global economic recovery while improving the sustainability of the world economy. At the core of this deal were fiscal stimulus programmes. The goals were to achieve economic recovery, poverty alleviation, reduce greenhouse gas emissions and tackle ecosystem degradation.

Three key attributes of green economies are highlighted here:

- First, the goal of a green economy is to help achieve sustainability. Sustainability was defined by Brundtland in 1987 as 'the ability of current generations to meet their own needs without compromising the ability of future generations to meet their needs'.
- Secondly, under a green economy paradigm the environment is valued and taken into account in decision-making processes (for instance, using green national accounting measures such as Adjusted Net Savings). This valuation of the environment would ideally create incentives to protect nature but does not question a pro-growth stance of the development model. Additionally, it does not foresee the potential existence of limits to the substitutability of different capital types (man-made, social and natural).
- Third, the transition towards green growth requires transformational shifts. It is not just a matter of incremental changes. The shifts are linked to new skills, resources, policies, technologies, markets and institutions.

A green economy is a relevant objective today. As countries seek to recover from the economic and social consequences of COVID-19 many are rethinking their growth strategies. The Russian invasion of Ukraine has also underscored the need to accelerate the clean energy transition, increase energy savings and diversify energy sources, all of

which contribute not only to climate objectives but also to peace and stability, for instance through the EU's RePowerEU.

Green fiscal stimulus programmes and accompanying policies are being explored and implemented to recover from the COVID-19 pandemic. In practice, a green recovery means increasing investments in renewables, expanding grids and rolling out clean mobility infrastructure, connectivity infrastructure, R&D spending and investments in education and worker retraining, which have a high positive climate impact and a high long-term economic multiplier. Building upgrades also yield a high and positive climate impact but a more limited long-term economic multiplier.

Post-COVID recovery plans have paid (some) attention to accelerating investments in climate mitigation, although less emphasis has been paid to adaptation, biodiversity and environmental protection more broadly. Fiscal stimulus packages aimed at recovering from the COVID-19 pandemic amounted to US\$17.2 trillion³ in G20 and other countries, according to the latest analysis from Vivid Economics and Finance for Biodiversity Initiative.⁴ Industry and transport were set to receive the bulk of the funding, with agriculture expecting to receive significantly less support. Of the more recently announced stimulus packages, an increasing share has been green, particularly in the EU, Canada, South Korea and the US (GGGI, 2021).

(2) Green Recovery in Latin America, Spain and Korea

(2.1) Green recovery in Latin America

The pandemic has had a disproportionately negative impact on Latin America. While the region is home to 8% of the world's population, it has reported around 29% of deaths from COVID-19. In 2020 the region's GDP dropped 7% (UNEP, 2021).

The region has a mixed record with respect to green recovery (UNEP, 2021). The unsustainable sectors, such as fossil-fuel energies, have received around US\$7.4 billion compared with environmentally sustainable initiatives, at US\$1.5 billion. In particular, 74% of the environmentally negative spending has been directed at fossil energy infrastructure, and 13% went to unsustainable port and airport infrastructures, which is expected to lead to an increase in carbon emissions.

According to UNEP, key opportunities for green recovery in the region are in the field of sustainable energy, in particular non-conventional renewable energy and energy efficiency; investments in zero-emission transport –with a special focus on public transport–; and investments in nature-based solutions to ensure adaptation, agriculture and urban centres, where most Latin Americans live. These opportunities are aligned with the region's priorities to further the Agenda 2030 goals, rebuild better after the COVID-19 pandemic and eradicating poverty, as expressed in the Bridgetown

³ Throughout this paper, trillion = 10¹².

⁴ G20+ fiscal stimulus analysed by Vivid Economic represented over five times the amount allocated to programmes tackling the global financial crisis of 2008. However, the green response to COVID-19 is *smaller* in percentage terms than that of the recovery packages of 2008-09: 10,4% today versus 15.7% back then.

Declaration adopted at the 22nd meeting of Environment Ministers from Latin America and the Caribbean.

(2.2) Green recovery in Spain

Spain is among the world's top 15 economies. After an 11% decrease in GDP in 2020, growth resumed in 2021 with a 5.1% increase and is expected to continue apace in 2022 (+4.8% estimated by the IMF). In response to the pandemic, Spain set up a National Recovery and Resilience Plan that amounts to over €69.5 billion in grants from the EU's temporary recovery mechanism (NextGenerationEU). The Spanish recovery plan is guided, among others, by the country's Strategic Energy and Climate Framework and seeks to accelerate the decarbonisation targets included therein. As required by the EU, member States planned to allocate 37% or more of their investments in supporting climate objectives (a high figure compared to the world average green recovery allocation) and 20% of the funds to support their countries' digital transitions.

More specifically, some of the key elements of Spain's recovery plan include:

- First, it allocates 40% of investment funds to support climate objectives and, as is the case in other large EU emitters (Germany, France, Italy and Poland), it focuses the bulk of investments on mobility, housing and energy.
- Secondly, it builds on a robust legislative and executive framework (the Strategic Energy and Climate Framework) to help guide the country's recovery and transformation efforts. The key goals in this framework include:
 - At least a 23% reduction in greenhouse gas by 2030 compared with 1990 levels and climate neutrality by 2050.
 - Reaching 42% of renewables in final energy use by 2030.
 - Having 74% of renewable power by 2030.
 - A 39.5% energy efficiency improvement by 2030 vis-à-vis the PRIMES reference scenario.
 - Five million electric vehicles by 2030.
- Third, it seeks to help deliver the goals of the Just Transition Strategy for vulnerable sectors, workers and communities by, among others, addressing the transition away from coal jobs, through the development of just transition agreements and investing €301 million in retraining and R&D programmes, supporting innovative start-ups, investments in renewables, etc.

To ensure the Spanish plan works, experts call for reinforcing Spain's administrative structures, enhance stakeholder consultation at all levels (regional and local included) and adopt a whole-of-the economy approach instead of a piecemeal approach in the selection of projects. These policies (especially the Just Transition Strategy that is further analysed below) and warnings regarding the effective implementation of recovery plans are thought to potentially provide policy diffusion and exchange material that could benefit the development of green recovery policy frameworks in other jurisdictions, especially in Latin America.

(2.3) Republic of Korea

Korea is one of the largest economies in Asia and the 10th largest economy in the world. In the context of the energy transition, as the country develops pathways to move away from its reliance on coal towards clean energy,⁵ Korea has been a pioneer of green growth initiatives.

The first wave of domestic efforts to deliver a green recovery took place in response to the financial crisis of 2008-09 (see details in Figure 1). The second wave of efforts took place in the context of the COVID-19 pandemic.

Figure 1. Korea's green recovery measures post-financial crisis 2008/2009

In response to the financial crisis of 2008, Korea established the legal framework to advance green growth. It set emission reduction targets, a cap-and-trade system, a carbon tax, carbon labelling, carbon disclosure and the expansion of new and renewable energy. It called for a national strategy and a detailed five-year plan for a planning period of 20 years. This framework defines the main principles of a green economy.

As a result, the country set a 'National Strategy for Green Growth' to 2050 and the Five-Year Plan (2009-13) making Korea one of pioneers among emerging economies to develop a policy framework for green growth in the short and long terms. The goals included the promotion of eco-friendly new growth engines, the enhancement of peoples' quality of life and the contribution to international efforts to fight climate change. The government is asked to establish and support green investment companies and the Framework also calls for facilitation of research, development and commercialisation of green technology. Annual greenhouse gas (GHG) emission reporting is mandatory according to the Act and an Integrated Information Management System for GHGs is established.

The Framework instructs the government to prepare and enforce a basic plan for energy every five years for a planning period of 20 years. The plan should include aspects of energy security and independence, as well as targets for energy supply from renewable sources and energy demand management via saving and efficiency. The Enforcement Decree is designed to provide for matters delegated by the Act and matters necessary for its enforcement, including the establishment of central and local action plans.

For the 2009-13 Plan, Korea approved a US\$30.7 billion stimulus package to support the green economy. This included renewable energy resources, energy efficient buildings, expanding of railway systems and improving waste management. Projected benefits include increasing employment in green sectors, improved income and energy security as well as significantly reducing greenhouse gas emissions.

The 'Carbon Neutrality and Green Growth Committee' has been the leading body on carbon neutrality discussions in Korea. The committee is expected to go through some changes in its members and chairpersons due to the change of the Korean presidential administration as a result of the presidential election that took place in March 2022.

⁵ Additionally, Korea announced it would end public funding of overseas coal in April 2021.

Resources

OECD South Korea Green

rowth Page: <https://www.oecd.org/korea/greengrowthinactionkorea.htm>

<https://www.climate-laws.org/geographies/south-korea/laws/framework-act-on-low-carbon-green-growth-regulated-by-enforcement-decree-of-the-framework-act-on-low-carbon-green-growth>

(2.4) Green-recovery in South Korea post COVID

South Korea proposed a Korean New Deal to enable a quick recovery from the economic losses caused by the pandemic. Korea's New Deal comprised two parts: a Digital New Deal and a Green New Deal with a budget of US\$133 billion –around 8% of South Korea's GDP– spread over five years from 2021. It also aims to create 1.9 million new jobs by 2025, as well as to strengthen the country's employment and social safety net (HKTDC Research, 2021).

Some of these jobs will be government-sponsored and meet the needs of lower-skilled workers, while others will support the transition towards a green and digital economy. The budget for 28 projects was split in three areas, 45% of the budget going to eight green-growth initiatives, 36% to 12 digital projects and 17.5% to eight projects to create a stronger social safety net.

The green growth initiatives to 2025 include finance, energy, transport and industry (HKTDC Research, 2021):

- (1) Green Finance: developing a green-financing framework to better identify which technologies and companies to invest in. This includes the development of guidelines relating to the issuance of green bonds.
- (2) Clean energy: enacting laws promoting renewable energy. The New Deal calls for 20% of the country's energy needs to come from renewable sources. Examples of this include buildings with solar panels and 'eco-friendly insulation', offshore wind farms, offering loans to owners of farms and energy efficiency campaigns. South Korea intends to phase out all coal plants or convert them into liquefied petroleum gas (LPG) by 2050. Today, it is the world's fourth-largest importer of coal for its power plants.
- (3) Electric vehicles: to reach 1.3 million battery electric vehicles (EVs) supported by 45,000 charging points. It will also aim to produce 200,000 fuel-cell electric vehicles including buses and lorries, supported by 450 fuelling stations. This will accelerate the substitution of nearly 1.5 million diesel vehicles.
- (4) Heavy industry: tackling hard-to-decarbonise sectors, including carbon-intensive manufacturing industries such as steel, will require the largest investments in Korea.

Note that the People's Power Party candidate, Yoon Seok-yul, was elected President in May 2022, which may have an impact on the Korean New Deal.

(2.5) The social dimension of the green recovery packages

Both Spain and Korea have integrated social elements into their recovery strategies. Below are some of the key attributes.

(2.6) Spain's social programs in the context of green growth

In Spain both the Strategic Energy and Climate Framework and the National Recovery and Resilience Plan (NRRP, that allocates €301 million to just transition) are acutely mindful of the need for a Just Transition. This socially minded recovery could help other countries think about their own Just Transition Strategies. Spain's Strategic Framework includes a **Just Transition Strategy (JTS)** that is to be updated every five years, based on the International Labour Organisation Guidelines for a Just Transition and agreed upon by all stakeholders (the government, unions and the business sector).

The JTS acknowledges both the opportunities for more and better-quality jobs as well as the short-term job losses in sectors and regions in transition. As for the latter, the Spanish government set up an 'Urgent Action Plan for Coal-mining Regions and Power Plant Closures' while acknowledging that the automotive and energy intensive sectors will require specific measures in the future. Severe climate impacts expected in Spain and increasingly ambitious energy transition goals support the JTS' calls for adaptation measures for vulnerable sectors and workers. Adaptation in climate vulnerable sectors such as tourism⁶ and agriculture is also considered a priority.

In addition to the Just Transition Strategy and the funding for just transition planned in the National Recovery and Plan, there are two key distinct features of Spain's JTS that could be adapted to other regions that seek to engage in a just transition and limit social resistance to decarbonisation policies: (1) the creation of a **Just Transition Institute**, with the task of minimising the impact of the low carbon transition on regions and workers; and (2) the development of **Just Transition Agreements** (modelled on the **French Ecological Transition Contracts**). Spain's Just Transition Agreements seek to: (1) identify the areas affected by mining and power plant closures as well as their expected economic and employment impacts; (2) explore projects that would lead to long-term economic activity and employment and avoid depopulation; and (3) engage with affected communities through public participation (including that of young people) to co-design projects for economic diversification.

(2.7) Korea's social elements in the green growth agenda

In Korea the previous government stressed that jobs were the biggest casualty of the pandemic and that this hurt the most vulnerable groups, such as low-income families. The digital economy also meant efficient contact tracing and quarantine measures during

⁶ Tourism, for instance, accounted for 12.4% of Spain's GDP and 12.7% of employment in 2019.

COVID 19 that benefited many socially vulnerable groups, making a positive case for further investments in IT infrastructure during the pandemic and beyond (HKTDC Research, 2021).

Specifically, South Korea will establish a 'future-oriented job-training system' that offers a helpful framework to triangular collaboration. This means investing in people to enable a transition that nurtures not only jobs but also innovation. The government (prior to 2022) proposed working with 180,000 workers, supporting them in the transition towards the greener and digital jobs of the future.

(3) Existing bilateral cooperation on green economy issues

(3.1) Spain & Latin America green-growth cooperation

The Spanish cooperation agency (*Agencia Española de Cooperación Internacional para el Desarrollo, AECID*) manages development cooperation where a host of institutions, both public and belonging to civil society, partake in cooperation projects.⁷ Initially, AECID's prime focus was not fostering a green economy. However, it can be argued that sustainability has become an essential principle for Spanish cooperation and the relevance of green development is increasing.

Green flagship development projects in Latin America in which Spain has participated include EUROCLIMA and EUROCLIMA+, which support climate change adaptation, mitigation and resilience, climate finance and a just transition (action on climate empowerment, gender and indigenous peoples) through institutional strengthening, multisector and interinstitutional coordination and intraregional and bi-regional policy dialogue. Spain's climate cooperation project with Latin America, ARAUCLIMA, promoted mitigation and adaptation actions through knowledge management, strengthening institutions, technical advice and coordination of actors and instruments for cooperation. More recently, Spain's 2021 Cooperation Action Plan announced the creation of the Ecological Transition Fund (*Fondo de Transición Ecológica, FONTEC*) in response to the COVID-19 crisis. At present FONTEC supports environmental sustainability in Bolivia, Costa Rica, Haiti and Peru. In Costa Rica it will support research on eliminating river pollution in the great metropolitan area. Another recent initiative is a roadmap to create new bilateral and regional alliances with Latin America to enact a green transition. Further details of two key green economy-relevant projects in Latin America with Spanish participation or support are summarised in Figure 2 below.

⁷ AECID and FIIAPP implement, jointly and with other EU MS agencies, projects on climate change such as EUROCLIMA.

Figure 2. Green economy cooperation projects with Spanish participation to 2025

Project	Description	Participating countries	Total budget (€ million)	Spanish collaborating institutions	Duration
EUROCLIMA+	Facilitates dialogue on regional policy. Provides technical and financial support for the development and implementation of climate change adaptation measures and mitigation policies in the Latin American region. Focuses on mobility, nature-based solutions (NBS), NDC update, desertification and just transition	Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela	80	FIIAPP implements €8,9 million and mobilises expertise from the Spanish Ministry for the Ecological Transition and the Demographic Challenge AECID	2017-23
AI Invest Green	The goal is to promote sustainable growth and job creation by supporting the transition to a low-carbon, resource-efficient and more circular economy	Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela	6	Secretaría de Estado de Comercio FIIAPP implements component 2: promotion of policies for the effective application of environmental and employment standards and sustainable commercial and economic policy and regulatory frameworks consistent with the commitments adopted and negotiated in the Trade and Association Agreements with the EU FIIAPP implements €3.88 million by mobilising expertise from the Secretariat of State for Trade (Ministry of Industry, Trade and Tourism)	2021-25

Source: FIIAPP (undated).

(3.2) Korea & Latin America green growth cooperation

Korea is working on green growth with several countries in Latin America, with Costa Rica, Colombia, Mexico, and Peru (and other countries in the Caribbean) being the most

advanced.⁸ These countries have already started working on elements of a green recovery with Korea with a strong focus on forests and the bioeconomy (ie, in Colombia and Costa Rica), on the one hand, and elements of energy transition, on the other (for instance in Colombia). This work also includes very specific work on green finance (in Mexico and Peru).

Figure 3. Existing green growth and green recovery initiatives in the context of ROK & LatAm cooperation

Country	Sectors	Green recovery plan	Additional information
Colombia	Forests & Bioeconomy Tourism Energy	'Post-Coal' Green Jobs Strategy (Just transition elements)	The Global Green Growth Institute (GGGI) has an eight-year in-country experience. GGGI staff are embedded in various Colombian ministries and subnational-level government entities
Costa Rica	Forest & Bioeconomy (Payment for environmental service)		GGGI will open a new office in Costa Rica in 2022 and this is expected to launch new collaboration on green growth between Korea, Costa Rica and other countries of Central America
Mexico	Areas for 2021-25: Finance Green Growth Strategies; Green Recovery Plans Electric Mobility Forests and bioeconomy Waste Management	Subnational Green Recovery (Just transition & Finance elements)	GGGI will open a new office in Mexico in 2022
Peru	Sustainable Bond Framework	'Green New Deal' (Just transition and national plans elements)	

Source: GGGI country pages (as of May 2022).

⁸ Korea is also working on green growth with Caribbean countries and [Guyana](#) (which is part of CARICOM and therefore considered part of the Caribbean).

(4) Triangular cooperation: recommendations

Consultations with Spanish civil servants confirm no triangular cooperation between Spain, Korea and Latin America in delivering a green economy in the latter region, despite significant bi-lateral cooperation. The following section suggests four recommendations for framing triangular cooperation between Korea, Spain and Latin America to foster the green economy and green recovery in the latter area.

(4.1) Recommendation #1: avoid duplication, build on existing efforts

Given that Spanish cooperation institutions are interested in fostering triangular cooperation, it is our recommendation to build on existing networks and projects to do so while avoiding duplication.

Beyond the recovery plans and green cooperation projects depicted above, institutions have been identified as key levers of the low carbon transformational shift. The Iberoamerican Network of Climate Change Offices (*Red Iberoamericana de Oficinas de Cambio Climático, RIOCC*) is a regional cooperation instrument with Spain as the permanent secretariat.⁹ Given the past success of this essentially technical and consensus building network we argue that linking this network (climate offices 'dating') with other climate offices or networks that can bring post pandemic green recovery experience, could enhance climate action globally and therefore, foster the delivery of a green economy.

EU-LAC regional cooperation programmes, such as EUROCLIMA, with a methodology of policy dialogue and peer-to-peer institutional exchange, have also enabled or supported networks of dialogue and communities of practice, both within LAC and between LAC and the EU. This 'institutional *acquis*', the existing trust-based institutional relations, and the policy dialogue and peer-to-peer exchanges, can also be built upon in triangular cooperation initiatives.

(4.2) Recommendation #2: combine green recovery, digitalisation and the social agenda

Latin America has traditionally faced high levels of inequality and the pandemic has further affected the most vulnerable people. Therefore, it is critical to include this social reality into the green recovery cooperation framework for the region. Both Spain and South Korea have pushed for a socially just transition.

Robust social networks are needed if the economy is to grow stronger and more resilient. It is argued that green economy efforts will receive more support from the public if they include explicit elements to integrate workers (eg, through retraining), if climate and

⁹ The RIOCC was set up in 2004 at the IV Iberoamerican Forum of Environment Ministers and seeks to foster an on-going dialogue to further understand climate priorities, challenges and experiences as regards climate action across its members. It also strives for a full implementation of climate-related UNFCCC decisions, and it seeks the rapprochement of negotiating positions during international climate negotiations and other climate-relevant international forums. The RIOCC seeks to enhance capabilities, increase awareness, further the transfer of technologies, facilitate public-private collaboration, engage with other regional climate networks and drive cooperation, including triangular cooperation.

health policies are intertwined (for instance by deploying a cleaner mass transit), when they address the differentiated impacts of climate change on women and indigenous peoples, and when elements of quality of life are incorporated, for example supporting the shift towards greener, digital cities. GGGI has proposed a framework for green recovery that includes specific elements for Latin America with a focus on the bioeconomy and energy transition, in particular in Colombia and Mexico (GGGI,2021).

In LatAm, Colombia is arguably the most advanced in dealing with the just-transition plan. Just as in the cases of Korea and Spain, it needs to have a plan to help coal workers adapt. In 2021 the National Mining Agency put together a plan to tackle this issue because Colombia is the world's fifth largest coal exporter, and coal provides direct employment for more than 35,000 people and pays over US\$760 million worth of royalties per year to local governments.¹⁰ The strategy aims to create formal green jobs to benefit community livelihoods in the short, medium and long terms between 2021 and 2040.

As for digitalisation, according to Spanish experts working in multilateral development banks and in the IT sector, the key opportunities in the digital and green nexus would include the use of block chain, Internet of Things (IoT), Artificial Intelligence (AI) and smart sensors in energy efficiency, nature protection, resource and water use, mobility and agriculture (where pilot projects have been developed in countries like Colombia) and Earth observation (smart agriculture, forecast and analysis of desertification, emergencies, changes in land use, fire patterns, etc). In order to reap the benefits of digitalisation in the low carbon transition an innovative ecosystem would have to be developed, and current pilot projects would have to be scaled up.

(4.3) Recommendation #3: align recovery with priority sectors from a climate perspective

To halve emissions by 2030 as required by science, all sectors must accelerate decarbonisation. However, from an energy perspective, we know that the priority this decade is on decarbonising the energy system and electrifying transport. A triangular cooperation framework could push for electric mobility since both Spain and Korea are home to auto manufacturing and have ambitious decarbonisation targets. This push could also include cooperation on strategic transition minerals, especially with countries like Chile (lithium for EVs and battery storage; copper for PV, wind, power networks, EVs and batteries), Peru (Copper) or Brazil (iron ore for steel and windmills).

Regarding transport, Spain is, for instance, the 8th largest producer of vehicles worldwide and the 2nd largest producer in the EU and its electrification goals are significant. The National Energy and Climate Plan established a goal of reaching 5 million EVs by 2030 (3 million cars plus 2 million e-bikes, light trucks and buses). Additionally, all petrol stations serving 10 million litres a year or more should have a 150 kW electric charger 21 months after the adoption of the Law, according to article 15 of the Climate Change and Energy Transition Law. The National Recovery and Resilience Plan in Spain

¹⁰ The sector representing 1.1% of the national GDP in 2019 and 40% of the GDP of coal-producing territories. See <https://gggi.org/project/co13-national-post-coal-green-jobs-strategy/>.

allocated over €13 billion to promote a sustainable, safe and connected mobility that will fund the 2030 Connected, Sustainable and Safe Mobility Strategy. The combination of a strong vehicle manufacturing sector, ambitious electrification targets, robust legislative and executive frameworks and funding from the recovery plan could help achieve transport decarbonisation goals in Spain while providing valuable information for other countries in Latin America.

(4.4) Recommendation #4: advance innovative green finance models

Latin America has very little fiscal margin to invest public funds in the green economy transition. And while there is some room for climate finance in the context of the UN climate regime, the region has a middle-income economy status that makes it less likely to receive funds, compared with Africa and other regions that have, on average, less income per capita. Moreover, Colombia, Costa Rica, Chile and Mexico are now members of the OECD, together with Korea and Spain, and are less likely to get development finance. The governments are interested in attracting foreign direct investment, to increase expertise and to be part of global supply chains. That will require new financing models and innovative instruments such as green bonds.

Both Spain and Korea, as the 12th and 16th largest OECD Development Assistance Committee (DAC) donors, contributing US\$3 billion and US\$2.2 billion respectively in 2020, have pledged to support countries in their climate plans and green transitions. How much of these funds will continue to reach Latin America in the next few years is unclear.

Therefore, one recommendation is to create triangular cooperation in new financing mechanisms that leverage private financing so that it taps into local and regional funds that can be supportive of green recovery. Another important element in the advancement of green finance models is the establishment of public technical cooperation mechanisms (policy dialogues and peer-to-peer institutional exchange) which are key to: (1) accompany partners in the design, planning and implementation of *Integrated National Financing Frameworks*¹¹; and (2) create enabling regulatory environments which are tailored to partners' demands, not just environmentally but also socially and politically.

Too much of the regional capital is still flowing towards the high-emitting sectors of the economy. Future dialogues with Spain and Korea to shift the local and international funds towards renewable energy, nature-based solutions and clean transport, among others, could be one of the most transformative pillars of cooperation in the green recovery.

¹¹ A country's sustainable development strategy lays out what needs to be financed. INFFs spell out how the national strategy will be financed and implemented, relying on the full range of public and private financing sources.

Conclusions

Triangular cooperation between Korea, Spain and Latin America has the potential to activate very concrete actions in the areas of clean energy, nature-based solutions and transport. The good news is that these countries do not need to start from scratch. Many actions are already underway bilaterally, between Spain and Latin America, and, more recently, between Korea and LatAm, on green economy and climate action.

In this paper we have argued for the development of triangular cooperation to foster a green economy in Latin America by building on existing efforts, lessons, and resources. We have also stressed the importance of integrating social elements explicitly. This is particularly important in the post-pandemic recovery effort in Latin America. Moreover, the green recovery effort can go further if it actively and deliberately incorporates digitalisation via, for instance, the widespread use of digital technologies to help track deforestation –as well as elements from the global climate agenda–. It will be critical to link the green recovery effort to the global imperative of decarbonisation embedded in the Paris Agreement. This is the critical decade from a climate perspective, and priorities for green growth and triangular cooperation should reflect this. Finally, Latin America is (with exceptions) mostly a middle-income region that needs to scale up investments and finance, public and private, local and international. To the extent that triangular cooperation can tap into this potential and help advance innovative financing mechanisms, it will help push transformative shifts, which are one of the ultimate goals of the push for a greener economy.

** In association with Korea Foundation.*