

# GREEN CONOMY

# **Discussion Paper**

Development strategies of selected Latin American and Caribbean countries and the green economy approach

A comparative analysis



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#### LIST OF ACRONYMS

ALBA Bolivarian Alliance for the Peoples of Our America

ECLAC UN Economic Commission for Latin America and the Caribbean FONAG Fund for the Protection of Water of the City of Quito – Ecuador

GDP Gross Domestic Product GER Green Economy Report

GNH Gross National Happiness – Bhutan LAC Latin America and the Caribbean

NDPT National Development Policy and Land Use Plan – Argentina

ODA Official Development Assistance

OECD Organization for Economic Co-operation and Development

PET National Strategic Land Use Plan – Argentina

PND National Development Plan: Bolivia Dignified, Sovereign, Productive and Democratic to Live Well (Vivir Bien)

PNDH National Plan for Human Development – Nicaragua ROLAC Regional Office for Latin America and the Caribbean SELA Latin American and the Caribbean Economic System

SiNDOT National Development and Land Use Planning System – Argentina

SIVAT System of Information, Extension and Technical Assistance for Development and Land Use Planning – Argentina

UNCSD United Nations Conference on Sustainable Development UNCTAD United Nations Conference on Trade and Development

UNEP United Nations Environment Programme

UNFCCC United Nations Framework Convention on Climate Change

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#### **FOREWORD**

Despite growing evidence that transitioning to a green economy has the potential to help countries achieve their sustainable development goals, it has been recognized as one of many approaches, visions, models and tools available to countries as they build more sustainable, socially inclusive and ecologically viable societies. The UN-led global debate on green economy in the context of sustainable development and poverty eradication, culminating at the Rio+20 Summit last year, presented a unique opportunity for nations to examine different development models, highlight their successes and learn from their neighbours. It also challenged countries to consider whether a green economy approach could be useful to their own development models.

As in other regions, countries in Latin America and the Caribbean are as diverse in terms of their national priorities as they are in their approaches to development. Yet these countries also share some common goals, such as the betterment of the lives of their people and communities and a deep respect for nature. Most development models recognize that government leadership is essential for creating the necessary regulatory frameworks and incentives to promote environmental protection, economic advancement and social equity. Nearly all of the countries note the critical role nature and its ecosystems play in their development plans and the need to conserve these vital resources moving forward.

Following a series of open dialogues between UNEP and selected countries from Latin America and the Caribbean – specifically Argentina, Bolivia, Cuba, Ecuador, Nicaragua and Venezuela – a more in-depth study was undertaken to understand the commonalities between the existing and proposed paradigms and approaches to a development that ensures well-being and respect for nature, and the concept of green economy in the context of sustainable development and poverty eradication. Building upon the multiplicity of innovative and path-breaking initiatives in the region, the study then explores how policies promoting a low-carbon, resource efficient and inclusive economy could potentially enhance these national efforts to eradicate poverty, reduce social inequality and improve human well-being. The study, *Development strategies of selected Latin American and Caribbean countries and the green economy approach: A comparative analysis*, is intended to expand the conversation on how a green economy can contribute to the different approaches being used in the region to promote sustainable development.

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# EHECUTIVE SUMMARY

The outcome document of Rio+20, *The Future We Want*, considers the green economy approach as an important tool for achieving sustainable development and poverty eradication, while providing an opportunity for thoughtful policymaking. It also affirms that there are different approaches, visions and models available to countries, in accordance with their national circumstances and priorities, to achieve their respective sustainable development.

Through this paper, *Development strategies of selected Latin American and Caribbean countries and the green economy approach: A comparative analysis*, UNEP aims to set the foundation for a post-Rio+20 regional debate on the potential of a green economy transition to sustainable development. The present study focuses on six countries that have expressed major concerns about the concept of green economy, namely: Argentina, Bolivia, Cuba, Ecuador, Nicaragua and Venezuela. All countries, except Argentina, are members of the Bolivarian Alliance for the Peoples of Our America (ALBA).

The specific objective of the study is two-fold: to compare predominant elements of the development strategies of these countries with the green economy approach as defined by UNEP; and to analyse the concerns expressed with regard to the adoption of a green economy as a pathway towards sustainable development.

Based on seven themes, the comparative analysis of the countries' development strategies with the green economy approach finds the following:

#### Vision on development

As the ultimate goal of their development strategies, all countries analysed promote the improvement of the lives of their people and communities. Most have developed their specific concept of well-being: Good Living (Ecuador), Living Well (Bolivia), Supreme Social Happiness (Venezuela), Equal Rights and Opportunities (Cuba). In the case of Bolivia and Ecuador, this improvement is also linked to a spiritual relationship with nature and in

communion with people. In this context, the green economy approach – as a vehicle for transition to sustainable development – proposes instruments to achieve the objectives of sustainable development in each country in recognition of their social, cultural, environmental, institutional and economic background. In this context, green economy – as a vehicle for transition to sustainable development – proposes instruments to achieve the objectives of sustainable development in each country depending on their social, cultural, environmental, institutional and economic background.

#### ■ Role of the state and the market

There is a similar view among the six countries that the transition towards sustainable development, either through a green economy or another model, requires a well-defined government intervention crafted with mechanisms and incentives to ensure that human, institutional and financial efforts are aimed at the sectors and activities that promote environmental protection, economic development and social inclusion. In the same way as the green economy approach, the countries analysed promote the leadership of the state in directing the economy and regulating the market, as the latter alone cannot ensure that trading conditions are always fair and that the agreement of its representatives is obtained in a truly voluntary way.

#### Social equity

All countries analysed have a special commitment to the eradication of poverty and consider social equity as one of the key elements for a transition towards sustainability. Similarly, the implementation of green economy policies implies, by definition, a reduction of social inequality. A green economy simultaneously achieves acceptable living standards and development based on the efficient use of natural resources. At the same time, green economy policies must be coupled with egalitarian policies to ensure that people's quality of life is maintained or improved. More egalitarian societies lead to better environmental performance.



#### Nature and development

All development strategies studied include legal instruments that regulate the relationship between man and nature, the individual and collective rights to a healthy environment, and the duty of citizens to preserve the environment. Likewise, the green economy approach recognizes that the way in which natural resources have been traditionally transformed into financial capital, as if they were a resource "free for the taking", has caused a permanent deterioration of ecosystems and compromised the well-being of present and future generations. This point of view is in line with the intention of these countries, among other objectives, to move from an extractive-based development model to one that values nature and uses resources sustainably. It is noteworthy that Ecuador and Bolivia have added a new legal dimension to the human-centred perspective on the relationship between man and nature, which has so far been dominant in sustainable development: nature also has rights that must be respected, promoted and defended. While the green economy approach recognizes that natural resources are a critical source of well-being and livelihood essential for human development, it does not explicitly express a spiritual relationship between humans and nature.

#### Economic growth and indicators

Although all six countries mentioned economic growth as one of their development objectives, they also recognize that their ultimate goal goes beyond material wealth generation, and includes, inter alia, the fulfilment of people's aspirations in harmony with the rest of society and nature. Both UNEP's green economy concept and the countries analysed emphasize the need to use new accounting schemes that are internationally considered to better measure progress towards sustainable development. UNEP is aware of the limitations of using gross domestic product (GDP) as an indicator of human well-being and is currently engaged in searching for alternatives that better capture this aspect.

#### Sustainable consumption and production

Most countries have embarked on national initiatives to accelerate the shift towards sustainable consumption and production, as endorsed by the green economy approach. These initiatives will enhance the efficient use of resources during production processes and promote awareness about sustainable consumption. Sustainable production and consumption, as stated in the 10-Year Framework of Programmes on Sustainable Consumption and Production and the green economy approach, are sometimes seen as two sides of the same coin: they share the goal of seeking sustainable development and cover the macro and micro aspects of economic public policy, regulations, business operations and societal behaviour.

### Economic instruments for environmental protection

The national development strategies of nearly all the countries recognize the functions of ecosystems and how their conservation can be effectively integrated into the country's development. In this regard, several economic instruments are currently being used for environmental protection in these countries. Similarly, the green economy approach offers a range of economic instruments that could help preserve the environment and increase equity and social wellbeing. Nevertheless, it is the choice of each country to adopt the most appropriate approaches and tools based on its national interests and socio-economic status. As such, both the green economy approach and some of the countries analysed recognize that natural resources can provide global benefits, such as carbon sequestration and biodiversity conservation. In a green economy, it is possible to compensate those who provide these functions and could be a source of a stable stream of revenue for service providers. However, the green economy approach believes that the adoption of international mechanisms for environmental protection should not be detrimental to the sovereignty of countries.

The analysis of the countries' concerns regarding the adoption of green economy as a pathway towards sustainable development sheds light on the following issues:

#### Sustainable development

A majority of the six countries analysed consider that a green economy could be an important tool to achieve sustainable development, as long as it is adapted to the economic development strategies, development priorities, and political and institutional frameworks of each country. However, a green economy should not replace sustainable development. UNEP recognizes that there are different paths to reach sustainable development. While it is promoting the green economy approach, the decision about how to move towards sustainable development remains each country's choice. It is the state's responsibility to ensure the institutional, political, financial and human capacities as well as achieve what the country considers its priorities in the social, economic or environmental pillars.

#### International markets and financial capital

Some of the countries studied demand a reform of the global financial and food production markets, including an improvement in their transparency. They also fear that the green economy can be used as a tool for financial capital to transform nature into merchandise. In the past two decades, there was substantial investment in financial derivatives and inadequate investment in the real economy and in sectors that cater to the needs of society, such as food security, energy security, decent jobs, public transport, waste management, restoration of ecosystems and education. The green economy approach emerged in response to such needs. From UNEP's point of view, a green economy approach is a call to rectify this economic model and mobilize resources to address these urgent needs.

#### ■ Trade and North-South cooperation

The six countries expressed their particular concern that the green economy approach may lead to the adoption of conditions, parameters or rules that could produce disguised restrictions or arbitrary and unjustifiable discrimination related to trade, finance, Official Development Assistance and other forms of international assistance, which in turn could lead to "green protectionism". In this regard, a green economy, as defined by UNEP, supports the elimination of all harmful subsidies that lead to environmental degradation. In addition, UNEP's position calls for the strengthening of existing international mechanisms to address these concerns and meet these new challenges.

#### Technology transfer and development of national capacities

The six countries advocate for the creation of appropriate international mechanisms for the transfer of technology and financial resources to enable developing countries to move towards sustainable development without additional costs. A green economy approach envisions a flow of foreign direct investment and international trade towards green sectors or towards the greening of existing sectors. Technology transfer, within a green economy framework, considers appropriate local practices that could complement, but not replace, the technologies, knowledge, cultures and ethical considerations of the host country.

#### Social inclusiveness

The countries have expressed concern over the negative impact of a green economy approach on the welfare of certain sectors of the population. In a green economy, it is the state's role to ensure the success of the adoption of policies that assure that the poorest segments of society are protected

from the negative impacts of change in public policy. The transformation to a green economy on a large scale and in a sustained way would involve changes that could be difficult, at least for some segments of the population. For this reason, it is of the highest importance that governments take a leading role in the formulation of policies and strategies through an inclusive and transparent process in order to mitigate the impacts on the most vulnerable groups.

#### Competitiveness

Countries are concerned over the fact that in the process of adopting a green economy, developing countries would become less competitive. For most of the countries included in this study, their competitiveness is based on the abundance of their natural resources. However, if these resources are not renewed and managed sustainably, as proposed by a green economy, continuous extraction will result in countries running out of these resources. For example, a green economy promotes that the trade of biodiversity products be organized accordingly to the Principles and Criteria adopted by UNCTAD. This ensures, inter alia, that the production and marketing of these goods are sustainable and contribute to a fair and equitable sharing of benefits from the use of biodiversity. BioTrade is not only an economic opportunity for countries, but also a way to ensure the sustainable use of natural resources. In addition, the green economy approach proposes the use the dividends from the exploitation of natural resources to green the economy, e.g., sustainable agriculture, renewable energy, sustainable buildings and waste management.

Furthermore, the study finds that:

• Although most of the countries analysed have integrated into their development strategies certain elements that govern the relationship of human and communities with the environment and the

pathways for achieving sustainability, there is a gap between the position of the countries, often very innovative, which is expressed in the international arena, and their current development policies. However, this gap may be intrinsic to the process of public policy creation, where issues discussed and approved at international forums are incorporated into national legislation with a certain delay.

Many of the concerns stated by the group of countries during the Rio+20 preparatory process were first presented by the G77 and China group and finally included in the outcome document *The Future We Want*. This could be a sign that these concerns are shared by many other developing countries and that the ALBA group and Argentina played a decisive leadership role in the negotiation of the final text.

In conclusion, the study recommends that UNEP, and specifically its Regional Office for Latin America and the Caribbean (ROLAC), focus its future green economy efforts on two areas:

- Dialogue Continue the dialogue with this group of countries, particularly through the promotion of high-level discussions between UNEP and governments, on possible ways to effectively incorporate the environmental dimension into their policies, according to their own needs and perspectives.
- Regional strategy Define and implement a regional green economy strategy that includes all countries in the area. Such a strategy could help guide and coordinate the work of UNEP, and provide a framework for regional action on commitments made at Rio+20.

### RESUMEN EJECUTIVO

El documento *El futuro que queremos* considera que la economía verde, es uno de los instrumentos disponibles más importantes para lograr el desarrollo sostenible y que podría ofrecer alternativas para la formulación de políticas serias. No obstante, el documento afirma que existen diferentes enfoques, visiones y modelos, en función de las circunstancias y prioridades nacionales, para lograr el desarrollo sostenible en sus tres dimensiones.

El PNUMA a través de este documento "Estrategias de desarrollo en países seleccionados de América Latina y el Caribe y el enfoque de economía verde: un análisis comparativo" se propone crear las bases que guíen un debate regional post Río+20. Dicho debate analizaría las potencialidades de la adopción de una economía verde para llevar a cabo la transición hacia el desarrollo sostenible de los países de la región. El presente estudio centra su análisis en seis países del área que han expresado con mayor fuerza sus inquietudes respecto al concepto de economía verde, a saber: Argentina, Bolivia, Cuba, Ecuador, Nicaragua y Venezuela. A excepción de Argentina, el resto de los países pertenece a la Alianza Bolivariana para los Pueblos de Nuestra América (ALBA).

Los objetivos específicos del estudio son dos: identificar los elementos predominantes de las estrategias de desarrollo de los países seleccionados y compararlos con el concepto de economía verde del PNUMA y, analizar las inquietudes expresadas por ellos respecto a la adopción de una economía verde como vía para alcanzar el desarrollo sostenible.

Con base en siete temas, el análisis comparativo entre los modelos de desarrollo y la economía verde mostró que:

#### Visión sobre el desarrollo

Todos los países analizados establecen como fin último de sus estrategias de desarrollo la mejora de las condiciones de vida de las personas y comunidades, definido en los conceptos Buen vivir (Ecuador), Vivir bien (Bolivia), Suprema felicidad social (Venezuela), Igualdad de derechos y de oportunidades (Cuba). Para Bolivia y Ecuador esta

mejora está además ligada a una relación espiritual con la naturaleza y en comunidad con los seres humanos. En ese contexto, la economía verde, entendida como un vehículo de transición hacia el desarrollo sostenible, propone instrumentos que permiten alcanzar los objetivos de desarrollo sostenible en cada país de acuerdo con su situación social, cultural, ambiental, institucional y económica.

#### Papel del estado y del mercado

Existe una visión similar en los países analizados en el sentido de que el paso al desarrollo sostenible, ya sea por medio de una economía verde u otro modelo, requiere necesariamente de una intervención fuerte del gobierno para crear los mecanismos e incentivos adecuados que aseguren el que los esfuerzos humanos, institucionales y financieros estén encaminados a los sectores y actividades que promuevan la protección ambiental, el desarrollo económico y la inclusión social. Al igual que todos los países analizados, el enfoque de economía verde del PNUMA promueve el liderazgo del estado en la dirección de la economía, regulando el mercado, ya que este por si solo no es capaz de garantizar condiciones de negociación justas y un consentimiento de las partes realizado de forma verdaderamente voluntaria e informada.

#### Equidad social

Se destaca un compromiso especial en este grupo de países con la erradicación de la pobreza. En todos los modelos de desarrollo, la equidad social se considera como uno de los elementos clave para transitar hacia la sostenibilidad. La implementación de políticas de economía verde implica, por definición, una reducción de la desigualdad social. De la misma forma, sociedades más igualitarias permiten un mejor desempeño ambiental. Una economía verde permite alcanzar simultáneamente estándares de vida aceptables y un desarrollo basado en el uso eficiente de los recursos naturales. Las políticas de economía verde deben de estar acopladas a políticas igualitarias que garanticen que la calidad de vida de la población sea mantenida o mejorada.



#### Naturaleza y desarrollo

Todos los modelos de desarrollo reconocen dimensiones legales respecto a la relación hombrenaturaleza, el derecho individual y colectivo a un medio ambiente sano y el deber de los ciudadanos de preservar el ambiente. La economía verde reconoce que la forma en que tradicionalmente se han considerado los recursos naturales para transformarlos en capital financiero de manera "gratuita" y "permanente" ha causado el deterioro de los ecosistemas comprometiendo el bienestar de generaciones presentes y futuras. Esta visión está alineada con la intención de los países analizados para, entre otros objetivos, pasar del extractivismo a un modelo que valore la naturaleza y utilice los recursos de manera sostenible. Cabe destacar que Ecuador y Bolivia aportan un nuevo enfoque legal a la relación antropocéntrica hombre-naturaleza que hasta ahora ha dominado el concepto del desarrollo sostenible: la naturaleza también tiene derechos que deben ser respetados, promovidos y defendidos. Si bien la economía verde reconoce que los recursos naturales son una fuente fundamental del bienestar v del sustento del desarrollo humano, esta no llega hasta la manifestación explícita de una relación espiritual entre las personas y la naturaleza.

#### Crecimiento de la economía e indicadores

A pesar de que los seis países analizados mencionan el crecimiento de la economía como uno de los objetivos de sus modelos de desarrollo, también reconocen que su objetivo final va más allá de la generación de riqueza material e incluye, entre otras cosas, la realización de las aspiraciones de las personas en armonía con el resto de la sociedad v de la naturaleza. Tanto el enfoque de economía verde del PNUMA como varios de los países analizados, hacen hincapié en la necesidad de utilizar nuevos esquemas de contabilidad, que sean acordados internacionalmente y que permitan medir mejor el progreso hacia el desarrollo sostenible. El PNUMA es consciente de las limitaciones que supone el empleo del produto interno bruto (PIB) como indicador de progreso y bienestar humano, y se encuentra

actualmente buscando otras alternativas para medir el bienestar humano.

#### Patrones de producción y consumo

La mayoría de los países estudiados tienen ya en marcha estrategias para la promoción de patrones de producción y consumo sostenibles, tal como lo propone también la economía verde. Dichas estrategias permitirán aumentar la eficiencia en el uso de los recursos durante la producción así como un cambio en las decisiones de los consumidores. Los patrones de producción y consumo sostenibles, tal como se menciona en el Marco de Programas Decenales (10YPF por sus siglas en inglés), y el enfoque de economía verde son, en ocasiones, vistos como las dos caras de la misma moneda: comparten el objetivo de buscar el desarrollo sostenible y cubren dimensiones de políticas públicas macro y micro económicas, regulaciones, operaciones empresariales así como el comportamiento de la sociedad.

#### Instrumentos económicos para la protección de los recursos naturales

Las políticas nacionales de desarrollo de la cuasi totalidad de los países estudiados reconocen las funciones de los ecosistemas y la forma en que su conservación puede ser integrada efectivamente en el desarrollo del país. De hecho, varios instrumentos económicos están siendo actualmente utilizados para la protección del medio ambiente. La economía verde propone un conjunto de instrumentos económicos que podrían ayudar a conservar el medio ambiente y aumentar la equidad y el bienestar social. Sin embargo, depende de cada país adoptar los instrumentos y enfogues más apropiados a sus intereses y a su estatus socio-económico. De igual forma, tanto la economía verde como algunos de los países estudiados, reconocen que los recursos naturales pueden proveer beneficios globales, como el secuestro de carbono o la biodiversidad. En una economía verde la compensación por los beneficios provenientes de las diversas funciones de los ecosistemas, pueden ser vistas como generadora de ingresos estables para retribuir a los pobladores

que habitan tales ecosistemas por asegurar dichas funciones. La adopción de mecanismos internacionales para establecer dicha compensación, no debe ir en detrimento de la soberanía de los países.

#### Desarrollo sostenible

La mayoría de los países analizados considera que la economía verde podría ser una de las herramientas para alcanzar el desarrollo sostenible siempre y cuando se adapte a los modelos económicos, a las prioridades de desarrollo y a los marcos políticoinstitucionales de cada país. Sin embargo, ésta no debe sustituir al desarrollo sostenible. El PNUMA es consciente de que existen diversos caminos hacia el desarrollo sostenible. A pesar de que promueve la economía verde como uno de ellos, la decisión de qué modelo seguir o construir para transitar hacia el desarrollo sostenible es exclusiva de cada país. Corresponde al Estado asegurar los recursos institucionales, políticos, financieros, así como las capacidades humanas, hacia lo que el país considere sus prioridades en las dimensiones social, económica o ambiental.

#### Mercados internacionales y capital financiero

Una parte de los países en estudio demanda una reforma en los mecanismos globales de los mercados financieros y de producción de alimentos, incluyendo la mejora en la transparencia de los mismos. También existe el temor de que la economía verde sea puesta a disposición de los intereses del capital para mercantilizar la naturaleza. La economía verde surgió como respuesta a la especulación, que fue una de las principales causas de la crisis financiera y económica de 2008 y 2009. En las dos décadas anteriores a la crisis hubo demasiada inversión en derivados financieros y muy poca en la economía real y en sectores que la sociedad realmente necesitaba, como seguridad alimentaria, seguridad energética, empleos decentes, transporte público, manejo de residuos, restauración de ecosistemas y educación. El concepto de economía verde surgió en respuesta a dicho desarrollo. La economía verde, según la óptica

de PNUMA, es un llamado para rectificar ese modelo económico y movilizar los recursos para resolver estas necesidades más urgentes.

#### Comercio y cooperación Norte-Sur

Los países estudiados expresan una gran preocupación de que la economía verde conlleve a la adopción de condiciones, parámetros o normas que puedan generar restricciones encubiertas o discriminaciones arbitrarias injustificables al comercio, la financiación, la Ayuda Oficial al Desarrollo (AOD) y otras formas de asistencia internacional, llevando a un "proteccionismo verde". La posición del PNUMA es que los mecanismos internacionales existentes para hacer frente a estas situaciones tendrán que ser fortalecidos para afrontar los nuevos retos. Por otra parte, una economía verde vista desde la óptica del PNUMA es favorable a la eliminación de todos los subsidios perjudiciales que conducen a la degradación del medio ambiente.

#### Transferencia de tecnologías y desarrollo de capacidades nacionales

Los países abogan por la creación de mecanismos internacionales adecuados para la transferencia de tecnología y recursos financieros, que permitan a los países en vías de desarrollo transitar hacia un desarrollo sostenible sin costos adicionales. La economía verde busca que la inversión extranjera directa y el comercio internacional fluyan hacia sectores verdes o al enverdecimiento de los sectores existentes. La transferencia de tecnologías, en el marco de una economía verde, considera las prácticas apropiadas que puedan ser producidas localmente y que puedan servir como complemento y no como remplazo, a las tecnologías, conocimientos, culturas y consideraciones éticas del país receptor.

#### Inclusión social

Los países manifiestan su preocupación de que en el proceso de implementación de una economía

verde ciertos sectores de la población se vean afectados negativamente en su bienestar. En una economía verde, es papel del estado asegurar el éxito de la adopción de dichas políticas, de forma que los segmentos más pobres de la sociedad sean protegidos de los impactos negativos del cambio en la política pública. La transición hacia una economía verde en gran escala y de forma sostenida involucrará cambios que pueden ser duros, al menos para algunos sectores de la población. De ahí la importancia de que los gobiernos asuman una función de liderazgo en la formulación de políticas y estrategias mediante un proceso inclusivo y transparente para mitigar los impactos en los grupos más vulnerables.

#### Competitividad

Existe el temor a que, en el proceso de adopción de una economía verde, los países en vías de desarrollo pierdan competitividad. Para la mayoría de los países estudiados su competitividad está basada en la abundancia de sus recursos naturales. Sin embargo, si estos recursos no son manejados sosteniblemente, tal como lo propone la economía verde, terminarán por agotarse debido a la extracción continua, a menos que sean renovables. Por ejemplo, la economía verde es partidaria que el comercio de productos basados sobre la explotación de la diversidad biológica se realice según los principios y criterios de Biocomercio aprobados por la UNCTAD. Estos principios y criterios garantizan, entre otros, que la producción y comercialización de estos bienes sea sostenible y contribuya a una distribución justa y equitativa de los beneficios del uso de la biodiversidad. Por ello el Biocomercio constituye no solo una oportunidad para estos países, sino también una forma de garantizar un uso sostenible de sus recursos naturales. Además, la economía verde propone que se usen los dividendos actuales de la explotación de los recursos naturales en inversión para el enverdecimiento de la economía, como la agricultura sostenible, la energía renovable, las edificaciones sostenibles y el manejo de residuos.

A manera de conclusiones generales podríamos decir:

- Si bien la mayoría de los países analizados han logrado incorporar a sus políticas de desarrollo diversos elementos que rigen la relación de las personas y de las comunidades con el ambiente y la forma de lograr la sostenibilidad, se percibe una brecha entre las posiciones actuales de los países en el plano internacional, muchas veces vanguardistas, y sus políticas actuales de desarrollo. Sin embargo, ello puede atribuirse a la lentitud de algunas legislaciones nacionales para incorporar los temas discutidos y aprobados en el plano internacional.
- Muchas de las posiciones que a lo largo del proceso preparatorio de Río+20 expresaron los países estudiados, fueron primeramente presentadas por el grupo G77 y la China y finalmente recogidos en el documento final *El Futuro que Queremos*. Ello podría significar que estas preocupaciones son también compartidas por un grupo más amplio de países y que los países del ALBA y Argentina jugaron un papel decisivo de liderazgo en la adopción del documento final.

Finalmente, el estudio propone al PNUMA y específicamente a su oficina regional para América Latina y el Caribe (ORPALC) centrar sus esfuerzos futuros en el tema de economía verde en dos áreas:

- Diálogo Continuar el diálogo con los países estudiados, particularmente a través de la promoción de discusiones de alto nivel entre el PNUMA y los gobiernos sobre las posibles vías de incorporar transversal y efectivamente la dimensión ambiental en sus políticas públicas, de acuerdo con sus propias necesidades y perspectivas.
- Estrategia regional Definir e implementar una estrategia de trabajo regional sobre economía verde, que incluya a todos los países del área. Dicha estrategia guiará y coordinará el trabajo del PNUMA, y proporcionará un marco de acción regional sobre los compromisos asumidos en Río+20.

The present study had its beginnings at the 8<sup>th</sup> Meeting of the Forum of Ministers of Environment of Latin America and the Caribbean held in Quito, Ecuador, in February 2012. At this meeting, representatives requested UNEP to carry out an analysis to compare the different country positions on sustainable development in the region and their perception of the green economy approach. The study was carried out from April to July 2012, and focuses its analysis on six countries that have most strongly voiced their concerns regarding the concept of green economy: Argentina, Bolivia, Cuba, Ecuador, Nicaragua and Venezuela.

#### 1.1 Rio+20 Conference

Rio+20, also known as the United Nations Conference on Sustainable Development (UNCSD), held from 20 to 22 June 2012 in Rio de Janeiro, Brazil, focused on updating and revising the implementation of the concept of sustainable development, and at the same time reviving the Rio 92 spirit of integration and international solidarity. The summit also focused on two key issues:

- a green economy in the context of sustainable development and poverty eradication, and
- the institutional framework for sustainable development.

The final Conference document, *The Future We Want* (UNCSD, 2012), reaffirms the commitments established in Agenda 21, as well as in the Johannesburg Implementation Plan. It also recognizes that the development of countries and regions has been uneven since the previous summits, and that sustainable development should be inclusive and beneficial to all. Also, it calls for "holistic and integrated approaches to sustainable development which will guide humanity to live in harmony with nature and lead to efforts to restore the health and integrity of the Earth's ecosystem".

The UNCSD coincided with the 40<sup>th</sup> anniversary of the United Nations Conference on the Human

Environment, held in Stockholm in 1972. It occurred twenty years after the United Nations Conference on Environment and Development in Rio de Janeiro in 1992, and ten years after the World Summit on Sustainable Development in Johannesburg.

# 1.2 Evolution of development thinking towards sustainable development

Although we are far from generating consensus on a single definition of sustainable development, it is also true that there have been major efforts for a general reference to orient the actions of states and peoples towards achieving this goal. In this sense, the most widely accepted definition corresponds to the report *Our Common Future* (known as the Brundtland Report): "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (UNGA, 1987).

It is important to recognize that many countries and regions understand that it is necessary to promote harmony with nature in order to achieve sustainable development for present and future generations. A holistic and integrated approach to this issue will help restore the health and integrity of the Earth's ecosystem.

Sustainable development, considered from this perspective, is a process of progressive change in the quality of human life that ensures a harmonious relationship among humans, and between humans and the natural world. This process implies respect for ethnic and cultural diversity whether local, regional or national. It involves strengthening full citizen participation in peaceful coexistence and harmony with nature, as well as the fight against poverty. It also means that sustainability at the local level is not achieved if work is not also being done at a global level.

The challenges posed by the transition to sustainable development entail finding new rules, institutions, and policies and, above all, new individual



behaviours that are consistent with the principles of sustainability. Since the Rio Conference in 1992, countries have sought to establish these paradigms, either creating new ones or recovering them from the existing worldviews of their indigenous peoples.

As a result of the financial, energy and food crises, culminating in 2008, UNEP made an appeal, known as the Global Green New Deal, to include public investments and a number of additional public policy reforms in economic recovery packages. Those public policies aimed to boost the transition to sustainable development via a green economy, while at the same time invigorating economies, generating employment, and addressing persistent poverty (UNEP, 2009). From there, the idea of green economy emerges as a concept that, when applied, will contribute to the realization of sustainable development. UNEP, in its document Towards a Green Economy: A Guide to Sustainable Development and Poverty Eradication, known as the Green Economy Report (GER), defines green economy as an economy that results "in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities" (UNEP, 2011). From this perspective, green economy represents a vision of development that transcends the old concept based on unlimited growth, and suggests the sustainable use of resources, ensuring the participation of society in resource decision-making.

Transitioning toward this new paradigm will depend on the creation of an enabling environment including: (i) the strengthening of global environmental governance; (ii) the establishment of sound regulatory frameworks that encourage investments of an environmental nature, such as tax incentives, subsidies with positive externalities, and favouring sustainable public procurement; (iii) the limitation of state spending in areas detrimental to natural capital; (iv) investment in capacity-building, training and education; and (v) the implementation of economic instruments to create funding sources for the environmental arena (UNEP, 2011).

# 1.3 The concept of green economy in Latin American and Caribbean countries

The international preparatory process for Rio+20 featured many forums for analysis, discussion and negotiation to define both the scope and ways to shift to a green economy that will allow the achievement of sustainable development. Various regional meetings were held to discuss and define joint positions. In September 2011, as part of the formal preparatory process, the Regional Preparatory Meeting for Latin America and the Caribbean (LAC) took place. It produced a series of conclusions where the term "green economy" was not mentioned, reflecting the lack of consensus on the issue (ECLAC, 2011). Similarly, at the 8<sup>th</sup> Meeting of the Forum of Ministers of Environment of Latin America and the Caribbean, in early 2012, the issue was only addressed indirectly, although one of the main topics was the perspective of the region's Ministries of Environment regarding Rio+20. The term was also absent from the final declaration of this meeting (UNEP, 2012). In spite of this omission, specific countries referred to the concept of green economy, explaining their preference for the term "ecological economics".

There are some countries in the region that view this new paradigm as a way to achieve their sustainable development goals. For example, Barbados – in cooperation with UNEP – undertook a scoping study which identifies the strengths, weaknesses, opportunities and barriers in the country's development model for moving towards an environmentally sustainable and socially inclusive economy (GoB et al., 2012). The synthesis of the 250-page report was presented by the Prime Minister of Barbados H.E. Freundel J. Stuart in March 2012. Mexico also recently launched a similar study (SEMARNAT, 2012).

Nonetheless, other countries have shown less enthusiasm for the green economy approach, and have openly voiced their disagreement. The different positions that exist among the countries



of Latin America and the Caribbean were made clearly evident through the positions they sent to the UNCSD Secretariat and their participation during the preparatory process of the UNCSD. Based on these responses, it was fundamental to find areas where there was agreement and present a unified position concerning the vision of the region on the concept of development.<sup>1</sup>

There were many concerns about the green economy as contained in the first draft of the outcome document for the Conference (the Zero *Draft*). During the Rio+20 preparatory process, there was a discussion of common ideas expressed in the negotiating document and in the proposals of the countries that had articulated their concerns about the concept. This enabled the construction of a declaration that included the visions and concerns of all countries. In addition, during negotiations behind the scenes leading up to Rio+20, the Latin American and the Caribbean Economic System (SELA, 2012) prepared an analysis comparing UNEP's definition of green economy with the definition of green growth used by the Organization for Economic Co-operation and Development (OECD). This analysis was then compared with the concept of a redistributive green economy, which submitted as a proposal by the countries of the region.

A green economy approach would enable development with low carbon emissions, efficient use of natural resources and social inclusiveness. which would facilitate the transition to sustainable development. To achieve that, it promotes a set of measures, some of which are designed to correct market failures. Such measures would create the conditions to achieve this transformation. This approach was met with opposition from some countries in Latin America and the Caribbean, who questioned the effectiveness of a model based on markets and economic instruments. They had reservations about the international commitment to sustainable development, arguing that simply greening the economy would not solve the problems created by the accumulation of wealth and the free market system. They further contended that it is

necessary to change the development paradigm in order to put the welfare of the people, harmony with nature and restoration of ecological balance first, over and above the accumulation of goods.<sup>2</sup> Such view is already been reflected in the constitutions and national development planning of the countries analysed.

After Rio+20, a number of countries continued to express their discontent with the lack of agreement or clarity on particular issues. For example, they criticized the persistence of an anthropocentric logic that places humans above nature, locating them at the centre of sustainable development, or the lack of universal implementation or signing of the UN Declaration on the Rights of Indigenous Peoples, and the importance of having a "conservation ethic" based on the rights of nature (Orellana and Pacheco, 2012).

In the light of this opposition, it is therefore particularly important to consider a post-Rio+20 regional debate about the potential impacts of a green economy approach on the transition towards sustainable development of the region. For this reason, it is UNEP's aim through this study to set the foundation and guide this dialogue through an analysis of the commonalities between the development strategies of the selected countries and the green economy approach, in the context of sustainable development. The study thus responds to the main concerns about a green economy voiced by these countries in the Rio+20 preparatory process.

## 1.4 The Bolivarian Alliance for the Peoples of Our America

With the exception of Argentina, the other countries selected for this study belong to Bolivarian Alliance for the Peoples of Our America (ALBA).<sup>3</sup> Although a young regional organization, ALBA has been consolidated in recent years and has gained ground internationally. Perhaps the first and best known role of ALBA in environmental issues occurred during the Fifteenth Conference of the Parties to the United Nations Framework Convention on Climate Change

Table 1. Socioeconomic profile of countries analysed

	Argentina	Bolivia	Cuba	Ecuador	Nicaragua	Venezuela
Total area sq. km.	2 780 400 <sup>i</sup>	1 098 581 <sup>ii</sup>	110 860 <sup>iii</sup>	283 561 <sup>iv</sup>	130 370 <sup>v</sup>	912 050 <sup>vi</sup>
Population (in millions of inhabitants) <sup>1</sup>	40.76 <sup>d</sup>	10.09 <sup>d</sup>	11.25 <sup>d</sup>	14.67 <sup>d</sup>	5.87 <sup>d</sup>	29.28 <sup>d</sup>
GDP (billion US\$)1	446.0 <sup>d</sup>	23.95d	60.81ª	65.95 <sup>d</sup>	9.317 <sup>d</sup>	316.5 <sup>d</sup>
GDP per capita (US\$)1	10 942.0d	2 374.0 <sup>d</sup>	5 396.9ª	4 496.5 <sup>d</sup>	1 587.2 <sup>d</sup>	10 809.6 <sup>d</sup>
HDI Value <sup>2</sup>	0.797 <sup>d</sup>	0.663 <sup>d</sup>	0.776 <sup>d</sup>	0.720 <sup>d</sup>	0.589 <sup>d</sup>	0.735 <sup>d</sup>
Currency conversion to US\$1 <sup>1</sup>	Argentine Pesos (ARS) 4.57	Bolivianos (BOB) 6.96	Cuban Pesos (CUP) 1	US\$ 1	Córdobas (NIO) 23.58	Bolivars (VEB) 23.58
Ecological footprint per capita (gha)³	2.60°	2.57°	1.80°	1.89°	1.56°	2.89 <sup>c</sup>
Unemployment <sup>1</sup> (%)	7.1 <sup>e</sup>	6.0°	1.6ª	6.5 <sup>b</sup>	5.9⁵	7.6 <sup>b</sup>

#### Sources:

- <sup>1</sup> World Bank database: www.worldbank.org (April 2013)
- <sup>2</sup> HDI from *Human Development Report 2011 Human development statistical annex*. HDRO (Human Development Report Office) United Nations Development Programme, pp. 127-130. (2 November 2011)
- <sup>3</sup> Ecological Footprint data from *Ecological Footprint Atlas 2010*. Global Footprint Network. (13 October 2010)
- <sup>1</sup> INDEC (National Statistics and Censuses Institute)
- ii INE (National Statistical Office of Bolivia)
  - <sup>b</sup> 2009

a 2008

e 2012

- <sup>iii</sup> ONE (National Statistics Bureau of Cuba) <sup>iv</sup> INEC (National Institute of Statistics and
- ° 2010 d 2011
- Censuses of Ecuador)

  VINIDE (National Institute of Development
- VINIDE (National Institute of Developmen Information of Nicaragua)
- vi INE (National Institute of Statistics of Venezuela )

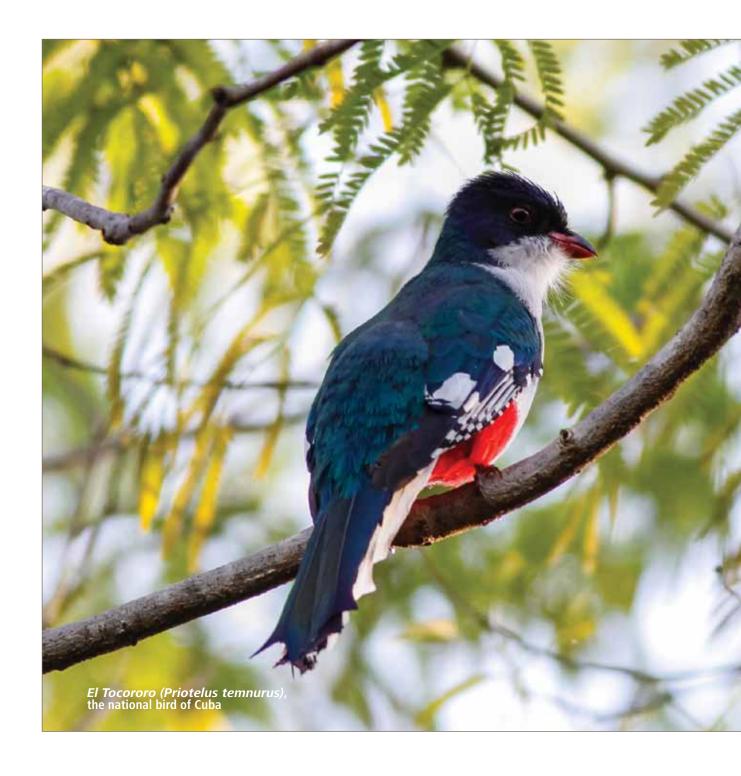
(UNFCCC), which was held in Copenhagen, Denmark in 2009. The group, led by Bolivia, Venezuela and Cuba, denounced the lack of tangible commitments by developed countries (see Annex I of the UNFCCC) and prevented the adoption of a new climate agreement. Given the seriousness of the problem, it considered the agreement signed at the conference to be insufficient.

More recently, ALBA has played an important role in the negotiations prior to Rio+20 within the Group of 77 and China, when it achieved it achieved the inclusion of the following issues, among others, in the proposal that the G77 and China group presented in Rio+20 (Orellana, 2012):

- Inclusion of a section on harmony with nature, including regeneration and adaptation of ecosystems, and the promotion of a universal declaration on the rights of nature;
- Recognition of the right to safe and clean water and to basic sanitation as an essential human right;

- Introduction of the question of food security as the primary goal in the debate, although no consensus was reached within the G77;
- Recognition of the role of indigenous communities and traditional small farmers in providing seeds and in biodiversity conservation in developing countries;
- Promotion and guarantee of access and legal security of land tenure to indigenous peoples;
- Reform of the global financial system and its architecture, promoting greater participation of developing countries;
- The need for a new international economic order based on the principles of equality, sovereignty, common interests, interdependence and cooperation among states;
- Transformation of patterns of consumption and production, primarily in developed countries; and
- The need for new development indicators that transcends the limitations of GDP.







#### 1.5 Methodology

In its search for common elements that would help develop a constructive dialogue on green economy and sustainable development and in support of UNEP's Rio+20 mandate, the study has identified two specific objectives:

- Identify the dominant elements of the selected countries' development strategies and compare them with UNEP's concept of green economy; and
- Analyse the concerns of the focused countries study regarding the adoption of a green economy as a means to achieve sustainable development.

Official development and land use planning documents from the selected countries were consulted in preparing this study, as well as country communications to the secretariat of the Rio+20 Conference, statements in the negotiating sessions, the GER and other publications generated by UNEP and the Conference (see Annex for a list of the main documents consulted for each country).

The analysis of the compiled material had two aspects: how the selected countries have applied their concept of development on their internal policies, as reflected by their official documents on development planning; and the countries' vision of sustainable development and their concerns at the international level, as expressed in the context of Rio+20 negotiations. The results were subsequently compared with the green economy approach promoted by UNEP.

Finally, the findings were contained in the first version that was presented to representatives of the participant countries on 28 April and the second version was discussed on 30 May 2012, both in New York. The two meetings provided an opportunity for feedback and exchange on the subject between UNEP and the countries, which ensured that the final document reflected the perspectives, visions and positions of all participant countries.

# OVERVIEW OF DEVELOPMENT STRATEGIES IN THE SELECTED COUNTRIES AND THE GREEN ECONOMY APPROACH

This section summarizes the main elements reflected in current legislation and policies of the selected countries designed to achieve sustainable development. It should be noted that this study does not attempt to make a detailed description of those development policies or an assessment of the effectiveness or level of implementation of their elements, but rather to present the most relevant elements that reveal each country's position on how to achieve sustainability.

#### 2.1 Republic of Argentina

In recent years, Argentina has worked on the creation of a suitable legal framework to guide the country towards sustainable development. The concept of sustainable development is part of the National Constitution of Argentina (1995), which states in Article 41 the right of all people to "a healthy and balanced environment suitable for human development and productive activities to meet present needs without compromising those of future generations". It also defines the responsibility of citizens to preserve the environment as well as the responsibility of the authorities to ensure the rational use of natural resources and the preservation of natural and cultural heritage and biodiversity.

The economic, political and social crisis that affected Argentina in 2000 and 2001 forced the country to rethink its development model. As a result of this process, the government drafted the National Development Policy and Land Use Plan (NDPT), with the goal "to guide actions with spatial impacts towards balanced, integrated, sustainable and socially just growth for Argentina, and to construct more appropriate intervention mechanisms to take advantage of development opportunities". The NDPT takes into account the diversity of environmental, social, and economic conditions and possibilities of the national territory as well as the need for coordinated actions at different levels of government and with all stakeholders involved in the development process.

In 2004, in order to guide the implementation of NDPT, the National Development Policy and Strategic Land Use Plan – Building a Balanced, Integrated, Sustainable and Socially Equitable Argentina, was approved. This document includes a medium-term vision (2016), and establishes the mechanisms and tools to implement NDPT. In addition, it emphasizes the role of the state as promoter and leader of operational policies and strategies to achieve the goals of NDPT, within the broader context of international cooperation and action in which the country takes part.

A National System for Development and Land Use Planning (SiNDOT) was created to implement with NDPT. SiNDOT has three main tools: the National Strategic Land Use Plan (PET), the System of Information, Extension, and Technical Assistance for Development and Land Use Planning (SIVAT) and the Legal and Regulatory Framework (LRF).

PET is a decentralized, dynamic and flexible policy that allows provinces and municipalities to creatively design and refocus their territorial development. They are expected to develop short- and mediumterm plans with the following goals:

- Take into account national and cultural identity and promote a sense of belonging in Argentina;
- Contribute to the economic progress of people according to their individual capacities and initiatives in order to prevent domestic migration;
- Achieve environmental sustainability of territories and ensure the current and future availability of their resources;
- Improve the democratic management of territories at all levels; and
- Guarantee access to essential goods and services, enabling individual and collective development, and a high quality of life in every corner of the country.





Other instruments supporting the construction of a sustainable development model in Argentina are the:

- General Law on the Environment (2002),
- Law on Minimum Budgets for the Protection of Native Forests (2007), and the
- proposed National Law for Land Use Planning.

The General Law on the Environment "provides the necessary conditions to ensure ecological system dynamics, maintain the carrying capacity of ecosystems, and, in general, to protect the environment and ensure sustainable development". It also sets out the principles that should govern the implementation of environmental policy, as well as some standards for compliance, and states that the economic system should serve as an instrument for

the promotion of sustainable development. The Law for Minimum Budgets for the Protection of Native Forests created the National Fund for Enrichment and Conservation of Native Forests. The fund is fed by federal designations of no less than 0.3 per cent of the annual national budget and by two per cent of total earnings from the export of primary products from agriculture, livestock and the forestry sector, among others. It compensates titleholders of public or private forestland for the environmental services they provide.

Finally, a proposal for a National Land Use Planning Law, which would establish the framework conditions for institutionalizing sustainable development planning, is currently being advanced. The process leading to this draft law included the participation of a wide range of stakeholders from regional governments.



#### 2.2 Plurinational State of Bolivia

The Political Constitution of the Plurinational State of Bolivia, ratified in 2008, is distinctly oriented toward the integration of indigenous and native peoples and *campesinos* (peasants), giving them a major role in achieving development and promoting social equity. With this new constitution, Bolivia transformed itself into a state shaped by the totality of its nations and native peoples, adopting their worldviews in its development strategies.

The new Constitution establishes the right of individuals to "a healthy, protected, and balanced environment. The exercise of this right must allow individuals and groups in present and future generations, as well as other living creatures, to develop in a normal and permanent way". At the same time, it also simultaneously establishes the responsibility of the state and the individual to protect, conserve and utilize natural resources in a sustainable way, and acknowledges that natural heritage "is of public interest and strategic for the country's sustained development, and that its conservation and use for the benefit of the population shall fall under the exclusive responsibility and authority of the state, and will not compromise its sovereignty over natural resources".

To reflect the importance that nature holds in the worldview of its peoples, Bolivia has established the Law of the Rights of Mother Earth (2010), which emphasizes "the right to maintain the integrity of the systems of life and the natural processes that sustain them, as well as the capacity and conditions for their regeneration". It aims to ensure "the integrity of natural systems and the processes that sustain them", by preserving equilibrium and allowing for the possibility of restoration, but does not suggest that there must be total conservation of natural systems.

In order to concretize the country's renewed legislation, the National Development Plan: Bolivia Dignified, Sovereign, Productive and Democratic to Live Well (PND) affirms that a change must occur from "a development model based on primary exports to one based on the philosophy of Vivir Bien, Living Well, which proposes the fundamental complementarities of access to and enjoyment of material goods, and effective, subjective and spiritual self-realization in harmony with nature and in community with human beings. This mode of development will contribute to the construction of a new, plurinational state, promoter and protagonist of community-based social development, which redistributes wealth, income and opportunities equitably ".

According to PND, "the sequential linear conception of progress is insufficient to understand the concept of development that we propose, because it requires holistic, cumulative, comprehensive understanding; capable of encompassing the simultaneity of situations that are not homogenous, yet enriching; and incorporates, from cultural, economic, political and social contexts, diverse practices and knowledge coming from different social stakeholders bearing opposing interests, expectations and perceptions". In addition, the document establishes effective participation of indigenous and native peoples in the economic and policy decisions of the state, including development planning. It sets out a paradigm shift from a thinking centred on the market, individualism and consumerism, to a new state model of diversity allowing symmetrical power relations in a context of democratic, intercultural communitarianism.

One of the objectives of PND is to achieve high rates of GDP growth and take advantage of the revenues from the extractive sector to promote economic diversification as a way to distribute economic surplus toward the productive potential of sectors such as agriculture and agribusiness.





#### 2.3 Republic of Cuba

Article 14 of the 1976 Constitution of the Republic of Cuba declares that "a system of economy based on socialist ownership of the means of production by all the people prevails, as does the suppression of exploitation of man by man". The Cuban Constitution also practices the principle of socialist distribution: "from each according to his ability, to each according to his work". This implies that social ownership prevails over private, and that the state administers the goods that are the property of all people, for which purpose it can create companies and organizations. In this way, the state directs and controls production, and domestic and foreign trade.

Moreover, Article 27 of the Constitution affirms that "the State protects the country's environment and natural resources. It recognizes their close links with sustainable economic and social development to make human life more rational and ensure the survival, well-being, and security of current and future generations". It further affirms that "it is the duty of citizens to contribute to the protection of the waters and the atmosphere, the conservation of the soil, flora, fauna, and all the rich potential of Nature".

The Guidelines for Economic and Social Policy of the Party and the Revolution<sup>4</sup> add that the development model "will recognize and promote, in addition to state-owned socialist enterprise, which is the primary format of the national economy, the modes of foreign investment, cooperatives, small farmers, usufruct beneficiaries, renters, self-employed workers and other forms that may arise to help increase efficiency". It also affirms that "in a political economy, the concept is present that

socialism signifies equal rights and opportunities for all citizens, not egalitarianism, and ratifies the principle that in Cuban socialist society no one will be abandoned".

Likewise, this document establishes that economic policy is directed to create short-term solutions that "respond to problems with broad, immediate impact on economic efficiency, motivation for work and income distribution, creating the necessary productive and structural conditions that will allow the shift to a higher level of development; as well as longer-term solutions to sustainable development conducive to food and energy self-sufficiency, efficient use of human potential, high competitiveness in traditional production, and the new product development of goods and services with high added value".

The following are some of the specific policies that stand out:

- Application of tax incentives that promote domestic production in key sectors of the economy, especially exportable commodities and import substitutes, as well as in local development and environmental protection;
- Continue to decrease of unproductive land and increase yields through diversification, rotation and polyculture; and
- Develop sustainable agriculture in harmony with the environment, conducive to efficient use of plant and animal genetic resources, including seeds, landraces, disciplined use of technology, plant protection, and enable the production and use of organic fertilizers, bio-fertilizers and bio-pesticides.







Since its 2008 Constitution, Ecuador has incorporated the concept of Good Living, *Bien Vivir*, or *Sumak Kawsay* in Quechua, which is a dynamic concept based on provisions such as surpassing the strict limits of quantitative economics, allowing the application of a new economic order, the purpose of which does not focus on the processes for endless material and mechanistic accumulation of goods, but promotes an inclusive, sustainable and democratic economic strategy. That is, a vision that incorporates the processes of accumulation and (re)distribution to groups of people who historically have been excluded from the logic of the capitalist market, and those forms of production and reproduction that are based on principles different from such market logic.

Ecuador's Constitution establishes the state's responsibility to guide a development regime that is the "organized, sustainable and dynamic grouping of economic, political, socio-cultural and environmental systems which ensure the achievement of good living (Sumak Kawsay)". Development planning should promote social and regional equality based on consensus, and should be participatory, decentralized, and transparent. The Constitution also recognizes that the country is composed of diverse cultures and indigenous peoples, and states that they should be included in development planning.

The Constitution further recognizes not only the right of peoples to live in a healthy and ecologically balanced environment, which ensures sustainability and good living, *Sumak Kawsay*, but also extends to nature the right to "full respect for its existence and the maintenance and regeneration of its vital cycles, structure, functions and evolutionary processes".

An important element in the country's conception of the environment is integralidad, or holism, i.e. "life conceived as an indivisible whole. The notion of *integralidad* becomes effective in the new Constitution of Ecuador by not creating a hierarchy of rights, going beyond visions that establish typologies of fundamental (first generation), economic, social, and cultural (second generation), and collective (third generation) rights". The Constitution also establishes that fiscal policy must generate "incentives for

investment in different sectors of the economy and for the production of goods and services that are socially desirable and environmentally acceptable".

To put into practice the principles set out in the Constitution, the National Plan for Good Living 2009–2013 provides in detail the specific strategies to promote the desired change in the country, including:

- Democratization of the means of production, (re) distribution of wealth and diversification of forms of ownership and organization;
- Transformation of the specialized pattern of the economy, through the selective substitution of good living for imports;
- Increase real productivity and diversification of exports, exporters, and global destinations;
- Strategic and sovereign integration into the world and especially Latin America;
- Transformation of higher education and the transfer of knowledge through science, technology, and innovation:
- Connectivity, knowledge and telecommunications for an information society;
- Change the energy matrix to make it less dependent on fossil fuels;
- Investment in good living in the context of sustainable macroeconomics;
- Social inclusion, social protection and guaranteed rights within the framework of the constitutional state of law:
- Promotion of sustainability, conservation, knowledge of natural heritage, and fostering of community tourism, as well as environmental services;
- Development and land use planning, deconcentration, and decentralization; and
- Citizen power and an active civil society.





#### 2.5 Republic of Nicaragua

The Constitution of the Republic of Nicaragua, ratified in 2010, establishes that Nicaragua is a multiethnic country and affirms that it is the responsibility of the state to ensure the human development of all Nicaraguans. It also establishes the right to live in a healthy environment and that preservation, conservation, development and rational exploitation of natural resources is the state's responsibility.

At the same time, the General Law of Environment and Natural Resources affirms that the country's sustainable development is based on the environment, which is the common heritage of the nation and whose protection all citzens are responsible. More importantly, the law also stipulates "the criterion of prevention has precedence over any other in the public or private management of the environment".

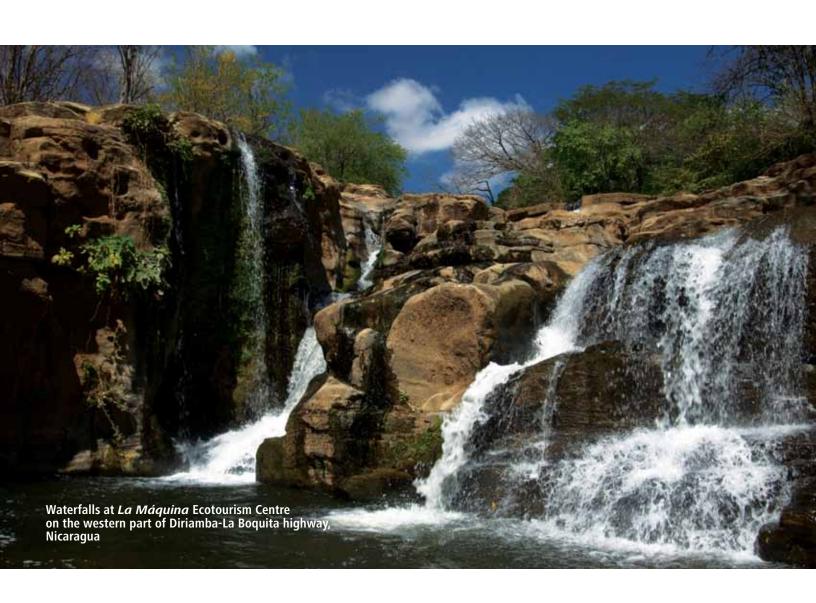
The National Plan for Human Development (PNDH) 2009 – 2011 helped to formalize the provisions established by the Constitution, and includes the following policies and programmes:

- Economic Growth
  - Macroeconomic policy
  - Public investment policy
  - · Strategy for production and trade;

- Development of well-being and social equity;
- Measures for good public management;
- Environmental sustainability and forestry development;
- Policy for natural disasters or those generated by human action;
- Development strategy for the Caribbean coast; and
- A forestry development program.

PNDH provides specific objectives, indicators and goals for the listed policies and programmes in such a way that environmental sustainability boosts "sustainable development from the defence, protection, and restoration of the environment". The overall goal of the environmental sustainability and forestry development programmes is "to contribute to human development based on the development of the country's Citizen Power, reviving our ancestral cultural values of respect for natural resources and restoration of lost habitat through the means and provisions of education and training that foster in us the values of responsibility, solidarity and equity, to protect our natural heritage".







The Constitution of the Bolivarian Republic of Venezuela, approved in 1999, affirms that "the country's socioeconomic regime is based upon principles of social justice, democracy, efficiency, free and fair competition, environmental protection, productivity and solidarity, with the goal of ensuring comprehensive human development and a dignified and beneficial existence for all. The state, jointly with private enterprise, will promote the harmonious development of the national economy, with the goals of generating employment and high added value nationally, increasing the quality of life of the population, strengthening the economic sovereignty of the country, and ensuring the legal security, solidarity, dynamism, sustainability, permanence and equity of economic growth, to achieve a fair distribution of wealth through strategic planning that is democratic, participative and openly consultative".

The Constitution also affirms the "individual and collective right to enjoy a secure, healthy and ecologically balanced life and environment", and that "the State shall protect the environment, biological diversity, genetic resources, ecological processes, national parks and natural monuments, and other areas of special ecological importance".

The General Guidelines for the Economic and Social Development Plan of the Nation, as the main engine for Supreme Social Happiness (*la Suprema Felicidad Social*), ascertains "a long-term vision where one enjoys a healthy and secure, ecologically balanced life and environment. The State shall protect the environment, biological diversity, genetic resources, ecological processes, national parks, natural monuments and other areas of special ecological significance". It also affirms the need to move towards an economy that is less centred on the accumulation of wealth and more focused on human needs.







# ANALYSIS OF THE COMPATIBILITY OF DEVELOPMENT MODELS WITH GREEN ECONOMY

In general terms, the analysed countries have similar ethical conceptions, which are reflected in the similarities of their development policies. Although they do not present identical positions, it is clear that they share the following elements to a greater or lesser extent:

- Development based on the prosperity of individuals, defined in the concepts of the Good Living (*Buen Vivir*), Living Well (*Vivir Bien*), Supreme Social Happiness, and Equality of Rights and Opportunities, which establish the goals of development as improving quality of life beyond material resources, and in harmony with nature;
- Recognition of the prevailing role of the state in regulating and guiding economic activities, protecting the environment, and ensuring social welfare; and
- Recognition of the fundamental role of nature in human development and therefore in the attainment of sought-after well-being and sustainable development.

The analysis of the development policies of the countries analysed revealed that the current and planned policies show significant similarities with the elements proposed in UNEP's green economy model, although there are also important differences. This section summarizes the main findings of this analysis.

#### 3.1 Vision of development

While the concept of sustainable development as defined in the Brundtland report (UNGA, 1987) implies the maintenance of the functions of nature over time, it leaves many questions open about how to achieve it. In this context, UNEP's green economy approach, understood as a vehicle for transition towards sustainable development, offers some indications. It calls for building a society that uses its resources efficiently, protects its natural resources and is socially inclusive. Moreover, it is wide-ranging enough for each country to incorporate the elements that it considers most important into its sustainable development policies.

# BOX 1. EXAMPLE OF A DEVELOPMENT MODEL OUTSIDE LATIN AMERICA AND THE CARIBBEAN: THE CASE OF BHUTAN

Other developing countries are also proposing alternative models and tools for achieving sustainable development. As proposed by the participating countries, this study illustrates some elements from the Bhutanese development model.

Since the 1970s, Bhutan has followed a development policy based on the philosophy of Gross National Happiness (GNH) or Gross Domestic Happiness. This concept is based on four pillars:

- 1. good governance,
- 2. sustainable socio-economic development,
- 3. cultural preservation, and
- 4. environmental conservation.

To advance this philosophy, the country has developed the Bhutan 2020 Strategy: A Vision for Peace, Prosperity and Happiness, which sets development goals and priorities. It states that at least 60 per cent of the country shall be covered by forest and that agriculture shall be 100 per cent organic in the near future (PC. 1999).

To assess the country's progress toward this policy, the four pillars are classified into nine domains and 33 indicators: (i) psychological well-being, (ii) health, (iii) education, (iv) time use, (v) cultural diversity and resilience, (vi) good governance, (vii) community vitality, (viii) ecological diversity and resilience, and (ix) living standards. The domains represent each of the components of the well-being of the Bhutanese people. The term "well-being" here refers to fulfilling the conditions of a good life based on the values and principles laid down by the concept of Gross National Happiness (UNCSD, 2011b).

At the ministerial meeting in New Delhi on green economy and inclusive growth, Bhutan's Minister of Agriculture and Forests said that GNH is closely aligned with the green economy approach, and it can be considered the approach to make the needed leap (Gyamtsho, 2011).

For more information: Center for Bhutanese Studies, available at: www.grossnationalhappiness.com



All the countries analysed recognized as their ultimate objective the improvement of the living conditions of individuals and communities, although in the case of Bolivia and Ecuador this improvement is tied not only to the satisfaction of material needs but also to "effective, subjective, and spiritual selfrealization in harmony with nature and in community with human beings" (MDP, 2006), as they are reflected in the concepts of Living Well and Good Living. While these two visions are not completely alike, both make clear that the intention is not to live better in relation to another time or to other people but rather to have a good life that ensures the fulfilment of individuals and peoples in complete harmony with the entire community. This extends beyond the concept of common good limited only to human beings but also to consider and preserve balance and harmony with all living things (Huanacuni, 2010).

### 3.2 The role of the state in the regulation of markets

To the same extent as the countries analysed have been doing, the green economy approach promotes state leadership in directing the economy to regulate the market. This is based on the understanding that the market does not regulate itself for the creation of public goods such as nature conservation or social equity. The construction of a green economy depends on the direct and active intervention of governments to foster increased attention to, as well as public and private investment in, priority issues such as nature protection, poverty eradication, increasing equity and social inclusion, which is similar to what the countries analysed are already doing. However, market interventions and regulation would not suffice to create the needed improvements that lead to sustainable development. For this to happen, there must be government intervention in other areas as well.

Both *The Future We Want* (UNCSD, 2012) and UNEP's green economy approach declare that there is no single solution for a transition to sustainable development for all countries. Instead, each country must devise its own model according to its reality.

Such a model would allow a more relevant and thus effective shift towards sustainable development, just as the countries analysed have envisioned. It is worthwhile to point out the similarity of perspectives between the countries and the green economy approach. Both consider that the transition towards sustainable development, whether by means of the green economy or another model, is seen as requiring a compelling government intervention to create appropriate incentives and mechanisms to ensure that human, institutional and financial efforts are effectively directed at sectors and activities promoting environmental protection, economic development and social inclusion.

With regard to the role of markets, financial capital and private sector participation in the realization of sustainable development, both the countries analysed and green economy concur that there is a need to strengthen the role of the state as the leading institution for this transition, as well as to reform the global financial system. In this sense, it must be emphasized that the green economy agenda is the opposite of the "structural adjustments" that were promoted by the Bretton Woods Institutions in the 1990s. These aimed to: restore the balance of trade by reducing government spending (which translated into cuts to expenditures in social and environmental arenas); reduce the state's role in the economy by privatizing state enterprises; and increase economic efficiency and competitiveness by removing state controls on prices and removing barriers to trade and foreign investment.

There is a tendency to set boundaries between the market and the government, which is also being addressed in academic circles. For example, Sandel (1998) elaborates a critique of those who think that the commodification, commercialization and privatization of public goods and services can be simply addressed and adjusted by the market based on a "rational choice", as proposed by followers of the "law of economics" movement. Analyzing phenomena such as "professional" (voluntary) military service and the financing of elections in the United States, Sandel concludes there are moral and civic goods that money cannot buy, because the market fails to guarantee that negotiation conditions would

### ANALYSIS OF THE COMPATIBILITY OF DEVELOPMENT MODELS WITH GREEN ECONOMY

be fair and that consent occurs through a voluntary agreement between parties. These reflections lead to the same conclusion: the market itself is a social paradigm, which requires rules and strong institutions to protect the common good and produce positive results, both environmental and social.

### 3.3 Indigenous peoples, local communities, and social equity

The individual and collective welfare of people is the main objective of development. Comparably speaking, a green economy, which aims to "improve human well-being and social equity", shares the same belief with all the countries analysed that the ultimate goal of development plans, including the legislation that supports them, is the welfare of the people. Yet there are nuances, which range from rationalizing the proper use of natural resources to ensuring intergenerational equity, as well as the idea that well-being comes not only from the satisfaction of material needs, but also from "effective, subjective and spiritual self-realization", which in turn is tied to a harmonious coexistence with nature and the rest of society. This holistic approach results in Good Living or Living Well. Thus, the knowledge and ancestral traditions of coexistence with nature and with the rest of society are integrated into the dynamics of the entire nation.

The concepts of wellness come from the *Manifesto for a Sustainability Ethic*, signed by several personalities in 2002 (UNEP, 2002). They are grounded in the cultural values and identities that consider nature as a biocultural system in which practices for the use and management of biodiversity are mediated by the conviction that the trinity of culture-territory-biodiversity is one and indivisible.

In the countries analysed, the existence and value of indigenous and local communities are recognized, while establishing that they should form a core part of development planning and development of the nation itself. In this regard, Bolivia's official name conveys its reality as a country made up of a plethora of indigenous peoples.



Indigenous people selling local produce, Ecuador

Social equity, understood as the equality of opportunities to attain full development, is another issue that is present in the development models of all the countries analysed. It is also one of the key elements for the transition to sustainable development. Although the green economy approach does not thoroughly address the specific mechanisms that ensure social equity and inclusion of indigenous peoples and local communities, it does stipulate that any green economy policy must necessarily seek to attain these goals. A green economy allows for simultaneous improvements in the three pillars of sustainable development: social, economic and environmental.

The implementation of green economy policies implies a reduction of social inequality. Similarly, the more egalitarian a society is, the better its environmental performance. In The Spirit Level: Why More Equal Societies Almost Always Do Better, Wilkinson and Pickett (2009) demonstrate that this is true. Drawing on empirical evidence, the authors analysed the correlation between social equity and sustainability. For example, countries with less income inequality are those that achieve a higher rate of waste recycling. Moreover, many societies with low carbon emissions also possess low rates of infant mortality. Finally, based on a comprehensive study by the World Wildlife Fund (WWF, 2007), which compares the Human Development Index with the ecological footprint per capita by country, the authors conclude that it is possible for a society to simultaneously achieve acceptable living standards and a "sustainable"

economy. It is worth noting that in 2003, only one country fulfilled that condition: Cuba.

### 3.4 Nature and development

In all the development models of the countries analysed, two dimensions of the relationship between humans and nature are legally recognized. On the one hand, they establish the individual and collective right to a healthy environment; on the other, the responsibility of citizens to preserve the environment, with the state having the ultimate responsibility for ensuring the rational use of natural resources as well as the preservation of natural. cultural, and biological diversity. Ecuador and Bolivia go beyond these two perspectives and add a new dimension to this relationship: the rights of nature. The constitution of Ecuador gives nature the "right to be fully respected for its existence and the maintenance and regeneration of its vital cycles, structure, functions and evolutionary processes". For its part, Bolivia's Mother Earth Law defines the right to life as "the right to maintain the integrity of all living systems and the natural processes that sustain them, as well as the capacity and conditions for their regeneration". This new vision of granting legal rights to nature is unprecedented in the contemporary history of environmental law, as it goes beyond the anthropocentric notion that has so far prevailed in the debate on the concept of sustainable development.

This recognition provides the basis for creating a model of development in complete harmony with nature, acknowledging both its limits and the consequences of disrespecting it, while seeking a close, holistic relationship between human development and nature. Likewise, the green economy approach recognizes that natural resources are the source of well-being and livelihood for human development, although it does not present an explicit statement regarding a spiritual relationship with nature.

The manner in which natural resources have traditionally been considered as raw materials

to be transformed into financial capital, as if they were a resource "free for the taking", has caused a permanent deterioration of ecosystems, compromising the well-being of present and future generations. By recognizing nature's limits and its fragility, the GER provides arguments that show the need to decouple economic growth from environmental degradation and examples of cases in which development has been promoted while maintaining or improving the state of natural resources.

Such approach is consistent with the resolve of the countries analysed, whose development objectives include moving from an extractive model to one that uses resources sustainably, simply because they recognize their dependence on natural resources and vulnerability to loss of ecosystem functions. This shift requires the intervention of governments to design and implement tools to ensure sustainable use of nature, help eradicate poverty and promote social equity. The green economy approach recognizes the interrelationship between human development and a healthy environment, the fragility of natural cycles, and the different functions that nature provides to people, such as food, shelter, recreation, and spiritual relationships including, inter alia, cultural and amenity values.

### 3.5 Economic growth and indicators

All the countries analysed mention economic growth as one of the goals of their development models. However, they also recognize that their ultimate goal is broader than mere material wealth generation. The development goals include, among others, the effective self-realization of people in harmony with the rest of society and nature. In Argentina, for example, as described in the NDPT, development is not limited to growth in outputs or income, but also incorporates improvements in social equity.

The green economy approach seeks to use mechanisms that have traditionally been linked to economic growth to ensure that the social and economic dynamics of countries integrate



conservation and the promotion of social equity. At present, indicators used to measure development, such as GDP, are effective in capturing certain aspects of growth, but they do not provide information about changes in people's well-being, in social equity or in the status of ecosystems.

Both UNEP's green economy approache and several of the countries analysed emphasize the need to use new, internationally agreed accounting schemes to better measure progress towards sustainable development. UNEP is aware of the limitations of the use of GDP as an indicator of progress and human welfare. At Rio+20, it presented the Inclusive Wealth Index (IWI) as one of the possible alternatives for measuring human welfare (UNEP and UNU-IHDP, 2012). IWI defines wealth as the social value of an economy's assets: reproducible capital, human capital, knowledge, natural capital, population and institutions. In addition, IWI provides information on the use of different goods over time, which could be helpful for policymakers. Finally, UNEP is working on developing methods for measuring progress towards a green and inclusive economy.5

# 3.6 Patterns of consumption and production

There is unanimity among the countries studied in contending that patterns of production and consumption must be changed (mainly in developed countries) to reduce overexploitation of natural resources and restore harmony with nature. Since the beginning of the 21st century, the intellectual movement in the region has become more outspoken in its insistence on a new vision of sustainability that seeks "to change the dominant conceptions of economic rationality and technological processes that try to legitimate domination, unsustainable ecological practices, and social inequity" (UNEP, 2002). This movement also called for the establishment of a new mode of production based on the principles of nature and culture.

One of the objectives of the green economy approach is to change consumption and production patterns in order to reduce ecological footprints. To achieve this, it proposes to redirect investment through public policies from brown, unsustainable sectors and processes to green ones, thus raising awareness in the process of the importance of using sustainable products and the need for rational use of natural resources such as water and energy. An increase in the number of consumers who demand sustainably produced goods will send a strong signal to producers to change their production patterns.

A green economy is necessarily based on sustainable patterns of production and consumption and on generating development with low carbon emissions and an efficient use of resources. Such practices must be supported by macroeconomic policies and strategies for their effective implementation. In this regard, promoting changes in economic policies, regulatory instruments, ways of doing business and changes in social habits are key elements in a country's transition to sustainable development.

Sustainable patterns of production and consumption, as envisioned in the 10-Year Framework Programme (10YFP) and the green economy are sometimes seen as two sides of the same coin: they share the goal of pursuing sustainable development policies and cover public policy dimensions of macro- and microeconomics such as regulations, business operations and social behaviour. In this sense, Argentina, Bolivia, Cuba, Ecuador and Nicaragua have already implemented strategies to promote sustainable patterns of production and consumption, such as those proposed by the green economy approach. These patterns will increase the efficient use of resources during production as well as changes in consumer decision-making. One of the most significant country examples in this regard is the Energy Revolution carried out by the Cuban government since 2005, which aims to modify the country's patterns of production and consumption (see Box 2).

### **BOX 2. CUBA'S ENERGY REVOLUTION**

In 2005, Cuba found itself with inefficient thermoelectric power plants that were 25 years old and operating at an average 60 per cent capacity. In addition, there was a high loss percentage in transmission and distribution networks. Moreover, people had many inefficient home appliances. As a result, the Cuban population was subjected to frequent blackouts, mainly at times of peak demand.

In response to this situation, in 2005, Cuba initiated its Energy Revolution. The Energy Revolution comprised five major programs that enabled the elimination of outages in less than a year. The main measures of the energy revolution can be summarized as follows:

- A transition from power generation based on large thermoelectric plants to a system of distributed generation with diesel or fuel, i.e. generator sets. This also reduced the vulnerability of the electrical system in the event of natural disasters such as hurricanes.
- Implementation of a program for rehabilitation and energy-savings measures in energy distribution networks.

- The adoption of a progressive electricity rate for the residential sector that penalizes heavy users.
- The replacement of inefficient equipment in the residential sector. From 2005 to 2009, over 2.5 million refrigerators, around ten million incandescent bulbs, more than 250,000 air conditioners, more than a million fans, over 230,000 TVs, and more than 250,000 water pumps were replaced. The changeout of incandescent bulbs was made at no cost to the consumer, and for the other appliances credit plans were offered.
- Replacement of kerosene with electricity as the source of energy for cooking. All households that had used kerosene for cooking were given support for the purchase of a kitchen unit comprising an electric rice cooker, electric multipurpose cook pot, electric stove, electric kettle, and a set of pots. This initiative alone has led to a savings of the equivalent of 651,000 tons of oil from 2006 to 2008.
- A variety of actions to promote awareness and dissemination of topics related to energy savings.

Implementation of measures in corporate and state sectors to make rational use of energy (e.g., development of consumption plans, energy supervision, staff training and replacement of inefficient equipment).

This programme has been fully funded by the government. Individuals who benefitted from the replacement of home appliances were able to obtain credits based on their income. The programme was designed such that up-front costs will be covered by the savings achieved in energy consumption over time. In addition to the energy savings achieved, it has improved the lives of Cuban families, e.g., via new appliances, and contributed to the reduction of the environmental impact caused by the use of fossil fuels.

The Cuban experience of the energy revolution has been extended to different Latin American and Caribbean countries as part of ALBA. Among the countries where Cuba has supported similar programs are Venezuela, Nicaragua, Saint Vincent and the Grenadines, Jamaica, Haiti, and Antigua and Barbuda.

#### For more information:

- Unión Eléctrica Nacional. (2009). *La Eficiencia Energética en Cuba. Resultados y Perspectivas.* Available at: <www.eclac.cl/drni/noticias/noticias/8/37118/Ricardo\_Gonzalez.pdf>
- ALBA. Revolución Energética Cubana por países del Caribe y Latinoamérica. Available at: <www.alianzabolivariana.org/modules.php?name=News&file=article&sid=2683> (23 July 2012)



Finally, UNEP's green economy approach calls for societies to consume less energy and material resources, which is upheld by Wilkinson and Pickett (2009). According to these authors, it is urgent to move from a society, where human satisfaction is based on the possession of material goods, to one where quality of life is based on health, happiness, friendship and community living.

# 3.7 Economic instruments for the protection of natural resources

Several economic instruments are currently used for environmental protection in the countries studied. As mentioned previously, in Argentina, the National Fund for Enrichment and Conservation of Native Forests compensates forest owners for conservation activities. The Bolivian PND identifies carbon sequestration as an important potential source of revenue for the country. But perhaps the most revealing example of the use and promotion of payments for environmental services among the countries analysed are the Fund for Water Protection of Quito-Ecuador (FONAG), which is being replicated in other localities, and the Yasuní-ITT Initiative of Ecuador (see Box 3).

Cuba is another example of a country that has used economic instruments for environmental protection (Garrido, 2003), such as:

- environmental investments in annual economic and social development plans since 1998;
- creation of the National Environment Fund, pursuant to the Environment Law of 1997 and operational since 2000, to finance environmental projects;
- royalties and fees on mining concessions in order to internalize the environmental costs of mining since 1997:
- taxes for the use of the Bay of Havana since 1999, which helped create the fund to finance the pollution control of the bay; and

#### **BOX 3. YASUNÍ INITIATIVE**

In 2007, the Ecuadorian president, Rafael Correa, announced to the United Nations General Assembly his country's commitment to maintain indefinitely unexploited reserves of some 846 million barrels in the ITT (Ishpingo-Tambococha-Tiputini) oil field, which has 20 per cent of the country's reserves and is located in Yasuní National Park in the Ecuadorian Amazon.

In return, the President proposed that the international community contribute financially at least US\$3.6 billion, or 50 per cent of the resources that the state would take in if opting for oil exploration. By this proposal he established a capital fund managed by UNDP, with the participation of the State, Ecuadorian civil society and contributors' representatives.

This initiative will make it possible to avoid the emission of 407 million tons of CO<sub>2</sub>, the main gas responsible for climate change. This reduction is greater than the annual emissions of countries like Brazil or France. Yasuní National Park is the most important biodiversity reserve on the planet, and is home to two Ecuadoran tribes living in voluntary isolation, the Tagaeri and the Taromenane.

For more information:

National Government of the Republic of Ecuador. Available at: <yasuni-itt.gob.ec/%C2%BFque-es-la-iniciativa-yasuni-itt.

taxes on forest clearing since 1996.

While the GER presents a set of tools that could help preserve the environment and increase equity and social benefits, each country should adopt the approach that best suits its interests and socioeconomic situation. A customized approach will depend on the specific aspects of the environment, governance, natural resource endowments and human capabilities. For example, in Bolivia, the Constitution stipulates that no individual or company can register ownership of Bolivian natural resources in stock markets, nor can they be mortgaged or used as collateral. Furthermore, its national development

plan rejects the consideration of water as an environmental service, given that in the past this led to privatization, which resulted in situations of inequality, exclusion and social conflict. In Ecuador, environmental services cannot be made subject to appropriation, and their production, delivery, use and development are regulated by the state. Similarly, in Cuba, natural resources are managed by the state.

The recognition of ecosystem functions and how conservation can be effectively integrated into the country's development are all part of national development policies of nearly all of the countries analysed. However, there are concerns that environmental services, when implemented internationally, could undermine countries' sovereignty, and that their natural resources might end up in the hands of the international financial sector. While the green economy approach recognizes the importance of assessing the services that ecosystems provide, such an assessment should not be equated in any way with assigning a sale price. The purpose of the assessment is, above all, to give more importance to ecosystems. In some cases, however, it is possible to estimate a monetary value that will serve as a point of reference to avoid losses to local communities.

Natural resources within a country can provide global benefits, such as carbon sequestration or conservation of biodiversity, and can go far beyond any meaningful estimation of value in monetary terms. Sadly, their conservation occurs at the expense of the community in which they are located. Fortunately, there are mechanisms for payment of environmental services that somehow seek to compensate communities for their actions to ensure the conservation of ecosystems, while providing the means of subsistence and respecting their rights and customs. Even so, communities or regions are within their rights to accept or reject such a mechanism.

In a green economy approach, compensation for the benefits derived from various ecosystem functions can be viewed as generating a stable source of



Traditional fisher and child, Nicaragua

income to local residents of these ecosystems for preserving these functions, and in doing so incur opportunity costs that adversely impact on their common heritage at the local and national level, and ultimately globally. As mentioned earlier, this view is shared openly by Argentina, Ecuador and Bolivia. However, these compensatory mechanisms cannot be seen as the perfect solution for the conservation of natural resources. Their application depends on specific local conditions, especially the development of strong property rights and land tenure, low transaction costs and implementation of credible agreements.

# 4 ANALYSIS OF MAJOR CONCERNS AND COUNTRY POSITIONS VIS-À-VIS THE GREEN ECONOMY APPROACH

While most of the countries analysed have managed to incorporate into their development policies various elements that govern the relationship of people and communities with the environment, including the means to achieve sustainability, there is a perceived gap between the current positions of these countries at the international level, often in the forefront, and their current development policies. This can be attributed to the slow pace of national legislation to integrate issues discussed and approved at the international level. For these reasons, the analysis in this section uses as a primary source the specific position of the countries on the themes of the Rio+20 Conference, as reflected in their contributions to the negotiation process.

Indeed, several of the concerns expressed by the countries under study have already been addressed in the discussions at the Rio+20 Conference, and have been captured in the document *The Future* We Want. Specifically, paragraph 56 considers "green economy in the context of sustainable development and poverty eradication as one of the most important tools available to achieve sustainable development and that it could provide options for policymaking". Likewise, it emphasizes that green economy "should contribute to eradicating poverty as well as sustained economic growth, enhancing social inclusion, improving human welfare and creating opportunities for employment and decent work for all, while maintaining the Earth's ecosystems".

At the same time, the document also states that "there are different approaches, visions, models and tools available to each country, in accordance with its national circumstances and priorities, to achieve sustainable development in its three dimensions". Furthermore, it ensures, as defined in paragraph 58, that any policy on green economy in the context of sustainable development and poverty eradication must, among others:

- be consistent with international law;
- respect each country's national sovereignty over their natural resources;

- be supported by an enabling environment and well-functioning institutions at all levels, with a leading role for governments and the participation of all relevant stakeholders, including civil society;
- promote sustained and inclusive economic growth, foster innovation and promote productive activities in developing countries that contribute to poverty eradication;
- strengthen international cooperation, including the provision of financial resources and technology transfer;
- avoid unwarranted conditionalities on Official Development Assistance (ODA) and finance;
- not constitute a means of disguised restrictions or arbitrary and unjustifiable discrimination on international trade:
- enhance the welfare of indigenous peoples and their communities, recognizing and supporting their identity, culture and interests, and improve the livelihoods and empowerment of the poor and vulnerable groups, in particular in developing countries:
- promote sustainable consumption and production patterns; and
- continue efforts to strive for inclusive, equitable development approaches to overcome poverty and inequality through inclusive and equitable approaches to development.

The remainder of this section presents a discussion of the concerns, needs and positions held by countries throughout their participation in the negotiation process and during the Rio+20 Conference.

### 4.1 Sustainable development

In general, the countries studied advocate for viable development models, where economic, social and environmental aspects are interdependent. They all



argue that the fundamental objective of sustainable development is to fulfil basic human needs. Bolivia and Ecuador, in particular, point out the importance of acknowledging that sustainable development implies living in harmony with nature, which brings about human happiness.

With regard to green economy as a means to achieve sustainable development, there is a consensus that it should not replace sustainable development. The countries also believe that there is a need for structural changes in current development models. Most consider that green economy could be one of the tools in achieving sustainable development, as long as it fits the economic models, development priorities and the political and institutional frameworks of each country, as reflected in paragraph 58 of *The Future We Want*.

UNEP recognizes that there are different paths to sustainable development due to the great diversity of situations, interests and worldviews held by countries around the globe. Although green economy is promoted as one of them, the decision of which model to follow or develop to achieve sustainable development is unique to each country. It rests upon the state to direct institutional, political, financial and human resources toward whatever the country considers as priorities in the social, economic or environmental realm. Moreover, even in the context of a green economy, a single model or path cannot be proposed, since it depends on national plans, strategies and priorities related to sustainable development, to the same extent it was agreed at Rio+20. However, for such a model to be considered as part of green economy, it must demonstrate significant progress in the three pillars of sustainable development.

# 4.2 Financial capital and international markets

Some of the countries analysed demand the reform and transparency of financial market mechanisms

in the field of food production. They contend that green economy must not be placed at the disposal and in the interest of capital to commodify nature. In this regard, it should be noted that the green economy concept emerged in response to speculation, which was one of the biggest causes of the financial and economic crisis of 2008–2009.

In the two decades before the crisis, there was considerable investment in financial derivatives and not enough in real economy and sectors of society who genuinely needed investments, such as food and energy, security, decent jobs, public transport, waste management, ecosystem restoration, education and many others. According to UNEP's perspective, green economy is an appeal to rectify this economic model and mobilize resources to help solve the most urgent needs (Sheng, 2012).

# 4.3 Trade and North-South cooperation

The countries studied expressed deep concern that green economy may entail the adoption of conditions, parameters or rules that would create disguised restrictions or arbitrary and unjustifiable discrimination in trade, finance, ODA and other forms of international assistance, which would subsequently lead to "green protectionism". As mentioned earlier, these concerns were reflected in the document *The Future We Want*. Moreover, some of the countries, such as Argentina, made a special appeal for the removal of subsidies harmful to the environment put in place by developed countries, especially in farming and fishing.

On the one hand, UNEP's position calls for the strengthening of existing international mechanisms that deal with such cases in order to face the new challenges of a transition to a green economy. On the other hand, green economy, from UNEP's perspective, supports the elimination of all harmful subsidies that lead to environmental degradation.

# 4.4 Technology transfer and national capacity development

The countries analysed advocate for the creation of appropriate international mechanisms for the transfer of technology and financial resources, which will enable developing countries to move towards sustainable development without additional costs. In this sense, there is a unanimous appeal to developed countries' fulfilment of their commitment to contribute 0.7 per cent of their GDP, and for technology transfers to include the dissemination of technologically-related knowledge.

Although green economy seeks the flow of foreign direct investment and international trade into green sectors, or into the greening of existing sectors, the countries studied believe that this is not sufficient to achieve the change needed to close the technology gap between developed and developing countries. Nor does it seem sufficient to reduce the technological dependence of developing countries. This situation was reflected in the outcome document of Rio+20. Moreover, the adoption of technologies in the context of a green economy should consider solutions that can be produced locally and can serve as a complement to, and not as a replacement for, the technologies, knowledge, cultures and ethical considerations of the host country. Technology has a unique role in maintaining the social, economic, and environmental systems of each country.

#### 4.5 Social inclusion

The countries analysed expressed their concern that in the process of implementing a green economy, certain members of the population could experience a negative impact on their situation. While any change in public policy generates both winners and losers, the state's role is to ensure the success of the transition to a green economy, and that the relevant policies are enforced so that the poorest segments of society are fully protected. The shift to a green economy on a large and sustained scale would involve changes that can be difficult, at least

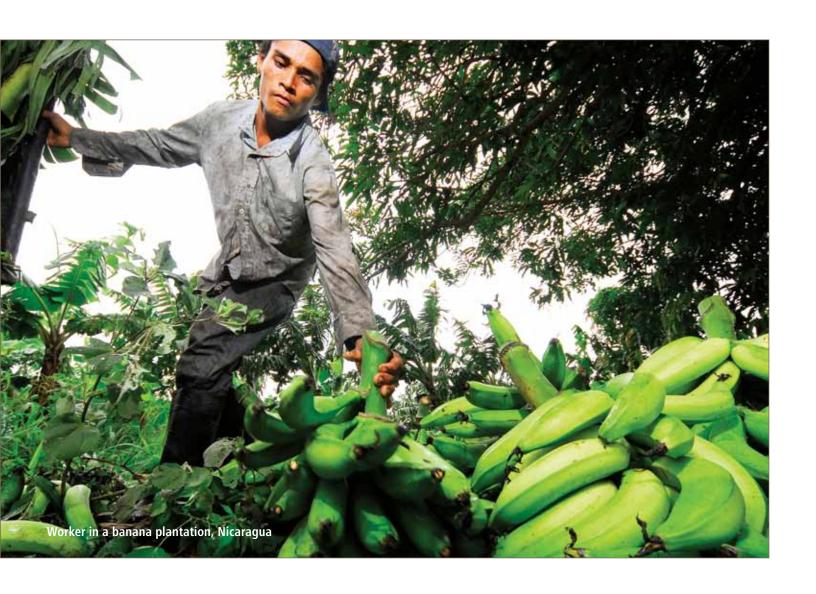
for some segments of the population. Hence the importance for governments take a leadership role in the formulation of policies and strategies through an inclusive and transparent process, as agreed at Rio+20. For example, the implementation of public policies to reduce investment in the production and use of fossil fuels and increase it in renewable energy will not only impact producers and workers in fossil fuel companies, but will also create new jobs in the renewable energy sector.

### 4.6 Competitiveness

There were concerns that in the process of adopting a green economy, the developing countries may lose their competitiveness. Such is the case for some developing countries whose degree of competitiveness is traditionally based on the abundance of natural resources and cheap labour. This cannot be sustained indefinitely. Under continuous extraction, natural resources will run out at some point, unless they are renewable and well managed. At the same time, if labour remains cheap, domestic purchasing power will remain weak, which is what makes countries highly vulnerable to fluctuations in external markets.

Within a green economy, the trade of products based on the exploitation of biological diversity is meant to be conducted according to the principles and criteria for BioTrade adopted by UNCTAD (UNCTAD, 2007). It assures, among others, that the marketing of products is sustainable and contributes to a fair and equitable sharing of benefits from the use of biodiversity. Therefore, BioTrade is not only an opportunity to increase trade volume in these countries, but also a way to ensure the sustainable use of natural resources.

Green economy also proposes that current dividends from the exploitation of natural resources be used to diversify the economy, giving priority to areas that promote or support nature conservation, such as sustainable agriculture, renewable energy, sustainable buildings, waste management and health, to name a few.



9

The 2012 United Nations Conference on Sustainable Development (Rio+20) has been provided a great opportunity for all countries to reaffirm their common principles and values with regard to sustainability. Similarly, it served to create a discussion about the pathways to follow and the tools to use to achieve sustainable development, focusing on green economy in the context of poverty eradication. Although there are diverse views about the concept of green economy, and the implications that its adoption might have on the countries analysed, this study has identified the following elements that could serve as a starting point to generate a regional post-Rio+20 discussion:

- The policy proposals presented by the UNEP Green Economy Report and the development models of the countries analysed are all based on the three pillars of sustainable development: social, economic and environmental. In many cases, the national proposals of the countries analysed go even beyond the approach presented in the GER.
- The particular commitment of the six countries to poverty eradication, reduction of social inequalities and increase in social well-being is worth emphasizing. Although the commitment is in line with the green economy approach formulated by UNEP, some countries emphasize the importance of a holistic coexistence with the environment.
- The focus on rights, ethics and standards as fundamental ways to achieve sustainability is fully compatible with market reform and the economic instruments implicit in the concept of green economy in the national arena. Both the countries analysed and UNEP's green economy approach consider the state to be the ultimate authority in creating enabling conditions and guiding the pathway towards sustainable development. This is because the market requires rules and strong

institutions to protect the common good and produce positive results, both environmental and social. Most importantly, at the international level, there is a need for a paradigm shift in consumption and production patterns that could help modify the relationship between society and nature.

- The countries studied, in particular Bolivia and Ecuador, added a new legal approach to the anthropocentric view of the relationship between humans and nature that so far has dominated the concept of sustainable development. According to these countries, not only do humans have the right to live in a healthy environment, with the responsibility for oversight, care and protection of Nature, but Nature itself also has rights that must be respected, promoted and defended.
- The vision of sustainability of many of the countries analysed goes above and beyond what is stated in their national official documents, and was complemented by the positions presented during the Rio+20 negotiations.
- At the international level, the implementation of a green economy leads to uncertainty in the analysed countries because international instruments that would support such a transition are not yet defined, although the relevant safeguards have been established in *The Future We Want*. Specifically, it is necessary to establish international mechanisms that guarantee that a green economy will:
- contribute to poverty eradication,
- respect the sovereignty of nations,
- facilitate the conservation of ecosystems and biodiversity, and
- allow an equitable distribution of wealth in a society based on *Buen Vivir/Vivir Bien* (Good Living/Living Well) and the realization of people's potential.



By the same token, in the context of international relations, any agreement and future implementation mechanism should avoid:

- replacing the concept of sustainable development with that of green economy,
- imposing trade barriers by developed countries, and
- introducing new conditions to access development assistance.

■ Finally, many of the concerns that were expressed by the six countries analysed during the Rio+20 preparatory process were included in the final document *The Future We Want*, which could show that such concerns are shared by a larger group of countries, and that the countries of ALBA and Argentina played an instrumental leadership role in the final proposal presented by the G77 and China group at Rio+20.



# RECOMMENDATIONS AND NEXT STEPS

The final document of the Rio+20 United Nations Conference on Sustainable Development, entitled *The Future We Want*, clearly states that there are different approaches to achieve sustainable development. It further maintains that any green economy policy or intervention adopted should contribute to poverty eradication and promote social equity.

This study is framed by this perspective and should not be seen as a finished product in itself, but as a baseline document to guide regional discussions on green economy and sustainable development in the Rio+20 era, enabling the countries of the region to define effective development strategies.

Based on the experience gained during the consultation process and the analysis conducted during this study, and taking in consideration the Rio+20 mandate, UNEP and specifically its regional office for Latin America and the Caribbean could focus their efforts on the topic of green economy in the following two main action areas:

**Dialogue** – Continue the dialogue with the countries under study, particularly by:

• Promoting high-level discussions between UNEP and the governments of the countries analysed on possible ways to incorporate an environmental dimension into public policy in crosscutting and effective ways, according to the countries' own needs and perspectives. These dialogues could

include, among others, the exchange of experiences, exploring the possibility of using legal and economic instruments to promote sustainable development, and bilateral cooperation.

- Supporting various dialogues that take place in the countries aimed at defining the most appropriate development strategy to achieve sustainable development, and involving different societal stakeholders, including the private and financial sectors.
- Supporting and promoting dialogues that allow for the adoption of a green economy concept that supports the development models of the countries studied, as well as those of the others in the region.
- Supporting countries upon request in the design of public policy options for a green economy in the context of sustainable development and poverty eradication.

Regional work – Define and implement a regional work strategy on green economy. This will help guide and coordinate UNEP's work, and provide a regional framework for action on the commitments made at Rio+20. The overall objective of this strategy would be to strengthen the capacity of governments and other interested parties in the region to effectively manage the adoption of socially inclusive development strategies that promote the efficient use of natural resources and involve low levels of carbon emissions.

- <sup>1</sup> The documents sent by the different countries can be viewed on the official UNCSD website: www.uncsd2012.org/memberstates.html <sup>2</sup> See, for example Orellana, R. (2012). Statement by Chief Negotiator of Bolivia during the Initial Discussions on the Zero draft of outcome document, 26<sup>th</sup> January 2012. Available at: www.uncsd2012.org/content/documents/701bolivia.pdf
- <sup>3</sup> ALBA is a proposal for integration of the Latin American and Caribbean countries that focuses on the struggle against poverty and social exclusion. It is embodied in a project for collaborative and complementary political, social, and economic cooperation among countries in the region, initially promoted by Cuba and Venezuela in response to the Free Trade Area of the Americas (FTAA), promoted by the United States. Currently, eight countries belong to ALBA: Antigua
- and Barbuda, Bolivia, Cuba, Dominica, Ecuador, Nicaragua, Saint Vincent and the Grenadines, and Venezuela. For more information, see: www.alianzabolivariana.org/index.php
- <sup>4</sup> The document *Los Lineamientos de la Política Económica y Social del Partido y la Revolución* lays out the strategic vision for development of the Cuban government for the period 2011-2015. This strategy was approved in the 6<sup>th</sup> Congress of the Cuban Communist Party, 18 April 2011.
- <sup>5</sup> More information about the current work of UNEP on green economy indicators is available at the following site: www.unep. org/greeneconomy/Portals/88/documents/research\_products/ Measuring%20Progress%20report.pdf



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