The Green and the Social: How Far, How Close in Latin America?

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Brief

- Concept of green economy and social dimension
- Situation of Latin American countries
- Impacts
- Conclusions and challenges
It is a moment for change ...

- Crisis: 3F
- Climate change
  - Impact on productive sectors
  - Social impacts
  - Developing countries are the less polluting, but will suffer more
Concept of Green economy....

Sustainable development

Environment

Economy

Social

Three pillars

Rio + 20 + Political debates on growth and employment
How green economy will help

- Greening of growth → increase GDP
  - New productive sectors
  - Increasing efficiency and efficacy in the use of resources
- Green jobs

Sustainable economies, with use of renewable energies, higher levels of growth and poverty-reduction

- What is missing?
  Context
  Social impact
The situation of LAC: some facts

Environment

- Deforestation
- Soil modification
- Pollution in main cities
- Unequal distribution of land

Economy

- High rate of growth
- 70% employment on low productivity sector
- Mining and energy, highly productive in the region, with low presence in total employment

Social

- More unequal region: 0.54 Gini
- Extreme poverty affects 11.3% of workers
- Education inequalities: access and quality
The situation: the model in LA...

### Economic growth

<table>
<thead>
<tr>
<th>Productivity</th>
<th>GDP</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>High: mining, energy and finance</td>
<td>60.8</td>
<td>21.4</td>
</tr>
<tr>
<td>Medium: Industry and transport</td>
<td>25.1</td>
<td>29.4</td>
</tr>
<tr>
<td>Low: Agriculture, construction, commerce, community and personal services</td>
<td>14.1</td>
<td>49.2</td>
</tr>
</tbody>
</table>

Green economy

Key sectors
- Agriculture
- Fishery
- Forestry
- Water
- Energy
- Buildings
- Transport
- Waste
- Manufacturing
- Tourism
- Cities

Economic growth
- Economy
- Environment
- Social

+ technology
+ capital
+ high-skilled workforce

Spending and redistribution
Impacts in LA

- Employment
- Rural Livelihoods
- Indirectly originated opportunities and risks
Employment

**Measures implemented**

- Transformation and creation of (new) productive sectors
- Incentives and subsidies that promote them
- Disincentives for unsustainable productive sectors: tariffs and taxes, removing environmentally harmful subsidies, international trade barriers on high-carbon products

**Effects**

- Creation of green jobs
- Increase in the net rates of employment

**Expected impacts / considerations**

- The labour demand increases, but not necessarily leading to jobs that abide by the decent work standards. New jobs demand worker’s skills and training.
- Risks of generating new exclusion poles between regions richer in assets (access to technology, high skilled workers, etc.).
- Employment and wage cuts may affect specially those located in the low productivity sector and low skilled workers, or people reliant upon subsidies (e.g., fuel).
Rural Livelihoods

**Measures implemented**

- Disincentives for unsustainable practices in the logging, fishing and agriculture sectors
- Availability of subsidies to promote sustainable agriculture

**Effects**

- Affects reliance on natural resources
- Forces productive reconversion

- Direct benefits over some areas, increasing incomes and labour
  
  - Increases food availability in the long run due to sustainable production

**Expected impacts / considerations**

- Increase poverty and vulnerability, in the absence of further measures

- Greater availability of food in the long term, increases food security

- Might exclude those areas more affected by climate change, deforestation and desertification, where agriculture is not sustainable in the short term
### Opportunities and risks

<table>
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<th>Measures implemented</th>
<th>Effects</th>
<th>Expected impacts / considerations</th>
</tr>
</thead>
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<tr>
<td>Promote the development of renewable energies</td>
<td>Essential for low carbon development, reduces prices of electricity and assures sustainability of its production</td>
<td>Reduces the barriers for poor households to access clean and renewable energy with no or low costs</td>
</tr>
<tr>
<td>Increasing public expenditure in green portfolios and plans</td>
<td>Smaller availability of resources for expanding social spending.</td>
<td>Social spending is kept the same or reduced due to resources prioritized in green economy investments, unless special caution is taken</td>
</tr>
</tbody>
</table>
Green economy in LA...

Productivity

High
Medium
Low

+ Added social impacts
Where to focus (LA)?

Equality

Economic structure
How to increase productivity in low sectors?

Social structure
How to reduce inequalities? Gender? Ethnic?

Policy coherence

Environment
Protect and reform

Equality

Increase productivity
+ New sectors
+ technology transfer
+ training

Policy coherence

Social transfers/protectio n
Long term investment
Productive and social policy

Spending reallocation?

Environment