

Sanctions, Oil, and Justice Under Siege: Manufactured Dependence, Ecosocialism, and Venezuela's Struggle for Sustainability

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Executive Summary

Venezuela is an oil-rich state that has formally adopted the 2030 Agenda and frames development in ecosocialist terms (UN, 2015; UNESCO, 2019). Yet implementation has been dominated by collapse and constraint: the IMF estimates real GDP contracted by more than 75 percent between 2013 and 2021, while humanitarian needs persist at scale and basic service delivery remains fragile (IMF, 2022; OCHA, 2025).

This paper examines what “implementation” looks like under these conditions by tracing four SDG-relevant domains: (1) food security and social protection via CLAP; (2) environmental governance in the Madre Tierra agenda and the southern mining frontier; (3) climate transition capacity through Venezuela’s NDC and Technology Needs Assessment (TNA); and (4) public services and human development outcomes (Hernández, 2021; Crisis Group, 2025; UNFCCC, 2025; UNEP-CCC, 2025; OCHA, 2025).

Across these domains, the binding constraints are practical rather than rhetorical: a revenue base tied to oil rents; restricted access to hard currency, banking, insurance, and shipping; and weakened accountability that turns welfare and environmental policy into arenas of coercion and rent-seeking (IMF, 2022; CRS, 2025; Douhan, 2021; Transparency Venezuela, 2020).

The core finding is blunt: SDG-aligned plans cannot scale when the state cannot pay, import, or monitor. Humanitarian exemptions and “authorized” channels exist, but overcompliance and transaction risk still choke procurement and delivery. In parallel, fiscal collapse pushes the state toward extractive substitution—especially illicit gold—deepening environmental harm and rights abuses (Douhan, 2021; OFAC, 2025; Crisis Group, 2025; Human Rights Watch, 2020).

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Background of area of interest

Venezuela's development model has long been rentier: oil exports financed social programs while crowding out diversified production. When PDVSA output fell and external finance tightened, the state's capacity to deliver basic services collapsed, and political competition shifted toward control of rents and distribution channels (Rodríguez, 2022; CRS, 2025).

The economic crash predates the harshest sanctions but accelerated as U.S. measures expanded from 2017 onward (Federal Register, 2017; CRS, 2025). The IMF estimates GDP contracted by more than three quarters between 2013 and 2021—an extreme peacetime collapse—leaving public systems underfunded and households exposed (IMF, 2022).

Sanctions matter for sustainability because they restrict the same levers SD implementation needs: fiscal space, payment systems, and access to capital goods. Even targeted measures can have system-wide effects when banks and suppliers treat Venezuela-linked activity as high-risk. The practical effect is a “derisking” spiral: transaction costs rise, delivery timelines extend, and public agencies substitute toward ad hoc intermediaries with weaker oversight (CRS, 2025; Douhan, 2021).

Displacement is not only a humanitarian symptom; it is an implementation constraint. Out-migration drains skilled workers from public services, weakens local tax bases, and fragments households into transnational survival strategies. Remittances can stabilize consumption, but they do not rebuild infrastructure or institutions. These dynamics complicate SDG delivery on both sides of the border, shifting costs onto host states and municipalities (R4V, 2025; UNHCR, 2025; IMF, 2022).

Regional spillovers are central to the sustainability picture. The R4V platform reports millions of Venezuelan refugees and migrants across Latin America, straining health, education, and labor markets in host states and complicating recovery through remittance dependence and brain drain (R4V, 2025; UNHCR, 2025). Inside Venezuela, OCHA's planning documents continue to describe chronic needs in health, food security, protection, and basic services (OCHA, 2025).

Against this reality, official planning documents and climate submissions articulate ecosocialism and rights-based development ambitions (UNESCO, 2019; UNFCCC, 2025). The gap is not only political will; it is execution capacity: financing channels, procurement access, skilled labor retention, and credible monitoring—each stressed

by sanctions risk, institutional erosion, and conflict-linked extractivism (UNEP-CCC, 2025; Douhan, 2021; Crisis Group, 2025).

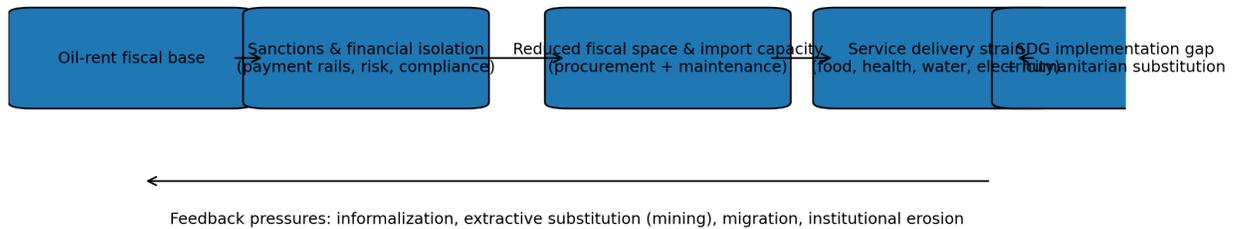


Figure 1. Binding constraint pathway for SDG implementation in Venezuela

Major sustainable development issues to address

This section focuses on sustainable development problems where Venezuela has plans and programs, but implementation fails at the level of money, logistics, and governance. The question is not whether Venezuela can write SDG language; it is whether it can deliver predictable services, protect ecosystems, and finance transition under binding constraints.

Food security and social protection: CLAP

Food security is the most immediate SD priority because it sits at the intersection of poverty, health, education, and social stability. CLAP emerged as a crisis instrument to distribute subsidized food packages when formal markets broke down (ACAPS, 2018; Hernández, 2021).

Implementation hinges on import capacity and payment rails. When the state cannot access foreign exchange, banking, insurance, or shipping, deliveries become intermittent and expensive; when governance is weak, the same system becomes vulnerable to diversion, politicized targeting, and opaque contracting (Douhan, 2021; Transparency Venezuela, 2020; Hernández, 2021).

Distribution systems can also be politicized. Human rights reporting and domestic anti-corruption monitoring have raised concerns about targeting, conditionality, and opacity in contracting. Where food packages are perceived as contingent on political loyalty, they undermine social cohesion and weaken the legitimacy needed for broader reforms in health, education, and environment (Transparency Venezuela, 2020; Human Rights Watch, 2025).

In practical terms, CLAP shows how a “social policy” becomes a logistics project. Even when transactions are technically permitted, compliance risk can delay payments and suppliers, producing gaps that households feel as hunger. SDGs linked to nutrition and poverty reduction therefore remain hostage to macro-financial constraints rather than program design (Douhan, 2021; OFAC, 2025).

Environmental governance and ecosystem protection: Madre Tierra and the mining frontier

Environmental governance is a second front where implementation breaks down. Venezuela’s “Madre Tierra” framing and protected-area commitments collide with the realities of illegal mining in the south, where armed groups and corrupt networks profit from gold and where enforcement is partial or captured (Crisis Group, 2025; Human Rights Watch, 2020).

The practical effects are visible on the ground: deforestation, mercury and sediment pollution, and violence in mining corridors. These dynamics undermine SDGs on life on land, health, clean water, and peaceful institutions—and they create a perverse incentive to treat environmental destruction as a revenue substitute when oil income is constrained (Crisis Group, 2025; Lambertini, 2023; Mongabay, 2025).

Madre Tierra thus becomes a test of state capacity. Without credible enforcement and alternative livelihoods, environmental policy is reduced to narrative while extractive survival strategies expand. The result is an implementation trap: immediate fiscal survival financed through ecosystem loss and rights abuse (IMF, 2022; CRS, 2025).

Climate transition capacity: technology, finance, and the TNA

On climate, Venezuela has formal obligations and planning instruments (UNFCCC, 2025). Yet transition capacity is constrained by limited investment, degraded infrastructure, and difficulty accessing technology and finance—conditions worsened when international payments and procurement routes are fragile.

The Technology Needs Assessment process identifies priority technologies for mitigation and adaptation and is designed to translate plans into actionable pathways (UNEP-CCC, 2025). But identifying needs is not the same as acquiring equipment: sanctions risk and overcompliance can still block vendors, banks, and insurers even for permitted transactions, slowing everything from grid upgrades to monitoring systems (Douhan, 2021; OFAC, 2025).

The practical consequence is that climate policy skews toward paper compliance—plans and submissions—while implementation lags. Without stable procurement

access, trained personnel, and credible data systems, mitigation and adaptation goals remain aspirational (UNFCCC, 2025; UNEP-CCC, 2025).

Public services and human development outcomes under prolonged crisis

Sustainable development depends on basic service systems: health, education, water, and reliable local administration. Venezuela’s prolonged crisis has hollowed out these systems, contributing to preventable health risks, school disruption, and outward migration (ACAPS, 2018; OCHA, 2025; UNHCR, 2025).

When service delivery collapses, SDG work is forced into a permanent emergency posture. Partners can patch gaps, but they cannot replace a functioning fiscal state; therefore, “implementation” becomes short-cycle relief rather than long-cycle development planning (OCHA, 2025; IMF, 2022).

Table 1. Major sustainable development issues and implementation barriers in Venezuela

Issue area	Why it matters for SD implementation	Practical barriers highlighted in this paper
Food security & social protection (CLAP)	Directly affects poverty, hunger, health, and social stability (SDGs 1–3).	Import dependence; fragile payment rails; overcompliance and procurement delays; diversion/politicized targeting risks (Hernández, 2021; Douhan, 2021; Transparency Venezuela, 2020).
Environmental governance & ecosystems (Madre Tierra; mining frontier)	Protects biodiversity and water systems and reduces violence linked to resource extraction (SDGs 6, 15, 16).	Illicit mining as shadow revenue; weak/partial enforcement; armed actor involvement; deforestation and mercury pollution; rights abuses (Crisis Group, 2025; Human Rights Watch, 2020; Mongabay, 2025).
Climate transition capacity (NDC; TNA)	Enables mitigation/adaptation planning and technology deployment under the Paris Agreement (SDG 13).	Limited investment; blocked or delayed technology procurement; overcompliance; weak monitoring systems (UNFCCC, 2025; UNEP-CCC, 2025; OFAC, 2025).

Public services & human development	Service delivery (health, education, WASH) underpins most SD outcomes (cross-cutting).	Underfunded services; staff flight; degraded infrastructure; humanitarian patchwork cannot substitute for fiscal capacity (IMF, 2022; OCHA, 2025; UNHCR, 2025).
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Challenges of implementation

Venezuela’s implementation challenges are mutually reinforcing: fiscal collapse reduces capacity; financial isolation obstructs procurement; and governance weakness increases leakage and distrust—making external actors more risk-averse and further tightening constraints. The sections below describe how these barriers operate in day-to-day delivery.

Sanctions, financial isolation, and operational bottlenecks

U.S. measures expanded from financial sanctions (2017) into tighter restrictions that increased the transaction risk of dealing with Venezuelan public entities (Federal Register, 2017; CRS, 2025). In practice, this operates less like a targeted tool and more like an informal financial embargo: fewer banks will process payments, fewer insurers will cover shipments, and suppliers raise prices to compensate for risk (CRS, 2025; Douhan, 2021).

The result is not abstract. When a ministry cannot pay a vendor on time, medicine, food, and spare parts do not arrive. Analyses argue these constraints compounded humanitarian harm by compressing state revenue and by degrading public systems already under stress (Weisbrot and Sachs, 2019; IMF, 2022).

A recurring operational choke point is overcompliance. Even when humanitarian or other exceptions apply, firms often avoid Venezuela-linked transactions altogether. For sustainable development programs, that means delayed procurement, weaker competition in tendering, and stalled climate-technology imports (Douhan, 2021; OFAC, 2025).

OFAC issues general licenses and guidance intended to permit humanitarian activity, but implementers still face documentation burdens, delayed bank processing, and fear of penalties. For NGOs and multilateral partners, this can force reliance on narrow channels, increase administrative overhead, and reduce the scale

of projects. In other words, authorization on paper does not equal delivery in practice (OFAC, 2025; Douhan, 2021).

Rentier dependence, revenue collapse, and extractive substitution

Oil dependence is the baseline vulnerability. Sustainable development programs—social protection, health budgets, environmental agencies—are financed in the same currency stream as the rentier state. When output and export capacity fall, everything downstream is rationed (Rodríguez, 2022; IMF, 2022).

Sanctions and debt distress intensified this revenue shock by narrowing export channels and limiting refinancing options, reducing the state's ability to stabilize imports or invest in infrastructure (CRS, 2025; IMF, 2022).

Under that pressure, extractive substitution becomes attractive. Southern gold mining, including illegal operations, functions as a shadow revenue stream but drives deforestation, violence, and institutional capture—undercutting long-run sustainability (Crisis Group, 2025; Human Rights Watch, 2020).

Governance capacity, accountability, and public trust

Implementation is also a governance problem: who gets benefits, who pays costs, and who can contest decisions. Weak transparency and politicized distribution erode trust in programs like CLAP and weaken compliance with environmental rules, while corruption risks deter external engagement (Transparency Venezuela, 2020; Human Rights Watch, 2020).

In this setting, ecosocialist rhetoric can coexist with coercive practice: welfare becomes leverage, and environmental regulation becomes selective. That gap damages legitimacy and makes programs brittle—effective only as long as coercion and patronage can be maintained.

Information, monitoring, and delivery constraints

Sustainable development is measured, managed, and corrected through data. Venezuela's crisis environment complicates statistics, monitoring, and evaluation, and humanitarian planning repeatedly notes gaps in local capacity and access that limit coverage and accountability (OCHA, 2025).

Weak data systems also obstruct climate and environment work: emissions inventories, adaptation baselines, and technology roadmaps require stable institutions. Without credible monitoring, Venezuela's SD commitments remain difficult to verify and difficult to finance (UNFCCC, 2025; UNEP-CCC, 2025).

Conclusions

Venezuela's sustainable development challenge is not a shortage of plans; it is a shortage of executable state capacity. The country's rentier structure, compounded by sanctions-driven financial isolation, has turned implementation into a fight over scarce imports and scarce legitimacy (UNESCO, 2019; IMF, 2022; CRS, 2025).

Across food security, environmental governance, and climate transition, the same pattern appears: programs depend on payment rails and procurement access; when those collapse, delivery becomes intermittent and politicized; when oversight is weak, extractive and coercive logics fill the vacuum (Douhan, 2021; Transparency Venezuela, 2020; Crisis Group, 2025).

For practitioners, the implication is practical: SDG progress requires (1) predictable mechanisms for permitted transactions and procurement that reduce overcompliance; and (2) enforceable domestic safeguards—anti-corruption controls, transparent targeting, and protection of mining-frontier communities and ecosystems (Douhan, 2021; OFAC, 2025; Human Rights Watch, 2020).

Absent those conditions, sustainable development will remain an emergency management exercise. With them, Venezuela's stated ecosocialist framework could move from narrative to implementation—linking social protection with ecological protection rather than trading one for the other.

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