

# Can post-2015 sustainable development goals survive neoliberalism? A critical examination of the sustainable development–neoliberalism nexus in developing countries

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Received: 13 June 2013 / Accepted: 24 September 2013 / Published online: 4 October 2013  
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**Abstract** The Rio+20 summit of the United Nations in Brazil in 2012 committed governments to formulate a set of sustainable development goals (SDGs) that would be integrated into the Millennium Development Goals (MDGs) following its expiration in 2015. This decision has pushed sustainable development agenda into the limelight of development once again. Meanwhile, we note that the development agenda of many developing countries has been dominated by neoliberal orientation driven by market reforms, social inequality, and a move towards enhancing the economic competitiveness of the supply side of the economy. In this paper, we discuss the relationship between neoliberal economic agenda and sustainable development. We do so by examining how neoliberal policies of privatisation, trade liberalisation and reduction in governments spending stand to affect the attainment of sustainable development ideals and their implications on the post-2015 Sustainable Development Goals. The paper then suggests that relying solely on the mechanisms of the market in governing and allocating environmental resources is necessarily insufficient and problematic and therefore calls for a new approach—one which goes beyond just recognising the interdependency among social, environmental and economic goals and places issues of equity and addressing unfavourable power relations at the centre of interventions aimed at achieving the ideals of sustainable development.

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**Keywords** Sustainable development goals · Neoliberalism · Environment · Sustainable development

## 1 Introduction

The Rio+20 summit of the United Nations in Brazil in 2012 committed governments to formulate a set of sustainable development goals (SDGs) that would be integrated into the Millennium Development Goals (MDGs) following its expiration in 2015. This decision has pushed sustainable development agenda in the limelight of development once again. In the past two decades or so, concerns for balancing economic growth, social development and global environmental protection have shifted the discourse of development towards what has become known as the sustainable development (Redclift 2005). Normative understanding of sustainable development advocates for equity and environmentally sensitive economic development. When approved, the SDGs will become the cardinal agenda that will drive socio-economic and general development interventions over the next decade and half.

Meanwhile, we note that the development agenda of many developing countries have been dominated by neoliberal orientation driven by market reforms, social inequality and a move towards enhancing the economic competitiveness of the supply side of the economy (Raco 2005). For many developing countries, solutions to socio-economic development and environmental problems have been left to the mercies of free-market mechanisms such as marketisation, deregulation, privatisation and the commodification of common property resources like biodiversity and forest resources (Benhin and Barbier 2004 and Holmes 2012). Paradoxically, there is mounting evidence showing that the current neoliberal economic regime and its accompanied structural changes almost run counter to the prerequisites of sustainable development (Barkin 1997; Haque 1999 and Arsel and Buscher 2012). Neoliberal-oriented policies such as minimalist state interventions and privatisation have invariably had adverse impacts on the environment and social development, which pose a threat to the attainment of the ideals of sustainable development (Rodrigues 2003). We therefore ask is sustainability under threat of neoliberalism and what lessons can be drawn to inform operational policies to achieve the implementation of the yet-to-be-formulated SDGs? The main objective of this paper is to critically analyse the relationship between neoliberal economic agenda and sustainable development. It does so by examining how neoliberal policies of privatisation, trade liberalisation and reduction in governments spending on social programmes stand to affect the attainment of the ideals of sustainable development. Our emphasis in this paper is not on what the SDGs should involve or who should set them. Rather, our focus touches partly on the mechanisms for achieving whatever goals that may be agreed on. We take cognisance of the fact that the current neoliberal economic thinking may have significant impact on the ways and extent to which the diverse goals will be achieved.

This paper is organised as follows: an examination of neoliberal economic agenda is explored by focusing on its meanings and what it entails in relation to sustainable development. This is followed by an analysis of the neoliberal argument that posits that economic growth promotes environmental quality. A brief overview of the concept of sustainable development is provided with a further examination of the extent to which market-driven policies deliver sustainable development. We then outline some implications for the post-2015 SDGs before tying the discussion together through a conclusion.

Throughout the paper, emphasis is placed on countries in Latin America and sub-Saharan Africa as they provide a broad arena and varied insights for case studies. Additionally, these regions have served as the ‘experimental laboratory’ (Liverman and Vilas 2006) for the implementation of neoliberal policies in relation to the environment and socio-economic development.

## 2 Neoliberal economic agenda in developing countries

Over the last three decades or so, academic researchers and policy makers have argued that neoliberalism and free-market policies have become the political hegemonic and economic discourse of our time (Plehwe et al. 2005 and Harvey 2011). In developing countries, this politico-economic discourse has been incarnated into what has come to be known as the neoliberal economic agenda (Ribot et al. 1996; Adger et al. 2001 and Downing 2003). Given the diverse and complex nature of defining neoliberal economic agenda (herein referred as neoliberalism), this paper conceives neoliberalism as an economic and political ideology that aims to subject social and ecological affairs to capitalist market dynamics (Büscher et al. 2012). These controls are manifested through private property rights, free markets and trade liberalisation with the state creating the enabling environment for the functioning of the market (Harvey 2007). Doctrines of neoliberalism further emphasise virtues of economies of scale, economic efficiency and minimalist state.

Neoliberalism was propounded in the writings of luminaries like Friedrich von Hayek and Milton Friedman just to mention a few (Humphreys 2009). It became dominant during the Margaret Thatcher and Ronald Reagan era and a key component of the *Washington Consensus*—the ‘standard’ set of economic policies promoted for developing countries by the Washington, DC-based institutions such as the International Monetary Fund (IMF), World Bank, and the US Treasury Department (Williamson 1989). Neoliberal policies have been implemented across developing countries through the adoption of Structural Adjustment Programmes (SAPs) especially in the 1980s and the subsequent Poverty Reduction Strategy Programmes (PRSPs) in the early 2000s (Stiglitz 2003; Liverman and Vilas 2006; Harvey 2007 and Reed 2009). Harvey (2007) opines that these institutions in recent years have instantiated neoliberalism as a set of new global rules that countries should adhered to. The ideological underpinnings of neoliberalism are based on Keynesianism which places emphasis on market triumphalism and the belief that the self-regulating market becomes the mechanism for allocating goods and services through commodification (Polanyi 2001). The typologies of neoliberalism also include ‘rolling-back phenomenon’ (deregulation and dismantling of the activities of the state) as well as ‘rolling-out phenomenon’ (regulatory reforms and reconstruction of the state around neoliberal models) (Castree 2008).

Chang (2002) argues that the central plank of neoliberalism is that the state is deficient in providing information on prices, prone to manipulations for self-seeking interests and therefore cannot promote the efficient functioning of the market. In this regard, relying therefore on the state, the argument goes, will result in market failures. Ensuring efficiency and competition require deregularising market forces, and it is therefore no surprise that the market has become the mechanism for environmental governance in recent years (Bakker 2010). With respect to environmental governance, neoliberals maintain that natural resources such as forest will be effectively utilised given that the market operates freely without restraints from government regulations (Humphreys 2009).

Similarly, Anderson and Leal (2001) argue that market prices should be assigned to environmental goods and ecosystem services so as to internalise externalities hitherto not accounted for through schemes such as avoided deforestation carbon trading and the Reduced Emissions from Deforestation and Degradation (REDD+). Other features and guiding principles of neoliberalism include cuts in state fiscal and administrative resources through reduction in subsidies and retrenchment of public sector workers, commodification and marketisation of natural resources, increased role of the private sector in resource management and deregulation (Humphreys 2009).

### 3 The paradox of the neoliberal economic agenda

Neoliberalism as a hegemonic political and economic discourse has swept the development arena in developing countries, making it almost impossible for any country to claim immunity from its influences (Klein 2010). Proponents maintain that market-based strategies promote efficiency, competition and stabilisation of the economy (Easterly 2005). Nevertheless, empirical studies on neoliberalism and market efficiency challenge the arguments of the neoliberals (Harvey 2007 and Morris and Klesner 2010). Harvey's critique lies in the fact that market mechanisms have become a vehicle for promoting monopoly power rather than competition especially state-based monopoly in the supply of utility services in Mexico. Moreover, the increasing consolidation of monopoly is evident in the corporatisation and privatisation of water services by few private companies in South Africa (Narsiah and Ahmed 2012).

Furthermore, country-specific case studies in Argentina and Brazil illustrate that corruption has become rampant since the introduction of privatisation and liberalisation policies (Manzetti and Blake 1996). Adopting a market-based solution removes the regulatory mechanisms by the state, creating an avenue for corruption. For example, Rudel (2005) has observed that market-based solutions of forest protection promote an increase in illegal logging because government officials who benefit from corrupt practices are unwilling to prevent illegal loggers. On these account, it could be argued that the implementation of neoliberal policies in promoting market efficiency in most developing countries has been far from being effective.

### 4 Neoliberalism, economic growth and environmental quality: at loggerheads?

A positive correlation has been established between economic growth and environmental quality. This is mostly seen in the liberalisation thesis which places emphasis on the increasing role of trade through technological changes, economic growth and rising income levels in promoting environmental quality. In a study by Grossman and Krueger (Grossman and Krueger 1992) on the environmental benefits of the North American Free Trade Agreement, they argue through the use of the environmental Kuznets curve (EKC) that economic growth has a positive relationship on the indicators of environmental quality. The underlying assumption of their argument is that an inverted U-shaped relationship exists between growth and pollution, meaning a rise in income increases environmental pollution, but at the threshold level, the quality of environmental indicators begins to increase. Thus, pollution and environmental degradation increases at the early stages of economic growth, but this is compensated for beyond some level of income per capita so that a high-income levels economic growth leads to environmental improvement (Grossman and Krueger

1992). Additionally, increased income levels from trade are accompanied by tight regulations which help in protecting the environment (López 1994).

Empirical studies about EKC in other contexts, however, show mixed results. Some scholars argue that increased growth and a rise in income level reduce the amount of pollution in sulphur dioxide (Antweiler et al. 2001). Notwithstanding, other contradictory outcome has been reported by Stern who argues that EKC does not reduce sulphur dioxide pollution (Stern 2004). Although, the results of the impact of the EKC on environmental quality are mixed and uncertain, what seems to be obvious is that to some extent there exists a positive relationship between economic growth and environmental quality. However, this cannot necessary be replicated in all contexts given the diversity in country circumstances. Also a reduction in sulphur pollution tends to be associated with increase in the level of income. Notwithstanding these positive assertions, factors other than income such as environmental regulations and market also influence the degree of environmental quality, but these are often ignored by the proponents of EKC (Jenkins 2000). Proponents usually take a narrow perspective by focusing on the immediate area of an industry's operation without taking into consideration the environmental impact on the larger ecosystem. For instance, an improvement in mining technologies often seeks to increase production by reducing pollution in unit output but not in aggregate terms (Hilson 2003 and Fontúrbel et al. 2011).

Beyond the EKC, another assumption underpinning the neoliberal agenda and its relationship with SD relates to the notion of equitable distribution of wealth and access to environmental goods and services. Proponents argue the need for the state or policy makers not to consciously redistribute the world's resources and wealth as this will naturally result from the trickle-down processes. Yet, this assumption has largely failed in practice. At present, through the uneven playing field resulting from the control and ability of the rich to interact with the markets, they are able to control basic environmental assets of land, water and forests as the poor are pushed away from these assets. The recent surge in grabbing of land and water in many developing countries attests to this fact (Cotula et al. 2009; Vermeulen and Cotula 2010; Suhardiman 2013 and Vel-dwisch et al. 2013).

Similarly, environmental costs are unequally distributed as the burdens of air and water pollution, degraded soils and defoliated lands to a large extent rest disproportionately on the poor (Altieri and Rojas 1998 and Renfrew 2009). The recent times have now focused on mechanisms for environmental governance in what has come to be known as 'green neoliberalism' (Goldman 2005). It is argued that this will help preserve the environment because of the internalisation of externalities and private property rights by recognising environmental resources as economic goods (Bakker 2003). This has given prominence to initiatives such as payment for ecosystem services (PES), Clean Development Mechanism (CDM) and those on the Reducing Emissions from Deforestation and Degradation mechanism (REDD+) within the global environmental governance arena (Boyd et al. 2009; Holmes 2012 and Arsel and Buscher 2012). In this context, free-market environmental governance such as certification and private standards has been fused into natural resource management (Higgins et al. 2008). In a study on firewood certification in Chile by Conway (2012), he observed that certification programmes help in preventing air pollution and forest degradation, but the benefits are not evenly distributed. Poor and small holder companies are often marginalised. This compels them to rely on the informal sector for their supply which further exacerbates the problem of deforestation and pollution.

## 5 Sustainable development: contested meanings and significance

Sustainable development has become a powerful and controversial theme in development discourse over the past two decades or so. Following an integrated three-pillar approach (Robinson 2004), sustainable development is defined as a development that provides a more holistic consideration of economic, social and environmental needs by ensuring equitable and sustainable use of resources (Gasparatos et al. 2009). The concept became more popular after the Brundtland Report (World Commission on Environment and Development 1987) and was later assigned with different interpretations including as an economic development that is complementary to environment and society; as a process of development that emphasises intergenerational, equity; and as a process of ensuring environmental services on a very long-term basis (Barrow 1995; Noman 1996 and Redclift 2005).

Sustainable development therefore aims to create a balance among environmental, social and economic goals. Adopting such an approach presents a simplistic conception of the inter-relationships between the components of sustainable development and neoliberalism (Barton 2000). Much of the writings on sustainable development in developing countries in recent years have been influenced by neoliberal thinking. Neoliberalism as its critics argue, undermines the ability of developing countries in achieving sustainable development because of its emphasis in promoting the interest of the market at the expense of social and environment development (Haque 1999). The next section examines the implications of neoliberalism on the environment and social development.

## 6 Neoliberal economic agenda and sustainable development: evidence from developing countries

The ideological inclination of neoliberalism is rooted in strong beliefs in the promotion of the general good by following the principles of a minimalist state, comparative advantage, free market and open competition and economic growth. These beliefs are largely expressed through policy preferences such as privatisation of state enterprises, deregulation of state controls, trade liberalisations, promotion of foreign direct investment, reduction in social expenditure and withdrawal of subsidies and safety nets. This section explores how these policy preferences and policies have affected progress made by most developing countries towards sustainable development.

To begin with, the principal objective of neoliberal policy has been to enhance economic growth and productivity based on the principles of market competition. This belief often tends to overemphasise economic values above social justice goals and environmental concerns. Growth in GDP per capita is largely used as the overriding determinant of poverty reduction and general progress of development (Mulok et al. 2012).

Proponents have argued that the number of people living in extreme poverty has fallen over the past three decades and income distribution of the world has also become more equal than it used to be over the same period due to the adoption of the tenets of neoliberalism and the subsequent increase in economic growth (Dollar and Kraay 2002 and Chen and Ravallion 2004). But, this assertion has been heavily contested on the grounds of poor methodology and the assumptions underlying those studies (Reddy and Pogge 2003 and Subramanian 2009). Consequently, a number of bodies have suggested a contrary conclusion (Wade 2002 and Milanovic 2002). Drawing on UNDP poverty report in 1992, Veltmeyer (1993) argues that poverty levels increased from 136 to 226 million and 270 to 335 million between 1986 and 1990 for Latin America and Africa, respectively. Other

scholars have also found similar correlation in neoliberal agenda pushing a number of people into poverty (Amann and Baer 2002).

In many cases, wealth concentration—as has been the focus of neoliberal economic agenda—is accumulated by a few sections of the population, while the majority of the people continue to wallow below the poverty line notably in Mexico and sub-Saharan Africa (Portes and Hoffman 2003). The increasing levels of poverty and inequality continue to affect sustainable development because of the poor's dependence on the environment as a major source of livelihood mostly through agriculture.

Privatisation and trade liberalisation, which are some of the policy preferences to promote sustainable development, can indeed provide pathways to increase employment opportunities and income for the poor. In principle, such outcomes can naturally help people move away from traditional sources of sustenance based on natural resources. Yet, evidence of this in practice is quite fledging. Generally, many of such employment and income opportunities occur in the urban areas, where direct reliance on natural resources is very less. Even if such opportunities do occur, only few segment of the society benefit. Rather, the accompanying reforms embedded in the neoliberal approaches to development often result in negative consequences such as unemployment of formal sector workers which could naturally gravitate the poor to seek livelihood from the environment in which they live, thereby degrading it. In Argentina for instance, the unemployment rate increased from 6.5 % to over 17 %, while at the same time, the number of poor people soared from 22 to 27 % between 1991 and 1995 due to the implementation of neoliberal-oriented monetary policies of the World Bank and IMF in line with attainment of sustainable development goals of the country (Bosworth and Susan 2003).

The conditions attached to the policy preferences of neoliberalism can also induce environmental degradation practices in a number of ways (Holden 1997 and Conway 2012). Rudel and Horowitz (1993) found that reduction in government subsidy for agricultural inputs in Ecuador forced farmers who could not afford the prices of inputs to expand production into marginal forested areas thereby accelerating deforestation and soil degradation. In Ghana, Benhin and Barbier (2004) found that the removal of subsidies discouraged the use of agricultural inputs such as insecticides and ammonium sulphate, therefore people expanded land area cultivation to increase yield. In effect, the neoliberal practices and the pressure to survive competition can often push poor farmers and other people to adopt unsustainable natural resource management practices. There is also growing body of research highlighting that the overwhelming consumption patterns of non-poor groups (especially high income groups) and the production and distribution systems driven by neoliberalism and its associated globalisation are contributing marginally to environmental degradation (Tamazian et al. 2009 and Saboori et al. 2013).

Furthermore, other circumstances of adjustment such as reduced government spending and excessive downsizing undermine environmental management due to the slashing of budget and reduction in the number of staff of environmental ministries (Bryant and Bailey 1997). This process mildly affects the strength and capacity of institutions and general state regulatory capacity in environment and forestry departments. A study by Reed (2009) on the environmental impact of adjustment programmes found significant decline in the capacity of the Venezuelan Ministry of Environment to enforce environmental regulations as a result of small number of staff. Additionally, he found out that in Cameroon, budget cuts led to an increase in the rate of deforestation from timber logging due to lack of supervision by government. The linkage between neoliberal policies and forest loss is much complex, but as the evidence in the literature demonstrates, neoliberal policies have largely had a negative impact on environmental protection through the reduction in

government spending which increases poverty, thereby increasing the poor's dependency on forest resources for agricultural purposes (Holden 1997). Also, cuts in government spending reduce the capacity of the various environmental departments to supervise, regulate and protect the environment as illustrated in the above case studies.

Neoliberal economic agenda does not only include the rolling back of the state but also liberalisation. Liberalisation of trade and the expansion of exports as argued by the neoliberals promote economic growth. In this regard, governments have to create the enabling environment by removing barriers to trade and offering financial incentives such as tax holidays for companies in order to encourage investment. Providing these incentives makes it more profitable for corporations to undertake their activities especially in export-led sectors such as mining and agriculture (McMichael 2008).

The liberalisation of trade under the neoliberal regime has increased incentives for the production of cash crops, timber logging and mineral extraction. In one study on deforestation and biodiversity in Ghana, Benhin and Barbier (2004) found that liberalisation has created an increase in returns on timber logging and therefore provides an incentive for destructive logging. Also, in an effort to promoting export opportunities and free trade, the expansion of banana production has been found to have led to deforestation and excessive use of chemical fertilisers in Costa Rica, while timber production has caused deforestation and unsustainable exploitation of natural resources in Tanzania and Chile (Reed 2009).

Another policy preference pursued in the context of neoliberalism to achieve development goals relates to privatisation. The dominance of privatisation as part of the neoliberal agenda is a result of the presumed inefficiencies of the state (Ahlers 2010). Ideologically, neoliberals maintain that governance is best undertaken by the private sector. In this regard, the World Bank has in recent years become vocal in the propagation of the Dublin–Rio principles of cost recovery especially in developing countries such as South Africa (Goldman 2005). Policy recommendations mostly made are in privatising conditions of productions resulting in the establishment of private property rights over common property resources. This is to prevent the occurrence of the tragedy of the commons because private resource ownership ensures sustainability (Hardin 1998). The increasing number of private multinational companies in the provision of water supply in developing countries such as Peru and Zambia is an attestation (Kazimbaya-Senkwe and Guy 2007 and Ioris 2012) is an attestation.

However, adopting a market-led approach to environmental resources will result in 'accumulation by disposition' with its attendant distributive problems (McDonald and Ruiters 2005 and Harvey 2005). For example, privatisation to a larger extent has failed to provide services to the poor coupled with incidence of corruption in countries such as South Africa (Budds 2004 and Narsiah and Ahmed 2012). In other cases, the private sector has increased the level of environmental pollution for water and solid waste. Loftus and McDonald (2001) have observed that the privatisation of water services in Argentina has led to water contamination as private companies have failed to invest in sewerage infrastructure. This has resulted in the contamination of surface water and groundwater and therefore poses environmental and health treats which in the long run affect the attainment of sustainable development. Based on the preceding discussions, it will be premature to argue that privatisation ensures the effective use of environmental resources. Although some positive linkages have been established, the social and environmental problems such as unequal access, profit over people arising from the privatisation of social services and common property resources provide a platform for some degree of scepticism (Budds 2004 and Narsiah and Ahmed 2012).

The field of environment is further awash with payment for ecosystem services (PES) and market-based approaches to conservation (MBCAs), which are all embedded in the ideals of neoliberalism. Global conferences such as those of the United Nations Framework Convention on Climate Change (UNFCCC) have had agreements that MBCAs such as the Clean Development Mechanism (CDM) and REDD+ should be implemented in the context of sustainable development and also be used in facilitating poverty reduction alongside its forest conservation and carbon enhancement focus (UNFCCC 2011). Market-based approaches to conservation such as the emerging REDD+ are argued to have a greater advantage over many other conservation tools as they are efficient approaches, a source of incentive as well as a conservation financing mechanism (Pagiola and Platais 2002 and Wunder 2008). Market-based schemes like PES and REDD+ can, if well designed, can provide attractive and compelling solutions for balancing environmental sustainability with economic development especially in developing countries. Studies by proponents of PES suggest that such schemes can provide some livelihood benefits (Landell-Mills and Porras 2006; Porras et al. 2008); increased income above opportunity costs (Wunder 2008) and increased social capital (Grieg-Gran et al. 2005). In one extensive review of PES in Latin America, Pagiola et al. (2005) established the potentials for PES in reducing poverty and improving environmental protection. Yet, further works have shown that many of the accrued benefits of the PES schemes go largely with wealthy families with more diversified incomes and better access to information and social networks, while poorer, less flexible, and less connected households can be left out in PES schemes (Grieg-Gran et al. 2005). Other recent studies further challenge the improved livelihoods and poverty reduction claims of market-based schemes. Some have also criticised MBCAs, which operate on the ideals of neoliberalism, from a perspective of governance, demonstrating how many PES initiatives overlook the institutional setting and the fact that many of the environmental problems require broader collective action approaches rather than mechanisms based mainly on individual decision-making (Muradian et al. 2010 and Vatn 2010). Kosoy and Corbera (2010) have also drawn attention to the limitations that come with the commodification of ecosystem services, as this process dangerously oversimplifies the complex underlying social, political and biophysical relationships between humans and the environment. In several developing countries, weak institutions, unclear tenure rights and political interests affect effective governance and limit the potentials of these market-based conservation approaches in promoting sustainable development. The next part of the paper draws implications of the preceding discussions for the post-2015 sustainable development goals agenda.

## 7 Lessons for the post-2015 sustainable development goals agenda?

Human development might have progressed over the past 20 years or so. But, the world now faces increasing gaps and inequality within and between nations. Economic and financial crisis, climate change, growing unemployment, inequities in health and education, poverty, hunger and malnutrition are few of the challenges confronting the world at present. There is growing evidence supporting the notion that the current pattern of consumption and production cannot continue in raising standards of living without overstepping planetary boundaries—the safe operating space for humanity (Rockström et al. 2009). The ideals of sustainable development are even more important than it was 20 years ago when it was launched into the mainstream of development thinking. The decision to frame the next development goals in the domains of sustainable development is therefore apt. However, the

economic thinking and paradigm under which the realisation of these goals will be pursued, we argue, are as important as the goals themselves. The SDGs should appropriately recognise that there exists an inseparable relationship between the livelihoods of the poor and environmental assets. Sustainable development is therefore about survival of people and goes beyond just environment, economic growth and social development. It is therefore almost impossible to address socio-economic and environmental issues unless the needs and behaviours of the poor are adequately taken care of. Developing effective sustainable development strategies to reduce poverty, protect the environment and enhance global partnership to mention just but few require an understanding of who the poor are and how they earn their livelihoods. The foregoing discussion highlights at least three broad issues that should guide operational policies to pursue the SDGs: a shift from the conventional approach of pro-growth for poor people towards pro-poor growth; the need to take equity seriously and the need to address power relations while giving voice to the poor.

### 7.1 A shift from pro-growth for poor towards pro-poor growth is essential in the post-2015 SDG agenda

One of the reasons why neoliberal policies have been far from satisfactory in addressing sustainable development ideals relate to the excessive focus on economic growth as the overriding focus for achieving sustainable development and in particular poverty reduction. To put it in another way, many of the approaches and interventions underpinning neoliberalism tend to focus on increasing the rate of growth with the hope of addressing pattern and the distribution of its benefits later. But, the trickle-down logic has failed largely to address the underlying needs of most (poor) people. It only enriches a few and contributes largely to deterioration in the quality of natural environment (Barkin 1997). The free-market system only rewards the 'strong' and leave the 'weak' far behind. We recognise that economic growth still plays an important role in the thinking of sustainable development, but rather than focusing on *pro-growth for the poor*, we argue for national governments to shift towards *pro-poor growth* in a post-2015 Sustainable Development Agenda. A pro-poor growth does not just focuses excessively on economic growth with the assumption that it will be beneficial for the poor and the environment. Rather, it places the poor and the environment at the centre of development. Policy interventions for pro-poor growth place greater emphasis on creating opportunities for poor people to participate in, contribute to and benefit from growth while at the same time empowering them to manage natural resources in an efficient manner. Such policy interventions address the pace, pattern and distribution of growth with further considerations to the environment. In sum, it will be essential for national governments to divert from the conventional approach of achieving development where the focus is on economic growth indicators such as low inflation, fiscal sustainability and the balance of payments towards a paradigm where sustainable development does not lead to unemployment; removal or cuts of social support schemes; deterioration of environment and natural resources- and one that strongly protects the interests of the poor. The specific interventions to achieve these objectives should be designed with adequate consideration to the national circumstances.

### 7.2 Taking equity seriously in the post-2015 SDG agenda

Our second contention, which complements the earlier proposition, is that equity issues need to be taken seriously in the post-MDG world. It is now a common view that one of the legacies of the neoliberal thinking has been the rising rate of social inequities between and

within countries. Because many of the market-based approaches for achieving environmental protection and development such as the emerging REDD+ aims at achieving economic values and carbon sequestration from forests at the lowest possible cost, equity outcomes are not necessary part of their design (Di Gregorio et al. 2013). The less focus of equity issues can often serve as disincentive for local population to preserve the environment and the general achievement of sustainable development. Social inequities and inequalities cannot therefore be solved through the neoliberal mechanism that created it. Post-2015 development interventions should prioritise delivering disproportionate benefits to the poor to reduce inequalities. It should move equity in neoliberal approaches from rhetoric to reality. Issues of equity must be central in the various approaches and pathways that will be pursued to achieve environmental protection, social development as well as general economic goals. Rather than just facilitating reforms which provide conducive atmosphere for the functioning of the market, the post-2015 development agenda should focus on building and strengthening institutions capable of enabling local communities to manage natural resources as well as distributing assets and national wealth to facilitate the pro-poor growth argued above. In this way, a strong political will is required from government to regulate the market forces through equity-focused policies consciously and intentionally designed to close the gap between the ‘rich’ and the ‘poor’ and the ‘poorest. Post-2015 sustainable development agenda cannot therefore be a result of just increased profitability for businesses, higher economic growth and wealth of a narrow group of individuals. Such development must lead to protection of the environment and improved living conditions of all sections of the society, including women, men, elderly, youth and persons with disabilities, ethnic minorities and migrant workers. We thus lend our voice to the calls for stronger emphasis on distributive policies—such as investment in primary education, rural infrastructure, environmental and forest protection, health and nutrition—that are effective in increasing the incomes and assets of the poor and the poorest while also enhancing the productive capacity of the economy (Brown and Corbera 2003 and Schilcher 2007).

### 7.3 Addressing power relations and giving voice to the poor to influence policies

Governance is essential in understanding the ways countries and societies manage their affairs politically as well as the way power and authority are exercised to provide basic services to the poor; to pursue environmental protection goals and to promote economic growth. Proper governance and civic structures should be key ingredients to ensure that benefits from growth and socio-environmental protection approaches target local communities and poor people. Many of the conventional policies and strategies of achieving sustainable development have often overlooked the complex power dynamics involved at both national and local levels. This has been one of the many reasons why the neoliberal-oriented PES schemes have been less than satisfactory, despite their strong theoretical base (Kosoy and Corbera 2010). Development problems and consequential interventions have largely been analysed often in technical terms without adequate attention to power relations and dynamics across different groups. The inadequate attention to power relations across interest groups often contributes to the poor outcomes witnessed particularly in the environmental protection and social development components of the sustainable development debate. Altering the dynamics of environmental degradation and the socio-economic dynamics that reproduce poverty and social inequity go to the heart of challenging the power of elites—both multinational corporations and national political actors. Capturing of resource rents remains an essential source of power and privilege. A number of

studies have suggested that the 'enabling environment' created through the neoliberal thinking creates platforms for powerful economic groups including transnational corporations and financial institutions, and influential local elites and political actors to dominate the development landscape at both national and international levels so as to shape policies in a way that support rent capture and the existing structure of inequality (Barkin 1997; Haque 1999).

We draw attention to the need to take power relations seriously and argue that pursuing the SDGs largely in an apolitical environment will do little to realise the goals. Decisions relating to what interventions to pursue to achieve the yet-to-be agreed goals, who to pursue it through which means, which reforms to make and at what scale and so forth all draw attention to the need to take power and politics seriously in the post-MDG world. In so far as increased productivity and profitability override actions to achieve sustainable development ideals, poor people will struggle to make their views, thoughts and concerns heard in a neoliberal world; poor people will struggle to make changes in the institutions that affect their lives. The elites in developing countries largely ignore the concerns of poor people in the planning and implementation of socio-economic and environmental policies, while it is also a common view that public officials refuse to act on commitments to deliver the choices and opportunities poor people need. Moreover, poor people generally lack the power to make choices and access the opportunities, resources and services that would help them and their families out of poverty. The next decade therefore needs structural and wider reforms that empower and redistribute power in favour of the weak and the poor. An integral component of the paradigm and approaches to achieve the SDGs should require actions that address power relations at all levels from households through to national and then drivers of actions emanating from the global levels. Policy interventions whether on environmental protection, poverty reduction or economic development should enable poor people to have the resources (cash, information, health, education, self-confidence and organisational skills) and capabilities to exercise greater choice, voice and control over their own development and to hold decision-makers to account. It should enable engagement between poor people and decision-makers in order to strengthen accountability and increase responsiveness.

## 8 Conclusion

This paper draws together the discussion on neoliberal economic agenda and how it stands to affect progress towards sustainable development. It addresses the issue of the market and sustainable development. In particular, the paper has shown that the tenets of neoliberal economic agenda such as commodification, deregulation, privatisation and cuts in government expenditure may in some context undermine the attainment of sustainable development by increasing poverty and inequality. This in turn increases the exploitation of environmental resources such as forests as a result of poverty-induced constraints. Additionally, the regulatory capacity of environmental management provided by the state has been reduced mainly due to budgetary constraints imposed by the adoption of neoliberalism. The effects of neoliberal policy preferences and liberalisation on sustainable development are of mixed reactions; however, market-led policies provide incentives for the operations of transnational corporations which in turn may have consequential effects on the environment and social equity goals.

This paper concludes that progress made in advancing sustainable development as an ideal goal of development over the past years remains to be threatened by the rise and

expansion of neoliberal regimes in developing countries. We are therefore of the view that the economic thinking on neoliberalism will have implications on the ongoing sustainable development goals being prepared to succeed the Millennium Development Goals after 2015. This paper therefore suggests that relying solely on the mechanisms of the market in governing and allocating environmental resources is necessarily insufficient and problematic and therefore calls for a new approach—one which goes beyond just recognising the interdependency among social, environmental and economic goals and places issues of equity and addressing unfavourable power relations at the centre of interventions aimed at achieving the ideals of sustainable development.

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