SOCIO-ECONOMIC CHALLENGES AND SUSTAINABLE DEVELOPMENT IN DEVELOPING COUNTRIES

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ABSTRACT

People residing in rural areas of the various parts of developing countries are facing challenges related to un-sustainability, and poverty. Poor people are often seen as bound to use their immediate surrounding for short-term endurance and are assumed to be the most exposed to natural resources degradation. Extensive theoretical literature on social capital, poverty and sustainability has caught the attention of scientist for decades. Studies indicate that challenges related to unsustainability and rural poverty is interrelated. The only possible means out of existing crisis is to incorporate resources. The relationship amongst environment/agriculture, poverty and social capital are multifaceted and inadequately understood. The developing countries have been condemned for their incapability to diminish poverty related scarcity and contribution to sustainable agricultural development. Thus, there is a requirement for improving the social capital of developing countries to incorporate environmental settings and people to lessen poverty and achieve sustainable development. Social capital has been defined in numerous of ways that have been found to be linked to collective norms, values and relationships be a sign of the involvement of human being leading a general life based on family and community. Social capital is gaining its importance in relation to a number of related fields of investigations that include issues influencing knowledge or education acquisition, people's participation, community development and poverty alleviation. Social capital enrichment may have direct relationship with people particularly those residing in the rural areas. Community development is usually defined as social learning procedures which empower people and engross them as citizens in collective activities aimed at socioeconomic development, poverty alleviation and sustainable development. Thus, strategies such as promoting opportunity, facilitating empowerment and enhancing security to reduce poverty and to achieve sustainable development may be directed towards enhancing development are discussed.

Poverty has been identified as one of the most significant factors hindering the sustainable development of people particularly residing in rural areas of developing countries. Brundtland Commission (1987) declares poverty to be the main cause of global environmental problem and arrests extensively held notions that poor people are often seen as compelled to make use of their adjacent environment for short-term continued existence and are assumed to be the ones most exposed to natural resources degradation. In spite of these spontaneously probable statements, the arguments on the distinctiveness of poverty-environment interaction have been likened to a dilemma (World Bank, 1997). Researchers have identified some vital linkages and markers but still are short of complete representations of poverty. Putnam (1993) describes social capital as the norms and networks, and community levels that create trust particularly in the rural sectors with escalating economic and social decline especially common poverty problem in rural in recent times, the need to develop networks and trust at local levels is viewed as essential to revive and regenerate. Thus in the present review attempts have been made to identify the factors leading to poverty and environmental degradation, and also identify

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the relationship of social capital with poverty reduction and sustainability.

The three different capitals such as natural, physical and financial capitals are growing fast. These may have common characteristics or replicate each other. Some are used practically, others purely symbolically. There is prospect for assessing these capitals; however, the review focuses on human, cultural and social capital. Some definitions consider human capital as the knowledge, skills and competences and other attributes embodied in individuals that are relevant to economic activity. Human capital focuses on the economic behavior of individuals, especially on the way their accumulation of knowledge and skills enable them to increase their productivity and their earnings-and in so doing to increase the productivity and wealth of the societies they live in. The underlying implication of a human capital perspective is that investment in knowledge and skills brings economic returns, individually and collectively. Cultural capital has been used in two contrasting directions. It is used to explain the reproduction of social hierarchy, as elite families endow their children with the cultural capital which enables them to succeed in maintaining their elite position. But it is also used to explain how some manage to use education to move from non-elite positions into elite positions. Cultural capital focuses on the way power structures are reproduced. It offers no necessary judgment on the effects of this reproduction, its function as a theory is an explanatory one. It is notable that Bourdieu was one of the first theorists to use the term social capital; his discussion of it is relatively vague (Bourdieu, 1985). The empirical difference between human and social capital is that social capital encompasses the relations between individuals and groups, not in individual persons.

Social capital: The explanation of social capital is itself challenging. The most common definition of social capital regards it as features of social organization, such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit (Putnam, 1995). According to Coleman, social capital can take on different forms, firstly obligations and expectations which depend on the trust worthiness of the social environment, secondly the capacity of information to flow through the social structure in order to provide a basis for action and thirdly the presence of norms accompanied by effective sanctions. In general terms, social capital (socio-cultural capital, cultural capital) refers to a society's capability to deal with social, economic, psychological and environmental problems and be active in shaping the development of the overall system (Berkes & Folke, 1994). It consists of socio-cultural values and norms, learned preferences, human capital and labor force, local knowledge of the environment, social competence and institutions, human health and life expectancy, as well as cultural and social integrity and social cohesion.

Social capital is multifunctional. It embraces essential factors of economic production, provides a basis for collective action within society and is in itself an essential input factor of social capital accumulation, including health care. Moreover, social capital is a valuable asset as such. In particular, human health, literacy and life expectancy, cultural and social integrity and social cohesion are components of human wellbeing. Studies indicate social capital to have a significantly positive association with economic growth. Nations with high social capital, as measured by trust between strangers in the World Values Survey, tend to be wealthier nations (as measured by GDP per capita). Social capital reduces transaction costs and that trust, reputation and informal sanctions take the place of contracts, the legal system and formal sanctions. It is economical to have informal bonds and that the economic function of social capital is to reduce transaction costs. Also prosperity is linked to social capital and

education. It is claimed that social capital enables people collectively to participate in effective local decision making, better monitor government agencies, lobby for improved services and where these fail, to secure informal insurance from friends, neighbors and the community (Narayan, 2002). It is evident from the studies that social capital may be perceived at individual, community as well as national levels. However it is clear that social capital may be perceptible at any point in social situations where people identify and belong to each other.

Poverty: Approximately two-thirds of the world's poor live in the rural areas of the developing world; they can constitute as much as 50-90% of the population. In 1998 it is estimated that 1.2 billion people lived in absolute poverty, depending on an income of less than US$1 per day. An additional 1.6 billion lived on less than $2per day. The number of people in the former category has remained constant in the last decade, while there are now an additional 250 millions living on less than $2per day. It is estimated that in the late 1980s there was a total of nearly one billion poor rural people in 114 developing countries. While there is a broad consensus that agricultural development cannot by itself overcomes the state of deprivation of so many people, there is also little doubt that without the long-term and significant growth of the agricultural sector, there would be fewer opportunities for significantly reducing rural poverty. One reason is that in the year 2000 almost 60% of the total population of the developing countries lived in rural areas (FAO, 2000).

Researchers have examined the causal attribution of people living in poverty from a cross-cultural perspective. Studies have reported mixed results for the causal attribution of poverty. The goals and the livelihood strategies adopted by people residing in rural areas are very diverse. These are aimed at increasing income, reducing vulnerability, improving well-being and ensuring food security. Access to land is a major determinant of the livelihood strategies of rural households. The highly uneven distribution of land is a major reason for rural poverty in many countries of Asia and Latin America, while in sub- Saharan Africa, the poor quality of land and the erosion of customary land rights have become the major obstacles to agricultural growth and alleviation of poverty. In sub-Saharan Africa and Asia, one-third of small holders subsist on plots too small to support their families. In the more agriculturally favored parts of Nepal, 40% of landless or almost landless households are poor. In Mexico, access to land is the most important determinant of total rural household income (Ashley & Carney, 1999).

Human capital assets are another major determinant of the livelihood strategies of rural people. In Mexico, the number of years of education of the adult members of the households has a strong positive effect on total income. However, this study also concludes that access to education has a higher pay off in the nonagricultural rural labor markets and in fact has a negative effect on agricultural income because educated household members seek employment in other sectors of the economy. The assumption of relationship between poverty and environmental degradation in developing countries has long prevailed in the debate on poverty environment linkages. Due to lack of wealth and their great effort just to make certain day-to-day survival, poor farmers are believed to make up for concerns with the long-term sustainability of their resource management and to degrade already brittle resources, such as steeply sloping, erosion-prone hillsides. This resource degradation, in turn, aggravates their poverty even more. Thus, poor people are seen both as victims and agents of environmental degradation.

Research and policy tend to focus on the relationship between poverty and environmental degradation in terms of

pointing out that the poor are both victims and agents of environmental degradation: victims in the sense that they are more likely to live in ecologically vulnerable areas, agents in the sense that they may have no option but deplete environmental resources thus contributing to environmental degradation (Leach & Mearns, 1999). However, it is also acknowledged that the poor often have practices that conserve the environment. Great physical and spatial variability in natural resource endowments also seem to complicate the picture.

Jalal (1993) indicated that it is generally accepted that environmental degradation, rapid population growth and stagnant production are closely linked with the fast spread of acute poverty in many countries of Asia. A major work was undertaken to study the relationship among population, poverty and environmental degradation in China in 1997. The authors examined the impact that each had on the Chinas land, water, forest and pasture resources. They found the government policy to be ineffective in controlling rural resource degradation primarily because of its limited resource and poorly trained personnel. Barros (2002) indicated that Brazilian poverty did affected demand for environmental conservation in the Carajás region. Income concentration and difficulties in the access to education affect deforestation rates in Brazil, at least indirectly through their effects upon willingness to pay for conservation. They suggest that an increment of individual welfare, particularly in education, will have a positive effect upon demand for environmental quality.

In general terms, the underlying causes of both poverty and environmental degradation are structured by uneven processes of development operating via technologies, incentives, institutions and regulations which favor some social groups and some geographical areas over others. The broadening of general poverty debates to include other measurements and dimensions of poverty (in addition to income/consumption based flows) such as entitlements and vulnerability is evident in the literature looking at poverty-environment interactions. A recent development is the understanding that linkages between poverty and environmental change are determined by environmental entitlements as well as changes in resource availability. At the micro-level (individual, household, village), environmental entitlements are determined by a range of factors including natural resource tenure arrangements, labor mobilization arrangements, social relations (including gender), capital endowments and technology. At the macro-level (sub-national, national, global), wider processes operate via decisions on technologies, incentives, institutions and regulations (land rights) to favor some social groups and some geographical areas. These processes include demographic changes, environmental processes, macroeconomic policies, markets and prices, donor and development agency approaches to poverty and environment, agricultural research, governance and political conflict (Leach, Mearns & Scoones, 1997).

Social capital and sustainable development: Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. While the first part of this definition relates to conventional economic and social objectives of development, the second part incorporates a long-term view, including consideration of environmental issues. It has become common to isolate four factors that determine sustainable development: natural capital, physical or produced capital, human capital and more recently, social capital. Sustainability, or the capability of future generations to meet their needs, is ensured when the total stock of these assets remains constant or is increased in the production process. Natural capital and social capital have

generally been undervalued because both are public goods or club goods (i.e., goods that are indivisible but exclude nonmembers), respectively (Pretty, 1998).

Social development, apart from being an end in itself, is also a means to promote economic growth. Dreze and Sen (1997) have argued that the expansion of social opportunity is a key to development. Extension of basic education, better health care, more effective land reforms and greater access to provisions of social security would enable the marginalized sections of society to lead a less restricted life and, also, to make better use of markets. The expansion of social opportunity calls for public action, both from the state and the civil society. But, lack of economic growth and fiscal crisis often affect the political will of governments to invest in social services such education and health.

Researchers have linked social capital to indicators of wellbeing. In terms of satisfying basic needs, high social capital has been associated with reduced early mortality and greater perceived health (Lisakka, 2006). It has also been correlated with the satisfaction of more complex needs such as higher educational achievement, increased prospects for employment and elevated economic productivity. Social capital manifests in formal bodies such as the core judicial, democratic and governance institutions, to disseminate and reinforce social values and expectations. It is also embodied in the less formal institutions of sports, religion and fashion. The partial or complete destruction of social networks and their associated norms significantly undermines the capacity of communities to meet short term basic and complex needs, while the associated loss of culture and identity disrupts the ability of future generations to satisfy their own needs. Social capital is, therefore, a central component of sustainable development. There is some, but limited literature linking social capital theory and natural resource management. Enhanced social capital can improve environmental outcomes through decreased costs of collective action, increase in knowledge and information flows, increased cooperation, less resource degradation and depletion, more investment in common lands and water systems, improved monitoring and enforcement. There is a growing interest in social capital and its potential impact for affecting collective action in sustainable renewable natural resource institutions (Walters, 2002).

Grootaert and Van Bastelaer (2002) stated that social capital has a profound impact in many different areas of human life and development: it affects the provision of services, in both urban and rural areas, transforms the prospects for agricultural development, influences the expansion of private enterprises, improves the management of common resources, helps improve education, can contribute to recovery from conflict and can help compensate for a deficient state. Social capital is critical for poverty alleviation and sustainable human and economic development. It represents a potential link between policy level thinking and community level action. Social capital reduces the costs associated with working together thereby facilitating collective action. The essence of Jodha's (1998) argument is that, in many traditional cases of rural resource management, farm and village families had a strong community stake in the resource base on which they have long been so heavily dependent, over which they had effective local control of their integrated management system and of which they have had close functional knowledge of the subtleties of sustainable management (including coping with climatic variability). He argues that it is not poverty per se that leads to actions and decisions leading to resource degradation but rather externally generated changes to the managerial environment of the community. His positive spin on this is to use these insights to point to remedial approaches to contemporary resource degradation interventions.

Preceding five decade has seen a number of issues raised to the level of global problems. Two such issues are poverty alleviation and environmental degradation. While there is more or less a consensus that solutions to these problems should be approached at a global level, there is great disagreement on the priority that should be placed on solving each issue (Krishnan, 2008)

Among the poor households, 70% of them are involved in the agricultural sector. This confirms a strong linkage between agricultural sector and poverty in the rural areas. There are also a lot of families farms in rural areas that farm their own or rented land often largely for self consumption. Thus, consumption by poor households depends largely on self-production. In general, poverty has the most direct effect on the environment via cropping where poverty influences the households technology and investment path in intensification of cropping, where there is a land constraint (pressure from population). A high rate of population growth and population density in poor areas can exacerbate the poverty problem (Bardhanm, & Udry, 1999). The linkages between population, poverty and environmental quality have long been the subject of debate and concern. The relationship could hardly be direct since, as some have argued, low living standards in the rural areas contribute to increased pressure on natural resources, which in turn aggravates poverty (Brundtland, 1987). However, some argue that environmental degradation and rapid population growth are both consequence of poverty. The increasingly complex issues in environmental degradation intertwined with issues in population change, poverty and food security need to be better understood, where these linkages are understudied. In sum, the concept of sustainable development suggests a potentially positive relationship between socio-economic development and environmental sustainability. Indeed, the discourse of the 1980s and 1990s has been about how development and environment can be reconciled and how sustainable development can be achieved. This stands in contrast to environmentalists of the 1960s and 1970s who drew attention to contradictions between development and environmental protection and to deep ecology that fundamentally rejects the compatibility of the modernistic project of development with environmental preservation (Sessions, 1995).

Sustainable environmental management can only occur where active local-level support and participation exists. Particularly in less developed countries, community participation is believed to be the most effective strategy because people depend directly on their local physical environment and thus have a genuine interest in protecting it. Research on indigenous technical knowledge suggests that local communities are keys to finding solutions for environmental problems. Often, local communities developed technologies that are well adapted to local socio-economic and environmental conditions (Gibbon, Lake & Stocking, 1995). Such kind of management may better use of (renewable) human and social capital than the rigid and market-based device.

Unsustainable use of natural resources inevitably causes poverty. To solve the problem, policy must be focused on environmental policies and not poverty alleviation policies. In addition, Environmental degradation can be caused by poverty. However, to resolve the problem, the first objective is to first identify if it is indigenous or exogenous poverty. If it is indigenous poverty, then policies must be focused on environmental policies. However, if it is exogenous poverty, then poverty alleviation policies need to be formulated and implemented (Duraiappah, 1996).

Since poverty is multi-dimensional and causes are diverse, country-specific analyses must determine whether poverty reduction objectives are best achieved through general

increases in rural productivity, by supporting small-scale family farming, or by direct targeting of agricultural and non-agricultural services to the poor in marginal areas (Berdugue & Escobar, 2001).

Agenda related to poverty alleviation often requires extension and education services to focus early emphasis on empowerment of the rural poor, builds capacity at individual and institutional levels and builds demand for services. Impartiality in admittance to services needs practical attempts to contact to the deprived, women and marginalized sets of people. Extension programs have to make out that the poor have very limited ability to spend in new technology and that hazard is a difficulty of endurance. Poverty-focused wing services must deal with social and organizational restraints to improvement, such as assisting rural monetary services, attaining protected land occupancy and improving supervision of community capitals. A poverty focus services must promote education, health promotion and social action issues. Identifying poverty reduction as an extension goal requires new procedures for main concern location and allotment of inadequate community resources, scheming programs to get together different client needs and assessing programs making out the different cost implications. Impact indicators must also be implied in poverty-targeted programs at rural settings of developing countries.

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