

SUSTAINABLE LIVELIHOODS

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Unquestionably, the world today is a better place to live in than it was, say, a hundred years ago. For many people, it offers a higher level of material well-being and opportunity for fulfilment than at any time in history. Yet, close to one half of humanity lives outside the mainstream economy. Worse, few societies today have escaped the widespread scourges of growing pollution, waste accumulation, social alienation, drugs, climate change, and a wide range of generally unsustainable production and consumption patterns. Rampant unemployment and accelerating inflation; growing supplies and depleting resources; stagnant and unmet needs — these are the paradoxes and hallmarks of many economies today, no less in the North than in the South.

Some 1.5 billion people on our planet subsist on an income of under Rs 100 a day, working endless hours in factories and fields to produce cheap products for an insatiable market. They themselves can never hope to get the benefits — the goods or services — widely flaunted by this market. Another billion and a half survive, under conditions as inhuman as any known to history, on less than one dollar a day and have virtually no meaningful contact with the monetised economy.

Extreme affluence and extreme poverty — wherever they exist, whether in the North or the South — are highly effective destroyers not only of societies but also of nature. Their demands inexorably concatenate through the economy into the natural resource base, producing tremendous pressure on the earth's biosphere. The rich tend to overutilise non-renewable resources and generate large quantities of waste and pollution. They also appropriate the best agricultural lands and transform these into other uses, creating many downstream ecological hazards. The poor, on the other hand, meet the necessities of survival by undermining their base of renewable resources — the soils, forests and waters — and often end up by destroying them

We need to go beyond the current, unnecessarily polarised debate between the North and the South: both population growth and runaway consumption pose unacceptable threats to planetary survival. Each leads to poverty and environmental destruction. Eradication of poverty and elimination of waste are as much ecological imperatives — matters of self-interest, and possibly of survival, for everyone, rich or poor — as they are moral or ethical ones. Unless the pressure on our natural resources is urgently reduced the very basis of our economies will be irreversibly lost, a disaster from which no one will be able to escape.

Human development appears to be closely related to the degree of control people have over their lives and over the decisions that affect them. In today's monetised economy, such control is in considerable measure linked to the degree of financial autonomy a person has. And in a world that is rapidly adopting the work ethic, financial autonomy for the average person comes largely from the income one gets from one's job or livelihood. Work also offers other rewards such as status in society, self-esteem and a focus for one's life.

In a developing country, as in any other, a job is the most basic need of all, a means to generate income with which to meet the other basic needs. The third world needs to create some 70 million jobs each year if it is to accommodate the needs of all the new entrants into the job market plus the backlog of unemployed people within a reasonable time frame of, say, fifteen years. India alone needs to create 12 to 15 million jobs per year. Partly because of improvements in farm labour productivity, and partly because of the natural limits to agricultural expansion, no

more than 25% of these can be in the agricultural sector. Off-farm industries, tertiary sector services and other activities must produce the remaining ten million jobs.

The capital investment needed to create one job in a modern industry is significant. In regions like North America, Europe and Japan the average cost of making a new workplace in a manufacturing industry is in the region of one million dollars. To compete in the global economy, even a country like India needs more than \$100,000 to create an industrial workplace. To start bringing the unemployment rate down, India would therefore need to invest, each year, some \$1,500 billion — 8 times its GNP — just in creating new workplaces. The answer to job creation for sustainable development clearly lies elsewhere.

For some time, development workers have held that 'self-employment' is the most effective route to genuine empowerment. There are unquestionable successes (SEWA, Grameen Bank, BRAC and many others) based on this line of thinking. However, it is becoming clear that households and local economies must create surpluses to be able to accumulate savings and thus make investments that will in turn enable them to continue to improve their material well-being. It is not possible, simply with one's hands and without any amplifying tools, to do more than survive and subsist in the modern world.

The central issue facing any society today is the need to create sustainable livelihoods. Large numbers of sustainable livelihoods. Sustainable livelihoods create goods and services that are widely needed in any community. They give dignity and self-esteem to the worker. They create purchasing power, and with it greater economic and social equity, especially for women and the underprivileged. And they do not destroy the environment.

Clearly, a better mix of large, small, mini and micro industries is now needed. Given the continued failure of policies to address the needs of the small, mini and micro sectors, a proper balance will require greater encouragement and incentives to such industries. But without improved productivity and better management and marketing systems, they can never lead to the quantum shifts in lifestyle that people everywhere now desire. For this, the large-scale success of sustainable livelihoods will depend on our ability to design:

- ◆ sustainable technologies;
- ◆ sustainable enterprises;
- ◆ sustainable economies;
- ◆ sustainable institutions of governance.

The paper examines in some detail the characteristics of technologies, enterprises, economies and institutions that can promote the creation of sustainable livelihoods.

Sustainable technology springs from endogenous creativity, in response to the local needs and possibilities of common people. It aims directly to improve the quality of their lives and derives maximum leverage by drawing upon the existing managerial and technical skills. It uses the physical potential of an area, and maintains harmony between people and nature.

The 'appropriateness' of a technology must be measured by how well it satisfies the needs of the end client and with what success it takes advantage of the opportunities and constraints of the production and marketing processes — by how well it is appropriated by the people. Contrary to past development understanding, sustainable technologies need to compete in the marketplace.

To design technologies that can reconcile the conflicting requirements of the market, nature and people requires systems for innovation and delivery comparable in sophistication with those of the most successful multinationals.

Many technologies for such enterprises already exist. So does the demand for their products. What prevents the poor from setting up such enterprises is their lack of access to these technologies and their inability to put together the financial capital required. What prevents them, once set up, from becoming profitable is the absence of entrepreneurial and management skills, infrastructure and marketing channels. Much more public investment is needed to provide these, but probably not nearly as much as is being made today for the benefit of large, urban industries.

Sustainable livelihoods using sustainable technologies will require new kinds of corporate institutions, **sustainable enterprises**. Sustainable enterprises produce goods and services that are needed to better the lives of the great majority of people, including those who have been left outside the mainstream economy. At the same time, being environment-friendly, they minimise waste, use renewables and residues and generally conserve resources.

Sustainable enterprises are usually quite small. They have between one and 100 employees, with an average of around 20. They are generally informal and flexible and quite labour intensive. Such enterprises can create, directly, several workplaces, each at a capital investment of \$200 to \$1,000. Most offer very high returns on investment. They may properly be called 'mini enterprises', since they bridge the gap between what are usually referred to as micro enterprises on the one hand and small scale industries on the other. However, being small, dispersed and largely unregulated, mini enterprises can often have environmental and social impacts that are fairly negative. To overcome this, they need access to better technologies as well as other supports. Franchising and other similar concepts offer effective means to overcome the limitations and barriers faced by mini enterprises in meeting their business and other objectives.

The possibility of improving equity, efficiency, ecological harmony and self-reliance — and thus of achieving sustainable development - rests on how quickly and effectively innovations can be introduced into the economy. Given the size, spread and poverty of the rural population, which must now comprise the primary target of any effort aimed at sustainable development, it becomes immediately clear that any viable approach must be based on a new kind of **sustainable economics** that promotes a high degree of replicability through locally accessible, self-financing market mechanisms.

These criteria imply that the strategies of development must now turn many of the earlier paradigms upside down: technologies must be economically viable, institutions must be decentralised, and the environment's capacity to supply resources must be conserved. To achieve these attributes, we will need whole sets of new concepts: participation, networks, appropriate technologies, the diseconomies of scale, environmental and social appraisal of projects, rapid resource surveys, corporate research and development, and non-governmental action.

The paradox of our economies is that there is virtually no source of funding today that can actually deliver adequate financial credit in this intermediate range (which might properly be termed 'mini credit') where it has greatest potential impact, both on the generation of employment and on the national economy.

For development to be sustainable, people must acquire a sense of ownership and respon-

sibility for their resources — economic, social and natural. And they must be able to oversee and correct the actions of their elected representatives on a continuing basis. Such a sense of ownership can in the long run come only from actual ownership — enshrined in institutions of local, **sustainable governance** involving the entire adult population. Such bodies should collect revenue from local resources, decide on local priorities and authorise higher level institutions to co-ordinate activities that involve other jurisdictions or skills and knowledge not available at the local level. And for any such citizen oversight to be effective, it needs certain basic prerequisites — transparency, accurate information and the right to be consulted in all matters that affect the citizen.

To bring about the conditions under which sustainable livelihoods can multiply on the scale needed requires fundamental changes in the governance, technology choice and markets of our country. At the moment, only civil society is in a position to make this happen.
