



A Qualitative Analysis of the Natural Resource's Crisis and Microfinance on Geopolitical Stability and Wellbeing.

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Abstract— *This paper aims to conduct qualitative research evaluating the natural resource crisis, especially land conflicts, while examining their broader impact on geopolitical stability and well-being in South-Asian countries. The research investigation seeks to analyze the effect of land competition and resource depletion on geopolitical volatility, which creates domestic as well as international tensions. These disputes trigger multiple consequences that include forced relocation of people along with limited access to income sources, which creates both political instability and adverse impacts on population welfare. The research further examines how microfinance serves as an instrument for boosting domestic resilience while promoting both start-up initiatives and integrated development in resource-stressed areas. Through policy evaluation, case studies and theoretical frameworks (resource dependency theory and sustainable livelihoods framework), the paper highlights structural approaches which alleviate the adverse effects of resource conflicts. The study demonstrates that resources must be governed while grassroots financial tools become integrated to enhance community well-being. It adds valuable insights into the social and political factors operating in South Asia while establishing that sustainable resource use needs to blend with microfinance structures to foster long-term regional stability and improvement in human welfare.*



Keywords— *Comparative analysis, Microfinance, Natural resource crisis, Well-being.*

I. INTRODUCTION

A resource crisis refers to a situation where the demand for critical natural resources surpasses their availability, leading to shortages, environmental degradation, and socioeconomic challenges. These crises often stem from overexploitation, population growth, unsustainable consumption patterns, and climate change. Natural resources worldwide are experiencing a severe crisis due to overexploitation. For instance, water scarcity, as highlighted by the United Nations World Water Development Report (2022), affects billions globally, creating economic instability and threatening food security. Yet most people in industrialized countries remain unaware of this situation (Bjornes, 2020).

A report by the Loving Planet states that 30% of earth's ability to renew is consumed by humans which results in deforestation, soil degradation, extreme pollution and adverse impact on the flora and fauna. This creates

competitive demands on vital life-sustaining resources and triggers geopolitical uncertainties in resource scarcity, international trade, climate refugees and border tensions (Hamed et al., 2018). As the influx of climate refugees' swamps borders due to resource scarcity and environmental degradation, international trade suffers from rising political instability and resource competition. Amongst this, can microfinance be a viable solution? Climate refugees are often captivated in a state of limbo where ways of attaining financial stability can be insurmountable, particularly because traditional banks which are formalized entities rely on collateral-based interactions. Microfinance is considered as a solution to address these problems especially in case of smallholder's farmer intending to invest in renewable energy solutions (CGAP Report, 2021). Thus, according to Yu et al., (2023), microfinance is a powerful tool for eliminating geopolitical uncertainties by promoting economic stability through financial inclusivity.

Extant studies have investigated geopolitical stability and its connection with resources crises. Homer-Dixon (1994) conferred the role of environmental crisis in exacerbating conflicts, while more recent research by Steffen et al. (2015) on planetary boundaries underscores the urgency of sustainable resource management. However, these studies have not been able to understand the integration between resource crisis, microfinance and wellbeing especially for developing Asian nations. The World Bank (2022) has identified a direct correlation between resource scarcity and declining well-being indicators, including health outcomes and economic productivity. Furthermore, the psychological toll of resource crises, such as anxiety and insecurity, often compounds the socio-economic impacts, making comprehensive interventions essential. To address the gap, we take into account this context and integrate it through resource dependency and sustainable livelihood framework.

Addressing this research gap requires interdisciplinary approaches integrating insights from economics, political science, environmental studies, and public health. This paper aims to contribute to this discourse by understanding the crisis of natural resources, which leads to geopolitical uncertainties. Furthermore, the role of microfinance in such crises improves well-being.

II. LITERATURE REVIEW

2.1 Understanding Natural Resource Crisis:

According to Campbell et al. (2013), natural resources are derived from the earth in physical form and not made by human beings. Such resources are not unevenly distributed around the world. Some countries may have more natural resources whereas others may have fewer resources. Although climate and relief possess indirect requirements for the development of other forms of economic activities, mineral resources, water, forests, land, Solar and wind energy have a direct use. Natural endowment, which means all natural resources and conditions, is a broader term than natural capital. They are a representation of all the material objects that people exploit, such as forests, coal, ores, biological diversity, climate and relief.

When such products are consumed, they become an economic asset which can be classified into 3 categories (Kumar et al., 2024):

1. Non-renewable resources, which include raw materials or mineral resources.
2. Renewable resources, which include land, water, air, flora, and fauna; and
3. Sustainable resources, which include solar energy, wind, tides, and running water.

However, with the global depletion of natural resources, many countries are facing issues with the crisis of natural resources, leading to a serious issue. A crisis could be described as 'A serious threat to the basic structures or the fundamental values and norms of a social system which in conditions of time stress and high uncertainty requires immediate choices' (Sætren et al., 2024). For instance, freshwater scarcity now affects over 40% of the world's population, and by 2030, global water demand is projected to exceed supply by 40%. Similarly, overdependence on fossil fuels has exacerbated environmental issues and triggered conflicts over control; the Middle East accounts for nearly 50% of global oil reserves, making it a hotspot for geopolitical strife. These resource scarcities are driving nations to secure access, leading to territorial disputes, trade wars, and even military interventions, such as the South China Sea conflict over undersea oil and gas reserves. Addressing these crises requires global cooperation to promote sustainable use and equitable sharing of resources.

2.2 Analysis of land disputes in Southeast Asia due to deforestation and their effects on local governance and security:

The tropical biogeographically significant region in Southeast Asia involves Indonesia, Malaysia, Vietnam and Thailand which nearly sustain 15% of the global biome of tropical forests. However, this region is threatened and loses at least 1.2% of its forests to deforestation every year (Lai, 2023).

Consequently, as other significant features noted by FAO (1990) and World Bank (1990) opine, deforestation entails both provisional and transient elimination of forest cover. This broad definition includes shifting cultivation techniques, which, after becoming secondary forest again, greatly increase the perceived level of deforestation and the identified role of shifting cultivation in this process.

The expansion of oil palm plantations intensifies land conflicts deepening the clashes between communities or with firms, exacerbated through corrupt licensing practices. A study by Deacon (1994) points to a direct relationship between national security as a political indicator and deforestation rates indicating sloppy forest management and governance that erodes the sustainability of forests. Land-use conflicts have impacted some 75% of Asia's forests mainly due to the expansion of agricultural and other non-forest activities into natural forest areas (Khaing, 2017).

The divide between the conservation agencies/NGOs advocating for the preservation of forests and local or indigenous people including their NGO supporters highlights the issues of governance challenges in Southeast Asia. Vietnam is one of the notable examples as it gradually

moved to social forestry in the 1990s because of the dreadful condition of its forest resources due to overexploitation. To implement a logging ban, the state forest enterprises were afflicted with a fiscal crisis, and centralized logging management systems were dismantled, albeit for valid reasons.

The 1993 Land Law and liberalization within the national Doi Moi socio-economic reforms initiated the notion of "forest socialization" because all segments of society were expected to participate in sustainable forest management. Despite usage restrictions, the 2004 Law on Forest Protection and Development legalised the allocation of natural forests for community management. This is to improve the community's standard of living through community forestry. The status of religious and customary forestry was also formalized in the Forestry Law of 2017 whereas the rights of the communities, initially improved by the Land Law of 2013, remained somewhat restricted (Wong et al., 2020).

2.3 Microfinance as a Tool for Enhancing Wellbeing:

Microfinance has become a successful intervention mechanism for well-being in situations of the scarcity of resources (especially land) and geopolitical conflict. It provides financial access to marginalized populations, enabling them to undertake income-generating activities and build resilience against economic shocks. For example, The AL-Amal Microfinance Bank in Yemen succeeded in giving microcredits to 34,374 women in 2013 while reaching 223,000 beneficiaries across various financial help like loans, savings and insurance by 2019 through 11,501 active women borrowers (Bongomin et al., 2020). The World Bank (Beck, 2015) posited that micro-finance brings about economic enfranchise which benefits women and enhances social solidarity where and when already hampered in development facilities in conflict dynamism areas. Furthermore, the operational guidelines for microfinance in a post-conflict context also explain how microfinance can help reduce poverty and restore the stability of a nation by, therefore, stressing donors' adequate coordination and sustainable approaches when supporting microfinance (Bruett, 2004). In regions where land scarcity deepens inequity, microfinance reduces dependency on territory and promotes informal occupation that contributes to the livelihoods of many and maintains geopolitical balance. Besides, microfinance programs have shown positive impacts on improving overall health and education concerning technological improvements in socioeconomic benefits (Appietu et al., 2020). This contributes to the ability of microfinancing to prevent resource-induced crises and promote well-being and stability in the affected areas.

2.4 Policies for Consumer well-being:

According to UN-Habitat (2019), to overcome the climate change potential and minimise the exposure of people to land conflict, there is a need to combine security of tenure with Climate Change adaptation. Hence, through compliance with the principles of secure land rights, especially to the most vulnerable, land governance can elicit reduced conflict and subsequently foster the ability to adapt to the matters associated with climate change accordation. A similar sentiment is provided by the FAO in 2023, which underlines the demonstration that secure tenure systems do not only safeguard consumer rights but also enhance climate change responsiveness through awareness of land's sustainable management among the segment of the population in question ("Land Policies for Growth and Poverty Reduction," 2003). In addition, good land management policies, as highlighted by the UNCCD (2024), can cause resilience by boosting the community's ability to cope with climate risks and fair & equitable distribution of land (Scherr et al., 2012). Based on the findings outlined in these reports, secure land tenure, together with the adaptive governance frameworks that support them, offer improved and more equitable conditions to mitigate land risks and conflicts as well as enhance bounce-back capacity when facing climate risks.

III. RESEARCH QUESTION

- How does a crisis of natural resources (Land conflicts) lead to geopolitical uncertainties/ intentions affecting well-being in South Asian Countries?
- What role does microfinance play in improving well-being in South Asian Countries?

IV. THEORETICAL FRAMEWORK

4.1 Resource Dependency Theory:

From the existing literature, there are 3 core ideas of the theory: (1) social context is relevant; (2) organizations possess mechanisms to expand self-governance and assert interests; and (3) power (not only rationality and efficiency) defines the internal and external actions of the organization. The prominence of power, and a more detailed elaboration of the actual portfolios of actions that are openly available to organizations, constitute the features that mark out RDT from the other frameworks, including the transaction cost economics. (Cobb & Wry, 2014).

In this paper, we are using the variables of the theory to understand the tangible resources which are land disputes and how the power of the various nations plays a role in strategic actions. The power of the nations is the political, economic and social influences (considering microfinance

here) which are being provided to the developing Southeast Asian countries in times of crisis of tangible resources.

4.2 Sustainable Livelihoods Framework:

The sustainable livelihoods framework shows how different factors affect or support livelihoods and how these factors are interconnected. One is the concept that households have varying endowments of livelihood assets, on which the sustainable livelihood approach seeks to build (Serrat, 2017). This theory is incorporated into understanding social capital in terms of relations and connections with other countries when there is a natural resources crisis. Further, this theory has helped us to provide a foundation to structure and analyze how resource crises affect human well-being and the effectiveness of the intervention in terms of social and financial capital.

The research relies on Resource Dependency Theory to investigate how strategic interests with power dynamics influence both political results and socio-economic impacts

across South-Asian land-related crises while considering year, country, crisis type and affected groups. Microfinance interventions can be measured using the Sustainable Livelihoods Framework to determine their ability to reduce social and economic challenges that result from displacement alongside instability.

V. METHODOLOGY

Comparative Analysis:

The comparative analysis represents a fundamental methodological basis in research which allows structured examinations of two or more subjects within or between classification groups. Researchers use this analytical method to discover similarities and differences between characteristics and results from the analyzed subjects for a deeper understanding of the implications. (Neuman, 1991).

Table 1: Comparative Analysis

Year	Country	Group (1,2,3 4)	Resource Crisis Type	Geopolitical uncertainties	Impact on Well-being	Microfinance Intervention	Effectiveness of Intervention
2011-2017	India	1	Odisha Posco Land Acquisition Crisis	<ul style="list-style-type: none"> -Foreign investment -India-South Korea Relations 	<ul style="list-style-type: none"> -Forcible displacement of local communities -Inadequate compensation -Government-sponsored violence, intimidation and questionable criminal charges -Environmental Risks affecting livelihoods 	<ul style="list-style-type: none"> -Odisha Livelihoods Mission (OLM) provided micro-loans to displaced communities for entrepreneurial activities. -Grameen Foundation India (GFI) worked with NGO to offer training in micro-enterprises 	<ul style="list-style-type: none"> short-term relief but limited effectiveness in long-term due to: -disruptive political environment (prolonged uncertainty reduced effectiveness) -skill gap (families lacked the skill to change to non-agricultural occupations) -loss of fertile agricultural land was not addressed by financial solutions.

2020-2024	Pakistan	2	Gwadar Land dispute	<p>-The China-Pakistan Economic Corridor (CPEC) might be challenged and Chinese investment reduced.</p> <p>-security challenges to both China and Pakistan by the Balochistan Liberation Army (BLA).</p>	<p>- Economic displacement of Indigenous fishing communities leading to unemployment</p> <p>-Gwadar Ko Haq Do Movement</p>	Not any major contribution but Akhuwat Islamic Microfinance helps.	----- --
2017-2023	Nepal	3	Arun-III Hydropower Land Conflict	<p>-Strategic involvement of Indian company SJVN in the project</p> <p>-Land acquisition disputes triggered diplomatic tensions between Nepal, India, and China.</p>	<p>-Health concerns arose from relocation, with limited access to healthcare facilities.</p> <p>-Project promises energy benefits, but social costs remain high for displaced populations.</p>	<p>-No direct microfinance intervention was reported</p> <p>-Project Affected Families (PAFs) received cash compensation</p>	<p>- Compensation was not effectively utilized for long-term livelihood security</p> <p>The absence of structured microfinance programs meant many families lacked financial guidance to build sustainable incomes</p>
2021	Afghanistan	4	Taliban takeover and land ownership of Helmand Province	<p>-Potential military response from neighbouring Iran, which has strong ties with the Shia minority</p>	<p>-Forced eviction of Shia Hazara minorities</p> <p>-Economic hardship due to loss of farmland and property</p>	-No structured microfinance support under Taliban rule	<p>-Lack of financial intervention worsened displacement and economic conditions</p> <p>-Increased migration and regional instability</p>

VI. DISCUSSION & ANALYSIS

The table focuses on land-related resource crises in South Asia and assesses their geopolitical implications, consequences for well-being, and the potential of microfinance interventions in addressing them. It explores four contrasting cases demonstrating the nexus between resource conflicts, geo-politics and socio-economic outcomes, the Odisha Posco Land Acquisition Crisis (India, 2011–2017), the Gwadar Land Dispute (Pakistan, 2020–2024), the Arun-III Hydropower Land Conflict (Nepal, 2017–2023) and the Taliban take-over of Helmand Province (Afghanistan, 2021). This analysis finds that while various forced displacements, inadequate compensation and socio-political instability are prevailing, microfinance interventions have a varied scope and effectiveness. Although some financial initiatives help alleviate immediate economic effects, there are no long-term solutions in sight, highlighting a significant gap between financial instruments and sustainable development objectives.

The analysis reveals important gaps regarding how resource crises can be mitigated through effective interventions. Geopolitical vagaries, notably cross-border relations and foreign investments, which arise from lack of resources, further escalate in an unstable region; in India, the election over South Korean presence raised tensions, meanwhile, China's Gwadar project in Pakistan added to instabilities, on one hand, while at times involving local resources issues, as well. In Nepal, controversy over land acquisition for the Arun-III Hydropower project led to tensions with neighbouring countries, and the Taliban's control of land created instability in its country, which could have regional consequences, including with Iran.

The effect on well-being is uniformly negative across cases, with recurrent elements of forced displacement, loss of livelihoods, and inadequate compensation. Similarly, in the case of Odisha, local communities were displaced and went through economic and social suffering, and in Pakistan, the Gwadar project displaced local fishing communities, which resulted in joblessness. In Nepal, health problems grew from resettlement, and in Afghanistan, the eviction of Shia Hazara minorities resulted in damaging economic and social pressure.

Some support was available through microfinance interventions such as the Odisha Livelihoods Mission and Grameen Foundation India, but it lacked long-term sustainability. Credit was largely not offered; Akhuwat in Pakistan and some direct compensatory programs in Nepal credited some loans, while Afghanistan had no such instrument, exacerbating displacement and instability. Political instability, skill gaps, and insufficient integrated

financial mechanisms are some of the reasons for their limited effectiveness. This illustrates the necessity of taking a multidimensional approach that encourages geopolitical stability while pursuing more targeted microfinance initiatives that create the conditions necessary for sustainable development and prevent socio-economic crises. This gap needs to be addressed for future policy innovation in resource management.

VII. CONCLUSION

The study aimed to investigate the relationship between land resource shortages and geopolitical tensions, alongside their socio-economic effects across South Asia, through an evaluation of microfinance programs in resolving conflict-based adversities.

The study determined that land conflicts tend to intensify because of geopolitical stress and foreign investments undermining local, social and political harmony. All cases revealed that forced displacement occurred with insufficient compensation benefits and persistent economic struggles. To address the situation, the government needs to develop an inclusive compensation mechanism, such as land-sharing agreements or alternative livelihood support programs. The presence of micro-finance in India and Pakistan during that time proved insufficient because political instability combined with skill deficiencies and inadequate financial infrastructure limited enduring positive change. However, this can be improved if financial literacy programs are implemented alongside microloans to enhance long-term impact. The cash payment strategy implemented by Nepal also proved unsustainable for resolving the crisis while Afghanistan received no financial support at all.

The research reveals an essential mismatch between monetary solutions used to restore sustainable living. The short-term benefits from microfinance become less effective because of underlying political issues and economic obstacles. Moreover, geopolitical uncertainties lead to escalating land disputes which reduce investor confidence, making regions more unstable. Afghanistan's and Nepal's financial systems deteriorated further, limiting their ability to respond to resource crises. These problems related to land conflicts can be dealt with by the government by incorporating a monitoring system to manage fraud & mismanagement, expanding digital financial services, encouraging public-private partnerships for economic projects and supporting entrepreneurship programs. These will reduce the resources dependability and financial instability of the nations. Thus, a holistic strategy aligning micro-finance operations with sustainable development goals is essential for displaced communities to produce

long-lasting economic protection versus short-term assistance.

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APPENDIX

Group 1: India and Sri Lanka

- **Economy:** Both have relatively diverse economies, with significant contributions from services, industry, and agriculture.
- **Finance:** India has a more advanced financial sector, but Sri Lanka is also developing its financial services and banking sectors.
- **Social Indicators:** Both have higher literacy rates and better human development indicators compared to some of their neighbours.
- **Geographic and Cultural Ties:** Though not immediate neighbours, both countries share some cultural and historical links, especially in the context of Buddhism in Sri Lanka and the Indian cultural influence.

Group 2: Bangladesh and Pakistan

- **Economy:** Both are large, populous countries with economies that rely heavily on agriculture, textiles, and manufacturing.
- **Finance:** Both have developing financial sectors with significant challenges, including financial inclusion and banking sector reforms.
- **Social Indicators:** Both countries face similar social challenges, including lower literacy rates, gender disparities, and healthcare issues.
- **Geographic and Cultural Ties:** These countries share a common history, having been part of the same country before 1971, and have similar cultural and linguistic ties.

Group 3: Nepal, Bhutan, and Maldives

- **Economy:** These countries have smaller economies, with significant reliance on tourism (Maldives, Bhutan), remittances (Nepal), and agriculture.
- **Finance:** Their financial sectors are less developed, with a focus on microfinance and financial inclusion.
- **Social Indicators:** These countries generally have smaller populations with relatively high social cohesion, though they face challenges like healthcare access and education.
- **Geographic and Cultural Ties:** All three countries are geographically smaller, landlocked (Nepal and Bhutan), or island nations (Maldives), with strong cultural and religious ties (Hinduism, Buddhism, Islam).

Group 4: Afghanistan

- **Economy:** Afghanistan has a primarily agrarian economy with a heavy reliance on international aid and informal sectors.
- **Finance:** The financial sector is underdeveloped, with significant challenges in terms of stability and access.
- **Social Indicators:** Afghanistan faces severe social challenges, including low literacy rates, poor healthcare, and ongoing conflict.
- **Geographic and Cultural Ties:** While culturally rich, Afghanistan's unique position in Central and South Asia sets it apart from other South Asian countries.