
IV. Special Studies

A. Risk and Reconstruction Model: Training Course

Prof. Michael Cernea first proposed RRM as an analytical tool to be used to assess risks that can arise during involuntary resettlement in development projects. Eight specific risks were identified based on evidence from projects in a number of countries, notably in Brazil and the PRC.

The use of this model early in the project cycle—during project preparation—would help assess each of these risks and their intensities, so that appropriate measures could be designed for successful restoration of incomes and livelihoods of affected people. The key to achieving this objective is to refine the social assessment of involuntary resettlement to prevent, reduce, and mitigate risks. Four basic functions of this model are: (i) predictive role—to help identify what is likely to happen, (ii) diagnostic—to assess the nature and intensity of the risks, (iii) problem resolution—to address the risks, and (iv) research—to obtain information and further refine the model.

Four important questions to be answered in social analysis are:

- (i) What is to be done in social analysis?
- (ii) Who will do the social analysis?
- (iii) At what stage is the social analysis to be done?
- (iv) What should be the products of the social analysis?

The traditional approach to resettlement has mainly focused on “impacts” rather than “risks”. The IRR model calls for early identification of potential risks. These risks, as outlined earlier, comprise both social and economic risks. These should be fully described, explained, and carefully predicted. Then the project would be able to make appropriate provisions

to address the economic, social, equity, gender, and institutional aspects of resettlement. The emphasis is on moving risk discovery and analysis upstream in project preparation.

The steps in the IRR process are: (i) description of the project context; (ii) identification of risks; (iii) analysis of specific risks; (iv) planning for prevention/mitigation of risks; and (v) designing actions to address the risks and mobilizing the necessary resources (human, institutional, financial) to implement, monitor, and improve resettlement.

The management of risk is done at four levels:

- (i) Design level—resettlement planners who design project components;
- (ii) Operational level—managing the implementation;
- (iii) Strategic level—the project manager who balances all the components of a project; and
- (iv) Macro level—political decision makers at national level.

Depending on the scope of a project, implementing resettlement as a separate (stand-alone) project has advantages for risk management. In particular, it would allow greater focus on the theme “resettlement with development”. Criteria that may be used to decide this include size, sector, diversity, and intensity of potential risks. The World Bank has funded projects of this type.

Impoverishment in resettlement often results from poor compensation. The policy specification to “restore” livelihoods is vague and is difficult to measure. Another such term is “better-off”, again an imprecise description. These should be defined in measurable terms. Valuation methods need to be improved to ensure that affected people receive replacement value for their assets. However, even at replacement rate, compensation rarely provides adequate resources to improve livelihoods.

Resettlement components of projects should be subject to the same rigorous economic and sensitivity analysis as the main components. This would recognize that resettled people are primary stakeholders in a project who give up their lands and therefore deserve adequate compensation to prevent impoverishment and improve their livelihoods.

Both financial and institutional capacities should be strengthened for better resettlement. There should be adequate budgetary provision and qualified human resources to implement all the work associated with resettlement. Benefits generated by projects can be channeled to project-affected people.

B. Asset Valuation

This section summarizes the recommendations made by the international consultants (Rural Development Institute) for each RETA country.

1. Cambodia

Four main recommendations have been made: (i) introduce legal and policy reforms to protect poor people from being marginalized, (ii) clearly define “fair and just compensation”, (iii) ensure that lack of formal title to land is not a bar to compensation, and (iv) set up an independent adjudication body to address APs’ grievances.

2. India

Six recommendations have been made to improve compensation. They are (i) state governments to do land survey and land settlement in areas earmarked for projects to bring records up to date, (ii) establishing specific time periods for nonformalized occupants of land to be entitled to compensation, (iii) setting up expert tribunals to help establish compensation standards, (iv) requiring all projects to have an accessible third party appeal procedure, (v) compensation and resettlement assistance to be made in the joint names of both spouses, and (vi) providing large enough plots of land where “land for land” compensation is awarded.

For broader policy dialogue with the Government, the following proposals have been made: (i) integrate the progressive principles in NPRR into the LAA; (ii) replace “market value” with “replacement value” in the LAA; (iii) publish rules under the LAA on valuation methods; (iv) clearly define “interested persons” to

ensure unregistered occupiers are not deprived of compensation; (v) do not reduce compensation where land grants have been made to people; (vi) since the solatium is part of the compensation, interest payment should apply to this portion of the compensation as well; (vii) require competent authority to send acquisition notices to the registration authority; (viii) pay damages when acquisition lapses due to time limits; (ix) reduce taxes on land sale transactions; (x) conduct rigorous land valuation every 5 years for land registration purposes; and (xi) amend legislation at the state level to ensure panchayats are consulted in all areas where land acquisition and resettlement take place.

3. People’s Republic of China

The improvements recommended by the study are: (i) paying compensation for urban land use rights, (ii) taking back the power for expropriating urban land from developers and contractors, (iii) paying compensation to untitled/undocumented APs, (iv) introducing the replacement value method for calculating compensation and abolish the ceiling approach, (v) stopping land readjustment as it weakens farmers’ initiative to invest and increase productivity on their lands, (vi) ensuring that affected farmers directly receive 75–90% of the compensation paid, (vii) adopting the replacement value method for non-land assets, (viii) protecting women’s rights to compensation, (ix) clearly defining “public interest”; and (x) ensuring that APs have the opportunity to participate in the process including rights to appeal.

The PRC should enact the new policy as law—Document 28 being a progressive step in this direction—and establish special institutions to address APs’ grievances regarding land acquisition, such as a semi-judicial land tribunal system as in Hong Kong, China or Australia.

4. General

The following general observations have been made:

- (i) Implementation of land acquisition and resettlement in all three countries fails to prevent impoverishment.
- (ii) Significant legislative changes as well as improvements in practice are required to prevent adverse impacts on affected people.
- (iii) This has to be achieved through frank dialogue among governments, international agencies, civil society, and affected people.

V. Analysis of RETA Findings

A. Risk Reconstruction Model (RRM)

RRM identifies eight risks as being largely responsible for causing economic and social impacts on affected people. Despite growing evidence that these risks are present in projects, not all aspects of this model can be traced into the involuntary resettlement policies of donor agencies (ADB and the World Bank). The model has not been comprehensively used in resettlement planning and implementation.

These eight risks can be placed into two groups: *economic risks* and *social risks*. Landlessness, joblessness, homelessness, and food insecurity would fall under economic risks, and the other four under social risks. In practice, however, these economic risks are not always absolute in the sense that APs get no land, no jobs, and no homes; and suffer from absolute lack of food. Inadequate compensation and resettlement assistance (land given as compensation, employment opportunities, quality of housing, and income restoration strategies) cause relative impoverishment. Projects provide ample evidence of this.

Essentially, RRM does not address all causes of poor resettlement. Displacement adversely affects people in three ways: (i) livelihoods, (ii) shelter, and (iii) social and community integrity. This is a direct result of poor allocation of resources (management and financial) for resettlement planning and implementation. Official level commitment to ensuring that these resources are made available can only occur if national legislation and policies are clear on this issue. That will require political commitment at the highest level.

B. Additional Resettlement Risks

The empirical data from projects show that the following two broad categories of risks also deserve serious attention:

1. Legal and Policy Risks

- (i) Absent or weak political commitment, absent or inadequate legislative framework (incompatible with donor policies), absent or weak official commitment to address involuntary resettlement.

2. Organizational and Management Risks

- (i) Insufficient resources (financial and human)
- (ii) Weak capacity of EAs
- (iii) Poor resettlement planning
- (iv) Poor implementation, monitoring, and evaluation with no mechanisms for follow through.

Many resettlement issues identified in this RETA can be attributed to the absence of an adequate legislative and policy framework, which in turn is often the cause of the second set of risks (organizational and management). ADB has been working continuously with DMCs since 1998 to try and improve national policy frameworks for involuntary resettlement but success has been mixed. In only two countries was ADB instrumental in getting a clearly stated policy approved by government (Sri Lanka and the Lao People's Democratic Republic [PDR]). Follow-up progress in introducing necessary legislation has been slow. This is due to weak commitment at the political level. The Lao PDR and Viet Nam have also adopted lesser policy instruments. Commitment supported by essential legal and organizational frameworks is a key step to improving the livelihoods of affected people.

C. ADB Experience with Impoverishment Risks

Table 1 summarizes the incidence of risks in recent ADB projects using RRM categories. The research work