

Module V

IRR Part II: The Multiple Faces of Impoverishment Risks: The De-Capitalization of Resettlers

Introductory Note

This module presents in detail the fundamental risks of impoverishment intrinsic in forced displacement and resettlement.

Main Risks

Generally, poverty reduction efforts in development programs usually deal with the reduction of the so-called “old poverty,” that is, the preexisting chronic poverty. However, forced displacement undermines—and is antithetic to—poverty reduction as long as it tends to generate “new poverty.” That means that people who may not have been poor before may fall below the poverty line after resettlement, or those who were already poor may end up worse off, poorer. This is unacceptable under development projects. This is one main reason for which the impoverishment risks of forced displacement have to be systematically counteracted, mitigated, and controlled before they become actual impoverishment occurrences.

De-Capitalization of Resettlers

Impoverishment materializes in the de-capitalization of resettlers who lose their previous productive basis and income sources. A premise of development is capital accumulation and investment, even on a small scale: but forced displacement does the opposite. It de-capitalizes the population affected.

The concept of de-capitalization, as explained in the module, captures the multisided loss of their (i) natural capital, (ii) man/woman-made physical capital, (iii) human capital, and (iv) social capital.

Further, the module examines, risk by risk, all the eight fundamental impoverishment risks reflected in the impoverishment risks and reconstruction (IRR) model: Landlessness, Joblessness, Homelessness, Marginalization, Food Insecurity, Increased Morbidity and Mortality, Loss of Access to Common Property Resources, and Social Disarticulation.

This discussion lends itself very well to class illustrations, to be offered both by the trainer and, engagingly, by the course-takers. New issues that are coming up in one or another country, such as interpretation of eminent domain

law and its practices, or others, can be linked to the discussion of the relevant basic risk (see, for instance, how this is done in the case of “landlessness” in the Module).

The trainer would emphasize that, in addition to the general risks (captured in IRR as general model), there

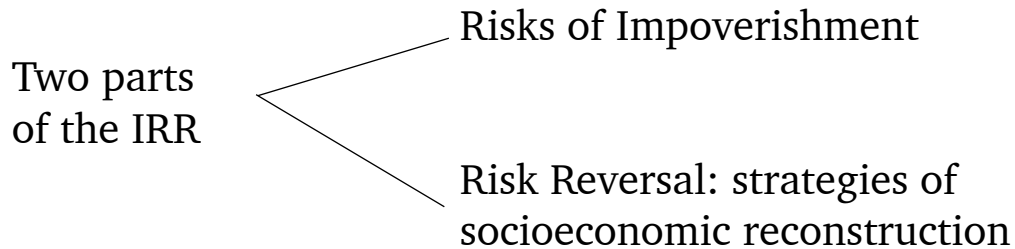
usually are also other specific, local risks that always emerge, subject to different circumstances. Resettlement risk management must identify and respond to these risks as well.

Lecture V: The IRR Model, Part II

Multiple Faces of Impoverishment Risks

The De-Capitalization of Resettlers

Structure of the Impoverishment Risks and Reconstruction (IRR) Model



The reconstruction part of the IRR model
turns its risks part upside-down

Four Steps for Using the IRR Model

For consideration of risks in project work, the IRR model carries us through 4 steps:

1. Risk identification
2. Measurement risks' intensities and consultation on coping with risks
3. Counter-risk planning and financing
4. Implementation: counter-risk activities

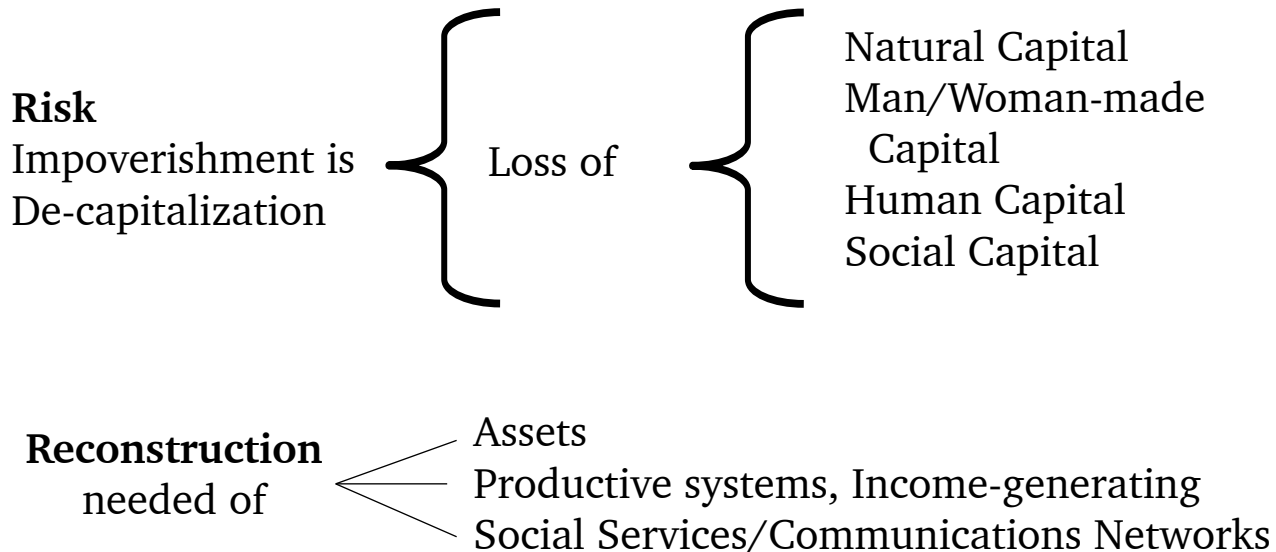
Overview: Main Poverty Risks in Displacement and Resettlement

1. Landlessness
2. Joblessness
3. Homelessness
4. Marginalization
5. Food insecurity
6. Loss of health—morbidity
7. Loss of access to common property
8. Social disarticulation

Overview: Main Reconstruction Strategies

- From landlessness to land-based resettlement
- From joblessness to reemployment
- From homelessness to house reconstruction
- From marginalization to social inclusion
- From food insecurity to adequate nutrition
- From increased morbidity to improved health care
- From loss of common property to restoration of common assets and services
- From social disarticulation to rebuilding of networks and community

Impoverishment as De-capitalization



Landlessness

- Loss of land removes the main foundation on which many people build their agricultural productive systems, workshops, commercial businesses, among others. The land lost is rarely fully replaced and often only partially replaced or not replaced at all.
- Replacement with land of poorer quality also means land loss.
- Compensation in cash usually is insufficient to buy back land of same quantity or quality.
- Loss of land, in full or in part, is the main form of de-capitalization and impoverishment of displaced rural families.
- Loss of land represents loss of both
 - ⇒ natural capital, and
 - ⇒ man/woman made physical capital

Landlessness Risks and Eminent Domain

- The eminent domain (ED) principle justifies expropriation. It has in-built limitations in massive DFDR.
- ED application compounds the risks of land loss and unwarranted harm. When it pays low land prices, ED undercuts subsequent reconstruction options.
- ED principle wasn't "crafted" initially for mass expropriation. The recent (20th Century) sharp increase of role of state as agent of development investment results in ED application beyond its initial remit and without the needed counterbalance (see also module VII).
- Application of ED principle in private sector projects conflicts with fundamental rights to property and is most often abusive and exploitative, even when some regulation allows it.

Landlessness Risks and Valuation of Land Loss

- ED law provides for “just compensation,” but does not prescribe democratic and equitable procedures for valuation of losses.
- Methods for valuation of replacement costs are crude and compound the major risks in land and asset loss.
- Valuation procedures are undemocratic in expropriation for state sponsored projects, because values are determined not by a neutral party, but by the interested party—the expropriator agent itself.
- Willingness-to-accept (WTA) payment for assets lost is not built in.
- The risks of impoverishment, compounded by ED and by skewed valuations, make adequate risk management for correcting distortions vitally essential.

Landlessness Occurs in Several Ways

- Land is lost
- Landholding size decreases
- Land quality changes, usually to worse
- Livestock holdings decrease
- Land improvements are lost (wells, canals, nurseries, etc.)
- Eminent domain law and valuation procedures increase impoverishment risks

Joblessness Risk

- Loss of paid employment occurs both in rural and urban displacements.
- People losing jobs may be employees, industrial workers, landless agricultural laborers, service workers, or artisans.
- The unemployment or underemployment among resettlers may last long after physical relocation.
- Relocation of old jobs too far away may add costs (in time and money) unbearable for resettlers.
- Creating new jobs for resettlers requires substantial investment and general local development to absorb those who lost old jobs.

Joblessness Risk (continued)

- The losers of employment and wage income are:
 - ⇒ Employees of enterprises and services
 - ⇒ Landless laborers (regular and casual)
 - ⇒ Shopkeepers, small business workshop owners, artisans
 - ⇒ Women: Informal jobs, part-time occasional paid work.
- Employment by the project that causes displacement may absorb some resettlers and this option must be given to resettlers with priority. But jobs are temporary, decline follows.

Homelessness Risk

- Loss of house may be temporary for many people; but in some situations, it remains a long-term condition.
- Loss of home is often perceived also as loss of identity.
- Loss of house tends to have negative consequences on family cohesion and on mutual help networks, when neighboring households become scattered.
- Relocation of related people and neighbors as groups is preferable instead of dispersed relocation.
- Compensation of lost houses at replacement cost is apt to reduce or preempt this impoverishment risk more effectively than it reduces other risks (e.g., landlessness risk or joblessness risk).

Homelessness Risk (continued, summary)

- Temporary relocation in “colonies” or intermediary quarters is a bad “solution; ” Usually, the “temporary” hardship gets extended for long, or no permanent housing is ever provided.
- Deprivation of housing and shelter without substitution is also a human rights violation
- Loss of cultural space—“placelessness”
- Despite compensation, pattern of chronic homelessness may set in.
- Temporary (poor) housing becomes permanent.

Marginalization

- Marginalization occurs when relocated families lose economic power and slide down toward lesser socioeconomic positions: middle-income farm households become small landholders; small shopkeepers and artisans lose business and fall below poverty thresholds.
- Human capital (skills) may become unusable, obsolete; affected people slide to performing lower-ranked jobs.
- Economic marginalization is often accompanied by social and psychological marginalization: a drop in social status, in resettlers' loss of confidence in society and in themselves, in felt injustice and vulnerability.

Marginalization (continued, summary)

- De facto social exclusion, loss of previous social status
- Loss of economic power; exclusion from development stream
 - ⇒ Slide on a ‘downward mobility’ spiral
- Human capital is lost or rendered inactive
- Psychological downward slide in resettlers’ confidence in society and self
- Pervasive sense of injustice

Increased Morbidity and Mortality

- The exposure of the poorest people to illness is increased by forced relocation because it causes increased stress, psychological traumas, and often the outbreak of parasitic or vector-borne diseases.
- Decreases in health levels may result from unsafe water supply and bad sewage systems that proliferate epidemic infections, diarrhea, dysentery, etc.
- Food insecurity and undernutrition (see next slide) tends to affect health, primarily among children

Increased Morbidity and Mortality (continued)

- Increased incidence of parasitic and vector-borne diseases (particularly in the case of project-treated water reservoirs)
- Vulnerable population groups (children, elderly) are most affected
- Disruption of traditional health systems
- Increased mortality rates

Food Insecurity Risk

- Food insecurity is defined as levels of calories and protein intake that are below the minimum necessary for normal healthy growth and work.
- Displacement disrupts agricultural production cycles, or employment, and reduces food availability.
- Forced displacement diminishes self-sufficiency in food, often dismantles local arrangements for food supply. It increases the risk that children will suffer chronic malnutrition.

Food Insecurity Risk (continued, summary)

- Lower caloric intakes
- Introduces or aggravates chronic undernourishment
- Prolonged food assistance can stimulate dependent behavior.

Loss of Access to Common Property Natural Resources

- Poor farmers suffer a loss of access to the common property goods belonging to communities that are displaced (for instance, loss of access to forests and forest products, to water bodies, to grazing lands, etc.), as well as to some common services.
- Indigenous people are affected more severely than other groups by loss of customary land tenure.
- Loss of common property assets is a form of income loss and livelihood downspiral typically overlooked by planners (except in the PRC, where communities are compensated collectively); it remains uncompensated.

Lost Access to Common Property Resources (continued, summary)

- Incomes and available food decline (forests, forest products, grazing land, water).
- Compensation is typically not paid.
- Resettlers' deprivation increases pressures on common property resources at relocation sites and tends to cause conflicts with hosts.

Social Disarticulation (Community Disorganization)

- The dismantling of community social structures, the dispersion of informal and formal networks, local associations, etc. is a massive loss of social capital.

[Discuss example of mutual help network among neighboring women when it is lost as a result of dispersion through displacement]

- Reduces local capacity for collective action
- Such disarticulation undermines livelihoods in ways usually not recognized and not measured by planners, and is a major cause of disempowerment and impoverishment.

Social Disarticulation

- Destabilization of social organization patterns and interpersonal ties
- Loss of social capital and capacity for collective action
- Increased vulnerability of poor who rely heavily on social ties
- Increased social discord, both within and between communities
- Pervasive disempowerment

Additional IRR Risks Related to Local Circumstances

Local context may cause added, specific risks. For instance,

⇒ Geographical changes, with adverse effects, such as:

- Physical isolation by reservoir, loss of road-access (“severance” risks)
- Highway construction that results in severance of villages from fields, water sources, and other communities
- Loss of access to schools
 - ⇒ School interruption: children do not return to school
 - ⇒ Loss of other services, etc.
 - ⇒ Risks for downstream populations (in dam/reservoir projects)
- Water releases from reservoir storage cause hazards downstream
- Reduction in fishing potential downstream

Differences in Intensity of Risks

- The general impoverishment risks manifest themselves differently in different countries and contexts. Understand how some risks affect differently each category of people: rural and urban, women, children, the elderly.
- Research shows that women suffer some DFDR impacts more severely than men, and incur specific additional risks.
- The same general risks may have different severity (high, moderate, or low) in different projects.

[Conclude lecture with discussion of local examples.]