

Module V (The IRR model, part II of III)

Multiple Faces of Impoverishment Risks: The De-Capitalization of Resettlers

Prof. Michael M. Cernea

**Presentation (revised)
at the course on Resettlement Risks Management
NRCR/Hohai University, Nanjing China**

Structure of The Impoverishment Risks and Reconstruction Model (IRR)



Four Steps for Using the IRR Model

The IRR model carries us through 4 steps:

- 1. Risk identification**
- 2. Risk measurement and communication/consultation**
- 3. Counter-risk planning**
- 4. Implementation: Counter Risk Activities**

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 dis-articulation

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 com. prop. to restoration of com. assets & services**
- **From social disarticulation to networks and community rebuilding**

Impoverishment as De-capitalization

-Risk

-Impoverishment is
De-capitalization

Loss of

Natural Capital

Man-Made Physical Capital

Human Capital

Social Capital

Assets

Reconstruction of

Productive systems, Income-generating

Social Serv./Comm. Networks

Landlessness

- Loss of land removes the main foundation on which many people build their agricultural productive systems or commercial activities. The land lost is often only partially replaced (only rarely fully replaced).
- Often replaced with land of poorer quality.
- 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 is that loss of both **natural capital** and physical **man-made capital**.

Landlessness risks and Eminent Domain

- The eminent domain (ED) principle justifies expropriation, but has in-built limitations for mass proportion DIDR
- ED application procedures most often compound the risks of land loss and unwarranted harm. They also undercut subsequent reconstruction options
- ED principle was not defined initially for mass expropriation. The recent (XXth Century) sharp increase of role of state as agent of development investment results in ED application beyond its initial remit and without necessary counterbalance (see also module VII)
- Application of ED principle in private sector projects conflicts with fundamental rights of property and is most often abusive, even when some regulation allows it.

Landlessness risks and Valuation of Land Loss

- Eminent domain law provides for “just compensation”, but does not prescribe mandatory full and equitable processes for valuation of losses.
- Valuation methods replacement costs are crude and compound the major risks in land loss.
- Valuation procedure in expropriation for public sector programs are undemocratic: values are determined not by a neutral party, but by the interested party: the expropriator agent itself
- Willingness to accept payment (WTA) for expropriation is not built in (this is the case also for assets other than land)
- The risks of impoverishment, compounded by ED and skewed valuations, make adequate risk management for preventing/correcting distortions vitally essential

Landlessness (summary)

- Land is lost
- Landholding size decreases
- Land quality changes
- Livestock holdings decrease
- Land Improvements Lost (wells, canals, nurseries, etc.)
- Eminent domain and valuation procedure compound impoverishment risks

Joblessness

- Loss of paid employment occurs both in rural and urban displacement. People losing jobs may be landless agricultural laborers, service workers, or artisans.
- The unemployment or underemployment among resettlers may last long after physical relocation. Creating new jobs for resettlers is difficult: it requires substantial investment and general local development to absorb those who lost old jobs.

Joblessness (summary)

- Losers of employment
and labor income
 - Landless Laborers (regular & casual)
 - Employees of enterprises & services
 - Shopkeepers and small business
 - Women's: Informal jobs
- Project Employment: may temporarily absorb some resettlers; increase, followed by decline

Homelessness

- Loss of house may be temporary for many people, but in some situations it remains a long term condition.
- Loss of home is perceived also as loss of identity and cultural impoverishment. 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 eliminate this impoverishment risk more than it reduces other risks (e.g. landlessness risk or joblessness risk.)

Homelessness (summary)

- Loss of housing and shelter, also human rights violation (UN)
- 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 towards lesser socio-economic positions: middle income farm-households become small landholders; small shopkeepers and artisans lose business and fall below poverty thresholds, and so on.
- **Human capital** (skills) may become unusable, obsolete.
- Economic marginalization is often accompanied by social and psychological marginalization: this is expressed in a drop in social status, in resettlers' loss of confidence in themselves and in society, in a feeling of injustice and vulnerability.

Marginalization (summary)

- Lose economic power; exclusion from development stream
 - Slide on a ‘downward mobility’ spiral
- Human capital 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.

Increased morbidity & mortality (summary)

- Increased incidence of parasitic and vector borne diseases
- Vulnerable populations (children, elderly) most affected
- Disruption of traditional health systems
- Increased mortality rates

Food Insecurity

- Food insecurity is defined as levels of calories and protein intake which are below the minimum necessary for normal healthy growth and work.
- Forced displacement diminishes self-sufficiency in food, often dismantles local arrangements for food supply. It increases the risk that people, particularly children, will fall into chronic malnutrition and food insecurity.

Food Insecurity (summary)

- Lower caloric intakes
- Chronic undernourishment
- Prolonged food assistance can stimulate dependent behaviour

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 more severely affected by loss of customary tenure
- This is form of income loss and livelihood downspiral typically overlooked by planners (except China); remains uncompensated.

Lost access to Common Property Resources (summary)

- Income decline (forests, grazing land, water)
- Compensation not given (except China)
- When given, inadequate to offset resulting losses
- Tends to cause conflicts with hosts

Social dis-articulation (community dis-organization)

- The dismantling of community social structures, the dispersion of informal and formal networks, local associations, etc. is a massive **loss of social capital**.
- Reduces local capacity for collective action
- Such disarticulation undermines livelihoods in ways usually not recognized and not measured by planners, 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

Risks Related to Local Circumstances, beyond the general risks (in IRR)

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

-Physical isolation by reservoir, loss of road-access

Loss of Education

- School interruption: children do not return to school
- Loss of other services, etc.

Differences in Intensity of Risks

- The general impoverishment risks manifest themselves differently in different countries and contexts. It is very important to understand that some risks affect differently each category of people: rural and urban, indigenous or non-indigenous populations, tribal and non-tribal groups, children and the elderly.
- Research shows: women suffer some DIDR impacts more severely than men, and incur specific additional risks.

(Conclude module with discussion of local examples.)