

Module VI (the IRR model, part III of III)

**Countering Poverty Risks Through
Reconstruction of Resettlers'
Income and Livelihood**

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Reconstruction: Could the IRR Model become a 'self-destroying prophecy' (Robert K. Merton)

- Advance awareness of impoverishment risks can trigger preventive actions
- Risk-knowledge makes possible:
 - Targeted counter-planning
 - Targeted and increased financial allocation
- Ideal result: risks are prevented or minimized
- This way, the Model's "Prophecy" Destroys Itself

Impoverishment as Decapitalization

-Risk

-Impoverishment is
Decapitalization

Loss of

Natural Capital

Man Made Capital

Human Capital

Social Capital

Assets

Reconstruction of

Productive systems of Income

Social Serv./Comm. Networks

Reversing Risks: Strategic Orientations in Reconstruction

1. From Landlessness to Land-Based Reestablishment
2. From Joblessness to Reemployment
3. From Homelessness to House Reconstruction
4. From Disarticulation to Community Reconstruction
5. From Marginalization to Social Inclusion
6. From Expropriation to Restoration of Community Assets/Services
7. From Food Insecurity to Adequate Nutrition
8. From Increased Morbidity to Better Health Care

Two Possible Philosophies in Resettlement

-Why is reconstruction the most complex part of DIDR?

Two philosophies, which result in 2 different strategies:

Property compensation approach

or

People-centered, developmental approach?

Discussion of the two philosophies (mind-sets)

Focus on compensation is focus on tool, not on goal: in practice, managers tend to lose sight of goal and focus on comp. as goal in itself

People centered approach is goal-oriented risk management

Ultimate: goal is multisided, not one-sided (compens.) and this is development – not only restitution (however important restitution is)

Specifics of the Property compensation approach

- Focuses on property affected – inventory and valuation
- Seeks proof of ownership
- Excludes non-property owners
- Stumbles into valuation distortions and difficulties, done without participation
- Adversarial, tries to minimize payment
- Litigation abounds

People-Centered Development Approach

- While focus on compens. is too narrow, compens. is indispensable for DIDR. Its application must be much perfected for successful reconstruction (more on this in Module VII.)
- The basic impoverishment risks to people, discussed in the prior IRR module, cannot be overcome with compensation alone.
- The people-centered approach derives from the objectives of resettlement policies. These objectives have evolved and continue to be in discussion. (see next slide)

Policy Objectives in Resettlement

The bar has been rising: historical view on how the policy definition of objectives has evolved in time:

1. First: No policy with reconstruction objective, only physical relocation.

[Result: sheer destruction, no mitigation]

2. Then: Restoration of pre-displacement level.

[Question: restoration to prior poverty?]

3. Then: Restoration, or if possible improvement.

[Demand for improvement is weak]

4. Improve, or at least restore to pre-project level.

5. Current trend in policy revisions: emphasis on “improvement” is increasing, because “restoration” is not development at all.

Critical Views on the Definition of the “Policy Objective”

1. “Restoring” incomes at pre-project levels is depriving resettlers of normal growth (without project), leaving them relatively worse-off (the time-lag discrepancy issue).

(Is this correct?)

2. “Restoring even at real growth terms (pre-project plus annual average growth) is hardly ever calculated.

(Is this correct?)

3. “Setting two accepted levels of performance in World Bank and ADB policy (“restoring, or if possible, improving”) causes failure, because in practice the minimal level eliminates the higher goal.” (T. Scudder)

(Is this correct?)

4. “Restore” is not a precise measurable level because “calculating replacement value is too crude”. In practice, it is always either a bit worse or better than restoring. (S. Ferguson)

(Is this correct?)

Other Current Criticism of Definitions of Policy Objectives

5. Because the degrees of “better off” (improve) have never been quantified, even 1% increase would be “better off”: does this make policy sense? (S. Ferguson)

(Is this correct? If yes, how can this be corrected, specified?)

6. The shift from “restoring” to “improving” (if improving is understood as significant, not 1%) is a major change in international policy objectives. But the international policies (IFis’) on resettlement have not prescribed new means/resources when the policy objective was set higher. This creates an unfunded mandate: it dooms the objective, condemns it to remain unachieved, given discrepancy between goals and means in same policy (M. Cernea).

(Is this correct? Can this be corrected?)

7. Policy objectives are not time-bound, policy tolerates undefined long time gap: how short after displacement should restoration or improvement be achieved? What is the time threshold between project success or failure?

(Are time bound target definable?)

8. Do policies expect the achievement of their objectives only on the aggregate/average, or in each resettlers’ case? The Pareto optimality principle.

Question/Issue:

Is it Necessary to Re-define the Policy Objectives?

-One other important weakness of resettlement policies' objectives: lack of connection/reference to country poverty levels. "Improvement" above the pre-project level, even if achieved may remain still below country poverty levels.

-Proposal for redefining policy objective:

"The people forcible displaced and resettled will be enabled to improve their income/livelihood above pre-project level in real terms, or above the country's poverty-threshold, whichever is higher."

(Is this objective too high, or should it be adopted in "resettlement/reconstruction with development?")

The IRR model outlines three strategic directions in Reconstruction:

- Economic/productive basis (integrated response to specific risks discussed earlier)
- Social/community rebuilding (integrated response to specific risks)
- Services and livelihoods (integrated response to specific risks)
- Let's examine each of these, in turn:

Economic/productive basis: Land and Employment

- From landlessness to land-based re-establishment
 - “Land for land”: (argument pro and con: “cash for land”)
 - Valuation methods need improvements (see Module VII)
 - Options and good practices for identifying substitute lands for resettlers
 - Land purchase and pooling by state and by project
 - Land ceiling laws (India) and redistribution in command areas
- From joblessness to re-employment
 - Kali Gandaki Case (see next slide)

Good Practice: Exploit Opportunities for Wage-Income, Combine with Savings and Human Capital Restoration

- **Employment loss** by many displaced people can be partially mitigated by intensive use of the displacing project's opportunities. Project created temporary jobs are a vastly under-used risk-management option.
- **Employment by project** is dismissed or underestimated because it ends with project completion. This is a mistake, because temporary project employment can be structured as part of resettlement risk management so as to yield significant and enduring benefits to those displaced. (see ADB Kali Gandaki Case, next slide)
- **Savings and vocational training.** Surely, temporary jobs alone, while profitable, are not enough. Good practice is to combine targeted hiring of displaced people with two other counter-risk initiatives: promotion of vocational training to be provided by the project to resettlers. Acquiring new skills while working on the project may be essential for post-project resettlers' continuity in wage earning
- Often, regular wage employment from temporary jobs over a 12-24 month period is in some remote areas is an cash flow unmatched by any other opportunity. The promotion of savings out of the cash flow creates a cushion for when the temporary jobs end and disposable income for resettlers to invest in alternative productive activities

Targeted Hiring in Nepal: ADB's Kali Gandaki Hydropower Project

Employment Levels and Composition (1997-2000)

Priority Order	1997 Aug	1998 June	1999 June	2000 June
1. SPAFs	9	106	105	90
2. PAF	79	236	274	236
3. Local VDC	11	356	690	513
4. SNG & Gul	23	175	270	245
5. KG Basin	0	353	350	284
6. Other	166	213	893	813
Total	288	1439	2582	2181

Local VDC = villages in project footprint area;
SNG & Gul = neighboring villages.

Comment on the Kali Gandaki Employment Experience

- The accomplishment reflected in the prior table is remarkable and it did not occur spontaneously: it required promotion and monitoring. Targeted hiring succeeds only if pursued deliberately and timely. In KG, project management, the international monitoring panel and the project monitoring unit pursued very proactively the organized hiring of SPAFs (Seriously Project-Affected Families) and PAFs (Project-Affected Families) by main contractor and every other international and local contractor.
- KG project created the window for this initiative during project preparation by including in the tenders for contractors requirements and criteria for priority/preferential hiring of SPAFs, PAFs, local district population and basin population.
- Four lessons are essential:
 - (a) include contractors' obligations for preferential hiring in initial tenders for local and international competitive bidding;
 - (b) maintain and monitor constantly statistics of PAFs' hiring;
 - (c) inform resettlers of their entitlement;
 - (d) stimulate their participation in seeking jobs, skill training and savings

Social/community re-building

- From social disarticulation to community reconstruction (Discuss examples)
- From marginalization to social re-inclusion
- From expropriation to restoration of community assets

(Discuss implications regarding hosts' communities rights to common property natural/local resources)

Services and livelihoods

- From food insecurity to adequate nutrition (discuss specific impacts on children, women, and elderly)
- From increased morbidity to better health care (discuss specific impacts on children, women, elderly)