

Social Impacts and Social Risks in Dams

Preemptive Planning and Counter-Risk Measures

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Social Risks and Preemptive Planning

Social Impacts of Dams – a **central** question

- Development policies
- Economic growth
- Poverty reduction
- Sustainable development

Social Impacts are a **POLITICAL** issue, not just a “technical” problem

Criticism of Social Failures in Dam Projects

- Growing local criticism and resistance (SSP; Katopanjung)
- Criticism (NGO Growing Civil Society)
- Criticism by major development agencies (World Bank; ADB; IDB)
- WCD Report: unacceptable social effects

Links: social & environmental criticism

Financing: Can public criticism inhibit or stop dam construction

Social Risks and Preemptive Planning

How to think about social impacts?

Think preemptively of risks! Target them!

- Which are the social risks?
- When to think about them?
- Who must think about risks?

The Concept of Risk

Risk = The possibility of undesired, adverse effects.

Some get nervous identifying risks
Why?

The FEAR of Risks:

- Risk Admission - "Reduces Support for Develop Projects".
- Talking of Risks - "Is not optimistic".

The Concept of Risk

...*(contd.)*

REALISTIC ATTITUDE:

- Risk → a constructive concept
- Risk → an enabling concept
- Risk → an action-compelling concept
→ an informing and warning concept

Alerts

Mobilizes

Prods

Mitigation

Counter risk action



Main classes of Social Impacts of Dams

1. Forced displacements
2. Boomtowns
3. Downstream adverse changes in agro-production systems
4. Loss of cultural heritage assets

Diversity of local adverse impacts

Who is Afraid of SOCIAL RISKS?

From: "Managing the Risks of Private Hydro Development". (Shresta)

- "country risks" to foreign investors;
- "risks of credit worthiness";
- "risks of "expropriation and nationalization of the power plant";
- "monetary risks" ["country risks" to foreign investors;]
- "risks of credit worthiness";
- "political risks -- expropriation and nationalization of the power plant";
- "monetary risks" as risks to the developers from inflation;
- "risks in repatriation of developer's profits;
- "tax risks";
- "market and revenue risks" ["lower demand risks", "low generation capacity";]
- "project risks"



The IRR Model: Impoverishment Risks and Reconstruction

- Risk

- Impoverishment

{ = Decapitalization

Loss of

{
Natural Capital
Man Made Capital
Human Capital
Social Capital

- Reconstruction

{ of

Assets
Enterprise - Income
Social Services/Networks

Four Basic Function of the IRR Model

- **predictive function** (warning and planning)
- **diagnostic function** (explanatory and assessment)
- **problem-resolution function** (guiding and measuring reestablishment)
- **research function** (formulating hypothesis and conducting theory-led empirical studies)

Basic Concepts in the IRR Model

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Think of Three Steps:

1. Risk Identification
2. Risk Measurement
3. Risk Management

Poverty Risks in Displacement and Resettlement

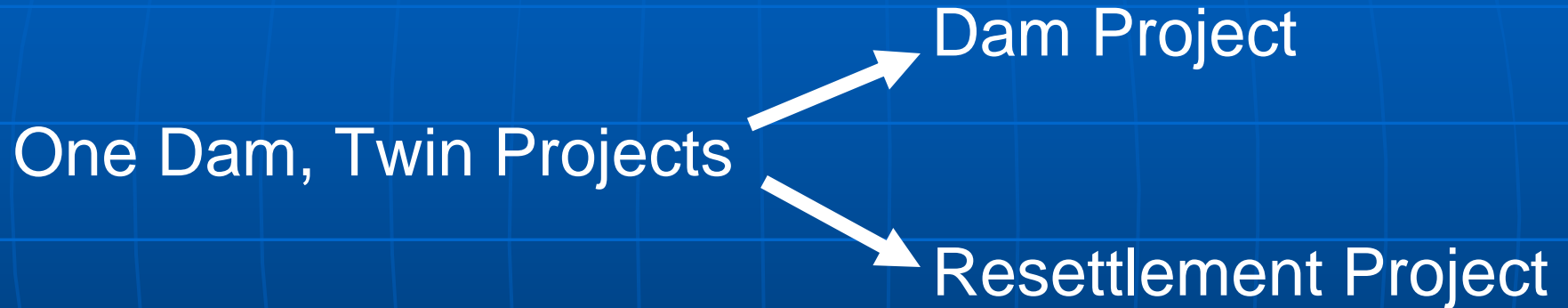
1. **Landlessness**
2. **Joblessness**
3. **Homelessness**
4. **Marginalization**
5. **Food insecurity**
6. **Increased morbidity**
7. **Loss of access to CPR**
8. **Social disarticulation**

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 education loss to expand education
- from loss of access to restoration of community assets and services
- from social disarticulation to networks and community rebuilding

Best Practice Options for Risk Prevention

1. Institutional Capacity at Project Level



China: Xiaolangdi Dam

200,000 Displaced People

Successful experience of twin projects.

Best Practice Options for Risk Prevention

2. Institutional Capacity for Implementation Monitoring

- Expert Panels (International and Local)
 - China: Xiaolangdi Dam
 - China: Ertan Dam
 - Nepal: Kali Gandaki Dam
 - Laos: Nam Theun 2 Dam

Best Practice Options for Risk Prevention

3. Planning Preemptively

China: Shuikou Dam Project

- Land-loss risk
- Planting trees before relocation
- “Farming the Waters”


Aquaculture
Duck Raising



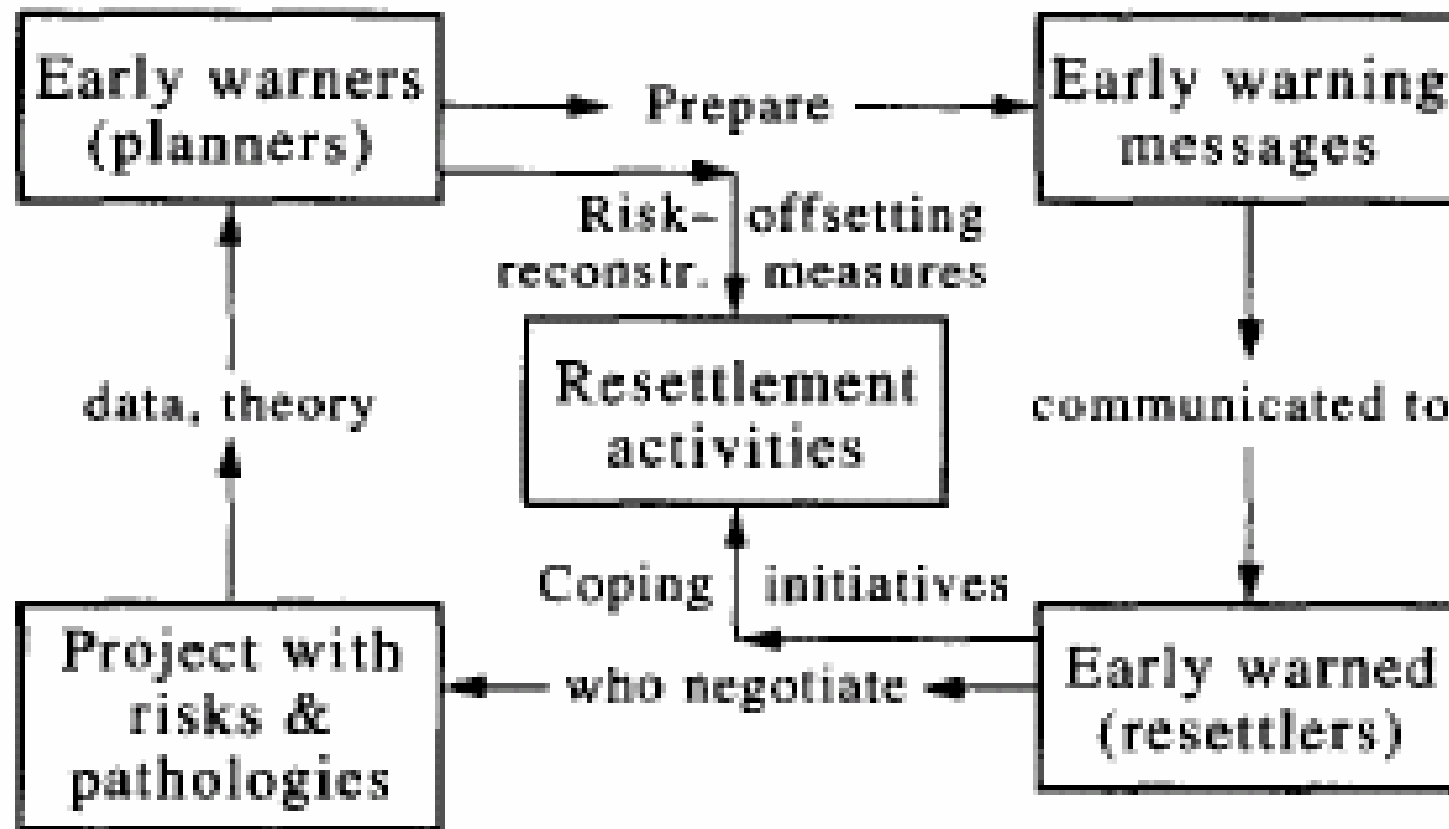
On new reservoir

Best Practice Options for Risk Prevention

4. Financing

- World Bank comparative Study 
 - India
 - China
- Don't "externalize" costs
- Compensation: essential, but insufficient for development
- Investment in resettler's development
- Laos: Nam Theun 2 Dam— Great budget !

Risk Warning Model



Risk Communication and Action:

Warning, Preparing, Coping

Conclusion: Targeting Risks, Reduces Adverse Social Impacts

Risk identification is sign of strength,
not weakness.

Risk awareness is indication of
realism.

Risk communication - sign of trust,
premise of participation.

End

The Economics of Resettlement for Post-Shock Communities

...(contd.)

Old: Economics of Compensation

New: Economics of Reconstruction and
Development

Compensation is one means.

Reconstruction is policy goal.

Policy goal requires several means:

1. Compensation of Property seizure
2. Grants-Allowances for

The Economics of Resettlement for Post-Shock Communities

- Hardship.
- Moving cost
- Time
- Usufruct rights lost etc.

3. Development investments
(see World Bank OP 4.12)

Compensation Alone Can Not Even Restore Prior Level

Reconstruction with development
requires financing for development.