

Displacement and Erosion of Informal Risk-Sharing: Evidence from Nepal

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Summary. — Informal networks are essential risk-coping mechanisms for people living in impoverished communities. However, the consequences of displacement on informal institutions have received limited attention. Our study of displaced indigenous households from the Shuklaphanta Wildlife Reserve in Nepal indicates that displacement followed by an inadequate land compensation scheme led to serious household partitions and adversely affected patrilineal kinship relationships. Moreover, poor harvests in the resettled communities and growing conflicts over the control of limited land gradually destroyed the traditional patron–client system that governed permanent agriculture. Overall, the erosion of informal risk-coping mechanisms has created a vicious cycle of poverty.
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1. INTRODUCTION

In the last few decades conservationists, policy makers, and social scientists have become increasingly interested in studying the human effects of biodiversity conservation. These concerns have driven new conservation initiatives in developing countries since the 1990s, such as Integrated Conservation and Development Projects (hereafter referred to as ICDP), Community-Based Management (hereafter referred to as CBM), and compensation-based resettlement programs. These initiatives aim to increase the benefits for the local communities through the establishment of Protected Areas (PAs). While involuntary resettlement has become a taken-for-granted strategy to preserve the natural environment, it is still believed that these resettlement programs focusing on economic compensation can still mitigate livelihood losses.

However, recent evidence suggests that the impact of conservation-led displacement on the welfare of people around the protected areas is mixed (Haffman, Fay, & Joppa, 2011). On one hand studies show that conservation-led displacement harms local communities particularly those people who are economically marginalized (Agrawal & Redford, 2009; Heming & Rees, 2000; Lam & Paul, 2011). It often incurs heavy costs and offers only minimal benefits for local communities (Haffman *et al.*, 2011; West, Igoe, & Brockington, 2006). On the other hand, some scholars advocate that the growing population near the PAs indicates that conservation does indeed have benefits (Wittemyer, Elsen, Bean, Coleman, Burton *et al.*, 2008). In one particular study, Igoe (2006) finds that local communities do benefit if unevenly so from the ICDPs and CBM.

One source of this ambiguity could stem from the unavailability of reliable data. As Igoe (2006) points out, whether conservation harms or benefits communities is difficult to judge in the absence of good and systematic empirical data. Moreover, the opportunity costs associated with PAs are not comprehensively understood (Brockington & Igoe, 2006; Igoe,

2006). Lack of baseline knowledge concerning the welfare level of the displaced population before the conservation policies are implemented further limits these studies (Shoo, 2008).

Another issue could be the lack of a framework that addresses various types of risks for displaced communities. The Impoverishment, Risk, and Reconstruction model (IRR) by Cernea (1997) has been widely used to design policy frameworks to mitigate the risks for displaced communities. The displacement risks are often catastrophic and completely different from normal risks (such as seasonal variations in crop yield, *etc.*) that are commonplace in the everyday life of the poor. The IRR model shows that the “extreme risks” caused by state-led displacement not only focus on economic risks associated with changes in livelihood pattern after displacement and resettlement but also include the loss of access to common property resources, depletion of social cohesion (trust and bond among neighbors), and social networks and family break-ups. In this regard, Kanbur’s (2003) suggestion for generalized social safety nets show merit but is not convincing because there is limited systematic evidence for the feasibility and practicality of such general safety net options. Obviously, it cannot apply in this case because the park-displaced populations remain clustered densely around the park in a well-known area that can be assisted through focused development interventions apt to also restore informal nets rather than the kind of “generalized safety net” proposed by Kanbur.

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Social scientists, notably economists, argue in support of informal risk-sharing mechanisms that serve as the last resort for the poor when they experience acute economic hardships or similar shocks (Alderman & Paxson, 1994; Besley, 1995; Dercon & Krishnan, 2004) that particularly affect the rural poor (Coate & Ravallion, 1993; Fafchamps, 1992; Foster & Rosenzweig, 2001; Ligon, Thomas, & Worrall, 2001; Rosenzweig, 1988). These agrarian institutions (i.e., risk-sharing mechanisms) are shaped by interpersonal relationships, which often supplement weak formal institutions such as social safety net programs (Devereux & White, 2007; Fafchamps & Gubert, 2006). Diverse forms of informal safety nets including employment, inter-household transfers of food, livestock and loans (Jodha, 1981; Rahmato, 1987), borrowing grain from kin (Watts, 1983), exchanging goods and services with neighbors and relatives (Kipnis, 1997), and credit arrangements with relatives (Agarwal, 1992). However, there is limited evidence on how such informal institutions themselves relieve the extreme shocks. While the social impacts of displacement on local communities have been addressed by a number of cross-disciplinary scholars (Colchester, 2004; Goodall, 2006; West & Brockington, 2006; West *et al.*, 2006), the interlocking relationships between the changes in informal social networks and their implications for local livelihoods have rarely been discussed.

Overall, there is limited information on the impacts of conservation-led displacement on existing social network-based informal risk-sharing mechanisms, which is often considered as the fallback option for the poor when crises loom. This indicates the necessity of well-crafted empirical studies to better understand both the immediate and long-term social and economic impacts of displacement on local communities. This paper aims to fill this knowledge gap based on a case study in Nepal. It uses a cross-disciplinary approach to evaluate the impact of forced displacement on the livelihood of displaced rural communities and analyzes mechanisms used by them to cope with “extreme risks.”

In a fairly recent study on Colombia, Valez and Bello (2008) show that forced displacement not only disperses and uproots families but also fractures their household structure and social fabric, thus leading to the erosion of informal securities. They find 50% of displaced families had an intact nuclear structure, compared with 60% of families among the nondisplaced population in the same residential or host areas. Another study shows that in Colombia only 9.2% of displaced households had the opportunity to ask for loans from relatives, neighbors, and friends, in contrast to 18% before displacement (Ibáñez & Moya, 2006). In a similar but somewhat different study of informal family safety nets in Poland in the post-1990s and during the transition from a Marxist to a capitalist economy, Cox, Jimenez, and Okrasa (1996) found that inter-household transfers dropped significantly and family networks became weaker after the transition. These studies illustrate the constraints on informal safety nets as coping strategies when sudden economic shocks and crises emerge. As discussed above, the act of displacement is a violent disruption of a community's daily social contacts. Along these paths, we conjecture that in the presence of the “extreme risks” in the conservation-led displacement context, it jeopardizes the social networks and social cohesion thereby lowering the credibility of the informal risk sharing mechanisms.

To test our hypothesis we consider a case study consisting of 72 displaced and nonindigenous households from the Shuklaphanta Wildlife Reserve in Nepal. Nepal has abundant globally significant natural sanctuaries but is also economically poor and densely populated, with 31% of its people still living below the national poverty line (World Bank, 2010).

Today, it has 20 protected areas (including 11 buffer zones), covering a total of 34186.62 sq. km, which amounts to 23.23% of the total land area (DNPWC, 2010). Either in the name of development-led or conservation-led displacement, there is no comprehensive policy to minimize the adverse impact on displaced communities' welfare (Rai, 2005; Sapkota, 2001). In Sapkota's study of Gandaki Dam, the results clearly reaffirm that the displaced communities have suffered both economic loss and community disarticulation (2001). He points out that the absence of national involuntary resettlement policy and weak enforcement of international resettlement policy has disproportionately hurt the poorest groups. Similar to development projects, large-scale displacements continue to represent the major conservation strategy in Nepal yet the indigenous communities face social exclusion which has been historically rooted in the land settlement policies (Lam, 2009).

The backdrop of this socio-economic upheaval involved a displaced indigenous group, Rana Tharus, in the western-most districts of Kachanpur in Nepal. The Rana Tharus community experienced a large-scale displacement due to the expansion of the Shuklaphanta Wildlife Reserve. Consequently, the Nepalese government carried out a land-based resettlement scheme on the principle that all displaced families should be given cultivated land in the resettled areas, which they previously lost due to the extension of the wildlife reserve. Furthermore, the social and cultural composition of displaced villagers should be maintained in the newly developed resettled communities (Bhattarai, 2001). The upheaval in physically relocating the Rana population is not part of “normal risks” Their displacement and dispossession brought a set of extreme risks to each affected household.

This paper aims to investigate the influence of displacement on informal risk sharing institutions. Did the displacement itself dismantle the prior social mechanisms used by Ranas for coping with risks? Both quantitative and qualitative evidence from our study suggests that displacement followed by an inadequate land compensation scheme led to serious household partitions in the wake of impoverishment. This also adversely affected the patrilineal kinship relationships. Moreover, the poor harvest in the resettled communities and growing conflicts over the control of limited land in the resettled areas deprived the traditional patron-client system of permanent agricultural workers and reduced kinship ties. This prompted a vicious cycle of poverty because food security for displaced Ranas to a large degree disappeared. The economic downturn resulting from the poor harvest coupled with the erosion of informal risk-sharing networks had a “double whammy” effect on the poor. Our findings are in line with the increasing evidence that informal agrarian institutions when they encounter crises often lose their credibility in supporting the poor effectively. In this paper we provide a deeper understanding of the cultural, social, and economic factors concerning the displaced Rana Tharus community in Nepal.

This paper contributes in two ways. First, we aim to fill the knowledge gap by demonstrating that conservation-led displacement not only impoverishes the poor and marginalized people further but also adversely affects kinship ties and other traditional risk-sharing networks. Second, we intend to stimulate the discussion of a more inclusive compensation package that restores traditional agrarian institutions. The rest of the paper is organized as follows. Section 2 provides an ethnographic account of the livelihood systems of Rana households and traditional agrarian institutions. In Section 3, we provide a brief overview of the Shuklaphanta Wildlife Reserve and the land-based resettlement program. Section 4 discusses the survey methodology and empirical findings. In Section 5 we

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