The Short-Term Impacts of Development-Induced Displacement on Wealth and Subjective Well-Being in the Brazilian Amazon

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Summary

Displacement due to development projects such as dams, mines, and urban infrastructure often leads to livelihood decline among affected communities. The challenge, therefore, lies in implementing projects that achieve national or regional development goals while also generating positive social and economic outcomes for displaced populations. This paper uses a longitudinal, mixed-methods design to understand the short-term changes in wealth and subjective well-being of households displaced due to construction of the Belo Monte Dam in the Brazilian Amazon. The households were compensated by either cash or credit for their lost land and assets, and were then responsible for finding and purchasing new property. Using pre- and post-displacement household survey and semi-structured interview data, as well as data from a small comparison group, I find that wealth increased for the majority of the study population and that socioeconomic inequality decreased, as poorer households experienced greater improvements in housing conditions, assets, and property ownership. In addition, subjective well-being improved for most households, particularly among those who did not own land at baseline, those who gained assets such as vehicles, those who remained closer to the original study area, and those who remained in close proximity to other households from the study population. Moving to an urban destination was strongly associated with declines in well-being, as was moving far from family or friends. These results suggest that investing sufficient resources in a compensation-based resettlement program can benefit households displaced by large infrastructure projects in the short term, but additional data collection is needed after the completion of dam construction to determine whether these benefits are sustained over the longer term.

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