

## Module IV

### **The Impoverishment Risks and Reconstruction (IRR) Model Part I: Basic Concepts and Functions**



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## Introductory Note

**T**his module, the first in a set of three modules, presents and discusses the impoverishment risks and reconstruction (IRR) model.

The module describes the IRR basic concepts and functions as a cognitive and analytical instrument. It connects to the concluding point of the opening lecture in this training course, devoted to social assessment (SA) and to risk analysis as one of the SA methodologies.

The IRR model is both a conceptual representation, capturing the knowledge on the structure and anatomy of impoverishment and reconstruction, and a methodological tool for project preparation and for managing risk identification, prevention, and mitigation.

The need for a special tool to analyze impoverishment risks results from the general consensus that impoverishment is the main negative effect of DFDR processes. Concern over impoverishment caused by forced displacement has grown globally and in the Asian Development Bank (ADB). While not all such operations end in failure, many do. Failure is defined by a large number of resettled people being left worse-off after resettlement

than they were before the project. A special ADB evaluation study on the resettlement policy's impact found that in the study sample of projects implemented in Bangladesh, Indonesia, and the Philippines, "the income of about one third of those affected by ADB projects was not restored after resettlement," leaving them impoverished. Such outcomes are unsatisfactory and contrary to development objectives.

This is why safeguard policies were adopted in the last 2 decades by all major multilateral and bilateral development agencies, and they provide the framework for preventing risks, avoiding or mitigating them. These policies and their analytical tools need continuous refining and strengthening. The IRR model is one of these tools that zeroes in specifically on the mechanisms and substance of impoverishment and on strategies for risk reversal.

After a brief historical explanation of how the IRR model was developed by identifying regularities and generalizing empirical core-findings, this module concentrates on three topics:

First, it explores the core concepts employed in the IRR model, primarily "impoverishment," "de-capitalization," and "risk." The family of risk-related concepts is

reviewed, since it is going to be used frequently. The concept of risk is discussed in terms of its ability to reorient mind-sets toward action, preventive or mitigatory.

Second, the module explains the four basic functions of the IRR model: predictive, diagnostic, problem-solving, and research functions. The ability of the model to perform one or another of these functions makes it widely usable in operational work—project preparation, appraisal, and implementation. It moves risk discovery upstream and, early in project preparation, guides the design of counteractions to risks and helps targeted risk management during implementation and supervision.

Third, the module gives considerable attention to the attitudes of managers vis-à-vis risks, to their “mind-set,” which influences managerial behavior. Risk identification, and timely disclosure, is contrasted with un-transparent attitudes of silence about risks, risk denial, and hiding, or understatement of data and risk underestimation. In contrast, the module emphasizes risk as a constructive concept that expresses a confident and “optimistic” perspective, an action-oriented mind-set, and one that intrinsically mobilizes to initiating preventive measures and safeguarding activities.

# Lecture IV: The Impoverishment Risks and Reconstruction (IRR) Model, Part I

## **Basic Concepts and Functions**

*How to think about risks?*

# **The Impoverishment Risk and Reconstruction Model (IRR): A Tool for Risk Analysis and Risk Management**

*The presentation of IRR is divided in 3 parts:*

## **Part I**

Basic Concepts and Functions of the IRR model:  
How to think about Risks?

## **Part II**

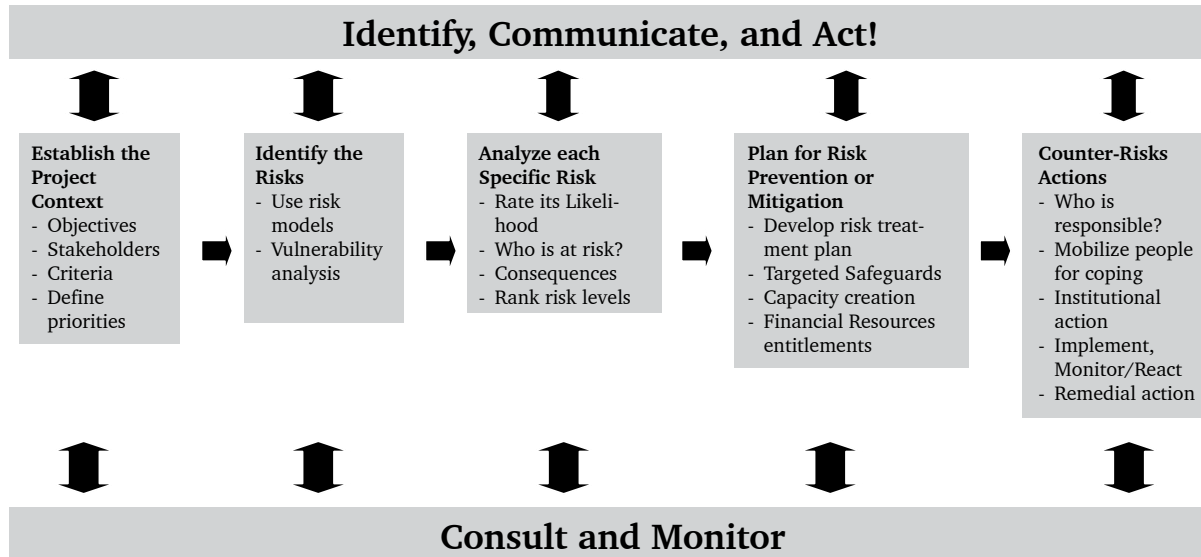
Multiple Facets of Impoverishment Risks:  
The De-Capitalization of Resettlers

## **Part III**

Countering Poverty Risks Through Reconstruction  
of Resettlers' Income and Livelihood

# The Critical Path for Social Risk Analysis and Management

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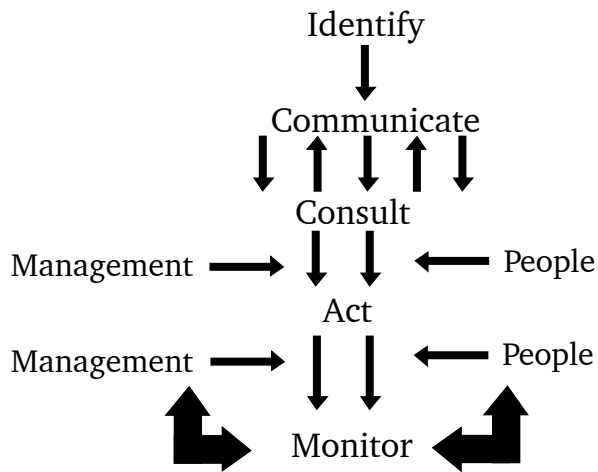


Note: The trainer may briefly remind participants of the material about “social assessment” presented in Lecture 1 of this course.

# Another Look at the Critical Path of Social Analysis: Process and Content

## Social Risk Analysis and Management

### Management Process



### Content Risk Analysis

- Examine the project context of impoverishment risks
- Assess and analyze risks and vulnerabilities
- Rank risk intensities and define needed resources to counteract risks
- Mitigation Plan
- Organize and implement counter-risk action

## Brief History of IRR Model

- IRR: Developed in early/mid 1990s based on distillation of empirical worldwide research and evaluations of resettlement
- IRR Model aims to distinguish the principal and most general processes that form the content of displacement and resettlement
- First important application: 1993–1994, in World Bank/global portfolio analysis of 192 projects
- Between 1994 and 2006 IRR's use spread to resettlement policies, project preparation, academic research
- IRR is now the leading model worldwide in analyzing resettlement
- Employed in resettlement policies, handbook, sourcebooks, etc. of ADB, World Bank, AFDB, EBRD, IDB, IFC, and many countries

## Sources of IRR: Where to Learn about Resettlement and Risks

### The State of the Art in Research

- Sociology
- Anthropology
- Economics
- Ethics
- Geography and Other Disciplines
- Research and Policy Formulation
- UN and Displaced Populations: The Guiding Principles
- The Brookings Study: “Risks and Rights”

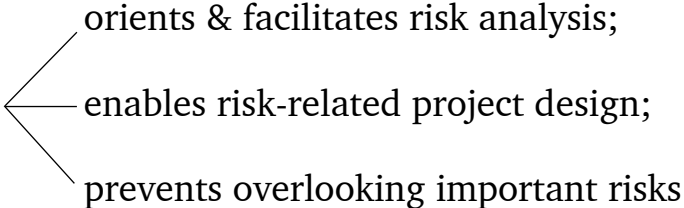
## IRR as “Model” and “Method” (I)

- What is a “model”?
- As model, IRR is a generalized conceptual representation of the
  - ⇒ *structure of impoverishment processes in displacement*
  - ⇒ *structure of reconstruction processes in post-displacement*
- The IRR model deconstructs the multi-dimensional process of impoverishment and the process of reconstructing livelihood into components. IRR identifies 8 common variables of impoverishment caused by forced displacement: e.g., loss of land, loss of housing, loss of employment, social disarticulation, etc. (see further)
- Inter-linkages between pauperization processes: they coalesce and compound
- The modeling of the reconstruction uses the same variables, but with a reverse vector. It captures the main socioeconomic dimensions of livelihood restoration and improvement

## IRR as “Model” (II)

- IRR offers a conceptualized representation of what to expect in displacement processes and thus informs project preparation
- Flexibility of the IRR model
  - ⇒ Absorbs empirical primary research from case studies/projects
  - ⇒ Guides the secondary analysis of empirical findings
  - ⇒ Distinguishes commonalities across projects
  - ⇒ Generalization
- Validity and caveats
  - ⇒ The dialectic of the general-particular-individual: real cases have more variables and local risks than the model

## The IRR as Method

- As method, the IRR is a compass for risk analysis tailored to risks intrinsic to the nature of displacement and resettlement
- Because the IRR incorporates (as theoretical model) knowledge derived from prior empirical research, it does not “probe in the dark”: it pointedly guides risks measurement in new projects to recurrent risks.
- Thus, IRR as method 
  - orients & facilitates risk analysis;
  - enables risk-related project design;
  - prevents overlooking important risks
- IRR as method may reveal, in some cases, that some risks are less severe or absent in a specific project, or that, conversely, some vulnerable populations (e.g., women, children) are exposed to additional risks and experience common risks with increased severity

## **The Spread of Impoverishment from DFDR has Political Consequences**

- Forced displacement issues move up on the development agenda because of growing size and bad effects
- Execution of displacement often violates human rights
- Purpose of development is undermined by the generation of new poverty
- Political protests against displacements are increasing
- Opposition to economic dispossession
- Indigenous people's resistance: enduring poverty and identity issues
- Growing political instability from lingering dissatisfaction of affected people

## Global Situation: DFDR Magnitude—Recapitulate

- Worldwide 10 million people were displaced by development projects each year during the 1980s and 1990s

Recent estimates for the 2001 decade: 14 to 15 million annually

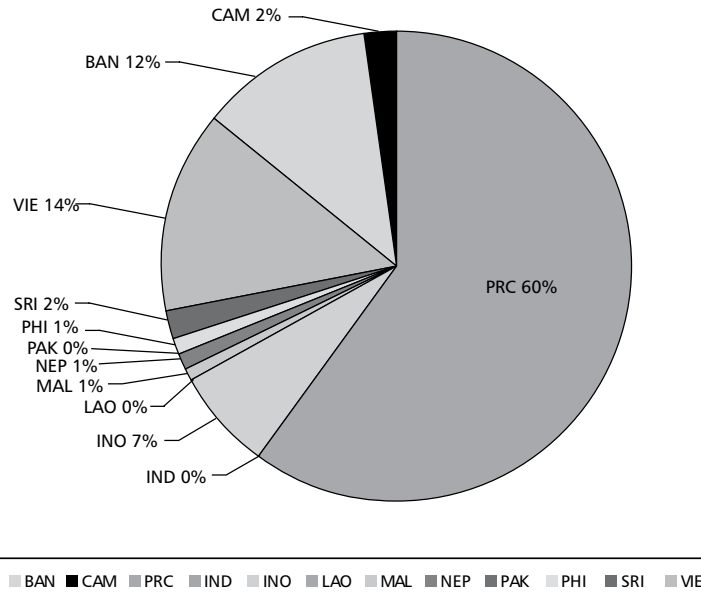
- Main sectors causing displacements
  - ⇒ Urban development and transportation projects  
(most massive category of DFDR today!)
  - ⇒ Construction of hydropower dams
  - ⇒ Mining/Extractive Industries

## Resettlement in Asia: Selected ADB Projects

Country	Number of Loans/Projects	Number of Affected People
Bangladesh	5	88,653
Cambodia	3	17,474
China, People's Republic of	34	425,433
Indonesia	9	50,793
Lao People's Democratic Republic	3	1,819
Malaysia	1	3,840
Nepal	2	3,717
Pakistan	3	1,850
Philippines	6	8,268
Sri Lanka	2	12,100
Viet Nam	10	98,483
<b>Total</b>	<b>78</b>	<b>712,430</b>

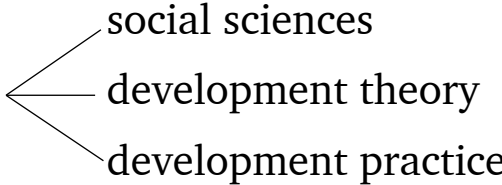
Source: ADB. 2000. Evaluation Study on the Policy Impact of Involuntary Resettlement

## Country Summary: ADB Loans with Resettlement



Source: ADB. 2000. Evaluation Study on the Policy Impact of Involuntary Resettlement

## IRR's Central Concept: Risk

- The concept or “risk” is central in 
  - social sciences
  - development theory
  - development practice
- It defines impending adverse effects to people or to what they value, with the likelihood of harm or loss
  - ⇒ “Risk” indicates potentiality, not yet occurrence
  - ⇒ Can have high or low probability
  - ⇒ Can have variable degrees of intensity (high; low; medium)
- Using the concept of “risk” facilitates the shift (in thinking and in practice) from late ex-post correction of bad outcomes and impacts, to early ex-ante planning for preventing them.

## Risk Recognition or Risk Denial?

- Attitudes toward risks vary: disclosure or cover up?
- Recognition or denial?
- What is preferable: proactively identifying and analyzing risks or “looking the other way”?

## Silence about Resettlement Risk

Some managers rationalize silence about displacement's social risks with spurious excuses. Below, two statements by two project managers:

*“Yes, as a project manager I know that there are social risks. But why should I scare people talking about them? Publicly, I prefer to talk about technical risks only, because as an engineer I can say how I will overcome these technical risks and constraints. But social risks are a different matter.”*

Other manager considers that it is his

*“duty to be positive and optimistic when we talk about development projects that have high costs, rather than to appear concerned about risks.”*

- Such managers can omit risks from their talk, but cannot “wish away” risks from reality.
- They will be poorly prepared when they need to deal with the risks in practice and won't have support from their people's participation.

## How Some Project Managers Face Risk:



## Whose Risks? The One-Sided, Biased Managers

Some consultants are concerned unilaterally with the risks to the project's owners, but overlook the risks to project-affected people. An example: a one-sided list of risks, from the article "Managing the Risks of Private Hydro Development."

*(by Shresta)*

“country risks” to foreign investors;  
“risks of credit worthiness”;  
“risks of nationalization of the power plant”;  
“monetary risks” [“country risks” to foreign investors;]  
“risks of credit worthiness”;  
“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”

Discuss and comment: **Why are risks to people missing from this list?**

# How to Think of the Concept of Risk?

## Do not FEAR to think of risks

Risk perspective = The advantage of anticipating undesired, adverse effects, for better addressing them

Some get nervous identifying and disclosing risks: Why?

Risk admission is indispensable in development projects.

**Risks are Normal!**

## **Risks is an Action-stimulating Concept**

Need to change mind-sets: From EX-POST impact evaluation and mitigation to EX-ANTE risk identification

Think preemptively of risks! Target early!

- Which are the social risks in DFDR?
- When to think about them? Early!
- Who must think about risks?

## The Concept of Risk

**REALISTIC ATTITUDE:** A risk not tackled in its infancy inevitably becomes later a **negative social impact**

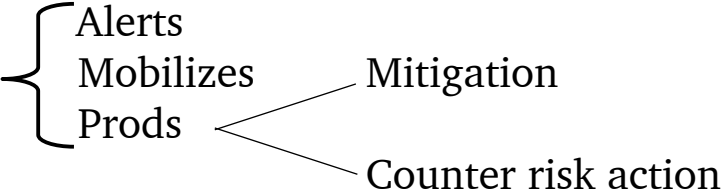
Risks are to be expected in all human activities

Risk → a constructive, caring concept

Risk → an enabling concept (risk management)

Risk → an action-compelling concept

Risk → an informing and warning concept

Risk management = 

# Four Basic Functions of the IRR Model

## 1. The Predictive Function

- The model's predictive capacity results from the knowledge of past processes stored and synthesized in the model, which helps anticipate risks likely to recur, problems "hidden" in the new situations
- Predictions are early warnings of problems issued long before the decision to displace is adopted
- Thus, the model equips planners with a power to anticipate what is essential in planning for risk-avoidance or risk-reduction;
- Practical utility: enables planners and would-be displacees to search for alternatives to avoid displacement, and/or respond with mitigatory measures, bargaining strategies, and coping approaches

# Four Basic Functions of the IRR Model

## 2. The Diagnostic Function

- The model has the capacity to explain and assess. It functions as a cognitive tool for guiding fieldwork and “weighing” the likely intensity (High? Moderate? Low?) of various impoverishment risk in a given context
- Practical utility: it reveals—to policy officials and affected populations—the socioeconomic hazards and possible outcomes of the impending displacements

# Four Basic Functions of the IRR Model

## 3. The Problem-Resolution Function

- The model's problem-resolution capacity results from its analytical power and explicit action orientation
- To achieve problem resolution, the part of the model that identifies poverty risks must be reversed, "stood on its head"
- Practical utility: the model becomes a compass for strategies to store resettlers' livelihoods and guide development

# Four Basic Functions of the IRR Model

## 4. The Research Function

- The IRR model equips social researchers with a conceptual scaffolding for constructing and organizing theory-led fieldwork
- The model stimulates the generation of hypotheses about relationships between key variables in specific situations
- Research utility: able to guide data collection in the field, to aggregate disparate empirical findings along the model's key variables, and to facilitate comparisons, synthesis, and action

## **Recapitulation: Four Basic Functions of the IRR Model**

1. The Predictive Function
2. The Diagnostic Function
3. The Problem-Resolution Function
4. The Research Function

## **Preview of the Next Lecture: The Impoverishment Risks May Affect Basic Human Rights**

1. Landlessness
2. Joblessness
3. Homelessness
4. Marginalization
5. Increased morbidity and mortality
6. Food insecurity
7. Loss of access to common property resources
8. Social disarticulation



## Module V

### **IRR Part II: The Multiple Faces of Impoverishment Risks: The De-Capitalization of Resettlers**