Module IV

The Impoverishment Risk and Reconstruction (IRR) Model

Part I. Basic Concepts and Functions

Introductory Note

This module is the first in a set of three modules that present and discuss the impoverishment risks and reconstruction model (IRR).

The first of these four modules describe 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, and to risk analysis as one of the SA methodologies.

The IRR 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 DIDR processes. Concern with impoverishment caused by forced displacement has grown globally and in 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 two decades by all major development agencies, multilateral and bilateral and they provide the framework for preventing risks, avoiding or mitigating them. These policies and their analytical tools need continuous refining and strengthening. IRR is one of these tools which 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 are reviewed, since they are going to be used frequently. The concept of risk is discussed in terms of its ability to reorient mindsets toward action, preventative 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, implementation. It moves risk-discovery upstream and early in project preparation, guides the design of counter-actions to risks, and helps targeted risk-management during implementation and supervision.

Third, the module gives considerable attention to the *attitudes of managers* vis a 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 that risk is a constructive concept, expresses a confident, "optimistic" and not "pessimistic" perspective, an action oriented mind-set, and a concept that intrinsically mobilizes to initiating preventive and safeguarding activities.