

Module IV

The Impoverishment Risks and Reconstruction (IRR) Model

Part I: Basic Concepts and Functions: How to think about risks?

Prof. Michael M. Cernea

Presentation (revised)

**at the course on Resettlement Risks Management
NRCR/Hohai University, Nanjing China**

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:

Basic Concepts and Functions:
Managers' Attitudes about Risks

Part III:

Risk Reversals and Reconstruction
of Resettlers' Incomes and Livelihoods

The Critical Path for Social Risk Analysis and Management

Read this slide horizontally and vertically.

Identify, Communicate, and Act!



Consult and Monitor

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

Social Risk Analysis and Management

Management Process	Content Risk
<p>Identify</p> <p style="text-align: center;">↓</p> <p>Communicate</p> <p style="text-align: center;">↓ ↑ ↓ ↑ ↓</p> <p>Consult</p> <p>Mngm → ↓ ↓ ← People</p> <p style="text-align: center;">Act</p> <p>Mngm → ↓ ↓ ← People</p> <p style="text-align: center;">Monitor</p>	<p style="text-align: center; font-weight: bold;">Analysis</p> <p>-Examine the Project Context of Risk</p> <p>-Assess & Analyze Risks and Vulnerabilities</p> <p>-Rank Risk Intensities & needed resources</p> <p>-Mitigation Plan</p> <p>-Organize Implement Counter Risk Action</p>

Brief history of IRR model was developed in early 1990s

- IRR: Developed in early mid 1990s based on distillation of empirical research reported in the world-wide literature on resettlement and in project evaluation reports
- IRR Model aims to distinguish the principal and most general processes that form the content of displacement & resettlement
- First important application: 1993-1994 in World Bank
- Considerable world global review of 192 projects spread between 1994-2005 in resettlement policies, project preparation, academic research
- 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 other organizations/countries inclusive in RETA 2004-2005

Sources of IIR: Where to Learn about Resettlement and Risks

The State of the Art in Research

- Sociology
- Anthropology
- Economics
- Ethics
- Geography & Other Disciplines
- Research and Policy Formulation
- UN and Displaced Populations: The Guiding Principles (Francis Deng)
- 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 process in DIDR

-structure of reconstruction processes post-displacement

-Social sciences use different ways of modeling socio-economic phenomenon (Economics, Sociology, etc.)

-The IRR model de-constricts the multifaceted processes of impoverishment and the multifaceted process of re-constructing livelihood into their constitutive building blocks

-The anatomy of becoming poorer, variable by the reverse vectors: from impoverishment trends/variables to reconstruction of livelihoods’ components. Variable: loss of land; loss of housing; loss of employment; social disarticulation, etc.

-The inter-linkages between pauperization variables: how they coalesce and compound

IRR as “Model” (II)

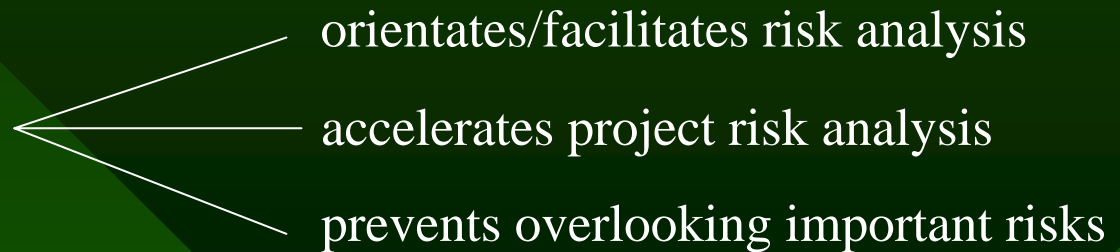
- What is a “model”?
- Flexibility in the IRR model
 - Empirical primary research case studies/projects
 - Secondary analysis of empirical findings
 - Distinguishing commonalities across projects
 - Generalization
- Validity and caveats:
 - The dialectic of the general-particular-individual: cases have more variables than the model

IRR as Methodology

-As method project preparation, the IRR is a compass for risk analysis specifically suited to risks intrinsic in DIDR circumstances

-Because the IRR incorporates already (as a theoretical model) substantive knowledge derived from prior empirical research on DIDR, it does not have to “probe in the dark”: it is a compass that pointedly guides risk analysis towards a set of general risks to be expected in DIDR situations

-Thus, IRR as method



-IRR as method may confirm that, in certain situations, some risks are less severe, or absent, or that some vulnerable population segments (e.g. women, children) may experience some risks with increased severity

The Global Dimensions of DIDR increase the World's Concerns

- The Issue Moves up on the Development Agenda
- Links to Refugees, IDP
- Links to Human Rights
- The purpose of Development
- Increased Resistance to DIDR; Political opposition; Negotiation

Global Situation: overview of DIDR Magnitude

- Worldwide 10,000,000 people are involuntarily displaced each year

Recent Estimates 1995-2004: 14-15,000,000

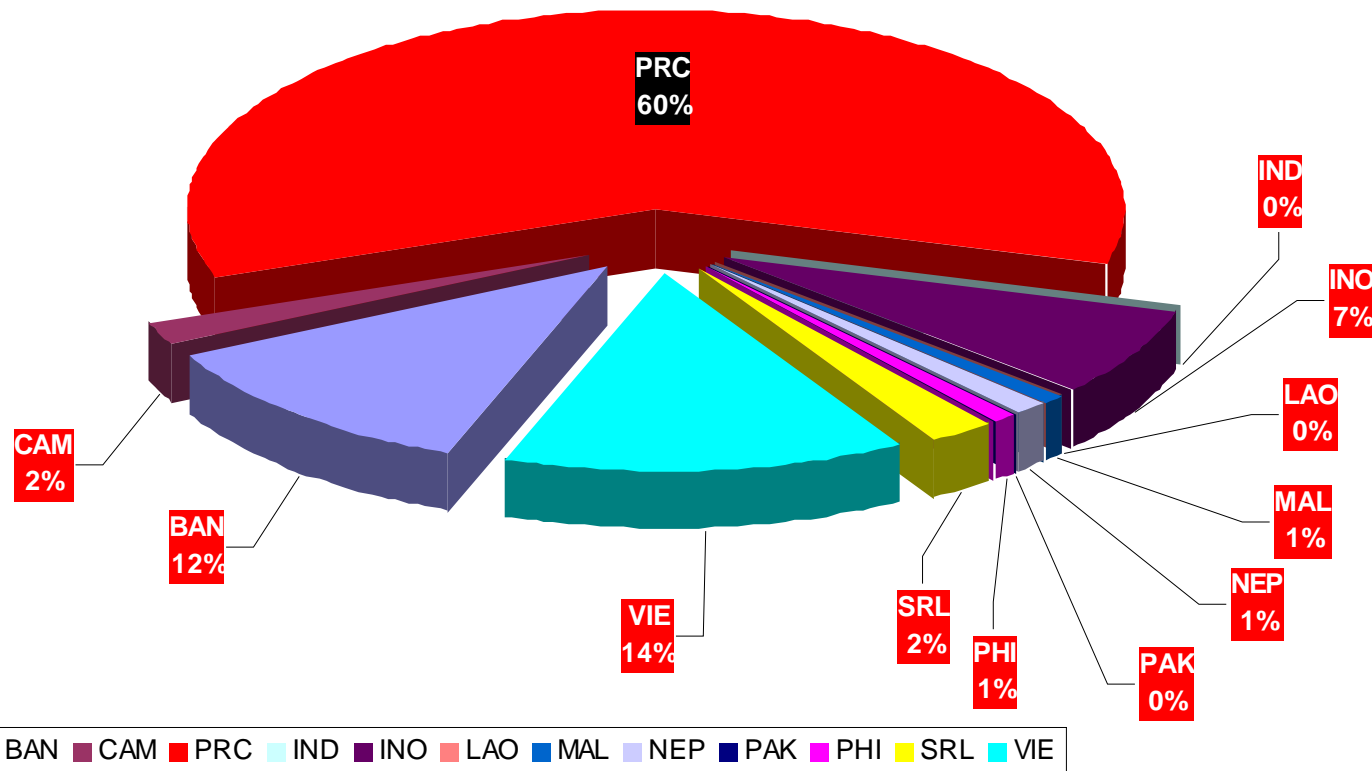
- Urban Development
(most massive category today!)
- Dams
- Highways
- Mining/Extractive Industries
- 90 Million for the 90s decade
- 180-200 Million during 1980-2000

Resettlement in Asia: Selected ADB Projects

Country	Number of Loans/Projects	Number of Affected People
Bangladesh	5	88,653
Cambodia	3	17,474
PRC	34	425,433
Indonesia	9	50,793
Lao PDR	3	1,819
Malaysia	1	3,840
Nepal	2	3,717
Pakistan	3	1,850
Philippines	6	8,268
Sri Lanka	2	12,100
Vietnam	10	98,483
Total	78	712,430

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

Country Summary of ADB Loans with Involuntary Resettlement



Source: ADB. 2000. Evaluation Study on the Policy Impact of Involuntary Resettlement
MMCernea IV:13

The Central Concept of Risk

- Defines impending adverse effects to people or to what they value
- Likelihood of harm or loss
 - Indicates potentiality, not yet occurrence
 - Can have high or low probability
 - Can have variable degrees of intensity (high; low; medium)
 - Help with shift from ex-post correction of bad effect, to ex-ante preventing them.

Risk Recognition or Risk Denial?

- Attitudes towards risks vary: disclosure or cover up?
- Recognition or denial?
- What is preferable: identifying and analyzing, or ignoring risks?

Silence about resettlement risk

Some managers rationalize silence about displacement's social risks with spurious excuses. These are two verbatim quotes from discussions with 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 invoked his (perceived)

“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 leave their people's participation.

How some resettlement managers face risk:



Whose Risks?

The one-sided, biased Managers

An example of one-sided concern with risks, from ARTICLE:

“Managing the Risks of Private Hydro Development”. (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*”

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.

Some get nervous identifying risks: Why?

-Control risk-opponent

Prejudices:

- Risk Admission
- “Reduces Support for Development Programs”.
- Talking of Risks - “Is not optimistic”.
- **Risks are Normal !**

Risks as an action-stimulating concept

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

Think preemptively of risks! Target early!

- Which are the social risks?
- Now when to think about them: early !
- Who must think about risks?

The Concept of Risk

REALISTIC ATTITUDE: A risk **not addressed** in its infancy becomes a **negative social impact**

Risks are normal in all human activities

- Risk → a constructive, caring concept
- Risk → an enabling concept (R.Management)
- Risk → an action-compelling concept
→ an informing and warning concept

Alerts

Mobilizes

Prods

Mitigation

Counter risk action

Four Basic Functions of the IRR Model

1. The Predictive Function

Four Basic Functions of the IRR Model

2. The Diagnostic Function

Four Basic Functions of the IRR Model

3. The Problem-Resolution Function

Four Basic Functions of the IRR Model

4. The Research Function

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 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