

## **Module VI**

# **The Impoverishment Risk and Reconstruction (IRR) Model**

## **Part II. Risk Reversals and Reconstruction of Resettlers' Incomes and Livelihoods**

### **Introductory Note**

Module VI is dedicated to exploring the strategies for countering the poverty risks (defined in the prior lecture) through the reconstruction of resettlers' income and livelihood. By alerting managers about impending risks and equipping them on how to preempt, prevent and mitigate risks, the IRR "works" against its own predictions of imminent impoverishment. Should the manager succeed, the "impoverishment" will not happen, or will happen on a much lesser scale and level: this way, the IRR model would have succeeded in offering practitioners what is called a "self destroying prophecy."

The main themes of this module focus on: first, the two broad "philosophies" in approaching resettlement, as evidenced in current practice; second: the discussion of the policy objective which managers must achieve in resettlement; and third, the analysis of the main strategic directions to counteract risks and reconstruct resettlers livelihoods.

Current practices reveal, broadly speaking, two distinct "philosophies" or approaches: one is the approach focused on property compensation as core concern for obtaining "the right of way" and making possible the physical relocation of those displaced. This approach concentrates on the main "means for resettlement", seeks proof of ownership, and is often adversarial trying to minimize compensation, reconstruction and development payments. The second philosophy is a people-centered development approach. This approach

is focused on the ultimate and multisided reconstruction and development goal, not only on the means.

Further, the module examines how the policy defines the objective that managers must achieve. It provides the succinct history of the objectives' evolution: from physical relocation without any other objectives, except "clearing the way" for the project, then to the objective of "restoring" people's existence and subsequently to improving livelihoods.

Given the importance of the ultimate policy objective, and also given the many, often imprecise, interpretations of these objectives, the module encourages a detailed discussion around them. It also raises the question on whether refinements are now necessary, to link better the definition of resettlement objectives to the overarching paradigm of poverty reduction in development.

The module moves further to outlining the strategic direction in reconstruction. While for each one of the specific impoverishment risks there is a set of distinct counter-actions to be undertaken, in practice many such activities can limit simultaneously the scope/severity of more than one or another risk. Therefore, the counter-risk strategies are

consolidated into three main orientations: the reconstruction of the economic productive basis; social community rebuilding; and the restoration and improvement of social services, for higher-quality livelihood.

The discussion of these strategies will be enhanced if course participants become engaged in sharing their own experiences in carrying out such activities. Strong emphasis in the module is placed on reversing the risks of landlessness. This includes discussing the implications of applying eminent domain law and of adequate valuation of losses.

While land-related risks refer primarily to agrarian populations, risks resulting from loss of employment may affect primarily urban populations, and also some segments of the rural populations.

In discussing how best to counter the consequences of employment loss, the module emphasizes the need to exploit every opportunity, particularly the underused opportunities vested in the

infrastructure project that displaces the area population. Based on good practice examples, the module suggests “targeting project hiring” to displaced people and combining targeted hiring with the promotion structured saving from waged employment and of professional training.

Reconstruction strategies have numerous other economic and financial dimensions, and these are addressed in the next module. Module VII will continue the analysis of reconstruction mechanisms for improving livelihoods and will outline a series of innovative approaches to valuation, compensation, and benefit-sharing.