Risks Analysis and Risk Reduction

IRR: a Theoretical and Operational Model for Population Resettlement

by

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This paper concisely describes a theoretical model of development–induced displacement and resettlement processes: the Impoverishment Risks and Reconstruction (IRR) model. This model is a conceptual and methodological tool apt to perform several essential functions in support of analytical and operational development work. The main such functions for which the model can be employed are:

(a) A predictive function, to anticipate the main impoverishment risks involved in forced displacement and resettlement;
(b) A diagnostic function, to help assess in the field the content and the intensity of each major risk, in a given project’s context;

(c) A planning and problem-resolution function, to guide the design of counter-risk measures and their incorporation in resettlement planning, for either preventing or mitigating risks; and

(d) A research function, to serve as methodology in the scholarly analysis of resettlement impacts and to guide monitoring and evaluation studies on resettlement processes.

As a theoretical model, the IRR also makes the linkage between the conceptual apparatus used in the analysis of displacement processes, on the one hand, and the theory of poverty, impoverishment prevention, and poverty reduction, on the other side.

Knowledge has forewarning power. The research utility of the IRR model results from using the knowledge about past processes, which is accumulated, “packaged”, and synthesized in the model. This research utility also comes from its ability to guide data collection in the field and to coherently aggregate disparate empirical findings along key variables. In the practice of planning, or executing projects, the use of the IRR model can help prevent, or at least mitigate and gradually reverse, the impoverishment risks embedded in development projects that involve involuntary resettlement.

Theoretical modeling in resettlement research has been made possible by the vast body of empirical findings generated worldwide by numerous researchers about the adverse consequences of forced displacement. The accumulation of empirical data enables us to reveal basic regularities within a multitude of similar and comparable processes. In forced displacement, the dominant regularity is the impoverishment of most resettlers. This impoverishment is de-constructed and explained in the IRR model, which also outlines the key reconstruction strategies to counteract impoverishment.
The IRR model has been formulated in the early 1990s\(^1\) and has been considerably refined since\(^2\). During recent years, the model has been widely discussed in the development literature\(^3\) and has become the leading conceptual model in resettlement research.

**Basic Concepts.** At the core of the IRR model are three basic concepts: *risk*; *impoverishment*; and *reconstruction*. The related aspects of risks in development and risk-related social behavior can be addressed with a set of more specific, narrower and focused risk concepts such as: risk-exposure; risk aversion; risk prevention; risk taking; risk reduction; risk reversal; risk coping; and others. The theoretical underpinnings of the *Impoverishment Risks and Reconstruction model* are informed by sociology, economics, anthropology, and ethics – more specifically by concerns for equity, human rights, and social justice in development, rather than by economic efficiency alone.

**Resettlement Needs and Trends.** Involuntary population displacement results from the imperative need to build modern industrial and transportation infrastructure, expand power generation and irrigation, implement urban renewal and enhance social services – schools, hospitals, water supply. Nonetheless, by its adverse effects, forced population displacement remains a social pathology of development, and the first efforts must always be to avoid displacement wherever possible. Unfortunately, however, increases in population density, tight land scarcities, and growing socio-economic needs will maintain resettlement as a continuous companion of development. During the last two decades of the XXth century, the magnitude of forced population displacements entailed by development projects was estimated at about 10 million people annually, or some 200 mil. people over two decades. Currently, in the first decade of the new century, the size of development-caused displacement is estimated at about 15 million people annually. This clearly indicates the global dimension of this social pathology.
**De-capitalization of Resettlers.** In developing countries (to which this article mainly refers) forced resettlement carries severe *risks of impoverishing the uprooted people*, many of who are very poor even before displacement. Socio-anthropological research currently documents that resettlement operations tend to cause the de-capitalization and pauperization of vast numbers of resettlers. They lose capital in all its forms: natural capital, man-made physical capital, human capital and social capital as well. Eliminating or mitigating such impoverishment risks and improving resettlers’ livelihoods is incumbent upon governments, agencies, and private-sector corporations responsible for projects that cause forced-displacement.

**Poverty Reduction Policies.** If development’s fundamental objective is to reduce poverty and promote growth, than development policies must attempt, among other goals, to minimize resettlement occurrences and (when resettlement is unavoidable) to carry out impoverishment-free relocation.

This paper argues that the orientation towards reducing the *existing* poverty must go hand in hand with efforts for *preventing the onset of new processes* of impoverishment. Development itself is not free from risks and adverse impacts. Such risks of potential impoverishment regularly surface in development projects that require involuntary resettlement, and sometimes in other projects as well. If project planning and execution fail to anticipate the potential risks, and to prevent them from becoming reality, severe problems in resettlement operations will inevitably occur. This is why the socio-economic and moral principles embedded in poverty reduction policies must be translated in targeted actions oriented against adverse impacts and against new impoverishment processes.

In project practice resettlement plans (RP) are required as mandatory in most internationally assisted projects. However, they are far less frequently mandated by governments of developing countries in projects they financed from domestic sources.
alone. Therefore, the requirement for explicit, adequately financed and culturally sensitive RPs must be generalized in all countries.

The currently used analytical and planning tools are often not sharp and flexible enough to lead to differentiated and effective responses to risks. Improving the analytical methodology for regular risk assessment is therefore indispensable and should result in the formulation of specific risks management actions.

**Usefulness of IRR in Planning.** Applying the IRR conceptual template to the circumstances of each development project has several advantages:

(a) ensures – most importantly – that no major risk to resettlers is overlooked during the feasibility analysis of planned developments;
(b) prompts planners to distinguish the different intensity of each risks (high risks from low or moderate risks, in a given project-context) rather than treating all risks uniformly;
(c) demands a pro-active risk-reversal orientation in project design, planning, financing, and implementation.

The de-construction of the impoverishment process into a template of eight basic risks permits to mobilize proportionate resources for the highest risk or against the risks affecting larger numbers of people, while allocating less to risks with lower incidence or intensity in a certain context. In practice, this differential approach may vastly increase equity by rationalizing resource allocation. Early risk analysis may also conclude that in some projects one or another of the IRR model’s risks is not likely to occur it can also reveal some locally specific risks that are not part of the template but need to be addressed.
**The Major Risks of Impoverishment.** The IRR model captures impoverishment not only in terms of “income-poverty”, but also in terms of losing employment opportunities, shelter, health, nutrition, education, or community power.

The modeling of main risks results from deconstructing the multifaceted displacement process into its essential and most general risks of, namely:

(a) landlessness;
(b) joblessness;
(c) homelessness;
(d) marginalization;
(e) increased morbidity and mortality;
(f) food insecurity;
(g) loss of access to common property;
(h) social (community) dis-articulation.

Each of these is briefly presented below. Further, we will point out how the IRR model is to be turned on its head to help derive counter-risk strategies and to match project measures against each of these eight basic risks.

(1) **Landlessness.** Expropriation of land needed for the project’s ”right of way”, removes the main foundation on which many people build productive systems, commercial activities and livelihoods. Often land is lost forever, sometimes it is partially replaced, and only seldom fully replaced or fully compensated. This is the main form of de-capitalization and pauperization of the people who are displaced. Both natural and man-made capital are lost.

(2) **Joblessness.** Loss of wage employment occurs both in rural and urban displacement. People losing jobs may be landless agricultural laborers, service
workers, or artisans. The unemployment or underemployment among resettlers may linger long after physical relocation. Creating new jobs for them is difficult and requires substantial investment, new creative approaches, and relying more on sharing project benefits.

(3) **Homelessness.** Loss of housing and shelter may be only temporary for many people, but for some it remains a chronic condition and is felt as loss of identity, and cultural impoverishment. Loss of dwelling may have consequences on family cohesion and mutual help patterns if neighboring households of the same kinship group get scattered. Group relocation of related people and neighbors is therefore preferable over dispersed relocation.

(4) **Marginalization.** Marginalization occurs when relocated families lose economic power and slide down towards lesser socio-economic positions: middle income farm-households become small landholders; small shopkeepers and craftspeople lose business and fall below poverty thresholds. Economic marginalization is often accompanied by social and psychological marginalization, expressed in a drop in social status, in resettlers’ loss of confidence in themselves and in society.

(5) **Increased morbidity and mortality.** The vulnerability of the poorest people to illness is increased by forced relocation, as it tends to be associated with increased stress, psychological traumas, and the outbreak of parasitic and vector-born diseases. Serious decreases in health levels result from unsafe water supply and sewage systems that proliferate epidemic infections, diarrhea, dysentery, etc., and may lead to higher mortality rates, particularly among children and the elderly.
(6) **Food insecurity.** Forced uprooting diminishes self-sufficiency, dismantles local arrangements for food supply, and thus increases the risk that people will fall into chronic food insecurity. This is defined as calorie-protein intake levels below the minimum necessary for normal growth and work.

(7) **Loss of access to common property.** Poor farmers loose access to the common property assets belonging to communities that are relocated (e.g., loss of access to forests, water bodies, grazing lands, etc.). This type of income loss and livelihood deterioration is usually overlooked by planners and remains uncompensated.

(8) **Social disarticulation.** The dismantling of community structures and social organization, the dispersal of informal and formal networks, local associations, etc., is a massive loss of social capital. Such disarticulation undermines livelihoods in ways not recognized and not measured by planners, and results in disempowerment and further pauperization.

The risks discussed above affect non-uniformly various categories of people: rural and urban, tribal and non-tribal groups, children and the elderly, or, in river based projects, upstream and downstream people. Research findings show that women suffer the impacts of displacement more severely than men. Host populations are also subjected to new risks, resulting from increased population densities and competition for resources.

**How to Reverse Risks and Reconstruct?** Before displacement actually begins, the social and economic risks of impoverishment are only impending risks. But if preventative counteractions are not initiated, these potential hazards convert into actual, dire impoverishment processes.
Robert K. Merton has insightfully observed that the prediction of an undesirable chain of events may become a "self-destroying prophecy" if people respond adequately to the prediction. It follows that a risk prediction model becomes maximally useful not when it is confirmed by adverse events, but rather when, as a result of its warnings being taken seriously and acted upon, the risks are preempted from becoming reality, or are minimized. The prophecy destroys itself, and the consequences announced by the model do not occur or occur in a limited way.

The internal logic of the IRR model as planning tool suggests that in order to defeat its impoverishment prediction it is necessary to attack the looming risks early on during the preparation of a development project. In the same way in which it deconstructs the process of displacement into eight major risks of impoverishment, the IRR model also deconstructs the process of resettlement and reconstruction into a set of definable risks-reversal activities, able to lead:

(a) From landlessness to land-based resettlement;
(b) From joblessness to reemployment;
(c) From homelessness to house reconstruction;
(d) From marginalization to social inclusion;
(e) From increased morbidity to improved health care;
(f) From food insecurity to adequate nutrition;
(g) From loss of access to restoration of community assets and services; and
(h) From social disarticulation to rebuilding networks and communities.

These strategic directions for reconstruction indicate that the IRR model is not just a predictor of inescapable pauperization: on the contrary, it maps the way to restoring and improving the livelihoods of the displaced. Like in the case of other models, the components of the IRR model can be acted upon and be influenced through planning and resource allocation, in order to diminish the impact of one or several risks.
**Risk-Reduction through Policy Measures.** Development knowledge teaches us that measures to reduce risks can be taken both at the project level, and at the policy level. For instance, policies that keep the costs of energy too low tend to encourage overconsumption and tolerate waste, thus leading to constructing more dams or thermal plants, with entailed displacements risks. This suggests that the risks of resettlement can be diminished also through better demand-management policies. Ultimately, the interlocked risks inherent in displacement can be controlled when governments adopt broad national policies for safety nets and risk reversals. Single means – for instance, cash compensation – are insufficient to alone counterbalance all risks.

Maximum safeguarding is achieved when involuntary displacement is avoided altogether. This is the response to risks that should be considered first and foremost. Recognizing risks upfront and their financial implications is often a powerful stimulus to search for an alternative that will eliminate the need for displacement or cut down its size. This is technically possible in some cases, for instance, by changing the site of a dam, or by re-routing a highway around (rather than through) a village; many other technical options can be found through creative search.

Social research on resettlement has indeed identified specific risk management strategies that can be employed against the common risks in resettlement, to prevent landlessness, joblessness, higher morbidity, etc. In turn, social research on voluntary settlement schemes and on patterns of self-management *after relocation* has documented effective approaches, some replicable in involuntary resettlement, that can help those resettling to new lands to overcome the risks and difficulties of resettlement (For empirical documentation on the impoverishment risks and impacts, as well as on results of risks reduction measures, please consult the recommended readings).
Recommended Readings


This book sharply criticizes economic methodologies currently used for the analysis and financial provisioning of resettlement operations, particularly the cost-benefit analysis. See in particular ch. 1 (by Michael M. Cernea) and ch. 6 (by Warren van Wicklin) about economic fallacies in resettlement analysis and about sharing project benefits with displaced groups.


References

