

## IFC

The IFC standards apply to private-sector clients of the IFC. However, they are generally regarded as the guiding standard in the extractive sector, with the expectation that companies comply with them or model their own corporate standards on them. Often the standards apply because the financial institutions providing project finance are Equator Principles signatories. The Equator Principles are described below.

The IFC has a Sustainability Framework that consists of its policy and eight Performance Standards on Environmental and Social Sustainability, and its access to information policy (IFC 2012a). Of particular relevance to land access and resettlement are:

- Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- Performance Standard 5: Land Acquisition and Involuntary Resettlement
- Performance Standard 7: Indigenous Peoples
- Performance Standard 8: Cultural Heritage.

This module does not discuss the Performance Standards in detail as they can be downloaded on the IFC website. However, the following key aspects are worth noting.

### IFC Performance Standard 1

Performance Standard 1 states that the project proponent should establish and maintain a management system commensurate with the nature and scale of the project and its level of environmental and social risks and impacts. The management system should include a policy, a process for identifying risks and impacts, management programmes/plans, organisational capacity and competency, stakeholder engagement, and monitoring and review.

### IFC Performance Standard 5

Performance Standard 5 (PS 5) is the core standard related to land access and resettlement. It refers to the management of physical displacement (ie relocation or loss of shelter) and economic displacement (ie loss of assets or access to assets that leads to loss of income sources or means of livelihood) as the result of project-related land acquisition. PS 5 encourages negotiated settlements to avoid forcible removal of people.

PS 5 objectives include:

- avoiding, and where avoidance is not possible, minimising, displacement by exploring alternative project designs
- addressing displacement impacts by:
  - compensating for loss of assets at replacement cost
  - ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation and the informed participation of those affected
- improving or restoring the livelihoods and standards of living of displaced persons
- improving living conditions among physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites.

PS 5 requires that:

- the project identifies persons who will be displaced and provides a cut-off date to establish eligibility for compensation
- as appropriate, the project develops a resettlement framework or livelihood restoration framework, and a resettlement action plan or livelihood restoration plan
- private-sector companies need to “bridge the gap” between domestic legal requirements and the requirements of PS 5 where necessary
- the project will offer land-based compensation, if feasible, where livelihoods of displaced persons are land-based, or where land is collectively owned
- standards for compensation need to be transparent and consistent within a project, and established with the participation of those impacted
- the project offers compensation for loss of assets at full replacement cost and other assistance to help displaced people improve or at least restore their standard of living
- in the case of physically displaced persons, the project must offer the choice of replacement property with secure tenure of equal or higher value, equivalent or better characteristics and advantages of location, or cash compensation at full replacement value where appropriate