

There are a number of sound business reasons for providing additional support to households vulnerable to project-induced impoverishment:

- IFC standards require that support is provided to households who are at risk of impoverishment by the project—compliance with standards is often critical for project funding.
- If the company does not offer support to vulnerable households and they become destitute because of the project, third parties can use this against the project, causing reputational damage.
- Supporting vulnerable households is generally supported by the community, and if the programme is developed properly, this can add to the reputation of the company and its social licence to operate.
- Examples of transitional support include:
 - emergency health care for pregnant women, the elderly and disabled people as required
 - support for children to attend school
 - counselling to the households so that they can understand the short-term support the project can offer, but also to make them aware of government services and longer-term options
 - support given to vulnerable households to ensure they maintain their social networks with family and friends—this will include ensuring they are resettled close to family and friends and have access to social services.

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Identifying vulnerability resulting from the project

It is important to support vulnerable households to deal with project-induced impacts for a transitional period until their pre-project livelihoods are restored. It is the role of the government and communities to deal with general pre-existing vulnerability issues, though the project can provide support through community investment initiatives.

Pre-existing vulnerability exists regardless of the project development as a result of impoverishment factors in the project area. These households are vulnerable by virtue of the challenges they face to sustain their household, and the project will bring additional pressure.

Examples of vulnerable people are:

- the destitute/homeless, street children, child labourers, child survivors of families living with AIDS, single mothers, persons with severe disabilities or disabling disease
- households with handicapped, chronically ill and socially stigmatised persons
- caretakers/sharecroppers/farm labourers with no lands/fields or buildings of their own
- in some cases, Indigenous Peoples.

Project-induced vulnerability is caused by project-related physical and economic displacement. These households are coping on their own, but the changes brought about by the project may cause impoverishment, which may be temporary or permanent.

Challenges

- Many companies fail to identify or support vulnerable households. This can result in some households becoming destitute as a result of the land access and resettlement process.
- In areas where poverty is endemic, a large proportion of impacted households are already vulnerable to impoverishment, and it can be difficult to differentiate between pre-project poverty-induced vulnerability and project-induced vulnerability, resulting in the project being held responsible for general poverty impacts.
- The opportunity to gain additional benefits by becoming classified as “vulnerable” can result in households misrepresenting their socioeconomic status, and this can create tension in the community.