

# Lessons learned from application of IFC PS 5 in urban resettlement

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# International Finance Corporation

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- Part of the World Bank Group
- Commitments in FY 2016: USD 11.1 bn (plus USD 7.7 bn mobilized funds)
- 104 offices in 98 countries
- Investments in private sector projects in emerging markets
- Investments in PPPs but our clients are private sector companies involved in PPPs

## IFC Performance Standards

- Before 2006 - implemented in line with OP 4.12
- 2006 - IFC Performance Standard 5 on Land acquisition and Involuntary Resettlement (updated 2012)
- Triggered in about half of IFC's investment projects
- Often the most significant social risk of a project
- Major reputational risk to Sponsors and IFC/  
Lenders

## IFC Performance Standard 5

- **Involuntary resettlement:** physical and/or economic displacement which affected persons cannot refuse.
- **Physical displacement:** Relocation or loss of homes/shelter.
- **Economic displacement:** Loss of land and/or other assets that leads to loss of income or other sources of livelihood.
- **Resettlement Action Plan:** Plan describing resettlement impacts (physical and economic) and mitigation.
- **Livelihood Restoration Plan:** Plan describing economic displacement impacts and mitigation.
- **Government-led Resettlement:** Resettlement undertaken by a Government agency on behalf of a project / Sponsor.

# Key risks in resettlement

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## **For affected persons:**

- Becoming: homeless, landless, jobless, marginalized
- Loss of food security, common property resources
- Breakdown of social ties and support structures

## **For Sponsors and Lenders:**

- Disruptions to access and business activities
- Loss of social license to operate
- Reputational risks.

## PS 5: Main mitigation requirements

- Anticipate, avoid & minimize impacts (design)
- Quantify: Census, socio-economic baseline
- Mitigate & offset: replace, compensate, assist
- Livelihoods restoration
- Consult at all key stages, establish a grievance mechanism
- Monitor and evaluate regularly.

### Planning:

- The points above captured in a Resettlement Action Plan or Livelihood Restoration Plan (or Framework)

# Challenges of urban resettlement

- Infrastructure development, public vs private interests
- Diversity of affected parties, assets and livelihoods
- Often presence of marginalized groups, informal livelihoods
- Different degree of representation of various groups
- Significant degree of economic displacement, affecting economic interests and livelihoods, beyond land acquisition
- Complexity in estimating replacement value and compensation (nuances related to location and temporality)
- Government-led process, possible use of eminent domain

## Lessons learned

1. Need for comprehensive high quality baseline, clear eligibility criteria and cut off dates for resettlement
2. Need for in-depth understanding of the local requirements, country systems is a key
3. Critical role of consultations, stakeholder engagement and transparency
4. Importance of building partnerships in implementing resettlement and livelihoods restoration
5. Critical importance of effective grievances mechanism



## Lessons learned

6. Need for comprehensive monitoring of outcomes
7. Significant challenges in finding replacement land
8. Opportunistic political interests often complicate resettlement and compensation
9. Critical importance of timeliness in implementing resettlement and compensation
10. Need to achieve broad based support and consensus
11. Importance of public services, third parties
12. Importance of government's capacity