

To:

The Executive Directors of the World Bank
Managing Director and Vice Presidents of the International Finance Corporation (IFC)
Governments of the Minerals Security Partnership

Subject: Revision of IFC Performance Standards must include highest human rights and environmental due diligence standards

Dear Executive Directors,

Given the increased pressure for new mining as global initiatives like the Minerals Security Partnership (MSP) progress to secure the supply of transition minerals, it is imperative that financing and operational frameworks for these projects respect and uphold highest environmental, social and governance standards.

The International Finance Corporation's (IFC) Performance Standards are critical because they set standards that project operators must meet throughout the life of an IFC investment and serve as the primary mechanism to ensure adequate environmental and social risk due diligence and management.

It is therefore crucial to ensure that leading World Bank standards, such as the IFC Sustainability Framework and Environmental and Social Performance Standards guarantee this. The planned review of the IFC sustainability framework is an immense opportunity to set higher stewardship across the minerals industry.

While some aspects of the standards, notably IFC Performance standard 7, have been good practice, there is much room for improvement. Many of the IFC Performance Standards' provisions are outdated and incomplete, particularly with regard to human rights due diligence, climate change, resource efficiency and pollution prevention, as well as for biodiversity and wider environmental impacts. In addition, there are many cases highlighting IFC's inadequate supervision¹ to ensure the effective implementation of the Performance Standards, as well as weak transparency disclosures.

All mining and processing projects - which come with significant social and environmental risk - must be implemented to the highest human rights and environmental due diligence standards in terms of content, compliance and governance, while supporting the effective scale-up of best-in-class responsible projects.

In light of the upcoming review, we urge the IFC to take the following into account:

Ambition of the updated Standards:

¹ <https://politicsofpoverty.oxfamamerica.org/making-the-right-to-remedy-a-reality/>

- Adopt a Human Rights-Centred Approach by incorporating strong human rights protections into the Sustainability Framework, ensuring meaningful community engagement, and establishing accessible, well-resourced remedy mechanisms.
- Require the explicit, full protection of Indigenous Peoples and ensure the respect of their rights, including their right to self-determination and their right to Free, Prior, and Informed Consent (FPIC) as outlined in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).
- Revise Performance Standard 3 on Resource Efficiency and Pollution Prevention to align with global best practices, such as the Initiative for Responsible Mining Assurance (IRMA), ensuring the highest standards of environmental and social responsibility.
- Integrate materials circularity and circular economy principles into the Sustainability Framework and Performance Standards to enhance sustainability and reduce human rights and environmental harms.

Audits & compliance:

- Increase transparency by publicly disclosing key documents, including Environmental Impact Assessments and other environmental and social measures, to enhance accountability.
- Implement rigorous compliance measures including independent third-party audits supported by Independent Accountability Mechanisms, having the ability to self-initiate investigations in cases of legitimate concerns, to effectively address and close compliance gaps. All rights-holders, including workers and Indigenous Peoples impacted by the project should be consulted for these.
- Strengthen reporting obligations, conduct comprehensive impact assessments and establish mechanisms to hold clients accountable, while enhancing IFC's supervision capacity to ensure clients adhere to the updated standards. IFC clients must take on an active role in engaging with communities and closely monitor the implementation of their commitments.

Remedy mechanisms for affected communities:

- Improve access to remedy mechanisms, such as the Compliance Advisor Ombudsman (CAO), by removing barriers like language and technical challenges, and increasing awareness of grievance mechanisms available to affected communities.
- Ensure IFC and MIGA² provide direct support and dedicated funding for remedial actions to help harmed communities with active participation from both institutional management and clients.
- Require IFC clients to take an active role by engaging with affected communities, providing regular updates on remedial actions, ensuring commitments are met amid challenges. Clients should cooperate fully in the remedial process which should be overseen by independent monitoring mechanisms.

² Multilateral Investment Guarantee Agency, the other private sector lending arm of the World Bank next to IFC in charge of private sector investments to developing countries

Finally, we urge the IFC to conduct the review of the Sustainability Framework, including the Sustainability Policy, Access to Information Policy, and Performance Standards, through a transparent and inclusive process. This should involve all relevant rights holders, such as local communities and civil society organisations, ensuring equal governance and shared decision-making. The review process must include regional and country consultations with impacted communities, as well as thematic work sessions with experts and specialised CSOs. To facilitate informed discussions, relevant documents should be disclosed well in advance, and a robust feedback mechanism should be established to integrate stakeholder input into the final framework.

The World Bank and governments around the world are promising to follow best practices in future mineral projects to put the past mistakes behind them. To deliver on these promises, the relevant standards must be updated to ensure that the mistakes of the past are not repeated.

Yours sincerely,

Earthworks
Oxfam
Public Citizen
Transport & Environment

