

March 10, 2025

Ajay Banga
President, World Bank Group
1818 H Street, NW
Washington, D.C. 20433

Re: To Achieve a “One World Bank Group” Approach, IFC Must Learn from the Environmental and Social Governance Experience of the Public Sector

Dear President Banga,

As the World Bank Group ramps up its engagement with the private sector, the International Financial Corporation’s (IFC) social and environmental performance is far behind that of the Bank’s public sector operations. Despite the World Bank Group’s commitment to sustainable development and inclusion, IFC’s investments have repeatedly led to adverse impacts on communities and the environment, violating its own Performance Standards (PSs) and failing to integrate lessons learned from its public sector lending.

We notice an alarming discrepancy between the approaches taken by the World Bank’s public sector lending arm and IFC. While there is room for improvement at the World Bank’s public sector arm, it has demonstrated a greater willingness to acknowledge past harms and reform its operations. For instance, the World Bank’s response to gender-based violence (GBV) stemming from its projects in Uganda and the Democratic Republic of the Congo led to new guidance on managing the risks of sexual exploitation and abuse.. Further, the World Bank has operationalized these measures on the ground, demonstrating a meaningful commitment to accountability and redress. However, the Bank only applied these lessons to its public sector lending which is precisely what allowed for the IFC’s failures in the Bridge case.

By contrast, IFC’s due diligence and supervision of its PSs and other environmental and social (E&S) policies [consistently fall short](#), exacerbating harm to communities and the environment. IFC often finances projects that the World Bank’s public sector arm would reject, such as the [Sal de Vida lithium mining project](#) in Argentina, raising concerns about the alignment of IFC’s investments with its mission and obligation to provide additionality. IFC’s failure to integrate its PSs into binding contractual agreements further weakens their enforcement, making E&S compliance a low priority for clients and turning the PSs into mere words on paper. Generally, the World Bank more rigorously holds borrowers accountable under its Environmental and Social Framework (ESF) and is more inclined to suspend disbursements until borrowers take corrective actions to align with ESF requirements—an approach IFC rarely adopts.

The Compliance Advisor Ombudsman (CAO) has repeatedly found IFC in violation of its PSs, including in the Titan Cement and Alto Maipo projects. Instead of remediating these harms, IFC divested from these projects before CAO investigations concluded, giving up its leverage over the clients. This stands in stark contrast to the World Bank, which is required to develop and

implement meaningful action plans in response to findings from the Inspection Panel and engage with affected stakeholders throughout the process.

Given these ongoing failures, the World Bank's public and private sector lending arms should improve coordination to facilitate knowledge sharing and uphold strong, consistent E&S standards across the World Bank Group. This is less a matter of harmonizing policy and more an issue of harmonizing systems for implementing E&S standards at the project level and supervising client adherence to these standards.

We know the Bank has been working towards this goal through the development of the revised Corporate Scorecard. However, the efforts continue to fall short of the needed joint approach to public and private sector operations in practice. For instance, we have participated in recent consultations for the new Civic and Citizen Engagement (CCE) Strategic Framework and the CCE corporate scorecard indicator, which is meant to measure the quality of stakeholder engagement across the World Bank Group's portfolio at the country and project levels. While there has been robust engagement from the Bank's public sector in developing a methodology for the indicator, IFC has not participated in the consultations to share how they will implement the indicator or the new Framework.

IFC must strengthen its due diligence and supervision of projects and refuse to invest in projects that do not align with its policies and pose severe E&S risks. In the projects that IFC approves, there should be clear, enforceable contractual agreements requiring clients to adhere to IFC's PS throughout the project lifecycle, and every level of the IFC needs to genuinely embrace the idea that PS compliance is just as important as project completion and financing. As IFC reviews its Sustainability Framework and Access to Information Policy, it should seek better alignment with the World Bank's ESF, promoting high accountability and implementation standards across the institution.

The World Bank Group can only achieve its mission to end extreme poverty and boost shared prosperity on a livable planet if all arms of the institution adhere to the highest environmental, social, accountability, and transparency policies and practices. The Bank's private sector lending must not come at the expense of marginalized communities and the environment. We urge you to raise IFC's due diligence and supervision capacity by integrating expertise from the World Bank's public sector arm into private sector operations. We would appreciate the opportunity to meet and discuss these issues with you further.

We look forward to your response and meaningful action.

Sincerely,



Elana Berger
Executive Director
Bank Information Center