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May 15, 2026

***Via Email***

World Bank Group (WBG), International Finance Corporation (IFC), Multilateral Guarantee Agency (MIGA)

Attn: Justin Pooley; IFC/MIGA Sustainability Framework Management; Jamie Fergusson, WBG Director for Climate; IFC/MIGA Sustainability Framework Management

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Dear Mr. Pooley, Mr. Fergusson, IFC/MIGA Sustainability Framework Staff, and Everyone it May Concern at the WBG:

Thank you for your engagement on the climate change aspects of the IFC/MIGA Sustainability Framework (SF) Update during the World Bank Group Spring Meetings. This letter supplements our climate change comments on the SF Update to address Civil Society’s following understandings of WBG’s initial reactions to some of our key requests pertaining to the portions of the SF applicable to greenhouse gas emissions (GHGs):

- (1) WBG finds the difference between the Good International Industry Practice (GIIP) and best available science (which includes best available methods) theoretical, and that the best available science standard would impose too many requirements on its Global South clients;
- (2) WBG feels the following are inconsistent with needs of IFC’s clients and also would impose too much of a burden on its clients: (a) requiring quantification and mitigation for Scope 3 GHG emissions, and (b) applying the full mitigation hierarchy to GHG emissions – which would call for avoiding GHG emissions as far as economically and technically feasible, AND removing the cost-effective provision in PS 3 that GHG emissions need only be avoided as far as economically and technically feasible *and cost effective*;

- (3) WBG is thinking that the updated PS should allow for carbon offsets to be part of the mitigation hierarchy for GHG emissions; and
- (4) WBG would benefit from more concrete details for specific GHG emissions requirements needed in the Update.

This submission addresses these four reactions so that necessary changes can be made to the Draft SF prior to its release, and so, if need be, they can be discussed in detail during the engagement WBG Climate Directors have promised to international civil society organizations (CSOs) after they review our comments.

### Introduction

**For context, the SF Must Be Improved to Address the Climate Crisis:** As IFC, MIGA, and all of the WBG may be aware, approximately 3.3–3.6 billion people that live in contexts that are highly vulnerable to climate change, are already suffering from the worst impacts of global warming, such as more frequent and severe heat waves, wildfires, supercharged storms, atmospheric rivers, and extended droughts.<sup>1</sup> And things will get worse. Global warming is expected to increase at least through 2040 mainly due to increased cumulative greenhouse gas (GHG) emissions in nearly all considered scenarios and modelled pathways.<sup>2</sup> And on the world’s current trajectory of GHG emissions, the global temperature will increase by up to 2.7°C by 2100.<sup>3</sup> This is more than the previously envisaged 1.5°C, which has been considered a critical threshold for limiting the most severe effects of climate change.<sup>4</sup> According to the Intergovernmental Panel on Climate Change, this temperature rise will have devastating effects not only on ecosystems but also on human health and well-being, water, agriculture, cities, settlements, and infrastructure.<sup>5</sup> People living in the Global South, and economically, politically, and socially marginalized people living in poverty, and who deal with the lasting effects of racial injustice and inequality, are likely to be hit hardest. The world and its most marginalized people cannot handle further significant GHG emissions, and especially ones that the WBG can and has the duty to avoid.

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<sup>1</sup> Synthesis Report of the IPCC Sixth Assessment Report (AR6), March 2023, Summary for Policy Makers at 5-6, 12-13 (available at: [www.ipcc.ch/report/ar6/syr/](http://www.ipcc.ch/report/ar6/syr/)).

<sup>2</sup> *Id.*

<sup>3</sup> World Bank. 2023. *Creating an Enabling Environment for Private Sector Climate Action: An Evaluation of World Bank Group Support, Fiscal Years 2013–22*. Independent Evaluation Group. Washington, DC: World Bank at 1.

<sup>4</sup> IPCC (Intergovernmental Panel on Climate Change). 2018. *Global Warming of 1.5°C: An IPCC Special Report on the Impacts of Global Warming of 1.5°C above Pre-industrial Levels and Related Global Greenhouse Gas Emission Pathways, in the Context of Strengthening the Global Response to the Threat of Climate Change, Sustainable Development, and Efforts to Eradicate Poverty*, Cambridge: Cambridge University Press; UN (United Nations). 2021. “Nationally Determined Contributions under the Paris Agreement.” Synthesis Report by the Secretariat, Conference of the Parties Serving as the Meeting of the Parties to the Paris Agreement, Third Session, Glasgow, October 31–November 12; UNEP (United Nations Environment Programme). 2021. *Emissions Gap Report 2021: The Heat Is On—A World of Climate Promises Not Yet Delivered*. Nairobi: UNEP.

<sup>5</sup> IPCC. 2022. “Summary for Policymakers.” In *Climate Change 2022: Impacts, Adaptation and Vulnerability*. Working Group II Contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, Cambridge: Cambridge University Press.

Just 233 of the IFC’s direct investments since 2012, not counting Scope 3 emissions, account for over 168,000,000 tons of avoidable GHG emissions per year alone — roughly equivalent to what The Netherlands emits annually.<sup>6</sup> All or most of the Scope 1 – 3 GHG emissions from IFC’s investments can be avoided through IFC improving its GHG impact, alternatives, and mitigation assessments and requirements and then adhering to them. Through its update, the SF must be improved as we suggest herein so that avoidable significant Scope 1 – 3 GHG emissions from WBG’s investments that WBG has the duty to prevent can be avoided.

## I. Why “Best Available Science” Must Replace Good International Industry Practice (GIIP) as the Standard Required for GHG Emissions Impact, Alternatives, and Mitigation Assessments that Apply Prior to Financing and Guarantee Decisions.

Replacing GIIP with best available science (*best available science include use of best available methods*) as the standard for GHG emissions quantification, cumulative impact, alternatives, and mitigation assessments prior to financing and guarantee decisions for IFC’s/MIGA’s Updated SF is needed, does not impose on Global South clients, and is not theoretical, because:

- **The GIIP standard is not, and falls well short of, best available science and methods:** The [July 2025 International Court of Justice \(ICJ\) Climate Change Advisory Opinion](#) provides that use of best available science – not a lesser standard - to assess, avoid, and mitigate GHG emissions is the explicit due diligence standard that states must use to meet their climate change due diligence obligations under international law.<sup>7</sup> [Drs. Lorenzo and Lins’ November 2025 Multilateral Development Bank \(MDB\) Climate Change Opinion](#) that addresses MDBs’, and specifically IFC’s and IBRD’s, and their member states climate change obligations under international law comes to the same conclusion, and details why international law requires IFC and IBRD to use the best available science standard as well.<sup>8</sup> That the GIIP requirement in the Performance Standards does not require enough diligence is also consistent with the findings in [the IFC Compliance Advisor Ombudsman \(CAO\) October 2024 GHG Advisory Opinion](#) that highlights significant misalignments between IFC’s Sustainability Framework and the Paris

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<sup>6</sup> Just 233 of the IFC’s investments since 2012 account for over 168,000,000 tons of avoidable GHG emissions per year — roughly equivalent to what The Netherlands emits annually, [details BCA’s data](#) (see [here also for letter transmitting and presenting the data](#)). This does not include 75 investments BCA examined where IFC did not quantify any emissions, nor the significant emissions IFC failed to quantify for each of its investments, including the Scope 3 emissions the CAO opinion found can comprise more than 70% of an investment’s carbon footprint. All or most of the Scope 1 – 3 GHG emissions from IFC’s investments can be avoided through IFC improving its GHG impact, alternatives, and mitigation assessments and requirements and adhering to its policies.

<sup>7</sup> The ICJ Opinion makes clear that customary international law, the Law of the Sea, human rights treaties, and the climate change treaties, including the Paris Agreement and UNFCCC, provide that (a) due diligence in the climate context is stringent, forward looking, *and requires States to regulate public and private actors over whom they exercise jurisdiction or control, including through public finance, policy making and investment decision making*, and (b) this stringent standard of due diligence for preventing significant harm to the climate system: further requires consistency with and use of best available science, methods, and all means at a state’s disposal to assess and prevent avoidable climate change harms; “entails not only the adoption of appropriate rules and measures, but also a certain level of vigilance in their enforcement and the exercise of administrative control;” and requires states to continuously update their rules and measures in light of evolving science. ICJ Advisory Opinion at pps.138, 208, 215, 282, 343, 427.

<sup>8</sup> See [BCA and CSOs’ November 18, 2025 letter to the WBG and its Member States’](#) summarizing and providing key excerpts from the Scholars’ MDB Legal Opinion.

Agreement's 1.5°C climate target. The CAO's Opinion specifically found IFC's Performance Standard requirements:

- do not suffice to align its individual investments and portfolio with 1.5°C;
  - contain “[w]eak and inconsistent project-level GHG mitigation measures at odds with IFC’s efforts to align its operations with Paris Agreement goals;”
  - contain too limited requirements for client GHG emissions quantification that are “not fit for purpose in meeting IFC’s climate goals;” and
  - the policies need to “commit to limiting warming to 1.5°C as its overall climate goal... [and] further set targets and define possible approach(es) to achieve that goal.”
- **The lackluster GIIP standard is too vague and is not working in practice. Unlike best available science, which clearly requires seeking out and implementation of the best reasonably available methods in use to quantify GHG emissions and assess ways to feasibly mitigate and avoid them,** GIIP does not provide IFC, MIGA, and their clients with sufficient guidance on the needed level of climate change due diligence needed prior to financing decisions. GIIP has thus contributed to IFC's systematic severe failures since the inception of the Performance Standards to the present to ensure: Scope 1-3 GHG emissions are quantified and adequate assessments are performed to mitigate and avoid them (See [Bank Climate Advocates' \(BCAs'\) audit of 350 IFC investments from 2012-2023 here](#) and [CSOs' letter transmitting this IFC data here](#),<sup>9</sup> substantiated by IFC's own CAO in October 2024;<sup>10</sup> See [BCA's audit of 60 MIGA guarantees](#), and [CSOs' letter transmitting this MIGA data here](#)).

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<sup>9</sup> BCA's audit of 350 IFC investments and 60 MIGA guarantees documents widespread failures by the IFC and MIGA to adhere to their GHG emissions accounting, alternatives analysis, mitigation, and disclosure requirements prior to their approval decisions for each investment. *It documents that in most cases IFC and MIGA pass over ensuring quantification of the largest sources, or sometimes all of, the Scope 1 GHG emissions for projects they finance; that for over 95% of IFC projects and 91% of MIGA projects Scope 3 emissions are not quantified; and that IFC and MIGA almost never secure adequate analysis for, or ensure adoption of, project alternatives and mitigation measures that could avoid a project's significant GHG emissions to the furthest extent economically and technically feasible.*

<sup>10</sup> [The IFC Compliance Advisor Ombudsman \(CAO\) October 2024 GHG Advisory Opinion](#) substantiates the findings from BCA's audit, by concluding: **For GHG emissions quantification**, the IFC is not ensuring client adherence to the good international industry practice (GIIP) standard in IFC Performance Standard 1, and almost always impermissibly omitting Scope 3 emissions that “can comprise more than 70 percent of their [investment's] carbon footprint” (only 2 of 16 investments analyzed included Scope 3 emissions). The CAO also found “effectiveness and impact of IFC's climate strategy depends on measuring and mitigating its GHG emissions at the project and institutional levels [but]...[i]n order to mitigate climate change impacts, IFC and its clients must have comprehensive knowledge of and data on project emissions.” **IFC failed to ensure adequate GHG emissions alternative analysis**, as: “critical elements of established [ ] GIIP [required in Performance Standard 1] were missing from 21 of the 27 [analysis] reviewed. Specifically, the clients did not provide a detailed discussion of each alternative presented to IFC or specify proposed GHG mitigation measures to address E&S risks for each alternative...Further, IFC typically considers only GHG-reducing alternatives within the project scope, and not lower-carbon alternatives to projects...In addition, these clients failed to provide a solid justification/rationale for the alternative they chose. *As a result, the alternatives analysis for these IFC investments was limited in its utility to inform decision making on lower-carbon alternatives and the mitigation of project greenhouse gases.*” The CAO also noted that out of the 16 high energy projects the CAO assessed, GHG mitigation was not even analyzed for 5 of the projects.

As IFC detailed in February 2025, IFC and MIGA have opted to focus on their **Sustainability Framework Update - rather than working on implementation of their existing Sustainability Framework - to cure these failures**. As such, the WBG must ensure the GHG diligence requirements in the Sustainability Framework are actually improved. Including the appropriate and needed best available and science standard to govern all aspects of GHG emissions and mitigation assessments, is one such needed improvement and necessary to meet WBGs' and its member states' climate change legal obligations.

- **A Best Available Science standard is needed to ensure the quality and integrity of GHG emissions impact, alternatives, and mitigation assessments over time to match best reasonably and available practiced methods as they evolve, and to ensure the SF does not lock IFC/MIGA into a quickly outdated and insufficient diligence approach as in years' past.** Through use of the GIIP Standard, IFC's and MIGA's GHG emissions quantification, impact assessment, and alternatives and mitigation analysis requirements have stagnated from 2012-the present. For instance, as the CAO in its 2024 Advisory Opinion found, IFC has been drawing on severely outdated WBG Environmental Health and Safety (EHS) Guidelines mitigation standards from over 15 years ago far out of line with current practice and technology, resulting in "effective GHG mitigation actions are likely to be left out of environmental plans and agreements." And in response to requests to implement best available frequently and routinely practiced and implemented methods for GHG emissions assessments and alternatives analyses found in the US National Environmental Policy Act (NEPA) GHG Guidelines,<sup>11</sup> IFC refused on the basis that it need not implement these methods, as IFC is only required to implement GIIP.<sup>12</sup>
- **The Best Available Science Standard for GHG Assessments enables development and 1.5°C aligned industrial transition rather than imposing additional compliance burdens on clients. While many borrowers and clients may lack technical capacity, data systems, or financing to conduct advanced Scope 3 GHG emissions accounting and GHG alternatives analysis and mitigation planning using best available science, which includes best available methods and feasibility analyses, upfront - the best available science requirement does not impose on the communities WBG is mandated to serve. This is because IFC/MIGA have the duty to foot the bill for GHG impact and mitigation assessments and provide this expertise and support when its clients cannot.<sup>13</sup> IFC/MIGA itself should help finance and operationalize capacity for the best available science standard to be met prior to financing and guarantees through technical assistance, concessional support, project preparation funding, and standardized methodologies. Use of the best available science standard is also critical because it is critical to helping prevent avoidable harms to people from IFC's investments and MIGA's guarantees.**

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<sup>11</sup> [Interim \(CEQ\) NEPA guidance effective January 8, 2023 for GHG emissions and climate change assessments, alternatives analysis and mitigation in environmental impact statements](#) (withdrawn May 28, 2025).

<sup>12</sup> See [IFC July 7, 2023 letter to BCA and CSOs](#) at page 2.

<sup>13</sup> See Appendix B (IFC's and its Member States' Climate Change Due Diligence and Harm Prevention Obligations Under International Law) to [BCA and CSOs' January 17, 2025 letter to IFC](#) for legal authority supporting the analysis in this paragraph.

Due diligence requires states to employ all means reasonably available to them to prevent harm as far as possible.<sup>14</sup> As with other international environmental obligations, the required degree of diligence differs based on states' development and individual circumstances. *Id.* Thus, wealthier countries from the Global North states have a higher standard of due diligence than states with less capacity. *Id.* These significant financial resources are also available to IFC and MIGA, which as an independent public institutions, like its wealthy member states, have the duty, capabilities, and control - independent of IFC/MIGA clients – to use their best efforts to secure GHG emissions impacts, alternatives, and mitigation assessments that meet the best available science and methods standard when its clients may not have the resources to. *Id.*

This does not impose on IFC/MIGA public or private corporate clients because when clients/borrowers do not have the resources or expertise, IFC, MIGA and their wealthy member states have the due diligence obligations to (a) finance requisite environmental and social impact and impact avoidance/mitigation analysis, (b) conduct it themselves, or (c) advance funds to clients/borrowers for this analysis as part of a project's costs that could be forgiven if the project is not financed. *Id.* These measures respect IFC/MIGA client capacity and principles of "common but differentiated responsibilities" at the project assessment, diligence, and planning stages. *Id.*

And further, use of best available science prior to financing decisions for GHG emissions assessments is needed to prevent avoidable climate change harms to the communities in IFC's and MIGA's investment and guarantee regions that IFC/MIGA have the duty and mandate to serve.

- **Incorporating Best Available Science into Specific Guidelines:** With adoption of the updated SF, WBG should ensure sufficiently detailed and specific guidance is simultaneously released to help ensure IFC and MIGA clients' assessments of GHG impacts, alternatives, and mitigation assessments meets a best available science and methods standard. This not only entails providing its clients' and IFC/MIGA staff with details as to how to quantify emissions, conduct a cumulative impacts assessment, and conduct a full and supported GHG emissions alternatives and mitigation analysis. It also entails providing up to date and practical GHG emissions alternatives and mitigations guides for each sector that details the best available GHG alternatives and mitigation measures currently in use and that must be utilized to meet the best available science standard. This necessarily requires continuous and regular updating.

We understand WBG is updating its EHS Guidelines for many sectors. However, without those Guidelines being tailored to meet the best available science standard (WBG's current EHS Guidelines are only technical reference documents of Good International Industry Practice (GIIP)), and without a requirement that the Guidelines are updated regularly, the EHS Guidelines will continue to be far out of line with current practice and technology, and will omit effective and achievable mitigation. As such, the SF should require not only that any technical GHG mitigation guidelines be adopted and released for each industrial sector with the Updated SF that

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<sup>14</sup> See Appendix B (IFC's and its Member States' Climate Change Due Diligence and Harm Prevention Obligations Under International Law) to [BCA and CSOs' January 17, 2025 letter to IFC](#) for legal authority supporting the analysis in this paragraph.

meets the best available science standard, but that these Guidelines be updated at least annually from adoption of the ESF.

**II. Mitigation Hierarchy for GHG Emissions Prior to Financing Decisions – requiring (a) thorough and supported study to inform the furthest extent feasible GHG emissions can be avoided and mitigated with best available technology and methods, (b) mitigation for affected communities from climate harms, and (c) removal of offsets, the cost effectiveness loophole, and the ability to defer determination of mitigation.**

The updated SF must be amended to specify that its mitigation hierarchy requirements provide that before the IFC and approve financing and guarantees for a project, best available economically and technically feasible mitigation measures must be adopted to avoid GHG emissions and climate change impacts as far as possible (as a 1<sup>st</sup> priority), and after adoption of all measures to avoid GHG emissions and climate change impacts as far as economically and technically feasible, economically and technically feasible mitigation measures must be adopted to minimize GHG emissions as far as possible.

This specifically requires removal of the “cost effective” language in PS 3 that provides that GHG emissions need only be avoided as far as economically and technically feasible *and cost effective*. Cost effective must be removed, as the economic and technical feasibility limitations of the mitigation hierarchy requirements - *which only require mitigating and avoiding GHG emissions as far as the detailed and thoroughly supported GHG emissions alternatives analysis and mitigation study, released to the public for review and scrutiny, demonstrate are economically and technically feasible* - ensure respect for client capacity and fair profit margin, and principles of “common but differentiated responsibilities” at the project planning, assessment, and implementation stages. **Moreover, the cost effective provision undermines the mitigation hierarchy concept to avoid impacts as far as economically and technically feasible as it allows for deferral to the corporations’/corporate borrowers’ desire to maximize profit to the detriment of affected communities.** In practice, this has happened all too often, as in IFC’s decision to finance the [Barrick Gold Reko Diq heavy fuel oil power plant in Pakistan in June 2025](#) where renewables – in lieu of a heavy oil fuel power plant - were feasible in one of the sunniest regions in the world,<sup>15</sup> and in almost all of IFC’s and MIGA other natural gas and fossil fuel power plants dating back to the PS adoption in 2012, including, but not limited to the Syrdarya 1 and 2 Natural Gas Power Plants in Uzbekistan in 2022 and 2023 and the Termica De Temane Natural Gas Power Plant in Mozambique in 2021.

**Furthermore, the SF must ensure and secure (a) adoption of a mitigation hierarchy for GHG emissions and climate change impacts (including for impacts to affected communities – the SF has no climate change impact mitigation guarantees or standards for a project’s climate change impacts to affected communities), and (b) the analysis needed to inform and support it.** This includes analyzing, and providing supporting analysis to document, prior to financing decisions (i) measures that can be taken to avoid GHG emissions to the furthest extent technically and economically feasible as a first priority; and (ii) after implementation of the avoidance measures,

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<sup>15</sup> Click [here](#) for BCA’s November 2026 Reko Diq briefing, and [here](#) for IFC’s February 4, 2026 response. *We note that even the heavy fuel oil power plant, like the 100% renewable option in the Environmental Assessment Document, includes plans for backup fossil fuel generators.* Thus, IFC’s rationale that only 20% of the project could have renewables rings hallow for this and the other reasons in our [briefing](#).

additional measures that can be taken to minimize any remaining GHG emissions to the furthest extent economically and technically feasible. In addition, it includes assessment of the full extent of a project's scope 1, 2, and 3 GHG emissions to assess the avoidance and minimization measures needed. The mitigation hierarchy requirement thus also requires IFC and MIGA ensure quantification of scope 1, 2, and 3 GHG emissions for each project prior to financing approval.

**We oppose the inclusion of carbon offsets** in the SF mitigation hierarchy and for the SF to permit carbon offsets as permissible mitigation or impact avoidance measures for GHG emissions and climate change impacts. This is because carbon offsets are too commonly used as false solutions in lieu of feasible measures that can entirely avoid or substantially minimize GHG emissions from projects, and can result in enabling harmful projects with impacts that should and can be avoided. Furthermore, they too often fail to meet necessary environmental integrity requirements pertaining to additionality, permanence, not overestimated, not claimed by another entity, and not associated with significant social and environmental harms. They also commonly fail to respect and protect the ecosystem services indigenous peoples and affected communities depend upon, and their full rights, territories, sovereignty, and jurisprudence over the land, air, water, and biodiversity.

**In addition, the SF must specify that deferring adoption of a mitigation hierarchy for GHG emissions and climate change impacts until after project approval is impermissible when the project has clearly defined components.** In the case in which assets to be developed, acquired or financed have yet to be defined at the time of IFC financing and MIGA guarantees, the SF must require that (1) a mitigation hierarchy for GHG emissions and climate change impacts, along with an adequate GHG emissions and climate change alternatives analysis (see section III., *post*), is provided to IFC/MIGA and the public for a duration sufficient to allow for meaningful review, and (2) an adequate mitigation hierarchy is adopted, prior to IFC/MIGA commitments to the development, acquisition, or financing that was not defined at the time of IFC financing or MIGA guarantees.

### **III. The SF Must Be Amended to Enhance the GHG Emissions and Climate Change Impacts Alternatives Analysis Requirements that Apply Prior to Financing Decisions.**

As detailed in Section I., *ante.*, WBG must ensure IFC's/MIGA's SF contains requirements to ensure implementation of best reasonably available and practiced methods to assess and prevent climate change harms. Such a best reasonably available and practiced method is available in the GHG emissions and climate change alternatives analysis guidelines published in 2023 by the US Council for Environmental Quality.<sup>16</sup> Accordingly, the SF's GHG and climate change alternatives analysis requirement must be improved at a minimum to reflect these practiced guidelines, which include, but are not limited to, the following accompanied by analysis/study sufficient to support findings:

*(1) for energy projects - comparison of the proposed energy project to a no project alternative and all renewables options with a thorough assessment of the energy demand to be met and whether and which renewable and other clean energy options could be used to provide this demand; for all other projects with GHG emissions, comparison of the contemplated project to a no project alternative and other feasible project alternatives that can avoid or*

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<sup>16</sup> [Interim \(CEQ\) NEPA guidance effective January 8, 2023 for GHG emissions and climate change assessments, alternatives analysis and mitigation in environmental impact statements](#). While withdrawn May 28, 2025, this guidance was issued and used, continues to serve as guidelines for what these GHG assessments must include throughout the US to avoid legal deficiencies.

minimize/significantly reduce GHG emissions and climate change impacts; (2) technical and economic feasibility analysis for all renewable energy sources; (3) full quantification of scope 1, 2, and 3 GHG emissions for the proposed project over its lifetime in comparison to all feasible alternatives that can avoid or minimize/significantly reduce Scope 1-3 GHG emissions; (4) *for the proposed project and all alternatives, best available social cost of GHG emissions estimates with monetary figures of the societal cost from incremental metric ton of GHG emissions including from physical damages (e.g., sea-level rise, infrastructure damage, human health effects, etc.)*; (5) full analysis of mitigation measures to reduce GHG emissions to the greatest extent economically and technically feasible; (6) a cumulative impacts analysis that includes an explanation of how the proposed action and alternatives would help meet or detract from achieving relevant climate action goals and commitments that looks beyond NDCs to limiting warming to 1.5°C (see Section VII., *post* for details on cumulative impact assessments; and (7) analysis, after affected community engagement, to explain the real-world effect, including those that will be experienced locally and disproportionately by vulnerable communities, associated with GHG emissions from the proposed project that contribute to climate change (e.g. from sea-level rise, fire, drought, health impacts, etc.) and its alternatives.

Additional detail as to what some of these elements should include, *but are not limited to*, are as follows:

- **Proposed Energy Projects:**

- **Assessment of the end-use energy demand and contemplated energy services:** This at least includes a detailed energy demand modelling, including documenting key assumptions critical to determine if that demand production closely approximates the real-world electricity demand. This should also include sensitivity scenarios for the demand projections to understand how dependent the demand projections are on certain factors that may significantly change during the life of the project (e.g., changes in GDP growth or industrial product utilization that may change, etc.).
- **Thorough analysis detailing whether lowest and lower carbon options are available to meet the same energy demand, reliability, and security:** This requires an in-depth examination as to whether the project's energy demand can be securely and reliably met with renewable energy and battery energy storage systems, improved energy efficiency, load shifting policies, grid integration and balance, improved demand management, and or all available measures and technologies informed by expert opinion and best available science and methods, and proof that renewable options are not viable compared to a proposed fossil fuel project over their lifetimes.
- **External analyses and sensitivity assessments:** This analysis should be secured by independent sources and not project proponents, and should include assessments on the decreasing costs of renewables and energy storage systems, the relative low cost of end use and other efficiency options, likely technological advances, and all methods to meet energy demand through the period in which the proposed project would supply electricity. The sensitivity analysis applying from the time the project is proposed to its anticipated operation and through the life of the project, should be applied to all key assumptions, spanning beyond the cost of renewables, storage, and energy technologies to also include fossil fuel prices.

- **Social cost of carbon analysis:** WBG must ensure completion of and publicly disclose social cost of GHG emissions estimates for all project alternatives using (a) the global social cost of carbon reported by the Intergovernmental Panel on Climate Change, and (b) best available methods to quantify social cost of GHG emissions to communities in the project's region and country. The WBG must also ensure that both of these social costs of GHG emissions include monetary figures of the social cost from incremental metric ton of GHG emissions, including from physical damages caused by climate change. Such an analysis should assess the full economic costs and risks of each option, including externalized costs such as fossil fuel subsidies, public health impacts, environmental impacts, decommissioning and remediation costs and the social cost of carbon. Production and disclosure of such figures and analysis are essential for the WBG, communities local to the contemplated project and in the country where the project is located, and communities disproportionately affected by climate change all over the world to understand the true costs of contemplated projects and their alternatives.

**Critically, in addition to these requirements, to meet the best available science standard, the findings and analyses in the alternatives assessments must be comprehensive, credible, supported, independently reviewed by qualified experts that are not retained by project proponents with inherent bias, and all released to the public for review and comment well in advance of IFC investment and MIGA guarantee approvals.** If performed in accordance with these standards, and with the alternatives analysis elements in this Section III, they provide powerful substantive tools needed to inform IFC, MIGA, and their directors to abandon financing or guarantees for proposed carbon intensive energy projects, and to instead direct financing and guarantees towards feasible renewable energy infrastructure that can meet a project's and or region's energy demand. Proper and supported performance of this analysis is also needed to significantly reduce GHG emissions from all projects IFC/MIGA is contemplating financing and or guaranteeing, and to reveal the true cost (in monetary terms) of each ton of GHG emissions a project emits in comparison to its feasible alternatives to IFC, MIGA, governments, communities in a project's region, and the public. Without conducting an alternatives analysis that contains these elements and meets the best available science and methods standard, IFC, MIGA, and their member states cannot secure or perform the necessary due diligence prior to financing decisions required by their obligations under international law, and necessary to prevent climate change harms and help significantly reduce the occasions where remedial action is required for climate change harms IFC and MIGA causes or contributes to.

#### **IV. The SF Must Require Quantification and Public Disclosure of all of a Project's GHG Emissions (Scope 1, 2, and 3), and the Analysis Used to for this Quantification, *Prior to Project Financing Decisions.***

IFC, MIGA, and their member states' meeting the best available science standard for GHG assessments and preventing avoidable harm require IFC and MIGA ensure that prior to project financing and guarantee decisions, the full scope of a project's climate change impacts are assessed and disclosed. Including Scope 3 GHG emissions in this analysis constitutes good international industry practice and best reasonably available and practiced methods for environmental and social impact assessments, as it is required and performed regularly in many jurisdictions across the world.

*As such, the SF must be updated* to require IFC and MIGA to ensure not only that Scope 1 and 2 GHG emissions are quantified and disclosed for each project over its lifecycle prior to financing approval, but *to clarify that quantification of Scope 3 emissions over a project's lifecycle is*

***mandatory as well.*** Furthermore, quantification of a project’s Scope 1, 2, and 3 emissions prior to project financing is needed to determine whether IFC and MIGA must disclose and require ongoing monitoring and reporting of a project’s GHG emissions (needed to determine whether a project’s estimated GHG emission will cross over the SF public disclosure and continuous monitoring / reporting thresholds), and to determine the carbon footprint of WBG’s cumulative financing activities – especially in the instance where IFC’s and MIGA’s ongoing GHG monitoring and reporting requirements do not apply.

**IFC’s and MIGA’s own CAO agrees. Specifically, the [CAO October 2024 GHG Advisory Opinion](#) found:**

- the Performance Standards “contain too limited requirements for client GHG emissions quantification that are “not fit for purpose in meeting IFC’s climate goals;”
- the IFC is not ensuring client adherence to the good international industry practice (GIIP) standard in IFC Performance Standard 1, and almost always impermissibly omitting Scope 3 emissions that “can comprise more than 70 percent of their [investment’s] carbon footprint” (only 2 of 16 investments the CAO analyzed included Scope 3 emissions); and
- “effectiveness and impact of IFC’s climate strategy depends on measuring and mitigating its GHG emissions at the project and institutional levels [but]...[i]n order to mitigate climate change impacts, IFC and its clients must have comprehensive knowledge of and data on project emissions.”

Similarly, BCA’s audit of 350 IFC investments and 60 MIGA guarantees documents: (a) widespread failures by the IFC and MIGA to ensure quantification of the largest sources, or sometimes all of, the Scope 1 GHG emissions for projects they finance, and (b) that for over 95% of IFC projects and 91% of MIGA projects IFC and MIGA respectively fail to ensure Scope 3 emissions are quantified. **Without quantifying these emissions, IFC and MIGA cannot ensure they are feasibly avoided. As such, the SF Update must explicitly require quantification of Scope 3 GHG emission, and drastically improve the PS requirements to ensure quantification of all Scope 1-3 GHG emissions prior to project financing decisions.**

**In addition, to further ensure all of a project’s Scope 1 – 3 GHG emissions are quantified prior to project financing, so that analysis can be conducted and measures implemented to avoid these emissions as far as feasible, the SF must be improved to specify:**

- deferral of quantification of GHG emissions until after financing approval is not permissible, except for the case in which assets to be developed, acquired or financed have yet to be defined; In the case in which assets to be developed, acquired or financed have yet to be defined, the SF must require that scope 1, 2, and 3 GHG emissions are quantified and provided to IFC, MIGA, and the public for a duration sufficient for meaningful review prior to commitments to the development, acquisition, or financing yet to be defined at the time of project financing;
- that scope 1, 2, and 3 GHG emissions must be quantified not just for a new project, but for the portions of projects funded, including an addition to or expansion of an existing activity, operation, and or facility;

- that scope 1, 2, and 3 GHG emissions must be quantified for all of a corporation's GHG emissions for current and future defined activities when WBG makes an equity investment in the corporation;
- that quantification and analysis of a project's Scope 1, 2, and 3 GHG emissions shall include, but not be limited to, all clearly recognized sources of GHG emissions, including for example from: (i) aspects of projects well known to emit GHG emissions; (ii) the loss of carbon sequestration due to the project; (iii) construction activities; and (iv) unplanned but predictable developments caused by the project that may occur later in time or at a different location and or caused by associated facilities.

**V. The SF Must Require Public Disclosure of a Project's GHG Emissions 120 Days Prior to Financing Decisions<sup>17</sup> if a Project's Scope 1, 2, and 3 Emissions are Estimated to Exceed 20,000 tCO<sub>2</sub>-eq over a project's lifecycle.**

This is necessary to ensure the public, IFC, and MIGA are aware of projects that will emit significant GHG emissions, and have opportunities to ensure avoidance of these emissions prior to project financing decisions. To further support this, although their threshold amount of 25,000 tCO<sub>2</sub>-eq over a project's lifecycle is outdated and set too high considering the climate crisis, the IFC and MIGA have had a disclosure requirement based on tCO<sub>2</sub>-eq over a project's lifecycle (rather than tCO<sub>2</sub>-eq per year) in place since 2012.<sup>18</sup>

Of note, this disclosure requirement further supports that the IFC/MIGA SF must require IFC and MIGA to quantify or ensure quantification of all of a project's scope 1, 2, and 3 emissions over its lifecycle prior to financing approval. Quantification and disclosure of GHG emissions over 20,000 tCO<sub>2</sub>-eq over a project's lifecycle is also necessary for IFC, MIGA, and the public to be able to measure the carbon footprint of IFC's and MIGA's financing and guarantee activities, and for IFC and MIGA to succeed in ensuring an adequate mitigation hierarchy is adopted, which requires adoption of a mitigation hierarchy for GHG emissions that addresses a project's true total Scope 1, 2 and 3 GHG emissions amounts.

**VI. The SF Must Be Updated to *Explicitly Require Including Scope 3 GHG Emissions in the Cumulative GHG Emissions Threshold for determining the applicability of Ongoing Monitoring and Reporting of a financed project's GHG emissions – the decision to include Scope 3 GHG emissions should not be discretionary.***

For many projects and their components, such as for airports, projects that contract out transportation, and projects that source materials that are GHG intensive to produce and or transport depending on the sourcing decisions (e.g. when a livestock operation in Europe or Asia sources GHG intensive cereals for livestock feed from South America; when the energy used by suppliers to produce raw materials, such as steel or plastics used in a company's product is derived from fossil fuels), a

<sup>17</sup> See Section VIII., *post*, regarding the 120-day disclosure requirement.

<sup>18</sup> IFC's Access to Info Policy plainly states that prior to project financing, a project's GHG emissions must be publicly disclosed when these amounts will exceed 25,000 tCO<sub>2</sub>-eq over a project's life cycle, not just per year. IFC Access to Info Policy at ¶ 31 (a)(v).

significant percentage and amount of GHG emissions are Scope 3 emissions that can be avoided or minimized if assessed and disclosed. In order for WBG to meet the best available science standard for GHG assessments to avoid causing and contributing to climate change harms, Scope 3 emissions must be included in the quantification of GHG emissions prior to project financing, be counted towards determining whether any tCO<sub>2</sub>-eq threshold for ongoing and continuous monitoring of GHG emissions is triggered, and included in the GHG emissions monitoring and reporting totals should the threshold be exceeded.

**In addition, in regards to ongoing monitoring and reporting, IFC and MIGA must update the SF to require IFC/MIGA disclose on their websites, the annual GHG emissions each project monitors and reports to IFC and MIGA.** This is necessary to ensure the SF's ongoing monitoring and reporting of GHGs is being implemented as required, to ensure full and proper quantification of all GHG emissions, and to ensure adequate implementation of the mitigation measures the client commits to prior to prior financing. Furthermore, the SF should be improved to specify that if monitoring results show GHG emissions amounts are greater than anticipated, the client must adopt an additional mitigation hierarchy, with additional mitigation measures, to address these additional emissions. All these measures must be met for the IFC, MIGA, and their member states to meet the best available science standard for GHG assessments and to prevent avoidable harm.

**VII. The SF must require a GHG emissions and climate change cumulative impacts assessment is conducted prior to financing decisions that accounts not only for a country's National Determined Contributions (NDCs), but also the Paris Agreement's warming objectives and other applicable regional, national and global GHG emission plans.**

The ICJ repeatedly acknowledges the importance of cumulative emissions in its July 2025 Climate Change Advisory Opinion (see also International Tribunal for the Law of the Sea (ITLOS) climate Advisory Opinion at paragraph 367, referring specifically to their need to be assessed in Environmental Impact Assessments).

Meeting the best available science and methods standard for GHG emissions assessments prior to financing decisions includes IFC and MIGA securing an analysis of how a project it is contemplating for financing, and its alternatives, would help meet or detract from achieving NDCs and relevant climate action goals and commitments, including limiting global warming to 1.5°C.

Further, to meet the best available methods standard, the SF should provide the following specific requirements detailing the two requisite methods for cumulative impacts assessment based on Section 2.1 and 2.2 of the following [June 2025 report by Greg Muttitt, Fergus Green, and Steve Pye: The Climate Implications of New Oil and Gas Fields in the UK – An overview of the evidence:](#)

- Cumulative Impacts Assessment Method 1: Includes comparing (i) the project's lifecycle emissions plus reasonably foreseeable cumulative combined global emissions, and (ii) a Paris aligned (1.5°C) remaining global carbon budget. More details on this approach can be found in [“The Overflowing Bucket: the significance of fossil fuel emissions under environmental](#)

[impact assessment law](#)” Working Paper, version 1.3, 7 July 2025 by Fergus Green.<sup>19</sup> Committed emissions, as discussed in this Working Paper and the June 2025 Report by Muttitt, Green, and Pye<sup>20</sup> as well as IPCC and UNEP reports, provide a conservative proxy of foreseeable cumulative emissions which is highly relevant to assessing the significance of the climate impacts of GHG emissions from new contemplated WBG investments. Use of carbon budgets is endorsed by the IPCC, and this type of cumulative impacts analysis using carbon budgets reflects best available science.

- Cumulative Impacts Assessment Method 2: Both the International Energy Agency’s (IEA’s) analysis<sup>21</sup> and this July 31, 2025 published article in [Science: Erratum for the Policy Forum “No new fossil fuel projects: The norm we need” by F. Green et al.](#), use a method involving energy-economic models with various assumptions about technology costs and other factors to generate optimal pathways, usually on a least cost basis, for achieving a Paris aligned carbon budget by 2050, given a starting point of our current energy system. These approaches also include a carbon budget and existing fossil fuel infrastructure in their analysis.

**VIII. The SF must specify that 120 days prior to IFC’s and MIGA’s financing decisions, for each project IFC or MIGA finances or guarantees, public disclosure and opportunity for public review of the full GHG emissions and climate change impact and mitigation analysis, alternatives analysis, and mitigation measures, and all supporting studies for these analysis and measures, is required.**

For quite some time, it has been universally accepted that at the minimum, the opportunity for public review of a project and its environmental and social impact assessments prior to project approval is a central practiced component of an environmental assessment.<sup>22</sup> This is demonstrated by the inclusion of public disclosure, and opportunity for public review of, a project and its environmental impact analysis well prior to project approvals in the vast majority of countries’ environmental and social impact assessment laws and within international organizations.<sup>23</sup> As documented in 2018 United Nations Environment Programme (UNEP) Report with examples from states around the world:

*There is a wide consensus that public participation constitutes a fundamental element of EIAs – or in fact even that EIA is not an EIA without public participation. It is also widely recognized that public participation is not only a goal in itself, but that it is a key to accurate and effective environmental assessments...Due to the fact that public participation is considered an integral part of the EIA process, all countries have enacted some kind of legal*

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<sup>19</sup> [The Overflowing Bucket: the significance of fossil fuel emissions under environmental impact assessment law](#)” Working Paper, version 1.3, 7 July 2025 by Fergus Green (also available at: [https://www.ucl.ac.uk/social-historical-sciences/sites/social\\_historical\\_sciences/files/the\\_overflowing\\_bucket\\_-\\_working\\_paper\\_7.7.25.pdf](https://www.ucl.ac.uk/social-historical-sciences/sites/social_historical_sciences/files/the_overflowing_bucket_-_working_paper_7.7.25.pdf)).

<sup>20</sup> [June 2025 report by Greg Muttitt, Fergus Green, and Steve Pye: The Climate Implications of New Oil and Gas Fields in the UK – An overview of the evidence.](#)

<sup>21</sup> IEA (2023), Net Zero Roadmap: A Global Pathway to Keep the 1.5°C Goal in Reach.

<sup>22</sup> See e.g., UNEP, *Assessing Environmental Impacts: A Global Review of Legislation* (2018) (hereinafter “UNEP EIA Report”) at Chapter 3. EIA systems – Legal and institutional frameworks for EIAs, Section 3.2.3 Public participation at 50-66.

<sup>23</sup> See UNEP EIA Report at 50-66.

*measure for public participation in EIAs.... The review stage of the EIA process, i.e. the review of the EIA report prior to the decision on whether a project can go ahead taking environmental considerations into account, is a key element of the EIA process. The objective is to verify whether the information provided is sufficient and adequately presented so as to form a sound basis for decision-making. Public participation, comments from the public on the EIA report are an integral part of the review process in many countries.<sup>24</sup>*

While the UNEP Report documents that there is no general agreement in laws or the literature on what constitutes good practice in relation to public participation in Environmental Impact Assessments (EIAs), it finds most legislation in Global North and South states around the world make it mandatory to publicly publish information on disclosing a project when an application is submitted or the project is being considered, to make the draft EIA reports publicly available, and to provide the opportunity to submit comments on the EIA reports and project well prior to project approval.<sup>25</sup> In addition to being included in NEPA and European Union's EIA Directive (both included as examples of guidance for good international industry practice and best international practice for developing environmental as social impact assessment and studies in IFC's Guidance Notes to IFC Performance Standard 1),<sup>26</sup> these requirements are common place in international environmental treaties.<sup>27</sup>

IFC's Access to Information Policy (AIP) requires the IFC to publicly disclose environmental and social impact assessments at least 60 days prior to financing decisions for Category A projects and 30 days prior to financing approvals for Category B and C, Trade Finance, Advisory Services, and Financial Intermediary projects.<sup>28</sup> The AIP is outdated, and these timeframes for public disclosure and review fall well short of the best available science standard for GHG assessments.

**Because of the Climate Crisis, it is clear that for all projects that cross a SF significance threshold 20,000 tCO<sub>2</sub>-eq of scope 1, 2, and 3 emissions over a project's lifecycle, the SF must specify that the GHG emissions analysis and mitigation measures for the project must be disclosed to the public on IFC's/MIGA's website to provide opportunity for review and comment at least 120 days prior to IFC's/MIGA's, and IFC's/MIGA's financed financial intermediaries', financing decisions. In addition, we more broadly request that the SF specify that all project's (Category A, B, C, and trade finance, financial intermediary, advisory services, etc.) environmental and social impact assessments and analysis, regardless of their categorization,**

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<sup>24</sup> UNEP EIA Report at 50-51, 65-66.

<sup>25</sup> UNEP EIA Report at 50, 53, 55, 60-61.

<sup>26</sup> IFC's Guidance Notes: Performance Standards, Guidance Note 1 at GN23, 25, 58 at 10-11, 19, 49 (updated June 14, 2021) (directing readers to the Guidance Note 1 bibliography listing (1) NEPA and (2) EU's Environmental Impact Assessment (EIA) Directive (European Commission. 2011, Environmental Impact Assessment, Directorate-General for the Environment, European Commission, Brussels, available at: <http://ec.europa.eu/environment/eia/eia-support.htm>).

<sup>27</sup> See 'Espoo' Convention on Environmental Impact Assessment in a Transboundary Context (adopted 25 February 1991, entered into force 10 September 1997) 1989 UNTS 309 (The member states of the UN Economic Commission for Europe that are party to this treaty comprise of 56 States located in Europe, Northern America and Central Asia); Protocol on Environmental Protection to the Antarctic Treaty, Annex I arts 3.2, 3.3, 3.6, 6; Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters, Aarhus, Denmark, 25 June 1988 (Aarhus Convention), Art. 6 (see also Art. 1, 3, 5); Regional Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean, Escazú, Costa Rica, 4 March 1988 (Escazú Agreement), Art. 7 (see also Art. 1, 5, 6).

<sup>28</sup> IFC Access to Information Policy (2012) at ¶ 34.

**must be publicly disclosed on IFC's/MIGA's website a minimum of 120 days prior to IFC's/MIGA's financing or a IFC/MIGA financed financial intermediaries' decision for a project. This disclosure period must be further extended when it is apparent consultation with affected communities will be necessary, so as to adequately inform these communities about project impacts and to ensure a consultation process occurs, and is adequate and meaningful.** These improvements must be made because they are necessary to allow affected communities and the concerned public to be informed, to be consulted, and to provide the review and input necessary for IFC/MIGA to meet the best available science standard for GHG assessments.

**Furthermore, if supplemental GHG emissions or climate change analysis is performed, or additional GHG emissions or climate change mitigation is considered or adopted, after and or in addition to the information disclosed on the IFC and or MIGA websites, this additional information must also be disclosed on the IFC and or MIGA websites for public review 120 days before consideration by IFC/MIGA for financing/guarantee decisions to provide the public with adequate time for review and input.** This additional information, which completes the environmental and social impact assessment and mitigation measures, is part of the GHG environmental and social impact assessment that must be disclosed to the public.

**In addition, the IFC/MIGA SF must make clear that the confidentiality and commercial sensitivity provisions in IFC's and MIGA's Access to Information Policies do not allow IFC and MIGA to not publicly disclose the full GHG emissions and climate change impact and mitigation analysis, alternatives analysis, and mitigation measures, and all supporting studies, for each project the WBG finances or guarantees 120 days prior to financing decisions.** This is because the components of a GHG impact and mitigation analysis, routinely and fully disclosed to the public for review as required by environmental assessment laws all over the world,<sup>29</sup> should not be shielded from public disclosure.

We bring this to WBG's attention and make this request, because impermissibly, a trend at IFC is that contrary to IFC's disclosure requirements, IFC management frequently cites the commercial sensitivity and confidentiality provisions of its Access to Information Policy (2012) to excuse not disclosing certain GHG emissions analysis and mitigation measures.<sup>30</sup> The SF should explicitly prohibit withholding of this information central to the SF's implementation.

WBG should have no supportable basis to justifiably claim that any of the Exceptions to Disclosure found in IFC and MIGA's Access to Information Policies, including in regards to commercial sensitivity and confidentiality, shields disclosure of GHG emissions and mitigation analysis. And more generally, for WBG to ensure its own accountability and to allow the concerned public and stakeholders to address a situation where the WBG does claim any sort of confidentiality provisions

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<sup>29</sup> See fn. 22, *ante*.

<sup>30</sup> We observe this occurs mainly in the context of when the GHG impact assessment information initially posted on the IFC data portal contains facially inadequate GHG emissions analysis or mitigation, and or when a contemplated project will have significant GHG emissions, and at the request of the public or IFC directors, IFC management conducts or secures supplemental analysis from the client, its staff, or its own consultants. Conversation with IFC Management, member state directors, and member state agencies that provide direction to directors, reveals this supplemental analysis still falls well short of what the IFC's board adopted policies and its due diligence obligations under international law require. This further highlights the need for and importance of disclosure prior to project financing.

as a basis for non-disclosure for analysis or mitigation pertaining to any environmental and social impacts, the SF must require IFC and MIGA to publicly disclose a full and supported justification for the non-disclosure.

Disclosure of GHG emissions impact analysis and mitigation, including all supporting studies and documents with GHG emissions and mitigation analysis, sufficiently prior to financing approval provides the opportunity for public review and input that has long been established as a key element to meeting a good international industry practice standard at the risks and impacts assessment stage. Moreover, it is critical to WBG meeting the best available science standard for GHG assessments and ensuring projects it finances adequately quantify, assess the impacts of, and mitigate GHG emissions. Such public disclosure is also consistent with the apparent intent of IFC's Access to Info Policy, which provides it is central to informed decision making, important to managing environmental, social, and governance risks, and "fundamental to fulfilling [their] development mandate[s]." See, e.g., IFC Access to Information Policy at ¶¶ 3, 8, E&S Policy at ¶¶ 13, 14. It is a necessary check to best ensure a project meets the SF's requirements and thus avoids or mitigates a project's GHG emissions as much as economically and technically feasible. *Id.*

- IX. The SF must specify that prior to its Financial Intermediary (FI) client's decisions to invest in a project, that the FI adheres to the SF's requirements for public disclosure, and providing opportunity for public review, of the full GHG emissions and climate change impact and mitigation analysis, alternatives analysis, and mitigation measures as detailed in Sections I-VII above. In addition, the SF must specify that during the appraisal process and prior to approving financing and guarantees for FIs and their investments, IFC and MIGA are required to ensure that the FI client ensures adherence to all requirements of the SF.**

In the context of climate change impacts, this requires the SF specifies amongst other things, that the FI must publicly disclose, and provide opportunity for public review, the full GHG emissions and climate change impact and mitigation analysis, alternatives analysis, and mitigation measures for a contemplated investment ***120 days before the FI decides to finance a project.***

The SF must also specify that prior to financing and guaranteeing FIs, IFC and MIGA are required to ensure that the FI will adhere to the SF's impact assessment and mitigation requirements before the FI makes investments of its own. As such, the SF must be updated to specify IFC and MIGA are required to ensure the FI understands, and agrees in its financing agreement with IFC and or MIGA, that the FI is required to meet all of the SF's requirements applicable to IFC direct investments and MIGA guarantees (e.g. Category A, B, and C Projects).

In addition, as a necessary part of ensuring its FI clients meet all of the SF's requirements applicable to IFC direct investments and MIGA guarantees, the SF must be amended to specify IFC and MIGA are required to ensure the FI understands, and agrees in its financing and guarantee agreement with IFC and MIGA, that the FI is required to disclose its contemplated investments and their environmental impact assessments (including for GHG emissions and climate change) to IFC, MIGA, and the public 120 days prior to its financing decisions. This would provide the public and IFC/MIGA with needed safeguards, and notice and opportunity for review of FI contemplated investments prior to the FI's financing decision. In addition to ensuring quantification and reduction of GHG emissions from FI projects in line with the IFC's/MIGA's policies, WBG ensuring such FI disclosures and release of

impact assessments to IFC/MIGA and the public prior to FI financing commitments could substantially help IFC/MIGA prevent their FI clients from impermissibly using IFC/MIGA funds to finance fossil fuel or other harmful projects without public or IFC/MIGA knowledge. *See e.g.*, IFC FI investments resulting in financing of coal powerplants: “CAO, *Compliance Investigation Report, IFC Investments in Rizal Commercial Banking Corporation (RCBC)*, The Philippines, November 19, 2021” (RCBC case); *see also* Complaint to the CAO for FI financing of Jawa 9 and 10 coal fossil fuel projects “Complaint concerning IFC investment KEB Hana Indonesia Rights Issue IV, Project No 42034” (Jawa 9 and 10 case).<sup>31</sup> In the RCBC and Jawa 9 and 10 cases, if the IFC took necessary measures to ensure its FI clients disclosed their contemplated investments in coal powerplants and their impact assessment documents to the IFC and public prior to FI financing, the IFC and public could have been made aware of, and prevented, IFC’s FI client from investing in these projects in the first instance.

It is well documented DFI financing of FIs remains a particular risk in terms of channeling funds to coal and other fossil fuel projects.<sup>32</sup> As such, the recent External Review of IFC/MIGA emphasized the need for IFC to “further clarify how it will assure itself of FI E&S performance, and strengthen its due diligence and supervision of FI clients,” as “significant gaps remain in IFC’s ability to ensure that FI clients are adequately assessing E&S risks in their portfolios and ensuring the application of the IFC Performance Standards in their higher-risk investments.” External Review Report ¶ 8.

Specifying in its financing and guarantee agreements with FIs, that public disclosure of the FI’s investments and their environmental and social impact assessments prior to FI financing in accordance with the disclosure timeliness in IFC’s and MIGA’s board adopted policies is required as part of FI’s requisite adherence to the SF, is needed to achieve implementation of the SF. Moreover, it is required to ensure WBG adheres to its due diligence obligations to prevent harm and meets the best available science standard for GHG assessments.

**X. The SF Must Specify that IFC and MIGA Ensure that in Providing its Advisory Services, that prior to approving Advisory Services, IFC and MIGA Adhere, or Ensure Adherence, to the SF Requirements Applicable to GHG Emissions and Climate Change Impacts.**

Advice provided by IFC and MIGA contributes to achieving the ultimate implementation of a project and a project securing funding. It is also critical to a project being designed to avoid significant reductions in local and global environmental and social climate change harms. IFC’s and MIGA’s due diligence requirements to prevent harm require the SF to specify that in providing its advisory services, that IFC and MIGA adhere, or ensure adherence, to the SF’s requirements applicable to GHG emissions and climate change impacts. This means IFC and MIGA are required to ensure, and the SF must be improved to specify, that when IFC and or MIGA advises on a project, they provides their client with, or ensures, consistent with the best available science and methods standard: quantification of scope 1, 2, and 3 GHG emissions from the project, a GHG alternatives analysis for the project, an analysis as to indirect impacts of the contemplated project’s GHG emissions on affected communities, and a mitigation hierarchy analysis for the project’s GHG

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<sup>31</sup> RCBC case (available at: [https://www.cao.ombudsman.org/sites/default/files/downloads/CAO%20Compliance%20Investigation\\_RCBC-01\\_Philippines\\_Nov%202021.pdf](https://www.cao.ombudsman.org/sites/default/files/downloads/CAO%20Compliance%20Investigation_RCBC-01_Philippines_Nov%202021.pdf)); Jawa 9 and 10 case (available at: [https://www.inclusivedevelopment.net/wp-content/uploads/2023/09/Jawa-9-and-10\\_CA0-complaint.pdf](https://www.inclusivedevelopment.net/wp-content/uploads/2023/09/Jawa-9-and-10_CA0-complaint.pdf)).

<sup>32</sup> *Id.*

emissions and their impacts. See Sections I-VIII., *ante* (detailing these requirements). In addition, this means that the SF must also be improved to specify that IFC's and MIGA's contemplated advisory services that may result in a project with greater than 20,000 tCO<sub>2</sub>-eq of scope 1, 2, and 3 emissions over its lifecycle, must be publicly disclosed on IFC's and MIGA's website prior to IFC and MIGA's approval as required by IFC's and MIGA's due diligence obligations. See Section VIII., *ante* (detailing IFC's and MIGA's disclosure requirements).

By facilitating financing for projects and providing guidance and expertise to for projects in many countries, IFC's and MIGA's advisory services have a significant impact on achievement of the Paris Agreement's 1.5°C warming objective. Thus, WBG ensuring IFC's and MIGA's advisory service's adherence to SF's requirements has tremendous implications for IFC and MIGA's alignment with the Paris Agreement, and limiting climate change harms from its financing activities. It can help and is needed to avoid fossil fuel infrastructure lock-ins that threaten the 1.5°C warming limitation objective, and to expedite regional and global energy transition efforts to renewable energy.

**XI. For IFC's and MIGA's Trade Financing, it is essential to evaluate the impacts, ensure transparency, and establish clearly defined environmental and social standards, including in regards to GHG emissions from IFC's and MIGA's trade finance investments and guarantees. As such, the SF Must Specify that IFC and MIGA ensure that prior to approving trade finance<sup>33</sup> or any investment products with shorter tenor including short-term loans, guarantees, and trade finance products with maturities of up to three years, that IFC and MIGA adhere, or ensure adherence, to the SF requirements applicable to GHG emissions, climate change impacts, and all environmental and social impacts.**

This means IFC and MIGA are required to ensure that when they provide trade finance or any investment or guarantee products with shorter tenor to a client, they ensure, consistent with the best available science standard: adherence to all SF requirements, including quantification of scope 1, 2, and 3 emissions from the project financed, a GHG alternatives analysis for the project, an analysis as to indirect impacts of the contemplated project's GHG emissions on affected communities, a mitigation hierarchy analysis for the project's GHG emissions and their impacts, and adoption of all requisite SF mitigation measures, including a mitigation hierarchy for GHG emissions and climate change impacts. See Sections I.-VIII., *ante* (detailing these SF requirements). In addition, this means IFC's and MIGA's contemplated trade finance products or investments that may cause or contribute to greater than 20,000 tCO<sub>2</sub>-eq of scope 1, 2, and 3 emissions over a project's lifecycle, must be publicly disclosed on IFC's/MIGA's website prior to IFC/MIGA approval as required by

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<sup>33</sup> Trade finance contributes and is critical to achieving implementation of a project. As detailed by Urgewald's September 2023 paper "Is the World Bank giving billions of trade finance to fossil fuels?" (available at: <https://www.urgewald.org/sites/default/files/media-files/Urgewald%20-%20Trade%20Finance%20Paper%20-0923.pdf>): "*In general, trade finance products make trade transactions feasible by either guaranteeing payments or by providing short-term loans as working capital, i.e., cash flow, to pay for supplies and services to produce the goods or to pay for the imported goods themselves. As such, trade finance allows exporters and importers to support and grow their businesses while using and risking little of their own money. Trade finance is usually short-term because it only covers the period of time to complete the trade transaction, typically three to five months. Every country in the world uses trade finance to import and/or export oil, gas, coal or petrochemicals (e.g., inputs for fertilizers and plastics). Furthermore, in order for most countries to develop a new coal, oil or gas field or to build a new thermal power plant or refinery, they have to import an enormous amount of machinery, pipelines, and other resources. All of this fossil fuel business takes trillions in trade finance.*"

IFC's/MIGA's due diligence obligations. See Section VIII., *ante* (detailing IFC's/MIGA's disclosure requirements).

### **Conclusion**

For the foregoing reasons herein, we respectfully request the Draft Update of the SF includes all the critical climate change due diligence measures detailed in this letter.

We note as well, that the foregoing requests for improvements in the ESF Update primarily apply to the due diligence IFC and MIGA must ensure is secured prior to financing decisions. Focusing on climate governance is strongest when embedded prior to financial close because infrastructure and operational decisions made at that stage determine long-term emissions trajectories and transition risk exposure.

Thank you for considering our comments. Please confirm receipt at your earliest convenience.

Sincerely,



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