

Agriculture across the IFC Sustainability Framework and Performance Standards

To: IFC Sustainability Framework Review Team, % Justin Pooley, Manager/Principal Specialist, Environmental and Social Policy & Standards

cc: Federico Galizia, IFC Vice President Risk and Finance

Tania Kaddeche, IFC Director of the ES&G Sustainability Advice & Solutions

Maria Carolina Hoyos Lievano, IFC Senior Operations Officer

As IFC works to update its Sustainability Framework including the Policy on Environmental and Social Sustainability and the Performance Standards, we as civil society organizations concerned with the impacts of industrial agriculture and food systems on people, animals, and the planet, are writing to advance the development of policy and standards that address key issues including climate, biodiversity, human health, community and worker safety, animal health and welfare and more. This follows on our [Joint Open Letter](#) of April 24.

Policy on Environmental and Social Sustainability: High-level concerns with current IFC approach

We welcome the recognition that an important component of achieving positive development outcomes is the environmental and social sustainability of these activities, which IFC expects to achieve through the application of this Policy and the Performance Standards. The Policy emphasizes (para. 6) “means that are appropriate to the nature and scale of the activity and commensurate with the level of environmental and social risks and/or impacts” of particular projects. This seems logical.

However, in practice, we see risks and impacts being narrowly defined, particularly for repeat clients. Yet these impacts are cumulative, often occur in contexts of high vulnerability/marginalization, and fail to account for elements without a direct financial cost to project sponsors. This is true in the placement of industrial farms¹ that are located in or near economically disadvantaged or Indigenous communities and sensitive ecosystems subject to irreparable degradation. These problems may be made more acute or hidden through intensification that exceeds the limits/carrying capacity of land, ecosystems, workers, and farm animals.

¹ The interchangeable terms “factory farming,” “industrial animal agriculture” and “industrial livestock production” refer to animal breeding, rearing, slaughtering, processing, and/or feed operations involved in the mass production of meat, dairy and egg products. Typically controlled by multinational corporations, this production involves breeding and/or rearing between hundreds and thousands of animals in concentrated feeding operations (mostly chickens, dairy cows, and pigs), feedlots (beef cows), or controlled grazing systems (beef cows) that are vertically integrated into international value chains. Sources: United Nations Environment Programme (UNEP, 2022). Emissions Gap Report 2022: The Closing Window: Climate crisis calls for rapid transformation of societies. <https://www.unep.org/emissions-gap-report-2022>; Harwatt, H. (2019): Including animal to plant protein shifts in climate change mitigation policy: a proposed three-step strategy. *Climate Policy*, 19:5, 533541, DOI: 10.1080/14693062.2018.1528965.

Further in para. 6, the Policy states that “Central to these requirements is the application of a mitigation hierarchy to anticipate and avoid adverse impacts on workers, communities, and the environment, or where avoidance is not possible, to minimize, and where residual impacts remain, compensate/offset for the risks and impacts, as appropriate.” We would welcome a more robust application of the mitigation hierarchy.

For the mitigation hierarchy to work, strong emphasis is needed on the first step, namely anticipation and avoidance. This appears to be frequently missing or minimally applied. For example, the negative impacts from the air, water, and soil pollution from factory farms can be anticipated, yet it is rarely avoided. This was the case with [former IFC client Minerva](#) and current IFC client [Louis Dreyfus Corp](#) in Brazil. Similarly, IFC has made multiple loans to support Ecuador’s [Pronaca](#), the country’s largest pork and chicken producer, as it expanded its concentrated animal feeding operations. The new and additional negative impacts on local communities, including Indigenous Peoples and their territories, predictably resulted in their filing a new complaint with the Compliance Advisor Ombudsman.

We appreciate the Policy’s statement that “IFC recognizes the responsibility of business to respect human rights, independently of the state duties to respect, protect, and fulfill human rights.” However, given experiences documented in multiple CAO cases, we find that IFC’s oversight of client activities has been insufficient in many cases to avoid abrogation of basic human rights, including from agricultural projects that involve physical or economic displacement or failure to honor core labor standards.

Cross-cutting issues

In IFC’s overall approach in updating the Performance Standards, issues important for environmentally and socially sustainable agriculture that require greater attention are:

- Impacts from upstream and downstream (supply chain) activities
- Human rights risks and impacts
- Animal welfare risks and impacts
- Transparency and participation gaps
- Alignment with global goals

Impacts from upstream and downstream activities: PSs lack requirements for addressing Scope 3 GHG emissions², biodiversity footprint (“Scope 3” biodiversity impacts), antimicrobial resistance, etc. [to be covered in PS3 and PS6]; management and oversight of lending by financial intermediaries [to be covered in new PS9].

² Scope 3 emissions refer to indirect emissions that occur in a company's value chain, including both upstream and downstream activities. They encompass emissions not owned or directly controlled by the company, but are a consequence of the company's operations such as the emissions and other environmental impacts of the production of feed for a company that raises farmed animals for meat, milk or eggs. This includes emissions from activities such as business travel, [procurement](#), waste disposal, use of sold products, and end-of-life treatment.

The Sustainability Framework Review should extend the concept of Scope 3 to include not just GHG emissions but also biodiversity loss, erosion and fragmentation of wildlife habitats, deforestation, water use and pollution, soil degradation, and land use change.

The Review should also develop clearer and stronger language clarifying that an IFC client must identify and assess whether there are risks of detrimental environment and social impacts in the project's core supply chain and must not engage with suppliers that are unable or unwilling to avoid or mitigate these risks. Several types of businesses involved in food production should take a proper degree of responsibility for the impacts of their core supply chain i.e. for their Scope 3 impacts. For example:

- Producers of animal-sourced food should not use feed whose production has involved detrimental environmental and human rights impacts.
- Food businesses such as retailers, food service operators, and food manufacturers should not supply animal-sourced food that has been produced in ways that have an adverse impact on the environment, human rights, or animal health and welfare.
- Compound feed manufacturers and grain traders should exercise due diligence as regards the environmental and human rights impacts arising from the growing of soy and cereals for animal feed.

When assessing whether to fund a livestock producer IFC should take into account:

Upstream implications, such as the food security and environmental risks and impacts from producing and distributing the feed that will be provided,

Downstream implications, such as the need to ensure the animals will not be transported long distances to slaughter and to guarantee the highest slaughter practices. The IFC should ensure that the problems identified in the World Bank report entitled [Global Study of livestock markets, slaughterhouses and related waste management systems](#) will not be present in the facilities that will be used to slaughter the animals raised in any farms being funded by IFC.

Human rights risks: As detailed by the UN Human Rights Office (June 2025)³, human rights risks prevalent in agriculture include forced and child labor, poor and dangerous working conditions, loss of access to clean air and water, denials of land and resource rights, loss of livelihoods, and physical and economic displacement of communities from industrial agricultural expansion. While theoretically addressed in PSs 2-5, persistent grievances and complaints point to the need for strengthening both policies and practices in these areas.

Animal welfare risks: The failure of PSs to include requirements for the [welfare of farmed animals](#) entails risks across multiple dimensions: community health, biodiversity, and cultural heritage, among others, since neglect of animal health and welfare can lead to zoonotic disease

³ See Strengthening Supply and Value Chain Risk Management: The Role of Development Finance Institutions' Environmental & Social Safeguard Policies Policy Brief (Box 1), <https://www.ohchr.org/sites/default/files/documents/issues/development/dfi/ohchr-dfis-supply-chains-policy-brief-june-2025.pdf>.

transmission, antimicrobial resistance, ecosystem degradation, and abrogation of cultural norms and values. This implies that animal welfare should also [be considered](#) during environmental and social impact assessment, and not addressed only in EHS Guidelines.

Transparency and participation gaps: Although PS1 requires Stakeholder Analysis and Engagement Planning (paras. 26-28) and “disclosure of relevant project information,” we still find weak grievance mechanisms and poor or absent consultation with affected communities [ideally to be covered in new PS10 on stakeholder engagement and information disclosure].

Alignment with global goals (SDGs, UNFCCC, CBD): Achieving food security, health, climate, biodiversity, and Indigenous rights, given the ongoing polycrisis, likely requires an expanded [exclusion list](#) that should be incorporated directly in the Sustainability Policy. Ideally this will prohibit financing of certain forms of and practices in industrial animal agriculture.

Core recommendation: Adapt and update IFC Performance Standards to prevent harm, both direct and indirect, across client supply chains, and enable a transition to humane, sustainable food systems that employ local inputs and deliver local benefits.

Recommendations by Performance Standard

PS1: Assessment and Management of E&S Risks and Impacts

Although PS1 has many useful elements, its value is often undermined by narrow interpretation of the project (para. 4: ““project” refers to a defined set of business activities”) while failing to include activities, e.g. in value chains, undertaken as a direct result of the project. Accordingly, relevant risks and impacts may be ignored. PS1 should apply to activities undertaken as a direct result of the project as well as the project itself.

PS1 acknowledges (para. 3) that “Business should respect human rights,” but fails to enumerate [those rights](#), even by reference. Respecting human rights should be defined as having in place policies and practices to avoid the abrogation of those rights, including e.g. of seasonal workers.

PS1 requires assessment and management “appropriate to the nature and scale of the project and commensurate with the level of its environmental and social risks and impacts.” This incentivizes, and has resulted in, a narrow definition of the project such that value chain and cumulative and longer-term impacts are ignored. We have observed this frequently in the industrial animal agriculture sector, as in Pronaca, Alvoar, MHP, GXYX, and Metagro.⁴

⁴ **Pronaca:** Per [CAO](#), community members have raised concerns related to water contamination from the client’s wastewater discharges; air pollution caused by odors from the client’s farms; community health and safety risks; impacts on Indigenous communities; livelihood impacts due to effects on the tourism industry; and a lack of information sharing by IFC and the client regarding their operations, among other issues.

Alvoar Lacteos: Multiple NGOs [wrote to IFC](#) (May 2023) that there are diverse, potentially permanent impacts related to Alvoar Lacteos’ supply chain, that instead require a Category A designation and a more comprehensive environmental and social assessment and mitigation plan. These potential impacts

Accordingly, we recommend that updates to PS1

- Require E&S assessment for risks and impacts common to livestock and factory farms (as well as other industrial processes), such as effluents, airborne pollutants, antimicrobial resistance, zoonotic disease transmission, animal suffering, worker injuries/amputations, etc.
- Mandate assessments of upstream and downstream value chain activities (feed, slaughter) and emissions.
- In cases of new or significantly expanded industrial facilities, including for industrial livestock, require assessing the economic and social impacts on local communities, especially local farmers, whose livelihoods may be directly or indirectly adversely impacted by IFC-funded facilities.

PS2: Labor and Working Conditions

Industrial farms and slaughterhouses are notorious for the dangers they pose both to humans and animals (with unnecessary suffering prior to and at slaughtering). We recommend:

- Require due diligence on and zero tolerance of child and forced labor in feed supply chains.
- Set minimum conditions for slaughterhouse and farm workers to cover safety, noise, heat/cold exposure, access to water, etc.
- Require monitoring and reporting on migrant labor conditions.
- Promote the establishment of collective bargaining rights in client's policies, including for seasonal workers, and monitor their implementation throughout the project cycle.

include "harmful child and forced labor, significant OHS conditions, and significant risk of natural habitat conversion."

MHP: [CAO's appraisal](#) found indications of environmental, social, and safety harms from MHP's operations, and potential IFC non-compliance in assessing and mitigating risks. Alleged harms to complainants were plausibly linked to these shortcomings, prompting a compliance investigation.

GXYX: Publicly disclosed information about the loan fails to demonstrate that the IFC has upheld its own commitments to due diligence, **climate action**, and its **Performance Standards**. This project was approved in 2023 but continues to receive negative press due to its scale and potential impacts.

Metagro: [Concerns](#) that have not been adequately addressed include:

- Deforestation for feed production: Metagro sources large amounts of feed with no traceability, potentially contributing to deforestation and biodiversity loss.
- Biodiversity loss from agrochemicals: The project's reliance on agrochemicals from China and Russia risks severe environmental damage.
- Water stress: The proposed increase in irrigated agriculture would worsen water scarcity in a region already at high risk for drought.
- No contribution to food security: Despite Mongolia's large livestock numbers, the project would primarily support export markets and expensive products for internal markets rather than addressing domestic food insecurity.
- Animal welfare violations: Fast-growth animal breeds and poor living conditions in feedlots raise concerns about compliance with international animal welfare standards.
- Contradiction to climate goals: Expanding livestock production contradicts Mongolia's commitment to reducing herd sizes under its Nationally Determined Contributions (NDCs).

- Require mental health assessments and support for workers, whether permanent or temporary/seasonal.⁵

PS3: Resource Efficiency and Pollution Prevention

Existing requirements for managing GHGs are grossly insufficient.⁶ We recommend that revised PS3:

- Require gross GHG disclosure and application of the mitigation hierarchy for Scope 1–3 emissions from all client sources, including livestock, using recognized methodologies.
- Mandate emissions reductions in line with the Paris Agreement targets, at project level and across the project/product value chain (i.e. Scopes 1-3).
- Ban use of antibiotics to promote growth and their routine use as prophylactics.
- Encourage use of circular systems in which nutrients are primarily supplied by animal manure, legumes, and green manure.
- Require nutrient management plans to prevent waste pollution.
- Require evidence on how the proposed project contributes to efficient land use in the production of calories/proteins etc. for people, comparing the project with counterfactuals.

PS4: Community Health, Safety and Security

- Evaluate impacts on nearby communities from odor, dust, animal waste, and noise.
- Require avoidance or full effective abatement of all forms of pollution (air, water, soil, etc.) affecting nearby or downstream communities.
- Require a management plan for the avoidance of zoonotic disease risk that includes a focus on workers and nearby communities, as well as strong animal welfare criteria, and addresses the threat of global pandemics.
- Evaluate, monitor, and avoid negative impacts on food security (access/affordability, safety, nutrition, sufficiency) and food sovereignty.
- Promote inclusive processes with the involvement of impacted (or potentially impacted) communities in the monitoring, reporting and evaluation of project impacts on health, safety, and security.

PS5: Land Acquisition and Involuntary Resettlement

- Cover risks & impacts from land-use expansion for livestock, feed crops, agricultural facilities/infrastructure, whether directly financed or as part of the client supply chain.

⁵ A systematic review on [The Psychological Impact of Slaughterhouse Employment](#) (July 2021) found slaughterhouse workers have a higher prevalence rate of mental health issues, in particular depression and anxiety, in addition to violence-supportive attitudes.

⁶ For example, IFC's investment (#43531, 2021, still active) in GreenFeed Vietnam Corporation's pig breeding, animal feed production, both expands industrial livestock operations and significantly increases GHG emissions without any actions for emissions (or emissions intensity) reductions included in the ESAP. Similarly, BaF Vietnam Agri (#45972, also currently active) provided \$38 million to finance an integrated pork producer in Vietnam. This loan financed two feed mills, one slaughterhouse, and 31 pig farms. This expansion is intended to increase not only BaF's pig production capacity from its current 110,000 pigs per year across 13 farms, but also its emissions, which are estimated to be 532,000 MTCO₂e in 2023.

- Protect land and resource rights of communities where customary land tenure exists, including their right to negotiate or withhold their free, prior informed consent (FPIC) .

PS6: Biodiversity Conservation and Living Natural Resources

- Mandate biodiversity footprint assessments⁷ for livestock/feed projects.
- Prohibit financing for projects that convert critical habitats, including protected areas, High Conservation Value Areas and High Carbon Stock Areas
- Prohibit/restrict finance for projects that include significant conversion of natural habitats.
- Require all farmland projects to implement strategies to protect and enhance biodiversity, including [soil biodiversity](#).
- Prohibit finance for projects that involve or rely on the production of soy or cereals in monocultures and with the use of chemical pesticides and synthetic nitrogen fertilizers.
- Include strong, mandatory, animal welfare criteria in the Performance Standards (PS6, complemented by or cross-referenced in PS1 as appropriate), that allow the animals to enjoy the Five Freedoms, which are the freedom from hunger or thirst, the freedom from discomfort, the freedom from pain, injury, and disease, the freedom to express natural behaviour, and the freedom from fear and distress.
Particular attention should be given to the welfare risks set out on page 13 of the IFC [Good Practice Note on Improving Animal Welfare in Livestock Operations](#)⁸ and the exclusion list in the [IFC Practices for Sustainable Investment in Private Sector Livestock Operations](#).
- PS6 should also require conformity with what constitutes good welfare in the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.
 - These state: ‘an animal experiences good welfare if the animal is healthy, comfortable, well-nourished, safe, is not suffering from unpleasant states such as pain, fear and distress, and is able to express behaviours that are important for its physical and mental state.
 - Good animal welfare requires disease prevention and appropriate veterinary care, shelter, management and nutrition, a stimulating and safe environment, humane handling, and humane slaughter or killing. In addition, enterprises should adhere to guidance for the transport of live animals developed by relevant international organisations.’

⁷ A Biodiversity Footprint Assessment should assess and report how the client’s supply chains impact biodiversity at ecosystem, species and genetic levels, including such factors as land use change, resource extraction, pollution, and habitat conversion (and restoration).

⁸ **Key welfare risks identified by IFC’s GPN:** 1) Limitations on space in individual stalls restricting the movement of animals; 2) High stocking densities in groups increasing the potential for disease transmission; 3) Barren/unchanging environments leading to behavioural problems; 4) Feeding diets that do not satisfy hunger; 5) Injurious husbandry procedures that cause pain; 6) Breeding for production traits that heighten anatomical or metabolic disorders.

PS7: Indigenous Peoples

- Require and enforce FPIC as a condition for livestock or feed projects impacting Indigenous communities, their territories, or resources, recognizing FPIC as an ongoing process for the duration of the project.
- Prohibit financing of projects that undermine Indigenous land rights, whether communal or individual, or traditional food systems.

PS8: Cultural Heritage

Food sources, uses, and traditions comprise both tangible and intangible cultural heritage, and should be recognized as such. PS8 should additionally require clients to:

- Protect traditional foodways and local breeds as part of cultural heritage.
- Avoid projects that degrade or disrupt access to lands/waters or ecosystems of sacred or cultural value.

Additional Performance Standards

The existing Performance Standards do not adequately address risks that arise in IFC's financing through financial intermediaries⁹, or provide sufficient requirements for stakeholder engagement and information disclosure to reliably protect communities and ecosystems they rely on from negative impacts. These shortcomings are apparent in financing that benefits agriculture and food systems as well as other sectors, and should be addressed via additional Performance Standards that build on World Bank ESSs 9 and 10.

Process Recommendations

- Establish a working group to consider agriculture and food system E&S risks and impacts and how to apply the mitigation hierarchy in face of the need for systemic transformation (as in the energy sector, e.g. where financing of coal power and upstream oil & gas has been excluded).
- Ensure meaningful, ongoing CSO and Indigenous participation in Sustainability Policy and Performance Standard design and application.
- Require updated project-level reporting & disclosure and third-party monitoring for high-risk sectors, including industrial agriculture and food supply chains.

Conclusion

IFC's Sustainability Policy and Performance Standards must provide for coherence between stated WBG values and project outcomes. The Framework update is a key opportunity to drive a shift toward truly sustainable, humane, rights-based food systems.

Signatories

[Stop Financing Factory Farming Coalition](#) and

Association for Farmers Rights' Defense, AFRD

⁹ For example, IFC's financing of [De Lage Landen](#) (DLL), subsidiary of Dutch multinational Rabobank, connected to illegal deforestation. Similar concerns have arisen with MIGA in financing [Banco Santander](#).

Bio Vision Africa (BiVA)

Compassion in World Farming International

Friends of the Earth US

Jamaa Resource Initiatives

International Accountability Project

MenaFem Movement for Economic Development and Ecological Justice

Oyu Tolgoi Watch

Pain aux Indigents et Appui à l'Auto-Promotion

Sinergia Animal

The Bretton Woods Project

Additional signatories (post-initial submission):

Asia Indigenous Peoples Network on Extractive Industries and Energy (AIPNEE)

Community Empowerment and Social Justice Network (CEMSOJ)

Association Tunisienne de Droit de Développement

WORLD ANIMAL PROTECTION

Centre for Environmental Initiatives 'Ecoaction'

CEE Bankwatch Network

Recourse