

11th April 2024
Civil Society Open Letter

Ajay Banga,
President
World Bank Group
1818 H St NW,
Washington, DC 20433,

cc WBG Executive Directors; Global Director for the World Bank's Energy and Extractives Global Practice; Global Director for the World Bank Group's Climate Change Global Practice; Global Director, Climate Business at the IFC; IFC Global Head, Metals & Mining, Director of Climate, Energy, Extractive, Finance and Capital Markets; Operations Group of MIGA

Dear President Banga,

RE: Extreme caution and due diligence for transition mineral mining

As a coalition of 41 civil society organisations, some of us in mineral-rich countries and working with mining affected communities, we call on the World Bank Group (WBG) to take extreme caution as it looks to extend its investments in transition mineral mining and processing. As the demand for minerals rises, so does the requirement for greater [due diligence](#) for social and environmental protection. It is essential to uphold human rights, including Indigenous Peoples' rights, protect the environment and to treat communities at the centre of mineral projects as a critical stakeholder with a [right to say no](#) to damaging projects. We are proposing practical measures here to ensure that the WBG takes this forward.

Without a doubt, to keep global temperatures within safer climate limits and avoid an escalation of devastating climate impacts, we need to become completely free of fossil fuels by transitioning to renewable energy. COP28 committed countries to triple renewable energy capacity by 2030. However, as wealthier countries race to secure a supply of minerals, including aluminium, lithium, nickel, and copper, needed for the scaling-up deployment of renewable energy, batteries and electric vehicles it is imperative to avoid social and ecological destruction in the name of delivering climate action.

We welcome the attention to mitigating the carbon emissions and improving the resource efficiency from the mining projects in the Climate Smart Mining Initiative (CSMI) of the World Bank Group. However the WBG focus on facilitating large-scale private sector mining expansion is extremely worrying, and recent mining investments by the IFC have raised considerable concerns. These show the limitation of the CSMI in not considering impacts on [other planetary boundaries](#) or respecting the rights and interests of impacted communities.

[For example](#), in 2023, the International Finance Corporation announced a loan of up to \$180m to support the development of the Sal de Vida lithium extraction operation in Catamarca, Argentina. However, the Catamarca region is already over-exploited for lithium. There are nine lithium mining projects in the Salar del Hombre Muerto basin alone, resulting in cumulative environmental impacts that were not considered in the environmental assessment of the IFC-funded project. Communities call lithium extraction “mega-mining of water” due to its high water footprint. There is evidence that companies have not fully disclosed all the relevant information about foreseeable risk factors and their potential environmental impacts to the local communities.

In 2016 Compagnie des Bauxites de Guinée (CBG) received a debt facility of up to \$200m from the IFC to support the expansion of the Sangaredi bauxite mine, processing plant, and associated infrastructure. Strip mining for bauxite in Guinea [has led to](#) widespread loss of arable land, disturbance of wildlife habitats, noise and dust, and pollution of rivers and other local water systems. Local communities have filed a [formal complaint](#) against the IFC to the Compliance Advisor Ombudsman (CAO), seeking redress for the legacy of land-grabbing, pollution and livelihood destruction caused by CBG and demanding that the mining operation respect their customary land rights and comply with the IFC's Performance Standards going forward.

The IFC is indirectly financing, via its financial intermediary Hana Bank Indonesia, nickel mining and processing on [Obi Island in Indonesia](#). The Obi Island nickel complex includes almost 3,000 Megawatts (MW) of captive coal power plants which fuel the nickel smelting plants. Additionally, the nickel mining and processing has impacted the local area causing damage to marine ecosystems, polluted springs, dirty air for the community, threats to the diversity of birdlife, land disputes, and forced eviction. This investment fundamentally undermines the WBG's own assertion that mineral mining should be 'climate smart', it further entrenches Indonesia's dependence on coal and undermines basic human rights and environmental integrity.

Lessons should also be learned from historic cases such as corruption allegations at copper and cobalt mines in the Democratic Republic of the Congo that received IFC startup equity finance in 2007, and from a community complaint to the CAO between 2013 and 2017 at the Oyu Tolgoi mine in Mongolia stating that the project's use of land and water disrupted their nomadic way of life and put in jeopardy their indigenous culture and livelihood.

We note with concern that the IFC report on *Net Zero Roadmap for Copper and Nickel* was sponsored and co-written by representatives of large mining companies, some of whom have documented track records of human rights violations and environmental damage in their mining practices.

We propose here actions the World Bank can take regarding policies and processes to avoid or minimise impacts in the future, and to adopt best practice approaches. We recommend that the WBG should:

1. Recognise the need to minimise mineral demand through the full mineral and technology life cycles. In addition to the very considerable external cost of mining on communities and the planetary boundaries, the International Energy Agency has identified many bottlenecks in the supply of minerals that are a limiting factor for renewables transition as the demand increases. Therefore it will be essential to plan for energy systems that are as mineral resource-light as possible.

Technological choices should look to minimise mineral consumption, choose the least impactful mineral sources, and maximise equipment lifespans. Technologies should be manufactured for easy recycling, with investment in environmentally safe recycling facilities. Energy planning must prioritise efficiency and demand management, and penalise wasteful energy use and excessive technology expansion.

We recommend that the WBG adopt a coherent approach to minimising mineral demand across all sector policies, including in the refresh of the Climate Change Action Plan (CCAP), the WBG approach to just energy transition and updates of the Climate Smart Mining Initiative.

2. Put national green industrial strategy and just transition at the centre of investments, rather than investing in export driven expansionism.

Mineral-rich countries should be supported to integrate their mineral sectors into a national green industrial strategy, including a just transition plan that is fair and inclusive to everyone concerned, creating decent work opportunities and leaving no one behind. Countries should be supported to develop their own refining and processing industries and renewable technology capabilities, in a way that protects and enhances workers rights and environmental and social protections. In this way countries can capture the most value from the mineral value-chain as possible, and maintain control of resources locally. Just transition requires minimising the impact on the environment, supporting the rights of communities and workers, and protection of health and safety.

This approach would require the majority of the support for transition minerals to be delivered through the public arm of the WBG, and not the IFC or MIGA.

3. In consultation with civil society and Indigenous Peoples the WBG should commit to enhanced due diligence in mining practices

Following the lead of [financial institutions in Europe](#), we call on the World Bank to ensure it enforces enhanced due diligence practices for all direct investments and those through financial intermediaries, which are applicable along the full mineral supply chain. This should include enhanced environmental and social due diligence, and best practice accountability for human rights, including requiring Free, Prior, and Informed Consent (FPIC) of Indigenous Peoples, with its in principle application for other land-based communities.

4. The World Bank and IFC's accountability, safeguarding and remedy systems need to be robustly applied to all mining of transition minerals, including through financial intermediaries.

Given the extractive and damaging nature of mineral mining, it will be essential to always categorise transition mineral projects (mining, processing and technical assistance) as category A high risk projects. This must include investments into financial intermediaries, through the investment chain to all subprojects.

Improvements to disclosure and transparency are also crucial to ensure full transparency to all stakeholders, especially impacted communities, with at a minimum, disclosure of the name, sector and location of all higher risk subprojects.

The forthcoming IFC Performance Standards Review presents an opportunity to re-enforce the commitment of the IFC to meet best practice, including in transition mineral operations. PS1 which requires community consultation, PS5 relating to land and resettlement, PS6 on forests and biodiversity and PS7 protecting the rights of Indigenous Peoples will be critical to ensure the protection of people and planet in mineral mining and processing projects. Past experience of mining operations has shown that other performance standards, such as on water and air pollution, and health impacts will also require particular attention at all mining operations.

We would welcome an opportunity to meet with you at the upcoming Spring Meetings of the WBG to discuss this is a very important aspect of a just energy transition that needs your full attention at a point when the challenge of securing mineral resources is high on the international agenda.

Any follow-up correspondence please contact Dr Alison Doig, Recourse alison@recourse.org

Signatory organisations:

Recourse
London Mining Network
Fundación Ambiente y Recursos Naturales (FARN)
Center for International Environmental Law (CIEL)
AbibiNsroma Foundation
Bank Climate Advocates (BCA)
Oil Change International (OCI)
MenaFem Movement for Economic, Development and Ecological Justice
Centre for Research on Multinational Corporations (SOMO)
Malach Consulting
MiningWatch Canada
African Coalition on Green Growth
Emmaus International
Southern Africa Climate Change Coalition
Centre for Climatology and Applied Research
Zimbabwe Climate Change Coalition
Society for Threatened Peoples Switzerland
Publish What You Pay (PWYP)
Pacific Asia resource Center (PARC)
Trend Asia
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Stamp Out Poverty
CliMates France
Indus Consortium for Humanitarian, Environmental and Development Initiative
Friends of the Earth US
SIRGE Coalition
Climate Generation
Scottish Catholic International Aid Fund (SCIAF)
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