

Sustainability Framework Review Team
International Finance Corporation (IFC)
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May 15, 2026

Re: Incorporation of a new Broad Community Support requirement in the updated Performance Standards

Dear Sustainability Framework Review Team,

We welcome this additional opportunity to submit comments regarding the update of the IFC Sustainability Framework. In January 2026, Inclusive Development International (IDI), working with more than 30 other civil society organizations, submitted [detailed recommendations](#) regarding much needed reforms to Performance Standard (PS) 5 on Land Acquisition and Involuntary Resettlement, as well as related aspects of PS 1 and PS 7. The submission critiqued IFC's current approach, which has placed unacceptably high costs on affected people.

A central focus of our January submission was the need for a client-focused Broad Community Support (BCS) requirement, based in early engagement, equitable negotiations and community benefit agreements. In that context, we welcomed IFC's April 2026 update at Spring Meetings that IFC is developing a new, standalone Performance Standard on Stakeholder Engagement. We are optimistic that a Stakeholder Engagement standard will elevate these requirements and ensure that clients take their community engagement commitments more seriously. In our experience, failure to constructively engage with communities as rights holders, in a way that respects their knowledge and agency, is at the root of nearly all CAO complaints. Where these failures exist, it is also highly likely that other violations of the Performance Standards will follow.

We were troubled, however, by IFC's characterization of our previous BCS recommendations at the CSO consultation event last month. IFC erroneously suggested that we have misunderstood the application of the BCS requirement (reminding us that it is only applicable to IFC, not to clients) and suggesting that more transparency and guidance on IFC's BCS determinations will resolve our concerns. We are aware, of course, that in the current Sustainability Framework, BCS is not mentioned in the Performance Standards and is a commitment that only applies to IFC, not its clients. In our view, that is, in and of itself, a core part of the problem.

As it stands, there is a total lack of adherence to the Sustainability Framework's BCS requirement. According to IFC's own disclosures, it has only found BCS to exist in 18% of Category A projects.¹ This may be, in part, due to a lack of transparency on the part of IFC, and it is indeed opaque how IFC makes BCS determinations (when it does so at all). Better, publicly

¹ As of October 2025, IFC had disclosed 172 Category A projects since January 2012. Of those, it found BCS to exist in only 31 projects (18%). 17 projects state that BCS is still being assessed, although many of these are relatively old projects, some of which are already completed. For the vast majority of projects (124 projects or 72%), IFC states, without explanation, that BCS is not applicable. These include projects that almost surely have significant impacts on communities, such as projects in the extractives and agribusiness sectors.

available information about IFC’s BCS determinations would be useful, and we hope IFC improves its BCS-related disclosures. That being said, these types of improvements would not address our concerns and recommendations, which are primarily aimed at the need to broaden the BCS requirement so that it is directly applicable to IFC clients via the Performance Standards.

Everyone loses when projects cause social conflict

As IFC and its corporate clients increasingly recognize, lack of community support for projects translates into costly social conflict. Project-related conflict is a well-documented issue with serious costs for project developers, project-affected communities, and even national economies.

Rachel Davis and Daniel Frank at Harvard University calculated costs as high as \$20 million per week of delayed production in Net Present Value terms for major mining projects, largely due to lost sales.² Even at the exploration stage, costs can run as high as \$50,000 per day, which does not include the significant (and often overlooked) costs related to diverting staff time to managing conflict. The risk of significant delays due to project-related conflict is not small: their analysis of 50 emblematic mining-related conflicts revealed that half resulted in project blockages. Moreover, once conflicts escalate to physical protests, there are also serious safety and security risks to personnel. More than one third of the conflicts analyzed by Davis and Frank resulted in at least one fatality.

Project-related conflict is not limited to discrete “emblematic” cases. Recent research by Anabel Marin and Gabriel Palazzo analyzed more than 36,000 mining-related conflict events across more than 4,000 locations worldwide between 2015 and 2022, revealing that “resistance to mining projects is far more widespread than previously acknowledged, occurring wherever mineral deposits are found, regardless of a country’s income level.”³ Moreover, their research suggests that the impacts of mining-related conflict may be more significant than previously recognized, causing long-term disruptions, cancellation and even broad, regional anti-mining movements. Additionally, when such conflicts become highly polarized, the likelihood of meaningful cooperation diminishes.

Neither are such conflicts confined to the extractives sector. In 2017, the Inter-American Development Bank (IDB) published an analysis of four decades of infrastructure project-related conflict in Latin America, with a database of 200 conflict-affected infrastructure projects across six sectors.⁴ The study concluded that deficient upstream planning, including a failure to appropriately engage with communities and their concerns, is the most dominant driver of conflict. Lack of community benefits led to conflict in 84% of cases. Conflicts caused project

² Davis, Rachel, and Daniel Franks. *Costs of Company-Community Conflict in the Extractive Sector*. Corporate Social Responsibility Initiative Report No. 59. Cambridge, MA: John F. Kennedy School of Government, Harvard University, May 2014. <https://dash.harvard.edu/handle/1/42720498>

³ Marin, Anabel and Gabriel Palazzo. *Civic Power in Just Transitions: Blocking the Way or Transforming the Future?*, IDS Working Paper 614, Brighton: Institute of Development Studies, December 2024. DOI: [10.19088/IDS.2024.045](https://doi.org/10.19088/IDS.2024.045)

⁴ Watkins, Graham George, Sven-Uwe Mueller, Hendrik Meller, Maria Cecilia Ramirez, Tomás Serebrisky, and Andreas Georgoulas. *Lessons from Four Decades of Infrastructure Project-Related Conflicts in Latin America and the Caribbean*. Inter-American Development Bank, September 2017. <https://doi.org/10.18235/0000803>

delays in 81% of cases, and conflicts that escalated to physical protests and blockages led to violent confrontations in 29% of cases, with 15% of cases resulting in loss of human life. In 58% of cases, companies documented and quantified cost overruns, but the study notes that “many more, if not all, projects had delays and cost overruns that were not quantified or mentioned in publicly available sources.” Moreover, the study found that conflicts were also detrimental to the country’s economy and that such losses might be felt for decades.

Troublingly, while the IDB study suggested that involvement of international financial institutions in a project may help mitigate conflict, a more recent study by Brian Ganson, Anne Spencer Jamison and Witold J. Henisz links IFC projects to an increase in armed conflict and fatalities.⁵ This was especially true of projects in capital-intensive sectors, which includes the extractive sector, but also includes agribusiness, telecoms and infrastructure projects. Moreover, the authors believe that the negative impact of IFC projects on conflict is likely higher than what is captured in their study.

Quite obviously, projects that increase conflict – leading to skyrocketing costs, loss of human life and decades-long negative impacts for national economies – are not “ending extreme poverty” or “boosting shared prosperity.” It is in the best interest of everyone involved, from project developers to affected communities, to the IFC itself, to find a new way forward.

Up-front investment in communities saves money and would help IFC meet its development objectives

In 2023, IDI’s Senior Legal and Policy Director, Natalie Bugalski, published a counterfactual case study of IFC’s investment in Compagnie des Bauxites de Guinée (CBG) in which she envisioned what it could have looked like if IFC and CBG had actually obtained BCS for the expansion of CBG’s bauxite mine. Among other benefits for community members, BCS would have necessitated remediation of legacy harms, respect for the preexisting customary land tenure systems of the local population, and development of equitably negotiated agreements. As she said, “there are inherent limitations on predicting an imaginary counterfactual scenario...[h]owever, one can be quite certain that life would be better for [the local community] than it is now if there was a genuine attempt to garner and maintain broad community support for the project.”⁶

It is not, however, communities alone who would benefit in this scenario. Companies themselves acknowledge that up-front investments and good relationships with local communities save money in the long run. In 2015, Mark Cutifani, then CEO of Anglo American, told IFC, “If you have a local community fighting you, you might add 20% to your costs – when you could have pursued a 1% solution.”⁷

⁵ Ganson, Brian, Anne Spencer Jamison, and Witold J. Henisz. *International Finance Corporation Projects and Increased Armed Conflict*. The Wharton School Research Paper, November 2023. <http://dx.doi.org/10.2139/ssrn.4540583>

⁶ Bugalski, Natalie. *Shifting power to affected communities: A counterfactual study of an IFC investment in a Guinean bauxite mine*. Resettlement with People First: Counterfactual Pathways. Susanna Price and Jay Drydyk, editors, November 2023. <https://www.taylorfrancis.com/chapters/edit/10.4324/9781003432692-11/shifting-power-affected-communities-natalie-bugalski>

⁷ Interview with Mark Cutifani, CEO, Anglo American, by Liane Asta Lohde, Senior Economist, IFC. *Reinventing*

Moreover, given the current climate in which many governments are seeking to fast track critical mineral and energy transition projects, early engagement with communities, accompanied by equitable negotiations and community benefit agreements, may help speed projects up by significantly reducing the risk that community opposition will lead to conflict, litigation, and delay.⁸

For the IFC, whose goal is not just to profit from projects, but instead to advance economic development and improve the lives of people, the benefits of ensuring that its projects truly benefit communities, rather than causing harm, are manifold.

Securing and maintaining Broad Community Support needs to be a core requirement for IFC clients

Despite the extensive documentation and corporate acknowledgement of the costs of failing to secure community support for projects, too few project developers actually make the up-front investments necessary to do it right. A new approach is needed. In October 2025, IDI published a [policy proposal](#), endorsed by more than 60 organizations, outlining six core principles to engaging project-affected people that are rooted in respect for their dignity, knowledge, and ability to make their own development choices:

1. **Communities should have access to independent technical and legal support** to conduct mapping and baseline studies of their land and resources, assess the impacts of project design options, and shape the development benefits they wish to attain from the project.
2. **Designs that avoid displacement and other significant community impacts to the maximum extent possible** should be prioritized—only after fully exploring avoidance options should unavoidable impacts be addressed, with a focus on minimizing their duration and maximizing restoration and return of land.
3. **Rights-based mediation that addresses power imbalances** should be used to forge fair and equitable agreements that prevent harm to communities and provide compensation and development benefits that sustainably improve their living standards and well-being.

Mining: Anglo American on how a diverse and unlikely coalition is seeking to transform the industry. Sustain: Cutting-Edge Business Solutions, Vol. 2. IFC, February 2015.

<https://documents1.worldbank.org/curated/en/475661479470678786/pdf/110349-WP-IFC-SUSTAIN-EXTRACTIVES-FINAL-PUBLIC.pdf>

⁸ See, e.g., Oxfam. *Critical Mineral Security and the Social License to Operation*, October 2025. <https://www.oxfamamerica.org/explore/research-publications/critical-mineral-security-and-the-social-license-to-operate/> and Amanda Stutt. *Fast-tracking US critical minerals could backfire without safeguards, Oxfam warns.* MINING.COM, April 2026. <https://www.mining.com/fast-tracking-us-critical-minerals-could-backfire-without-safeguards-oxfam-warns/> (“But according to Oxfam America, accelerating mining without robust environmental safeguards and community engagement risks triggering the very disruptions the policy is meant to avoid. ‘If you build a house on a shaky foundation, you pay for it over the long term,’ co-lead of Oxfam America’s Natural Resource Justice team lead Emily Greenspan told *MINING.COM* in an interview.”)

4. **Involuntary resettlement should only be carried out in the most exceptional circumstances**, in strict accordance with international human rights law principles—any invocation by governments of “public interest” to justify expropriation and override community objections must be subject to a rigorous human rights assessment. In the case of Indigenous Peoples, expropriation should not proceed without their Free, Prior and Informed Consent (FPIC). Even in cases of human rights-compliant expropriation, project developers should negotiate with communities regarding harm avoidance and mitigation measures, including “no-go zones”, as well as development benefits.
5. **Community-company agreements should be legally binding and enforceable by communities themselves**—with the support of legal counsel—through courts, human rights-compliant arbitration, such as under the [Hague Rules on Business and Human Rights Arbitration](#), or other accessible and effective enforcement mechanisms.
6. **Development finance institutions, commercial lenders, investors, and buyers should enable this approach** by contributing resources for independent technical and legal support for communities and by offering mediation services for upfront agreement making. They should use their contractual, financial, and relational leverage to ensure that obligations to communities are met throughout the project cycle.

Principle six focuses on the role development finance institutions should play in enabling this new approach, through contributing resources and using their leverage. Similarly, many of the above-referenced studies include recommendations for lenders and investors, suggesting specific ways in which they should use their leverage to change the incentives that often lead project developers to shortchange community engagement. The IDB report notes that lenders and investors can incentivize conflict management by tying implementation of good practice to funding, as well as requiring ongoing project monitoring.⁹ Davis and Frank also emphasize the role that lenders can play in driving good practice on community engagement and reducing social conflict, including as a way to reduce their own reputational and financial risk.¹⁰

The opportunity presented by IFC’s current initiative to update its Sustainability Framework, including the Performance Standards, cannot be understated. More than 150 organizations, including commercial banks, export credit agencies, other development finance institutions, and individual corporations have adopted or committed to applying the IFC Performance Standards in their operations. In fact, Davis and Frank specifically mention the IFC Performance Standards as a mechanism often used by lenders to help drive social performance.

Thus, the positive ripple effects of including a client-focused BCS requirement in the updated Performance Standards would be far-reaching. Doing so could help actualize the “1% solution” that is still frequently overlooked by project developers, who are too often incentivized to move projects forward in ways that may be cheaper and faster in the short-term, without a long-term vision of how cutting corners with communities will ultimately hurt their legitimacy with the local population and their own bottom line.

⁹ Watkins, et al. at 5.3 *Recommendations for Lenders and Investors*.

¹⁰ Davis and Frank at *E.i. Lenders*.

To ensure that the BCS requirement is clearly applicable to all high-risk projects, we recommend that IFC include it in the new Stakeholder Engagement standard, while also further developing the BCS requirement in PS 5 as it relates specifically to instances of significant impacts to land and natural resources relied on by communities.¹¹ Moreover, in light of the findings by Ganson, Jamison, and Henisz that “the majority of the conflict [in IFC projects] is occurring in the wake of Category B projects,”¹² we strongly recommend that the IFC consider making the new BCS requirement applicable to Category B projects as well.

The BCS requirement must go well beyond the current PS 1 Informed Consultation and Participation process, reflecting the principle that communities should derive benefits from projects that subject them to significant negative impacts. Two-way engagement between IFC clients and affected communities should lead to an equitable negotiation process, whereby communities and project developers agree on project design, avoidance and mitigation strategies, and a community benefit package. Such agreements would then form the basis of IFC’s own BCS determination.

IFC’s leverage is highest at the point of considering a project for approval and prior to disbursement of financing. Therefore, IFC must ensure that the BCS requirement is met before money goes out the door, and it should include obligations to respect agreements, and remedy harms that may arise, in its loan covenants, as a way of ensuring that clients maintain BCS throughout the project’s operations. Moreover, IFC must start enforcing those covenants and/or give communities third party enforcement rights.

In conclusion, we urge IFC to seize this once-in-a-decade opportunity to reform a development finance system that is currently harming vulnerable communities, increasing social conflict, and hurting national economies. The costs of project-related conflict are well-documented, and there is already broad agreement that up-front investment in communities is the best and most cost-effective solution. It is time for the IFC Performance Standards to reflect that reality.

¹¹ For projects that trigger PS 5, the new BCS requirement should be fully integrated with the process for negotiations regarding land acquisition. Moreover, in the context of PS 5, the BCS requirement should include commitments to: addressing legacy land and displacement issues; fully operationalizing the mitigation hierarchy, including avoiding displacement as a priority and limiting project duration whenever possible; and respecting the collective rights of communities with customary and/or collective land tenure systems. We note that PS 7 on Indigenous Peoples should require a similar process, but one that is based in a requirement to obtain FPIC. See our prior submission for further detail on these points.

¹² Ganson, Jamison, and Henisz at pp. 16-17.