

To:

World Bank Group Executive Directors

CC:

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Re: Request to NOT APPROVE project nr. 47487

2 December 2024

Dear Executive Director,

We are writing to kindly request you to **not approve** the proposed US\$ 60 million IFC investment in MCS Holding LLC and its subsidiary Metagro LLC (project nr. [47487](#)). We already wrote to you about this project in September¹. The project includes the establishment of a cattle feedlot. Such feedlots are inconsistent with Mongolia's tradition of nomadic herders. Over the past 2 months we have held 3 meetings with IFC staff in which we, Mongolian and International civil society organizations, have presented our strong concerns regarding the social and environmental impacts of this project. We have also shared a second letter² with IFC staff. Unfortunately, the dialogue with staff did not take our concerns about the unsustainability of this project away. Below we highlight a few key concerns. Please see the previous letters for more details:

- **The project does not address food insecurity** – this project will support a large corporation to expand its production of luxury meat products. Staff has confirmed with us that this project is not meant to produce meat at a lower price. Instead, it will produce premium meat, not accessible to lower income families. But even if it were to produce meat at lower prices, it is important to note that Mongolia is already very self-sufficient in meat production. What it lacks, according to [an ADB study](#), is support for the production of vegetables, not meat. Therefore, the argument that this project will address food security cannot withstand scrutiny. Instead, the project may exacerbate food insecurity, as it locks in industrial meat production, further driving biodiversity loss and land degradation associated with livestock

¹ <https://stopfinancingfactoryfarming.com/resources/letter-to-ifc-metagro-mongolia-september-2024/>

² <https://stopfinancingfactoryfarming.com/resources/letter-to-ifc-metagro-mongolia-follow-up-october>

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raising, and taking resources away from the production of fruits and vegetables. In feedlots cattle are largely fed on grain which animals convert very inefficiently into meat; this grain could be used much more efficiently for direct human consumption.

- **Opposition from Mongolian organizations** – in our three calls, Mongolian partners have expressed strong concerns about the fact that this project will have negative impacts on nomadic herders, who will have to change their ways of production, which includes violating traditional norms like not slaughtering young animals. The intense production of animals and feed for them will also have a huge impact on water availability, in a water scarce region, as well as on biodiversity (from overgrazing, monoculture cropping, pesticide use and from manure pollution).
- **Not in line with Mongolia's NDCs** - The aim of public investments in Mongolia [should be to reduce herd sizes by 5 percent per year, as committed in Mongolia's](#) Nationally Determined Contributions objectives and [the government's commitments](#) to protect the global climate. Investing in the expansion of livestock farming does not align with these objectives. We note that staff has argued that the project will actually reduce the herd size, but no credible projections have been published. Metagro's ESIA indicates the company is expanding its capacity, not reducing it (see for ex p21).
- **Violation of IFC's Climate commitments** - The IFC has committed to align 100% of its financial flows with the Paris Agreement from 1 July 2025, and many of its donor countries, as well as Mongolia, have signed the [Global Methane Pledge's](#) call to reduce global methane emissions at least 30 percent from 2020 levels by 2030. Financing an industrial livestock project is not in line with these commitments, as the livestock sector accounts for about 20% of total greenhouse gas emissions,³ and about 35% of the world's habitable land use.⁴ According to the Environmental Statement, Mongolia has set a target to reduce emissions by 22.7% by 2030, yet the project will result in an overall *increase* in GHG emissions in Mongolia, potentially giving rise to a breach of the 'right to a healthy environment', which is also enshrined in the Mongolian Constitution. We note that the [IFC CAO's recent climate opinion](#) has found systematic failures in IFC adherence to IFC's board adopted policies applicable to climate change and GHG emissions.
- **Violation of International and Domestic Legal Framework** – Mongolia has a strong international and domestic legal framework for enabling biodiversity conservation and mitigating the effects of climate change. Mongolia is party to the *Convention on Biological Diversity (CBD)* and has a monist legal system (i.e., its international law commitments are automatically incorporated into domestic law). It also has 'the right to a healthy

³ Xu, X., Sharma, P., Shu, S. et al. Global greenhouse gas emissions from animal-based foods are twice those of plant-based foods. *Nat Food* 2, 724–732 (2021). <https://doi.org/10.1038/s43016-021-00358-x> *the food system accounts for 35% of global GHG emissions, and livestock accounts for 57% of food emissions. 57% of 35% is 19.95%.

⁴ Hannah Ritchie and Max Roser (2019) - "Land Use" Published online at OurWorldInData.org. <<https://ourworldindata.org/land-use>> *Agriculture accounts for 44% of habitable land use. Livestock grazing and crops for livestock account for 80% of agricultural land use. 80% of 44% is 35% of total habitable land use.

environment' enshrined in its Constitution. By financing this project, the IFC may be infringing the above legal framework and potentially facilitating a breach by Mongolia of its international and domestic law commitments.

- **Potential violation of international sanctions on Russia** - the ESIA records that Metagro's "premises are imported mainly from Russia" (as of November 2023). In addition, it also imports seeds, fertilisers and agrochemicals from Russia. This means that the IFC investment, if approved, would provide indirect revenue streams to Russian companies operating in the industrial – most likely oil and gas – sector, and therefore to the Russian central government, with the consequent risk of fueling war activities in Ukraine and breaching international sanctions. IFC staff has shared that Metagro confirmed it did not import any inputs from Russia in 2024; however, it is unclear if/how Metagro can actually prove that, as according to the ESIA, Metagro's "current supplier management process lacks the explicit measures to meet PS6 requirements".
- **Animal welfare concerns** - despite IFC's commitment to animal welfare standards, it is not applying any meaningful animal welfare criteria to this project. Global G.A.P., mentioned as a reference, [no longer applies](#) to welfare and the EU, mentioned as a benchmark, does not have animal welfare standards for beef production. The project involves a slaughterhouse which we gather will be based on Turkish slaughterhouses which many investigations have shown to be extremely inhumane.
- **MDBs must transition out of GHG intensive food systems** - facilitate the transition of GHG-intensive and otherwise environmentally destructive industrial farming systems to climate-impact mitigating and adaptive agroecological systems. These systems should prioritize the production of crops for human consumption and integrate livestock only where such integration can deliver ecological and social benefits and effectively address—
rather than exacerbate—food insecurity and gender inequalities.

In light of these many concerns, we urge you to vote against the approval of this project. Please don't hesitate to contact us if you have any questions.

Kind regards,