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## European DFIs sell debt in Plantations et Huileries du Congo SA (PHC)



The Development Finance Institutions (DFI) BIO of Belgium, CDC of the UK, DEG of Germany and FMO from the Netherlands have announced today that they will cease to be Lenders to PHC, the operating company of three longstanding palm oil plantations in the Democratic Republic of Congo (DRC). The group of DFIs have sold their respective debt interests to Maku Holdings, an affiliate of Kuramo Capital Management.

Kuramo Capital Management is an African-led investment company and has been a significant PHC investor since 2017.

Proceeds from the transaction received by CDC will be used to fund local community programs near the Boteka, Lokutu and Yaligimba regions in which PHC operates. This potentially includes supplementing the implementation of the mediation outcomes, facilitated by the Independent Complaints Mechanism (ICM).

The conclusion of the role of the group of DFIs as lenders to PHC is an important step in the company's long-term and ongoing rehabilitation, which began in 2013 when CDC first committed capital to the business and continued in 2015 when BIO, DEG and FMO became lenders. Since then, PHC, the former subsidiary of Feronia Inc., has been brought back from the brink of collapse. The production of crude palm oil and palm kernel oil, which is all sold domestically in the DRC primarily as cooking oil, has risen and thus the company's ability to employ thousands of people has been significantly improved.

PHC has, since the initial investment by the DFIs, implemented requirements stipulated in an Environmental and Social Action Plan (ESAP) which was contractually agreed between the company and the DFIs as a condition to their investments. PHC has continued to make significant progress with the implementation of the updated ESAP of 2020. The company has also spent over \$7 million on medical and educational facilities and on clean water provision since 2013.

PHC will continue implementing its ESAP following the transaction. Furthermore, the ongoing mediation process with local communities will continue. This process was initiated in 2018 by representatives of local communities through the Independent Complaints Mechanism (ICM) from DEG and FMO. The ICM will continue to receive funding to facilitate this mediation process independent of the DFIs ceasing to be lenders.

The Independent Expert Panel (IEP) of the ICM is composed of social and human rights experts with a proven track record in mediation and remediation. The IEP has now appointed a credible and experienced mediator who has been approved by both the representatives of local communities and the company.

## Media Contact

Andrew Murray-Watson, CDC Group [amurray-watson@cdcgrou.com](mailto:amurray-watson@cdcgrou.com)

For more information about Kuramo Capital please contact Barney Gimbel [barney.gimbel@fgh.com](mailto:barney.gimbel@fgh.com)

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