

Gates Foundation among investors backing troubled DRC palm plantation

by Ashoka Mukpo on 8 February 2022

- *The Oakland Institute has named the Bill & Melinda Gates Foundation along with the endowments of the University of Michigan, Northwestern University, and Washington University in St. Louis as among the top investors in Kuramo Capital Management (KCM).*
- *KCM is the majority owner of Plantations et Huileries du Congo (PHC), which operates three oil palm plantations in the northern Democratic Republic of Congo.*
- *According to the Oakland Institute, Congolese police and PHC security forces have been repeatedly accused of violence against local villagers over the past year.*

The Bill & Melinda Gates Foundation along with a number of prominent U.S. university endowments are among the top investors in a troubled set of oil palm plantations (<https://news.mongabay.com/2021/03/pension-and-endowment-funds-linked-to-conflict-plagued-oil-palm-in-drc/>) in the Democratic Republic of Congo, according to a report from the Oakland Institute (<https://www.oaklandinstitute.org/investors-exposed-human-rights-crisis-phc-oil-palm-plantations-drc>). Researchers with the group told Mongabay that in the past year, incidents of brutality by police and security guards against local villagers and workers at the plantations had increased.

"We have a long history of abuses, but this last year has been really, really bad and actually there has been an increase in violence and repression of local communities," said Frédéric Mousseau, policy director at the Oakland Institute.

The plantations lie in the remote, forested north of the DRC, and are operated by Plantations et Huileries du Congo (<https://phc-drc.com/>) (PHC). They were originally established in 1911 when the British industrialist William Lever, founder of Unilever, received a grant of land from Belgian colonial authorities then occupying the Congo. Some of the rural villagers living on that land were subsequently pressed into forced labor on the plantations.

In 2009, Unilever sold its stake in PHC's 100,000-hectare (247,000-acre) oil palm holdings to the Canadian company Feronia, who received \$150 million from European development banks (<https://www.farmlandgrab.org/post/view/30066-development-finance-as-agro-colonialism-european-development-bank-funding-of-feronia-phc-oil-palm-plantations-in-the-democratic-republic-of-congo>) to finance the venture. But after a decade of deep losses caused in part by a crash in the price of palm oil, Feronia declared bankruptcy. With assistance from the banks, in 2019 the bulk of PHR's ownership was sold at a bargain valuation to Kuramo Capital Management (KCM), helmed and founded by Walé Adeosun, once a member of former U.S. president Barack Obama's Advisory Council on Doing Business in Africa.

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University in St. Louis. South Africa's Government Employees Pension Fund and the U.K.'s Royal County of Berkshire Pension Fund were also among those investing with KCM.

Mousseau said that despite the involvement of development banks like the U.K.'s CDC Group and financing from prominent international investors, villagers living near PHC's three plantations continue to suffer physical abuse at the hands of security forces and exposure to environmental hazards.

"What we've heard from our contacts there is that there have been many incidents during the past year," Mousseau told Mongabay. "In September there was a bad one when police and security guards damaged houses and beat people."



A map showing the locations of PHC's three oil palm plantations in the Democratic Republic of Congo. Image courtesy of the Oakland Institute.

According to Mousseau, PHC says the uptick in violence against residents of towns near and inside the plantation is related to a rise in the price of palm oil, which this month reached its all-time high. In a written response to the Oakland Institute's report, PHC told the group that Congolese law enforcement was responding to the theft of palm fruits from its property, and that the company was ultimately not in control of or responsible for their conduct.

"[U]nfortunately some of these encounters between police and community members have escalated to violence," PHC wrote.

Mongabay viewed a series of photographs provided by the Oakland Institute depicting PHC workers with severe facial injuries that were said to have been caused by police during a raid in January. Last year, in February 2021, two people living near PHC's Lokutu plantation were alleged to have been killed by security guards working for the company, including a 33-year-old man named Blaise Mokwe.

According to an investigation by the Pulitzer Center and *El Pais* (<https://pulitzercenter.org/stories/drc-polluting-palm-oil-business-shaming-european-development-banks>), in June 2021 PHC dumped a load of toxic chemicals — including expired batteries, pesticides, and lead products — into an open lot next to a footpath less than a kilometer away from a nearby town, then set the pile on fire.

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(<https://www.hrw.org/report/2019/11/25/dirty-investment/european-development-banks-link-abuses-democratic-republic>) by the advocacy group Human Rights Watch, PHC was underpaying already low Congolese wages, failing to provide its workers with adequate protection against dangerous pesticides, and dumping untreated runoff waste into major nearby waterways. Luciana Téllez Chávez, the author of that report, said that claims of poverty reduction and improved local livelihoods pushed by European development banks financing PHC didn't match what she saw on the ground.

"The development banks that were involved with this project touted the investment as a success story in poverty-stricken rural Congo. But Human Rights Watch interviewed more than 100 plantation workers and what we heard is that their low wages left them struggling to feed their families. Many workers were paid less than \$1.90 a day, the threshold for 'extreme poverty' as defined by the World Bank — and it was even less for women," Téllez Chávez told Mongabay.



Palm oil production by artisanal laborers in Yangambi, DRC, image by Axel Fassio for CIFOR via Flickr (CC BY-NC-ND 2.0).

Now, with Kuramo Capital Management having taken control of PHC, Mousseau said that its investors like the Gates Foundation and the University of Michigan have a chance to pressure the company to change its business practices. So far, though, none have taken any public action despite their knowledge of the evidence linking abuses to PHC's operations.

"We have complete silence from all of them. It's really shameful that these investors are just turning a blind eye to what's happening," he said.

The Bill & Melinda Gates Foundation told Mongabay that its investment decisions are handled by an independent trust. "I will make the Trust aware of your inquiry, but please be aware that the Trust's policy is to not comment on its investment holdings and decisions," said a spokesperson for the foundation.

The University of Michigan's endowment did not respond to a request for comment.

In an email to Mongabay, Walé Adeosun, founder and CEO of KCM, said his company was "committed to bringing international capital to the continent to drive development and change."

"Our goal is to ensure that Plantations et Huileries du Congo (PHC), like all of our investments, is a thriving, socially responsible and sustainable company whose success benefits its host communities, and we have made significant, demonstrable progress in the past year. We take the allegations from Oakland Institute

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there," he added.

In a press release from March 2021, KCM said that for the first time, PHC had been placed in Congolese hands rather than those of investors in Toronto or London.

"The Company's Board meetings are now held in Kinshasa rather than London, and Board members are mostly experienced Congolese individuals," the firm wrote.

But Mousseau said that more than a year after KCM's acquisition of PHC, the ongoing violence and environmental violations at its plantations show that while its ownership may have changed, not much else has.

"What we hope is that students at these institutions can mobilize their universities," he said. "If whoever is responsible for managing the endowments are turning a blind eye, put pressure on them to do the right thing."

Banner image: Palm tree plantation near Yangambi, DRC, image by Axel Fassio for CIFOR via Flickr (<https://flickr.com/photos/cifor/42538237125/in/photolist-27NXzTt-qHieqQ-9z5dvs-26rasaU-M4fiss-sTAx1W-M4bpYb-sem8qi-tbda3F-sg8aFN-M4bmbm-2m3cRzM-286Bdg7-M4bw6S-M4bnUw-27NXPSa-26raTC7-bttmJW-WRBVYD-WRDMxg-WPoo3o-Xu5gUj-XQ1oRW-286BrwW-M4bAG5-WPn7y9-29bTSJ6-Y68LXP-Y65MmF-286Bk6Q-Xu5Yg1-26qKayL-WRCdUc-Xu4mYQ-WPn8Sw-6xpRJa-qcxFI6-6r48Be-6xDLwH-6r8iYJ-297Dum3-6xHWh3-2ggvgvj-XSNMN2-U6erv7>) (CC BY-NC-ND 2.0 (<https://creativecommons.org/licenses/by-nc/2.0/>)).

Note: This article was amended to include a quote from Walé Adeosun, CEO of KCM.

Related listening: Our podcast recently interviewed Anuradha Mittal, executive director of the Oakland Institute, about DRC oil palm plantations where human rights violations and environmental abuses are common, listen here:

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