



November 25, 2019 1:00AM EST

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# DR Congo: Development Banks Linked to Palm Oil Abuses

Failed Oversight Enables Labor, Environmental Harm



November 25, 2019 | Video

## DR Congo: Development Banks Linked to Palm Oil Abuses

Failed Oversight Enables Labor, Environmental Harm

(London) – Four European **development banks** are financing a palm oil company in the **Democratic Republic of Congo** that is violating workers’ rights and dumping untreated waste, Human Rights Watch said in a report released today. The company, Feronia, will hold a shareholders meeting with the four banks in London on November 25, 2019 to discuss the company’s environmental and social track record.

The 95-page report, *A Dirty Investment: European Development Banks’ Link to Abuses in the Democratic Republic of Congo’s Palm Oil Industry*, documents that investment banks owned by Belgium, Germany, the Netherlands, and the United Kingdom are failing to protect the rights of people working and living on three plantations they finance. Human Rights Watch found that **Feronia** and its subsidiary in Congo, Plantations et Huileries du Congo, S.A. (PHC), exposes workers to dangerous pesticides, dumps untreated industrial waste into local waterways, and engages in abusive employment practices that result in extreme poverty wages.

“These banks can play an important role promoting development, but they are sabotaging their mission by failing to ensure that the company they finance respects the rights of its workers and communities on the plantations,” said **Luciana Téllez**, environment and human rights researcher at Human Rights Watch and author of the report. “The banks should insist that Feronia remedies the abuses and commits to a concrete plan to end them.”

Human Rights Watch interviewed more than 200 people, including more than 100 workers on the company’s three plantations: Boteka in Équateur province, Lokutu in Tshopo province, and Yaligimba in Mongala province. Researchers also interviewed several dozen Congolese public officials and company executives, including Feronia’s former CEO and PHC’s director general in Kinshasa.

The four development banks – Belgian **BIO**, British **CDC Group**, German **DEG**, and Dutch **FMO** – have invested US\$100 million since 2013 in **Feronia** and PHC. CDC Group, in addition to being an investor, also owns 38 percent of Feronia.

PHC is one of Congo’s top five private employers, with more than 10,000 workers and approximately 100,000 people living on its plantations. The company leases over 100,000 hectares of land from the Congolese government in the northern part of the country.



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## A Dirty Investment

European Development Banks’ Link to Abuses in the Democratic Republic of Congo’s Palm Oil Industry

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Workers on the three plantations are exposed to large amounts of hazardous pesticides due to the company's failure to provide adequate protective equipment, Human Rights Watch found. Researchers interviewed more than 40 workers, ages 25 to 46, who were exposed to pesticides. Two-thirds of the workers interviewed said they had become impotent since they started the job.

Many described skin irritation, pustules, blisters, eye problems or blurred vision – symptoms consistent with what scientific literature and the pesticide labels describe as health consequences of exposure. Some pesticides used on the plantations can also have long term effects, like cancer, from repeated exposure. PHC established compulsory medical testing for these workers, as required by Congolese law for high-risk jobs, but none of the workers interviewed had ever received the test results.

PHC's environmental record also raises concerns about the impact on local communities, Human Rights Watch said. At least two of the company's palm oil mills dump tons of untreated waste every week, several PHC managerial staff admitted during interviews. In one plantation, the foul odor pervades workers' homes next to the open channel where it is dumped. The waste stream flows into a natural pond where women and children bathe and wash cooking utensils. Satellite imagery Human Rights Watch analyzed shows that the pond is connected to a small river.

Residents of a village with several hundred people downstream said that the river was their only source of drinking water. Their community leader filed a complaint with PHC in November 2018, but three months later the company had not taken action to end the untreated waste dumping or provide alternative drinking water sources.

The development banks have touted the investment as a success story in poverty-stricken rural Congo. But many plantation workers said their low wages left them struggling to feed their families. Many workers are paid less than US\$1.90 a day, the threshold for "extreme poverty" as defined by the World Bank.



# Interview: A Toxic Mix of Abuses on Congo's Oil Palm Plantation

Birgit Schwarz speaks to researcher Luciana Téllez-Chávez about her new report, the role of development banks, and what needs to change to keep development money from funding labor abuses and pollution.

## READ THE INTERVIEW

PHC frequently underpays wages and uses temporary contracts that withhold cash benefits, in apparent violation of Congolese law. The company denied it, but managerial staff on the plantations and workers' accounts indicate otherwise. Female plantation workers reported the lowest salaries, with a mother of six in Boteka earning as little as US\$7.30 per month gathering oil palm fruit.

The development banks have considerable leverage over the companies in which they invest, given the numerous conditions they attach to their lending, Human Rights Watch said. In response to requests for comments, the four development banks said they had conducted risk assessments and had plans in place to address several of these issues but would not disclose them on the grounds of commercial secrecy.

The development banks should adopt policies that ensure that the businesses they invest in pay living wages to their workers, Human Rights Watch said. They should reform key aspects of their operations to protect rights and uphold their stated mission to advance sustainable development. The banks should conduct systematic risk assessments that specifically evaluate how projects may affect human rights and establish time-bound plans to carry out mitigation measures. They should disclose this information to potentially affected communities and relevant authorities.

The banks should also strengthen their complaint systems to provide a real remedy to victims, publicize the systems in potentially affected communities, and adopt anti-retaliation policies for those who report abuses or voice dissent about an investment project.

"These development banks have billions of dollars invested in over 2,000 projects in developing countries," Téllez said. "They should carry out reforms not only to protect the thousands of workers in oil palm plantations in Congo, but to set a standard that could prevent similar abuses by other companies that they finance."

## Selected cases from the report:

**Christian Lokola** (pseudonym), age 30, has worked on Lokutu plantation for three years. Each day, six days a week, Lokola sprays 300 palm trees with pesticides. He earns US\$1.60 per day if he completes his task for all 26 working days in one month. The training manuals PHC distributes to workers like Lokola describe precautions workers must take to protect the environment, but do little to explain the health risks to them.

“They didn’t warn me of sexual weakness [impotence], if they’d say it, we’d protest,” Lokola said. “They told us we need to protect ourselves, but they didn’t tell us what the risks are... We have discussed this a lot, a lot with the [company] doctors. The [company] doctor in Lokutu told us: ‘The work isn’t good but it’s better than unemployment.’”

**Dominique Azayo Elenga** is the customary leader of the Nyanzeke grouping, which includes the village of Boloku, which has several hundred residents, five kilometers from Yaligimba plantation. Following unsuccessful talks with company representatives, Azayo filed a formal complaint in November 2018 with PHC’s grievance system alleging that the company’s untreated waste had contaminated Boloku’s only source of drinking water.

When Human Rights Watch interviewed him in February, the company was still dumping untreated waste and had not provided alternative drinking water sources. The PHC director general told Human Rights Watch in April that he was not aware of any such complaints on his plantations.

“My population [in Boloku] uses water which has dirt from the factory,” Azayo said. “They’re using it. I discussed it with Feronia but nothing has been done about it yet. That was in September 2018.”

**Gabrielle Musiata** (pseudonym) has worked as a fruit picker in Boteka for more than six years. She and her husband both work in the plantation to support their six children. Musiata said she earned between 12,000 FC (US\$7.30) and 15,000 FC (\$9.10) per month, and that she did her work barefoot and barehanded, as the company did not provide protective equipment. “We are many women,” Musiata said. “We don’t benefit from anything. We work without boots, without gloves – with our bare hands. Sometimes the fruits [we have to pick up] fall into cows’ and peoples’ excrement.”

A former manager who supervised more than 200 plantation workers in Boteka separately told Human Rights Watch that women were mainly employed as day laborers to pick fruit in the plantation and that they are paid 30 FC (\$0.02) for every sack of 10 kilos they gather. The former manager estimated that they wouldn’t be able to gather as much as 15 sacks daily. He said the maximum a woman can make per month is \$9.10.

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