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Development banks make shameless exit from a colonial land grab in the Congo

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Collective statement | 28 February 2022

Development banks make shameless exit from a colonial land grab in the Congo

On February 22, 2022, development banks – BIO of Belgium, CDC of the UK, DEG of Germany and FMO from the Netherlands – [announced](#) that they had sold off their remaining financial interests in *Plantation et Huileries du Congo (PHC)*, the scandal-plagued company holding over 100,000 ha of concessions for oil palm plantations in the DR Congo. It follows the [exit](#) of the French development bank Proparco earlier in 2021.



PHC plantations in Lokutu

This marks the end of a nine year period in which a consortium of many of the world's largest development banks [spent over US\\$150 million](#) propping up a company that acquired its land concessions through a Belgian colonial era land grab and that [was involved](#) in gross [human rights violations](#) and [environmental crimes](#) both before and during the development banks investments. It constitutes one of the most shocking examples of development bank complicity in the impoverishment, dispossession and repression of local communities in the global South.

The banks ignored [repeated warnings](#) from civil society organisations before financing PHC and failed to thoroughly investigate or address the abuses caused by PHC security and the many grievances made by communities. Despite direct appeals from civil society organisations of their home countries and those of the DR Congo, they dismissed concerns and insisted that their “investments” would bring “development”. Their eventual withdrawal from the company comes as a tragic non-surprise, as the company made no profits and showed no improvement in its practices.

In fact, the communities impacted by the PHC operations have perceived a marked increase in intimidation, harassment and violence in recent years (see a detailed description of incidents [here](#) and information on arrests of more than 15 people in total and the killing of two villagers by PHC security in early 2021 [here](#) and [here](#); more recent communiqués on incidents of violence are available on the website [www.farmlandgrab.org](#)).

A corporate mess

The development banks bear a heavy responsibility for this mess. For years, they had majority ownership of the company, were heavily represented on its board of directors, and held nearly all of the company's outstanding debt. Yet, during this time, they failed to bring PHC's practices up to standards or halt the human rights violations and environmental harms. Cases of severe human rights violations, labour violations, environmental crimes and even killings were [not properly investigated](#), resulting in today's context of impunity. Most importantly, they did nothing to address the legacy land issues at the heart of the tensions between the company and the communities. Rather they [worsened the problem](#) by fragmenting the expired concessions into multiple titles to serve as security for their loans, without the knowledge of the local communities and in violation of DRC law.

In 2020, the development banks oversaw a [restructuring process](#) in which the former owner of PHC, the Canadian company Feronia Inc, filed for bankruptcy and PHC was essentially gifted to the private equity firm Kuramo Capital. The development banks cancelled 80% of PHC's debt and wrote off all of their shares in Feronia. On February 22, 2022, the last bits of their debt interests were sold for an undisclosed sum to Maku Holdings, an affiliate of Kuramo Capital.

The restructuring process began shortly after the International Complaints Mechanism (ICM) of the DEG, FMO and Proparco formally accepted a complaint filed by 11 communities for a mediation process seeking to resolve the historic land conflict. The communities expected that, through the mediation, their rights to the land would finally be recognised and that they would come to a new agreement with the company on that basis, which would include reparations for harms caused. Their expectations were based on the development banks having control over PHC, and these banks having a mandate to protect the interests of local communities and being accountable to elected governments in their home countries.

The complete withdrawal of European development banks from PHC will further undermine community confidence in the ICM mediation process, which was already suffering as a result of a three-year delay and the ICM's failure to protect villagers participating in the first phase of the process from abuses.

Responsibility for the process is now being placed with the new owners and executives of the company, who do not inspire confidence. PHC's new Director General, Monique Gieskes, was [sentenced](#) in 2021 by a court in the DRC to six months in prison and required to repay \$780,000 that she is reported to have [stolen](#) from a Dutch clothing company she represented in the DRC. Over the past year of her tenure at PHC, violent tensions between the company and villagers have escalated, with villagers accused of "stealing" palm fruits from the company being arrested, beaten and even killed by local police and PHC security guards.

Meanwhile, the actual ownership of the company is still being contested in court procedures in New York, Delaware, Canada and DR Congo. The side that appears to be winning is led by Kuramo Capital and its [investors](#), which includes the endowments of the University of Michigan, Washington University in St. Louis, Northwestern University, and Kamehameha Schools, as well as the Bill & Melinda Gates Foundation and the South African Government Employees Pension Fund and Public Investment Corporation.

Harms must be addressed

It is imperative that the governments responsible for overseeing the development banks move quickly to ensure that action is taken to redress the harms caused to the communities from their investment in PHC and Feronia. The exit of the development banks, which was done without consultation of the local communities, is a violation of the extraterritorial obligations that these institutions and their home governments have to protect, respect and fulfil human rights abroad. These obligations are clearly spelled out in a new report by the UN Human Rights Office, [Remedy in Development Finance](#), published on February 23, 2022. As stated by Michelle Bachelet, UN High Commissioner for Human Rights: "Simply put: if you contribute to harm, you should contribute to remedy". As a first step, the governments involved in the financing of Feronia and PHC must make a common and comprehensive human rights impact assessment.

The ICM could still provide a potential space for remedying some of the injustices, but this can only happen if the process becomes more transparent, if it enables communities to take back control over their lands and if communities are provided sufficient resources and all information needed to participate on an equal footing. Moreover, European governments and their development banks have an obligation to ensure that this occurs and a responsibility to remain as parties to the ICM mediation process, since the petition from the communities concerned their development bank investments in PHC and Feronia. There is no way that the legacy land issues can be adequately addressed if the communities are left to face only the new owners of PHC in the mediation.

The development banks may have exited PHC, but we remain committed to working with the communities of the DR Congo in their century-old struggle for their lands and to holding the development banks to account for the harms they have caused. For the communities and the environment, the struggle must and will continue.

Signed by:

Africa Europe Faith and Justice Network (AEFJN)
Alliance for Food Sovereignty in Africa (AFSA)
CCFD-Terre Solidaire - France
CIDSE
Confederation Paysanne du Congo (COPACO) - DR Congo
Corner House - UK

Eastern and Southern Africa Small Scale Farmer's Forum (ESAFF)
Entraide et Fraternité - Belgium
FIAN Belgium
FIAN Germany
FOCSIV - Italy
GRAIN
Global Legal Action Network (GLAN)
Green Development Advocates (GDA) - Cameroon
Green Scenery - Sierra Leone
Justice Peace and Development Commission (JPDC) of the Symposium of Episcopal Conferences of Africa and Madagascar (SECAM)
Milieudéfense - Netherlands
Muyissi Environnement - Gabon
Oakland Institute - US
Regional Episcopal Conference of West Africa (RECOWA)
Réseau des Acteurs du Développement Durable (RADD) -Cameroon
Réseau d'information et d'appui aux ONG nationales (RIAO-RDC) - DR Congo
Rettet den Regenwald - Germany
Sierra Leone Network on the Right to Food (SiLNoRF)
Struggle to Economize our Future Environment (SEFE) - Cameroon
Synergie nationale des paysans et riverains du Cameroun (Synaparcam) - Cameroon
urgewald - Germany
Welthaus Graz - Austria
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World Rainforest Movement

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