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## INVESTIGATION

# Rabobank subsidiary accused of leasing Romanian land to criminals

By **LUKE DALE-HARRIS AND SORIN SEMENIUC**

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The Dutch banking giant Rabobank is [facing questions](#) over its investments in Romania amid concerns that the bank's Romanian subsidiaries have been "land grabbing" in some of the poorest and most corrupt regions of the country.

Through subsidiary companies belonging to a €315 million investment fund for farmland in Romania and Poland called Rabo Farm, Rabobank has acquired over 21,000 hectares of farmland across Romania since 2011, as part of a fifteen year investment which is expected to give returns of up to €900 million to investors.

But in many cases the fund is profiting off the back of corruption and abuse at the expense of some of the country's most powerless citizens, and failing to abide by its standards of due-diligence by doing business with convicted criminals and local politicians.

An investigation by Dutch De Correspondent and the Romanian Centre for Investigative Journalism has found that in at least 11 cases, plots of land that were purchased by the fund are now part of investigations by Romanian state prosecutors and anti-corruption authorities in connection with charges of forgery and fraud.

In other cases, villagers have taken the fund to court, claiming they never sold land that Rabo Farm owned and was collecting rent on.

Rabo Farm has bought land in at least 51 Romanian villages, located all across the flat plains in the west, south and east of the country. After purchase, the fund leases the land out to Romanian farmers, who they refer to as 'skilled leaseholders' and who Rabo Farm hopes to help 'grow their business'.

But our evidence shows that Rabo Farm's leaseholders include politicians, criminals individuals on suspended convicted for crimes including modern day slavery, theft and bribery, or local oligarchs with strong connections to corrupt officials.

In villages where Rabo Farm rents land to companies either owned by or closely connected to the local mayor, villagers told us of political monopolisation, with local resources and employment opportunities owned or controlled by small groups surrounding the village mayor.

## European subsidies

Contracts drawn up between leaseholders and Rabo Farm suggest that the fund is exploiting a legal loophole which allows it to redirect European agricultural subsidies into its own coffers, despite not actually farming the land themselves.

Using an online Romanian database for contractual guarantees we have found that leaseholders are directly transferring their single area payment subsidies to Rabo Farm as a guarantee against rent, and in doing so moving the EU's primary agricultural aid away from farmers and into the hands of investors.

In response to our questions about the redirection of subsidies, Rabo Farm claim that: "This is in line with the law in Romania and many EU countries and is in favor of farmers."

The findings appear to contrast starkly with Rabobank's reputation as one of the most responsible banks in the world, and raise important questions about the fund's commitment to due diligence and corporate social responsibility.

In a report published by the fund in 2013, Rabo Farm stated that:

"Before we acquire or invest in a farm, we conduct an intensive due diligence analysis on sellers, leaseholders, farm operators, farms and many other factors relevant to the investment phase."

The report also states that: "Rabo Farm is active in rural regions where the economic and social situation is usually below the country's average. Rabo Farm believes that its investments contribute to the local social and economic developments of the communities where it takes place and that it has a role in supporting these developments."

In a teaser for Rabo Farm, the fund state that they expect an 8% annual growth in the value of their land, in line with the rapidly soaring price of farmland in the easternmost members of the European Union.

After 10-15 years, the fund plans to sell at up to three times the price they bought for.

## **Pension funds**

The vast majority of Rabo Farm's profits go to Dutch and American pension funds.

According to a report issued by the Food and Agriculture Organisation of the United Nations (FAO), Rabo Farm's investors include the Dutch pension funds APG and PZFW (formerly PGGM) and the American Fortune 100 retirement fund TIAA-CREF.

Rabobank has not disclosed any information regarding investor inputs to the fund.

Last year, Rabo Farm initiated a second fund of €300 million, in addition to the €315 million they have so far invested.

Rabo Farm's manager Dick Van Den Oever told De Correspondent that the new fund has been put on hold 'for many reasons', but that it is expected to be launched in the first quarter of next year.

Titled 'Rabo Farm Fund II', the new fund is also expected to be invested primarily in Romania and Poland, but with the potential for expansion to other eastern European countries.

In an interview with IP Nederland in April 2014, Rabo Farm's chief investment officer Gerd Boeckenhoff said, "While our eyes are certainly not closed to the surrounding countries, including the Baltic states and Slovakia, we are conservative and currently prefer to stick with the two countries where we have really established ourselves."

To find out more about how widespread this phenomenon is, and how far-reaching its effects, more research - and more funds to do it well - is needed. Or, even better, a lot more transparency and control, researcher Sylvia Kay from the Transnational Institute adds.

"The European Commission tends to look at this issue through the lens of one of its principal values, the free flow of capital between nation states. They trust on nation states and CSR - Corporate Social Responsibility. Stories like these show that this is not enough. More European oversight is needed, to ensure people remain in control of what happens to their land."

This article is the second part of an special investigation. Read [first part here](#).

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6. NOV 2015, 16:55

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18. APR 2016, 09:27

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2. NOV 2017, 11:52

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### INVESTIGATION

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2. JUN 2017, 08:57



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18. APR 2017, 09:28

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6. OCT 2017, 12:50

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have been targeted for years with fake news and lies designed to incite sexual revulsion toward migrants and the politicians who gave them shelter.