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Dutch Rabobank buys up land stolen from Romanian farmers

LUKE DALE-HARRIS · SORIN SEMENIUC / 2015-11-06

Investigation: Rural small-holders have been waking up to find their land is taken by corrupt local officials without their knowledge, and then re-sold to a Holland-based bank fund

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Mircea Necrilescu has a story to tell, but he will not talk in his house, in a bar on the street. In fact, he won't reveal anything in Zarand, the Romanian village in Arad county where he has lived his entire life.

Instead, he gets into his car and puts his foot on the gas.

Only when he looks to his left and sees the village as a tiny reflection in his wing mirror, does he begin to explain how his land was stolen.

In June this year he was filing paperwork to the Arad county council, an official told him that a chunk of his farmland no longer belonged to him. It had been sold to some foreigners. The council would not tell him to whom.

"This happened to lots of people in this village," Necrilescu says. "It is our land, handed down to us by our parents, and it is not right that someone else can just become the owner."

Part of Necrilescu's land now belongs to Rabo Farm, a 315 million Euro land investment fund owned by Dutch banking giant Rabobank.

Rabo Farm has bought over 140 hectares of land in Zarand since 2012, and over 21,000 more in 50 villages across Romania since 2011, part of a ten to fifteen year investment which is expected to give returns of up to 900 million Euro to investors.

Zarand is stretched wide across the flat and fertile plains of western Romania, where small houses of rammed earth and breeze blocks sit alongside unpaved roads.

From the court of every house comes the restless noise of pigs and chickens, and, from the fields, the swishing of farmers cutting crops by hand.

The village is home to over 2,500 people, most of whom continue to scrape a living from small-hold farming, on plots returned to them by the state after the fall of communism in 1989.

All across Zarand, farmers tell the same story. They say that their land was taken from them, without their knowledge or any kind of payment. The land registered in their name was sold by someone else, often to foreign-owned companies.

Most are unaware of what exactly happened, as a full investigation is yet to happen. Where cases have been prosecuted, villagers say they received no explanation or compensation. But all are sure of one thing: the former village mayor, Ion Mot, was somehow involved.

Mayor: "took 40,000 Euro" bribes to pass on land ownership docs

Mot was forced to resign as mayor in September this year, two years after a conviction following an investigation by Romania's top prosecutorial body, the National Agency for Anti-Corruption (DNA), for his role in forging documents and stealing hundreds of hectares of land.

According to the DNA, Mot had taken 40,000 Euro in bribes in exchange for passing on villagers' land ownership documents to crooked businessmen, who used them to forge 'pre-contracts' to transfer the land into their own names.

Since 2013, Rabo Farm has bought over 140 hectares of land in Zarand from such 'intermediaries'. From this total, at least 16.5 hectares were acquired by intermediaries through a complex procedure involving a judge who was recently convicted for fraud, and pre-contracts which are now under investigation by state prosecutors and anti-corruption officers.

Mircea Necrilescu's land is one of dozens of plots in Zarand sold to Rabo Farm in 2013. According to land registry and court records, Necrilescu sold land in 2010 to a woman called Elena Bosca.

Three years later, Rabo Farm bought Necrilescu's land from Bosca, along with land she acquired from at least 14 other villagers in Zarand.

Bosca's method for obtaining ownership of the land is complex.

In 2010, Bosca took Necrilescu and 12 other villagers to court in the town of Ineu, claiming that they had reneged on a deal to sell her the land. She presented preliminary contracts,

stating that the villagers had agreed to sell her almost 30 hectares in total.

The hearing was over quickly. Neither Necrilescu or any of the other defendants appeared or gave any defence. Necrilescu claims he did not know the hearing ever took place. But a judge named Florita Bolos, who was convicted last year to four years in jail for forgery and bribe-taking, ruled in Bosca's favour, granting her official ownership of the land and allowing her to sell it on to Rabo Farm.

Contrary to the evidence shown on court documents, when we contacted Bosca she said she had never met with Bolos. She also denied falsifying any documents.

This court case, and the ownership documents provided by Bosca, is now under a forgery investigation by state prosecutors.

The same procedure was used by another of Rabo Farm's intermediaries - Austrian-owned Bardeau Holding Romania, who have sold Rabo Farm hundreds of hectares of farmland across west Romania.

Through Judge Bolos, Bardeau Holding acquired land from at least 148 villagers in Zarand, at least seven of which now belong to Rabo Farm. Bardeau's dealings with Bolos over this land is now under DNA investigation.

An analysis of court records involving Rabo Farm's subsidiaries in Romania suggest that the pattern of buying land with contested ownership extends far beyond Zarand.

In Dolj county, south-central Romania, a Rabo Farm subsidiary called Kamparo Investment is being sued for buying land that the owner claims he never sold.

In another case from a court near the Bulgarian border, Kamparo Investment settled out of court after the company was sued by five landowners whose farmland they had bought through intermediaries. The landowners argued that their land had been illegally taken, after new and illegitimate ownership papers were issued by an office in the local council. Kamparo agreed to give them their land back.





Does Rabo Farm know who they were dealing with?

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

When we asked Rabo Farm what they knew about Elena Bosca, the fund responded: "We performed a due diligence on the seller by an external party on all public sources. This includes all info in the public domain. The outcome was positive - the person was not involved in any criminal file or public scandals."

The fund gave a similar answer for Bardeau Holdings.

Despite their verification, Rabo Farm missed the fact that they were buying land in a village racked with corruption and land rights abuse, and from sellers deeply involved in murky business.

Villagers "forced to hand over land"

Rabo Farm's response also seems to miss the bigger picture. Corruption and poverty are entrenched characteristics of rural Romania, and when foreign money comes knocking on their door, it can often foster corrupt behaviour.

For example, these "intermediaries" also resorted to criminal activity for force small-holders out of their land. Through dozens of interviews and the analysis of hundreds of land registry and court documents, we found that a Rabo Farm subsidiary worked extensively with intermediaries who employed a criminally convicted scout called Gheorghe Papuc to find them land.

Elderly villagers describe how Papuc came to them in the middle of the night and harassed and tricked them into selling their land.

They were taken by bus to a nearby town along with dozens of others. Once there, they were taken into a block of flats and pushed into a small room with no lighting, where they were made to sign over their land ownership in front of a notary.

They were paid as little as 80 Euro per hectare, but say that the room and bus were kept dark so they were unable to count the cash until they returned home. No one we spoke to had any idea to whom their land had been sold.

Romanian institutions: "sick with corruption"

This year alone, the National Anti-Corruption Directorate have worked on over 6,000 corruption cases, the majority of them in remote towns and villages. All across the country villagers talk of how a few central figures - invariably

revolving around the village mayor - have commanded control of local money flows, resources and employment opportunities. A local farmer in Zarand told us, on condition of anonymity: "the mayor controls this village, and everyone is either working for him or lives in fear of him. You will not find anyone to speak to you as people are either scared, or on his side."

This is a problem of which investors should be aware. Andrei Macsut, a researcher at the Romanian anti-corruption watchdog Romania Curata, told us: "our institutions are sick with corruption - it contaminates everything in Romania. When investors bring in large amounts of money, they end up supporting corruption by necessity as it is often the only way to get things done."

Rabo Farm argues that it has brought prosperity to deprived areas. In their report they wrote: "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."

But the pursuit of land by foreign investors is not helping the endemic problems in rural Romania.

"Romania is a characteristically agricultural country where farming occupies a large proportion of its population," says Attila Szocs works for Eco Rurals, a Romanian NGO which has been investigating this issue for year. "However, land grabbing drives peoples out of the rural landscape, generating a well-known trend in the west of rural exodus. If ageing population and youth migration were already becoming an issue in the rural areas, land grabbing accelerates the problem even more."

In Zarand, the illegal land grabs that have left much of the village without farmland, exacerbating the damage to an already ailing small-hold farming community. In the two and a half decades since communism ended, the smallholder economy has been eroded from all sides, first as foreign owned supermarkets drove down the value of agricultural produce, and then as the seed market was monopolized by multinationals.

Introducing herself as Mrs Pocriser through a crack in her gate on her the outskirts of Zarand, an elderly woman broke down in tears as she explained how her and her husband's land was robbed.

"It was only a small plot - a few hectares. But we used it to feed ourselves and to sell a little bit. Now it is gone; we have nothing left."

Rabo Bank: "plan to invest in the land in the future"

These 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 their promotional literature, Rabo Farm talk repeatedly of their role in improving the quality of the land they buy. When we spoke to Dick Van Den Oever, the managing director of Rabo Farm, he told us that "our work contributes towards food security and sustainable food production", and said that the fund is investing in infrastructure and necessary work to increase productivity on their farms.

However we spoke to tenants of Rabo Farm's land, farmers

from prominent agricultural associations in areas where Rabo Farm own large amounts of land, and both small hold and industrial farmers who had come into regular contact with Rabo Farm. All said that the fund invests nothing in the land.

When we asked one tenant renting 1,000 hectares from Rabo Farm whether the fund is investing in improving the land, he replied: "It is a lie. They just wait for the price to rise and then they will sell".

After we put this to Den Van Oever, he said the fund has so far invested very little in improving the land, but that they "plan to invest in the land in the future".

The fund also claims to be consolidating farmland, which they say is vital for increasing productivity and boosting Romania's market capacity.

But an analysis of satellite imagery using land registry data and Romanian satellite software shows Rabo Farm appear to have bought fragmented plots of land with little apparent order, often with plots of a hectare or less situated alone, far from the next plot owned by the fund.

When we question Van Den Oever about this, he responded that yes, this is the case, and that the fund plans to consolidate the land in the future.

If this is to happen, it will involve buying more land in order to join the existing plots.

Not farming the land: legal EU loophole exploited

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."

In a teaser for Rabo Farm, the fund state that they expect an eight per cent 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 ten to 15 years, the fund plans to sell at up to three times the price they bought for.

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 Euro, in addition to the 315 million Euro they have so far invested.

The fund's manager Dick Van Den Oever said that they are still looking for investors, but hope to launch the fund in the

first quarter of next year.

Titled 'Rabo Farm Fund II', the second fund expects Romania and Poland to be the prime targets. However there is "potential" for expansion to other eastern European countries.



Land grabbing: "A European problem"

Sylvia Kay has been researching on the issue of agricultural justice since 2011, with the [Transnational Institute](#). Earlier this year she co-wrote a report for the European Parliament titled 'Extent of Farm Land Grabbing in the EU', which argued that land grabbing in Europe has serious implications for food security, employment and welfare.

"[Rabo Farm's activities] really paints an alarming picture of what is going on in Romania," she says. "The European Commission currently leaves the entire issue up to member states and the sustainability policies of private investors. It is clear that is not enough."

The idea that land grabbing could be a European problem is new. The term has long been associated with the global south and the huge, often state-assisted takeovers of agricultural land and forest by western companies.

But in Europe, the concentration of land into fewer and fewer hands has become part of our political narrative, more often categorized under 'rural development' than economic crime. Each year, the European Commission provides billions of euros to companies buying up huge tracts of land in eastern Europe, on the premise that they are assisting in land

concentration and driving up land prices.

For Romania's four million smallholders, this means they are sitting on a hugely valuable resource. Since 2012, the price of land in Romania has seen a 25-fold increase, and Rabo Farm believe it will continue to grow - albeit at a slightly slower rate. Often with little in the way of market savvy, smallholders have found themselves in the middle of a world of hungry investors, and they are the only thing standing in the way of them making an awful lot of money.

"Romania is an example of a 'perfect storm' scenario," says Szocs. "In its transitional economy, where access and control over strategic resources floated from a communist regime towards local oligarchs and then to corporate businesses, weak national land governance coupled with institutional corruption or passivity paved the way for large land grabs with far-reaching effects over the rural society."

There is a lack of transparency and control over land consolidation.

"The European Commission tends to look at this issue through the lens of one its principle values, the free flow of capital between nation states," says Sylvia Kay. "They trust on nation states and 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."

Mircea Necrilescu's name has been changed

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