
European Development Bank Involvement into Congolese Palm Oil Company Perpetuates Racism of Colonial-Era Land Grab

European development banks have financed a plantation company in DRC that is built on injustice and violence dating back to a colonial-era land grab. When the company went bankrupt in 2020, the banks chose to uphold the plantation model and thus, they continue to be accomplices in the perpetration of racism that this 'development' stands for.

Throughout European colonization of the African continent, a brutal monoculture plantation system was used to take over local people's oil palm groves and destroy large areas of forests to set up industrial plantations. One of the biggest beneficiaries of this brutality in the Congo Basin was the British businessman Lord Leverhulme, who was awarded a massive one-million-hectare land concession by the Belgian colonial administration in 1911. To extract palm oil fruits from the land in the Congo for his soap factories in the UK, Leverhulme's company relied on forced labour and violent repression. The company he set up in the Congo exists to this day, under the name Plantations et Huileries du Congo (PHC). Until 2009, PHC was owned by the multinational food corporation Unilever. In his book, the Belgian historian David van Reybrouck notes that for a company which "began as a maker of soap on an industrial scale to become the multinational Unilever, it owes that in part to Congo". (1)

Since 2011, PHC has received around US\$ 200 million in funding from European development banks, either directly or through the Canadian company Feronia Inc., which bought the PHC operations in 2009 from Unilever. Unilever's name still points to the British co-founders of the multinational: Lord Leverhulme's British soap company Lever Brothers. Currently, PHC holds concession contracts covering 107, 000 hectares of land in three provinces in the Democratic Republic of Congo (DRC), which was part of this massive colonial land grab.

In June 2020 Feronia Inc. declared bankruptcy. The restructuring of the company and the renegotiation of the Feronia-PHC debt obligations that followed, presented a unique opportunity for the European development banks to start to make amends for this colonial injustice. They were not interested. Seemingly, no effort was made to discuss with the communities and the DRC government - as both 20 per cent owner of PHC and issuer of the concession contracts - how the restructuring process could be used to return the land and decisions over its use back to the communities.

Communities living within the concessions claimed by PHC have long sought to regain control over their lands and have called for negotiations with the company, development banks and government authorities to determine the conditions under which the company may be allowed to continue to operate. They have issued multiple letters, memos and declarations that have been addressed to or have been sent to government authorities, company representatives and the development banks financing Feronia and PHC.

In November 2018, the community support organisation RIAO-RDC (Réseau d'Information et d'Appui aux ONG en République Démocratique du Congo) filed a complaint on behalf of communities living at two of the PHC plantation sites with the Independent Complaint Mechanism

(ICM) of the German, Dutch and French development banks which are all funding Feronia-PHC. (2) On 7 January 2019, the complaint was declared admissible. The complaint cites a number of reasons for why the concession contracts are invalid. These include that communities never gave consent to the conversion of their ancestral forests to industrial oil palm plantations and that the concession contracts contain errors that make them null and void. An annex to the December 2015 credit agreement between PHC and the development banks even lists several concession contracts as “not yet valid”.

Instead of honouring the community demands, and combining the restructuring negotiations that followed Feronia’s bankruptcy with the pending ICM mediation, the banks handed the concession rights of the PHC plantations and mills over to an obscure private equity company called KKM, based in Mauritius. The British development bank, CDC Group, is said to have accepted losses of more than US\$ 50 million in the process. CDC Group held 41 per cent of Feronia’s shares when the company declared bankruptcy in June 2020. The Dutch, German and Belgian development banks (3) hold a portion of the PHC concession titles as securities for the US\$ 49 million loan they gave to PHC in 2015, and which the company has yet to repay. They are said to be willing to write off 50 per cent of their outstanding US\$ 49 million loan immediately. They may cancel another 30 per cent if the new owner implements an action plan to renovate workers’ houses, and build schools, health posts and water bore holes – obligations which were already part of an action plan the same banks negotiated with the company when they approved the loan in 2015 – and that Feronia-PHC has failed to fulfil for years.

Thus, in a context where the European development banks were well aware of the community demands for restitution of their lands (4); of the continued exploitative labour conditions on the company’s oil palm plantations despite injection of millions of dollars over years (5); of the (deadly) violent tensions and arbitrary arrests of villagers at the plantation sites (6), and when they held close to half of the rights to the PHC mills and concession contracts and owned most of the debt of Feronia-PHC, the so-called development banks still did not seek to engage communities and the DRC government in exploring how to start putting an end to this injustice dating back to a colonial-era land grab. They preferred to hand the refurbished industrial plantations and mills over to another private company based in Mauritius.

This neoliberal dogmatism, where ideology narrows down the horizon of development banks’ understanding of ‘private sector’ so much that the option of investing in community-controlled enterprises does not seem to exist. It’s this dogmatism that keeps the communities in and around the PHC plantations in poverty, forced to toil as day labourers on their ancestral land and exposed to regular harassment and violence from the company’s security guards. Did the banks even explore how to ‘unlock’ the benefits of a ‘development path’ based on community-driven management and restoration of these industrial monoculture oil palm plantations and autonomy based on control over their ancestral land? How much potential such alternative paths hold for the communities is already evident in the experience of several communities at the PHC plantation site Lokutu. In early 2020, communities took over some 300 hectares of plantation that had been abandoned after Feronia’s bankruptcy and started their own palm oil processing. They have regained an autonomy and income levels never seen while they toiled as day labourers under slave-like conditions on the PHC plantations. “We are happy to finally have access to lands that we have been kept out of for so long,” says Mr. EBAMBOLA, the crisis plant manager. “With access to these lands, we are able to resume our palm oil production, which was violently interrupted with colonisation. Since the beginning of the week, I alone have sold 15 drums of oil, which gives me 300 thousand Congolese Francs (US\$150) in profit. That’s seven times what you could earn working extremely hard for the company for a whole month.” (7)

The decision by the European development banks to ignore community requests for respect to their customary rights to the land also lays bare the kind of racism that Larry Lohmann describes in a 2016 article for the 223 WRM bulletin (8). Lohmann explains that “Feronia’s precarious business could not be sustained if it did not occupy forest lands that were stolen from communities along the Congo River under Belgian colonial occupation between 1908 and 1960. Given the persistent legacy of malnutrition and dependence on poverty wages that continues to affect local people, isn’t it racist for CDC to claim that it is only trying to “improve a situation” that it has “inherited”, has no responsibility for, and can do nothing about?”

Abuses and injustices are an inseparable part of this industrial plantation model. On the PHC plantations, this included community reports of a Belgian manager of the Boteka plantation site who is said to have reinstated public whippings of villagers who stood accused of stealing palm nuts from the Feronia-PHC plantations. Villagers have been terrified of reporting the incidents, the impunity enjoyed by the suspect murderer of Joël Imbangola Luneza, a RIAO-RDC member who was killed in 2019 by a Feronia-PHC security guard, having returned to their village and terrorizing witnesses still fresh in their minds. (9)

Clearly, the bankruptcy of Feronia Inc. was a situation where the development banks could have done a lot to owe up to their countries' colonial legacy in the Congo. They chose not to. Instead, they uphold the brutal plantation concession model and claim the exploitation inherent in this model will bring ‘development’. It is as if the well-documented horrors of this colonial plantation system do not exist. As long as development banks keep funding this colonial model of development, they continue to be accomplices in the perpetration of violence and racism in the global South that this development model stands for.

As a woman member of RIAO-DRC said in 2018 in an interview with WRM, “Women are getting ready to reclaim their land, to cultivate as their grandmothers did before the company arrived and took away their land. They want to grow food again, they want to be able to fish again in the streams and rivers near their villages. They want to go back to producing palm oil themselves, like their grandmothers did. And not just palm oil. Oil palms provide many other products that women used to prepare. Producing palm oil is an ancient tradition for women in this part of the world. They want to be able to make a living where they live, not be forced to leave their villages to buy things outside and resell them in their villages because that is the only meagre income they can generate. They want to work in their villages, cultivate their fields and palm groves, collect their traditional food in the forest.” (10)

RIAO-RDC and WRM

info@worm.org.uy

A collection of news articles, reports and community statements against the ongoing colonial-era land grab by Plantations et Huileries du Congo [is available here](#).

(1) David Van Reybrouck (2010): Congo: The Epic History of a People. See also: [Historical PR Video The Wealth Of The World - Congo Harvest Reel 2 Of 2](#) (1950-1959)

(2) [Community Complaint against DEG-FMO financing of PHC available here](#).

(3) In addition, the development banks of France, Spain and the USA provided funding to Feronia-PHC through their investments in the Emerging Africa Infrastructure Fund (EAIF) and the African Agriculture Fund (AAF).

(4) For the community complaint, see link (2). [See also here](#) for more information on the recent history of community opposition to the continued occupation by PHC of their ancestral land.

-
- (5) Human Rights Watch (2019): [DR Congo: Development Banks Linked to Palm Oil Abuses](#).
 - (6) [Action Alert demanding the immediate release of villagers imprisoned on false charges and Feronia security guard acquitted of murdering Congolese land defender](#).
 - (7) [Communities take control of plantations abandoned by Feronia PHC](#).
 - (8) WRM Bulletin 223, [“Nigger” and “Nature”: Expanding the Concept of Environmental Racism](#), 2016
 - (9) Farmlandgrab, [Development banks must be held accountable for their disastrous oil palm plantation investments in the Congo](#), 2020
 - (10) WRM Bulletin 239, [The untold suffering of women living in and around Feronia’s industrial oil palm plantations in the DRC](#), 2018