

## **They should not be called public development banks**

From 9-12 November 2020, 450 finance institutions from around the world will [gather](#) for the first international meeting of public development banks, dubbed the “Finance in Common” summit, hosted by the French government. The institutions, which range from the World Bank to the China Development Bank, collectively spend \$2 trillion a year on so-called development projects – roads, power plants, agribusiness plantations and more. Much of this spending is financed by the public – us – which is why they called themselves “public development banks”. But our partners on the ground and our experience teach us they are not public and what they fund is not development.

For the most part, these institutions get their money from public coffers, fuelled by people's labour and taxes. As state-owned institutions, they have the obligation to respect and protect human rights in their policies and operations. And they are supposed to be accountable to the public, through government oversight bodies. But that accountability hardly exists. From Proparco in France, to BIO in Belgium, to DFC in the US, few people have heard of these development banks much less know what they are up to.

In contrast to development cooperation bodies, which provide grants and loans to governments of the global south, development banks invest in the private sector for a financial return. They argue that companies drive growth and jobs, and, for this to happen, financiers have to take risk, for example through debt and [private equity](#). A few million dollars from a development bank gives companies a form of guarantee that they can then use to raise more millions from private lenders or other development banks, often at a cheaper rate. This is how the development banks play such a critical role in enabling corporations operating in the global south to expand further into markets and territories – from polluting coal plants in [Bangladesh](#), to controversial hydroelectric dams in [Honduras](#), to hazardous soybean plantations in [Paraguay](#) – in ways they could not otherwise.

As civil society organisations working closely with partners and communities in the global south, we are most familiar with these institutions’ involvement in agriculture. What they contribute to can hardly be called development. We have witnessed how they invest primarily in agribusiness companies and an industrial model of agriculture that is a main driver of both pandemics and the climate crisis. Development banks have little track record for supporting locally-controlled food systems or peasant-led agroecological farming, which are the real solutions to these two problems.

Over the past five years, for instance, a number of groups have worked together to support communities in the Democratic Republic of the Congo badly affected by a [Canadian oil palm plantation company](#) that received more than \$140 million in financing from numerous development banks, including approximately \$88 million from the UK development bank CDC Group. The company, Feronia Inc, was majority-owned by the development banks until it went

bankrupt this year and was handed over to a private equity fund based in the tax haven of Mauritius. Feronia, which never made a profit but paid its expat staff handsomely, would have collapsed years ago had it not been for the intervention of the development banks.

It was argued that the involvement of these institutions would provide leverage for the local communities living in and around the plantations to address their long-standing grievances that have existed ever since the lands were stolen from them at gunpoint over a 100 years ago by the then Anglo-Dutch giant Unilever and colonial Belgium's King Leopold. They have suffered immensely over the past century, and any sincere commitment to "development" could only be possible if it began by addressing the theft of their lands and forests and led to land restitution and reparations. But the development banks have resisted any meaningful movement down this path. In fact, it's been quite the [opposite](#).

They have taken no action to address the historic conflicts over the nearly 100,000 hectares of land concessions or the allegations of corruption plaguing the project. Their environmental, social and governance (ESG) plans did nothing to alleviate poverty in the communities. And the involvement of the various banks did not reduce rampant human rights violations against villagers or workers. What's worse, the banks have acted to undermine the community efforts to use the grievance mechanisms that they themselves established.

The reality is that no matter the ESG guidelines or codes of conduct against land grabbing, there is no way that development bank investments in industrial plantations can contribute to "sustainable development". These plantations are colonial relics, designed purely to extract profits for their owners and to produce commodities for foreign buyers. They require stolen lands, exploited labour and armed violence to keep distraught villagers and workers from rising up. The creation of "jobs" and social projects, like poorly equipped schools and health clinics, that the development banks use to justify their presence is merely the theft and destruction of lands and resources that the villagers once had to sustain themselves.

Let us be clear: public development banks are disconnected from any sense of what "public" means and any argument about what "development" should look like. In food and farming, the backbone of our very existence, they finance corporate agribusiness. They were not set up to support any other model and have no real capacity to do so. As industrial agriculture is responsible for [up to 37%](#) of the world's annual greenhouse gas emissions, the case to dismiss development banks is clear. We need a very different approach to international finance that supports communities rather than companies, and food systems free of corporate control.

Signed by:

Alliance for Food Sovereignty in Africa - Africa  
WoMin African Alliance - Africa  
Entraide & Fraternité - Belgium  
FIAN Belgium - Belgium  
CIDSE - Belgium

Friends of the Earth Europe - Belgium  
Associação Brasileira de Reforma Agrária - Brazil  
SOS Chapada dos Veadeiros - Brazil  
Movimento Ciencia Cidadã - Brazil  
CAPINA - Cooperação e Apoio a Projetos de Inspiração Alternativa - Brazil  
Terra de Direitos - Brazil  
Comissão Pastoral da Terra - Brazil  
Amigos da Terra Brasil - Brazil  
FAOR - Fórum da Amazônia Oriental - Brazil  
FASE - Solidariedade e Educação - Brazil  
IPDMS - Instituto de Pesquisa, Direitos e Movimentos Sociais - Brazil  
Rede Jubileu Sul - Brazil  
Via Campesina - Brazil  
Emater - Brazil  
Campaign in Defense of the Cerrado - Brazil  
Réseau des acteurs du développement durable (RADD) - Cameroon  
Synaparcam - Cameroon  
REFEB - Côte d'Ivoire  
DIOBASS Platform - Democratic Republic of Congo  
Réseau d'information et d'appuis aux ONG en République démocratique du Congo (RIAO-RDC)  
- Democratic Republic of Congo  
Acción Ecológica - Ecuador  
Confédération paysanne - France  
CCFD-Terre Solidaire - France  
Les Amis de la Terre - France  
Attac France - France  
Survie - France  
Muyissi Environnement - Gabon  
FIAN Germany - Germany  
APVVU - India  
Indian Social Action Forum - India  
Growthwatch - India  
Karavali Karnataka Janabhivridhi Vedike - India  
Sahanivasa - India  
KRuHA - Indonesia  
SNI - Indonesia Fisherfolk Union - Indonesia  
Suluh Muda Inspirasi - Indonesia  
GERAK LAWAN - Indonesia  
Serikat Tani Merdeka (SETAM) - Indonesia  
Front Perjuangan Pemuda Indonesia (FPPI) - Indonesia  
Indonesia for Global Justice - Indonesia  
Koalisi Rakyat Untuk Keadilan Perikanan (KIARA) - Indonesia  
Solidaritas Perempuan - Indonesia  
Global Legal Action Network - Ireland

Trócaire - Ireland  
SONIA for a Just New World - Italy  
Africa Rikai Project - Japan  
Eriko Yano - Japan  
Network between Village and Town - Japan  
Japan International Volunteer Center (JVC) - Japan  
Friends of the Earth Japan - Japan  
Missionary Society of Saint Columban - Japan  
WE21 Japan - Japan  
Indigenous Strategy & Institution for Development - Kenya  
SOS FAIM- Luxembourg  
Collectif pour la défense des terres malgaches - TANY - Madagascar/France  
Milieudéfense - Netherlands  
Kilusang Magbubukid ng Pilipinas - Philippines  
Organización Boricúa de Agricultura Ecológica de Puerto Rico, CLOC-LVC - Puerto Rico  
Kamara Organic Promoter - Rwanda  
Korea Women Peasants' Association - South Korea  
Bread for all - Switzerland  
Generation Engage Network - Uganda  
Corner House - United Kingdom  
Global Justice Now - United Kingdom  
Friends of the Earth United States - United States  
The Oakland Institute - United States  
Thousand Currents - United States  
Grassroots International - United States  
Family Farm Defenders - United States  
National Family Farm Coalition - United States  
Association for Women's Rights in Development (AWID) - International  
GRAIN - International  
Biofuelwatch - International  
World Rainforest Movement - International