

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
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CAPINA - Cooperação e Apoio a Projetos de Inspiração Alternativa - Brazil
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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 (RIO-RDC)
- Democratic Republic of Congo
Acción Ecológica - Ecuador
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Attac France - France
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Muyissi Environnement - Gabon
FIAN Germany - Germany
APVVU - India
Indian Social Action Forum - India
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Karavali Karnataka Janabhivridhi Vedike - India
Sahanivasa - India
KRuHA - Indonesia
SNI - Indonesia Fisherfolk Union - Indonesia
Suluh Muda Inspirasi - Indonesia
GERAK LAWAN - Indonesia
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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 Japan Forum - Japan
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
Milieudefensie -Netherlands
Pakistan Kissan Rabita Committee - Pakistan
Kilusang Magbubukid ng Pilipinas - Philippines
Organización Boricuá de Agricultura Ecológica de Puerto Rico, CLOC-LVC - Puerto Rico
Kamara Organic Promoter - Rwanda
La Via Campesina South Asia - South Asia
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