

CDC Group: financing Feronia for palm oil (DRC)

Sector: Palm oil

Issues: Environmental harm, poor working conditions, low pay, exposure to health hazards, extreme violence

The companies: **CDC Group**, rebranded as British International Investment in 2021, is the UK's 'development finance institution' (DFI).¹ It invests in private companies in the Global South through direct investment and private equity funds. CDC is wholly owned by the Foreign, Commonwealth and Development Office (FCDO). Prior to this it was, until September 2020, owned by the former Department for International Development. It is accountable to the UK Government but maintains independent management and board structures.²

Feronia Inc. is a Canadian agriculture multinational which owns palm oil concessions across the Democratic Republic of Congo (DRC) that were acquired under Belgian colonial rule.³ Feronia was 38% owned by CDC having exited its equity stake in 2020 and remained as a lender to PHC until 2022.⁴ Its subsidiary in DRC, **Plantations et Huileries du Congo, S.A.** (PHC), operates on land which is disputed by local communities. The company met serious financial difficulties while CDC granted it numerous loans to keep it afloat.

Affected rights holders: An estimated 100,000 people live on or within five kilometres of three oil palm plantations, Boteka, Lokutu, and Yaligimba, operated by PHC in northern Congo.⁵ Local communities claim that part of the plantations sit on land that was taken from them by the Belgian colonial administration. Land rights defenders and members of the Yalifombo community were arrested and are facing charges under the belief that they are being targeted for protesting against the violation of an agreement signed with Feronia and PHC in November 2018.⁶

PHC workers have been forced to work with toxic chemicals across the plantations. The local communities' source of drinking water is also reportedly contaminated as a result of PHC dumping untreated industrial waste.⁷

Details:

The communities claim the land occupied by Feronia PHC's Lokutu plantation was taken from them by the Belgian colonial administration in the early 20th Century and given to Lever Brothers, which later joined with the Dutch company Margarine Unie to form Unilever.⁸ Unilever sold the plantations to Feronia in 2009 and the communities claim that Feronia is illegally occupying their land.

Feronia and PHC have been accused of violence, serious environmental harm by dumping industrial waste into waterways that supply drinking water, exposing workers to serious health impacts from dangerous pesticides, and abusive employment practices.⁹ Land rights activists and villagers have reported being harassed and intimidated by employees at Feronia.¹⁰

An investigation undertaken in 2019 by Human Rights Watch (HRW) revealed severe health and safety and labour rights abuses faced by PHC workers, including more than 200 workers being exposed to toxic pesticides without adequate protection.¹¹ HRW also found that the company failed to provide workers exposed to hazardous chemicals with the results of medical examinations, that it paid poverty wages and discharged untreated industrial waste directly into waterways used as a source of drinking water by local communities.¹²

On 25 November 2019, CDC issued a public statement in response to a report by HRW on the poor working conditions and environmental impacts caused by the company. It stated that since 2013 all revenues have been reinvested into rehabilitating the company.¹³

On 12 and 13 September 2019, five land rights defenders and members of the Yalifombo community were arrested by Congolese national police driving a Feronia PHC jeep and accompanied by Feronia PHC security guards, according to the Congolese group Réseau d'Information et d'appui aux ONG (RIO-RDC).¹⁴ They believe that they are being charged in retaliation for protesting against Feronia-PHC's violation of an agreement signed in November 2018 which committed the company to build a school, healthcare centre and water borehole before exploiting the land used by the community.¹⁵

It is reported that in 2019, Joël Imbangola Luneza, who worked for RIO-RDC, was killed at one of the plantations.¹⁶ While a PHC security guard was charged with his murder, he was subsequently acquitted. In addition, "[s]everal people connected with Joël Imbangola have died since his killing. These include his wife, father and sister along with her six children and his former boss".¹⁷ More recently, in February 2021 two villagers, Blaise Mokwe and Efolafola Nisoni Manu, were allegedly killed by Congolese security forces and plantation security guards working for the company.¹⁸

How could a UK Business, Human Rights and Environment Act have made a difference?

In our assessment, under a UK Business, Human Rights and Environment Act, the required due diligence process would likely have alerted CDC and the UK's then Department for International Development to major risks concerning land rights, workers' health and safety, and security practices in the country. CDC and the Department for International Development would likely have decided not to provide funding in the first place. Had they decided to still go ahead and provide funding, this would have been attached to many conditions to safeguard the rights of the workers and local communities. CDC would then have had to monitor compliance with those conditions and respond swiftly to any breaches or allegations of abuse, including by demanding adequate remediation.

Had proper due diligence been conducted, CDC may also have reached the decision to engage with Feronia and PHC more robustly at an earlier stage, preventing damage to the environment, conflict with the community, health problems for workers and other labour rights abuses.

Under a UK Business, Human Rights and Environment Act, FCDO and CDC might have been held liable in a UK court for failing to put in place effective measures to prevent the harms. Rather than the claimants having to find evidence to prove the inadequacy of CDC's processes, the onus would have been on CDC and the UK Government to show that appropriate preventive action had been taken.

- 1 UK Parliament, "[British International Investment: Aid and Trade](#)". Accessed 31 January 2023.
- 2 The Department for International Development was replaced by the FCDO in 2020. The Guardian (27 September 2019), "[UK Development bank launches inquiry after murder of Congolese activist](#)".
- 3 Africa-EU Partnership (2021), "[Large-scale land acquisition in Africa: impacts, conflicts and human rights violations](#)", p. 7.
- 4 BBC (25 November 2019), "[DR Congo palm oil firm Feronia accused of abuses](#)".
British International Investment, "[Feronia](#)". Accessed 27 September 2023.
- 5 Human Rights Watch (25 November 2019), "[A Dirty Investment: European Development Banks' Link to Abuses in the Democratic Republic of Congo's Palm Oil Industry](#)".
- 6 Front Line Defenders (27 March 2020), "[Continued detention of five land rights defenders in Tshopo Province](#)".
- 7 Human Rights Watch (25 November 2019).
- 8 Greenpeace (25 September 2019), "[Violent arrests and torture expose the Myth of 'Development'](#)".
- 9 Human Rights Watch (25 November 2019).
- 10 The Guardian (27 September 2019).
- 11 Human Rights Watch (25 November 2019).
- 12 Human Rights Watch (25 November 2019).
- 13 British International Investment (25 November 2019), "[A joint statement from CDC Group, BIO, DEG and FMO on the long-term role of Development Finance Institutions in poverty-stricken regions of the world](#)".
- 14 Greenpeace (25 September 2019), "[Violent arrests and torture expose the Myth of 'Development'](#)"; Front Line Defenders (27 March 2020).
- 15 Front Line Defenders (27 March 2020).
- 16 Africa-EU Partnership (2021), "[Large-scale land acquisition in Africa: impacts, conflicts and human rights violations](#)", p. 9.
- 17 RIAO-RDC, FIAN Belgium, Entraide et Fraternité, CCFD-Terre Solidaire, FIAN Germany, urgewald, Milieudéfense, The Corner House, Global Justice Now, World Rainforest Movement, GRAIN (January 2021), "[Development Finance as Agro-Colonialism: European Development Bank funding of Feroni-PHC oil palm plantations in the Democratic Republic of the Congo](#)", p. 19.
- 18 The Oakland Institute (2022), "[Meet the investors behind the PHC oil palm plantations in DRC](#)", p. 3.