

# Unjust Enrichment: How the IFC Profits from Land Grabbing in Africa



Outsourcing Development: Lifting the Veil on the World Bank Group's Lending Through Financial Intermediaries

Part 4  
April 2017



In collaboration with



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## Inclusive Development International

Inclusive Development International is a human rights organization working to make the international economic system more just and inclusive. IDI supports grassroots organizations and communities to defend their land, natural resources and human rights against threats from harmful investment, trade and development practices. Through research, casework and policy advocacy, IDI works to strengthen the human rights regulation and accountability of corporations, financial institutions and development agencies. For more information, please visit [www.inclusivedevelopment.net](http://www.inclusivedevelopment.net).

# Unjust Enrichment: How the IFC Profits from Land Grabbing in Africa

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Accountability Counsel  
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Oakland Institute

On November 7, 2015, Sira Béréte was walking home from high school. It was a hot, dry afternoon in remote northeastern Guinea, one of West Africa's poorest countries.

As Béréte approached her village, she heard soldiers shouting. The situation in her community, Kintinian, had been tense for a while, and government security and defense forces had become a regular presence. The commotion alarmed the ninth grader, but she needed to get home. So she kept walking.

Béréte heard gunshots. She didn't have time to react. She felt an immense force slam into her from behind. Her body hurled forward. A bullet entered her back, to the left of her spine, just below her shoulders. It tore through her and exited through the front of her neck.

She remembers the pain. She remembers starting to run. Then she lost consciousness. She doesn't remember much else.

She found out later that a bystander had rushed her to the hospital. The medical staff saved her life. She spent three months recovering — nearly 90 days of agony and trauma — before being discharged. Her life has not been the same since.

Béréte has dropped out of school. She has lost functional use of her left arm. She is in constant pain. It grips her head, neck and arm, and moves down to her hand and fingers.

She carries more than the pain from that day. She worries that the terror will never leave. "I'm still afraid," said Béréte, her eyes pooling with tears. "Those soldiers came to brutalize us. They came to take our land."

Before the shooting, Béréte had lived with her father, who maintained a small plum orchard. Their lives were modest. "We always had enough to eat," she said. But they and approximately 380 other families lived on valuable land.

There was gold under that land, and a mining company wanted it. The firm, called Societe Anglo-Gold Ashanti de Guinee, or SAG, has held a concession since 1998 to mine a 1,500-square-kilometer area that encompassed Béréte's village. In 2015, SAG announced that its existing mines in the concession had been depleted. The company needed new land to mine.

According to numerous community members interviewed for this report, the company moved in with government security and defense forces and compelled the families to sign inventories of their possessions, often at gunpoint. The mixed forces included members of the notorious Presidential Guard, known as the Red Berets, an elite unit that [massacred](#) and raped hundreds at a political rally in the capital in 2009.

"I signed over my land with a soldier pointing a gun at me. I had no choice," said Bassy Camara, 42, a small-scale gold buyer who lost his home and his business. "If you had a man standing over you with a gun, what would you do?"

SAG is a subsidiary of AngloGold Ashanti, a South African gold mining company with operations on three continents. The sole purpose of SAG, a joint venture with the Guinean government, is to mine the concession in Guinea.

AngloGold Ashanti is the world's third-largest gold mining company. The company [generated](#) \$4.25 billion in revenue in 2016.



Sira Béréte, 18, was shot and wounded during the forced evictions. “Those soldiers came to brutalize us,” she said. (Credit: Chase McNabb)

In 2015, the year before Béréte and her neighbors were evicted, AngloGold Ashanti received a loan worth 1.4 billion South African rand (approximately \$102 million) from two commercial banks located in South Africa. The loan was general in nature, meaning the company could use the money as it chose, including funding its mining operations around the world.

One of those lenders, Nedbank, is a financial-intermediary client of the International Finance Corporation (IFC). The World Bank’s private-sector arm provided Nedbank with \$140 million for “cross-border lending across Africa, including capital-intensive projects.” An IFC press release [announcing](#) the deal noted that the funding was designed to increase lending for “resource-extraction projects” in Africa, among other goals. Support for AngloGold Ashanti’s gold mine in Guinea falls squarely within the purpose of the IFC’s loan to Nedbank.

Through this financial relationship, IFC money could be used by AngloGold Ashanti to operate and expand the mine in Guinea. Moreover, profits from AngloGold Ashanti and the mine have moved up through Nedbank and on to the IFC, in the form of interest from the loans.

In other words, the IFC, whose mission is to fight poverty and support sustainable private sector-led development, is both indirectly financing and profiting from a project that is harming and further impoverishing the poor.

The IFC’s exposure to the mine fits a pattern. An [ongoing investigation](#) by Inclusive Development International has found that the IFC is indirectly funding some of the most harmful investment projects in the world. The World Bank Group member is doing this by channeling the bulk

of its funding through shadowy investments in financial intermediaries, such as commercial banks and private equity funds. The IFC poured over \$50 billion between 2010 and 2015 into the financial sector, where it has little control over or even knowledge of how that money is used.

Although the IFC's financial-sector clients are required to implement the institution's social and environmental Performance Standards, the evidence suggests that this is not happening in practice, contributing to headline-grabbing abuses. And since the IFC does not publicly disclose the end use of such funds, the World Bank Group can frame the deals in terms of job creation and poverty reduction — when in fact the funds often flow to projects that undermine these goals.

When the Nedbank loan was announced, IFC official James Scriven [praised](#) the deal. "IFC, the [African Development Bank] and Nedbank share the objective of increasing social and environmental awareness in the financial sector, helping to contribute to more sustainable economic development across Africa," Scriven said. (The African Development Bank provided a concurrent \$140 million loan to Nedbank.)

Yet in Guinea, the IFC's support for Nedbank has created anything but sustainable development. Deprived of their land and livelihoods, and given paltry compensation by AngloGold Ashanti, the relocated families have spiraled into destitution. "We don't have enough food for our children," said Lala Condé, a mother who lost her home.



Residents had little time to prepare for the evictions. Most homes and buildings have already been demolished, but the remnants of this school still stand. (Credit: Inclusive Development International)

The mine's impacts extend far beyond those evicted. Approximately 150,000 people are believed to be living in AngloGold Ashanti's concession area. They are in danger of being forcibly evicted in the future.

The mine has also caused serious environmental damage. AngloGold Ashanti uses cyanide, a deadly toxin, to wash the gold in preparation for refining. During rainstorms, which occur frequently in tropical Guinea, residual cyanide has flowed into the area's water sources, killing fish and livestock and poisoning drinking water, according to community members.

AngloGold Ashanti has made a number of promises to the people whose lives it has upended. It has pledged to provide jobs, irrigation, drinking water and electricity to those it evicted. Yet community members say that the company has kept few of those promises.

"The company took everything from us. We've been left with nothing. No trees. No water. No jobs," said Balla Camara, an elected representative of the affected community.

"At this moment, we prefer death to life," he said.

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**A**frica is in the grips of a land-grabbing epidemic. Nearly a decade ago, in the wake of the global financial crisis, food and commodity prices soared, creating an unprecedented money-making opportunity for investors.

Large multinationals, in search of cheap land to grow crops and extract minerals, rushed to Africa to make deals. Huge swaths of land have been granted to these firms, mainly in the form of long-term leases for mining and agro-industrial projects.

Between 2008 and 2010 alone, investors acquired between 53 million and 61 million hectares of land on the continent, an area roughly the size of Ukraine, according to an [academic analysis](#) of media reports collected by the International Land Coalition.

National policy makers and international development institutions, including the World Bank, have enabled this trend by promoting large-scale land investments as a catalyst for rural development. Supporters contend that these projects increase the productivity of under-used land and create jobs in countries rich in natural resources but poor in capital.

Yet by encouraging foreign investment in land that was deemed "idle" or "empty," these policies have enabled the seizure of land that local people have sustainably used and managed according to their traditions for centuries. To those affected, these deals have been nothing more than land grabs, resulting in dispossession and displacement on a massive scale.

The World Bank Group has been at the center of this storm. Through its advisory services, the IFC has encouraged governments to make land easily available to investors by setting up land banks and similar one-stop investment shops. Acknowledging the environmental and social risks of large-scale land deals, the bank's leadership has argued that these can be managed and minimized through the adoption of voluntary [codes of conduct](#), to which investors and governments could be persuaded to adhere.

The IFC has also provided direct financial support for companies to develop large-scale industrial plantations. These investments have, however, been limited since 2009, when the bank's then



Balla Camara, an elected community representative, was jailed for resisting the evictions. “I was imprisoned for fighting for my rights,” he said. (Credit: Chase McNabb)

president, Robert Zoellick, instituted a temporary moratorium on lending to the palm oil sector, following a damning investigation by the IFC’s ombudsman into complaints of land grabbing and deforestation by an IFC client in Indonesia. While the palm oil moratorium was lifted in 2011, the IFC has been hesitant to invest directly in large-scale land projects because they inevitably — and visibly — run afoul of its environmental and social standards.

But IFC money is still flowing to these projects in Africa — through the murky back channel of financial intermediaries. By following this trail of money, Inclusive Development International has revealed that the IFC has contributed to some of the most notorious land grabs on the continent.

In Ethiopia, the IFC indirectly financed the Indian agribusiness company Karuturi Global through ICICI, a top Indian bank that the IFC provided with \$150 million in 2006. In 2010, with financing from ICICI, Karuturi signed [long-term leases](#) for 111,000 hectares of land to develop sugarcane, corn and oil palm plantations in the Gambella region. Thousands of indigenous Anuak and Nuer people were forcibly [displaced](#) from the area that was simultaneously offered to foreign investors, including Karuturi, under the government’s “villagization” program, according to the [Oakland Institute](#).

In Gabon, Ecobank Transnational, an IFC financial-sector client, has financed oil palm plantations and processing facilities operated by the Singaporean company Olam. The project is being de-



veloped on a 300,000-hectare concession that local and international environmental groups warn threatens to [destroy](#) large areas of the Congo Basin rainforest, harming biodiversity and the livelihoods of thousands of people.

Export-oriented industrial sugarcane plantations in [Sierra Leone](#) and [Zambia](#), funded by multiple IFC financial intermediaries, have been accused of grabbing small-holder farmland and displacing thousands of people, leading to declining incomes and food security.

The IFC's exposure to these projects demonstrates the risks of financial-sector lending. Yet the World Bank Group member has doubled down on the practice in recent years. The institution's outstanding commitments to commercial banks, private equity funds and other financial intermediaries have risen by 45% since 2010. According to the IFC's own data, between 2013 and 2015, its lending to financial intermediaries categorized as "high-risk" jumped by 300%, from \$450 million to \$1.3 billion.

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**L**ocals have been mining gold from the red soil of northeastern Guinea for centuries. The region was once part of the Awkar Empire, which became powerful by trading gold on the Trans-Saharan route. In the centuries since the empire's fall in 1200 A.D., communities in the area have based their livelihoods on small-scale gold mining.

"My ancestors have been in this region for 880 years," said Balla Camara, the community representative. "The only work here is gold. There is nothing else to do."

### Fueling Deforestation in Africa's Eden

The industrial cultivation of oil palm is one of the world's [leading drivers](#) of deforestation. In Indonesia and Malaysia, the rapid expansion of oil palm plantations in the 1990s and 2000s came largely at the expense of their vast tropical forests.

This deforestation wreaked havoc on the forest peoples of the region, along with the habitats of endangered species like orangutans and Sumatran tigers. The [burning of peat lands](#) for palm oil production has also been a major contributor to global greenhouse gas emissions and to the dangerous haze that has caused over 100,000 premature deaths each year in Southeast Asia.

While Southeast Asian governments have begun to put the brakes on palm oil expansion due to these devastating impacts, the industry has turned to Africa as a new frontier for plantation development. Gabon is one of those frontiers.

Dubbed "Africa's Eden," over 80% of Gabon is covered in the Congo Basin's dense, tropical rainforest, the world's second largest after the Amazon. These forests are home to rich biodiversity, including more than 8,000 plant species, 700 bird species and 190 species of mammals, such as gorillas, chimpanzees, forest elephants and leopards. They are also home to the indigenous Baka and Babongo peoples.

Gabon's forests play a major role in the global fight against climate change. Every minute, they absorb one ton of carbon dioxide. To put that in perspective, Gabon's trees and other vegetation sequester the carbon dioxide emitted by approximately 111,000 cars each year.

With its immense natural beauty and wildlife, Gabon is well placed to become the premier African eco-tourism destination. Protecting Gabon's critical forests could also be an important source of revenue from the international carbon credit market. The Gabonese government has stated that sustainable forest management and ecotourism are top development strategies. However, Gabonese President Ali Bongo Ondimba has a competing goal in mind: become Africa's leading producer of palm oil.



Credit: Mighty

Beginning in 2010, the Gabonese government entered into a joint venture with agribusiness giant Olam to develop what is slated to be Africa's largest palm oil operation. Under the arrangement, Olam received a 300,000-hectare "land bank" to develop plantations. That's more than four times the surface area of Singapore, where Olam is headquartered. Under a second joint venture, 200,000 more hectares were targeted for contract farming through a program that encourages smallholder farmers to grow palm oil on their land to sell to Olam.

In July 2012, Olam Palm Gabon secured a \$228 million syndicated loan to finance this development. The lead arranger of the deal was Ecobank Capital, the investment banking arm of Ecobank Transnational, which is an IFC financial intermediary in Africa. In 2011, the IFC [disclosed](#) that it bought up to a \$137 million equity stake in Ecobank Transnational in order to spur job creation in the countries where it operates. In turn, Ecobank was required to ensure that the projects it finances comply with the IFC's environmental and social standards. This meant that Ecobank should have required Olam to avoid adverse impacts on critical natural habitats, apply industry-specific sustainable management standards to its oil palm development, and respect the rights of indigenous peoples.

The project appears to have fallen short on each of these fronts.

A 2016 [investigation](#) by Mighty and Gabonese NGO Brainforest found that, despite taking some positive steps to protect areas of high conservation value that it had been allocated by the Gabonese government, "the company has been clearing forests in Gabon for the past five years and continues to threaten forests through new development."

Through expert analysis of satellite imagery and field studies, the investigation found that Olam had cleared at least 19,000 hectares of "mature, high quality forest," including potential habitat for endangered great apes, within its oil palm concessions. That's nearly double the Forest Stewardship Council's threshold for "unacceptable" forest conversion, a violation of a key industry standard.

Unlike an increasing number of its industry peers, Olam has refused to commit to no deforestation. According to [Olam](#), "getting high-yielding plantations up and running requires an appropriate initial land base," and "there simply isn't enough available non-forested land to start up such a development."

Brainforest has also found that Olam's concessions are adversely impacting the livelihoods of forest-dependent communities, harming their sacred sites and exploiting their customary lands without their consent. Brainforest founder [Marc Ona Essangui](#), who won the Goldman Environmental Prize in 2009, said that the extensive deforestation and impacts on local communities caused by Olam's oil palm project are incompatible with international standards as well as the government's Green Gabon development strategy.

"How could the World Bank through the IFC encourage projects that threaten the ecological balance of the Congo Basin primary forests?" he asked. "The IFC should only be supporting companies that commit to zero deforestation and respect the rights of local communities."



Credit: Mighty

In the morning, as the sun rises over the rocky, sparse hills, artisanal miners emerge from their mud-brick houses with buckets balanced on their heads. Families work together in groups, tunneling into the earth with shovels and picks, taking breaks from the hot sun under portable umbrellas. Working on a subsistence basis, the miners sell their gold to local middlemen to fund the purchase of food and other necessities.

This system of artisanal gold mining began to change with the arrival of AngloGold Ashanti in 2004. That year, the company acquired the [1,500-square-kilometer](#) mining concession following a merger. The firm had big plans for the area.

The concession has delivered, and then some: between 2006 and 2015, the mine [produced](#) an average of more than 420,000 ounces of gold per year. Based on today's prices, that 10-year haul would be worth approximately \$5.4 billion.

AngloGold Ashanti describes itself as a community-driven company that seeks to share such wealth. "We aim to create shared value for the communities in which we operate," the firm [declares](#) on its website. "By taking a keen interest in the needs and challenges of society, we are able to create opportunities where communities can benefit from both economic and social opportunities."

In reality, the people living in the concession in Guinea have seen few benefits from the wealth generated on their ancestral land. The mine's infrastructure, which in theory could provide power and transportation to a region seriously lacking it, is inaccessible to locals.

AngloGold Ashanti built power lines that stretch between the mine and the prefectural capital of Siguiri. However, these lines bypass the concession's rural villages, which still mostly lack electricity and other basic services.

Massive dump trucks thunder along on purpose-built roads, kicking up clouds of dust that thicken the air with grit. Locals are prevented from using these roads, which are wide and smooth. Instead, they must make do with their own pot-holed dirt paths, which the company

## African Land Grabs Backed by IFC Financial Clients

### 1) Kintinian gold mine, Guinea

AngloGold Ashanti has a 1,500-square-kilometer gold mining concession in northeastern Guinea that threatens the health and land tenure security of 150,000 people. The expansion of its existing mine [led to](#) the violent forced eviction of some 380 families in 2015-2016.

IFC Investment: In 2007, the IFC [provided](#) Ned-bank with a \$141 million loan to be used for "cross-border corporate lending across Africa, including capital intensive projects," among other purposes.

Financial Intermediary Investment: In 2015, Ned-bank contributed two-thirds of a \$105 million loan to AngloGold Ashanti to be used for general corporate purposes.

### 2) Boke bauxite mine, Guinea

China Hongqiao Group, a large aluminum producer accused of environmental [violations](#) in China, secured a mining deal in 2015 to exploit and export Guinea's bauxite resources. The project has been accused by local farmers of land grabbing and environmental damage, resulting in reduced productivity of smallholder farms around the vast mining operation.

IFC Investment: In 2006, the IFC provided a 15-year, \$150 million [loan](#) to ICICI Bank in order to "address the funding needs of a top performing bank."

Financial Intermediary Investment: In 2016, ICICI participated in a \$700 million syndicated loan to China Hongqiao Group to be used for general corporate purposes.

### 3) Oil palm plantations, Gabon

In 2010, Olam received a 300,000-hectare land bank from the Government of Gabon to develop industrial oil palm plantations. According to one [investigation](#), Olam's plantations have since led to the destruction of at least 19,000 hectares of rainforest and [adverse impacts](#) on the land and resource rights of local communities.

IFC Investment: In 2010, the IFC made a \$137 million [investment](#) in Ecobank Transnational, including loans and an equity purchase through the IFC Capitalization Fund.

Financial Intermediary Investment: In 2012, Ecobank Capital, the investment banking arm of

Ecobank Transnational, [arranged](#) a \$228 million loan to Olam Palm Gabon to develop oil palm plantations and build mills.

#### 4) Gambella agro-industry concessions, Ethiopia

In 2010, Karuturi Global signed a long-term lease with the Ethiopian Government for 100,000 hectares of land in Ethiopia's Gambella region. Karuturi's concession was cleared of its indigenous inhabitants in a massive involuntary population relocation program that [involved](#) serious human rights abuses.

IFC Investment: In 2006, the IFC provided a 15-year, \$150 million [loan](#) to ICICI Bank in order to "address the funding needs of a top performing bank."

Financial Intermediary Investment: Between 2010 and 2011, ICICI provided \$40 million in general corporate loans to Karuturi Global. In addition, ICICI owns a 3.15% stake in Karuturi.

#### 5) Lake Albert oil exploration, Uganda

Tullow Oil is exploring for oil in the Lake Albert Rift Basin of Uganda, which has resulted in land conflicts with local people and pastoralists. Tullow's exploration activities have [reportedly involved](#) land grabbing, population displacement, and the dumping of toxic waste in local villages and game parks.

IFC Investment: In 2007, the IFC [provided](#) Nedbank with a \$141 million loan to be used for "cross-border corporate lending across Africa, including capital intensive projects," among other purposes.

Financial Intermediary Investment: Between 2014 and 2017, Nedbank participated in four syndicated loans that provided approximately \$3.3 billion to Tullow Oil for general corporate purposes.

#### 6) Les Ciments du Sahel cement factory, Senegal

Les Ciments du Sahel built a cement factory on [land](#) reportedly [seized](#) from local owners. The factory has allegedly [polluted](#) water sources and affected the environment and health of multiple nearby communities.

IFC Investment: In September 2008, the IFC [bought](#) a \$40 million equity stake in the Aureos Africa Fund.

Financial Intermediary Investment: In 2009, the Aureos Africa Fund [bought](#) a 10.4% stake in Les Ciments du Sahel.

has pledged, but thus far failed, to repair.

After the gold is washed and processed, it barely touches Guinean soil again. Helicopters spirit it away to the company's nearby private airstrip, which is cordoned off from the public by a cement wall topped with concertina wire. From there, the gold is flown to the national capital, Conakry, where the Guinean government takes a cut, and then on to South Africa, its gateway to the global jewelry market and gold exchanges.

A handful of local residents have been hired to work at the mine. Beyond that, the residents are mere bystanders. "We've received no benefit from this. This mine has created only suffering, not happiness," said Lala Condé.

While locals have received few benefits, they do feel the environmental effects from the dust and cyanide run-off that has contaminated local water sources.

But it is the communities living on gold deposits that have been hit hardest. The 380 affected families of Kintinian first learned that they would be relocated not by company officials, but by rumors circulating through the village. In 2013, the company hired a consulting firm to create a resettlement action plan, a document that spelled out how affected households would be moved — and what they were entitled to. But the displaced families never saw the document, nor were they consulted on its contents.

"The company didn't tell us what was going on," said Bassy Camara, the small-scale gold buyer. "That's not right. If you want my land, you have to inform me."

In order to legally compel people to move, a public interest decree would have had to be issued to permit the government to expropriate the land in accordance with Guinean law. Such a decree was never issued in this case, which meant that landowners should have had the right to freely negotiate with AngloGold Ashanti — and refuse to sell their land if they didn't like the company's offer.

However, when it came time to negotiate, security and defense forces moved in. Those who

## 7) Makeni bio-ethanol plant, Sierra Leone

The 57,000-hectare Makeni [project](#) includes a sugarcane plantation and a bio-ethanol factory. Its owner, Addax Bioenergy, has been accused of [land grabbing](#) and [harming](#) the livelihoods of 13,000 people across 60 villages.

IFC Investment: In 2011, the IFC [approved](#) a \$45 million loan to the Emerging Africa Infrastructure Fund to enable the fund to invest in new projects. In 2010, the IFC [approved](#) a \$58.75 loan to the fund to finance the construction and development of private infrastructure in 45 countries across sub-Saharan Africa.

Financial Intermediary Investment: In 2011, The Emerging Africa Infrastructure Fund [provided](#) a EUR20 million loan to Addax to support the Makeni project.

## 8) Nakambala sugar plantation, Zambia

Zambia Sugar's 14,000-hectare Nakambala plantation has reportedly caused [displacement](#), [pollution](#) and [declining incomes and livelihoods](#) for local farmers that have participated in the project's out-grower scheme.

IFC Investment: In June 2010, the IFC [provided](#) Zambia National Commercial Bank with a \$25 million loan to "address the scarcity of term finance in Zambia."

Financial Intermediary Investment: In 2011 and 2016, Zambia National Commercial Bank contributed to two loans worth \$188 million for expansion purposes to Zambia Sugar.

## 9) Trident copper-nickel mine, Zambia

In April 2011, First Quantum Minerals acquired 518 square kilometers of land to mine for copper, nickel and other minerals. The deal has since led to the displacement of some [1,000 families](#). According to [Action Aid](#), resettlement of the mainly subsistence farmers resulted in their reduced access to farm land and natural resources, food insecurity, and marginalization of women.

IFC Investment: In 2007, the IFC [provided](#) Nedbank with a \$141 million loan to be used for "cross-border corporate lending across Africa, including capital intensive projects," among other purposes.

Financial Intermediary Investments:

- In May 2016, Nedbank participated in a \$1.8 billion syndicated loan to First Quantum Minerals to refinance an existing \$3 billion revolving credit facility.

resisted were forced to flee — or face the consequences.

"The soldiers told me, 'If you don't agree, we will throw you in prison or kill you,'" Balla Camara said. He and others who resisted were indeed imprisoned. Soldiers and police also torched homes, looted possessions and skirmished with villagers, wounding at least seven people. The mayor of Kintinian [fled](#) the area. Eventually, bulldozers arrived and began demolishing homes.

The evicted families were promised that replacement housing would be ready for them before their old homes were demolished, but instead they were forced to live in temporary housing for months until the construction was completed. The resettlement sites still don't have electricity or plumbing, and only two of the nine water wells the company built are functioning. AngloGold Ashanti has not provided adequate financial support during this transitional period, and the relocated — uprooted from their livelihoods and communities — have struggled to survive.

Bassy Camara, who ran his gold-buying business out of his old house, lost his network of suppliers and spent all of his capital during the



At least seven people were wounded when security forces entered Kintinian, creating a "hostage situation," according to a recent fact-finding report. (Credit: Chase McNabb)

- In May 2014, Nedbank provided \$142 million of a \$3 billion revolving credit facility to First Quantum Minerals for general corporate purposes.

## 10) Konkola Copper Mines, Zambia

Konkola Copper Mines has allegedly caused [deforestation](#) and has been sued for [poisoning](#) the farming land and water resources of 1,800 people from the Shimulala, Kakosa, Hippo Pool and Hellen communities.

### IFC Investments:

- In 2007, the IFC provided a 15-year, \$45 million [loan](#) to Kotak Mahindra Bank.
- In 2006, the IFC provided a 15-year, \$150 million [loan](#) to ICICI Bank in order to “address the funding needs of a top performing bank.”
- In 2005, the IFC provided a \$50 million [loan](#) to IDFC to help it “meets its growing needs for disbursements in infrastructure projects as well as to diversify its borrowing sources.”

### Financial Intermediary Investment:

- In October 2014, IDFC was joint book runner of a \$195 million general corporate bond issue for Vedanta Limited, the [majority owner](#) of Konkola Copper Mines.
- In September 2014, ICICI provided \$59.4 million of a \$500 million syndicated loan for refinancing to Vedanta Limited, the [majority owner](#) of Konkola Copper Mines.
- In June 2014, ICICI provided \$100 million of a \$180 million syndicated loan for general purposes to Vedanta Resources, the ultimate [parent company](#) of Konkola Copper Mines.

*In response to the information contained here, the IFC informed Inclusive Development International in April 2017 that it no longer has active investments with ICICI and Kotak Mahindra banks, since the clients prematurely repaid their loans to the IFC. The IFC also claims that, to its knowledge, Olam Palm Gabon repaid its loan to Ecobank, (whose tranches were not due to mature until 2019 and 2022, respectively) and that Aureos Africa exited its investment in Ciments du Sahel in 2016.*

*In none of these cases does the reported divestment relieve the IFC and its clients of their responsibility for contributing to the alleged harms during the period in which they were exposed to the projects.*

*The IFC also claims that none of the funding it provided to the Emerging Africa Infrastructure Fund was used to support the Makeni biofuels project in Sierra Leone. However, according to the IFC’s project disclosure portal, the IFC’s financing agreement with the fund was signed prior to the fund’s loan to the Makeni project.*

transition trying to keep his head above water. “I can’t do business any more. Times are tough, and I don’t know what I’m going to do,” he said.

Perhaps most damaging, the resettlement site is located on land that contains no gold. This has deprived families of their primary source of income. Furthermore, AngloGold Ashanti worked with the authorities to institute a ban on artisanal gold mining throughout the 1,500-square-kilometer concession. Some miners flout the ban, but they do so at their own risk: cracking down on “illegal” mining was the official justification for soldiers moving into Kintinian in the first place.

“Without gold mining, it’s very difficult to get enough money to buy food,” said Cheick Fenta Maoly Camara, 34, an artisanal miner. “I’m worried about surviving.”

These are just the types of harmful impacts that the IFC’s social and environmental Performance Standards are designed to prevent. As a client of the IFC, Nedbank is required to ensure that the high-risk activities it finances, like those of AngloGold Ashanti, comply with the Performance Standards.

However, the loan agreement between Nedbank and AngloGold Ashanti, obtained by Inclusive



Cheick Fenta Maoly Camara, an artisanal miner, has struggled to make ends meet since being relocated. “I spent my whole life building something, and they came and destroyed it,” he said. (Credit: Chase McNabb)



Credit: Oakland Institute

### **Karuturi's Debacle in Gambella, Ethiopia**

*Karuturi came to Gambella in 2010. Behind our huts were forests that provided fruits, medicines and oil. The shea tree has fruit that is good for oil and/or eating. When Karuturi came, we lost the benefit from the forest because they took the land beside the village and cleared all the land.*

*The first time they came, we were told: "We are coming to live with you. We have agreed with the federal and regional authorities and they gave us land."*

*We said: "This land is useful for us—for our homes, cultivation. How can you take this?" The regional authorities came to tell us that we must give in. They told us that Karuturi will only take the demarcated area, not all of our lands.*

*But when they started, they cleared all areas because there was no sign for demarcation. When we complained to the authorities, the vice president of the region came to the village and explained to us that now this land has been given to Karuturi. They paid much money to the regional government, so it won't stop. Now villagers were told that they might go to jail if they protested.*

*Karuturi gives jobs to locals and also to highlanders [non-local Ethiopians]. Highlanders earn 3,000 birr per month (approximately \$149). The locals—the Karuturi staff calls the locals "non-people"—earn 1,000 birr per month (approximately \$50). At Karuturi, the work is hard and the salaries low. People begin working at 8 a.m. and go until late, with only a one-hour break. People have complained and asked for salary increases. But there is no change.*

*- An Anuak person from Gambella, 2015*

In 2010, the Indian giant Karuturi Global, already active in Ethiopia's floriculture industry, acquired 100,000 hectares of agricultural land through a 50-year, renewable [lease](#). Annual rent was set at 20 birr per hectare (\$0.90). The project was established in the southwestern region of Gambella to grow and process crops including corn, sugar cane and oil palm. Karuturi has benefited from at least \$40 million in loans from the Indian bank ICICI, a recent financial-sector client of the IFC.

Largely populated by people from the Anuak tribe, Gambella was among the five regions of the country targeted by the government's villagization program, which aimed to relocate 1.5 million indigenous people

from their land. Though the government claimed that the relocation was voluntary, research by the [Oakland Institute](#) and other organizations, including [Human Rights Watch](#) and [Inclusive Development International](#), revealed numerous accounts of human rights violations, including beatings, unlawful arrests, intimidation, denial of aid, killings and rape at the hands of the Ethiopian Defense Forces. The relocation campaign in Gambella targeted Anuak communities living on land that was simultaneously offered to foreign investors such as Karuturi.

The loss of this land has gravely undermined the livelihoods of indigenous populations. Anuaks used to farm on sedentary plots along the riverbanks and practice shifting cultivation on higher ground, the former protecting them against poor harvests on the latter. Forest resources served to supplement people's livelihoods with food, firewood, timber and medicinal plants. Villagization did not go well for these communities. Many did not receive the services, infrastructure and the fertile land promised by the government. They found themselves unable to sustain themselves on the new land, where they lacked the tools and the know-how to farm in a different environment.

In December 2015, the Ethiopian government [cancelled](#) Karuturi's 100,000-hectare lease in Gambella because of the lack of progress by the company. According to the government, only a small proportion of the land leased had been cultivated. But the land was not returned to the people. The land initially allocated to the company was to be put in a land bank, where it would be offered to new investors. Karuturi, meanwhile, has obtained a court order protecting its lease and has threatened to seek [international arbitration](#) under the terms of India's bilateral investment treaty with Ethiopia.

Karuturi is emblematic of the wave of large-scale deals that has been unfolding in Africa and the developing world with the support of the World Bank and key Western donors. Instead of the promised food security and development, it left a trail of despair, hunger, human rights violations and dispossession.

*Contributed by the Oakland Institute, based on original research. The testimony is extracted from the Oakland Institute [report](#), "We Say the Land is Not Yours, Breaking the Silence Against Forced Displacement in Ethiopia," (2015).*

Development International, does not even mention the Performance Standards. The agreement also suggests that Nedbank will turn a blind eye to how AngloGold Ashanti uses its funds: "The Borrower shall apply each Loan towards the general corporate purposes of the Group. Without affecting the obligations of the Borrower in an[y] way, no Finance Party is bound to monitor or verify the application of any Loan."

Given this complete lack of accountability, which appears to be a flagrant violation of IFC requirements, it's no wonder that the mine has caused such suffering and destruction.

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**O**n a humid Friday afternoon in late March 2017, Balla Camara visited his old house. Remarkably, the squat, rust-colored structure still stood, one of a few homes in the area that had not yet been demolished. Two large X marks, drawn on the walls in chalk, suggested that it wouldn't stand much longer.

Several hundred feet away, hidden below the horizon, a massive hole yawned in the ground. Some 380 families once occupied that spot. Now, the soil they had lived on was gone: it had been scraped, churned and carted away by giant mining trucks, leaving a vast manmade crater.



Balla Camara gestured toward a clump of dying mango and cashew trees, their trunks freshly submerged under mounds of dirt. “Those trees used to feed my family,” he said. “When my father died, he left them as our inheritance. Now we have nothing.”

In June of 2016, AngloGold Ashanti made a major announcement. The company will spend \$400 million expanding the Guinea mine over the next eight years. The firm is doing so perhaps out of necessity. Two of its large mines in nearby Ghana, [Obuasi](#) and [Iduapriem](#), are experiencing problems. Meanwhile, a proposed mine in Colombia may not get off the ground after 98% of affected communities rejected it in a [referendum](#) held in March of 2017.

Given these difficulties, expanding the mine in Guinea has become all the more important to AngloGold Ashanti’s future bottom line. As a result, the 150,000 people living in its concession area face an uncertain, imperiled future.

In this remote corner of northeastern Guinea, far from the world’s gaze, an IFC-backed gold mining company is generating extraordinary wealth — while leaving the rightful owners of the land quite literally in the dust. The IFC’s lofty rhetoric about sustainable development and poverty alleviation through financial-sector lending rings especially hollow here.

“Guinea and international law have been broken,” Balla Camara said. “The company does not care about us. Who is going to defend us?”



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