Acknowledgements

This report was researched and written by Alice Martin-Prével, Policy Analyst at the Oakland Institute, with support from Frédéric Mousseau and Anuradha Mittal.

The views and conclusions expressed in this publication are those of the Oakland Institute alone and do not reflect opinions of the individuals and organizations that have sponsored and supported the work.

Design: Design Action, www.designaction.org

Editors: Frédéric Mousseau and Shannon Biggs


Publisher: The Oakland Institute is an independent policy think tank bringing fresh ideas and bold action to the most pressing social, economic, and environmental issues.

Copyright © 2014 by The Oakland Institute

For more information:
info@oaklandinstitute.org
The Oakland Institute
PO Box 18978
Oakland, CA 94619 USA
www.oaklandinstitute.org
UNFOLDING TRUTH

DISMANTLING THE WORLD BANK’S MYTHS ON AGRICULTURE AND DEVELOPMENT
Executive Summary

In the 1980s and 1990s, the World Bank and International Monetary Fund’s (IMF) intervention in developing countries’ national policies, through aid conditionality and austerity programs known as Structural Adjustments Programs (SAPs), triggered a wave of global resistance against the International Financial Institutions (IFIs). In the face of growing criticism that these policies increased poverty, debt, and dependency on rich countries, SAPs were eventually withdrawn in 2002; however the World Bank, through renewed means, continues to pursue and impose its neoliberal agenda on the developing world.

The World Bank’s ability to influence government policies stems from its tremendous economic power. In 2012, the Bank’s total lending to developing countries reached $35 billion,1 over a quarter of the total global official Development Assistance (an international indicator of aid flow) for the same year.2 Additionally, through the annual publication of its Doing Business report, a country-by-country economic ranking on the “ease of doing business,” the Bank sets standards for investors, bilateral donors, and development institutions around the world and pressures countries to improve their rating by enacting neoliberal regulatory reforms.3 Despite its positive veneer, the report encourages governments to eliminate economic, social, and environmental safeguards and promotes competition among countries for higher rankings and, consequently, higher foreign direct investment.4

The Bank’s financial power and political leverage has made it difficult for cash-poor countries to oppose the institution, while its ability to manage public image through perpetuation of myths around its mission and activities has enabled the Bank to withstand its critics.

In the agricultural domain for instance, the Bank claims to work to secure farmers’ access to land; however its direct financing to firms practicing large-scale and export-oriented agriculture is increasing pressure on land, water, and forests. In several countries, including Honduras and Lao People’s Democratic Republic (PDR), the Bank has directly supported investors that are grabbing land from local populations and that involve significant human rights violations.5 Recently, the Bank’s proposal to revise its environmental and social safeguard policies triggered concern that the institution will increase financing of projects that are damaging for the environment and local communities.6

The World Bank’s agriculture-related projects, which it claims aim to defend the interests of smallholders, in fact negate the potential of small-scale agriculture and agroecological practices to bring sustainable and inclusive development to countries. With the stated goal to increase smallholders’ productivity and integrate them in the global market, the Bank promotes contract-farming schemes and adoption of input-intensive techniques. This glosses over the food security and dependence risks associated with making farmers and countries’ agricultural production reliant on deeply oligopolistic international markets, where for instance only three companies, Monsanto, DuPont and Syngenta, control 50% of the world production of commercial seeds.7

In reality, since the 1980s, the Bank has pushed an export-based, neoliberal vision of agriculture that exposes farmers to the rules of volatile, competitive global markets and denies them adequate support from their governments. The Bank considers that states’ interventions on agricultural markets are an impediment to growth and discards examples such as Indonesia, where active price support for farmers’ production and trade interventionism prevented increases in food prices in 2008.8

The 2008 high food price crisis, which provided a striking example of the flaws of international agricultural markets, did not shift the Bank’s strategy. The institution continues to promote the notion that open markets for the private sector will bring growth and lead to better rural development than state-led programs. As a result, the Bank pressures governments to incentivize foreign direct investment (FDI), its silver bullet to replace public intervention in agriculture. However, World Bank–supported policies to attract FDI in countries without proper institutional, social and environmental safeguards have spurred land grabbing and displacement of local populations (Box 1) without bringing development outcomes.9

In 2014, the Our Land Our Business campaign was launched to denounce the role of the World Bank’s Doing Business report and new Benchmarking the Business of Agriculture (BBA) project, which steer policy makers toward adopting reforms that incentivize private investment in agriculture.10 Through such tools, the World Bank pressures countries to cultivate business-friendly environments for foreign investors in agriculture, hampering the formulation of sound national agricultural policies. These could include price insurance policies for producers, programs of support to farmers’ cooperatives, creation of knowledge sharing and reliance building programs, and enhancing farmers’ investment in productive activities through ensuring their sustained access to land and natural resources.11

Overall, while the name has changed, the game remains unchanged from the days of SAPs. Neoliberal policies are still imposed on governments of the developing world that perpetuate
inequality and a race to the bottom through exploitation and marginalization of the poorest countries, their land and people. It is time to tackle the myths that World Bank perpetuates under the guise of development strategy, to question the “growth at all cost” agenda, and to ensure governments and populations control their economic destinies.

Introduction

In 2008 world food prices skyrocketed, creating massive financial instability and pushing the total number of hungry people to over one billion (1/6 of the world’s population). Since that time, agriculture has attracted increased attention from the international financial institutions and donors. In 2012, the G8 (group of eight industrialized countries) asked the World Bank to “develop options for generating a Doing Business in Agriculture index,”12 which in 2013 led to the Bank implementing its new Benchmarking the Business of Agriculture, or BBa project. Designed to help “policy makers strengthen agribusiness globally, enabling the farm sector to participate more fully in the market,”13 the BBa feeds a growing trend of applying a “business-friendly” logic to agriculture.

The BBa builds on the World Bank’s flagship Doing Business index, created in 2002. In direct legacy of the 1980s SAP scheme, the Doing Business ranking encourages governments to implement reforms favoring the private sector and market liberalization. By actively promoting and encouraging countries to attract investors at all costs, the Doing Business facilitates land grabbing and increases pressure on resources vital for family farmers, pastoralists, and rural communities’ to sustain their livelihoods.14 the annual publication of the Doing Business final ranking also pits countries against each other by rewarding those with the lowest social and environmental standards with a better score, media attention drawn toward the “best performers,” and potential increase of private investment flows.

In 2014, Our Land Our Business, a multicontinental campaign, was launched to denounce the impact of this race to the bottom and, given the negative outcome of Doing Business rankings on the agricultural sector, the dangers associated with the cloned BBa indicator. Involving over 235 organizations from all over the world, including farmers, consumer organizations, unions, and NGOs, this campaign is challenging the World Bank’s one-size-fits-all model, which considers FDI and the private sector key to development.

Despite the devastating impacts of SAPs on millions of households, the World Bank’s tremendous economic power (in 2012, the Bank’s total lending to developing countries reached $35 billion)15 and political leverage keeps enabling its influence on government policies. In addition, the World Bank is successful in managing its public image and fueling myths on the nature of its “development” mission. This report challenges and dismantles the mythology and propaganda surrounding the World Bank’s approach to development, especially in agriculture, a domain where the Bank perpetuates the SAPs’ dogmas and a colonial structure of exploiting developing countries.

Myth #1: The World Bank Works to Secure Farmers’ Access to Land

The Bank claims to be working to secure farmers’ access to land16 but its promotion of foreign investment in agriculture and tenure reforms is actually increasing pressure on farmers’ access to land and other crucial resources.

The World Bank’s support for large-scale industrial agribusiness, which has tremendously expanded in recent years (see Figure 1), is increasing pressure on farmland and other natural resources used by family farmers. Despite its own findings that large-scale investments have negative outcomes for communities’ access to land,17 the Bank continues to make the case that “win-win” investment is possible and desirable—as long as investors respect certain standards including respect for local rights, consultation and transparency with stakeholders, support of livelihoods, environmental sustainability, and other criteria.18 However, evidence shows that these standards have been ignored and a number of projects supported by the Bank have resulted in land grabs. The International Finance Corporation (IFC), the World Bank’s private sector arm, has notably financed projects that resulted in the brutal takeover of land and resources.

Figure 1: IFC’s Increasing Commitment to Agribusiness by Fiscal Year 22
from local communities in a number of countries, including Uganda in 2011, Honduras in 2012, and Cambodia in 2014.

Despite this, the World Bank vigorously pursues financing of the agribusiness sector. Recently, the World Bank’s Multilateral Investment Guarantee Agency (MIGA), teamed up with the US Overseas Private Investment Corporation to create a “$350 million political risk facility to support agribusiness investments in sub-Saharan Africa.” The agencies’ support will cover the risks of investments made by the Silverlands Fund, a private equity fund domiciled in Luxembourg that targets “investments across the value chain” of farmland, which has been accused of financing land grabs where it conducts business activities.

In Africa, the primary target of large-scale land acquisitions, the World Bank claims that the continent “has more than half of the world’s uncultivated but agriculturally suitable land and has scarcely utilized its extensive water resources.” To take advantage of these ecosystems, the Bank has been designing and financing projects aimed at creating “growth poles” within countries, such as the Western Growth Poles in Democratic Republic of Congo (DRC); the Savannah Accelerated Development Authority Zone in Ghana; the Casamance Development Pole Project in Senegal; or the Bagré Growth Pole in Burkina Faso. These “growth poles” aim to attract more investors, notably in agriculture, by improving “the zone management and business environment” and reducing “the cost and risk of doing business in the project area.” In other words, the poles offer specific investing incentives and infrastructure and free up land for investors at a reduced cost, with governmental approval.

Increased financing to agribusinesses and agribusiness-related projects is even more worrisome given the World Bank’s recent review of its safeguard policies. The new policy proposal for environmental and social protections submitted in July 2014 to the Bank’s Committee on Development Effectiveness includes propositions to “ease condition for World Bank loans,” notably through the possibility for governments to request non-application of Environmental and Social Standards number 7, which is the safeguard standard for Indigenous Peoples. Through this new proposal, the Bank weakens the rules and requirements for loans, endangers the principle of free prior and informed consent and resettlement guarantees for local communities, and ignores 30 years of progress in preventing lending to environmentally and socially destructive projects.

In addition to providing direct funding to agribusiness, since 1990 the World Bank has provided $2.7 billion of support to more than 60 land administration projects conducted by governments. As described in its 2013-2015 Agriculture Action Plan, the Bank’s explicit intention is to support the creation of land markets in developing countries. Although the institution claims private titles will protect pastoralists and farmers’ land rights, another goal associated with its private titling projects is to implement “business environment reforms, including land administration reforms” that will allow private investments and selling of farmland. The institution argues that tenure reforms allow commercial farmers who want to expand their activities to buy land from “rural actors who are seeking to exit farming.” This discourse presents land selling and landlessness as a rational choice, when it in fact it generally results from the pressure placed on family farmers by market liberalization and large-scale investments.

The World Bank also perpetuates the myth that private titles will benefit smallholders by allowing them to use land as collateral to access credit in national banks. Research carried out between 2009 and 2013 in 20 villages in Tanzania however showed that farmers were generally unable to access loans using their land titles. Even if loans were to be made available for farmers, property titles linked to indebtedness can result in forced sales and bank seizures. In most developing countries where there is no crop insurance and no regulation of agricultural prices, farmers are vulnerable to environmental shocks and market volatility in years of bad harvests or low commodity prices. When this happens, foreign investors, wealthy individuals, and larger farmers acquire parcels sold by poorer producers who cannot repay the credit they incurred when mortgaging their land. Therefore, private titles can ultimately increase inequality of land distribution in rural areas and don’t ensure sustained access to land. Indeed, the 2009-2013 Tanzania research found that formalization of property rights provoked “rising conflict, deepening poverty and inequality, exclusion of women and pastoralists and rising landlessness in some villages.”
Myth #2: The World Bank’s Support Is “Focusing on Smallholder Agriculture”

Since the 2008 food price crisis, the World Bank has claimed that its increased investments to agriculture is supporting smallholder farmers. But by pushing for the expansion of contract farming schemes whereby former independent family farmers work for agribusiness firms and for an increased use of chemical agricultural inputs, the Bank aims to generate a “productivity revolution in smallholder farming” that seems to benefit corporations rather than farmers and overlooks key advantages of smallholder agriculture.

In recent years, contract farming schemes have been one of the solutions the World Bank particularly promoted to improve farmers’ access to markets and increase their use of “quality” inputs. In 2013, the IFC created a new web platform, Farm2Firms, to encourage such contractual agreements between firms (off-takers) and farmers (out-growers). In contract farming, the out-growers agree to provide a pre-determined quantity of a specific product at a given time, meeting the quality standards set by the off-taker. In return, the firm commits to purchasing the product and sometimes supports the production, for instance through the sale or the loan of agricultural inputs (e.g. seeds, fertilizers, and pesticides).

The Farm2Firms website features a manual, Working with Smallholders, A Handbook for Firms Building Sustainable Supply Chains, and displays videos of staff members of Starbucks, Wal-Mart, and Syngenta explaining why their company chose to work directly with family farmers. The IFC argues that making the link between smallholders and big businesses will improve farmers’ access to market, help them comply with the standards of global food supply chains, and trigger growth in the sector. However, asymmetries of power between firms and farmers are an essential problem of contract farming. In these schemes, production risks (vulnerability to pests, climate, etc.) are transferred to the producer, “while capital saturates and controls the production process through appropriation (machines, seeds, biotechnologies, credit).”

The Bank labels contract farming as “sustainable business practices,” but research shows that contract farming is inevitably associated with intensive use of chemical inputs and often involves a shift from food crops destined for local markets to export-oriented cash crops.

The Bank justifies many of its agriculture programs by citing the pressures of population growth, projected to reach nine billion by 2050. The need for a “productivity revolution” can be challenged in itself. 2013 statistics from the Food and Agriculture Organization (FAO) show that the global food supply rose from 2,200 calories per person and per day in the 1960s to over 2,800 calories by 2009. The FAO also estimates that 750 million of the 2.3 billion tons of cereal produced each year are used for animal feed, while 500 million are “either processed by industry, used as seed, or wasted.” This confirms, as already pointed out by Amartya Sen in his 1983 essay Poverty and Famine, that hunger results more from inequality, poverty, and economic policies than from food scarcity.

Even if this consideration is put aside, the World Bank’s methods to generate the productivity revolution must be questioned. The Bank wants to open countries’ markets for importation of seeds and fertilizers, considering that “inorganic nutrition sources” (i.e. chemical fertilizers) are necessary to make farmers “effective” and adoption of improved seed varieties “is a prerequisite for increasing agricultural productivity and enhancing profitability of farmers, especially for smallholders seeking to commercialize their production.”

This much maligned approach to increase family farmers’ production carries tremendous environmental and socio-economic risks. Research shows that use of modified seeds, manufactured identically for a particular characteristic, leads to reduction of biodiversity. Reduced biodiversity exposes plants to pests, thus improved seeds require increased application of pesticides and fertilizers, which are produced using oil (pesticides) and gas (nitrogen fertilizers). These increase yields in the short-run, but in the long-term they lead to water pollution and increased water use, deplete the soil of its nutrients, and contribute to climate change.
Contrary to such methods, agroecological farming techniques such as crop rotation, agricultural diversification, multi-cropping, plant selection and breeding help sustainably maintain soil fertility and biodiversity. For example, in Papua New Guinea, an average family grows between 30 and 80 species of food crops on their land. As farmers select the best varieties of plants and maintain a diversity of crops to resist to droughts and pests, the Papua New Guinean smallholders are crucial guarantors of the country’s food security.

Not limited to jeopardizing the environment, evidence suggests the Bank’s methods carry detrimental socioeconomic consequences. In other ‘productivity revolution’ experiences, namely the Green Revolution in South Asia and Mexico, widespread adoption of chemical inputs not only proved devastating for water quality and human health, but also trapped millions of farmers in debt. In 2011, it was estimated that 250,000 Indian farmers had committed suicide in the previous 10 years, despondent over not being able to pay back the debts contracted when buying expensive seeds and fertilizers. In India, initiatives are now oriented at returning to traditional growing and seed-saving practices and assisting villages to regain the power to feed themselves independently.

There are many agroecological practices that can increase yields without relying on expensive artificial inputs and preserve farmers’ independence vis-à-vis corporate suppliers of inputs. For instance, in Mali, farmers who adopted the system of rice intensification (SRI), based on transplants, wider spacing of seedlings, and use of organic fertilizer and intermittent irrigation, have reached an average production of nine tons per hectare versus less than one ton per hectare in areas that rely on floodwater and four tons per hectare in areas with control irrigation systems. SRI reduces farmers’ need for seeds, water, and chemical fertilizers and increases their income. Intercropping technologies, such as the Push-Pull (PP) experimentally used by small-scale maize growers in Kenya, reduce reliance on pesticides and herbicides while increasing yields, soil nutrition, and biodiversity. In Mexico, the Milpa co-planting and crop rotation system has allowed generations of farmers to reach high yields without the need for chemical fertilizers and pesticides. In China, the rice-fish farming system reduces pesticide application by 50% and increases soil nutrition, while contributing to species conservation and food security with provision of animal protein to rural populations.

Despite the range of existing alternatives, the World Bank’s projects largely put the future of farmers and food security of countries in the hands of oligopolistic seed markets, where the three biggest companies, Monsanto, DuPont and Syngenta, control more than 50% of the world’s production. Worse still, in the name of increasing production and
facilitation of agribusiness, the World Bank also encourages governments to deregulate their input markets, creating the frame for increased dependency on Northern suppliers of inputs and easy access to environmentally damaging products (see Myth #5).70

**Myth #3: “Commercial” Agriculture Is the Only Path for Development (Says the World Bank)**

The World Bank wants farmers to “move from subsistence to commercial farming,”71 ignoring the fact that many of those labeled as “subsistence” farmers are actually involved in commercial activities, notably for domestic markets. The World Bank’s “commercial” farming model is in fact synonymous with large-scale, intensive, export-oriented agriculture that exposes farmers to oligopolistic and highly volatile international markets.

The IFC boldly affirms: “many smallholders are not farmers by choice, but rather by default because they lack more lucrative opportunities.”72 To make more money in agriculture, farmers have to engage in what the Bank calls “commercial” agriculture, which implies engaging with actors of the global food chain and growing cash crops for export. Since the 1980s SAPs, the Bank has pushed for countries to convert to an agro-export model, and coupled this with pressure to open their agricultural markets to liberalized international trade.

This overlooks essential characteristics of global agricultural markets, where corporate monopoly over food chains leads to domination by a few “food giants” who impose their terms of trade on farmers.71 In 2004, the FAO highlighted for instance that “just three companies now control almost half the coffee roasting in the “world and” the 30 largest supermarket chains control almost one-third of grocery sales worldwide.”74 Furthermore, global markets display very volatile prices and are characterized by unfair competition between Northern, subsidized agriculture and Southern countries unable to compete with artificially cheapened exports from the North.

During the SAP era, converting countries to this model of “commercial” and liberalized agriculture led to the impoverishment of millions of farmers, who found themselves forced to exit agriculture altogether or become farm workers on plantations. For instance, in Guatemala, adoption of an agro-export model under pressure from the World Bank and IMF included ending all public assistance to small farmers. This had tremendous consequences on staple crop production and food security in a country where over 60% of the population depends on agriculture to survive.75 Guatemala went from being self-sufficient in grain to buying 750,000 tons of corn in 2013 (Figure 2),76 with over 630,000 tons imported from the United States.77 The food price spike in 2008 led to a 240% increase in the local price of corn from the year before.78 Today, despite Guatemala being the fifth largest exporter of sugar, coffee, and bananas, the government has to distribute food rations to its population. In 2014, USAID reported that “Guatemala has the highest national level of chronic malnutrition (48.9 percent) in the Western Hemisphere and one of the highest in the world.” Chronic malnutrition in the country is concentrated among the rural indigenous population where “total growth stunting rates reach over 80 percent.”79

Guatemala’s example is not isolated; during the 2008 food crisis, food insecurity among countries that had adopted the large-scale export agriculture model was rampant worldwide. The FAO highlighted that the most vulnerable countries were those that bore “the highest burden of the increasing cost of imported food, with total expenditures by Low-Income Food-Deficit Countries (LIFDCs) some 35 percent higher in 2008 than in 2007—the largest annual increase on record.”80 In dozens of countries, the increase of food prices generated great concerns over countries’ ability to keep financing cereal imports for their populations and possibilities of civil unrest.

**Figure 2: Increase in Guatemala Corn Imports, from 0 to 850,000 tons per year, 1960-2014**

---

The Oakland Institute
Despite these outcomes, a 2013 World Bank report encouraged African countries to “unlock the potential of agribusiness” and specialize in high-value export crops, quoting as success stories the cultivation of cocoa, coffee, and tea. This ignores that between 1997 and 2001 coffee prices fell by almost 70% in the global market, with cocoa following the same trend, while tea and sugar markets also suffered from substantial price falls. Rather than thriving, countries that have relied on a few cash crops without strategic agricultural policy to develop other sectors have seen their foreign exchange earnings fall dramatically since the 1970s.

Furthermore, to unlock growth from exports, the Bank says Africa must “overcome a legacy of state intervention in the market.” However, countries that best resisted the 2008 crisis were characterized by strong government interventionism in agriculture. For example, Indonesia, one of the rare countries where the price of rice was stable between 2007 and 2008, has government agencies that constitute food stocks by buying directly from Indonesian farmers at a guaranteed price every year, and supplies public food distribution programs with local purchases. This price insurance policy sustains local production and ensures that farmers are not forced to exit agriculture in years of bad harvests. Additionally, Indonesia imposed restrictions on imports in 2006-2007 to keep the price in the local market higher than international prices. In 2008 it followed the opposite scheme with restrictions on exports to keep the local price of rice stable. Rice export bans were very strongly criticized by the IFIs for increasing global prices, but saved the country’s population from suffering the rising prices that hit other regions.

Examples like Indonesia show how governments can play a crucial role in stabilization of prices and pursue an effective investment policy in national agriculture, while the Bank’s model reduces states role to that of a market facilitator. This perpetuates neocolonial extraction of resources, a loss of national sovereignty, and impedes development of national production through support to farmers.

The World Bank promotes private markets as the best “engine of productivity growth, creating productive jobs and higher incomes.” Agriculture is one of the sectors where the Bank has most boldly imposed this framework. In the 1980s, the Bank argued that the private sector would replace states’ role in agricultural development, and that FDI and agribusinesses would provide investments in agricultural research and agricultural inputs, once liberalized markets were allowed to function freely.

This failed to happen and the Bank now recommends that states fund infrastructure, research and development, bio-safety checks, quality assurance, and certification systems in order to provide an “enabling environment” for businesses and to attract FDI (see Myth #5). As states are asked to be efficient “business enablers” they are also encouraged to provide tax incentives to foreign corporations and lower trade taxes or imports of seeds and fertilizers. Without this basic tax revenue base, public funding for programs supporting smallholder agriculture and other critical interventions are underfunded or eliminated. The Bank continues to support claims that agribusiness investments will “trickle down” to the poorest and create jobs—a claim that has been widely discredited as instead leading to insecure low-wage and seasonal jobs.

If states are to finance infrastructure and provide tax breaks to agribusinesses, the Bank’s argument that private sector is the only solution to bring development in agriculture is difficult to defend. So far, increased FDI in agriculture has instead seemed to lead to extraction of natural resources and land grabbing, especially in countries with fragile institutions and a low level of environmental and social safeguards (see Box 1).
The Oakland Institute

Myth #5: The World Bank Aims at “Strengthening Governance for the Implementation of Agricultural Policies”

The World Bank claims that governance is a crucial ingredient to implement an agriculture-for-development agenda. However, its advisory activities and indicators to “inform” policy makers on efficient policies to bring growth encourage governments to confine their role to “business enablers” and places pressure on them to withdraw public policies and intervention in the economy and the agricultural sectors.

Box 1: The impact of the World Bank’s FDI-friendly policies

- In the Philippines, a country praised for reforming its economic and administrative regulations and a top ten reformer in the Bank’s Doing Business ranking, 5.2 million hectares of land have been acquired since 2006. In 2013, the Philippines became the world’s third most popular destination for foreign investment in land, with companies from all continents investing in agricultural activities such as palm oil and bioethanol production. This led to massive displacement and usurping resources and livelihoods of many rural communities.

- In Liberia, over 607,000 hectares were grabbed by palm oil and rubber giants between 2008 and 2010, while the World Bank supported the implementation of a vast number of business-friendly reforms (39 between 2008 and 2011). Major investors, such as the Malaysian firm Sime Darby, have been accused of displacing communities with little previous consultation and depriving them of resources and land.

- After Sierra Leone’s civil war, the Bank guided a series of reforms to attract FDI, notably around land registration and fast tracking land leasing processes. FDI grew from an average of $18 million per year between 2000 and 2005 to $740 million in 2012 alone, and by 2011 Sierra Leone had leased 508,292 hectares to foreign agricultural investors (mainly sugar cane and palm oil plantations). A 2014 deal with the palm oil grower Golden Veroleum could double this figure and bring 20% of the country’s arable land under foreign control.

- In the DRC the World Bank has supported post–civil war reforms aimed at attracting investors to finance the country’s reconstruction. FDI rose from $72 million in 2000 to a record $3.3 billion in 2012. Agriculture and forestry investments grew from $29 million in 2006 to $323 million in 2010. However, from 2004 to 2012, over 2.7 million hectares of land were leased to investors, mainly for forestry and palm oil production. The largest deal is a 1.9 million hectare forestry concession to Siforco, which has been accused of grave human rights violations (including beatings and rapes) against the local communities in its logging concession.

- In Lao PDR, where the World Bank is funding reforms to improve the country's business climate, land investment is characterized by forced evictions and human rights violations. Among investors are the Vietnamese rubber giants Hoang Anh Gia Lai (HAGL) and Vietnam Rubber Group, which received funding from the IFC. In 2014, local communities reclaimed land taken away from them by HAGL and accused the IFC of breaking its own safeguard policies by loaning money to the company.

To influence national legislations, a growing share of the World Bank’s activities, via the Investment Climate (IC) department, are centered on advisory services provided to “client governments.” Several World Bank institutions, including the IFC, the MIGA, and private donors through the Facility for Investment Climate Advisory Services (FIAS), fund the IC department. In recent years, lending to investment climate-related activities has skyrocketed from an average of $3.3 billion per year in the fiscal years 2000-2008 to $8 billion in fiscal year 2009 alone.
In contexts as varied as Ukraine, East Africa, and Bangladesh, the World Bank team recently advised governments on the “simplification” and “streamlining” of laws concerning imports of seeds and fertilizers and how to facilitate agribusiness activities. The IC department works directly with government ministries around the world, but does not consult with citizens and civil society organizations. Figure 3 illustrates how the IC department’s investment policy team proceeds, from a general assessment of countries’ “investment policy needs” to the formulation of reforms to eliminate barriers to FDI and the identification of incentives for investors.

The World Bank’s approach to governance is actually one where governments don’t govern but must confine their role to business enablers.

In 2014, the Oakland Institute exposed the Doing Business indicator’s heavy collateral damage on peoples, land grabs, and agriculture. Furthermore, other indicators derived from the Doing Business rankings, such as the Investing Across Border indicator, encourage adoption of land administration regimes that favor investors.

In addition to this, the Bank has recently produced indicators specifically aimed at benchmarking countries’ agricultural sector. In 2010, the Agribusiness Indicator (ABI) pilot project was incubated within the Bank’s Agriculture and Rural Development Department. In 2013, the Agriculture and Environmental Services and Global Indicators and Analysis departments teamed up in efforts to create the BBA, answering the G8 call to “develop options for generating a Doing Business in Agriculture index.”

It is unclear how the ABI and BBA interact, given the ABI project description recently disappeared from the Bank’s

**Figure 3: Structure of World Bank’s Investment Policy Work**

**BBA’s goal is to “help policy makers strengthen agribusiness globally, enabling the farm sector to participate more fully in the market.”**

- **1. Investment Reform Map**
  - Assessing and identifying Investment Policy needs and priorities of host countries

- **2. Investment Attraction**
  - Identifying Investment Policy instruments to attract investment, such as incentives

- **3. Investment Entry**
  - Eliminating legal and non-legal barriers for FDI

- **4. Investor Protection and Confidence**
  - Enhancing regulatory frameworks for investment protection

- **5. Benefits to the Local Economy**
  - Identifying Investment Policy instruments to foster linkages and spillovers

- **6. Regional Integration**
  - Updating regulatory frameworks and integration scorecards
website and the BBA methodology was also recently removed from the web. Predictably, both indicators constitute a clear favoritism for agribusinesses. BBA’s goal is to “help policy makers strengthen agribusiness globally, enabling the farm sector to participate more fully in the market,” while the ABI aims at assessing “whether the countries have an enabling environment that is conducive to agribusiness investment, competitiveness, and ultimately agriculture-led growth.” Both indicators assess comparable areas, examining the availability of seeds, fertilizers to set, machinery and mechanisms for rural finance and access to market, considered essential to foster corporate interest in investing in countries’ agricultural sector.

Despite asking for increased investments from states to provide infrastructure for agribusinesses and set an “enabling environment,” the indicators discourage the formulation of true agricultural policies, which would include a choice of crops to be promoted, regulating trade of agricultural commodities, and developing appropriate financing. For instance, by choosing to invest in research and development of agroecological practices to raise yields as well as farmers’ income, countries can support family farming. Active policies to create cooperatives and knowledge sharing platforms can allow states to increase the equality or gender focus of their agricultural policies. By maintaining national food stocks and investing in school meals or public food distribution programs that buy directly from farmers, governments can also actively invest in national production while ensuring their populations’ food security.

Conclusion

The World Bank presents itself as “not a bank in the ordinary sense,” but a “unique partnership to reduce poverty and support development.” The power of the Bank to coerce countries to abandon sovereignty and active agricultural strategies is unique. Despite SAPs being deemed an unqualified failure and a driver of poverty, unrest, and food insecurity, the Bank remains staunchly committed to the same agenda, albeit under a different name.

The World Bank’s paradigm of development drives its approach to agriculture, which it views as key to poverty alleviation in developing countries, provided that it is managed by the private sector, market-oriented, and submitted to the rules of globalization.

This report dismantles these myths and demonstrates that the World Bank’s approach gravely endangers livelihoods of family farmers and the potential for sustainable agricultural practices. The Bank gives financial support to agribusinesses and shapes countries’ laws and regulations to create agribusiness-friendly environments. This is increasing pressure on farmers and their access to natural resources.

Furthermore, despite its claims and call for “sustainable business practices” and “win-win” partnerships, the Bank fails to positively transform the role of the private sector investment in agriculture, and perpetuates a trend that allows private actors to extract wealth and speculate on countries’ resources. Recently, the Bank even undertook a
The Oakland Institute can securely invest in their production activity. This will endnote millions of rural people while preserving the environment,129 creating shared prosperity. The World Bank’s approach ultimately undermines the role of families in the formulation of effective policies to support family farms. These must ensure that farmers, who produce 70% of the food consumed worldwide and provide jobs to millions of rural people while preserving the environment,130 can securely invest in their production activity. This will not happen unless they are supported by government programs and ensured sustained access to land and natural resources. Instead of supporting farmers’ role in bringing about inclusive and sustainable development, the World Bank’s one-size-fits-all model presumes that progress goes together with destruction of developing countries’ peasantry and conversion to large-scale, export-oriented agriculture. With 70% of the world’s rural poor depending on agriculture for income and employment,131 the World Bank’s approach contradicts its stated objectives of fighting poverty and creating shared prosperity.

Endnotes

31. Ibid.
40. Ibid.
59. Ibid.
60. “250,000 farmers have committed suicide and chemical-intensive methods have devastated the land Now India’s poorest women are growing a quiet revolution Seeds of hope.” The Herald, Sunday May 15, 2011.
61. Ibid.
64. Ibid.
71. Ibid.
73. In 2009, IASTD summarized the problem of concentration of power in agricultural markets as follows: “Globalization is typified by the increased interlinkage and concentration at almost all stages of the production


93. Ibid.


110. Ibid.


112. Ibid.


