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Executive Summary

Released in January 2013, the World Bank Group 2013-2015 Agricultural Action Plan provides a roadmap for the second phase of operationalizing the World Development Report 2008: Agriculture for Development. Ostensibly, the Plan is designed to improve rural livelihoods and support global food security by addressing climate change, rural gender inequality, market access and investment needs for agriculture. The Plan acknowledges both the importance of small-scale producers in the global agricultural system and the need for climate-resiliency. In these aspects, it is an accurate reflection of the Bank’s 2008 World Development Report that reversed decades of institutional disinterest in agriculture. The Report and the Action Plan also prepare the institutional ground for the market-led development of agriculture and a dominant role for the private-sector in institutional lending.

In the following report, we outline the history of the World Bank’s approach and the crises that led up to the Agriculture for Development report. We review and discuss the Action Plan, and then offer three case studies and numerous examples of the challenges peasants face in the wake of World Bank Group projects.

We question whether the Bank’s strategy will actually improve rural livelihoods, reduce rural poverty, end rural hunger and build climate resiliency, and find that the World Bank continues to operate from long-held, faulty assumptions regarding both agriculture and development. The Action Plan prioritizes public-private partnerships; increased access to conventional agricultural inputs and ‘improved seed varieties’; demographic shifts away from agriculture; and the opening of domestic markets to global agribusiness. Moreover, the Bank is increasingly shifting funding into its private arm, the International Finance Corporation (IFC) and supporting the financialization of agriculture through projects like corporate-backed index-based climate insurance. Through a combination of its own policies and a failure to enforce safeguards, the World Bank Group and the corrupt businesses and governments that it frequently backs are supporting dislocation, lost land (land grabs) and the erosion of traditional, diversified farming practices and social support networks. We argue that these are not aberrations but the tragic result of a development agenda that supports the interests of private companies at the expense of small-scale farmers and those who depend upon them for food security. We call on the Bank to scale back the activities of the IFC, scale up the enforcement of safeguards and truly support small-scale agroecological production.
Introduction


The Bank’s renewed focus on agriculture is framed on one hand by more than two decades of negligible lending and declining project performance in the sector (Independent Evaluation Group 2011) and on the other by recurrent food price spikes and the persistence of global hunger. The global explosion of finance capital and extractive industries—though not addressed specifically by the Bank’s agricultural projects—are also actively shaping both the foundations of agriculture and the priorities of the World Bank. The Action Plan is an important document because it operationalizes the 2008 WDR and clarifies the role the World Bank assigns to agriculture in liberalized global economies. It also reflects the expectations of global capital in relation to the Bank.

This assessment will critically review the goals, objectives and assumptions behind the Action Plan, as well as the Bank’s shifting priorities and what these currently mean in practice. It will also reveal what the Action Plan does not address. The document is designed to be a tool for informed dialogue among farmer and civil society organizations regarding the World Bank Group’s plans for agricultural development.

In the first section, Implementing Agriculture for Development, we address the goals, objectives and assumptions of the Action Plan as it addresses Growth and Sustainability, Climate-smart Agriculture and Global Partnerships. The second section, Priorities in Practice, reviews how selected Bank projects support contract farming, large-scale land acquisitions (land grabs) and integration into private global markets. Conclusions and Recommendations summarizes our findings and suggests ways forward.

Background

In the formative years of the World Bank, agriculture simply did not provide the Bank with the returns it needed to establish its creditworthiness, and so was largely ignored. Not until the 1970s did Bank President Robert McNamara (1968-81) call for investments in “the stepchild of development” (Patel 2007). Following his difficult tenure as Secretary of Defense (during which Vietnamese peasants routed U.S. forces in South East Asia), McNamara had become keenly aware of agriculture’s geopolitical importance.

Under McNamara the World Bank partnered with the Rockefeller Foundation to launch the Consultative Group on International Agricultural Research (CGIAR), which at its zenith managed 18 International Agricultural Research Centers (IARCs) around the world. The Bank encouraged borrowing for agriculture in Third World countries (particularly in Africa) and worked to set up the public institutions and rural infrastructure that would ensure the successful transfer of the model of industrial agriculture from the Global North to the Global South, i.e. the Green Revolution. The IARCs developed hybrid varieties of rice, wheat and maize that were locally adapted by the National Agricultural Research Systems (NARS) and passed on to extensionists at agricultural ministries. State-owned rural development banks provided subsidized credit for seeds, chemical inputs, irrigation and farm machinery. State marketing boards and government grain reserves worked to grow stable markets for grains and other staples.

The Green Revolution spread rapidly throughout Asia and Latin America. Increases in food production were dramatic. From 1970 to 1990, the two decades of major Green Revolution expansion, the total food available per person in the world rose by 11 percent, while the estimated number of hungry people fell from 942 million to 786 million, a 16 percent drop (Lappé, Collins, and Rosset 1986).

The benefits from these remarkable results were not evenly distributed, however, and the development model introduced profound social and environmental
problems. Because of its poor infrastructure, limited institutional capacity and highly heterogeneous agroecosystems, Africa proved too difficult for the widespread adoption of the Green Revolution model. The high-yielding varieties (HYVs) demanded high levels of chemical inputs and worked best on already fertile, irrigable land that could be mechanized. This tended to privilege better-resourced farmers rather than the poor, who were displaced by larger farmers. As a result, millions of smallholders migrated to the cities in search of work or sought out new land on fragile hillsides and forest frontiers (thus expanding the area of land under cultivation). Because there weren’t enough jobs in the cities and because the marginal land colonized by peasant farmers provided a precarious livelihood, the masses of smallholders displaced by the Green Revolution were impoverished and could not afford to buy food. In South America, where per capita food supplies rose almost 8 percent, the number of hungry people went up by 19 percent. In South Asia there was a 9 percent increase in food per capita by 1990, but there were also 9 percent more hungry people. Eliminate China from the global equation—where the number of hungry dropped from 406 million to 189 million—and the number of hungry people in the rest of the world actually increased by more than 11 percent—from 536 to 597 million (Lappé et al. 1986). When the Green Revolution ground to a halt in the 1990s, cereal yield increases had dropped by half and the number of hungry people had ballooned to 800 million (World Bank 2003).

By the late 1980s, the Green Revolution was increasingly called to account for displacing smallholders, reducing agro-biodiversity and degrading agroecosystems. Funding for CGIAR withered, leading to a “quiet crisis” (CGIAR Secretariat 1996). The World Bank stepped in with a financial bailout for a “CGIAR Renewal” in 1996, downsizing it to 13 IARCs and appointing Ismail Serageldin, the Bank’s Vice President for Environmentally Sustainable Development as the CGIAR Chairman. Serageldin called for a “thrice green revolution” (productivity, sustainability and income) and invited the private sector to help CGIAR establish research in genetically modified seeds (Serageldin 1997).

The CGIAR’s renewal responded to both a global disenchantment with agricultural investment and the shift by International Finance Institutions (IFIs) to liberalize development policies. During the 1980-90s, in an about-face of two decades of state-led development, the World Bank worked to dismantle many of the public institutions it had previously created and conditioned further lending on Structural Adjustment Programs (SAPs). For agriculture this implied liberalizing markets, closing marketing boards, selling off grain reserves and privatizing the credit and extension services the Bank had spent decades promoting. The effect on the NARS was crippling, leaving the IARCs without their national counterparts.

These neoliberal reforms were characterized by a general decline in foreign assistance to agriculture. The World Bank led the way for IFI disinvestment, reducing its own investments by half during the 1990s—from $3 billion to $1.5 billion (World Bank 2007). The Bank believed that global food security depended on liberalized global markets that were dominated by subsidized grain production in the Global North. Poor countries should buy rather than produce their food. Second, the Bank believed that paring back public investment in agriculture would spur private sector development. The Bank enthusiastically supported free trade agreements and the World Trade Organization (WTO), specifically the Doha “Development” round.

But chronic global overproduction coupled with the diminishing financial returns to agricultural research kept both prices and annual increases in productivity too low to make private investment attractive. The loss of rural public institutions (from the SAPs) was actually a disincentive to private sector investment. The private sector emerged only slowly and partially—mainly serving commercial farmers but leaving smallholders exposed to extensive market failures; high transaction costs and risks; and service gaps. Incomplete markets and institutional gaps impose huge costs in forgone growth and welfare losses for smallholders, threatening their competitiveness and, in many cases, their survival (World Bank 2007). While agricultural investment

CGIAR Chair and initiated a second major reform to the Consultative Group for International Agricultural Research, now numbering 15 IARCs.

1 In 2006, the World Bank appointed Katherine Sierra, Vice President of the Bank’s Sustainable Development Network (SDN) as CGIAR Chair and initiated a second major reform to the Consultative Group for International Agricultural Research, now numbering 15 IARCs.

2 This approach had some very specific consequences for
stagnated, the problems of agriculture and for the 2.5 billion men and women whose livelihoods depended on it, continued apace.

The Global Food Crisis

The Green Revolution model of capital-intensive agriculture promoted by the Bank—petroleum-based, chemical-heavy and irrigation-dependent—today contributes 13% to 18% of the world’s greenhouse gases (Steinfeld et al. 2006) and consumes 60% to 70% of the planet’s diminishing fresh water supplies (FAO 2008). Before the Structural Adjustment Policies and the global Free Trade Agreements, developing countries had yearly agricultural trade surpluses of US$1 billion. By 2004 the Southern food deficit had ballooned to US$11 billion/year (FAO 2004). The cereal import bill for low income food deficit countries reached over US$38 billion in 2007/2008 (de Schutter 2008). The Food and Agricultural Organization of the United Nations (FAO) predicts it will grow to US$50 billion by 2030.

In 2007 a combination of high oil prices, the spread of agrofuel crops, increased consumption of grain-fed meat and weather-related crop failures began pushing up food prices. Following these initial price increases, market speculation in commodities sent grain prices skyrocketing. In late 2007 food price inflation exploded on world markets—in spite of that year’s record harvests. Unable to afford food, the number of hungry people jumped dramatically from 850 to 982 million, igniting food riots around the globe (USDA 2008).

By June of 2008 the World Bank reported global food prices had risen 83 percent over the previous three years and the UN’s Food and Agriculture Organization (FAO) cited a 45 percent increase in their world food price index in just nine months (Wiggins and Levy 2008).

International plans to bring the crisis under control did not get under way until the leaders of the United Nations (UN), World Bank, International Monetary Fund (IMF) and WTO met in Bern, Switzerland in late April 2008—over a year into the global food crisis. World Bank President Robert Zoellick called for a “New Deal for a Global Food Policy.” The Bank promised to double its low-interest loans for agriculture to $800 million in Africa, offered $200 million in grants, urged for a conclusion to the Doha round, and called on the $3 trillion industry in sovereign wealth funds to create a “One Percent Solution” for equity investment in Africa (Zoellick 2008). This set the tone for the high-level agreements to beef up the World Food Program and establish immediate safety nets and long-term production-enhancing measures, particularly in Africa (Holt-Giménez, Patel, and Shattuck 2009).

In late May the Bank announced the billion-dollar Global Food Crisis Response Program, a rapid financing mechanism (loans) for governments to establish food for work, conditional cash transfers, and school feeding safety net programs. The Bank would also loan money for seeds, fertilizer and irrigation improvement, and provide budget support to offset tariff reductions for food and other unexpected revenue shortfalls. The Bank promised to increase its overall support for global agriculture and food to $6 billion in 2009, up from $4 billion (World Bank 2008).

In April 2008, the United Nations established a High-Level Task Force (HLTF), headed up by the World...
Bank, the IMF and the FAO, to address the global food crisis. At the FAO’s High-Level Conference on World Food Security held in Rome in June 2008, the HLTF released the draft of the Comprehensive Framework for Action (CFA), proposing joint actions to overcome the food crisis. The final document, released in July of that year, is a consensus of the global institutions in the High-Level Task Force. It proposes outcomes and actions to meet the immediate needs of vulnerable populations as well as to build long-term resiliency into the global food system for food security. The CFA was a turning point in the international response. On the one hand, it brought the mitigation efforts of concerned nations under one roof. On the other, it re-asserted the dominant roles of the World Bank, the IMF and the WTO in defining the rules of the global food system. This arrangement was endorsed by world leaders at the G8 Summit in Hokkaido Toyako in July 2008.

In the short term the CFA encouraged governments, philanthropies, the private sector and the international institutions to enhance emergency food assistance, nutrition interventions and safety nets and to boost smallholder food production. Governments were expected to adjust trade and tax policies to protect food security. The CFA envisions continuing these policies in the future to ensure local food availability and improve international food markets. While the CFA takes no position on the issue, it urges governments to come to an “international agrofuels consensus.”

The HLTF called for US$25 - $40 billion a year to reactivate the slow progress towards the Millennium Development Goals (one-third for immediate needs and two-thirds for long-term actions). This would require developed countries to actually keep their promises of increasing overseas development assistance (ODA) to 0.7% of their gross national income. They also called on developed countries to double food aid and increase agricultural development assistance from 3 to 10 percent of all ODA within five years. But the G8 in L’Aquila, Italy in July 2009 and the G20 in Pittsburgh, USA in September 2009 pledged just $22 billion to support food security and agricultural growth in low-income countries, including through the public and private sector windows of the Global Agriculture and Food Security Program (GAFSP).

In 2011 another round of food price inflation touched off the Arab Spring and sent the numbers of the world’s hungry billowing to over 1 billion. The United States Department of Agriculture (USDA) predicted that at least 90 percent of the increase in grain prices would persist during the next decade (USDA 2008). Most of the hungry are subsistence farmers who, ironically, produce over half of the world’s food.

The global financial crisis and ensuing recession took much of the world’s attention away from the global food crisis. Many of the financial commitments by G-8/G-20 countries for meeting the Millennium Development Goals—and for investment in agricultural development—were sidelined by the flurry of bailouts to the world’s major banks and financial houses. Actual provision of the GAFSP funds continues to fall far short of pledges. Food price inflation rose to record levels again in 2013. World Bank economists believe high prices and volatility will plague the global food system well into the foreseeable future (Townsend et al. 2012).

The 2008 World Development Report

A year before the onset of the global food crisis the World Bank initiated a wide-ranging 10-month consultation process in preparation of the 2008 World Development Report: Agriculture for Development (Byerlee, de Janvry, et al. 2007). The report was completed in October of 2007, just as food prices were climbing to record levels. Because the food price spikes took the Bank completely unaware, they are not addressed in the Report. Nonetheless, the document provided timely guidance for medium- and longer-term strategies to reconstruct food systems within the framework of the Millennium Development Goals.

The Report asks:

- How has agriculture changed in developing countries in the past 20 years? What are the important new challenges and opportunities for agriculture?
- Which new sources of agricultural growth can be captured cost effectively, in particular in poor countries with large agricultural sectors as in Africa?
• How can agricultural growth be made more effective for poverty reduction?

• How can governments facilitate the transition of large populations out of agriculture, without simply transferring the burden of rural poverty to urban areas?

• How can the natural resource endowment for agriculture be protected? How can agriculture’s negative environmental effects be contained?

The Bank’s first comprehensive report on agriculture in twenty-five years outlined several shifts in development thinking. First of all, the Report appeared to recognize the development potential of the world’s estimated 2.5 billion poor smallholder farms, i.e., not simply as a reserve army of cheap, industrial labor, but as key actors for economic development. According to an academic article by the Report’s lead authors:

…[With] an estimated 2.5 billion persons dependent on [agriculture], with three-quarters of all poor people living in rural areas, and with agriculture as the largest user of natural resources, it is increasingly recognized that realization of the global development agenda will not be possible without explicitly focusing on the role of agriculture for development rather than agriculture in industrialization” (Byerlee, de Janvry, and Sadoulet 2009).

The important shift indicates that investment in agriculture can offer bigger returns to poverty reduction than investment in industry, but that not all agricultural growth reduces poverty; if growth is concentrated in export-oriented sectors of large capital intensive farms, and if land and resources are unequally distributed, agricultural investment can exacerbate poverty rather than reduce it:

In China, where land is relatively equally distributed, the reduction in poverty was almost four times higher from GDP growth originating in agriculture than from GDP growth originating in industry or services… Rapid agricultural development also contributed substantially to the dramatic poverty reduction in Vietnam over the past 15 years and is likely to remain an important pathway out of poverty... But in some countries rural poverty did not decline, despite rapid agricultural growth—for example, in Bolivia, Peru and Brazil, where growth was concentrated in an export-oriented sector of large capital intensive farms (Ibid: 6).

Another significant departure from conventional development thought (notwithstanding recent discourse) is the Bank’s recognition that without investing in women farmers, agricultural investment cannot reduce poverty or hunger:

Because of poor access to markets, finance and technical advice, the role of women is often restricted to subsistence food crops with low potential to generate higher incomes. Enabling women to move beyond subsistence production and into high-value farming is a key pathway out of poverty for them, facilitated by better access to resources. Women, more than men, spend their income on food, thus improving household food and nutrition security and particularly the development of children” (Ibid: 8).

The authors also recognize that the one-size-fits-all approach that characterized the Bank/IMF structural adjustment policies will not work as a poverty measure. They propose three “worlds” of agriculture with different rural livelihood strategies at work: market-oriented, labor-oriented, migration oriented and diversified livelihoods (Ibid:2):

1) **Agricultural-based countries** (e.g., Sub-Saharan Africa); countries with higher labor productivity in agriculture than non agriculture and with agricultural growth greater than 20 percent and the rural poor being at least 50% of the poor. These countries require a “productivity revolution in smallholder farming,” by integrating farmers of “medium and high potential” into global food commodity chains through the production of non-traditional agro-exports. This is expected to both expand the rural wage labor market and push others to migrate out of rural areas.

2) **Transforming countries** (e.g., East & South Asia, Pacific, North Africa, Middle East); with agriculture contributing less than 25 percent economically and the rural poor comprising at least 60 percent of the poor. These countries require “shifting to high value agriculture, decentralizing nonfarm economic activity to rural areas, and providing assistance to help move people out of agriculture.”
farming is suggested to link farmers to processors and supermarkets.

3) **Urbanized countries** (Caribbean and Eastern Europe and Central Asia and Latin America); in which agriculture contributes less than 20 percent to the economy and the rural poor make up less than 60 percent of the total poor. In these countries, “smallholders become direct suppliers in modern food markets, good jobs are created in agriculture and agroindustry and markets for environmental services are introduced.” Contract farming and producer organizations (to help give them more bargaining power) are recommended, as are investments in health and education to engage in non-farm enterprises and to be better prepared for outmigration opportunities.

Despite this somewhat nuanced view of present day agriculture in the developing world (and an admission of the Bank’s past failings), the WDR 2008 recommends a uniform set of pathways out of rural poverty: commercially-oriented entrepreneurial smallholder farming; rural non-farm enterprise development and, more particularly, rural non-farm waged labor, or outmigration. These require the familiar policies of global trade and “getting prices right.” The Bank also calls for better soil and water management, new technologies, improved infrastructure and extension services and access to healthcare and education. In special circumstances the Bank suggests rebuilding some of the public institutions destroyed during structural adjustment, e.g., grain reserves and supply management. Overall, these are basically the same formulas called for in the last WDR on Agriculture (1982) and that the Bank has been pushing since the early 1990s (See Akram-Lodhi 2008). What is different this time is that after decades of privatization and structural adjustment the “Developmental State” of the 1980s characterized by public-sector enterprises and public financing has largely disappeared. The old formulas now lack a public vehicle for implementation.

The World Bank clearly assumes that the goal of “agricultural-based” countries should be to become “transforming countries” and these in turn, should be working to become “urbanized.” Ironcally, the point of agricultural development in the World Bank’s eyes is to transition the economy out of dependence on agriculture.

Relying on the same economic assumptions drawn from the modernization theory of over half a century ago, the Bank believes the world’s remaining smallholder farmers will either scale-up or will transition to becoming non-agricultural workers. Yet the Bank has no plausible suggestions for how the countryside and the cities will absorb the labor of 2.5 billion people, nor for how small, entrepreneurial farmers are to protect themselves from the monopoly and monopsony power of agricultural input companies and global supermarket chains.

The report offers no substantive departures from global market strategies, and while northern countries are admonished for unfairly subsidizing agriculture and dangerously protecting biofuels, in a tacit acceptance of the neoliberal world order, the 2008 WDR’s recommendations are firmly directed at development assistance for the Third World rather than the policies of the WTO, the G8 or G20. The essence of the 2008 WDR is to establish “conduits to transfer value from emerging capitalist farmers to global agrofood TNCs” (Akram-Lodhi *op cit*).

The value of the WDR on Agriculture is that for the first time, the World Bank recognizes the tremendous diversity in agricultural and food systems and (ostensibly) the value of agricultural development for ending poverty and the importance of women in agriculture. The weakness in the report is that despite this rhetoric, the World Bank’s recommendations for agricultural development are a predictable handful of familiar recipes, based on a new set of free market and industrial assumptions. Rather than a roadmap of pathways out of poverty, the WDR proposes integrating a relatively small percentage of better-off peasant farmers into global value chains, hiring an even smaller percentage in plantation agriculture and encouraging the rest to leave the countryside.

The World Bank’s Agriculture Action Plan (AAP) is thus based on a combination of the Bank’s checkered history in agricultural development that originally

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3 “Low-income countries tend to impose relatively high taxes on farmers in the export sector as an important source of fiscal revenue, while developed countries tend to heavily subsidize farmers. More than 90 percent of the dollar value of agricultural support in OECD countries is provided by the European Union, which alone provides about half; Japan; the United States; and the Republic of Korea. In all four, the [level of support] remains high.” 133-134
contributed to the current, massive failures of the global food system and a reframing of agriculture and development within a set of long-standing free market and industrial assumptions.

Implementing Agriculture for Development: The World Bank Group’s Agriculture Action Plan

Section One: Review and Critical Discussion of the Plan’s Assumptions, Objectives, Strategies and Actions

The Agricultural Action Plan opens with the statement, “The future needs an agricultural system that produces about 50 percent more food to feed the world’s 9 billion people by 2050.” It goes on to say that this system should provide sufficient nutrition, raise income and employment for the world’s poor, provide environmental services and use resources efficiently. This, the authors say “can be done with more and better

Table 1. Results the World Bank will help clients achieve; issue areas associated with achieving these results; and objectives for placing increased emphasis

<table>
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<tr>
<th>Results</th>
<th>Associated Areas</th>
<th>Increased Emphasis</th>
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<tbody>
<tr>
<td>Raise agricultural productivity</td>
<td>• Adoption of improved technology</td>
<td>• Climate-smart agriculture</td>
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<td>• Water management</td>
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<td>• Tenure security and land markets</td>
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<td>• Access to inputs</td>
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<td>• Ag. innovation systems</td>
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<td>• Gender equality in access to services/ assets/inputs</td>
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<td>Link farmers to markets and strengthen value chains</td>
<td>• Market access and trade</td>
<td>• Private sector response</td>
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<td>• Smallholder integration in the supply chain</td>
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<td>• Transport and storage infrastructure</td>
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<td>• Producer organizations</td>
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<td>• Market info. + standards</td>
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<td></td>
<td>• Access to finance</td>
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<td>Increase non-farm income</td>
<td>• Improved rural investment climate and infrastructure</td>
<td>• Private sector response</td>
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<td>• Job skills</td>
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<td>• Improved rural livelihoods</td>
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<td>• Youth employment</td>
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<td>Reduce risk, vulnerability and gender inequality</td>
<td>• Social safety nets</td>
<td>• Risk management</td>
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<td>• Integrated agricultural risk management</td>
<td>• Nutrition</td>
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<td>• National food imports/reserves</td>
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<td>• Protection against catastrophe</td>
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<td>• Climate-resilient farming</td>
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<td>• Market transparency</td>
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<td>• Gender equality</td>
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<td>Enhance environmental services and sustainability</td>
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<td>• Landscape approaches</td>
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<td>• Rangeland and forestry management</td>
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<td>• Commodity certification systems</td>
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<td>• Link improved practices with markets for global public goods</td>
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investment in the sector.” After briefly describing the “evolving and volatile context” of the global food system and lessons learned during the 2010-2012 period, the Plan goes on to outline the results it will help its clients to achieve (Table 1); discuss program context in various geographic regions; and list strategies and actions it will take to meet its objectives (Table 2).

Table 2. Areas the bank will emphasize for implementation of the program

<table>
<thead>
<tr>
<th>Areas</th>
<th>Key Actions</th>
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| Strengthen planning and investment prioritization in the poorest countries | • Seek additional financing for the Multi-Donor Trust Fund through CAADP  
• Agricultural expenditure reviews  
• New initiative to scale up IFC agribusiness impact in Africa |
| Work with other development partners to establish a project preparation facility | • Work to establish a project preparation facility that can work on irrigation projects  
• As well as land tenure projects |
| Better link IDA/IBRD/IFC/MIGA support at country level | • Strengthen in-country coordination though Global and Africa Region Agribusiness Platforms  
• Strengthen linkages between private and public sector investments through GAFSP |
| Strengthen analytical work, including impact evaluations to guide sector dialogue and project identification | • Strengthen partnerships, including with the Secure Nutrition Knowledge Platform on Food Security and Nutrition and CAADP;  
• Strategic use of impact evaluations for scaling up beyond individual projects |
| Improve project quality | • Ensure 80% of projects have a satisfactory outcome  
• Ensure 80% of projects with issues have had corrective actions taken  
• Engage in revisions of bank safeguards  
• Align staff with size and composition of support  
• Establish a Sustainable Landscape Practice  
• Revise WBG safeguards ensuring sector issues addressed  
• Restructure departments to make a new environmental services department including the establishment of a sustainable landscape practice |

Problematic overarching assumptions

The AAP is built from the outset around flawed assumptions and inaccurate portrayals of the world’s current and future food and agricultural needs. It is often repeated that we must raise agricultural productivity in order to meet the demands of a growing population, but this position has been widely questioned. First, this projection for needed agricultural growth is calculated based on prices rather than yields, and does not include production of fruits and vegetables, which are an important element of the human diet. Moreover, the statement inaccurately positions hunger—and the possibility of increasing global hunger—as a consequence of inadequate production. In reality, hunger, as discussed above, is often the result of unequal distribution and access. Today, the world produces enough food to feed 10 billion people. And yet, 1 billion people are suffering from hunger and malnutrition.

Thus the plan fails to consider the underlying causes of hunger and poverty, or to reflect on how maintaining paradigms of “agricultural modernization” and integration into global supply chains may, in fact, increase rather than resolve food insecurity. Moreover, although the plan accurately overviews the volatility of global food prices and climate conditions, it fails to truly engage with key
drivers of price volatility (industry consolidation and financial speculation) and of climate change (greenhouse gas emissions from food transportation and industrial/agricultural development).

The challenges of value chain integration

The primary objectives in the AAP framework are to raise productivity; increase global market and agribusiness penetration; improve agricultural resilience to market and environmental shocks; and reduce levels of vulnerability among the rural poor. The overwhelming thrust of the Bank’s strategy to do so is to bring farmers into “global value chains.” Essentially, this means funneling the labor and production of farmers in the developing world toward the production of value-added products that can be sold on a global market. For instance, instead of growing grain for local consumption, growing it to sell as feed to large-scale fish farmers or snack foods producers in another country. Although opening up new markets for farmers may seem appealing, the reality is that global value chains are generally controlled by trans-national corporations, and countries whose GDP relies on first-order participation in global value chains (production of items before “value” is added by trade, processing or distribution) tend to be the poorest in the world (UNCTAD 2013). Over one third of the total global value created under global value chains accrue to the rich, northern countries that are members of the Organization for Economic Co-operation and Development (OECD), while only 8 percent of total value added is shared among poor and developing countries (Banga 2013).

Focusing on the private sector

The AAP seems to assume, without providing evidence, that direct investment in the private sector has the potential to develop smallholder agriculture and minimize poverty and hunger. Behind discussions of how public-private partnerships (PPP) will help the World Band Group ensure that the infrastructure projects they fund will benefit small and mid-scale farmers lies a major shift within the WBG away from the International Bank for Reconstruction and Development (the original public branch of the World Bank Group) and toward funding through the International Finance Corporation⁴. The AAP states that “in recognition of the evolving global context,” it will continue to give more emphasis to “facilitating private sector response” including by increasing IFC’s agribusiness investments. When the WBG engages in partnerships or lends to the private sector, these businesses receive the lion’s share of the economic improvement. The assumption is that privately-backed economic development will lift-up or give opportunities to all citizens of a country. However the reality is that private sector investment is coinciding with stagnating investments in health, education and welfare—social goods that are essential for improving well-being and upward mobility (Muchhala 2014). What’s worse, investing in the private sector and private financial institutions greatly decreases transparency and public accountability.

The AAP is particularly emphatic about increasing support for PPPs in Africa. One priority (see Table 2) is to continue fostering a partnership with the G8’s New Alliance for Food Security and Nutrition. This project has been hotly criticized for funneling capital to foreign businesses at the expense of local smallholders. A letter signed by 100 development organizations in seven countries wrote of the alliance that “it is pressuring African governments to adopt domestic policy reforms that will facilitate large corporations’ investments in agriculture and discriminate against those who actually make the bulk of the investments, namely small-scale producers themselves.” They went on to say that the changes “threaten small-scale farmers’ control over land and seeds, marginalize local markets and cause loss of biodiversity and soil fertility, to the detriment of the livelihoods of local communities” (Grain 2014). What makes PPPs like the New Alliance particularly problematic is that there is a lack of transparency in their practices. This same problem

⁴ In the fallout of the of the global financial crisis, even as the global ODA stagnated, in 2010 external investments to the private sector by international finance institutions (IFIs) exceeded US$40 billion. By 2015 this amount is projected to surpass US$100 billion. Over the past decade, multilateral development banks have experienced a dramatic spike in their private sector portfolios from 7.3 billion euros to 21.24 billion euros ... The International Finance Corporation (IFC) of the World Bank and the EIB [European Investment Bank] scaled up their private sector support from 1.5 to 3.4 billion euros between 2006-2010... Financing to the private sector from IMDBs has increased tenfold, from less than $4 billion to more than $40 billion per year” (Muchhala 2014).
occurs with IFC’s increasing tactic (discussed further in the case studies below) of investing in third party financial intermediaries, such as banks, in developing countries. When private businesses are entangled in projects supposedly intended for the public good, it is exceedingly difficult to ensure that they act on the same mandate.

Climate-smart agriculture and “modernization”

Climate-smart agriculture is an approach that organizations ranging from the FAO to the World Bank have supported in order increase agricultural productivity, build climate resiliency and reduce greenhouse gas emissions (Palombi and Sessa 2013). But as international peasant organization La Vía Campesina has pointed out, the approach really amounts to nothing more than a repackaging of Green Revolution-style practices for the purported goal of dealing with climate change (La Vía Campesina 2014). The AAP prioritizes climate-smart agriculture, and discusses it in relation to the development of drought and flood resistant seed varieties. The focus on “improved” seed varieties reflects the Bank’s longstanding alliance with CGIAR and prioritization of genetically engineered, hybrid, high-input seeds and irrigation-dependent technologies.

Focusing on this, the Bank believes that farmers can practice “sustainable intensification.” This approach goes hand in hand with the “landscape approach,” which the Bank, following the FAO, suggests will support biodiversity conservation. By intensively growing more food on relatively small areas of land, the idea is that surrounding “islands of biodiversity” can be left in their “natural state.” Essentially, it is a way to maintain a paradigmatic focus on “modern” technified agriculture while nodding toward conservation goals. The idea is a direct contradiction to the “nature’s matrix” approach, offered by scientists who say that biodiversity is best conserved when agriculture itself is more biodiverse—as it is when smallholders practice agroecology rather than chemical-intensive agriculture (Perfecto, Vandermeer, and Wright 2009).

The ramifications of climate risk insurance

Another response that the AAP mentions by way of protecting farmer’s against climate volatility is to “expand crop-related insurance offerings such as the Global Index Insurance Facility” in order to offer index-based insurance to farmers vulnerable to catastrophic weather (Townsend et al. 2013, p. 20). While only briefly mentioned in the document, index-based weather insurance has become a major WBG initiative for addressing climate-change related risk. Whereas agricultural insurance traditionally compensates farmers after a verified crop failure, index-based weather insurance gives payouts to policy-holding farmers whenever environmental measures exceed specified thresholds (such as during droughts or hurricanes). Because actual agricultural performance is irrelevant, insurers do not have to care about costly verification processes. Thus, the insurance can be offered much more cheaply than traditional crop insurance, and is potentially accessible to relatively small-scale farmers (Isakson 2015; Peterson 2012).

While providing a financial safety net to small-scale farmers in the face of increasing climate-induced risk is indeed an important goal, the reality of index-based insurance is that it threatens to push farmers farther away from the farming practices that could actually create climate resilience. Insuring small-scale farmers makes them more “creditworthy.” Thus, as they access this new form of insurance, they are encouraged to engage in “riskier” behavior, in other words, to take out credit to purchase “modern” agricultural inputs including chemical fertilizer and improved seed varieties. Doing so pushes farmers toward mono-cropping, which is inherently less resilient than diversified agriculture to changing climate conditions. Modern seed varieties, which have a smaller genetic base than traditional varieties, are less able to adapt to environmental variability. Moreover, shifting reliance to insurance schemes can undermine traditional risk pooling agreements and other social safety nets that farmers arrange at the community-level. For these reasons, Ryan Isakson argues that the “reduced risk of credit default is not equivalent to the increased probability of having food had smallholders stuck with traditional agricultural practices that are relatively more resilient than their modern counterpart” (Isakson 2015, p. 8).

While index-based weather insurance may ultimately affect smallholders for the worst, it offers promising immediate returns for corporate agribusinesses by opening up new markets of small-scale farmers. The WBG’s work around these insurance schemes
is housed within the IFC, which is partnered with notorious international seed and chemical company Syngenta in rolling out the insurance schemes in Kenya, Rwanda and Tanzania (International Finance Corporation 2015).

Beyond the immediate concern that these schemes are no more than a guise to push “modernization” and capture corporate markets, there are broader concerns associated with the financialization and commodification of climate risk. These schemes set the stage for derivatives trading markets, which like all markets for fictive commodities, can produce unexpected and wide-ranging negative consequences for global agricultural systems (Isakson 2015).

**Land access**

Land has been a concern for the Bank since the 1990s ill-fated attempts at market-led reforms, which are discussed further in the case study on Honduras below. To address issues of land tenure, the AAP lends support for land markets, titling programs and land administration reforms. The intent is that small-scale farmers can then either use land as collateral for loans (allowing them to “modernize” and “scale-up”), or, if they are so small that they are doomed to be incapable of this, they can sell to larger farmers and leave agricultural altogether. Unfortunately, bringing agricultural land into the global marketplace has a spotty track record for development; it has often lead to indebtedness, forced sales and—perversely—increased land conflict and unequal land distribution (Martin-Prevel 2014).

**Ignoring the IAASTD**

In 2009, the results of a four year, multimillion dollar study involving over 400 scientists sponsored by the UN Environment Program, FAO, UNESCO, Global Environment Facility and the World Bank were released in the massive “International Assessment of Agricultural Knowledge, Science and Technology for Development” (McIntire et al. 2009). Remarkably, the AAP does not follow any of its suggestions. Like the 2008 WDR, the IAASTD gives special attention to the role that smallholders play in agricultural development. But instead of seeking to incorporate them into the existing global food regime, the IAASTD calls for a radical transformation of the world’s food and farming systems. The final report—endorsed by 58 governments and released worldwide on April 15, 2008 concluded that industrial agriculture has degraded the natural resources upon which human survival depends and now threatens water, energy and climate security. The report warns that continued reliance on simplistic technological fixes—including transgenic crops—is not a solution to reducing persistent hunger and could increase environmental problems and poverty. It also critiqued the undue influence of transnational agribusiness on public policy and the unfair global trade policies that have left more than half of the world’s population malnourished.

The report’s authors suggest that we reconfigure agricultural research, extension and education to incorporate the vital contributions of local and indigenous knowledge and innovation, and embrace equitable participatory decision-making processes. They suggest that we increase investments in agroecological farming and adopt an equitable international trading framework, and wrote that it is possible to maintain current levels of productivity and even improve profitability for small-scale farmers while making more socially and ecologically resilient farming systems. All of these findings went unnoted by the authors of the AAP.

**Section Two: Priorities in Practice**

Section one revealed that behind the pro-smallholder language of the AAP lie a range of highly problematic assumptions and prescribed solutions. In section two we analyze what happens at the ground level to show how the Bank’s agricultural projects are entangled with its broader economic agendas as well as with the corruption of governments and corporations. We show how the Bank’s effect on agriculture goes beyond projects categorized as agricultural and includes the private investments of the IFC and the conditions the Bank poses on governments as conditions of loans. A case study on Ethiopia shows how a focus on value chain integration and modernization, combined with an ill-advised trust in a government proven to be corrupt unwittingly supports land grabbing and violent dislocation. Another case from the Ukraine indicates how restructuring also supports the erosion of rural social worlds and ongoing land consolidation. Finally, a case from Honduras reveals the danger of
lending to a third party financial intermediary and the disturbing unwillingness of the IFC to prevent ongoing abuse. Aside from potential increases in commercial output, it appears highly unlikely that any of these projects will serve to reach the AAP’s stated desired outcomes of improving small-farmer livelihoods, reducing gender inequality and enhancing environmental sustainability. Below the three case studies, a final subsection will review various problematic trends within these cases and other projects.

Case Study 1: Resettlement, Land Grabs and Abuse in Ethiopia

On March 31, 2015 the World Bank announced a $350 million loan to help the government of Ethiopia “increase agricultural productivity and enhance market access for smallholder farmers in more than 150 of its rural districts” (World Bank 2015). According to the Ministry of Agriculture (2015), the project, called the “Second Agricultural Growth Project (AGP II),” will support the government’s Agricultural Policy and Investment Framework (PIF). The Bank claims that it will directly benefit 1.6 million smallholder farmers by increasing access to irrigation, public support services, agricultural technologies and markets (World Bank 2015).

Overlooking the Policy’s goal of tripling chemical fertilizer use in Ethiopian agriculture, its attention to smallholder production and stated commitment to both “women’s empowerment” and sustainability appear to be a departure from the Bank’s conventional approach (Ministry of Agriculture 2010). However, a closer look at the political context and recent history of Bank projects in Ethiopia raises cause for concern that this project could contribute to the government’s resettlement agenda, which displaces small-scale farmers and pastoralists and makes land available to be leased to foreign investors.

In 2006, a year after temporarily cutting off loans to Ethiopia in response to government massacres and arrests of political opponents, the Bank resumed a relationship with the country and initiated a loan program, called Protection of Basic Services, that is intended to help provide education, health care, fresh water and other support to rural Ethiopians. Several years later, as the Bank continued to funnel millions of dollars into the program, the Ethiopian government launched its highly controversial forced relocation program, aimed at reorganizing the rural populations into villages where they would supposedly have increased access to health services and schools (Chavkin et al. 2015; Human Rights Watch 2012).

As the program rolled out, many farmers complained that they were being forced to abandon productive land for barren plots in the village. In the western province of Gambella, where the displacement program has been most aggressive, indigenous Anuak communities have faced beatings, rape and even murder for resisting resettlement (Chavkin 2015a; Human Rights Watch 2012). Many became refugees, fleeing to South Sudan to avoid further abuse. Those who did resettle in villages have faced hunger and even starvation as they’ve attempted to prepare un-cleared farmland for cultivation without promised help from the government for seeds, tools, training and other inputs. Pastoralists and shifting cultivators have struggled to adapt to sedentary cultivation (Human Rights Watch 2012).

While the Bank does not support the relocation campaign, and strongly disputes that Bank funds were used to support it, local officials in Ethiopia have reported that millions of dollars were diverted from the Protection of Basic Services campaign in order to carry out the evictions. Without this money, they say, it would have been impossible (Chavkin et al. 2015).

After hearing reports of the violent evictions, Bank staff visited western Ethiopia in February-March of 2011 to investigate. They visited the state of Benishangul-Gumuz, north of Gambella. Although this was indeed a site included in the relocation program, the efforts were not yet as advanced as they were in Gambella. The Bank concluded that “relocation appeared to be voluntary and not a direct consequence of bank-supported investment projects” (Chavkin et al. 2015). To corroborate this report, the Bank also turned to investigations carried out by other foreign donors, including one by the United States Agency for International Development and Great Britain’s Department for International Development. While these agencies wrote that they could not confirm reports of violence, the investigative team’s translator, an
American NGO director and resident of Ethiopia, later publicly asserted that interviewed villagers had, indeed, directly reported rape and abuse, and that these reports were reflected in the transcripts of his recordings (Hurd 2013).

As resettlement programs have rolled out across Ethiopia, the government has been turning over and marketing large tracts of land to foreign investors. According to a report by the Oakland Institute (OI), at least 3.62 million hectares of Ethiopian land had been sold to foreign investors as of 2011. Forty-two percent of land in Gambella had already been transferred or was currently being marketed (Horne 2011). According to the national government, the relocation program has nothing to do with these land deals, however former local government officials told Human Rights Watch that foreign investment is the underlying cause for resettlement, and villagers reported that they have been told the same thing (Human Rights Watch 2012).

The Ethiopian government argues that foreign investment will improve Ethiopian food security and will lead to “technology transfer” between the commercial operations and small-scale farmers, but in reality no mechanisms have been created to support such transfers and most of the production (which includes rice, maize, oil palm, sugarcane, cut flowers, soybeans, agrofuel seeds, edible oil seeds, tomatoes and others) is intended for export. OI found that at almost every lease site their researchers visited, local people were being displaced from farmland without receiving any compensation (Horne 2011).

Despite a disturbing report about violence published by the Human Rights Watch, a 21-page complaint filed by Anuak refugees with the help of Inclusive Development International, and now a report of the International Consortium of Investigative Journalists (ICIJ), all of which indicate the current risk of lending to the Ethiopian government, the Bank has continued to loan funds to the Protection of Human Services program and the Agricultural Growth Project, both of which include Gambella and other sites where the current local government has already been proven untrustworthy.

Alarmingly, the recently announced second Agricultural Growth Project, authored by the Ethiopian government and funded by the Bank, includes a resettlement plan in order to make land available for irrigation infrastructure, roads, footpaths and market places (Ministry of Agriculture of the Federal Democratic Republic of Ethiopia 2015). According to project documents, the project tries to avoid involuntary resettlement, and finds that farmers usually cede land willingly because they will benefit from the project. Moreover, they say a grievance system is put in place to address complaints (Ministry of Agriculture 2015). However, local governments’ recent track record and the Bank’s apparent unwillingness to directly confront the challenge of oversight raise great cause for concern.

The Bank is currently rewriting its safeguards policy, supposedly to prevent repeating the failures to protect human rights during resettlement that have occurred in the past. However, Bank officials involved in the internal audit process have raised concerns that revisions will actually undermine the Bank’s ability to protect people by giving governments the ability to sidestep the Bank’s written standards. Michael Cernea, a former high-ranking Bank official and a sociologist, told journalists that “The poorest and most powerless will pay the price” (Chavkin et al. 2015).

While AGP-II may be written as a plan to support small-holder farmers in rural Ethiopia, neither the World Bank nor the Ethiopian government have proven that they can be trusted to prevent redirection of funds and abuse of peasants. The plan does nothing to take into account traditional pastoralist and shifting cultivation livelihoods, and supports the increased use of chemical fertilizers and seeds imported from private companies. As peasants are organized into interlinking irrigation and market systems, newly freed land will become available to foreign investors, whose unsustainable production will do very little to improve the everyday well-being or food secure of the people.

Case Study 2: Bolstering Corporate Agribusiness in Ukraine

Ukraine, often referred to as the “breadbasket of Europe,” has some of the most fertile soils in the world. A quarter of all the world’s “black earth,” more than 32 million hectares, are located here. The
The country is the world’s third largest exporter of corn and the fifth largest exporter of wheat. For many years, the country’s farming enterprises followed the Soviet model of collective labor on large-scale, state-owned farms. After the USSR collapsed in 1991, the government began a process of decollectivization under which rural dwellers and farmworkers were entitled to claim rights to their own parcels of privately held land. However, a combination of lack of resources, lack of know-how and misinformation prevented many people from claiming these rights, and much land was accumulated in the hands of rural elite (Mamonova 2015; Plank 2013). UkrLandFarming, for instance, owns more land than any other entity in the Ukraine, in addition to about 65,000 cattle, 23 million poultry, 18 meat processing plants, six seed plants, six sugar factories, four silos, three grain elevators, three sow farms, six feed milling plants and three long-term egg storage facilities (Fraser and Mousseau 2014).

A search of World Bank projects in the Ukraine reveals the last loan in the “agricultural, fishing and forestry” sector to have closed in 2003. At first glimpse, this might appear to indicate that the Bank has been relatively inactive in shaping the agricultural development of this country. However, a deeper look at World Bank programs reveals that it is playing a heavy hand in encouraging ongoing foreign investment and consolidation in this sector.

In 2012, the IFC established the Ukraine Investment Climate Advisory Services Project, which seeks to improve the agricultural business climate by eliminating or streamlining 58 policies and practices by the end of 2015 (Word, Martin-Prével, and Mousseau 2014). This effort corresponded with efforts of the IMF, a partner in the World Bank’s push to open Ukraine to international investment, which in the same year required reforms in Ukraine’s agrarian sector to “bolster the confidence of foreign investors” through reforming the country’s “red tape and inefficiencies” (Hakim 2014 as quoted in Word, Martin-Prével, and Mousseau 2014). More recently, the World Bank has continued in the vein, announcing a $3.5 million aid package to the Ukraine on May 22, 2014. The money will be used not only for water and energy projects, but will also go towards the continued dismantling of perceived barriers to doing business in the country. The Bank’s conditions for this loan include asking the government to scale back its own power by “removing restrictions that hinder competition and by limiting the role of state ‘control’ in economic activities” (World Bank 2014).

These efforts are further enforced by the World Bank’s Enabling the Business of Agriculture Program (EBA), formerly called Benchmarking the Business of Agriculture, of which Ukraine is one of ten pilot countries. The EBAs are modeled after the Bank’s Doing Business rankings; both rank countries according to the ease of doing business in them (Oakland Institute and Our Land Our Business 2014). On paper, the Bank claims that the EBAs can help small-scale farming businesses to scale-up and connect to markets (The World Bank Group 2014), but in reality, neither the Bank nor the Ukrainian government are working to provide small-scale producers with the resources they would need to take advantage of commercial opportunities; in 2012, for instance, about 60 percent of national agriculture subsidies went the large-scale farming enterprises (Mamonova 2015). Thus, it is clear that the report, which compares countries based on their chemical production and the ease of complying with agricultural laws, is most useful for foreign investors interesting in finding where they can profit abroad without encountering excessive legal barriers.

At the time of writing (July 2015), Ukrainian officials are planning to announce opportunities for agricultural investment at an upcoming US-Ukrainian business forum, based on the results of a draft produced with the World Bank (World Grain Staff 2015). Already, transnational agribusinesses Monsanto, DuPont and Cargill have all expanded their operations in the Ukraine. Monsanto’s Ukraine staff doubled in 2012, and in 2014 both Monsanto and DuPont invested in new seed plants there. In January 2014, Cargill purchased a 5 percent share in the previously mentioned UkrLandFarming. ADM, Bunge and Cargill have all invested in grain storage and processing in Ukraine, and “in 2013 a consortium of agribusinesses from Saudi Arabia acquired the Ukrainian Continental Farmers Group, which expects to have crops in production by 2015” (Fraser and Mousseau 2014).

Investment is a work-around being pushed by the World Bank to circumvent a moratorium on selling land to foreign investors that has been in place in the
Ukraine since 2001. Although companies cannot buy land designated as agricultural, they can buy shares of large-scale domestically owned companies, or buy non-agricultural land, construct processing facilities on it, and then lease adjoining farmland for up to 49 years (Fraser and Mousseau 2014). Villagers in a community of Western Ukraine learned about the pitfalls of working with foreign agribusiness after entering into an agreement with Danish company Axzon to allow it to build another industrial scale pig farm in the village of Sivka-Voinylivska. After learning about the negative impacts on soil, water and human health that the company’s other farms in the region have, villagers became increasingly concerned, and organized to end the deal with Axzon. The company pushed back, arguing that both parties must agree to the lease’s termination. After a court battle, the villagers eventually won, but sadly, their victory does little to prevent other villagers from facing the same struggles (CEE Bankwatch Network 2014).

The World Bank has claimed that land acquisitions can benefit rural residents through employment or remuneration for leased/sold land. It claims that small-scale and large-scale agriculture can exist side by side (Deininger et al. 2011). Indeed, Mamonova has reported from the Ukraine that many villagers do not resist land acquisition by large-scale farming interests. She explains this is in part because they would like to move, or they would like their children to move to urban areas; in part because many are underprepared to farm on their own and are searching for wage-employment; and in part because many rural Ukrainians are either currently engaged exclusively in subsistence farming or in the production of labor-intensive crops, such as potatoes, fruits, vegetables and milk, which do not directly compete with the export operations of large-scale farms (2015). However, Olivier de Schutter, former UN Special Rapporteur on the Right to Food, argues that the co-existence of these farming strategies is quite likely very short-lived, and is merely a slower path toward the ultimate marginalization, displacement and disappearance of small-scale farms (de Schutter 2011). Moreover, many rural residents who have moved to the cities have encountered high-living costs and unemployment, and have ultimately returned to the countryside. In the past, people in this situation have been able to return to family land and engage in subsistence farming, but as land is increasingly leased away, many people will not retain this fallback plan (Mamonova 2015).

The support for large-scale land acquisition and foreign agribusiness investment in Ukraine that the World Bank supports may be a less violent example than resettlement in Ethiopia, but it further underscores the Bank’s agenda to support agricultural consolidation and open doors for large-scale agribusiness. Despite the Bank’s stated commitment to support small-scale agriculture, it has not engaged in projects that will actually help small-scale producers to benefit from any of the reforms it pushes on the Ukraine government. Many of these rural residents are more familiar with laboring on collective farms than running their own small-business, and would benefit from investment in training and access to equipment. Even as rural Ukrainians begin to move out of agricultural work and into cities—paths that the World Development Report promotes—neither the Bank nor the Ukrainian government are taking steps to create alternative sources of employment. If the trend of consolidation and foreign investment continues, Ukraine’s unique black soils, which could provide a home and employment to diversified, productive, small-scale farming, will likely be overexploited as a source of capital for transnational firms as rural Ukrainians struggle to find alternative livelihoods.

Case Study 3: Land grabs, Violence, and Third-party Investment in Honduras

The Aguán Valley in Honduras is also the home of fertile soil as well as a powerful history of campesino struggle. In 1970, a long-awaited national land reform law turned much of the land over to collective peasant organizations. Many poor peasants migrated to the area to take advantage of new opportunities for land access. Through “blood, sweat and tears” and over multiple generations, they prepared the land for growing and built infrastructure. Through this struggle they developed a “strong collective pride over the region’s development” (Kerssen 2013, p. 21). Though land reform had provided new opportunities and improved livelihoods for many peasants, it did not fit into the World Bank’s vision of national economic development. In the 1990s, the Bank urged the government to re-examine the country’s land ownership laws. To push the country toward a market economy, the Bank supported a
new law, passed by Honduras in 1992, to allow land owned by collectives to be broken up and privately sold (Kerssen 2013; Chavkin 2015b).

Private companies and large corporations began to buy up land and set up oil palm plantations. One of these corporations was Dinant, one of Central America’s biggest palm oil and food producers. The IFC has claimed that the land sales are evidence of the failure of collective ownership, and peasants’ desire for change. Peasant groups, however, disagree. They say that they were pressured by hired gunmen to sell. In other cases, they reported cases of internal discord within the collectives, and cases of individuals taking action to sell land without getting agreement from others (Chavkin 2015b).

In 2009, the IFC made a $15 million loan to Dinant. They considered the company’s owner, Miguel Facussé, to be a “respected businessman.” However, as the IFC’s ombudsman later reported in an internal evaluation, the IFC had failed to do any of its required due diligence. Had they even conducted an Internet search, they would have found that Facussé had previously been accused of involvement in the murder of an environmental activist, and faced warrant for arrest in 2003 due to allegedly dumping toxins into drinking water over the course of two decades. The warrant was only tossed out when the issuing judge left her job (Chavkin 2015b; CAO Vice President Request 2014).

If the IFC was aware of this, they may not have been surprised by the events of November 2010 over the El Tumbador plantation. Although it occupied land considered by the National Agrarian Institute to be state-owned, Dinant claimed that it owned the land. The State was apparently unable to resolve the problem, so members of the Aguán farmers’ movement decided to occupy the plantation. They continued to farm there for four months before being kicked off. In attempts to retain their land rights, a group of farmers returned to attempt an occupation. According to their reports, they were suddenly fired upon by armed guards with high-powered weapons. Five peasants died (Geary 2015).

Hearing of the event, the IFC urged Dinant to avoid conflict, pushed the government to find a solution and withheld a second installment of their loan to Dinant. However, conflict continued. In May 2011 a well-known peasant activist disappeared and community members reported seeing a trail of blood leading into the plantation. That same month, the IFC moved forward in approving a $70 million loan to Ficohsa, one of Honduras’s largest private banks (Chavkin 2015b).

Ficohsa is also one of Dinant’s biggest financiers, so a large portion of this loan ultimately ended up in their hands. The IFC’s ombudsman found that in the process of lending to Ficohsa, IFC staff were encouraged “to overlook, fail to articulate, or even conceal potential environmental, social and conflict risk” (Provost 2015). He also stated that through its banking investments, the bank has an unmeasured exposure (connection) to projects with many potential significant adverse environmental and social impacts (CAO Vice President Request 2014).

In February 2013, the body count related to land conflicts in Aguán had risen to over 100. Eighty-nine of these were peasants and 19 were security guards, policy, military or landowners. This same year, as violence was escalating, Ficohsa gave another $5 million to Dinant; just a small part of the $39 it would provide to the company over the course of the IFC’s investment with Ficohsa. That same month, it came to the attention of the IFC that Ficohsa was not putting into place the environmental and social safeguards that the IFC supposedly required. However, this did not stop the IFC from providing a guarantee in November that year for two trade finance deals with Dinant, nor did it stop them the following year, in June 2014, from moving forward with purchasing a $5.5 million ownership in Ficohsa (Chavkin 2015b). It is unclear how the World Bank could hope to support the well-being of small-scale agriculturists while supporting continued IFC investment in agribusiness.

Reviewing the Major Trends

From supporting the efforts of corrupt governments to dislocating peasants and pastoralists and funding the advancement of socially and environmentally violent agribusinesses, the case studies above show that the World Bank is continually supporting land grabs and agricultural consolidation. At best, the Bank and the IFC’s refusal to acknowledge the connection between its projects and violent harm to peasant populations could be interpreted as naïve...
or obtuse failures in oversight, or at worst it could be seen as a willingness to overlook harm in the pursuit of the same corporate-friendly “development” objectives it has pursued since its inception.

The case studies above highlight problematic trends in World Bank practices such as dislocation, land-grabbing, lending to private banks and blanket support for chemical fertilizers and proprietary seeds. Sadly, none of these trends are confined to the cases discussed above, nor are they the only trends of great concern. Around the world, millions of people have either been pushed out of their homes, off their land, or out of their chosen livelihoods as a result of conservation programs, dams, power plants or other projects sponsored by the World Bank. Between 2004 and 2013 the Bank estimates that 3.4 million people were “involuntarily resettled” through projects they funded. Although the bank has internal safeguards intended to minimize conflicts around resettlement, Bank staff indicate that even when they raise concerns about the enforcement of these safeguards, they are rarely acted on (Kushner et al. 2015; Chavkin et al. 2015). In a 2014 internal review, the Bank found that in 60 percent of examined cases, there was no documentation of what happened to people after involuntary resettlement, meaning that there was absolutely no mechanism in place to oversee these populations’ well-being (Chavkin et al. 2015).

This lack of oversight is particularly concerning given IFC’s lending to financial intermediaries, which further separate the IFC from on-the-ground actions. As in the case of Ficohsa and Dinant in Honduras, these lending practices are increasingly contributing to land grabs. As of 2014, 42 percent of IFC’s lending commitment goes to financial intermediaries. In Cambodia and Laos 164 peasants say they have lost residential plots and farmland to rubber plantations owned by a company that Vietnam-based Dragon Capital Group Ltd owns shares of. Dragon Capital receives funding from the IFC. Communities also lost access to communal land and forests considered to be sacred sites (Chavkin 2015b; Geary 2015). In Uganda, villagers have complained about forced eviction from land and destruction of property in order to make room for timber plantations of the UK-based New Forests Company (NFC). Some community members faced violence during evictions and all suffered from the loss of access to school and clinics, which were shut down in order to free-up buildings for NFC office space. NFC receives funding from Agri-Vie, an agribusiness fund that is supported by the IFC (Compliance Advisor Ombudsman 2015). Despite all of these disasters, the IFC says that it will continue to invest in “fragile and conflict-affected situations,” because it stubbornly refuses to acknowledge that the risk is not worth any possible financial gains (Chavkin 2015b).

The problem of IFC lending to intermediaries is further linked to support for large-scale dam projects. Dam projects are notoriously controversial for dislocating people from their lands and creating unintended consequences. For example, Paul Farmer has traced the creation of a hydroelectric dam in Haiti to increasing HIV/AIDS rates and extreme economic insecurity in rural regions (Farmer 2006). Nonetheless the World Bank Group continues to lend money, sometimes indirectly, to such projects. In India, the IFC has invested in the India Infrastructure Fund. One of their major investments is a large power plant in Odisha. Almost 1,300 families have lost agricultural lands and another 100 have been economically displaced over the course of this project. Many claim they were threatened into selling their land for low prices. Among the most affected are tribal communities and marginalized “low-caste” Dalits. In Guatemala, the IFC invested in the Inter-American Investment Corporation (CIFI). CIFI funds the company that is constructing the Cambalam hydroelectric dam. Community dissent over this project rose to such a high level that the Guatemalan government called it a state of emergency for the first time since the country’s civil war (Chavkin 2015b).

A major cause for these human rights abuses is the IFC’s inability to hold third-party intermediaries to the IFC’s written standards. However, even when the IFC lends directly to businesses they often fail to prevent grossly negative impacts. Oil palm plantation development in Indonesia provides another glaring example of this. Since 2003, the IFC has made four investments in the Wilmar Group, one of the world’s largest processors and merchandisers of palm oils as well as one of the largest plantation owners in Indonesia and Malaysia. Three of these investments resulted in complaints to the Compliance Advisor/Ombudsman Office that similarly found illegal land clearance, inadequate
compliance with IFC’s operating procedures, seizing of indigenous people’s customary lands and failure to negotiate with communities plus a variety of social and environmental impacts (Compliance Advisor Ombudsman 2007; Compliance Advisor Ombudsman 2008; Compliance Advisor Ombudsman 2011).

It has become increasingly clear how badly new environmental and social safeguards and oversight are for Bank and IFC projects. Thus it is not surprising that in 2013, the Bank came out with a revised set of draft standards. What is surprising is that the standards allow private businesses to “opt-out” of rights protection for indigenous people within the state (Inclusive Development International 2015). Justifying increased investment in the private sector is the ongoing belief, touched on in the Ethiopian case study, that increased access to “improved” seed varieties and chemical fertilizers is the only means to promote development. To make room for these inputs, the Bank also pushes governments to deregulate and open up to international agribusiness (Mittal and Kaplan 2014). The Bank voices this position clearly in a BBA document that reads “no region of the world has been able to expand agricultural growth rates, and thus tackle hunger, without increasing fertilizer use” (2014), a statement which ignores not only examples to the contrary but the fact that the paradigm is in essence a self-fulfilling prophecy enforced by the Bank’s own structures.

Along with other multilateral institutions and NGOs that are looking for a “Second Green Revolution,” the Bank is particularly interested in pushing this Agenda in Africa. In 2013, the same year the Bank released the AAP, they also released a report called “Growing Africa,” in which authors argued that a “wider uptake and more intensive use of improved seed, fertilizer, and other inputs would go a long way to closing the African ‘agricultural performance deficit’” (Byerlee et al. 2013). As the UN Special Rapporteur on the right to food points out, pushing farmers toward “improved” seeds and chemicals makes them dependent on an increasingly small group of transnational companies. The Intellectual Property Rights (IPR) associated with these seeds can also make it illegal for farmers to save and trade seeds as they have traditionally done, which can erode local-level security and push farmers toward debt and even eventual land loss (de Schutter 2012).

Resettlement, support for major seed and chemical companies and investment in private pro-agribusiness firms all combine to disrupt diversified small-scale farming and consolidate agriculture into mass production of commodity crops. It is not surprising then that the World Bank’s main strategy under nutrition has little to do with increasing direct access to diversified agricultural products. The Bank has prioritized scaling up biofortified crops that use selective plant breeding or biotechnology to increase the nutritional content of staple food items. Examples include zinc-rich maize and high-vitamin A sweet potatoes. Although increasing a population’s access to key nutrients through common foods could indeed address some immediate health crises, it does nothing to move communities toward access to diets that are overall nutritious and diverse. In fact, it diverts resources away from work that could serve toward this end. Most concerning, by pushing biofortified seed varieties—which are less objectionable than other foreign “improved” varieties—on developing countries, the Bank and other public institutions could be undermining national seed markets and opening the floodgates for foreign seeds (Daño 2014).

Section Three: Conclusions and Recommendations

Though couched in language about supporting smallholder production, rural livelihoods and ecological resiliency, the World Bank’s 2014-2015 Agricultural Action Plan, along with the 2008 Development Report, are essentially blueprints for scaling-up agribusiness and consolidating land. Although the IAASTD discusses means to improve rural livelihoods while keeping people on the land, the AAP aims to scale-up small-scale agriculture, and move those who cannot keep up out of agriculture without mention of future, urban-based employment. From Climate Smart Agriculture to Index-Based Insurance, the underlying intentions of the Bank’s major schemes all involve pushing farmers to non-local “improved” seed varieties and agriculture
inputs all in order to grow commodity crops for export.

To do this, WBG funding is increasingly being channeled through the IFC where it goes into funds of financial intermediaries and private businesses, whose commitment to the general good and public welfare is highly questionable. Particularly troubling is the fact that IFC employees may not even be attempting to work toward these goals themselves: an internal survey at the IFC found that only 30 percent of staff thought of development as their primary objective (Geary 2015).

On the ground, communities are experiencing violence and dislocation as a result of World Bank and IFC initiatives. Meanwhile, global agribusinesses are gaining access to more land and new markets. When affected communities and civil society bring complaints to the WBG, they are often ignored. When the Bank is forced to acknowledge them and admit failure, it tends to claim it simply failed in overseeing local governments and business partners. What it doesn’t admit to is that such failures are essentially inherent to their overarching agenda and unavoidable if they do not implement stronger mandatory safeguards.

The AAP may increase agriculture production and GDP could go up in some regions, but it is unlikely that the cash-crop for export strategy will significantly address the problems of hunger and poverty in a countryside undergoing profound processes of social differentiation. Moreover, it does nothing to address the demographic shift that it encourages. Although the plan aims to move people away from agricultural labor, it does not address the types of jobs that newly urbanized people could obtain or how they will achieve food secure in their new cities.

The 2008 Development Report and the AAP were opportunities to rethink the Bank’s treatment of agricultural development. However, the only real difference between the Plan and the Bank’s previous position is that rather than being dismissed entirely, peasants are now seen as potential market sources that international seed and chemical companies can capitalize on.

Recommendations

Given the disjuncture between the goals and objectives of the AAP, the problems already occurring with projects on the ground, the widespread public distrust of the global corporate-private sector and the outright protest on the part of civil society organizations to private-sector led development, the Bank should rethink and reformulate its AAP. To bring itself in line with the global risks and difficult social, economic and environmental realities facing agriculture in the developing world, the Bank should:

- Revisit the IAASTD and re-vision the AAP to bring the Bank in line with the transformative recommendations of this trans-disciplinary, scientific report. This includes a focus on local and regional food systems and agroecology;
- Divest from third-party financial intermediaries which cannot be held accountable to civil society or international institutions;
- Divest from projects that allow for involuntary resettlement or that encourage “villagization”;
- Maintain and strengthen obligatory safeguards, including by building on relevant international human rights law such as the UN Basic Principles and Guidelines on Development-related Evictions and Displacement, respond to the critiques of internal auditors, and ensure transparency of projects to both affected communities and the public at large;
- Review existing projects and policy reform indicators with the meaningful involvement of the populations most affected, and withdraw from those that fail to promote the right to food and the legitimate tenure rights of women and communities, or that prioritize global financial interests over vulnerable people and the environment;
- Support small-scale producers’ own investments as advised by the Committee on World Food Security, by putting women, small-scale farmers and other marginalized groups at the center of any future strategy and project for food security and nutrition (especially in in Africa), making sure that human rights and environmental impact assessments are carried out to ensure that projects only move forward if they are found not to have negative impacts on...
human rights and the environment;

- Prioritize more egalitarian land structures, shifting the land administration focus from titling to access and stop any legal and policy changes that facilitate large-scale land investments, land concentration and that impede smallholder’s ability to keep their land;

- Support the adoption of agroecological practices by small-scale farmers to build resilience through: participatory research in agroecology, dissemination of ecological farming knowledge via farmer-to-farmer networks, and capacity-building of public extension services to advise farmers on how to practice ecological farming;

- Prioritize projects and policies that support local infrastructure and distribution of small-scale producers’ agricultural products to local markets, including public sector institutional markets; and

- Prioritize projects and policies that allow farmers to save, exchange and sell their seeds.

Bibliography


