To:

Global Head for Agribusiness

CC:

Stakeholder Engagement Officer
Global Lead for Sustainable Protein Investments
Global Sector Lead for Agribusiness and Forestry
Communications Officer for Stakeholder Engagement
Senior Investment Officer
Investment Officer:
Sustainable Animal Protein Specialist

November 15, 2024

Dear Mr. Jagwani,

We are writing to raise concerns about the proposed US$ 40 million investment in Samuda Food Products Ltd. of Bangladesh (project number 48407).

A key concern is about the souring of feed for the project. As previously discussed, soy and cereals for feed are nearly always grown intensively in monocultures with high use of agro-chemicals leading to soil degradation, overuse and pollution of water and biodiversity loss. Animals convert these crops very inefficiently into meat and milk. There is ample evidence that the production of soy for feed is a key driver of deforestation, land conversion, GHG emissions and biodiversity loss. See Appendix A below, where we highlight a few articles and reports that document these impacts, noting that there are many more.

Indeed, the World Bank recognises that an intensive livestock project's demand for feed may have detrimental impacts in the region where the feed is produced. The WBG Guide *Investing in Sustainable Livestock* states that feed production for intensive livestock systems is increasingly sourced from "high-input intensity grain and legume monocultures and supplied from international markets. This can result in remote impacts on natural resources in feed-exporting regions, as well as competition for resources between the production of livestock feed and human-edible food."

The ESIA (linked on the disclosure page) states that "Soy seed will be procured from Brazil, Argentina, and Canada", and the crushing plant supported with this operation will have "a capacity of producing 540 Metric Tonne (MT)/day Crude Degummed Soybean Oil (CDSO) and

2,370 MT/day soybean meal." According to the US Soybean Export Council, 1 MT of soybean meal requires about 46.39 bushels of soybeans (=1393 kilos). That means Samuda's crushing plant will need some 3,300 MT to run according to the IFC's estimates. The Brazilian soybean plantations' average yield for the past five years was 3.4 MT/Ha, which means more than 354,000ha would be required to supply just Samuda's soybean meal crushing plant operations, if operations run 365 days/year.

Supply Chain Disclosure and Due Diligence

International law increasingly recognises the need for both supply chain due diligence and disclosure of adverse environmental impacts within the supply chain. These concepts are embodied in the OECD Guidelines for Multinational Enterprises, the EU Corporate Sustainability Due Diligence Directive, German Supply Chain Act (LKsG), and France's Duty of Vigilance Law. It is therefore appropriate that the IFC consider the upstream and downstream environmental impacts of developments before considering whether to invest in them.

As this project will import soy as a raw material, soy growers will be the suppliers in the upstream supply chain. The project will produce soy meal for use in animal feed on factory farms; so commercial buyers of the soy meal— factory farms in Bangladesh and elsewhere— are part of the downstream supply chain.

Soy is a significant driver, both directly and indirectly, of deforestation and water pollution, yet the ESIA does not assess the adverse environmental impacts of the supply of soy, which is not in the spirit of supply chain due diligence or disclosure.

Supply chain disclosure requires transparency on adverse environmental impacts within the supply chain. It is therefore appropriate that we request disclosure. Firstly, considering that deforestation continues despite zero-deforestation commitments, how many hectares will be deforested to grow soy? And secondly, how much GHG will be emitted by the factory farms, and transport of soy, soy meal, and animal products to market?

Unfortunately, section 1.4.2 of the ESIA (International Standards and Guidelines) fails to mention the OECD Guidelines for Multinational Enterprises (i.e. by their own admission, they haven't been taken into account).

Convention on Biological Diversity

The project may breach international law by contributing to deforestation. Signatories of the Convention on Biological Diversity (CBD) have committed to conserve 30% of all land by 2030

through systems of protected sites. Soy for this processing plant will be imported from Argentina, Canada, and Brazil. Only 8.48% of land is currently protected in Argentina, and only 11.91% in Canada. Imports of animal feed crops from these three countries are likely to contribute to deforestation (see Appendix A).

CBD Concerns in Bangladesh

In Bangladesh, only 4.6% land is currently protected, and yet the ESIA states that mangroves and mudflats will potentially be lost in the construction of the site, and identifies 'Precinct H' as a forest conservation area comprised of mangroves that may become a port or heavy industrial area in the near future depending on demand within the area (page 35). Page 58 ((point A.1(9)) also refers to a National Biodiversity Strategy and Action Plan to "***conserve and restore the biodiversity*** *of the country*" and confirms that this Plan is "*applicable*" to the project. Page 531 contains the Impact Assessment Summary, which records a *"major*" impact on biodiversity without mitigation and still "*moderate"* impact even with mitigation. Page 431 confirms that –

- *"The implementation of the PUC will have an impact on mangrove and mud-flood habitats."*
- *"As the tidal water entering the mangrove and mudflat area has been prevented, it will be degraded, and the species composition will be modified, so only freshwater-tolerant species will remain in the habitat."*
- *"The site development (land filling and construction of the super-dyke) will have a negative impact on mud-flood habitat."*
- *"The cumulative impact is assessed as high."*

Threatened species

Page 74-75 also states that "*some IUCN-threatened fauna is reported in proximity to the project area*." And on page 528: "*…one Near Threatened Species (Black-tailed Godwit) was recorded. One Near Threatened (NT) reptile species, Bengal Monitor Lizard (Varanus bengalensis) was found in the study area. IUCN Endangered Dolphin species Irrawaddy Dolphin reported from Sandwip Channel in proximity to the SFPL area*." Page 434: *"IBAT screening carried out for the project site, screened in 145 IUCN Threatened species…*"

Important Bird Areas and Wetlands

Page 22 of the ESIA states: "*The project site along with the entire Economic Zone is located in the northeastern corner of the "Ganges-Brahmaputra-Meghna Delta Important Bird Area. The project site is located within the Ganges-Brahmaputra-Meghna Delta Important Bird Area (IBA)."*Page 432 states, "*the vast wetlands, marshes and mudflats of this area provide suitable*

habitats for many migratory bird species…21 species were found in the BSMSN site." Although this site is not a protected Ramsar wetland area, it is a protected forest area. Bangladesh is a signatory of the Ramsar Convention.

IFC Compliance Concerns

The above points therefore raise the question: How is financing this project consistent with (1) Bangladesh's recognition in the CBD (i) "*of the intrinsic value of biological diversity and of the ecological, genetic, social, economic, scientific, educational, cultural, recreational and aesthetic values of biological diversity and its components*", and (ii) "*that the fundamental requirement for the conservation of biological diversity is the in-situ conservation of ecosystems and natural habitats*", and (2) Bangladesh's acknowledgement in the CBD of their international law "*responsib[ility] for conserving their biological diversity*"?

The IFC risks facilitating a breach of the Convention on Biological Diversity, Bangladesh's National Biodiversity Strategy and Action Plan, and the OECD guidelines for MNES.

Recommendations

Considering the ample evidence of the impact of soy production on deforestation, pollution and food insecurity, indigenous peoples, local communities, women and youth, the IFC should consider the wider negative environmental, social and gender impacts, as well as animal cruelty impacts, of supporting the animal agriculture industry through investment in feed processing facilities.

We recommend the IFC:

1. Reject this proposal.
2. Change the project to Category A
3. Require disclosure on GHG emissions, water pollution, and deforestation in the upstream and downstream supply chain.
4. Require a climate change impact assessment.

Yours sincerely,

Sinergia Animal
Global Forest Coalition
Compassion in World Farming International
World Animal Protection

Appendix A

- **Deforestation linked to Agriculture**, by World Resources Institute (WRI), from April 4th, 2024.
  This WRI study finds that cattle replaced the most forest by far—cattle pasture now occupies some 45.1 million hectares (Mha) of land deforested between 2001 and 2015, accounting for 36 percent of all tree cover loss associated with agriculture during the time period. It found that soy production is the 3rd largest land use found of recently deforested land, now occupying (8.2 Mha), after palm (also extensively used for animal feed, see report by Rainforest Action Network).
  The World Bank Group itself reported the same WRI's data in its flagship report Recipe for a Livable Planet, acknowledging the heavy impacts of soy production on ecosystems and the global climate, and stating that "protecting Brazil's forests generates more value from ecosystem services ($300 billion annually) than it does from economic gains ($100 billion annually)" (Box 3.2, p. 105).
- **Sustainable commodity sourcing requires measuring and governing land use change at multiple scales**, a scientific article by the Stockholm Environment Institute and others, from 2024, actually finds that soy production is the largest indirect driver of deforestation in Brazil, being responsible for 55% of deforestation in the period 2000-2021, when looking at the national scale. The study finds that the net area of pasture in Brazil has been stable or declining since the mid-2000s, but that cattle pasture across the south and central Brazil has been displaced by the expansion of soy, among others, and that pastures have shifted notably northward, expanding, in particular, at the expense of forests in the Amazon biome.
  The outsized role of soy production in driving deforestation, had already been discussed in a 2010 paper by McGill University and CIAT - The role of pasture and soybean in deforestation of the Brazilian Amazon, and in the 2018 paper by the Universidad Nacional de Córdoba and others, Greenhouse gas emissions and energy efficiencies for soybeans and maize cultivated in different agronomic zones: A case study of Argentina, which found similar patterns in Argentina.
- **Mighty Earth finds nearly 60,000 hectares of recent soy-driven deforestation in the Amazon and Cerrado**, by Mighty Earth, from March 14th, 2024
  This report found nearly 60,000 hectares of recent deforestation in the Amazon and the Cerrado biomes, between September and December 2023, with likely links to the soy supply chains of seven of the soy biggest traders, including Bunge and Cargill.
- **The trail of destruction caused by soy in Brazil's cerrado**, by Reporter Brasil, from November 2022.

The report shows that the expansion of soybeans for the global commodities trade is very linked to the deforestation of native vegetation, private capture of water resources and conflicts with traditional communities. It estimates that around 20% of soybean exports to the European Union (EU) from areas of the Cerrado and Amazon may be contaminated by illegal deforestation.

- **'Soja-pirata' cultivada na Amazônia acelera desmatamento e tem participação de gigantes do agro** ('Pirate soy' grown in the Amazon accelerates deforestation and involves agribusiness giants), by Repórter Brasil, from May 19, 2021
  This article documents well known schemes to "greenwash" illegally produced soy, and finds that three multinationals bought soy from resellers who were supplied by a rural producer fined R$12 million for deforesting and burning the Amazon rainforest.
- **Connecting exports of Brazilian soy to deforestation**, by Trase Earth, from December 7th, 2022
  This report finds that the rate of deforestation and land conversion driven by the expansion of soy production in Brazil has slowed, the Amazon and Cerrado continue to be cleared despite zero-deforestation commitments made by soy traders, according to Trase data for 2019-2020. Land clearance in the Pampas grasslands is accelerating to meet growing demand for soy, including from China.
- **Brazilian state law overturns soy moratorium that helped curb Amazon deforestation**, AP, November 1st, 2024.
  This article alerts to the fact that a historic agreement that's helped curb deforestation in Brazil's Amazon for nearly two decades suffered a major blow after Mato Grosso, the country's largest soybean-producing state, passed a law ending incentives for participating processing and trade companies.
- **Burning Legacy** - Deforestation, by Stand.Earth.
  This joint CSO campaign site, that focuses on the role of Cargill in driving deforestation, finds that Cargill, the largest agricultural company in the world, has failed to uphold its promises to end deforestation practices for products in its supply chain. The company continues to invest in ports, trains, and other infrastructure in South America that will directly or indirectly destroy the forests and other ecosystems they have committed to save.
- **Food System Impacts on Biodiversity Loss**, by UNEP, Chatham House and CIWF, from February 3rd, 2021.
  The report finds that the greatest loss of intact ecosystems in recent decades has occurred in the tropics, the world's most biodiverse regions, primarily through the conversion of forests for the production of soy, cattle and palm oil.
  It highlights that currently 78% of the world's agricultural land is used for the farming of animals, while they only provide 18% of the global calorie supply, and only 37% of the

global protein supply. The study finds that "combined with a reduction in food waste and shifts to plant-based diets (allowing a reduction in farmed animals and feed crop production), organic agriculture could contribute to feeding more than 9 billion people in 2050. Not only could this scenario result in sufficient food availability globally, it would offer positive outcomes across a range of environmental indicators, including a reduced requirement for cropland.

- **Atlas dos Agrotóxicos** (Pesticide Atlas), by Heinrich Böll Stiftung, 2024
  This atlas, which is an update of the 2022 version, which is available in English, extensively documents the impacts of the excessive use of pesticides in Brazil, from soil and water pollution, to gender and health impacts. It also documents the very heavy pesticides lobby that has made Brazil a world champion in approving the use of pesticides with toxicity levels not allowed anywhere else.

  Among others it finds that there is a correlation between the increase in the use of pesticides and the increase in food insecurity in Brazil. In 2022, 63.8% of rural homes were facing food insecurity. Pesticides are mainly used in the production of soybeans, corn, pastures (all linked to industrial livestock production), as well as cotton and sugarcane. Between 2000 to 2021, the area planted with soybeans (mainly for feed production) increased by 187%, reaching almost 40 million hectares. In the same period, the area planted with rice decreased by 54%, and that of beans by 37%, reducing to 1.7 and 2.7 million hectares, respectively. This contributes to the reduction in the domestic supply of food in Brazil, resulting in the need to import food and putting pressure on the price of the basic food basket.

  This is not really new. Already in 1996, the FAO published the report Control of water pollution from agriculture, which notes the severe negative impacts from the use of pesticides in agriculture (see chapter 4)
- **How Industrial Agriculture Affects Our Soil**, by FoodPrint, from August 10th, 2018.
  This article stresses how monocropping for the production of soy and maize, including for feed, this "depletes the soil of nutrients (making the soil less productive over time), reduces organic matter in soil and can cause significant erosion. It also "alters the microbial landscape of soil, decreasing beneficial microbes and causing poor plant growth over time."
- **Tofu Protein Isn't the Problem**, by World Animal Protection, from July 18, 2024
  This highlights that the demand for soy that has driven deforestation comes directly from the ever-increasing demand for animal products, while increased interest in meat alternatives hasn't made a noticeable impact on the environment.