

A Crisis of Our Own Making:

U.S.-Backed Development Funding of Foreign Shrimp Aquaculture Is Substantially Injuring the American Shrimp Industry

(August 2023)



Southern Shrimp Alliance

P.O. Box 1577 Tarpon Springs, FL 34688

955 E. MLK Dr. Suite D Tarpon Springs, FL 34689

727-934-5090 Fax 727-934-5362

TABLE OF CONTENTS

	<u>Page</u>
TABLE OF CONTENTS	i
Executive Summary	1
Multilateral Institutions Have Contributed to Global Oversupply of Shrimp and Caused Commodity Prices to Crash	2
Multilateral Organizations: Who Are They?	6
1. Multilateral Organizations in Which the United States Participates	6
A. United Nations	6
B. World Bank Group.....	10
C. Inter-American Development Bank Group.....	12
D. Asian Development Bank	14
E. African Development Bank Group	14
F. Global Innovation Lab for Climate Finance	15
2. Multilateral Organizations in Which the United States Does Not Participate	16
A. Development Bank of Latin America	16
B. OPEC	16
C. European Investment Bank.....	17
Overview of Development Finance Projects of Shrimp Aquaculture	18
1. IFC Investment in Belize (1998).....	19
2. IDB Investment in ERSAs Expansion (2000).....	19
3. IFC Loan to CPB in Indonesia (2006).....	19
4. IIC Investment in Santa Priscila (2011).....	19
5. IFC Investment in Omarsa (2016)	20
6. EcoEnterprises Fund (2016)	20
7. IFC Investment in Omarsa (2017)	20

8.	IFC Investment in Overseas Aqua Feed (2018).....	20
9.	CAF Investment in Electrical Grid for Ecuadorian Shrimp Aquaculture (2019).....	20
10.	NASE Shrimp Project (2019).....	21
11.	IFC Investment in Alpha Feed Group (2019).....	21
12.	IFC Investment in Banco Internacional (2022).....	21
13.	IFC Investment in Santa Priscila (2022).....	21
14.	Climate Smart Shrimp Fund (2022).....	21
15.	IDB Investment in Peru (2022).....	22
16.	ADB Loans for Indonesian Shrimp Farming (2022).....	22
17.	World Bank Loan for Fisheries Recovery in India (2022).....	22
18.	Sustainable Loan for Blue Aquaculture in Ecuador (2023).....	23
19.	Philippine Fisheries and Coastal Resiliency Project (2023).....	23
	Governance of Multilateral Institutions	23
	Environmental Ramifications of Multilateral Institutional Funding of Shrimp Aquaculture	30

Executive Summary
Development Funding of Shrimp Aquaculture Is Injuring the U.S. Shrimp Industry

Multilateral development institutions alleviate poverty by providing capital where investment is lacking. As small, family-run businesses, American shrimpers are acutely aware of the difficulties faced in obtaining financing. We believe that farmers and fishermen everywhere should be able to provide for their families and build strong economic communities.

Since the 1970s, the World Bank has been heavily involved in shrimp aquaculture, pouring in billions of dollars to spread the industry throughout Asia and Latin America. More recently, multilateral groups have intensified investments in shrimp farming, processing, and export operations. However, new shrimp-related development projects are being undertaken in a global market characterized by oversupply and excess capacity. At present, each additional development dollar dedicated to shrimp farming undermines investment already made in the industry and further endangers the commercial shrimp fishing industry in the United States.

As overseas markets for shrimp contracted in the wake of COVID-19, U.S. shrimp imports reached record levels in 2021. This was not due to increased demand but, instead, because the United States has remained the world's dumping ground for seafood not wanted in other markets. With far more supply than demand warrants, shrimp prices in the U.S. and around the world have been in decline. Cold storage facilities throughout the country are filled and there are no reasonable prospects on the horizon for inventory to turnover. Nevertheless, despite these market circumstances, international financial institutions continue to greenlight projects designed to further expand shrimp production. In fact, since 2022, multilateral groups have funded at least eight significant projects that will further increase shrimp exports in a saturated market.

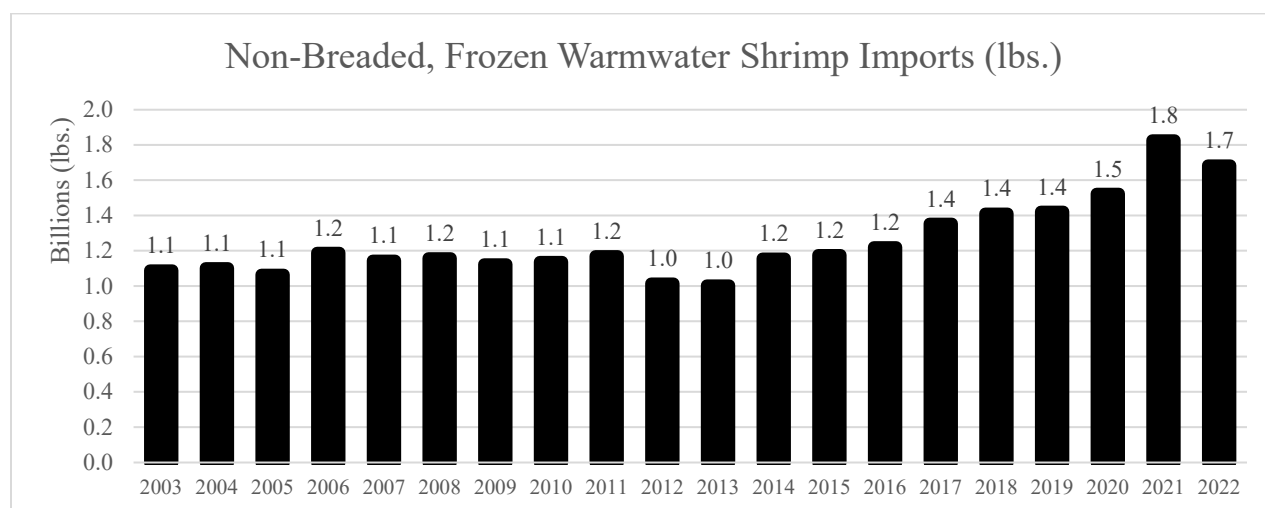
Congress anticipated the damage that international financial institutions could wreak through investment in commodity production that is in surplus in world markets. For almost fifty years, Congress has required U.S. representatives at these institutions to oppose any assistance to industries characterized by over-capacity where further export would cause substantial injury to an American industry, codifying this mandate at 22 U.S.C. § 262h. Development assistance for shrimp farming, processing, and export constitutes the use of funds in support of the export of a commodity that is in surplus on world markets and that, when imported into the United States, causes substantial injury to the U.S. shrimp industry. As such, the U.S. Department of Treasury's Office of International Affairs must explain how the agency intends to meet its statutory obligation to oppose further funding of shrimp aquaculture-related projects. Further, the U.S. Government Accountability Office should be asked to investigate the extent of funds provided by multilateral institutions to support shrimp aquaculture.

Although some of the projects recently funded have recognized the substantial level of mangrove deforestation resulting from shrimp pond expansion, new projects have nevertheless been undertaken that exacerbate this environmental harm without any effort to mitigate the damage. The U.S. shrimp industry's interactions with the surrounding environment are the subject of heavy regulation, yet shrimpers are forced to compete against shrimp produced in a manner that has devastating environmental impacts. As federal policymakers seek to counter deforestation across the globe, the status of mangroves in shrimp exporting countries must be addressed, with greater attention on the role of shrimp farming in this ecosystem's destruction.

Multilateral Institutions Have Contributed to Global Oversupply of Shrimp and Caused Commodity Prices to Crash

Throughout the Gulf of Mexico and the South Atlantic, commercial shrimp fishermen are seeing record low prices offered at the dock. Shrimpers must decide whether to fund a trip and risk absorbing significant losses (because there is likely to be no market for their catch) or stay tied up and forego revenue. The dire circumstances confronted by shrimpers comes at a time when imported shrimp has overwhelmed the marketplace. Worldwide, the supply of farmed shrimp has outstripped demand. This oversupply, in turn, was not simply the product of private capital inaccurately forecasting the profit potential for shrimp production but, instead, follows decades of development funding from multilateral institutions that now threatens not just to wipe out the U.S. shrimp industry but shrimp aquaculture industries that received this assistance in impoverished countries across the world.

Imported shrimp reached record levels in the U.S. market in 2021. Since that high-water mark, foreign shrimp volumes have been declining over the last year and a half as supply vastly outstripped U.S. consumer demand.



Over the last year, cold storage inventory packed with cheap imports has not turned over. Nevertheless, prices continue to decline as foreign shrimp exporters try to hold market share.

Beyond the market for shrimp in the United States, other major shrimp importing markets, including China, the European Union, and Japan, are seeing deterioration in demand for this seafood. Accordingly, while the domestic shrimp industry faces a bleak market in the United States, their foreign competitors confront declining markets throughout the world.

In short, current conditions demonstrate that there is far more supply of shrimp in the global market than corresponding demand. Nevertheless, despite these circumstances, multilateral development institutions have focused on supporting even greater *expansions of shrimp production capacity*.

Conventional wisdom holds that farmed shrimp is more efficient and inexpensive to produce than wild-caught shrimp and, in result, the plight of American shrimpers is due to participation in an economic activity from a bygone era. Yet, farmed shrimp production continues to be largely insignificant in the United States as well as all other developed nations. In the countries that do have substantial shrimp aquaculture production, these industries tend to receive large amounts of government support, including export subsidies. Moreover, overseas shrimp industries are frequently implicated in the abuse of banned antibiotics and other veterinary drugs, as well as forced and child labor practices. In addition, the U.S. shrimp industry has consistently demonstrated that several of the largest foreign suppliers dump their shrimp into the U.S. market. These market distortions are inconsistent with the conclusion that shrimp farming enjoys a competitive advantage over shrimp fishing.

Nevertheless, shrimp aquaculture has received substantial support from multilateral institutions focused on economic development. Beginning in the 1970s, multilateral institutions have provided significant support for intensive shrimp aquaculture systems in the developing world.¹ In its 2005 report *Changing the Face of Waters*, the World Bank observed that its overall investment in aquaculture-related projects was estimated to be over US\$1 billion between 1974 through 2006,² summarizing the support for aquaculture as follows:

During this period [1978-1997], development assistance to aquaculture increased from 8.5 percent to 17.5 percent of the total allocated to the fisheries sector. Between 1988 and 1995, official aid for aquaculture development amounted to \$995 million, of which development banks financed 69 percent. By 1995, the development banks dominated, accounting for 92 percent of external funding.³

Within this funding for aquaculture, shrimp aquaculture has been a priority focus. For example, the International Finance Corporation (IFC) invested in multiple aquaculture projects between 1998 and 2006 in which shrimp production accounted for all \$71 million in the IFC's loans.⁴

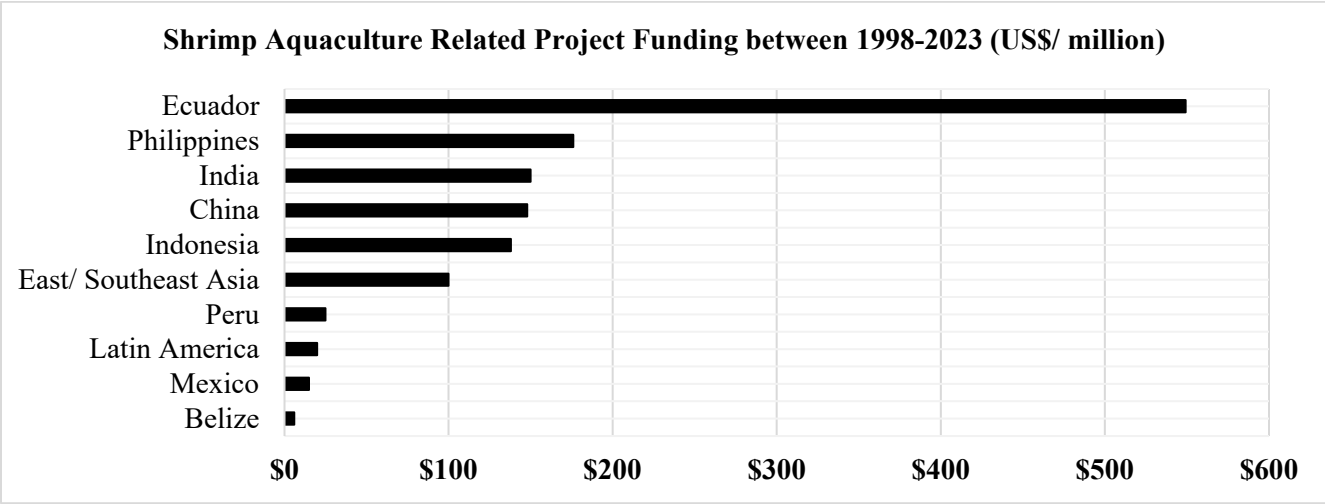
As described in greater detail within this report, a review of projects funded over the last quarter century by multilateral institutions supporting shrimp aquaculture and related industries shows an inordinate focus on Ecuador. As summarized in the table below, multilateral funding of shrimp aquaculture has been significant throughout the world, but there is a clear principal beneficiary:

¹ *World Bank's Destructive Policies About Shrimp Farming Endanger Communities in Developing Countries*, Public Citizen. (Apr.18, 2005), available at: <https://www.citizen.org/article/world-banks-destructive-policies-about-shrimp-farming-endanger-communities-in-developing-countries/>; see also Nhung Nguyen, *Delta shrimp farmers' enthusiasm for working with mangroves is waning*, The Third Pole (May 12, 2023), available at: <https://www.thethirdpole.net/en/livelihoods/shrimp-farmers-working-with-mangroves-mekong-delta-vietnam/>.

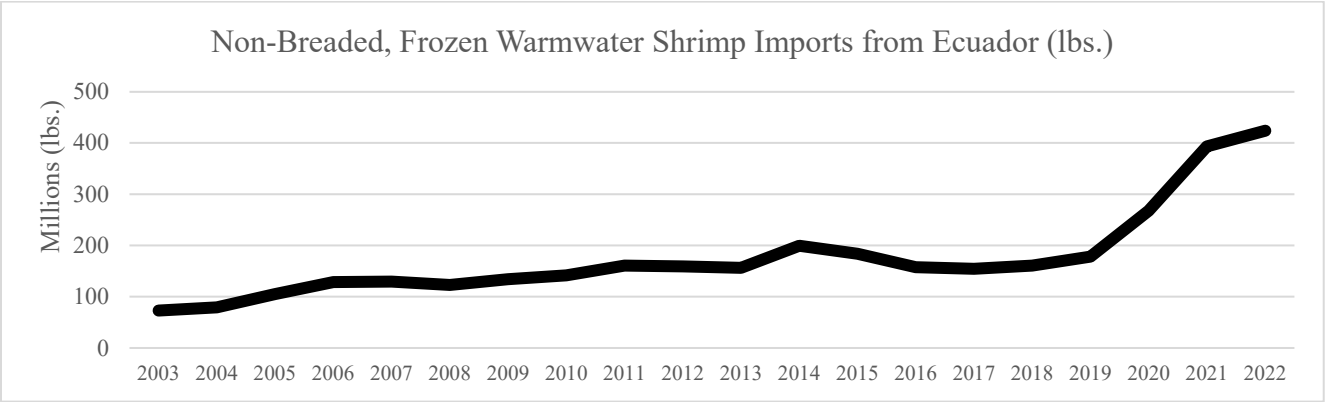
² *Changing the Face of the Waters: The Promise and Challenge of Sustainable Aquaculture*, The World Bank (2007) at 20, available at <https://doi.org/10.1596/978-0-8213-7015-5>.

³ *Id.* (citing *Review of the State of World Aquaculture*, Food and Agriculture Organization (FAO) Fisheries Circular, No. 886, Rev 1, (1997)).

⁴ *Id.* at 21.



In part as the result of the support from multilateral institutions, Ecuador has developed into one of the world’s largest shrimp exporters. While demand in the rest of the world has declined, Ecuadorian shrimp has flooded the U.S. market over the last four years, doubling its share of imports from 12.5 percent in 2019 to 25.2 percent in 2022.



The same multilateral institutions funding the expansion of shrimp production around the world have also documented the unique collapse in prices for shrimp as a commodity. As the world grapples with inflation, the World Bank’s *Commodity Markets Outlook* report⁵ projected that shrimp prices would fall by over eleven (11) percent in 2023, a more significant decline than other proteins (chicken and beef) and contrary to price trends for other food products.

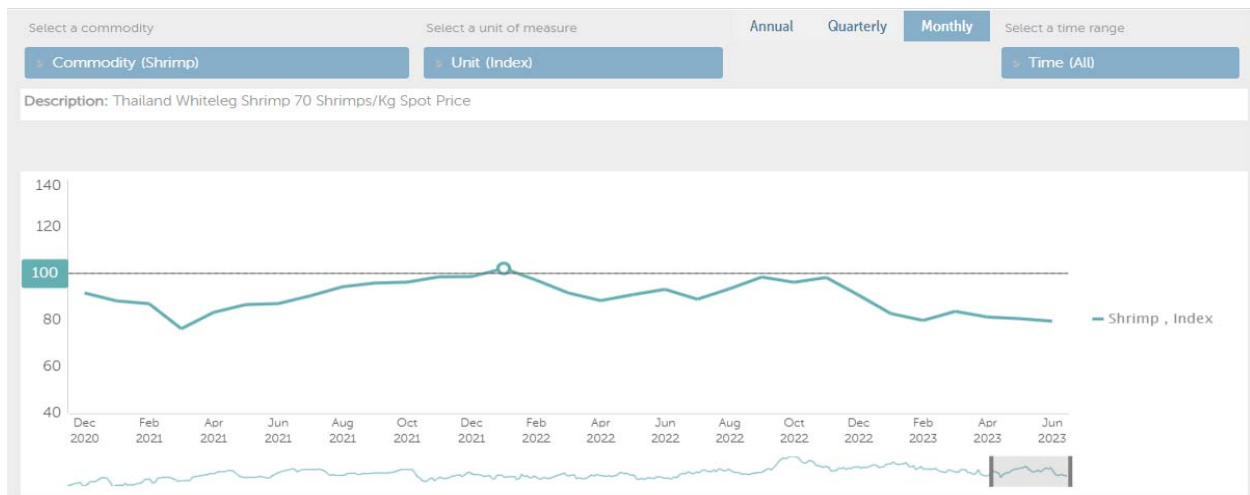
⁵ World Bank, “Commodity Markets Outlook,” at 58, (Apr. 2023), <https://openknowledge.worldbank.org/server/api/core/bitstreams/6864d537-d407-4cab-8ef1-868dbf7e07e2/content> (“World Bank Commodity Markets Outlook”).

TABLE 1 World Bank Commodity Price Forecasts (continued)

Commodity	Unit	2020	2021	2022	2023f	2024f	Percent change from previous year		Differences in levels from October 2022 projections	
							2023f	2024f	2023f	2024f
Price in nominal U.S. dollars										
Non-Energy Commodities										
Other Food										
Bananas, U.S.	\$/kg	1.22	1.21	1.49	1.60	1.65	7.5	3.1	0.20	0.26
Beef	\$/kg	4.67	5.39	5.78	5.25	5.40	-9.2	2.9	-0.55	-0.42
Chicken	\$/kg	1.63	2.26	3.35	3.30	3.20	-1.5	-3.0	0.20	0.13
Oranges	\$/kg	0.60	0.65	0.92	1.20	1.14	30.5	-5.0	0.35	0.29
Shrimp	\$/kg	12.67	13.70	13.51	12.00	12.50	-11.2	4.2	-2.00	-1.80
Sugar, World	\$/kg	0.28	0.39	0.41	0.45	0.46	10.3	2.2	0.07	0.08

Further, a review of the quarterly averages reported in the World Bank’s “Pink Sheet Data,” a monthly compilation of commodities price data that includes shrimp, shows that shrimp prices recently experienced a twenty-eight (28) percent decline from US\$14.99/kg for the April-June 2022 period to US\$10.73/kg for the same time period in 2023.⁶

In addition, the International Monetary Fund (IMF) publishes data on a monthly basis for primary commodity prices, based on its own primary commodity price system (“PCPS”). The PCPS is determined by a selection of commodity price indices, including a benchmark price for shrimp described as “Thailand Whiteleg Shrimp 70 Shrimps/KG Spot Price.” The IMF’s pricing series also confirms a significant recent downturn in prices for this commodity:



Thus, prices for shrimp are not just crashing in the United States, they are falling by substantial amounts around the world.

The funding of shrimp aquaculture projects by multilateral institutions has occurred despite U.S. law obligating the U.S. Executive Directors of the International Bank for

⁶ World Bank, “World Bank Commodities Price Data (The Pink Sheet),” at 1 (July 6, 2023), <https://thedocs.worldbank.org/en/doc/5d903e848db1d1b83e0ec8f744e55570-0350012021/related/CMO-Pink-Sheet-July-2023.pdf> (“Pink Sheet Data”).

Reconstruction and Development, the International Development Association, the IFC, the Inter-American Development Bank, the IMF, the Asian Development Bank, the Inter-American Investment Corporation, the African Development Bank, and the African Development Fund to “use the voice and vote of the United States to oppose any assistance by such institutions . . . for the production . . . of any commodity . . . for export if – (1) such commodity . . . is in surplus in world markets; and (2) the export of such commodity . . . would cause substantial injury to the United States producers of the same, similar, or competing commodity . . .”⁷ As further described below, because shrimp is a commodity that is in surplus in the world and the export of this commodity is causing substantial injury to the U.S. commercial shrimp industry, the United States should be opposing any assistance to shrimp aquaculture from these institutions.

Moreover, beyond causing serious injury to the U.S. shrimp industry, the funding of shrimp aquaculture has caused massive environmental damage around the world. The history of the development of shrimp ponds outside of the United States is one of catastrophic destruction of mangrove forests. The financing of shrimp aquacultural projects by multilateral institutions has not only failed to mitigate this harm, but has led to the further devastation of ecosystems that play an essential role in the regulation and sequestration of carbon emissions.

Multilateral Organizations: Who Are They?

The shrimp aquaculture industry has received substantial support from multilateral organizations over the last quarter century. As detailed in the subsequent section, hundreds of millions of dollars have been poured into shrimp farming across the world from a wide array of organizations identified by a range of acronyms. Some of these multilateral organizations operate with the support of the United States government; others operate entirely independent from the United States and Americans have no direct role in their governance.

The summary information set forth below introduces multilateral organizations that have been involved in the financing of aquaculture projects. The summary first discusses those organizations that are directly supported by the United States government and then describes those institutions in which the federal government has no formal role. Because some of the multilateral organizations, like the United Nations and the World Bank, have different component parts that have varying degrees of involvement with aquaculture financing, these entities are separately addressed but organized under their umbrella institution.

1. Multilateral Organizations in Which the United States Participates

A. United Nations

Overview: The United Nations (UN) is an international organization with 193 Member States that seeks to maintain international peace and security; protect and affirm human rights; uphold and establish conditions under which justice and international law is respected; and promote

⁷ 22 U.S.C. § 262h.

social progress and development.⁸ The UN currently maintains five (5) institutions under its umbrella which provide financial and/or technical assistance to shrimp farming operations:

1. United Nations Development Programme;
2. Common Fund for Commodities;
3. International Fund for Agricultural Development;
4. Food and Agricultural Organization (technical support); and
5. United Nations Industrial Development Organization

United Nations Development Programme

Description: The United Nations Development Programme (UNDP) is the UN’s “lead agency on international development,” with operations “in 170 countries and territories meant to eradicate poverty and reduce inequality.”⁹ The UNDP pursues these goals through a combination of state capacity building and community investments in education and other poverty-alleviation measures.¹⁰ While the UNDP does not directly invest in private businesses, it does provide financial support to national and subnational governments to support business development initiatives, and provides technical support to private businesses looking to invest in UNDP-supported projects.¹¹

Involvement in Shrimp/Aquaculture Projects: UNDP projects include investments to increase the extent and intensiveness of shrimp farming in Southeast Asia.¹² These programs seek to increase not just the number of shrimp farms, but also the yields and predictability of existing operations in order to improve the financial security of shrimp farmers in the region.

Extent of U.S. Involvement: Based on the most recently published annual report from the UNDP, the United States is the 10th largest source of funds, a portion of which are provided through U.S. Agency for International Development (USAID) grants.¹³

Common Fund for Commodities

Description: The UN’s Common Fund for Commodities (CFC) is an intergovernmental financial institution with 101 Member States and nine (9) Institutional Members.¹⁴ It is

⁸ UN Charter at Preamble, [United Nations Charter \(full text\) | United Nations](#).

⁹ UNDP at About Us, [About us | United Nations Development Programme \(undp.org\)](#).

¹⁰ See UNDP at Expertise, [Expertise | United Nations Development Programme \(undp.org\)](#).

¹¹ UNDP Representation Office for the United States of America at UNDP and the Private Sector, [UNDP and the Private Sector | United Nations Development Programme](#).

¹² UNDP at Stories, [New sustainable livelihood model with intercropping black tiger shrimp and green crabs | United Nations Development Programme \(undp.org\)](#).

¹³ UNDP at Funding Compendium 2021, p. 11, [Compendium 2021 Aug 29.pdf \(undp.org\)](#).

¹⁴ CFC at Member States, [Member States | Common Fund for Commodities \(common-fund.org\)](#).

focused on financing, mainly through repayable loans,¹⁵ the expansion of commodity production in developing countries.¹⁶ The CFC has invested significant amounts with locally-owned and operated businesses in developing countries, and to-date has invested in the production and processing of “over 40 different types of commodities.”¹⁷ The CFC often works with regional Investment Funds to provide financial and technical support specific to the communities in which the loan recipients are operating.¹⁸ The CFC focuses its investments on projects with long-term, replicable, and scalable potential, and works to expand access to capital for businesses at multiple levels of the processing and value-added chains.¹⁹ It invests primarily in small to medium-sized private companies.²⁰

Involvement in Shrimp/Aquaculture Projects: The CFC has not historically been a significant player in the financing and expansion of shrimp farming in developing countries. However, the CFC has recently begun funding shrimp processing and production expansion projects in Peru meant to make the country more competitive as an exporter of farmed shrimp products.²¹

Extent of U.S. Involvement: The United States does not contribute to the funding or operation of the CFC and is not currently a member of the CFC.²²

International Fund for Agricultural Development

Description: The International Fund for Agricultural Development (IFAD) focuses on alleviating poverty in rural communities of developing countries through the provision of grants and low-interest loans.²³ Unlike the CFC, IFAD directs its attention and financial resources specifically toward poverty alleviation through small-scale community investments, tending not to provide financing to projects higher up the value chain.²⁴

15 See CFC at CFC’s Impact: Loan Portfolio, [CFC’s impact: loan portfolio | Common Fund for Commodities \(common-fund.org\)](https://common-fund.org).

16 CFC at What We Do, [What we do | Common Fund for Commodities \(common-fund.org\)](https://common-fund.org).

17 *Id.*

18 See e.g., CFC at Acquisition of a processing plant for the aquaculture sector – Peru, [Acquisition of a processing plant for the aquaculture sector - Peru | Common Fund for Commodities \(common-fund.org\)](https://common-fund.org).

19 *Id.*

20 Common Fund for Commodities at Independent Complaints Mechanism, <https://common-fund.org/projects/complaints-mechanism>.

21 See e.g., CFC at Acquisition of a processing plant for the aquaculture sector – Peru. [Acquisition of a processing plant for the aquaculture sector - Peru | Common Fund for Commodities \(common-fund.org\)](https://common-fund.org); See also CFC at CFC supports sustainable shrimp production in Peru, <https://common-fund.org/cfc-supports-sustainable-shrimp-production-peru>.

22 CFC at Member States, [Member States | Common Fund for Commodities \(common-fund.org\)](https://common-fund.org).

23 IFAD at About, [About IFAD](https://ifad.org).

24 See IFAD at Topics, [Topics \(ifad.org\)](https://ifad.org).

Involvement in Shrimp/Aquaculture Projects: Aquaculture investments by IFAD have averaged around 8.4 percent of spending and have remained stable as a percentage of overall investments over several years.²⁵ Internal assessment by IFAD has found that aquaculture, and small-scale coastal aquaculture in particular, has traditionally been of “low focus” for IFAD staff and technical experts.²⁶

Extent of U.S. Involvement: The United States was the single largest donor in IFAD’s most recent funding replenishment in 2018, contributing \$90 million, or 8.7 percent of total funding.²⁷ The United States also has the single largest vote share amongst Member States, at 7 percent.²⁸

Food and Agriculture Organization

Description: The Food and Agriculture Organization (FAO) is a specialized agency within the UN whose mandate is “to achieve food security for all and make sure that people have regular access to enough high-quality food to lead active, healthy lives.”²⁹ The FAO differs from the other international development agencies within the UN in that it does not provide financing for development projects. Rather, the FAO provides technical assistance and expertise in food security, agriculture, rural development, etc. It also gathers data on agricultural production, labor force participation, and other economic measures in countries unable to perform these functions themselves.³⁰ The FAO often works in tandem with IFAD and other international development agencies to provide the technical expertise required to deploy their financial resources effectively.³¹

Involvement in Shrimp/Aquaculture Projects: The FAO describes itself as a “knowledge organization,” meaning that it does not provide financial support to development projects, shrimp or otherwise.³² Rather, the FAO provides technical assistance supporting shrimp producers in countries receiving aquaculture financing, as well as market and pricing data from over 200 countries.³³

25 IFAD, IFAD’s support to livelihoods involving aquatic resources from small-scale fisheries, small-scale aquaculture and coastal zones, at Forward, [TemplateCSPE \(ifad.org\)](#).

26 *Id.* at ix.

27 IFAD at United States, [United States \(ifad.org\)](#).

28 *Id.*

29 FAO at About FAO, [About FAO | Food and Agriculture Organization of the United Nations](#).

30 *See* FAO at Ask FAO, [Ask FAO | Food and Agriculture Organization of the United Nations](#).

31 *See id.*

32 *See id.*

33 FAO at Globefish, <https://www.fao.org/in-action/globefish/globefish-home/en/>.

Extent of U.S. Involvement: The United States is the single largest contributor to the FAO, providing \$527 million in support of FAO projects globally in 2018-2019, the most recent period for which published contributions are available.³⁴

United Nations Industrial Development Organization

Description: The United Nations Industrial Development Organization (UNIDO) is a “specialized agency of the United Nations with a unique mandate to promote and accelerate sustainable industrial development.”³⁵ UNIDO’s work is focused on three areas: building resiliency in food production and supply chains; increasing the use of energy efficient and green energy in the industrial sector; and improving the sustainability and resiliency of supply chains in developing countries.³⁶

Involvement in Shrimp/Aquaculture Projects: UNIDO funds shrimp farming and value chain improvement projects in multiple countries in the developing world.³⁷ UNIDO’s financial support for the shrimp farming and processing industries has been consistent in recent years, but smaller in scale than other international organizations.

Extent of U.S. Involvement: While the United States originally ratified the treaty forming the UNIDO, it officially renounced its membership in the organization in 1995 and ended its membership on Dec. 31, 1996.³⁸ Due to its renunciation of membership in the UNIDO, the United States no longer participates in its decision-making bodies.

B. World Bank Group

Overview: The World Bank Group (WBG) is made up of five (5) international organizations, two of which, the International Bank for Reconstruction and Development (IBRD) and the IFC, have directly funded the expansion of shrimp farming in developing countries. The WBG and its constituent institutions were founded with the mission of “ending extreme poverty and promoting shared prosperity.”³⁹ Through its constituent institutions, the WBG provides a range of financial and technical assistance to developing and least-developed countries meant to build governments’ financial stability, assist in economic planning and governance, and provide financing for projects to reduce the rate of poverty in recipient countries. The WBG often acts as the lender of last resort to developing nations which would otherwise be unable to receive loans

³⁴ FAO at FAO + the United States of America, [FAO + the United States of America](#).

³⁵ UNIDO at UNIDO in brief, [UNIDO in brief | UNIDO](#).

³⁶ See UNIDO at Who We Are, [Who we are | UNIDO](#).

³⁷ See e.g. UNIDO, UNIDO and Norad will support the tilapia and shrimp value chains in Columbia, [UNIDO and Norad will support the tilapia and shrimp value chains in Colombia | UNIDO Knowledge Hub](#); also Support for sustainable shrimp farming development in East Java Indonesia, [Support for sustainable shrimp farming development in East Java Indonesia | UNIDO Knowledge Hub](#).

³⁸ United Nations Treaty Collection at Constitution of the United Nations Industrial Development Organization, [UNTC](#).

³⁹ World Bank at Who We Are, [Ending Extreme Poverty and Promoting Shared Prosperity \(worldbank.org\)](#).

from traditional lending institutions. By acting as a lender-of-last-resort to countries which would otherwise be unable to access financing for economic development projects, the WBG claims that it creates the financial and economic stability necessary for economic development.⁴⁰

International Bank for Reconstruction and Development

Description: The IBRD is the “largest development bank in the world,” and specializes in “providing loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income countries.”⁴¹ The IBRD also coordinates responses to regional and global financial crises.⁴² IBRD funding is directed toward financing governments or government-sponsored projects in recipient countries, though these may ultimately seek to benefit and empower private industry.⁴³ Funding from the IBRD is generally distributed along with technical assistance from the WBG, and is contingent on the recipient country’s achievement and maintenance of financial stability goals required by the WBG.⁴⁴

Involvement in Shrimp/Aquaculture Projects: The IBRD provides financial support for shrimp farming in developing countries, and has recently begun funding a three-year long project for expanding the aquaculture industry in Vietnam. The project has a particular focus on developing the shrimp farming industry.⁴⁵

Extent of U.S. Involvement: The United States is the single largest contributor to IBRD finances, providing \$43.85 billion in financing or 16.62 percent of all IBRD contributions.⁴⁶ The United States likewise controls 15.73 percent of IBRD votes, the largest single vote share of any Member State.⁴⁷

⁴⁰ See World Bank at Financing, [Financing \(worldbank.org\)](https://www.worldbank.org/financing).

⁴¹ World Bank, IBRD at Who We Are, [International Bank for Reconstruction and Development \(worldbank.org\)](https://www.worldbank.org/who-we-are).

⁴² See *id.*

⁴³ See IBRD at Projects, <https://projects.worldbank.org/en/projects-operations/projects-home>.

⁴⁴ World Bank at Development Policy Financing, [Development Policy Financing \(DPF\) \(worldbank.org\)](https://www.worldbank.org/development-policy-financing).

⁴⁵ Vietfish Magazine, Vietnam to conduct blue transformation to secure sustainable fisheries, <https://vietfishmagazine.com/news/vietnam-to-conduct-blue-transformation-to-secure-sustainable-fisheries.html>.

⁴⁶ World Bank Group at IBRD Subscriptions and Voting Power of Member Countries, [IBRDCountryVotingTable.pdf \(worldbank.org\)](https://www.worldbank.org/ibrd-country-voting-table) (Aug. 8, 2023). The World Bank provides routine updates to the total subscriptions and voting power of individual members. The figures reported here are accurate as of August 8, 2023. The total subscription and voting power of the United States has fluctuated by small amounts but the United States remains the dominant contributor with the highest vote share.

⁴⁷ *Id.*

International Finance Corporation

Description: The IFC is a part of the WBG, and is focused on the development and growth of the private sector in developing countries.⁴⁸ The IFC supports the development of the private sector by investing in companies either directly through loans, equity investments, debt securities, and debt guarantees or through the mobilization of private capital by participating in private loans extended to private businesses, the provision or parallel loans, or through various other means.⁴⁹ The IFC also acts in an advisory role to both businesses and governments in developing countries in an effort to improve the investment climate in client countries.⁵⁰

Involvement in Shrimp/Aquaculture Projects: The IFC has consistently been one of the largest financiers of shrimp farming and aquaculture industry development in the developing world. It finances export-oriented capacity development at various stages in the value chain and processing. More detailed information regarding specific IFC projects is set forth in the subsequent section.

Extent of U.S. Involvement: The United States is the single largest contributor to IFC finances, providing \$4.34 billion in financing or 19.19 percent of all IFC contributions.⁵¹ The United States likewise controls 18.16 percent of IFC votes, the largest single vote share of any Member State.⁵²

C. Inter-American Development Bank Group

Overview: The Inter-American Development Bank (IDB) is the main organ of the IDB Group, which seeks to reduce poverty, support economic development, advance infrastructure investment, and improve the institutional capacity of governments in Latin America and the Caribbean.⁵³ The IDB provides loans, grants and technical assistance, as well as conducts research meant to improve the financial prospects of economically marginalized communities across the region.⁵⁴ Like the IBRD, the IDB also provides financial and technical support to member countries experiencing macroeconomic crises meant to mitigate their impacts on

⁴⁸ International Finance Corporation at About IFC, [About IFC](#).

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ World Bank Group at IFC Subscriptions and Voting Power of Member Countries, [IFCCountryVotingTable.pdf \(worldbank.org\)](#) (Aug. 8, 2023). As with the IBRD, the World Bank provides routine updates to the total subscriptions and voting power of individual members. The figures reported here are accurate as of August 8, 2023. The total subscription and voting power of the United States has fluctuated by small amounts but the United States remains the dominant contributor with the highest vote share.

⁵² *Id.*

⁵³ IDB at About Us, [OVERVIEW | IADB](#).

⁵⁴ *Id.*

affected communities.⁵⁵ The IDB does not invest directly in private businesses, rather focusing its financial and technical support on public-sector financing.⁵⁶ Private sector financing comes from partner institutions within the IDB Group.

IDB Invest

Description: IDB Invest, previously known as the Inter-American Investment Corporation (IIC), is an independent affiliate of the IDB Group,⁵⁷ and is “the private sector arm of the IDB Group.”⁵⁸ IDB Invest focuses on investing in small- to medium-sized private companies, taking an equity stake of up to 33% in the companies in which it invests.⁵⁹ Though IDB Invest states that it does not take on managerial or administrative responsibilities in the companies in which it invests, it can request to be represented on a company’s board of directors.⁶⁰ While IDB Invest does focus on the wider development impact its investments create, its mandate also includes ensuring the financial stability of the Group.⁶¹ This means that a sustainable positive financial return on investment is an important component of IDB Invest’s decision to invest in a potential project. All investments made by IDB Invest are intended to be temporary, and they will exit investments through 1) the sale of their investment on the local stock market, 2) placing their equity portion with interested third parties, 3) sale to project sponsors under pre-negotiated put option agreements, or 4) redemption by the company which received the investment.⁶² IDB Invest does not provide a standard methodology for determining when the IDB Group should liquidate its investment in recipient companies.

Involvement in Shrimp/Aquaculture Projects: Shrimp farm financing has traditionally been funded by IDB Invest and has been principally focused on investments in Ecuador and Peru.

Extent of U.S. Involvement: The United States is the single largest contributor to IDB Group funding, providing over 35 percent of the IDB’s budget,⁶³ and received just over

55 IDB at Public Sector Financing, [public sector financing | IADB](#).

56 IDB at Investments, [Investments | IADB](#).

57 *Id.*

58 IDB Invest at About Us, [About Us | IDB Invest](#).

59 Inter-American Development Bank at Investments, [Investments | IADB](#).

60 *Id.*

61 IDB Invest at Development Effectiveness, [Development Impact | IDB Invest](#).

62 Inter-American Development Bank at Investments, [Investments | IADB](#).

63 IDB at Report on the Ninth General Increase in The Resources of the Inter-American Development Bank, p. 29, [REPORT ON THE NINTH GENERAL INCREASE IN THE RESOURCES OF THE INTER-AMERICAN DEVELOPMENT BANK \[35291148\].PDF](#).

30 percent of the collective voting power of its member states as of the most recently published capitalization report.⁶⁴

D. Asian Development Bank

Description: The Asian Development Bank (ADB) is a regional development bank with sixty-eight (68) members, forty-nine (49) of which are countries located within the Asia Pacific region.⁶⁵ The ADB provides loans, technical assistance, grants, and equity investments in private companies to promote social and economic development both in its member and partner countries.⁶⁶ A country need not be a member of the ADB nor a company be located within a member country to receive assistance.⁶⁷

Involvement in Shrimp/Aquaculture Projects: The ADB is a significant financier of shrimp farming expansion in Southeast Asia. Since December 2022, the ADB has announced nearly \$166 million in new investments, through a combination of loans and grants, for the shrimp and seafood industries in the region.⁶⁸

Extent of U.S. Involvement: The United States is a member country of the ADB, and has contributed around \$3.25 billion in grants, loans, and technical assistance to ADB projects since 2018.⁶⁹ The vast majority of U.S. funding (\$3.24 billion) has been dedicated to financing non-sovereign and commercial projects.⁷⁰

E. African Development Bank Group

Description: The African Development Bank (AfDB) Group seeks to spur economic development and poverty reduction in its member countries.⁷¹ The AfDB members include all fifty-four (54) sovereign nations on the African continent, as well as twenty-eight (28) non-regional members.⁷² The AfDB provides financial and technical assistance to member countries,

⁶⁴ *Id.* at p. 31, [REPORT ON THE NINTH GENERAL INCREASE IN THE RESOURCES OF THE INTER-AMERICAN DEVELOPMENT BANK \[35291148\].PDF](#).

⁶⁵ Asian Development Bank at Who We Are, [About ADB | Asian Development Bank](#).

⁶⁶ *Id.*

⁶⁷ *See id.*

⁶⁸ SeafoodSource, Asian Development Bank provides USD 166 million for seafood sector improvements in Indonesia, Cambodia, <https://www.seafoodsource.com/news/premium/supply-trade/asian-development-bank-provides-usd-166-million-for-seafood-sector-in-indonesia-cambodia>.

⁶⁹ Asian Development Bank at Asian Development Bank Member Fact Sheet, United States, p. 2, [Asian Development Bank and the United States: Fact Sheet \(adb.org\)](#).

⁷⁰ *Id.*

⁷¹ African Development Bank Group at Mission and Strategy, [Mission & Strategy | African Development Bank - Building today, a better Africa tomorrow \(afdb.org\)](#).

⁷² African Development Bank at Annual Report 2022, p. 2.

but also supports and supplements private sector investment as a tool for poverty alleviation and economic development.⁷³

Involvement in Shrimp/Aquaculture Projects: The AfDB has not historically been a major investor in shrimp farming and aquaculture projects. An internal review of its investments in 2008 found that aquaculture financing had been limited in scope and economic value.⁷⁴ Though the AfDB has suggested a path toward expansion of aquaculture projects in the past,⁷⁵ there has not been a significant increase in aquaculture financing over the intervening period.

Extent of U.S. Involvement: The United States is a significant financial contributor and partner to the AfDB. The AfDB has a long-standing relationship with USAID and has signed a number of co-financing and partnership arrangements with USAID over more than a decade.⁷⁶

F. Global Innovation Lab for Climate Finance

Description: The Global Innovation Lab for Climate Finance (the Lab) announced in 2022 the creation of its Climate Smart Shrimp Fund (CSSF).⁷⁷ The Lab is supported by a number of private, public, and non-governmental organizations, including the U.S. Department of State and USAID.⁷⁸

Involvement in Shrimp/Aquaculture Projects: The CSSF provides for a 100m USD revolving loan facility, supported by a separate technical assistance facility, meant to “enable shrimp farmers to transition to more sustainable and efficient production systems while simultaneously restoring mangrove ecosystems.”⁷⁹ Due to its recent inception, the CSSF has only recently announced its first pilot program in Ecuador.⁸⁰

⁷³ See African Development Bank at What We Invest In, [What we invest in | African Development Bank - Building today, a better Africa tomorrow \(afdb.org\)](https://www.afdb.org/en/about-us/what-we-invest-in).

⁷⁴ African Development Bank Group, Review of the Performance of the Current Fisheries Portfolio of the African Development Bank: Brief to the Board, [Review of the Performance of the Current Fisheries Portfolio of the African Development Bank - Brief to the Board \(afdb.org\)](https://www.afdb.org/en/about-us/review-of-the-performance-of-the-current-fisheries-portfolio-of-the-african-development-bank-brief-to-the-board).

⁷⁵ See *id.*

⁷⁶ African Development Bank at United States of America, [United States of America | African Development Bank - Building today, a better Africa tomorrow \(afdb.org\)](https://www.afdb.org/en/about-us/united-states-of-america).

⁷⁷ Global Innovation Lab for Climate Finance, Climate Smart Shrimp Fund at About, [Climate Smart Shrimp Fund | Climate Finance Lab](https://climatefinancelab.org/en/about-us/climate-smart-shrimp-fund).

⁷⁸ Global Innovation Lab for Climate Finance, How the Lab Works, [Home | The Global Innovation Lab for Climate Finance \(climatefinancelab.org\)](https://climatefinancelab.org/en/about-us/how-the-lab-works).

⁷⁹ Global Innovation Lab for Climate Finance, Climate Smart Shrimp Fund at About, [Climate Smart Shrimp Fund | Climate Finance Lab](https://climatefinancelab.org/en/about-us/climate-smart-shrimp-fund).

⁸⁰ Conservation International at Conservation International and Xpertsea Launch “Climate Smart Shrimp” Regenerative Farming Pilot in Ecuador, [Conservation International and xpertSea Launch “Climate Smart Shrimp” Regenerative Farming Pilot in Ecuador](https://www.conservation.org/en/news/conservation-international-and-xpertsea-launch-climate-smart-shrimp-regenerative-farming-pilot-in-ecuador).

Extent of U.S. Involvement: The Lab is supported by multiple U.S. government agencies which are members of the organization, including the U.S. Department of State, USAID, and the U.S. International Development Finance Corporation.⁸¹

2. Multilateral Organizations in Which the United States Does Not Participate

A. Development Bank of Latin America

Description: The Development Bank of Latin America's (CAF) members (shareholders) include eighteen (18) Latin American countries, Spain, Portugal, and thirteen (13) private banks.⁸² The CAF provides technical assistance as well as financial support to both the public and private sectors of its shareholder countries.⁸³ The CAF is focused on providing loans and equity investments to the public and private sectors in its shareholder countries, and maintains a AA rating for its long-term debt holdings from Standard & Poor's.⁸⁴

Involvement in Shrimp/Aquaculture Projects: Financing in support of the shrimp farming industry has been focused in Ecuador, and has centered on increasing electrification and other infrastructure investments to increase the logistical efficiency of the shrimp processing sector.⁸⁵

Extent of U.S. Involvement: The United States is not directly involved with the CAF's management, financing, or general operations.⁸⁶

B. OPEC

Description: The Organization of Petroleum Exporting Countries' (OPEC) Fund for International Development (OPEC Fund) was founded in 1976 and has twelve (12) Member Countries.⁸⁷ The OPEC Fund provides public sector financing through repayable loans to partner governments (2/3 of all lending),⁸⁸ private sector and trade financing (1/3 of all lending),

⁸¹ Global Innovation Lab for Climate Finance at Lab Network, [Network | The Global Innovation Lab for Climate Finance \(climatefinancelab.org\)](https://www.gilab.org/network/the-global-innovation-lab-for-climate-finance).

⁸² See Development Bank of Latin America at About CAF, [About CAF](https://www.caf.com/en/about).

⁸³ *Id.*

⁸⁴ CAF Action Fact Sheet at 2, [factsheet-institucional-ENG-IMP-20230525 \(caf.com\)](https://www.caf.com/en/imp-20230525).

⁸⁵ See CAF Annual Report at 46, [Annual_report_CAF_2019 \(2\).pdf](https://www.caf.com/en/annual-report-2019-2).

⁸⁶ See Development Bank of Latin America at About CAF, [About CAF](https://www.caf.com/en/about).

⁸⁷ OPEC Fund at Who We Are, [The OPEC Fund for International Development at a Glance - OPEC Fund for International Development](https://www.opecfund.org/en/who-we-are).

⁸⁸ OPEC Fund at Public Sector Lending, [OPEC Fund Public Sector Lending - OPEC Fund for International Development](https://www.opecfund.org/en/public-sector-lending).

the bulk of which is directed toward commercial loans,⁸⁹ and public grants (~2.5 percent of financing).⁹⁰

Involvement in Shrimp/Aquaculture Projects: The OPEC Fund has provided financing to shrimp farming projects in Latin America and the Caribbean in partnership with UNIDO.⁹¹

Extent of U.S. Involvement: The United States is not a member of OPEC or the OPEC Fund, and provides no financial or technical resources to the OPEC Fund's operations.

C. European Investment Bank

Description: The European Investment Bank (EIB) is the lending arm of the European Union (EU), and is the “largest multilateral financial institution in the world.”⁹² The EIB is primarily focused on development financing within the EU, but manages an investing arm that works beyond the EU's borders called EIB Global.⁹³ From 2022 onwards, EIB Global intends to finance more than \$10 billion a year in development projects in the developing world.⁹⁴ EIB Global provides financial services including loans, grants, repayment guarantees, and technical and advisory support to both governments and private companies in the developing world.⁹⁵

Involvement in Shrimp/Aquaculture Projects: The EIB has invested in shrimp farming and processing in several developing regions, including Latin America⁹⁶ and Sub-Saharan Africa.⁹⁷ Funding for shrimp aquaculture projects has been most active in Latin America.

Extent of U.S. Involvement: The United States is not directly involved in the management or operations of the EIB or any of its subsidiary institutions.

89 OPEC Fund at Private Sector & Trade Finance.

90 OPEC Fund at Grants, [OPEC Fund Grants - OPEC Fund for International Development](#).

91 UN Vienna at Press Releases, Partnering with the OPEC Fund for International Development to Grow Shrimp Value Chain in Latin American Region, [Partnering with the OPEC Fund for International Development to grow shrimp value chain in Latin American region \(unvienna.org\)](#).

92 European Investment Bank at Who We Are, [Who we are \(eib.org\)](#).

93 EIB Global at Publications, [EIB Global](#).

94 EIB Global at Partnerships People Impact, p. 1, [EIB GLOBAL - PARTNERSHIPS – PEOPLE – IMPACT](#).

95 EIB at What We Offer, [What we offer \(eib.org\)](#).

96 EIB at ECOENTERPRISES FUND III, <https://www.eib.org/en/projects/pipelines/all/20160797>.

97 EIB at EUR 277 mio since January 2000 to the Africa, Caribbean and Pacific countries, <https://www.eib.org/en/press/all/2000-072-eur-277-mio-since-january-2000-to-the-african-caribbean-and-pacific-countries>.

Overview of Development Finance Projects of Shrimp Aquaculture

For over the last quarter century, substantial amounts of development funds from multilateral institutions have been funneled towards shrimp aquaculture, with the goal of remedying impoverished conditions in rural coastal areas of developing countries.⁹⁸ These funds promoted increases in production in export-oriented shrimp farming across the globe. A literature review of this financing indicates that, as noted above, a diverse constellation of multilateral actors, including the World Bank, the IBRD, and the ADB have committed at least US\$1.4 billion to support shrimp aquaculture projects primarily in Latin America and Asia.

Of the various shrimp industries that have benefitted from this largesse, Ecuador was an early and recurrent beneficiary of substantial international funds for shrimp-related projects. Due to its extensive coastal areas, Ecuador attracted significant funding from multilateral groups to promote and develop its shrimp farming industry.⁹⁹ An investigation by Public Citizen reported that the World Bank “financed \$956 million in loans to Ecuador between 1980 and 2000, much of which was targeted for shrimp aquaculture.”¹⁰⁰ Since 2000, Ecuador has received over US\$550 million dedicated to shrimp-related aquaculture projects, with most of this funding granted by the IFC. Multilateral capital has played a significant role in Ecuador’s booming shrimp industry, enabling the country to dedicate resources to crucial infrastructure and technological advancements and leading to Ecuador becoming one of the world’s major shrimp exporters.¹⁰¹

Throughout the world, specific multilateral project funding has been channeled towards infrastructure development, including the construction of shrimp ponds, hatcheries, electrical grid, processing and packing facilities, and cold storage units. Additionally, funds have also been dedicated to research and development efforts in shrimp aquaculture, while several projects have focused on finance initiatives, capacity building, and training programs for local shrimp farmers and aquaculture enterprises. The diversity of the projects funded is summarized below through a description of nineteen (19) shrimp-related development programs from 1998 to 2023. Notably, eight of the nineteen (19) programs began in 2022, as multilateral institutions have continued to

⁹⁸ See “World Bank’s Destructive Policies About Shrimp Farming Endanger Communities in Developing Countries,” *Public Citizen* (Apr. 18, 2005), <https://www.citizen.org/article/world-banks-destructive-policies-about-shrimp-farming-endanger-communities-in-developing-countries/>.

⁹⁹ See “Ecuador’s shrimp sector gets \$45 million loan from IFC,” *The Fish Site* (Aug. 8, 2022), <https://thefishsite.com/articles/ecuadors-shrimp-sector-gets-45-million-loan-from-ifc>; see also S. Snedaker, J. Dickinson, M. Brown and E. Lahmnn, “Shrimp Pond Siting And Management Alternatives in Mangrove Ecosystems in Ecuador,” (1986) https://www.crc.uri.edu/download/Snedaker_Shrimp_English.pdf.

¹⁰⁰ “World Bank’s Destructive Policies About Shrimp Farming Endanger Communities in Developing Countries,” *Public Citizen* (Apr. 18, 2005), <https://www.citizen.org/article/world-banks-destructive-policies-about-shrimp-farming-endanger-communities-in-developing-countries/>.

¹⁰¹ See “Lesson for Vietnam from Ecuador Shrimp Exports,” *Fish Focus* (Feb. 24, 2023), <https://fishfocus.co.uk/lesson-for-vietnam-from-ecuador-shrimp-exports/>; see also “Pivotal Times World’s Two Largest Shrimp Export Nations Ecuador And India,” *Shrimp Insights* (Mar. 9, 2023), <https://shrimpinsights.com/blog/pivotal-times-worlds-two-largest-shrimp-export-nations-ecuador-and-india>.

divert substantial resources to shrimp aquaculture despite rapidly deteriorating global market conditions for shrimp.

1. IFC Investment in Belize (1998)

The IFC invested up to US\$6 million in Belize to strengthen its shrimp farming industry and boost foreign currency earnings. The funds supported the expansion of NOVA Companies Ltd.'s shrimp farm and the construction of a shrimp hatchery by Ambergris Aquaculture Ltd. of Belize. This investment aimed to expand production capacity and promote sustainable growth in the local shrimp industry.¹⁰²

2. IDB Investment in ERSA Expansion (2000)

El Rosario S.A. (ERSA), a shrimp company in Ecuador, received US\$37 million from IDB to expand its operations from 3,796 net hectares (ha) to 4,196 net ha of grow-out and nursery ponds. This expansion allowed ERSA to increase its reliance on internal shrimp supply, improve survival rates, ensure better quality control, and take advantage of economies of scale and vertical integration. Additionally, the funding supported biosecurity measures such as disease resistance breeding, disease screening, and pond rehabilitation.¹⁰³

3. IFC Loan to CPB in Indonesia (2006)

The IFC provided a loan facility of up to US\$45 million to PT. Central Pertiwi Bahari (CPB), a subsidiary of Charoen Pokphand Group. CPB was Indonesia's leading integrated shrimp operator and a major exporter of shrimp products. The loan replaced existing bank debt and enabled CPB to expand its shrimp feed capacity, enhance shrimp processing operations, and fund working capital needs.¹⁰⁴

4. IIC Investment in Santa Priscila (2011)

Industrial Pesquera Santa Priscila S.A. (Santa Priscila) in Ecuador is an integrated shrimp and tilapia producer with breeding, hatchery, and nursery facilities, grow-out ponds, and processing and packaging plants for export. The IIC (now known as IDB Invest) invested US\$5 million in Santa Priscila enabling the company to upgrade processing plants, enhance production farms, and invest in infrastructure and equipment.¹⁰⁵

¹⁰² See "IFC Finances Expansion of Shrimp Operation in Belize," *IFC* (July 28, 1998), <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=19137>.

¹⁰³ See "El Rosario S.A.," *IDB Invest* (2000), <https://idbinvest.org/en/projects/el-rosario-sa>.

¹⁰⁴ See "IFC Provides \$45 Million Financing to Central Pertiwi Bahari," *IFC* (Jan. 19, 2016), <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=23022>.

¹⁰⁵ See "Industrial Pesquera Santa Priscila," *IDB Invest* (2011), <https://idbinvest.org/en/projects/industrial-pesquera-santa-priscila>.

5. IFC Investment in Omarsa (2016)

One of the biggest shrimp producers and processors in Ecuador, Operadora y Procesadora de Productos Marinos Omarsa S.A. (Omarsa) received a loan of US\$10 million from the IFC to expand its organic shrimp production.¹⁰⁶ This investment was aimed at supporting the expansion of the company's production and processing capacity, including 500 hectares of new ponds in its Puna shrimp farm.¹⁰⁷

6. EcoEnterprises Fund (2016)

The EcoEnterprises Fund is a venture fund that focuses on driving growth in sustainable sectors, including sustainable aquaculture. The European Investment Bank (EIB) invested US\$20 million in supporting the expansion and development of regenerative agriculture, agro-forestry, and sustainable aquaculture projects in Latin America.¹⁰⁸

7. IFC Investment in Omarsa (2017)

The IFC invested US\$8 million in Omarsa to support its expansion of shrimp production and processing capacity in Ecuador, including the construction of new ponds. This investment aimed to enhance processing capabilities and meet increased global demand for shrimp.¹⁰⁹

8. IFC Investment in Overseas Aqua Feed (2018)

China's Haid Group received US\$103 million through its overseas subsidiary, Haid International Group Limited (Haidco), to expand its aqua feed operations in developing countries. Haidco, the borrower of the IFC loan, is the primary unit responsible for the Haid Group's overseas aqua feed expansion. The investment aimed to increase Haid's overseas aqua feed capacity, including the addition of shrimp and fish feed lines in Vietnam and a new shrimp feed mill in India. With the investment, Haid's overseas aqua feed capacity was projected to increase from 200,000 MT to no less than 450,000 MT.¹¹⁰

9. CAF Investment in Electrical Grid for Ecuadorian Shrimp Aquaculture (2019)

CAF invested US\$200 million in improving the electrical grid along the Ecuadorian coast, allowing local shrimp farmers to switch to clean energy sources.¹¹¹

¹⁰⁶ See "IFC Approves Loan to Omarsa for Promote Export Sector in Ecuador," *IFC* (Jan. 7, 2016), <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=16583>.

¹⁰⁷ See "Omarsa II," *IFC* (2017), <https://disclosures.ifc.org/project-detail/ESRS/39856/omarsa-ii>.

¹⁰⁸ See "ECOENTERPRISES FUND III," *EIB* (Nov. 24, 2016), <https://www.eib.org/en/projects/pipelines/all/20160797>.

¹⁰⁹ See "Omarsa II," *IFC* (2017), <https://disclosures.ifc.org/project-detail/ESRS/39856/omarsa-ii>.

¹¹⁰ See "Haidi Intl," *IFC* (2017), <https://disclosures.ifc.org/project-detail/ESRS/39543/haid-intl>.

¹¹¹ See "\$200m loan to advance clean energy for Ecuador shrimp farms," *Undercurrent News* (July 12, 2019), <https://rb.gy/k3rq5>.

10. NASE Shrimp Project (2019)

Negocio Agrícola San Enrique, SA de C.V (NASE), located in the Northwest of Mexico, operates in the horticultural sector, producing a variety of agricultural goods as well as farmed shrimp. Ninety (90) percent of NASE’s sales are for the export market. The IDB invested a total of US\$15 million as a substitute for short-term credit lines with a committed revolving line, extending the term to match production cycles. This funding supported working capital needs, including purchasing raw materials and financing works in the production of farmed shrimp.¹¹²

11. IFC Investment in Alpha Feed Group (2019)

The IFC invested up to US\$60 million to expand the extrusion technology based aquafeed capacity of Shenzhen Alpha Feed Group Company Limited in China and Vietnam.¹¹³

12. IFC Investment in Banco Internacional (2022)

The IFC financed US\$79 million worth of blue bond issued by Banco Internacional of Ecuador. This investment allowed the bank to provide long-term loans and support projects focused on sustainable fisheries, aquaculture, and clean water resources. The blue bond primarily financed investments in the supply chain of the commercial fisheries and aquaculture sectors.¹¹⁴

13. IFC Investment in Santa Priscila (2022)

The IFC invested US\$45 million in Santa Priscila to finance the acquisition of the California farm cluster – 1,234 ha of shrimp farms in Naranjal close to Guayaquil – as well as to upgrade production capacity by improving the company’s connection to the electrical grid. The program included the installation of electricity distribution lines, electric pumping systems, aeration and feeding systems, and the elimination of diesel power generators.¹¹⁵

14. Climate Smart Shrimp Fund (2022)

The Lab set up the CSSF and allocated US\$100 million to support the sustainable growth of the shrimp farming sector in East and Southeast Asia and to repair environmental damage caused by shrimp farming operations. This program focused on restoring mangrove environments and intensifying shrimp farming in restored areas.¹¹⁶

¹¹² See “NASE,” *IDB Invest* (2019), <https://idbinvest.org/en/projects/nase>.

¹¹³ See “Alpha Feed,” *IFC* (2019), <https://disclosures.ifc.org/project-detail/SII/41835/alpha-feed>.

¹¹⁴ See “IFC Announces \$40 million Agreement with Banco Internacional to Support First Private Sector Blue Bond in Ecuador and Latin America,” *IFC* (Oct. 5, 2022), <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=27216>.

¹¹⁵ See “Santa Priscila,” *IFC* (2022), <https://disclosures.ifc.org/project-detail/ESRS/45680/santa-priscila>.

¹¹⁶ See “Climate Smart Shrimp Fund,” *The Lab* (2022), <https://www.climatefinancelab.org/ideas/climate-smart-shrimp-fund/>; see also “Global Innovation Lab for Climate Finance | Multi-Regional,” *UN Climate*

15. IDB Investment in Peru (2022)

Marinasol S.A. (Marinasol) is primarily engaged in shrimp production and marketing. Marinasol has a 48 percent share of shrimp production and export in Peru. Marinasol received approximately US\$21.25 million from the IDB to fund a long-term investment plan to expand capacity and improve efficiency of existing operations, as well as structural working capital.¹¹⁷

16. ADB Loans for Indonesian Shrimp Farming (2022)

The ADB provided a US\$93 million loan to enhance shrimp farming in Indonesia. About 5,200 smallholder farmers benefited from improved infrastructure and capacity, and about 35,000 smallholder farmers benefited from improved access to quality inputs and capacity building programs on sustainable and climate adaptive aquaculture.¹¹⁸ The ADB also approved separate funds worth US\$166 million to help drive sustainable development of the seafood sector in Indonesia and Cambodia, including funding for the Infrastructure Improvement for Shrimp Aquaculture Project to be implemented in Bali, Banten, Central Java, East Java, Lampung, Nangro Aceh Darusalam, and South Sulawesi.¹¹⁹

17. World Bank Loan for Fisheries Recovery in India (2022)

The World Bank approved a US\$150 million loan to support the recovery of India's fisheries sector in response to the COVID-19 pandemic. The Fisheries Sector COVID-19 Recovery Project complemented the Government of India's Pradhan Mantri Matsya Sampada Yojana, which aimed to transform the sector in a sustainable manner by introducing modern practices, improving access to finance and making it more climate-resilient.¹²⁰

Change, <https://unfccc.int/climate-action/un-global-climate-action-awards/financing-for-climate-friendly-investment/global-innovation-lab>.

¹¹⁷ See "MARINASOL Corporativo," *IDB Invest* (2022), <https://www.idbinvest.org/en/projects/marinasol-corporativo>.

¹¹⁸ See "ADB Approves \$93 Million Loan for Indonesia Shrimp Farming Sector," *ADB* (Dec. 15, 2022), <https://www.adb.org/news/adb-approves-93-million-loan-indonesia-shrimp-farming-sector>.

¹¹⁹ See Toan Dao, "Asian Development Bank provides USD 166 million for seafood sector improvements in Indonesia, Cambodia," *Seafood Source* (Jan. 4, 2023), <https://www.seafoodsource.com/news/premium/supply-trade/asian-development-bank-provides-usd-166-million-for-seafood-sector-in-indonesia-cambodia>.

¹²⁰ See "Fisheries Sector COVID-19 Recovery Project," *The World Bank* (2022), <https://projects.worldbank.org/en/projects-operations/project-detail/P174798>.

18. Sustainable Loan for Blue Aquaculture in Ecuador (2023)

The IFC granted a sustainable loan of US\$160 million dollars to Produbanco, one of the leading banks in Ecuador, to promote the blue economy and boost access to financing for Small and Medium Enterprises, especially those owned by women, and other sustainable projects.¹²¹

19. Philippine Fisheries and Coastal Resiliency Project (2023)

The World Bank invested US\$176.02 million in the Philippines to improve fisheries management, increase the value of fisheries production, and improve livelihoods in coastal communities for local residents and small-to-medium sized businesses. This project aimed to broaden both domestic and international opportunities for fishery products, ensuring a reliable supply of fish for national food security and nutrition, boosting competitiveness of small-to-medium sized fishery enterprises, and ensuring compliance with relevant laws and regulations.¹²²

Governance of Multilateral Institutions

As discussed above, the federal government of the United States participates in and supports the activities of many of the multilateral institutions that have been responsible for funding the expansion of the shrimp aquaculture industry overseas. For example, the United States is the largest capital contributor to the World Bank, giving it significant voting power in the decision-making process at the Bank. The Board of Governors is the highest decision-making authority of the World Bank Group, but the day-to-day operations are delegated to the Board of Directors,¹²³ with a total of twenty-five (25) executive directors. France, China, United Kingdom, Germany, United States, and Japan appoint their own executive directors, respectively, whereas other executive directors are elected by the votes of the remaining member countries.¹²⁴

At the World Bank, board decisions are decided by the majority of the votes cast.¹²⁵ Each member country's voting power is weighted by the amount of contribution to the World Bank

¹²¹ See “IFC announces a sustainable loan of \$160 million to Produbanco to support the blue economy in Ecuador,” *IFC* (Mar. 29, 2023), <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=27479>; see also “Produbanco SGB,” *IFC* (2022), <https://disclosures.ifc.org/project-detail/SII/46941/produbanco-sgb>.

¹²² See “New Fisheries Initiative Will Benefit Over a Million People in the Philippines,” *The World Bank* (Mar. 30, 2023), <https://www.worldbank.org/en/news/press-release/2023/05/31/new-fisheries-initiative-will-benefit-over-a-million-people-in-the-phi>; see also “Philippine Fisheries and Coastal Resiliency Project,” *The World Bank* (2023), <https://projects.worldbank.org/en/projects-operations/project-detail/P174137>.

¹²³ See Congressional Research Service, “The World Bank,” <https://crsreports.congress.gov/product/pdf/IF/IF11361> (May 1, 2023).

¹²⁴ “International Bank for Reconstruction and Development; International Finance Corporation; International Development Association – Executive Directors and Alternates,” <https://thedocs.worldbank.org/en/doc/bb59d0763541241f684b8e784ea9aa07-0330032021/original/BankExecutiveDirectors.pdf>.

¹²⁵ See, e.g., IFC Articles of Agreement, Article IV, Section 3(b), <https://thedocs.worldbank.org/en/doc/6a4a091b83577eb35e881dbf9016c5c3-0330032020/original/IFCArticlesOfAgreement.pdf>.

made by that member country.¹²⁶ With respect to the IFC, the United States, at present, controls 18.16 percent of the votes, exceeding Japan (7.55 percent), the second largest shareholder, by more than 10 percent.¹²⁷ Although the United States does not enjoy veto power, its large voting power means that the United States should have considerable influence over decisions at the IFC.

Congress, in turn, exercises oversight regarding how the United States votes on matters at the World Bank. As the Congressional Research Service explained:

Congress also shapes U.S. policy at the World Bank. Congress authorizes and appropriates U.S. financial commitments to the World Bank and, at times, has withheld funding unless certain reforms are completed. Congress has also passed legislation directing U.S. representatives at the World Bank and other international financial institutions (IFIs) to advocate and vote for specific policies, as well as legislation requiring reports from the Department of the Treasury on World Bank and other IFI issues. In addition, presidential appointments for the U.S. representatives at the World Bank (the governor, the executive director, and their alternates) require Senate confirmation.¹²⁸

As noted in the Congressional Research Service’s report, U.S. law provides a legal framework for the United States to raise its objections specifically to address these types of issues. For example, 22 U.S.C. § 262h explicitly provides that:

The Secretary of the Treasury shall instruct the United States Executive Directors of . . . the International Finance Corporation . . . to use the voice and vote of the United States to oppose any assistance by such institutions, using funds appropriated or otherwise made available pursuant to any provision of law, for the production or extraction of any commodity or mineral for export, if –

- (1) such commodity or mineral, as the case may be, is in surplus on world markets; and
- (2) the export of such commodity or mineral, as the case may be, would cause substantial injury to the United States producers of the same, similar, or competing commodity or mineral.

Although 22 U.S.C. § 262h was enacted in 1986, the language used in this provision was introduced in Congress on June 1, 1978, under H.R. 12931-Foreign Assistance and Related

¹²⁶ See, e.g., *id.*, Article IV, Section 3.

¹²⁷ “International Finance Corporation Subscriptions and Voting Power of Member Countries,” <https://thedocs.worldbank.org/en/doc/c80cbb3c6eccc4fa9d06109541cef7d34-0330032021/original/IFCCountryVotingTable.pdf> (Aug. 8, 2023). As noted above, the percentage share fluctuates frequently and these figures are accurate as of August 8, 2023.

¹²⁸ Congressional Research Service, “The World Bank,” <https://crsreports.congress.gov/product/pdf/IF/IF11361> (May 1, 2023).

Programs Appropriations Act (“H.R. 12931”).¹²⁹ In addition to the foreign assistance appropriations, this act addressed limitations and restrictions to foreign assistance provided by the United States, including the need to protect U.S. industries from commodities that were in surplus in the world market.¹³⁰ The Committee on Appropriations described its concern in a May 25, 1978 Congressional Report:

The Congress has taken a keen interest in United States foreign assistance or other financial assistance being made available for expanding or establishing the production of certain overcapacity industries or commodities that could cause substantial injury to United States producers of the same, similar or competing goods[.] The major items that have been mentioned specifically in this connection have been citrus crops, sugar, palm oil, iron and steel, textiles and electronics. Although the Committee is certainly not advocating a protectionist stance regarding United States trade or assistance to foreign countries, it does have difficulty understanding why we have to provide help in financing foreign producers of competitive commodities and why such-help is not in fact the negation of free enterprise. Because of the Congressional concern in this area, the Committee has included two general provisions that would prohibit direct foreign assistance, including programs financed by the Export-Import Bank and the Overseas Private Investment Corporation, and that would instruct the United States executive directors to the International Financial Institutions to use their voice and vote to oppose assistance to finance the production of any commodity for export, if it is in surplus on world markets and if the assistance will cause substantial injury to United States producers of the same, similar or competing commodity.¹³¹

This provision was ultimately incorporated into Public Law 95-481 as Section 609 on October 18, 1978.¹³² The same language was also included roughly a decade later in H.R. 5548 during the 99th Congress (1985-1986), a bill amending the Export-Import Bank (“EXIM”) Act of 1945.¹³³ Although not part of the original bill, the provision was added through Senate Amendment 3033, with a U.S. Senator emphasizing the harm caused to American businesses by

¹²⁹ 124 Cong. REC. H15932 (daily ed. June 1, 1978) (Rep. Long).

¹³⁰ H.R. 12931 – Foreign Assistance and Related Programs Appropriations Act, CONGRESS.GOV, <https://www.congress.gov/bill/95th-congress/house-bill/12931>.

¹³¹ H.R. Rep. No. 95-1250, at 10 (1978).

¹³² Foreign Assistance and Related Programs Appropriations Act of 1970, Pub. L. No. 95-481, 92 Stat. 1591.

¹³³ H.R. 5548 was the bill that became P.L. 99-472 and was later codified as 22 U.S.C. § 262h. The provision that was found in H.R. 12931 was changed slightly compared to the provision in H.R. 5548. The following contains the changes found in H.R. 5548: “or mineral for export, if— (1) such commodity or mineral, as the case may be, is in surplus on world markets; and (2) the export of such commodity or mineral, as the case may be, would cause substantial injury to the United States producers of the same, similar, or competing commodity or mineral.” See H.R. 12931(1979). See also H.R. 5548 – Export-Import Bank Act Amendments of 1986, CONGRESS.GOV, <https://www.congress.gov/bill/99th-congress/house-bill/5548/text>.

the EXIM bank’s loan of \$200 million to the El Cerrejon mine in Colombia even though it would directly compete with U.S. coal:

This amendment will prohibit loans which would result in a surplus of a commodity or would compete with U.S. commodity production unless Exim weighs the short- and long-term benefits to employment and industries in this country and determines that the benefits of the loan outweigh the harm to U.S. firms and workers.¹³⁴

H.R. 5548 became Public Law No. 99-472 on October 15, 1986, with § 22 of the bill codified as 22 U.S.C. § 262h.¹³⁵

This statutory requirement is one of many expressions of concern by Congress regarding the United States’ participation in the activities of international financial institutions. Commenting on the state of the law in 2006, the U.S. Government Accountability Office (GAO) observed that “[c]urrently, the administration is charged with responding to dozens of legislative mandates related to the IMF, including advocacy for certain IMF policies, instructions for U.S. voting positions on IMF assistance to borrower countries, and requirements to report to Congress on various aspects of U.S. participation in the IMF.”¹³⁶ The GAO explained that “[s]ince 2001 . . . the United States had maintained nearly 70 legislative mandates prescribing U.S. policy goals at the IMF.”¹³⁷ Concerned as to whether the Administration was abiding by these mandates, “[i]n 2000, Congress directed [the GAO] to assess the Department of the Treasury’s (Treasury) efforts to advance U.S. legislative mandates at the IMF,” with the GAO being required to issue annual reports on the extent to which IMF practices are consistent with U.S. policies.¹³⁸ In response, the GAO observed that Treasury, in 1999, had instituted a formal process “to systematically promote congressionally mandated policies at the IMF.”¹³⁹

The GAO’s final annual report, issued in 2006, provided the following background:

Treasury has the lead role within the executive branch for formulating U.S. policy toward the IMF. The U.S. Executive Director is appointed by the President and pursues U.S. policy objectives through membership on the IMF’s Executive Board. Treasury’s Office of International Affairs, along with the Office of the U.S. Executive Director of the IMF, formulates, evaluates, and implements

¹³⁴ 132 CONG. REC. S26467-70 (daily ed. Sept. 26, 1986).

¹³⁵ H.R. 5548.

¹³⁶ United States Government Accountability Office, “Treasury Has Sustained Its Formal Process to Promote U.S. Policies at the International Monetary Fund,” GAO-06-876R (June 29, 2006).

¹³⁷ *Id.*

¹³⁸ *Id.*

¹³⁹ *Id.* (footnote omitted).

Treasury policy concerning U.S. participation in the IMF, including the policy positions and directives set forth in legislative mandates.¹⁴⁰

Treasury created an internal Task Force for the formulation of U.S. policy toward the IMF, which the GAO described as follows:

Treasury continues to use a systematic process to advance U.S. legislative mandates at the IMF. As we reported previously, Treasury created the Task Force on Implementation of U.S. Policy and Reforms in the IMF in March 1999 to strengthen the process by which the United States pursues its objectives at the IMF. In particular, the task force was to increase awareness among Treasury staff about the mandates and identify early opportunities to provide input to the U.S. Executive Director to influence decisions regarding IMF members' programs and economic reviews. Treasury also continues to make available to all relevant staff annual updates of its comprehensive legislative mandates manual, which contains all mandates applicable to U.S. participation in the IMF.

The task force includes staff-level representatives from the regional and functional offices within Treasury's Office of International Affairs, Treasury's Office of the General Counsel, and the U.S. Executive Director's office. Task force members continue to meet monthly to discuss how Treasury and the U.S. Executive Director can best apply legislative mandates based on a country's economic circumstances.

According to Treasury officials, the task force serves an important role as a mechanism to systematically remind Treasury officials of the need to address legislative mandates. Prior to each monthly meeting, task force members review a tentative schedule of the IMF Executive Board upcoming meetings to stay abreast of what countries will be discussed by the board. Also, Treasury officials may prepare for the meetings by obtaining information about other opportunities to attempt to influence the IMF. For example, Treasury officials may hold discussions with IMF officials when an IMF mission is planned to a particular country as part of negotiations for a new or existing program or an economic review.

At the task force meetings, members discuss opportunities to implement mandates, including mandates of potential relevance for specific countries. The aim of the discussions is to identify the best opportunities to make a credible and convincing case for pursuing a mandate at a given time. Once agreement is reached on how to pursue a mandate, Treasury officers for the specific country collaborate with U.S. Executive Director staff and functional specialists to draft a policy position for the U.S. Executive Director. The policy position can take the form of input for a written statement or talking points for an oral statement to the Executive Board. The U.S. Executive Director pursues U.S. objectives, including

140 *Id.*

the legislative mandates, through various channels at the IMF. For example, the U.S. Executive Director regularly makes oral or written statements to the board to apprise it of U.S. policy objectives regarding requests from countries for new programs, IMF reviews of existing programs, and regular IMF reviews of each members' economic policies.

Since creating the task force, Treasury has made occasional modifications to its efforts to monitor and promote legislative mandates at the IMF. . . .¹⁴¹

Treasury's Office of Legislative Affairs makes available on its website the Office of International Affairs' reports to Congress regarding the U.S. government's activities with respect to the IMF¹⁴² and, separately, with respect to other multilateral development institutions.¹⁴³ Nevertheless, despite a formal system of review and routine reporting requirements, multilateral institutions have funded projects expanding shrimp aquaculture without objection from the U.S. government through its relevant Executive Director. Accordingly, it is appropriate to question whether the formal system of review operates in a manner that prevents harm to U.S. industries from multilateral support for industries overseas characterized by excess global capacity.

Regardless, funding for shrimp aquaculture through international financial institutions that are supported by the United States is inconsistent with U.S. law and, at a minimum, should be the subject of objections from U.S. representatives at those multilateral organizations. The Southern Shrimp Alliance believes that Congressional oversight is required to ensure that U.S. law is being followed with regard to the funding of foreign shrimp aquaculture.

At the same time, the experience of the federal government teaches that even where the U.S. registers objections, the ability to impact the actions taken by multilateral institutions has been limited. The United States, due at least in part to pressure from Congress, has objected to several World Bank lending proposals. For example, in 2000, the United States objected to two loans totaling \$231 million loans to Iran based on the country's state sponsorship of terrorism.¹⁴⁴ In 2019, the United States objected to "World Bank's new five-year framework for lending to China and working on projects."¹⁴⁵ Despite the fact the United States is the largest shareholder of the World Bank, both objections were overridden by other member countries.¹⁴⁶

¹⁴¹ *Id.* (footnotes omitted).

¹⁴² See <https://home.treasury.gov/policy-issues/international/international-monetary-fund>.

¹⁴³ See <https://home.treasury.gov/about/offices/treasury.gov/resource-center/international/development-banks/Pages/congress-index.aspx>. Note, however, that at last check this link did not work and the reports were not accessible.

¹⁴⁴ See Los Angeles Times, "World Bank OKs \$231 Million in Loans to Iran Over U.S. Objections," <https://www.latimes.com/archives/la-xpm-2000-may-19-fi-31642-story.html>.

¹⁴⁵ See New York Times, "U.S. Objects to World Bank's Lending Plans for China," <https://www.nytimes.com/2019/12/05/business/us-china-world-bank.html>.

¹⁴⁶ See Los Angeles Times, "World Bank OKs \$231 Million in Loans to Iran Over U.S. Objections," <https://www.latimes.com/archives/la-xpm-2000-may-19-fi-31642-story.html>; New York Times, "U.S.

Additional information and analysis regarding both the extent of international financial institutional funding of shrimp aquaculture and the effectiveness of U.S. laws requiring objections to such funding is necessary. The Southern Shrimp Alliance believes that the GAO should be requested to further investigate the activities of multilateral institutions in light of the mandates imposed by Congress. In particular, through the research and expertise of the GAO, it would be useful to obtain a clear, objective third-party description of the impact of multilateral financial support for aquaculture on commodity prices and the domestic seafood industry. In addition to the annual reports previously requested of the agency regarding Treasury’s adherence to Congressional mandates on IMF activities, the GAO has authored a number of research reports on multilateral institutions, including the World Bank. For example, in May 2023, the GAO published a report examining to what extent World Bank funds have been provided to businesses that are on the U.S. sanctions and export control lists.¹⁴⁷

Aside from formal U.S. government engagement, human rights and environmental organizations that are concerned with the World Bank’s negative impacts have sought to use the World Bank’s internal procedure and accountability mechanism to change the Bank’s lending practices. For example, according to the World Bank’s Environmental and Social Framework, the Bank is required to conduct social and environmental due diligence,¹⁴⁸ and it “will only support projects that are consistent with, and within the boundaries of, the Bank’s Articles of Agreement and are expected to meet the requirements of the [Environmental and Social Standards] in a manner and within a timeframe acceptable to the Bank.”¹⁴⁹ The due diligence process offers an opportunity to raise concerns regarding the project before it is approved.

The IFC also maintains an Office of the Compliance Advisor Ombudsman (“CAO”), which is an “independent accountability mechanism supported by the [IFC].” The CAO receives complaints regarding concerns of individuals or communities affected by IFC projects, “investigates the environmental and social performance of IFC . . . to ensure compliance with relevant policies and commitments,” and conducts dispute resolution between the IFC and the affected communities.¹⁵⁰ Non-profit organizations have worked with affected communities to file complaints with the CAO after a project has been undertaken to advocate for change in the implementation of that project.¹⁵¹

Objects to World Bank’s Lending Plans for China,” <https://www.nytimes.com/2019/12/05/business/us-china-world-bank.html>.

¹⁴⁷ United States Government Accountability Office, “World Bank – Borrower Countries’ Contracts to Businesses in the U.S. and to Entities Potentially on U.S. Sanctions or Other Lists of Concern,” (May 2023) <https://www.gao.gov/assets/gao-23-105543.pdf>.

¹⁴⁸ See The World Bank Environmental and Social Framework, <https://thedocs.worldbank.org/en/doc/837721522762050108-0290022018/original/ESFFramework.pdf>, pp. 3-11.

¹⁴⁹ The World Bank Environmental and Social Framework, <https://thedocs.worldbank.org/en/doc/837721522762050108-0290022018/original/ESFFramework.pdf>, p. 5.

¹⁵⁰ Compliance Advisor Ombudsman, <https://www.cao-ombudsman.org/how-we-work>.

¹⁵¹ See Complaint to CAO concerning Ukraine Agro-Industrial Poultry Farm (June 5, 2018), <https://www.accountabilitycounsel.org/wp-content/uploads/2018/06/6-5-18-complaint-to-cao-from-three->

For example, Accountability Counsel worked with villagers from three Ukrainian communities to file a complaint with the CAO. The complaint concerned a joint loan from the IFC and the European Bank for Reconstruction and Development to a poultry company Myronivsky Hliboproduct (“MHP”) for its Vinnytsia Poultry Farm in Ukraine. The complaint “highlight[ed] a wide range of community concerns about potential negative environmental and social impacts from MHP’s mega-farm in Vinnytsia, including odor, dust and air and water pollution, and damage to roads and buildings from heavy vehicle traffic.”¹⁵² The CAO conducted mediation after accepting the complaint, and after twenty-three (23) meetings, MHP agreed to undertake certain projects to address the villagers’ concerns.¹⁵³

The Southern Shrimp Alliance’s review of the history of international financial institutions indicates that any effort by the domestic shrimp industry to use the internal governance mechanisms administered by the World Bank and the IFC (or any other multilateral organization) is unlikely to impact the respective institution’s activities. However, the utilization of these processes has helped to draw greater public attention to the issue implicated. While the impact of any such publicity may be limited on the general public, over the years, a number of non-profit organizations, such as Accountability Counsel and Human Rights Watch, have raised concerns over the negative human rights and environmental impacts of the WBG’s projects.

Environmental Ramifications of Multilateral Institutional Funding of Shrimp Aquaculture

Despite receiving less attention than its rainforest counterparts, scientists and non-governmental organizations have attempted to increase awareness of the adverse impact of mangrove deforestation on global carbon dioxide emissions and capture. Although mangrove ecosystems are estimated to comprise just 0.7 percent of the world’s forests,¹⁵⁴ mangroves play a significant role in carbon dioxide sequestration and are vital to the functioning of their surrounding environment. Semi-aquatic mangrove forests deliver a broad spectrum of ecosystem services, such as sequestering carbon at up to four times the rate of terrestrial forests, stabilizing coastlines, protecting coastal communities against storm surges, reducing coastal erosion, and

ukrainian-communities-regarding-ifc-investment-in-mhp.pdf; Accountability Counsel, “MHP Complaint Found Eligible by the World Bank’s Accountability Office, the CAO.” (June 15, 2018), <https://www.accountabilitycounsel.org/2018/06/mhp-complaint-found-eligible-by-the-world-banks-accountability-office-the-cao/>.

152 Accountability Counsel, “Ukraine: Agro-Industrial Poultry Farm,” <https://www.accountabilitycounsel.org/client-case/ukraine-agro-industrial-poultry-farm/#timeline>.

153 European Bank for Reconstruction and Development: Independent Project Accountability Mechanism, “Problem Solving Summary,” (Oct. 2021), <https://www.accountabilitycounsel.org/wp-content/uploads/2021/11/case2018-09mhp-problemsolvingsummary-eng.pdf>.

154 See Tiffany Stecker, *Restoring Mangroves May Prove Cheap Way to Cool Climate*, Scientific American (July 31, 2012), available at: <https://www.scientificamerican.com/article/restoring-mangroves-may-prove-cheap-way-to-cool-climate/>.

serving as expansive nurseries and habitats for fish, crustaceans, shellfish, and other wildlife.¹⁵⁵ Moreover, throughout the world, the economic security of millions of people depends upon the health of mangroves, with estimates indicating that “in many countries, over 80% of small-scale fisheries rely on mangroves, and there are over 4.1 million mangrove fishers globally – each supporting a network or community of dependences.”¹⁵⁶

Global maps developed by the Global Mangrove Alliance indicate that there were 136,000 km² of mangrove forests worldwide in 2016.¹⁵⁷ These maps “also track change over time” and “show a net loss of some 4.3% of mangroves in the 20 years preceding 2016.”¹⁵⁸ These mangroves are concentrated in areas that overlap with the production of shrimp, as “Southeast Asia houses almost a third of all mangroves, with Indonesia alone being home to almost 20%.”¹⁵⁹ Approximately seventy-five (75) percent of the world’s mangroves are found in just fifteen (15) countries.¹⁶⁰ Indonesia ranked first with ~3,112,989 ha and India ranked eleventh with ~368,276 ha of mangrove coverage.¹⁶¹ With ~161,000 ha of mangrove coverage reported in 2020, Ecuador is within the top twenty countries for the size of this habitat.¹⁶² Overall, approximately seventy-five (75) percent of the world’s farmed shrimp production is estimated to come from South/Southeast Asian countries, mainly from India and Indonesia, but also from Thailand and Vietnam, where mangroves are also endemic. The other twenty-five (25) percent are produced in the western hemisphere, with Ecuador responsible for approximately twenty (20) percent of the world’s exported shrimp.¹⁶³

Multilateral institutions have evaluated their funding of shrimp aquaculture projects and, at times, concluded that they were successful in terms of economic growth. However, the World Bank, in its internal evaluations, has also concluded that some of these projects were “less than satisfactory” due to environmental concerns. For example, investments in Belize were criticized

¹⁵⁵ Mark D. Spalding, and Maricé Leal (Eds.), *The State of the World's Mangroves 2021*, Global Mangrove Alliance (2021), available at: <https://www.mangrovealliance.org/wp-content/uploads/2021/07/The-State-of-the-Worlds-Mangroves-2021-FINAL.pdf>.

¹⁵⁶ *Id.*

¹⁵⁷ See Mark D. Spalding, and Maricé Leal (Eds.), *The State of the World's Mangroves 2021*, Global Mangrove Alliance (2021), available at: <https://www.mangrovealliance.org/wp-content/uploads/2021/07/The-State-of-the-Worlds-Mangroves-2021-FINAL.pdf>

¹⁵⁸ *Id.*

¹⁵⁹ *Id.*

¹⁶⁰ Chandra Giri et al., Status and distribution of mangrove forests of the world using earth observation satellite data, *Global Ecology and Biogeography*, Vol. 20, No. 1 (2011) at 154–159.

¹⁶¹ *Id.*

¹⁶² Fausto López-Rodríguez, *Mangrove in Ecuador: Conservation and Management Strategies*, In Y. Zhang, & X. S. Liang (Eds.), *Coastal Environments*, IntechOpen (2021), available at: <https://doi.org/10.5772/intechopen.95572>.

¹⁶³ *Shrimps and prawns, Frozen*, Observatory of Economic Complexity (n.d.), available at: <https://oec.world/en/profile/hs/shrimps-and-prawns-frozen>.

because the shrimp aquaculture projects “failed to demonstrate compliance” with Belizean environmental standards.¹⁶⁴

Moreover, even the projects deemed “successful” have created obvious environmental damage. One such “successful” aquaculture project took place in Honduras in 1999.¹⁶⁵ Using the destruction caused by Hurricane Mitch in 1998 as justification, the IFC granted a \$6 million loan to the San Bernardo Marine Farms shrimp company, owned by Grupo Granjas Marinas (“GGM”), in the Gulf of Fonseca¹⁶⁶ in an effort to “strengthen GGM’s finances after it lost 1.3 million pounds of shrimp in the hurricane.”¹⁶⁷

In total, Honduras lost 219,132 hectares of mangroves, a 73.5 percent decrease, between 1965 and 2000 (and 2,176 hectares in the Gulf of Fonseca specifically) due in large part to clearances for shrimp farms.¹⁶⁸ In part because of the elimination of the protection provided by mangroves replaced with shrimp farms, the Hurricane resulted in the most significant flooding in Honduras in the 20th century.¹⁶⁹ Yet, the IFC used the resulting reductions in the Honduran shrimp aquaculture industry’s exports to justify a \$6 million loan to GGM “to help it recover from damages caused by Hurricane Mitch” and reactivate the business by “expand{ing} grow-out ponds and build{ing} new hatchery, freezing and wastewater facilities...”¹⁷⁰ This financing came in conjunction with the destruction caused to a substantial amount of surviving mangroves by the Hurricane itself.¹⁷¹ In result, IFC’s investment further exacerbated the degradation of mangrove habitats, that, in turn, intensifies the impact of severe storms by removing natural

¹⁶⁴ *Changing the Face of the Waters: The Promise and Challenge of Sustainable Aquaculture*, The World Bank (2007) at 22, available at <https://doi.org/10.1596/978-0-8213-7015-5>.

¹⁶⁵ *Honduras: World Bank involvement in mangrove destruction*, World Rainforest Movement, (Apr. 12, 2001), available at: <https://www.wrm.org.uy/bulletin-articles/honduras-world-bank-involvement-in-mangrove-destruction>.

¹⁶⁶ *Id.*

¹⁶⁷ *Honduran Shrimp Producer Receives Post-Mitch Assistance from IFC*, International Finance Corporation (June 23, 1999), available at: <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=19480>.

¹⁶⁸ See Enrique Ibarra, et al., *On Mangroves, People and Fishing in the Moskitia*, Inter-American Development Bank (Sept. 27, 2018), available at: <https://blogs.iadb.org/sostenibilidad/en/10509/#:~:text=The%20loss%20of%20mangrove%20forest,tourism%20infrastructure%20and%20illegal%20logging> and *Gulf of Fonseca*, rePlanet. (2023), available at: <https://www.replanet.org.uk/project/blue/gulf-of-fonseca/>.

¹⁶⁹ See Honduras: Assessment of the Damage Caused by Hurricane Mitch, 1998: Implications for economic and social development and for the environment, United Nations Economic Commission for Latin America and the Caribbean (Apr. 14, 1999) at 3, available at <https://hdl.handle.net/11362/25506>.

¹⁷⁰ *Honduran Shrimp Producer Receives Post-Mitch Assistance from IFC*, International Finance Corporation (June 23, 1999), available at: <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=19480>.

¹⁷¹ *Mangrove ecosystems of Honduras*, United Nations Educational, Scientific and Cultural Organization (UNESCO) (n.d.), available at: <https://unesdoc.unesco.org/ark:/48223/pf0000382189/PDF/382189eng.pdf.multi>; see also Cahoon, Donald, et. al, *Hurricane Mitch: Impacts on Mangrove Sediment Elevation Dynamics and Long-term Mangrove Sustainability*, Environmental Sciences Faculty and Staff Publications, (2002) at 4, available at: https://cedar.wvu.edu/esci_facpubs/49.

coastal barriers.¹⁷² Moreover, because mangroves are responsible for hosting about three quarters of all saltwater species at some stage in their life,¹⁷³ the health and range of mangrove forests are inextricably linked to other important resources that Hondurans rely on for survival, such as water quality and other crustaceans and fish.¹⁷⁴

In Vietnam's Ca Mau province, between 1980 and 1993, the WB and ADB actively encouraged the clearing of mangrove forests in favor of shrimp farming, resulting in a twenty-fold rise in shrimp ponds across the Mekong Delta.¹⁷⁵ As in Honduras, widespread mangrove deforestation has been tied to environmental changes that have significant economic impacts, with severe floods estimated to be causing damage amounting to \$70 million annually, while droughts have resulted in substantial losses in rice production, as well as reduced livestock and fishery output.¹⁷⁶ For example, the Mekong Delta saw its worst drought in 90 years in 2016, costing Vietnam more than \$200 million.¹⁷⁷ While mangroves have made a slight comeback in Ca Mau thanks to integrated shrimp-mangrove farming,¹⁷⁸ the region is at high risk for climate-related threats, experiencing a sea level rise of 2.1 to 3.6 centimeters per year.¹⁷⁹

More recently, as described above, the IFC contributed a \$45 million loan to Santa Priscila, a company that dominates commercial shrimp farming in Ecuador and is the country's largest shrimp exporter.¹⁸⁰ Santa Priscila owns fifty-nine (59) aquaculture farms covering 12,000

¹⁷² *Gulf of Fonseca*, rePlanet. (2023), available at: <https://www.replanet.org.uk/project/blue/gulf-of-fonseca/>.

¹⁷³ Andrea Gourgy, *A Second Chance for Honduras' Mangroves*, Verge Magazine (n.d.), available at: <https://www.vergemagazine.com/volunteer-abroad/articles/507-a-second-chance-for-honduras%E2%80%99-mangroves.html>.

¹⁷⁴ *See Shrimp Farming in Honduras*, NASA Earth Observatory (2005), available at: <https://earthobservatory.nasa.gov/images/6339/shrimp-farming-in-honduras>.

¹⁷⁵ Nhung Nguyen, *Delta shrimp farmers' enthusiasm for working with mangroves is waning*, The Third Pole (May 12, 2023), available at: <https://www.thethirdpole.net/en/livelihoods/shrimp-farmers-working-with-mangroves-mekong-delta-vietnam/>.

¹⁷⁶ *How Mangrove-Friendly Shrimp Farming is Protecting Mekong Delta*, Great Mekong Subregion (n.d.), available at: <https://greatermekong.org/how-mangrove-friendly-shrimp-farming-protecting-mekong-delta>; see also *ADB to Help Mitigate Risk of Floods, Droughts in Lower Mekong Basin*, Asian Development Bank (Nov. 7, 2012), available at: <https://www.adb.org/news/adb-help-mitigate-risk-floods-droughts-lower-mekong-basin>.

¹⁷⁷ *How Mangrove-Friendly Shrimp Farming is Protecting Mekong Delta*, Great Mekong Subregion (n.d.), available at: <https://greatermekong.org/how-mangrove-friendly-shrimp-farming-protecting-mekong-delta>; see also *Mekong drought losses total \$215m*, Viet Nam News (June 25, 2016), available at: <https://vietnamnews.vn/environment/298643/mekong-drought-losses-total-215m.html#hwMe4uFMmDJYBpc2.97>.

¹⁷⁸ Nhung Nguyen, *Delta shrimp farmers' enthusiasm for working with mangroves is waning*, The Third Pole (May 12, 2023), available at: <https://www.thethirdpole.net/en/livelihoods/shrimp-farmers-working-with-mangroves-mekong-delta-vietnam/>.

¹⁷⁹ Bruno Di Giusto, et al., *Development versus Adaptation? Facing Climate Change in Ca Mau, Vietnam*, *Atmosphere*, Vol. 12, No. 9, p. 1160 (Sept. 9, 2021), available at: <https://doi.org/10.3390/atmos12091160>.

¹⁸⁰ *IFC Announces \$45 million Loan to Improve Shrimp Sector's Resilience in Ecuador*, International Finance Corporation, (Aug. 5, 2022), available at: <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=27136>;

ha.¹⁸¹ With the IFC’s investment, Santa Priscila obtained financing that facilitated “the acquisition of the California farm cluster . . . which entails 1,234 hectares of shrimp farms in the area of Naranjal close to Guayaquil.”¹⁸² The IFC’s environmental and social due diligence stated that “California farms overlap the South American Pacific mangroves ecoregion,”¹⁸³ but that “[n]either the existing operational area, nor the processed TL are located within any protected areas or internationally recognized areas.”¹⁸⁴

According to the World Bank’s Environmental and Social Framework, if a project is located “within or has the potential to adversely affect an area” that is a legally protected and internationally recognized area of high biodiversity value, the borrower is subject to more stringent standards and requirements.¹⁸⁵ However, because the IFC determined that the Santa Priscila project is not located in any “protected areas or internationally recognized areas,” the additional requirements were not applied to the project.

Nevertheless, IFC’s ESS policy states that “clients must comply with applicable national law.”¹⁸⁶ Ecuador has several legal standards in place to protect mangroves from development, including for shrimp farming. Enacted in 2008, Ecuador’s Constitution recognizes mangroves as “fragile and threatened ecosystems,” giving them a special “status” relative to other ecosystems.¹⁸⁷ All mangroves in Ecuador are protected under mechanisms like community mangrove concessions and protected areas. Although shrimp farming in mangrove systems was regularized Executive Decree 1391 (2008) (“the Decree”), this authorization was accompanied by a recognition that thousands of hectares of shrimp farms had been operating illegally resulting in massive mangrove deforestation. The Decree obligated companies to implement a reforestation level of ten percent when the area of aquaculture installation covers up to ten ha,

see also Santa Priscila, *International Finance Corporation Project Information & Data Portal* (Apr. 18, 2022), available at: <https://disclosures.ifc.org/project-detail/ESRS/45680/santa-priscila>.

¹⁸¹ Santa Priscila, *International Finance Corporation Project Information & Data Portal* (Apr. 18, 2022), available at: <https://disclosures.ifc.org/project-detail/ESRS/45680/santa-priscila>.

¹⁸² International Finance Corporation, “Santa Priscila,” <https://disclosures.ifc.org/project-detail/ESRS45680/santa-priscila>.

¹⁸³ International Finance Corporation, “Santa Priscila,” PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources, <https://disclosures.ifc.org/project-detail/ESRS/45680/santa-priscila>.

¹⁸⁴ International Finance Corporation, “Santa Priscila,” PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources, <https://disclosures.ifc.org/project-detail/ESRS/45680/santa-priscila>.

¹⁸⁵ The World Bank Environmental and Social Framework, <https://thedocs.worldbank.org/en/doc/837721522762050108-0290022018/original/ESFFramework.pdf>, p. 71.

¹⁸⁶ *Id.* at 3

¹⁸⁷ Fausto López-Rodríguez, *Mangrove in Ecuador: Conservation and Management Strategies*, In Y. Zhang, & X. S. Liang (Eds.), *Coastal Environments*, IntechOpen (2021), available at: <https://doi.org/10.5772/intechopen.95572>.

twenty percent for farms from eleven to fifty ha, and thirty percent from fifty-one (51) to 250 (or more) ha.¹⁸⁸

The IFC's evaluation of the Santa Priscila project does not appear to have accounted for the company's reforestation obligations. The IFC's ESS policy classifies projects in four categories: Category A, B, C, and FI.¹⁸⁹ Category A is the worst rating a project can receive and indicates that business activities stemming from the investment have potential considerable adverse environmental or social impacts. Category B is a step below, indicating that the project involves "business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures."¹⁹⁰ The Santa Priscila farm investment was evaluated as a Category B investment, with the IFC identifying a number of concerns but omitting any reference to mangroves:

Key E&S risks of the Project are the handling of fuels and hazardous wastes, handling of chemicals (metabisulfite), large generation of effluents from aquaculture ponds, workers' occupational injuries, community grievances, potential abuses from private security forces, and origin of feed. Potential key E&S risks of the sub-transmission line construction include conversion of natural habitat and physical and/or economic displacement along the right-of-way of the sub-transmission line.¹⁹¹

Thus, while the IFC recognized some environmental and social risks in its Santa Priscila project, the institution avoided any discussion of the impact on mangroves – the single most significant environmental issue presented by the expansion of Santa Priscila's shrimp aquaculture capacity.

Over the last quarter century, the aquaculture development projects sponsored by international financial institutions have led to a significant increase in the export of shrimp from developing countries in Asia and Latin America to economically advanced Western countries. The economic activity associated with these exports has a corresponding cost that may outweigh any benefits. In response to these concerns, development banks now claim to only fund aquaculture projects that adhere to standards established by the Aquaculture Stewardship Council, the Best Aquaculture Practices, and the International Principles for Responsible Shrimp Farming.¹⁹² These multilateral organizations also express interest in blue carbon pricing schemes

¹⁸⁸ Executive Decree 1391 for the 'Legalisation' of Shrimp Farming Industry, Mangrove Action Project (Apr. 13, 2012), available at: <https://mangroveactionproject.blogspot.com/2012/04/executive-decree-1391-for-legalisation.html>.

¹⁸⁹ *Id.* at 8.

¹⁹⁰ *Id.*; see also Santa Priscila, *International Finance Corporation Project Information & Data Portal* (Apr. 18, 2022), available at: <https://disclosures.ifc.org/project-detail/ESRS/45680/santa-priscila>.

¹⁹¹ Santa Priscila, *International Finance Corporation Project Information & Data Portal* (Apr. 18, 2022), available at: <https://disclosures.ifc.org/project-detail/ESRS/45680/santa-priscila>.

¹⁹² *World Bank to infuse \$160m into Ecuador's 'blue economy'*, Undercurrent News (Apr. 3, 2023), available at: <https://www.undercurrentnews.com/2023/04/03/world-bank-to-infuse-160m-into-ecuadors-blue->

and mangrove conservation initiatives.¹⁹³ However, they continue to promote the expansion of shrimp farming, even when this excess capacity clearly undermines local efforts to address the environmental harm wreaked by shrimp aquaculture in the first instance. For example, in the Mekong Delta, private seafood producers operate under organic certification programs that incentivize mangrove protection, but “tension remains between the needs of the forest and the aquaculture industry”¹⁹⁴ because there is little economic benefit to be obtained in a global market overrun by cheap shrimp from the environmentally degraded regions of foreign competitors.

The domestic shrimp industry operates under complex and intricate regulatory programs intended to mitigate the impact that commercial fishing has on its surrounding environment. Thus, although the domestic shrimp industry has no equity interest in the health of mangrove forests in developing countries, the relative lack of concern regarding the environmental impact of shrimp farming operations is troubling. Mangrove forests are universally recognized as playing a major role in the sequestration of carbon dioxide and, in consequence, global climate. Yet, multilateral institutions have continued to allocate substantial development funds to encourage the further expansion of shrimp aquaculture without significantly addressing deforestation. The harmful impact of shrimp farming on mangrove ecosystems in Ecuador, India, Indonesia, and Vietnam has not been sufficiently considered by international financial institutions in the further funding of shrimp aquaculture projects. In the absence of public scrutiny, these development projects have resulted in large-scale deforestation of critical habitats.

[economy/](#) and *Changing the Face of the Waters: The Promise and Challenge of Sustainable Aquaculture*, The World Bank (2007) at 20, available at <https://doi.org/10.1596/978-0-8213-7015-5>.

¹⁹³ E.g., *Deep Blue Opportunities for Blue Carbon Finance in coastal ecosystems*, International Finance Corporation (2023), available at: https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/resources/blue-carbon-finance-in-coastal-ecosystems.

¹⁹⁴ Nhung Nguyen, *Delta shrimp farmers' enthusiasm for working with mangroves is waning*, The Third Pole (May 12, 2023), available at: <https://www.thethirdpole.net/en/livelihoods/shrimp-farmers-working-with-mangroves-mekong-delta-vietnam/>.