

Rights Action  
May 7, 2013

## **DEVELOPMENT OR ARMED ROBBERY?**

### **World Bank Funding and Militarization Displace Communities**

#### **BELOW**

A comprehensive article, by Annie Bird, about the intersection between "development" projects funded by the World Bank, and repression carried out by U.S.-supported regimes - and directly by U.S. military involvement - in Guatemala and Honduras.

#### **FUNDS NEEDED**

Rights Action supports most of the struggles set out in this article, many of which are summarized in our 2013 Spring Fund-raising Newsletter:

- "Hard Times in Guatemala and Honduras": <http://rightsaction.org/action-content/fund-raising-newsletter-spring-2013-hard-times-guatemala-honduras>
- "Your Funds At Work: Funding Summary From Rights Action": <http://rightsaction.org/action-content/your-funds-work-funding-summary-rights-action>

#### **FACT-FINDING / EDUCATIONAL DELEGATIONS**

Come to Guatemala or Honduras in July and learn first-hand about these issues and struggles. (See below)

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## **DEVELOPMENT OR ARMED ROBBERY?**

### **World Bank Funding and Militarization Displace Communities**

By Annie Bird, May 2, 2013

<http://www.cipamericas.org/archives/9445>

On April 10, 2013, the World Bank held a "consultation" in Guatemala City regarding the restructuring of the safeguards that form part of the World Bank's Operational Policies.[1] Tens of thousands of families impacted by mines and dams in Guatemala and Honduras did not attend.

Among those not attending were 11,000 Maya-Achi families displaced in 1982 by the Chixoy Dam in Guatemala,[2] the Lenca community of Rio Blanco in Honduras who are today blocking roads illegally built on their land to access to the Agua Zarca dam project they rejected, the Xinca communities in Guatemala who oppose the U.S.-Canadian owned Tahoe Resources [Goldcorp Inc.] silver mine whose leaders were recently kidnapped and were quickly arrested on April 12 after they mobilized to block the mines entrance,[3] the Garifuna communities of Honduras' North Coast who demand collective titles for their lands while opposing the Model Cities project, and the campesino communities of the Aguan [region in Honduras] who have lost 96 members and allies to apparent death squad violence since 2010.[4]

Though the World Bank and its member states are not complying with international law, such as the United Nations Declaration on the Rights of Indigenous People, the UN Charter and the International Labor Organization's Covenant 169, it is the indigenous and campesino communities that are criminalized on the pretext of law enforcement and brutalized by militarization carried out in the framework of the Central America Regional Security Strategy,

backed by the U.S., Canada, the Inter American Development Bank (IDB) and the World Bank, among others.[5]

#### WORLD BANK-FUNDED PROJECT AFFECTED COMMUNITIES REPRESSED BY U.S.-BACKED TROOPS

Between 1978 and 1982, the Rio Negro community peacefully resisted displacement by the World Bank [and IDB] funded Chixoy dam and demanded compensation for their land. As a result, Rio Negro was subject to a series of five massacres and other acts of violence, such as extrajudicial executions and torture. The U.N.-sponsored truth commission examined, as an illustrative case, the March 13, 1982 massacre of 107 children and 70 women, and found that it was the result of the Chixoy dam project and constituted an act of genocide. The Guatemalan military was supported by U.S. security agencies throughout the genocide.[6]

On April 7, 2013, a Honduran police commander, in blatant disregard for the community's land title, threatened to evict Rio Blanco communities affected by the Agua Zarca dam who were blocking a road in their land, while bragging he had participated in the violent evictions in the Aguan region.[7] The Lenca federation, COPINH, denounces that the Agua Zarca dam is funded by the Honduran Bank FICOHSA, and is a joint project of the Chinese energy giant SINOHYDRO[8] and the Honduran concession holder DESA.[9]

In September 2011, the World Bank's International Finance Corporation's Asset Management Company announced it had approved a \$70 million capital investment in the Honduran Banco FICOHSA, the IFC Asset Management Company's first investment in Central America. FICOHSA's principal shareholder Camilo Atala explained the IFC funds will "strengthen our capacity to support...large projects that are essential for the country's economic and social development." [10]

Communities impacted by the Agua Zarca dam have held consultations and rejected the dam. The dam is also funded by the multilateral bank, the Central American Bank for Economic Integration.

The World Bank "consultations" in Guatemala coincided with a visit to Guatemala by General Frederick Rudesheim, Commander of the U.S. military's Southern Command (Southcom), from April 9-11, 2013. He participated in the inauguration of a training center for the Inter-institutional Task Force Tecun Uman in San Marcos, a joint military-police task force. Even in these times of budget austerity, the U.S. Embassy to Guatemala will donate to the Task Force, through the Guatemalan Military, a fleet of 42 vehicles, Jeep J8, worth US\$5.5 million, along with US\$10.71 million for base construction and \$9.2 million for equipment and organizational activities.[11]

Southern Command made a similar donation of a fleet of green Ford F-150's to the Honduran military in 2010.[12] One of these trucks was used in the in May 2012 killing of an unarmed 15 year-old boy shot in the back by agents from a U.S.-trained military unit engaged in policing.[13] The vehicles have also been circulating in the Aguan, where reports indicate police and military units collaborate in death squad killings.[14] There 96 campesinos and their associates have been killed in the context of a land conflict with World Bank-funded palm oil corporations. The U.S. Special Operations Command South through SouthCom is also building base installations for the 15th Battalion in the Aguan.[15]

#### U.S. BACKS REMILITARIZATION AS CENTRAL AMERICAN DEATH SQUADS ARE REACTIVATED

The announcement of U.S. assistance to the military/ police task force in Guatemala comes less than a week after the current president, Otto Perez Molina, a former general who in 1995 was reported to be a CIA asset, was named in court as responsible for ordering the massacre of Maya-Ixil villages in 1982 and 1983.

The witness, former soldier Hugo Reyes, made the declarations during the trial of former military dictator Rios Montt on genocide charges.[16] Rios Montt ruled the country during some of the Chixoy-related Rio Negro massacres of Maya-Achi people.

Bernal also named Colonel Juan Chiroy Sal as a material and intellectual author of the Ixil genocide. Chiroy Sal was arrested in October 2012 on charges related to the October 4 massacre of six Maya-Quiche protestors opposing hikes in electricity prices, a subject of tension since the electrical distribution was privatized ten years before. Chiroy Sal was acting as commander of the Presidential Honor Guard when he ignored orders from the National Civil Police to stop, advising him military participation in control of the protest was not warranted, and guided his elite unit to confront the protestors.[17]

Human rights advocates criticize military actions in a policing role. At the time of the massacre, 200 U.S. Marines were in Guatemala as part of Operation Martillo, training Guatemalan military in policing activities.[18]

Guatemalan justice reform advocates denounce that since Otto Perez Molina assumed the presidency last year, the military, with U.S. backing, is being integrated into policing functions,[17][19] Guatemalan air force pilots even participated in a DEA-led drug interdiction in the Moskitia region of Honduras in which four bystanders were killed.[20]

Before the militarization began, apparently in response to years of efforts to reform the justice system, Guatemala's murder rate dropped for the first time in 12 years—a dramatic reduction from 46 per 100,000 in 2009, to 41 in 2010[21], then to 38.6 per 100,000 in 2011.[22] The trend continued in 2012, dropping to 32 per 100,000.[23] However, in the first quarter of 2013, after militarization began, gains made in 2011 and 2012 began to disappear, and the murder rate rose 10% in just three months.[24]

On March 18, the Campesino Unity Committee, CUC, the organization with which Rigoberta Menchu worked before receiving the 1992 Nobel Peace Prize, denounced that “an organized crime group paid by businessmen and landholders is systematically murdering indigenous and farm worker leaders,” exactly the manner in which the UN-backed truth commission described the emergence of the death squads in the 1970s.

CUC's denouncement followed the March 17, 2013 murder of a Xinca indigenous leader and the kidnapping of three others as they returned home from a consultation on a proposed US-Canadian Tahoe Resources- Goldcorp silver mine in San Rafael, Santa Rosa.[25]

#### WORLD BANK FAILS, PROJECT DISPLACED PEOPLES

Organized in COCAHICH, the Chixoy dam's victims sent a letter on April 9, 2013 to the Banks stating they would not be attending the “consultation.” (Were some invited and others not?) Despite 18 years of high-level meetings with the Banks, Chixoy dam survivors were not invited. Exactly three years before, on April 9, 2010, COCAHICH and the Guatemalan government signed an agreement in which the government assumed responsibility to provide reparations to the 11,000 people impacted by the dam. Not one cent has been paid.

The agreement was based on a study of damages commissioned by a negotiating group mediated by the Organization of American States, in which the World Bank, Inter American Development Bank and the United Nations High Commissioner on Human Rights participated as witnesses. All parties signed and accepted the damages assessment.

That assessment found that the World Bank violated several internal regulations relating to the environment and indigenous people, regulations established in 1972, 1974, 1981 and 1982. The assessment further found that the Banks had failed in their responsibilities to monitor the project, and even after learning of problems with resettlement the Banks continued to disperse loans for the project.

COCAHICH calls on the Banks to not authorize loans to Guatemala until the dam's victims begin to receive agreed upon reparations, and further, COCAHICH calls on the Banks to pay the reparations.[26] Some loans from the WB and IDB for Chixoy charged 7.5% and 9.25% in interest;[27] the people of Guatemala paid over a hundred million dollars in interest on loans incurred by military dictators they had not elected.[28]

#### WORLD BANK SAFEGUARDS NOT ENFORCED AND DON'T COMPLY WITH THE LAW

The Chixoy dam case calls attention to several problems with the Banks safeguards. First, the Banks do not always comply with their own safeguards. The World Bank was established as a specialized agency of the United Nations. As such it is obligated by law to accomplish the purposes and objectives established in article 55 of the UN Charter, the promotion of universal respect for human rights. The WB has repeatedly failed in fulfilling that obligation.

The Bank's safeguards are not even in line with international law, and may be further weakened in a revision scheduled for 2014.[29] For example, the policy regarding indigenous peoples does not incorporate the principals established in the UN Declaration on the Rights of Indigenous People (UNDRIP), adopted by the General Assembly in 2007.

The UNDRIP articulates the already existing principal in international law that indigenous peoples have the right to free, prior and informed consent regarding development projects in that region. That means a dam, mine, or large plantation cannot be established in indigenous territory if the recognized indigenous authorities do not expressly approve, give consent for, the project.

Most recently, in Honduras, the WB's private sector lending arm, the IFC, approved two loans to a palm oil corporation accused of coordinating death squad activities with the Honduran military and police; campesino movements have denounced 96 related murders. While one of the two loans, to the Dinant Corporation, is being audited after the first half, \$15 million dollars, the second loan, to the Oleoproductos Corporation, was dispersed in full. [30]

Disbursements on both loans were made during a coup regime not recognized by nations in the region, which ruled the country amidst denouncement of widespread human rights violations echoed by the Inter American Commission for Human Rights of the Organization of American States.[31]

#### U.S. TREASURY DEPARTMENT IS NOT IN COMPLIANCE WITH U.S. OR INTERNATIONAL LAW

It is not just the World Bank that is responsible for the human rights violations associated with its projects, it is also the governments of the world who run the World Bank through 19 Executive Directors (EDs). The United States' Executive Director currently holds 22% of the voting power,

followed by Japan with about 5%. The US Executive Director is overseen by the Treasury Department, the Secretary of the Treasury sits on the Board of Directors of the World Bank.

The International Financial Institutions Act of 1977 obligates the Treasury Department to use human rights considerations in guiding its voting on multilateral bank loans. The Treasury Department has disregarded this obligation, as can be seen in the Treasury Department's responses to findings by World Bank's Inspection Panel, the agency charged with determining whether the Bank's safeguards are respected. In 2007, the IP had found that the Bank funded Land Administration Program in Honduras had not complied with operational policies and that the consultation framework established by the Bank had the potential to divide Garifuna communities and weaken their efforts to register collective land titles.[32]

However, the Treasury Department did not agree with the IP. On October 4, 2007, the Treasury Department responded to the IP finding on the PATH program in Honduras, stating that if a "particular representative organization" were required to be included in consultation in order to comply with the Bank's Operation Directives [in this particular case that would refer to the Garifuna Federation, OFRANEH], "it would effectively give that organization veto power over the implementation of the project. In this regard, we agree with the Management's view that it would be inappropriate to assign veto-power to any one sub-group among stakeholders. If provision of veto-power to indigenous peoples was intended, OD 4.20 [on Indigenous peoples] would have required "prior, informed consent" rather than the extant "prior, informed consultation." [33]

That position directly contradicts existing international law. The International Labor Organization Convention 169, adopted in 1991, established that "Consultation with indigenous peoples should be undertaken through appropriate procedures, in good faith, and through the representative institutions of these peoples." This means that if a consultation process is not developed with those truly representative of the indigenous people affected, then the consultations would not comply with the requirements of the Convention. In ILO Convention 169, Article 16 states that, "Where the relocation of these peoples is considered necessary as an exceptional measure, such relocation shall take place only with their free and informed consent." Further, Treasury's position was taken a few weeks after the UNDRIP was adopted by the General Assembly on September 13, 2007.

While the U.S. has not ratified the UNDRIP, the World Bank as a Specialized Agency of the UN is obligated not to defeat the purposes of the Charter of the United Nations, and must further and not undermine the objectives of the UN Charter, including the promotion of "universal respect for, and observance of, human rights and fundamental freedoms for all." [34] Those human rights are defined by the Declarations of the UN General Assembly.

Across Guatemala, indigenous communities under threat from mines and dams are holding community consultations, and rejecting the projects. These communities will not participate in the Bank's 'consultation' on safeguards. But the Bank is required by law to respect the communities' decisions. Multilateral lenders must be held responsible for gross human rights violations associated with projects they fund. As Central America is being militarized on the pretext of law enforcement, the World Bank must begin to respect the law.

(Annie Bird is Co-Director of Rights Action and a contributor to the CIP Americas Program, [www.cipamericas.org](http://www.cipamericas.org). For more information contact Annie Bird, [annie@rightsaction.org](mailto:annie@rightsaction.org).)

NOTES

[1]

<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTSAFEPOL/0,,contentMDK:23275156~pagePK:64168445~piPK:64168309~theSitePK:584435,00.html>

[2] COCAHICH, "Carta Abierta al Banco Mundial"

[3] <http://www.coha.org/22177/>; [http://www.prensalibre.com/noticias/justicia/Apresanmina\\_0\\_899910016.html](http://www.prensalibre.com/noticias/justicia/Apresanmina_0_899910016.html)

[4] [http://rightsaction.org/sites/default/files/Rpt\\_130220\\_Aguan\\_Final.pdf](http://rightsaction.org/sites/default/files/Rpt_130220_Aguan_Final.pdf) Since the reports publication, on February 21, 2013 Adolfo Cruz of MUCA and Manuel Ezequiel Guillen Garcia of MOCRA were kidnapped, their tortured bodies found on February 24. On March 18, 2013 MOCRA spokesman Eduardo Mord Rivera was shot as he rode his bicycle to the town of Tocoa.

[5] "The Group of Friends is comprised of the IDB, the World Bank, the Central American Bank for Economic Integration, the OAS, the U.N. Office on Drugs and Crime, and the United Nations, the European Union, as well as Brazil, Canada, Chile, Colombia, Finland, Germany, Israel, Italy, Republic of Korea, Mexico, the Netherlands, Spain and the United States."

<http://www.iadb.org/en/news/news-releases/2011-04-14/citizen-security-in-central-america,9345.html>

[6] <http://shr.aas.org/guatemala/ceh/mds/spanish/anexo1/vol1/no10.html>

[7] <http://copinh.org/article/copinh-comunicado-urgente-a-siete-dias-la-lucha-si/>

[8] SINOHYDRO holds a 50% share of the world's hydroenergy market, including the Patuca I, II and III dams in Honduras. <http://www.internationalrivers.org/campaigns/sinohydro-corporation>

[9] <http://www.copinh.org/article/copinh-comunicado-urgente-rio-blanco-nuevamente-em/>

[10] [http://www1.ifc.org/wps/wcm/connect/corp\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+news/ifc+asset+management+company+press+releases/ifc+capitalization+fund+invests+\\$70+million+in+ficohsa+to+support+smes+in+honduras](http://www1.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/ifc+news/ifc+asset+management+company+press+releases/ifc+capitalization+fund+invests+$70+million+in+ficohsa+to+support+smes+in+honduras)

[11] [http://photos.state.gov/libraries/guatemala/788/pdfs/pbs15\\_20130408.pdf](http://photos.state.gov/libraries/guatemala/788/pdfs/pbs15_20130408.pdf)

<http://www.laprensagrafica.com/EUA-entregara-42-vehiculos-para-combatir-narcotrafico-en-Guatemala>

[12] <http://archivo.elheraldo.hn/content/view/full/405774>

[13] <http://bigstory.ap.org/article/dad-seeks-justice-son-slain-broken-honduras-0>

[14] [http://salsa.democracyinaction.org/o/727/p/dia/action/public/?action\\_KEY=12051](http://salsa.democracyinaction.org/o/727/p/dia/action/public/?action_KEY=12051)

[15] [http://rightsaction.org/sites/default/files/Rpt\\_130220\\_Aguan\\_Final.pdf](http://rightsaction.org/sites/default/files/Rpt_130220_Aguan_Final.pdf)

[16] [http://www.huffingtonpost.com/2013/04/05/efrain-rios-montt-trial\\_n\\_3020052.html](http://www.huffingtonpost.com/2013/04/05/efrain-rios-montt-trial_n_3020052.html)

[17] <http://servindi.org/actualidad/74122/>

<http://www.s21.com.gt/nacionales/2012/10/11/capturan-militares-ejecucion-extrajudicial-totonicapan>; <http://www.elperiodico.com.gt/es/20121012/pais/219136/>

[18] [http://www.cbsnews.com/8301-202\\_162-57503167/200-u.s-marines-join-drug-war-in-guatemala/](http://www.cbsnews.com/8301-202_162-57503167/200-u.s-marines-join-drug-war-in-guatemala/); [http://www.navy.mil/submit/display.asp?story\\_id=73172](http://www.navy.mil/submit/display.asp?story_id=73172)

[19] <http://www.s21.com.gt/nacionales/2012/07/14/sugieren-que-militarizacion-sea-temporal>; <http://noticierostelevisa.esmas.com/internacional/552367/violencia-enluta-guatemala-pese-militarizacion/>

[20] [http://www.nytimes.com/2012/10/13/world/americas/in-honduras-deaths-make-us-rethink-drug-war.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2012/10/13/world/americas/in-honduras-deaths-make-us-rethink-drug-war.html?pagewanted=all&_r=0)

[21] <http://multimedia.laprensagrafica.com/pdf/2011/03/20110322-PDF-Informe-0311-Homicidios-en-Centroamerica.pdf>

[22] [http://www.prensalibre.com/noticias/Homicidios-bajado-Guatemala-informe-Gobernacion\\_0\\_621538111.html](http://www.prensalibre.com/noticias/Homicidios-bajado-Guatemala-informe-Gobernacion_0_621538111.html)

[23] <http://www.americaeconomia.com/politica-sociedad/mundo/guatemala-redujo-en-cinco-puntos-su-tasa-de-homicidios-en-2012>

[24] <http://www.s21.com.gt/nacionales/2013/03/02/inacif-reporta-mas-casos-homicidios>

<http://www.elperiodico.com.gt/es/20130403/pais/226599/>

[25] <http://www.coha.org/22177/>

[26] COCAHICH. "Carta Abierta al Banco Mundial Acerca de la Consulta Programada." Guatemala, April 9, 2012.

[27] <http://www.centerforpoliticalecology.org/chixoy.html>

[28]

<http://www.jubileedebtcampaign.org.uk/REPORT373A3720Generating3720Terror37203728Dec372020123729+8013.twl>

[29] <http://www.brettonwoodsproject.org/art-571573>

[30] <http://www.ifc.org/ifcext/spiwebsite1.nsf/0/2f9b9d3afcf1f894852576ba000e2cd0;>

[http://www.cao-ombudsman.org/cases/document-links/documents/CAOAppraisalReport\\_Dinant\\_August132012.pdf;](http://www.cao-ombudsman.org/cases/document-links/documents/CAOAppraisalReport_Dinant_August132012.pdf)

[http://www.ifc.org/ifcext/spiwebsite1.nsf/78e3b305216fcdba85257a8b0075079d/e90f482eea0be2c9852576ba000e2d34?opendocument;](http://www.ifc.org/ifcext/spiwebsite1.nsf/78e3b305216fcdba85257a8b0075079d/e90f482eea0be2c9852576ba000e2d34?opendocument)

<http://www.iic.org/en/projects/honduras/ho3623a-02/dinant-holding-company>

[31] The Inter American Commission on Human Rights reported on visits to Honduras conducted 17 to 21 August 2009, whose preliminary findings were published on 21 August 2009 in PR No. 60/09, as well as in the report on that mission approved by the IACHR on 30 December 2009 entitled "Honduras: Human Rights and the Coup de E'Tat," and during the 15 to 17 May 2010 visit to Honduras by the IACHR as reflected in the press release PR No. 54/10 dated 19 May 2010 , and the report "Preliminary Observations of the Inter-American Commission on Its Visit to Honduras, 15 to 18 May 2010" published 3 June 2010.

[32] <http://web.worldbank.org/WBSITE/EXTERNAL/EXTINSPECTIONPANEL/0,,contentMDK:21527041~pagePK:64129751~piPK:64128378~theSitePK:380794,00.html>

[33] <http://www.treasury.gov/resource-center/international/development-banks/Documents/10.4.2007%20U.S.%20Position%20on%20the%20World%20Bank%E2%80%99s%20Inspection%20Panel%20report%20on%20the%20Land%20Administration%20Project%20in%20Honduras.pdf>

[34] Charter of the United Nations, Art. 55(c), adopted 26 June 1945, 59 Stat. 1031, T.S. 993, 3 Bevans 1153, entered into force 24 October 1945. Other human rights obligations are enshrined in Article 1 and Article 56 of the UN Charter, and these too are binding upon all Member States of the United Nations. Article 1(3) states that the "purposes and principles" of the United Nations is "to achieve international co-operation in ... promoting and encouraging respect for human rights and for fundamental freedoms for all..." While Article 56 states that "all Members pledge themselves to take joint and separate action ... for the achievement of the purposes set forth in Article 55."

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- INTERESTED: [info@rightsaction.org](mailto:info@rightsaction.org)

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