

**President Jim Kim
Office of the President
World Bank Group
1818 H Street, NW
Washington, DC 20433**

December 23, 2013

Dear Dr. Kim,

We were pleased to read your December 9 statement responding to concerns expressed by civil society groups regarding some private sector investments involving the World Bank Group. Your commitment to addressing these issues is greatly appreciated.

In your statement we note your specific mention of a recently audited IFC investment in Honduras which we understand to be a reference to a loan to the Dinant Corporation, a company facing credible allegations of involvement in the killings of members of peasant movements in the Bajo Aguan region of Honduras. The company is also accused of having obtained title to thousands of acres of agricultural land through coercion and fraud.

Having closely followed the dire human rights situation in Bajo Aguan for over three years, we are heartened to hear that the Compliance Advisor Ombudsman has completed an audit of a loan to Dinant and that IFC's executive vice president will produce an action plan based on the CAO's findings.

As this action plan is being developed, we earnestly hope that the IFC will closely consult the communities affected by the abuses allegedly involving the Dinant Company, as well as the human rights organizations that have monitored and documented these violations. Campesino movements who contest Dinant's land rights and have lost dozens of members in targeted killings over recent years are calling for a suspension of the loan to Dinant, support for an international commission to address impunity related both to land rights violations and gross human rights violations, a review of the current land purchase agreement agreed to by campesinos under extreme pressure, an examination of the role of past World Bank Group loans in generating the initial conflict, and an audit of the 2009 IFC loan to Oleoproductos de Honduras.

Additionally, we wish to express our ongoing concern regarding another pending IFC investment which we believe could aggravate an already extreme situation experienced by the Lenca indigenous community in Honduras. Through the Central American Mezzanine Infrastructure Fund (CAMIF), the IFC is set to provide funding for the Agua Zarca hydroelectric project that will jeopardize the land, livelihood and culture of this Lenca community, and that was approved by public authorities without prior consultation of the community as required under ILO Convention No.169. Furthermore, the area in which the community resides has been heavily militarized and peaceful demonstrations have been violently repressed, resulting in at least one death.

We were encouraged to learn in November of this year that the CAO has decided to carry out an initial assessment of this case based on a complaint lodged by the Honduran human rights group COPINH. We hope that this troubling case will receive the full attention that it merits from the CAO and IFC, and again encourage these agencies to engage in regular consultations with the victims of abuses and their representatives.

Finally, welcome the recently announced CAO audit of the FICOHSA Bank, closely tied to Dinant Corporation, and wish to underscore the importance of applying special scrutiny to all IFC programs involving investments in Honduras at this time. As you are surely aware, Honduras' judicial institutions are corrupt and ineffective, leading to soaring rates of impunity, the highest murder rate in the world and to a lack of legal protection for communities that lie in the path of large-scale agricultural, industrial and extractive projects. Until effective measures are taken to bring back the rule of law in Honduras, it is paramount that the IFC regard all investments in the country with great caution and scrutiny.

Sincere regards,

Bank Track
Biofuel Watch
Center for Economic and Policy Research
Chicago Religious Leadership Network on Latin America
HondurasDelegation Germany
Just Foreign Policy
Maryknoll Office for Global Concerns
Rainforest Rescue
Rights Action
Sisters of Mercy of the Americas, Institute Justice Team