



global witness



# HONDURAS

THE DEADLIEST PLACE TO  
DEFEND THE PLANET

JANUARY 2017

**“Mother Nature –  
militarized, fenced-in,  
poisoned – demands  
that we take action.”**

Berta Cáceres 1971-2016



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## EXECUTIVE SUMMARY



Dam construction is one of the main causes of violence against activists in Honduras. © Giles Clarke/Global Witness

On 2 March 2016, armed men broke into environmental activist Berta Cáceres' home in the middle of the night and shot her dead. Cáceres had dedicated several years to trying to halt the construction of a hydroelectric dam on her community's land in Intibucá, western Honduras, which threatened a vital and sacred water source for the indigenous Lenca people. Less than a year before her death she had delivered a

moving address to a packed auditorium as she was presented with the 2015 Goldman Environmental Prize for exceptional bravery in environmental activism. Dedicating her award to: **"the martyrs who gave their lives in the struggle to defend our natural resources."** Berta said, "Mother Nature – militarised, fenced-in, poisoned – demands that we take action." Tragically, not even the international limelight could save her.

Sandwiched between Guatemala and Nicaragua on the Caribbean coast, Honduras is blanketed in forest and rich in valuable minerals. But the proceeds of this natural wealth are enjoyed by a very small section of society. Honduras has the highest levels of inequality in the whole of Latin America, with around six out of ten households in rural areas living in extreme poverty, on less than US\$2.50 per day.<sup>1</sup>

This report documents shocking levels of violence and intimidation suffered by rural communities for taking a stand against the imposition of dams, mines, logging or agriculture on their land – projects that are controlled by rich and powerful elites, among them members of the political class. The root causes of these abuses are widespread corruption and the failure to properly consult those affected by these projects.

### THE MOST DANGEROUS PLACE TO BE AN ENVIRONMENTAL ACTIVIST

Nowhere on earth are you more likely to be killed for protesting the theft of land and destruction of the natural world than in Honduras. According to Global Witness research, 123 land and environmental activists have been murdered in Honduras since the 2009 coup, with countless others threatened, attacked or imprisoned.<sup>2</sup> Berta Cáceres was one of dozens of people Global Witness interviewed during a two-year investigation into the political and economic forces behind this killing spree. Among the interviewees it was rare that someone hadn't lost loved ones, friends, colleagues, or hadn't themselves been intimidated or attacked.

The case studies in this report bring to light new evidence of the corrupt and criminal acts that are driving this violence, allowing well-connected Hondurans to push through their business deals at huge cost to whole communities and the environment. They include the stories of:

- Ana Miriam and her sister-in-law Rosaura, both pregnant, who were beaten after reporting threats for opposing the Los Encinos hydroelectric project controlled by the husband of the president of the ruling National Party of Honduras. Rosaura lost her baby as a result of the attack.
- Concepción Gutiérrez, who reported being threatened for refusing to sell her land to a mining company owned by businessman Lenir Pérez. The international observers assigned to her protection were abducted.

- Tolupan indigenous leaders Armando Fúnez Medina, Ricardo Soto Fúnez, and María Enriqueta who were shot and killed whilst taking part in a peaceful protest against the passage of mining and logging trucks through their territory.<sup>3</sup>

- The Afro-Honduran community of Barra Vieja, who resisted attempts by police and government officials to forcibly evict them from their land, in favour of a five-star hotel complex.

In the majority of these cases, the attackers were not held to account, and the victims and their families were denied the protection and justice they deserved.

Our investigations show how state institutions such as the judiciary, military or police force are often co-opted to support the interests of companies and the people who have stakes in them. Although the government theoretically has the power and resources to protect activists, in practice a lack of political will, endemic corruption and undue influence from elites means it fails to do so. According to rights groups, more than 90 per cent of killings and abuses against Honduran human rights defenders remain unsolved.<sup>4</sup>

### OPEN FOR BUSINESS

The examples of the murders of activists covered in this report are part of an epidemic sweeping the country, which has its roots in corporate greed, corruption, and impunity for business-backed aggressors. They constitute a systematic campaign to terrorise local communities into accepting the theft and industrialisation of their land, and a profound failure to realise people's rights to be consulted on the use of their natural resources.

Since the 2009 coup that ousted former president Manuel Zelaya, a succession of right-wing governments have made mining, agribusiness and energy projects a cornerstone of the country's economic growth strategy. In 2011, a government-hosted conference proclaimed the country 'Open for Business'. Foreign investors are once again able to snap up mining concessions,<sup>5</sup> water resources have been privatised, environmental checks and balances have been diluted, and policies governing how companies should engage with local communities are being ignored.<sup>6</sup> The clear hope is that lax enforcement and a weakening of existing laws will encourage investment.

While the main beneficiaries of this corruption are Honduran companies and individuals, the international community is complicit in this race to the bottom on rights and standards. The current economic development model – and some of the most abusive projects – are backed by international financial institutions, whilst the Honduran government continues to receive extensive foreign aid, particularly from the US. From the capital Tegucigalpa, the US embassy has been promoting ramped-up investment in Honduras' extractive industries, with mining giant Electrum already planning a US\$1 billion investment. The country's hydro and agribusiness sectors are also seeing cash injections from US-backed development banks, such as the International Finance Corporation (IFC) and Inter-American Development Bank (IDB), and the US Congress has agreed a huge US\$750 million aid package for Central America, with Honduras taking a large chunk.

### A LONG WAY TO GO

After significant international pressure, the Honduran government launched an investigation into the murder of Berta Cáceres and arrested seven suspects, but the process has been blighted by false accusations, suspected cover-ups and the robbery of the case file on two separate occasions.<sup>7</sup> Meanwhile the deaths of many less-famous activists go unsolved and the violence continues. Three of the people interviewed during the research phase of this report have since been murdered. In October 2016, Tomas Gómez survived an attempt on his life. He was Berta's right-hand man and successor as leader of the Civic Council of Popular and Indigenous Organisations of Honduras (COPINH). Shortly after the attack he told us:

**“It's difficult to reconcile yourself to the fact it may be your last day, your last moment, you know? But my spirits are up again.... We keep on going. Despite everything, we keep on going.”**

### NEW EVIDENCE

Global Witness' two-year investigation revealed numerous illegalities and alleged corruption related to business projects causing violence against activists. Key findings include:

- National Party president **Gladis Aurora López** appears to have a clear conflict of interest given that her husband controls La Aurora and Los Encinos, two dams granted licenses when López was in Congress, in violation of the Honduran Constitution. Local activists claim López staged a phoney consultation to try to push through the Los Encinos dam.<sup>8</sup>
- Well-known businessman and National Party activist **Lenir Pérez** allegedly bribed an ex-mayor and attempted to bribe activists opposing his mining project with US\$1 million. Pérez is suspected of involvement in death threats as well as the kidnapping of two international human rights activists.<sup>9</sup>
- The company secretary of Desarrollos Energeticos SA (DESA) allegedly attempted to bribe Berta Cáceres to stop her opposing its dam project. This report details the company's powerful links to the military and government.<sup>10</sup>
- Ex-army general **Filánder Uclés** allegedly threatened the indigenous community of San Francisco de Locomapa to try to force them off their land. Five indigenous activists have been killed in the community for protesting against illegal logging and mining.<sup>11</sup>
- The luxury tourism company **Desarrollo Turístico Bahía de Tela**, backed by a roll call of Honduran elites, repeatedly attempted to illegally evict the Barra Vieja community. The company has laundered corrupt funds as part of Honduras' biggest-ever corruption scandal involving the Social Security Institute.<sup>12</sup>

We approached for comment all individuals and companies who are the subject of our allegations. We include a summary of their responses in the case studies below.



## MAIN RECOMMENDATIONS

Honduran and foreign state and business actors currently contribute to attacks against land and environmental activists. Concerted action is needed by all actors and the following recommendations must be prioritised:

- The Honduran government must prioritise the protection of land and environmental defenders, properly resource the new protection system and implement emergency measures.
- The Honduran government, police and judiciary must bring the perpetrators of crimes against these activists to justice, and end the corruption behind abusive business projects.
- The Honduran government must work with civil society to strengthen and implement laws that guarantee the consent of indigenous communities before projects are given the green light.
- The US must review its aid and investment policy to Honduras in order to ensure activists are better protected, crimes against them are prosecuted and communities are consulted before business projects go ahead.
- Foreign investors and International Financial Institutions should stop any planned investments in the industries causing the violence – mining, dams, logging, tourism and large-scale agricultural projects.



Indigenous leader Martín Vásquez has faced threats and physical attacks for opposing a dam project on his community's land. © Giles Clarke/Global Witness

# INTRODUCTION: THE WORLD'S MOST DANGEROUS PLACE FOR LAND AND ENVIRONMENTAL ACTIVISTS

The Central American Republic of Honduras is the most dangerous place in the world to defend land rights and the environment. This country of 8 million inhabitants has more murders of activists per capita than anywhere else. Since the 2009 coup, 123 land and environmental defenders have been killed.<sup>13</sup> Murder is not the only tool used to silence those who take a stand, with many more activists and their families facing threats and constant intimidation, physical attacks and trumped-up legal charges, as well as damage to their land and property.

New findings from on the ground investigations by Global Witness demonstrate how industries backed by political and business elites have flouted laws, bribed officials and ignored local demands by people to be consulted on projects that affect their land. These industries are suspected of ordering attacks by private security guards, police, army and hit men with the aim of silencing those who speak out. The revelations shed light on a country whose natural resource sector is riven with corruption and crime, and where people's human rights – particularly those of its 1.27 million-strong indigenous population – have been sacrificed in the name of “development”.

## A GOVERNMENT FAILURE

Widespread corruption, a favouring of trade and business interests over human rights, impunity for attackers, and stigmatisation and criminalisation of activists combine to create a lethal cocktail for anyone seeking to defend their land or the environment in Honduras. Honduras' government has repeatedly made international commitments to guarantee security for human rights activists, including land and environmental defenders, and has passed a law for their protection.<sup>14</sup> Nonetheless, in terms of concrete measures, the Honduran state has been woefully ineffective, if not deliberately negligent.

Incumbent President Juan Orlando Hernández recently announced that he would run for re-election for a second term in 2017. Over the last three years, his office has failed to protect land defenders, and at times has taken part in their victimisation. In April 2015, the president's secretary accused defenders who had recently participated in both an Inter-American and a UN human rights review

of Honduras of launching a ‘campaign to discredit’ the administration and ‘affect the image’ of the nation, with the foreign minister accusing them of lying to ‘defame the country’.<sup>15</sup> The president has failed to counter these accusations, or make any positive public statements legitimising the role of human rights defenders. Instead, he has claimed that they receive money from organised crime gangs, without providing any proof to support his allegations.<sup>16</sup> What's more, his government has totally failed to protect even the most at-risk activists, in spite of requirements made by the Inter-American Commission on Human Rights (IACHR).<sup>17</sup>

## LACK OF CONSULTATION AND IMPUNITY FOR ATTACKERS

Attacks against Honduran activists are perpetuated by a web of corruption and impunity, and facilitated by a lack of protection by the state. But the roots of conflict lie in the consistent failure to consult properly with local communities about the use of their land for business ventures. Under international law indigenous communities have the right to decide how the land and natural resources that they have traditionally owned are used. But these rights are being ignored with violent consequences.

Violence against protestors takes many forms, but what unites most cases is a lack of accountability for the attackers. Some people are gunned down by companies' private security or hired assassins, whilst others die when police open fire on crowds of demonstrators. On rare occasions the gunman is arrested, but those who order the killings are almost never punished – impunity is the norm. Honduran state institutions have an obligation to consult communities, protect activists and investigate crimes against them, and on a handful of occasions have done so, but in the majority of cases the state turns a blind eye to murders and human rights abuses. In the worst cases, it actively aids and abets them.

## BUSINESS FIRST

In 2011, the Honduran government hosted a conference, “Honduras is Open for Business” with the stated aim of attracting increased domestic and foreign investment.





Map of project sites, covered in this report, causing attacks against Honduran activists. Original map from © FreeVectorMaps.com

The result has been that commercial interests have taken precedence over the rights and needs of local people, with brutal consequences. The government, in league with business interests, criminalises community leaders for speaking out against projects imposed on their land. And the international community is complicit, with the Honduran government receiving huge influxes of US aid and some of the most controversial projects being backed by international financial institutions.

The following chapters detail some of the experiences of activists and their families who are standing up to

planned developments, or seeking to assert their rights to be consulted on how their ancestral land is used. Only the effective protection of defenders, the meaningful consultation of communities and high-level prosecutions will break this cycle of criminal violence and loosen the grip of the military, political and business elites behind it. In the meantime, nobody should be investing in Honduras without absolute certainty that these conditions are in place.



**“He used to say: this is my fight; if one day I die in this struggle, then my colleagues will support you... but I didn’t think anything would happen.”**

Julia, widow of Lenca activist Juan Francisco Martínez, who was murdered in January 2015

Julia Francisco Martínez at the grave site of her husband, whose body was found with burn marks and his hands bound with laces from military boots. © Giles Clarke/Global Witness.

## CASE STUDY 1: THE NATIONAL PARTY PRESIDENT AND HER LINKS TO ILLEGAL DAMS



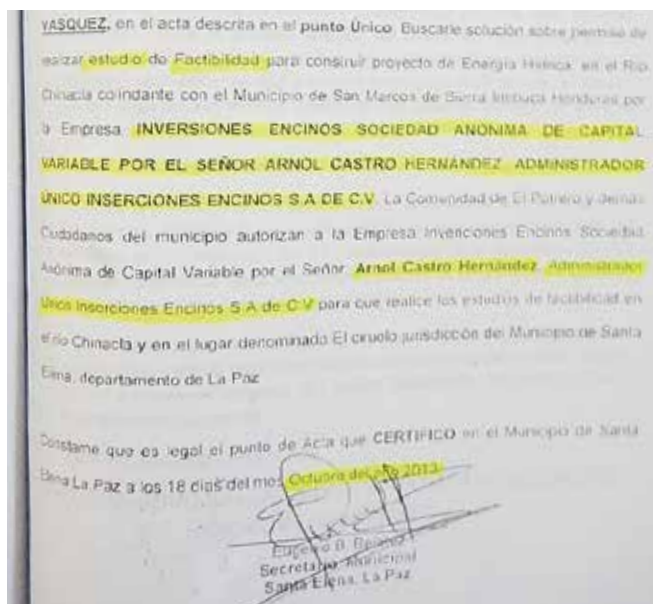
Ana Miriam was beaten by Honduran soldiers whilst heavily pregnant, almost losing her baby. © Front Line Defenders

In the early hours of 22 October 2015, a group of 30 heavily-armed soldiers, police and civilians forced their way into Ana Miriam’s home.<sup>18</sup> Some drew their guns on her children, while others grabbed her by the neck and savagely beat her.<sup>19</sup> Ana Miriam was heavily pregnant at the time and spent 11 days in hospital recovering. Thankfully her baby survived, but her sister-in-law was not

so fortunate.<sup>20</sup> Also pregnant, Rosaura was badly beaten in the same attack and lost her baby.<sup>21</sup> Her teenage son Rodolfo was briefly held by police and told he would ‘have his balls cut off and fed to the dogs’.<sup>22</sup>

Ana Miriam was targeted after opposing the construction of the Los Encinos hydroelectric dam on her community’s land.<sup>23</sup> She had feared that she might be in danger, following the murder of three other indigenous activists who had taken a stand. One man was found dismembered on the bank of the Chinacla River,<sup>24</sup> and the body of another indigenous leader, Juan Francisco Martínez, was found with burns across his body and his hands bound with laces from military boots.<sup>25</sup> He had suffered death threats since the murder of his son in 2014.<sup>26</sup> Since reporting the attack against her, Ana Miriam has again been threatened by gunmen, and in January 2016 she lost almost all of her family’s belongings in an arson attack on her home.<sup>27</sup>

According to documents leaked to Global Witness, the sole director of both the Los Encinos hydroelectric project as well as another controversial dam called La Aurora, is the husband of Gladis Aurora López, president of the ruling National Party, vice-president of Congress,<sup>28</sup> and one of the most powerful figures in Honduran politics.<sup>29</sup> Under Honduran law it is illegal for members of Congress or their spouses to obtain contracts or concessions granted by the state.<sup>30</sup> This is just the first in a series of illegalities that Global Witness investigators uncovered relating to these two dam projects, including multiple cases of alleged bribes and fraud (see ‘Main findings’ box on page 12).



Arnold Castro, husband of Congresswoman Gladis López, appears as the sole director of Los Encinos dam in a 2013 document from the Santa Elena Mayor's Office

**“Their ignorance is holding back the country's future”** – Gladis Aurora López<sup>31</sup> on opposition to dam projects in Honduras



Gladis Aurora López © Tiempo

### NO PRIOR CONSULTATION...

The first that Ana Miriam and the villagers of Santa Elena heard about the Los Encinos dam was when heavy machinery arrived late at night to begin work on it.<sup>32</sup> The community organised a series of peaceful protests calling for the dam company to formally consult with those who would be affected.<sup>33</sup> Soon afterwards, they started to receive death threats, and in September 2014 armed police tried to violently evict them from their land – an incident which the community alleged had the backing of Gladis López.<sup>34</sup>

The consultation which finally took place a month later was a sham. Eyewitnesses told Global Witness that Gladis López arranged for almost 600 El Salvadorian nationals

– who had been promised work on the project<sup>35</sup> – to be brought in by truck, and sign agreements as if they were affected communities in favour of the dam.<sup>36</sup> The list of signatories is missing from the official minutes of the consultation seen by Global Witness,<sup>37</sup> and the Mayor's office has never disclosed it, despite repeated requests from indigenous rights group Movimiento Indígena Lenca de La Paz Honduras (MILPAH).<sup>38</sup> The name of the Los Encinos company representative present at the consultation has also been erased in the minutes.<sup>39</sup> Three years after filing a complaint with the anti-corruption prosecutor, MILPAH was informed that its file had been lost.<sup>40</sup> This suggests a deliberate effort by the authorities to cover-up the fake consultation on the dam.

### **“I mean, they're bussing foreigners across the border to fake a consultation!”**

– Donald Hernández of the legal group Honduran Centre for the Promotion of Community Development (CEHRODEC) who are supporting the community of Santa Elena.<sup>41</sup>

Circumstances surrounding the construction of the La Aurora dam were similarly suspicious. Local indigenous communities say they were never given an opportunity to raise their concerns about the potential negative impacts on their water supply and livelihoods.<sup>42</sup> Since the project commenced, eight indigenous communities have been left without water according to local activists.<sup>43</sup> A municipal Councillor has also said they were offered a bribe to stop opposing the project,<sup>44</sup> and a high-ranking government official has been charged with granting the dam an illegal environmental license.<sup>45</sup>

### ... AND NO ACCOUNTABILITY

Despite the murders, attacks, illegalities and irregularities linked to the dam projects, neither one has been cancelled. Ana Miriam has identified the armed civilians who attacked her but no arrests have been made.<sup>46</sup> Similarly, the men alleged to have killed Juan Francisco Martínez are still seen in the community; MILPAH say the police have asked to be paid if MILPAH want them arrested.<sup>47</sup>

In December 2015, two months after Global Witness met with them, the nephew of MILPAH's president was found murdered,<sup>48</sup> in spite of the fact that the Honduran

government had been ordered to guarantee the security of the group's leadership by the Inter-American Commission on Human Rights (IACHR).<sup>49</sup>

### WHAT NEEDS TO BE DONE

Global Witness is calling for the cancellation of the La Aurora and Los Encinos dams and an investigation into congresswoman Gladis Aurora López because of conflicts of interest, alleged bribery and violations of the right to free, prior and informed consent. The Honduran government must properly investigate the human rights abuses against those opposing the Los Encinos dam – including the murders of three indigenous activists. Protection must also be guaranteed for

the MILPAH organisation, whose communities have suffered threats and attacks for opposing Los Encinos and whose members are supposed to receive emergency protection by the government as required by the IACHR.

Over the past decade, both the International Finance Corporation (IFC) and the Inter-American Development Bank (IDB) have consistently backed an expansion of renewable energy projects in Honduras, in spite of reports of abuses around the sector.<sup>50</sup> The abuses linked to the La Aurora and Los Encinos dams demonstrate why IFIs should not be backing these sectors in the current climate of corruption and injustice.

### MAIN FINDINGS

Specifically, Global Witness is calling for an investigation into:

➤ National Party president **Gladis Aurora López** because of:

> A clear conflict of interest given that her husband controls La Aurora and Los Encinos, two dams granted licences when López was in congress, appearing to violate Honduras' state contracting law and the Honduran constitution.<sup>51</sup>

> Allegations López arranged for El Salvadorian nationals from the town of La Nahuaterique to approve Los Encinos dam, claiming falsely to represent communities potentially impacted by the project.

> Allegations López ordered a violent police incursion in September 2014 where the community of Santa Elena, who opposed the Los Encinos dam, were shot at, had their crops destroyed and belongings set on fire.

➤ **Inversiones Encinos S.A. and Inversiones Aurora S.A.**, companies run by López's husband, Arnold Gustavo Castro, for illegally gaining dam contracts when López was in congress.

➤ National Party Mayor of San **José La Paz**, José Abel Garcia because of allegations he tried to bribe San José councillors to approve the La Aurora dam.

➤ Ex-National Party mayor of Santa Elena, **Alexis Ventura Vásquez** for approving a feasibility study for the Los Encinos dam in October 2013 without

consulting local communities, violating Honduran and international law.<sup>52</sup>

➤ The office of Santa Elena's Mayor, **Víctor Ventura** for refusing to disclose the list of people who supposedly signed in favor of the Los Encinos dam and erasing the name of the Los Encinos representative from the minutes of the meeting.

When asked to comment by Global Witness on these allegations, Gladis López denied any involvement in the consultation meeting for the Los Encinos project or in the violent police incursion of September 2014. Her husband Arnold Castro denied any responsibility for attacks against indigenous activists opposing his projects or having left communities without water through the construction of the La Aurora project. Both denied any conflict of interest or illegality in the approval by Congress of contracts for the projects.

In a letter to Global Witness, Víctor Ventura admitted to refusing to disclose the signatures of those who supposedly signed in favour of Los Encinos, stating that he feared if he did, there would be reprisals against those who did sign. This contradicts an earlier statement by his office that there was no time to register the names of the participants. Ventura denied erasing the name of the representative of Los Encinos from the minutes of the meeting. Neither José Abel Garcia nor Alexis Ventura Vásquez responded to our requests for comment.





The former security head for the DESA dam company is one of seven people arrested for the killing of Berta Cáceres. © Giles Clarke/Global Witness

## CASE STUDY 2: BERTA CÁCERES, COPINH AND THE SHADY INTERESTS BEHIND THE AGUA ZARCA DAM

Berta Cáceres, mother of four, and one of Honduras' most prominent environmental and indigenous rights activists was murdered in her home in March 2016. Cáceres had been campaigning for years against the construction of a hydroelectric dam on her community's land and the sacred Gualcarque River by a Honduran company, Desarrollos Energéticos SA (DESA). This was not the first attempt on her life: Cáceres had filed dozens of reports of death threats with the police, and had reported other violent incidents and intimidation. None of these was ever investigated. And in spite – or perhaps because of – her growing international reputation, someone was determined to silence her.

Cáceres' murder generated international headlines because of her prominence as an activist and head of the Civic Council of Popular and Indigenous Organisations of Honduras (COPINH) but hers was just one in a series of

killings associated with the Agua Zarca dam, stretching back years. On 15 July 2013, COPINH member Tomas García and his 17-year-old son were shot at close range by the Honduran military during a peaceful demonstration at the dam site in Río Blanco.<sup>53</sup> Tomas García died instantly of his wounds but his son Alan survived, despite being shot several times in the chest, back and arm.<sup>54</sup>

A year later, William Jacobo Rodríguez, a COPINH member and activist opposing the dam, was also murdered.<sup>55</sup> After this, the police guarding the hydroelectric project were accused of torture and death threats against other COPINH members.<sup>56</sup> In October 2014, Rodríguez's 15-year-old brother disappeared – he grew corn on ancestral Lenca land wanted by the dam company. His body was later found in a river showing signs of torture.<sup>57</sup> On 5 June 2014, eight people ambushed COPINH member María Santos Dominguez, threatening to kill her because of her opposition to the dam and hacked off her finger with a machete.<sup>58</sup>

In the days after Cáceres' killing one of her colleagues, Nelson García, was shot dead in the face by unidentified gunmen as he returned home following an eviction by Honduran security forces of a Lenca community.<sup>59</sup> The killing took place in Río Lindo, about 100 miles north of where Cáceres was killed.<sup>60</sup> A few months later, in July 2016, the body of yet another COPINH activist, Lesbia

Janeth Urquía, was found on a rubbish dump with machete wounds to the head.<sup>61</sup>

## MILITARY INVOLVEMENT

Seven men have been charged with the murder of Berta Cáceres, two of whom have links to DESA, the company that owns the Agua Zarca dam, and four of whom have ties to the Honduran army.<sup>62</sup> Sergio Ramón Rodríguez was an environmental engineer employed by DESA, and Douglas Geovanny Bustillo was the firm's former head of security, as well as an ex-army lieutenant and military intelligence specialist. Edison Duarte and Henry Javier Hernández Rodríguez were retired military officers and Major Mariano Díaz was a special forces veteran and trainer of the Military Police.<sup>63</sup> Bustillo stands accused of hiring Edison and his brother Emerson as hit men.<sup>64</sup>

However, the links between the Honduran army and Cáceres' killing do not stop there. A former member of an elite US-trained unit of the Honduran military, interviewed by the Guardian, claims that Cáceres' name appeared on a military hit list in the months before her death.<sup>65</sup> He told the newspaper that a list featuring the names and photographs of dozens of social and environmental activists was given to two elite units, with orders to eliminate each target.<sup>66</sup> COPINH leader Tomás Gómez told Global Witness of a similar hit list being touted to hit men, offering US\$1,000 to kill Berta.<sup>67</sup> In September 2016, COPINH discovered a military spy had infiltrated the organisation and, for a year, had been passing information on their activities directly to the president's office.<sup>68</sup>

DESA's links with the Honduran military run to the highest levels. According to company records seen by Global Witness, DESA's president is Roberto David Castillo Mejía, a former military intelligence official and employee of the Honduran state-owned energy company Empresa Nacional de Energía Eléctrica.<sup>69</sup> In 2009, a public auditor's office found evidence of corrupt acts by Castillo – he was still receiving a salary from the army having left the institution – and a company he owned was selling products to the military at inflated prices.<sup>70</sup> A few months before her death Cáceres told Global Witness that Castillo called to try and bribe her to stop opposing Agua Zarca.<sup>71</sup>

Court records below show the dam company DESA calling for the persecution, punishment and neutralization of COPINH

La amenaza de los imputados BERTHA ISABEL CACERES FLORES, TOMAS GOMEZ MENBREÑO Y AURELINO MOLINA VILLANUEVA que lideran COPINH es destruir a mi representada DESA a través de atentados perpetrados sabotaje y manipulación de las masas, es una realidad que obliga al Estado Hondureño a actuar con todos los recursos a su alcance para perseguir, sancionar, neutralizar y disuadir aquellas conductas individuales y de grupos que pretenden enervar la autoridad, infundir terror, destruir vidas humanas y bienes materiales, públicos o privados, atentando contra la propia independencia y soberanía nacional.



Berta Cáceres was one of 123 land and environmental defenders killed in Honduras since 2010. © The Goldman Prize

## THE ATALA FAMILY AND DESA'S WEB OF POLITICAL CONNECTIONS

DESA's company records show that some of Honduras' most well-connected business and political elites are on the board. Company Secretary, Roberto Pacheco Reyes is a former minister for governance and justice within the Honduran government.<sup>72</sup> DESA's vice president, Jacobo Nicolás Atala Zablah, is the President of the BAC Honduras bank and member of one of Honduras' wealthiest business families, the Atalas.<sup>73</sup>

Jacobo's cousin is the billionaire Camilo Atala, a former cabinet minister and owner of Ficohsa Bank, which is currently being investigated for money laundering in Panama.<sup>74</sup> Camilo Atala is also one of the main investors in the controversial Indura Beach and Golf resort, covered in Case study 5. Camilo's brother, José Eduardo Atala Zablah, is also on DESA's board<sup>75</sup> and is President of the US-Honduras Chamber of Commerce and the ex-Honduran Director of the regional bank Banco Centroamericano de Integración Económica (BCIE).<sup>76</sup> The BCIE is one of the main investors in DESA's Agua Zarca dam project.<sup>77</sup> Another member of the Atala family, Daniel Atala Midence, is DESA's finance head.<sup>78</sup>

## INTERNATIONAL INVESTORS

The Agua Zarca project is a good example of how international investors and development banks are implicated in the corruption and human rights abuses that take place in Honduras. The Dutch development bank FMO, together with Finnish government-owned Finnfund, and the Central American Bank for Economic Integration (CABEI) are financing DESA's construction of the Agua Zarca dam.<sup>79</sup> FMO is the lead international investor with US\$15 million committed<sup>80</sup> of the US\$64



COPINH leader Tomas Gomez visits the grave of Tomas García, who was shot dead by the military during a protest against the Agua Zarca dam.  
© Giles Clarke/Global Witness



Alan García survived being shot at close range by the Honduran military during a protest against the Agua Zarca dam. © Giles Clarke/Global Witness

million total project costs.<sup>81</sup> After the killing of Berta Cáceres, financing to the dam was suspended and FMO and Finnfund announced they were ‘seeking to exit the project’.<sup>82</sup> In spite of the public nature of Cáceres’ opposition to the dam, and the resulting threats against her and COPINH, Cáceres told Global Witness in November 2015 that FMO had never attempted to contact her or any of her colleagues.<sup>83</sup>

### RIGHT TO THE TOP?

Cáceres’ story is a vivid illustration of how the Honduran judiciary can be hijacked by political interests. According to court records obtained by Global Witness, the Honduran government and DESA attempted to depict Cáceres and her colleagues as violent extremists seeking ‘the downfall of the government and of private enterprise’.<sup>84</sup> In 2014, they brought a case against Cáceres and two other members of COPINH for ‘usurpation, coercion and continued damage’ against the dam project and for attempting to undermine the democratic order.<sup>85</sup> Court records show that DESA’s lawyers went as far as to call on the Honduran state to ‘act with all resources at its disposal to persecute, punish and neutralise’ the actions of COPINH.<sup>86</sup> Cáceres and her colleagues were cleared by the courts of any wrongdoing.<sup>87</sup>

Global Witness believes those who ordered the killing of Berta Cáceres are higher up the food chain than those currently under arrest. In September 2016, the case file on Berta Cáceres’ killing was stolen in a robbery of a supreme court magistrate. This looks like a clear attempt to intimidate and muddy the waters of the investigation which, on top of the huge political influence wielded by the Honduran military and DESA, suggests that it is highly unlikely the Honduran government will arrest the true perpetrators if, as suspected, they have high-level ties to the dam project or the army.<sup>88</sup> Berta’s family has

repeatedly called for an independent international investigation led by the IACHR. In spite of the commission’s openness to the proposal, the Honduran government has so far refused to accept it.

### WHAT NEEDS TO BE DONE

Global Witness is calling for the cancellation of the Agua Zarca dam and an independent, international investigation into the killing of Berta Cáceres under the remit of the IACHR. The investigation should focus on the ties between the Honduran military and the dam’s owners, DESA. The targeted murders of members of Cáceres’ organisation COPINH must be properly investigated and the safety of their activists guaranteed, many of whom are supposed to have emergency protection by the government as required by the IACHR. International investors should immediately divest from the

project and the Honduran government should cancel the project’s concession given the grave human rights violations related to the dam and the failure to consult all affected indigenous communities before the approval of the project.

### MAIN FINDINGS

Specifically, Global Witness is calling for an investigation into:

- **DESA’s links to the killing of Berta Cáceres**, given that two of the men currently under arrest for her murder worked for the company.
- **The Honduran military’s links to the killing of Berta Cáceres**, given that three of those arrested for her killing have ties to the Honduran army, that DESA’s President Roberto David Castillo Mejía used to work for military intelligence, and given reports of a military hit list with Berta Cáceres’ name on it.
- **The President of DESA, Roberto David Castillo Mejía** for allegedly trying to bribe indigenous activist Berta Cáceres to stop her protests against the DESA-owned Agua Zarca dam.

When asked to comment by Global Witness on these allegations, DESA denied any involvement in the murder of Berta Cáceres or any links between the company and the army or powerful business actors. This is despite confirming in a letter to Global Witness that DESA’s secretary, Roberto Pacheco Reyes, is the former minister for governance and justice and DESA’s President, Roberto David Castillo Mejía, was a member of the Honduran military. Castillo also denied trying to bribe Berta Cáceres.



## CASE STUDY 3: BUSINESSMAN LENIR PÉREZ'S MINING OPERATION



Concepción Gutiérrez received death threats for refusing to sell her land to the Buena Vista I mine. © Global Witness

Situated in the hills of Nueva Esperanza near the Caribbean coast, the Buena Vista I iron oxide mine is at the heart of a longstanding dispute with local communities who have opposed it and suffered numerous attacks and threats as a result.<sup>89</sup> The mine threatens to drastically alter the environment and way of life for villages earning a living from the land.<sup>90</sup> In 2013, when mining machinery started arriving in the community without any prior consultation or warning, locals began to organise a peaceful protest movement. Leaders of the movement immediately began to receive death threats via phone calls and text messages, and groups of armed men arrived in the community firing warning shots into the air.<sup>91</sup>

Among those threatened was Concepción Gutiérrez. In July 2013, 12 armed men burst into her home threatening to kill her for refusing to sell her land to the company.<sup>92</sup> They were led by the head of security for Buena Vista I, Wilfredo Fúnez. Concepción, who had already received numerous death threats, was under the protection of two international human rights observers at the time, from Switzerland and France. The assailants took the observers hostage – they were made to delete photographs they had taken of mining machinery in the area, and the female observer was sexually harassed.<sup>93</sup> The community was warned that they would pay if they reported the abuses to the police.<sup>94</sup> Despite these attempts to silence her, Concepción continues to defend her land.

### A FAMILY AFFAIR

The owner of the Buena Vista I is Lenir Pérez, son-in-law of the now deceased Miguel Facussé, one of the country's richest businessmen, whose company Dinant was associated with the controversial Bajo Aguan project (see Box: 'Father-in-law Facussé'). Pérez is an active supporter of Honduras' ruling party and has made public appearances with the country's first lady.<sup>95</sup> His business activities are currently in the spotlight after he won a contract to build the country's new international airport, with media commentators alleging that he has no experience in airport construction.<sup>96</sup> Some claim that the US\$140 million contract would have been enough to build four airports of that size.<sup>97</sup>

Pérez has been accused of seeking to bribe local communities into allowing the Buena Vista I mine to go ahead. He allegedly boasted that he had given US\$360,000 to the local National Party mayor, now under investigation for embezzlement of public funds, in the hope of garnering the community's support.<sup>98</sup> César Alvarenga, a well-respected community leader in Nueva Esperanza, claims that Pérez offered him "whatever he wanted" in exchange for supporting the mine.<sup>99</sup> César refused to cooperate. Two weeks later he received an anonymous hand-written note: "threatening me and [fellow community activist] Roberto, saying they knew where we lived and that we should stop protesting. If we didn't, they said they'd finish us off", he told Global Witness.<sup>100</sup>



Lenir Pérez, owner of the controversial Buena Vista I mine, alongside Honduras' first lady. (image from Pérez' twitter)

In a similar case, a member of the Broad Movement for Dignity and Justice (MADJ) – the group who organised opposition to the mine – told Global Witness that Lenir

Pérez offered them US\$1 million to change their minds.<sup>101</sup> Members of MADJ have been singled out for emergency protection because of their human rights work.<sup>102</sup> The Inter-American Commission on Human Rights (IACHR) also demanded emergency protection for César and Roberto following the threats.

**“He told us ‘You’re all shits, I’m giving you electricity [...] there’ll be lots more commerce, you’ll even get more whores!’”** – César Alvarenga, describing how Lenir Pérez reacted when César’s community refused to give their consent to his iron oxide mine on their land.<sup>103</sup>

### **AN ENVIRONMENTAL DISASTER WAITING TO HAPPEN**

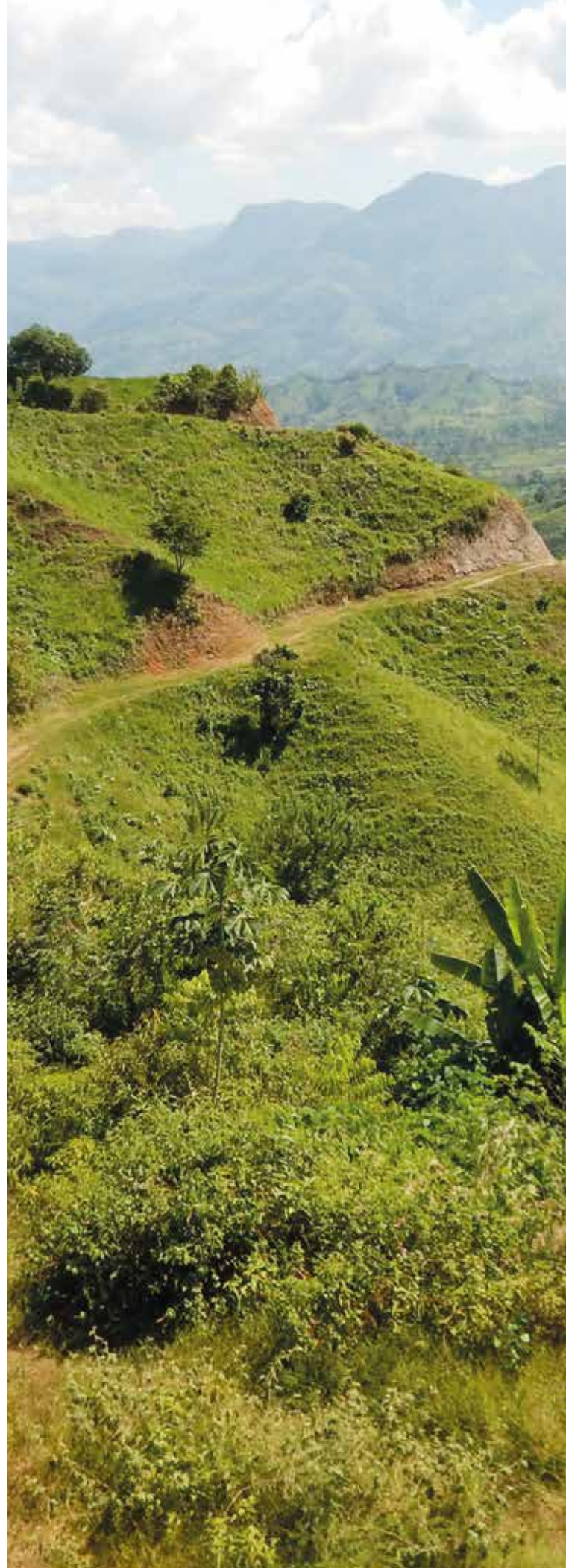
One of the reasons that local communities were so doggedly opposed to Pérez’s mine was because they feared the environmental damage it would cause might be irreversible. These fears have proven to be well-founded. According to a report by the Honduran ministry of natural resources and environment (SERNA), community water supplies have been polluted, fish have disappeared from rivers, and trees have been flattened. The report found that mining waste was not being properly disposed of, and that landslides, flooding and soil erosion had been caused by the mine.<sup>104</sup>

That this was allowed to happen is partly explained by the fact that Pérez conducted a bogus environmental impact assessment, which was never shared with local communities who could have questioned its veracity.<sup>105</sup> The document even contained fake photos of a supposed consultation with local people.<sup>106</sup> Gaining the consent of communities who may be affected by the mine is a requirement by law, but was never carried out by the company.<sup>107</sup>

The mine’s licence has since been suspended, but Pérez’s company is challenging the decision.<sup>108</sup> It has so far failed to clean up any of the damage inflicted on the surrounding land, despite being legally obliged to do so.<sup>109</sup>

### **WHAT NEEDS TO BE DONE**

Global Witness is calling on the Honduran government to immediately cancel the licence for the Buena Vista I mine and investigate the mine’s owner Lenir Pérez for suspected bribery, threats and attacks against those opposing his plans. The Honduran government must guarantee protection for local activists from Nueva Esperanza and for the social movement MADJ who oppose the mine. Many of these activists are supposed to have emergency protection from the government as required by the IACHR.



## FATHER-IN-LAW FACUSSÉ: THE AGRI-BARON ACCUSED OF DRUG TRAFFICKING

Lenir Pérez's father-in-law was Miguel Facussé, one of Honduras' wealthiest businessmen and the uncle of former Honduran president Carlos Flores Facussé.<sup>110</sup> Before his death aged 90 in June 2015, Facussé owned Dinant, an agribusiness and biofuels giant accused of serious human rights violations, including the murder of scores of small-scale farmers opposed to palm oil plantations in Bajo Aguán, northern Honduras.<sup>111</sup> Dinant strongly denies any direct or indirect involvement in such activities.

The land rights battle at Bajo Aguán between campesino farmers and corporate landholders engendered Honduras' most severe human rights crisis of recent years. Global Witness verified at least 82 killings of land defenders in Bajo Aguán between 2010 and 2013.<sup>112</sup> The activists were killed in a struggle to reclaim land they allege was stolen from them in opaque deals with palm oil companies.<sup>113</sup> They claim the Honduran military, police and private security working for these companies are behind a

campaign of terror in the region.<sup>114</sup> The Honduran military deny the allegations.

The US is funding a task force of Honduran police and prosecutors to investigate the Bajo Aguán killings. In an interview with Global Witness, the head of the task force revealed that many more people had been killed than previously documented.<sup>115</sup> His team is investigating 173 murder cases between 2010 and 2013, of which 18 or 19 are of private security guards and six are not land-related. The rest – at least 148 deaths – are believed to be of campesinos killed in the struggle to defend their land.

Even before the Bajo Aguán crisis, Miguel Facussé was accused of ordering the murder of an environmentalist, Carlos Escaleras.<sup>116</sup> In an interview with the LA Times in 2012 he said, I probably had reasons to kill him, but I'm not a killer.<sup>117</sup> In 2003, a court dismissed accusations that Facussé was involved in the killing.<sup>118</sup> Facussé was also served with an arrest warrant for allowing his operations to dump toxins into drinking water over two decades. The warrant was eventually revoked after the judge



Miguel Facussé owned Dinant, an agribusiness giant accused of widespread human rights abuses. Tracy Wilkinson / Copyright, 2013, Los Angeles Times. Reprinted with permission

who ordered it left her position.<sup>119</sup> Dinant strongly denies wrongdoing in these legal cases.<sup>120</sup>

It seems Facussé may also have been involved with drug trafficking. A WikiLeaks cable from the US embassy in Honduras described the landing of a plane carrying 1,000 kilos of cocaine from Colombia on Facussé's property in 2004.<sup>121</sup> US sources suggested that Facussé was present on the property at the time of the incident.<sup>122</sup> More recently, a former contractor with Dinant, José Angel Bonilla Banegas, was arrested for using his transport company as a front for trafficking drugs to Guatemala.<sup>123</sup>

## MAIN FINDINGS

Specifically, Global Witness is calling for an investigation into:

► Businessman and National Party of Honduras activist **Lenir Pérez** because of:

> His suspected involvement in the kidnapping of two international human rights activists. Eyewitnesses claim Pérez called his head of private security, Wilfredo Fúnez, when Fúnez kidnapped the activists from the home of activist Concepción Gutiérrez.<sup>124</sup> Gutiérrez had received death threats for refusing to sell her land to Pérez's mining company, Empresa Minera La Victoria.

> Allegations Pérez threatened the lives of local activists Roberto García and César Alvarenga unless they convinced their community to stop opposing the Buena Vista I mine, owned by his company Empresa Minera La Victoria.

> Allegations Pérez attempted to bribe César Alvarenga and a member of the MADJ social movement to stop its opposition to his mine. Pérez allegedly offered US\$1 million to MADJ.

> Allegations Pérez bribed ex-mayor of Tela, David Zaccaro, with US\$360,000 to build electricity lines for the Nueva Esperanza community, which he believed would buy their support for his mine.

► **Empresa Minera La Victoria**, owned by Pérez, and operator of the Buena Vista I mine for:

> Failing to clean up environmental damage – including deforestation and the non-disposal of mine waste – in the Nueva Esperanza community. It was legally obliged to do so after having its licence suspended.

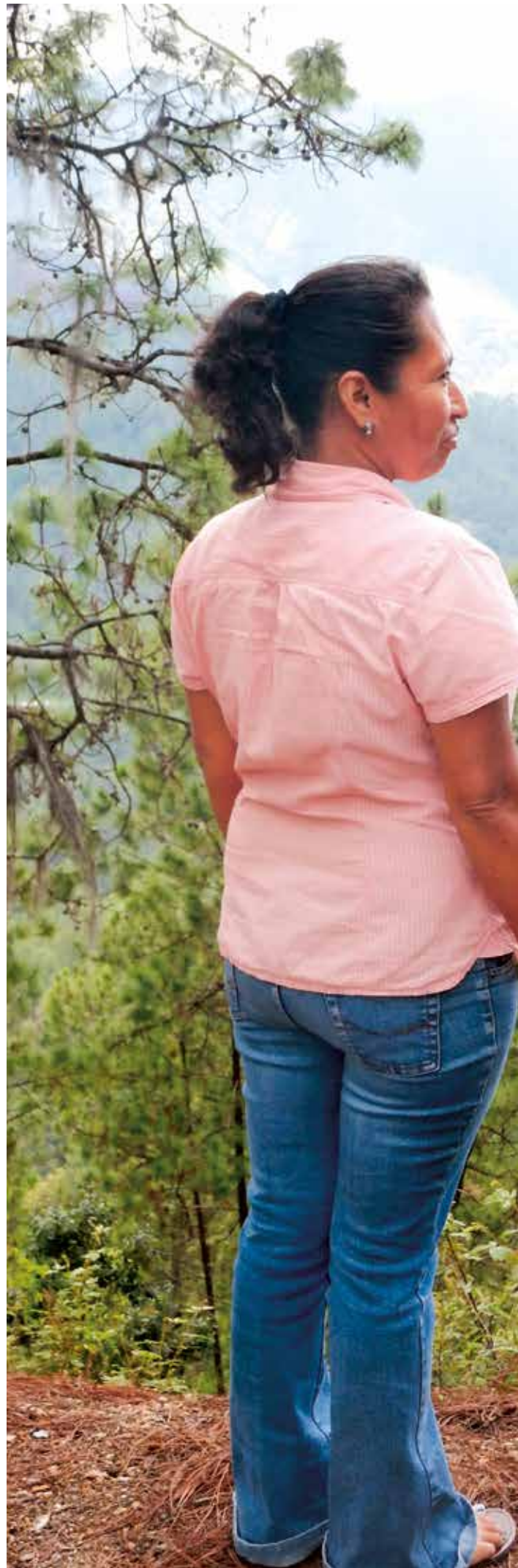
> Allegedly faking photographs of a supposed consultation meeting with local communities on the mine project.

► National Party ex-mayor of Tela, **David Zaccaro**, for:

> Allegedly threatening local activist Roberto García for opposing the Buena Vista I mine.

> Allegedly accepting a US\$360,000 bribe from Lenir Pérez to win the support of the Nueva Esperanza community for his mine, by building them electricity lines.

Global Witness approached Lenir Pérez and David Zaccaro for comment on these allegations but received no responses.



**“I’m not going to keep quiet because I’m defending the rights of a people – people that too often have been silenced.”**

– Consuelo Soto, wife of murdered activist Luis de Reyes Marcia<sup>149</sup>

Consuelo Soto now lives in hiding after her husband was murdered for opposing illegal logging and mining. © Global Witness

## CASE STUDY 4: THE MASSACRE OF TOLUPAN COMMUNITIES

In early 2014, the house of indigenous Tolupan leader Santos Córdoba was broken into, his crops burnt down, and his children threatened at gunpoint by ex-army general Filánder Uclés and his bodyguards,<sup>125</sup> who threatened to return the next day to destroy the home and the family’s belongings.<sup>126</sup> Uclés, who had US military training at the notorious School of Americas, has continually threatened Tolupan community members to leave their lands<sup>127</sup> and is currently facing charges for these threats.<sup>128</sup>

The ex-general’s nephew, Kenton Uclés, has also been embroiled in conflict with the Tolupan community of San Francisco de Locomapa.<sup>129</sup> His logging company Velomato was reportedly granted an illegal concession on their indigenous lands without any prior consultation.<sup>130</sup> Indigenous leader Santos Matute and others began protests against the loggers, which led to criminal cases being filed against them for ‘obstructing the implementation of forestry management plans’.<sup>131</sup> In March 2013, the case was dismissed, with the court arguing the community’s right to be consulted under international law had been violated.<sup>132</sup> In spite of this ruling, Kenton Uclés and Velomato continued to illegally log Tolupan land according to local activists.<sup>133</sup>

For nearly a decade, Tolupan indigenous peoples from northern Honduras have been threatened, criminalised and killed for taking a stand against illegal logging and mining operations which have pillaged their resources without consulting communities.<sup>134</sup> The Tolupan are the most marginalised indigenous group in Honduras, living in extreme poverty in remote rural areas with little access to basic services.<sup>135</sup> Santos Matute told Global Witness that illegal mining permits were given out by a former local mayor for the ruling National Party, Arnaldo Ubina Soto,<sup>136</sup> who is currently in jail accused of leading a gang of hit men involved in drug trafficking, murder and money laundering.<sup>137</sup>

### PEACEFUL PROTESTS MET WITH EXTREME VIOLENCE

In August 2013, Matute and other members of the community, along with the civil society organisation MADJ, held a peaceful sit-in to stop the passage of mining and logging trucks through their territory.<sup>138</sup> Local indigenous leaders reported receiving text messages warning them to ‘desist from their efforts to protect the environment’ or they would be killed.<sup>139</sup> A week later, gunmen approached the protestors at the sit-in and opened fire, killing indigenous leaders Armando Fúnez Medina and Ricardo Soto

Fúnez. Another leader, María Enriqueta Matute, fled to her nearby home, where she was tracked down and fatally shot.<sup>140</sup>

Matute told Global Witness that the hitmen<sup>141</sup> work for a nearby mining operation in La Lagunita.<sup>142</sup> He says that despite being clearly identified and warrants being issued for their arrest, they continue to be seen in the community as the police stand idle.<sup>143</sup> In June 2015 they struck again, killing another Tolupan leader, Erasio Vieda Ponce.<sup>144</sup> In an interview with Global Witness, the indigenous rights prosecutor's office said it twice attempted to arrest the hitmen, but failed because someone tipped them off before they arrived.<sup>145</sup>

### PROTECTION ORDERED BUT NOT PROVIDED

Many community members went into hiding after the 2013 murders and only returned six months later once they were granted emergency protection by the Inter-American Commission on Human Rights (IACHR).<sup>146</sup> One of these returning members, Luis de Reyes Marcía, was found murdered on 5 April 2015, after filing a police complaint for receiving death threats.<sup>147</sup> He was the husband of Consuelo Soto, one of the beneficiaries of the IACHR's emergency protection. A month after her husband's killing, Consuelo Soto's house was peppered with bullets by unknown gunmen.<sup>148</sup> She is now living in hiding.

Soto told Global Witness: "My family say I shouldn't leave the house because it's too dangerous. But I'm not going to keep quiet because I'm defending the rights of a people – people that too often have been silenced."<sup>149</sup> Soto also stated that when the community warned the police of the presence of the hitmen in the community, the authorities, rather than making the arrests, would ensure the gunmen got safe passage out of the area.<sup>150</sup>

**"I'm one of those that has been given emergency protection. But the authorities aren't fulfilling their roles—I returned to my home more than a month ago and have never been paid a visit by them. The government has failed to ensure emergency protection for me."**

– Consuelo Soto, wife of murdered activist Luis de Reyes Marcía<sup>151</sup>

Another activist who has had to flee the community, despite being granted IACHR emergency protection, is José María Pineda. Pineda, one of the MADJ coordinators, fears for his life after gunmen posted a death threat to

the door of his house stating: 'Today get ready, as the fire's been lit, because you haven't curbed your tongue. We know where you are, but we're going to get you where it hurts most.'<sup>152</sup> Santos Matute was also granted emergency protection in December 2013 by the IACHR, but this didn't stop him from being attacked last year: he is now living in hiding.<sup>153</sup>

MADJ has repeatedly denounced the lack of implementation of the IACHR protection measures by the Honduran state.<sup>154</sup> Although the IACHR's rulings are binding, it is the responsibility of the Honduran government to implement them. Since 2013, MADJ has continually attempted to meet the state security ministry, which is responsible for the measures, and has either been ignored or had its concerns dismissed.<sup>155</sup> Meanwhile, the killers of Tolupan activists Armando Fúnez Medina, Ricardo Soto Fúnez, María Enriqueta Matute and Erasio Vieda Ponce roam free, living side by side with their victim's families.

### WHAT NEEDS TO BE DONE

Global Witness is calling for the cessation of illegal mining and logging in and around the indigenous community of San Francisco de Locomapa. Honduras' state security ministry must guarantee protection for community members, many of whom are supposed to have emergency protection from the government as required by the IACHR. Selvin Fúnez and Carlos Matute, suspected killers of four community leaders, should be immediately arrested. Similarly the perpetrators of the killing of Luis de Reyes Marcía and the ongoing attacks against indigenous leaders must be held to account.

### MAIN FINDINGS

Specifically, Global Witness is calling for an investigation into:

- Ex-National Party mayor of Yoro, Arnaldo Ubina Soto, because of allegations he granted permits illegally to mining operations in San Francisco de Locomapa.
- Ex-general Filánder Uclés because of allegations he threatened members of the indigenous community of San Francisco de Locomapa to try and force them off their land.
- Filánder Uclés' nephew, Kenton Uclés, because of allegations his logging company Velomato continues to log illegally on indigenous land in the community.

Global Witness approached Filánder and Kenton Uclés for comment on these allegations but received no responses.



The controversial Indura Beach and Golf Resort is backed by some of Honduras' most powerful figures (image from Indura's facebook)

## CASE STUDY 5: THE GARIFUNA PEOPLE AND THE POWERS BEHIND HONDURAS'S FLAGSHIP TOURISM DEVELOPMENT

On Honduras's northern Caribbean coast, about an hour and a half's drive from the second city, San Pedro Sula, a luxury development of hotels and golf courses has sprung up. With its infinity pools, luxury apartments, and wellness center, the five-star Indura Beach and Golf Resort is a honeymooners' dream location, and Honduras' flagship tourism project. But beneath the perfect travel brochure surface, is a story of threats, harassment and human rights abuse. The Indura hotel, now part of Hilton's luxury 'Curio collection',<sup>156</sup> has deprived an indigenous Garifuna community of access to their ancestral burial grounds and agricultural lands.<sup>157</sup>

Descendants of black slaves brought to the Caribbean, the Garifuna have lived in Honduras since the 18th Century. One hundred and fifty-seven Garifuna families live in wooden shacks on the beach at Barra Vieja, right next door to the current hotel site.<sup>158</sup> According to the community, the boundaries of the Jeanette Kawas National Park, named after an environmental defender killed for her activism, were redrawn to allow for its construction.<sup>159</sup>

### ORGANISED INTIMIDATION

At the start of the Indura project in December 2008, the Minister for Tourism, Ricardo Martínez Castañeda, wrote a letter to the then president Manuel Zelaya pleading with him to take action to remove the community, who he described as 'illegal squatters [...] affecting the development of the project, and the investment.'<sup>160</sup> In the letter, leaked to Global Witness, the minister outlined several high-level meetings with other government officials where he tried to persuade them to evict Barra Vieja's inhabitants. The ministry he headed indirectly owns 49 per cent of the Indura project via the Honduran Tourism Institute and has a clear vested interest in getting the community removed from its land.<sup>161</sup> In March 2009, he wrote further letters to the attorney general's office and the minister for security seeking their support in evicting those living in Barra Vieja.<sup>162</sup>

Officially, the eviction orders were requested by the National Port Authority, a state body that claims to own the land where Barra Vieja is situated.<sup>163</sup> However, a document from the prosecutor's office seen by Global



José Armando Guzmán faced spurious legal charges for defending his village from luxury tourism development. © Global Witness

Witness shows the Indura project as a co-complainant.<sup>163</sup> In April 2014, the investors announced their intention to build an additional two luxury hotels with 550 extra rooms, culminating in a 600-building tourism complex.<sup>164</sup> The Barra Vieja community believes the hotel owners are ultimately behind efforts to evict them from their land to make way for these expansion plans.<sup>165</sup>

**FORCED EVICTIONS AND LEGAL PROCEEDINGS**

The first phase of the US\$120 million Indura tourism project was inaugurated in April 2014 amidst huge fanfare, with the presence of then president Porfirio Lobo and former presidents Ricardo Maduro and Rafael Leonardo Callejas.<sup>166</sup> In August of the same year, members of the Honduran military and police tried to forcibly evict the community from their homes, removing the families’ belongings and leaving them on the street.<sup>167</sup> Community leader José Armando Guzmán told Global Witness that a month later 80 soldiers and 60 police returned with heavy machinery in another effort to remove them from their homes.<sup>168</sup>

Through the National Port Authority - the Honduran government, in an attempt to justify these actions, has brought legal charges against the Garifuna people of Barra Vieja, accusing both its leaders and 64 other community members of ‘usurpación’ (illegal occupation of lands).<sup>169</sup> In July 2015, following years of legal battles, the 64 community members were absolved of any crime after providing records going back to 1950 demonstrating the existence of Barra Vieja.<sup>170</sup>

In documents from the court case, seen by Global Witness, the attorney general’s office claimed that the Garifuna are not indigenous to Honduras and therefore do not need to be consulted before decisions that might

affect their land, in spite of UN guidance to the contrary.<sup>171</sup> The attorney general’s office provided a biased witness with an ‘incoherent’ testimony, according to the court’s decision, and presented ‘senseless’ accusations that the Barra Vieja community members lied about their place of birth on their birth certificates.<sup>172</sup> In September 2016, the leaders of the community were absolved of any crime.<sup>173</sup>

Despite these decisions and the absolution of community members, a high-ranking government official told Global Witness that they do not recognise the Garifuna as indigenous peoples and are still looking to forcibly resettle Barra Vieja.<sup>174</sup> In October 2015, the Honduran government were found to have violated the land rights of the Garifuna in a separate case involving a community on the same coastline as Barra Vieja. The Inter-American Court on Human Rights ruled that the state denied the community’s right to consultation when agreeing tourism projects on Garifuna land.<sup>175</sup>

64,000.00	02/03/2013	MARIA ROSA LOPEZ	MARIA ROSA LOPEZ
75,000.00	03/03/2013	HENRY GOMEZ	
100,000.00	04/03/2013	GUSTAVO LINARES	GUSTAVO LINARES
493,500.00	04/03/2013	01-104-409682	CA TEGNOLOGIES
100,000.00	05/03/2013	GUSTAVO LINARES	GUSTAVO LINARES
5,000,000.00	05/03/2013	1-240-114166	GABRIELA LAINEZ REINA
50,000.00	05/03/2013	1-240-114166	GABRIELA LAINEZ REINA
135,000.00	06/03/2013	ADRIAN MARTINEZ	ADRIAN MARTINEZ
100,000.00	07/03/2013	GUSTAVO LINARES	GUSTAVO LINARES
50,000.00	08/03/2013	GUSTAVO LINARES	GUSTAVO LINARES
125,000.00	09/03/2013	1190040178	MARIO ROJAS
2,091,000.00	11/03/2013	1-240-134166	GABRIELA LAINEZ REINA
101,418.50	11/03/2013	01-240-64443	DESARROLLO BAHIA DE TELA
130,000.00	11/03/2013	PABLO BARILLAS	PABLO BARILLAS
185,000.00	12/03/2013	HECTOR VENTURA	GUSTAVO MAYORGA
190,000.00	12/03/2013	04-106-30029	LAMA MOTORS
185,000.00	12/03/2013	HECTOR VENTURA	HECTOR VENTURA

Documents leaked to Global Witness show Desarrollo Bahía de Tela laundering money from the Social Security Institute.

**THE INVESTORS AND LINKS TO HONDURAS’ BIGGEST EVER CORRUPTION SCANDAL**

49 per cent of Desarrollo Turístico Bahía de Tela, the company behind the Indura Beach Resort, is state-owned through the Honduras Tourism Institute, whilst the remaining 51% is in the hands of a group of private investors.<sup>176</sup> One of these investors told Global Witness that some of Honduras’ most powerful elites are behind the project.<sup>177</sup> They include ex-Honduran president Ricardo Maduro; Epaminondas Marinakis, the President of Honduras’ National Tourism Chamber; and Camilo and Pedro Atala, members of one of Honduras’ wealthiest business families and supporters of the 2009 coup.<sup>178</sup>

The Atala family is also connected to the controversial Agua Zarca dam against which Berta Cáceres was





The Honduran government refuses to recognize the rights of the Garifuna people. © Global Witness

protesting before she was murdered (see case study 2). Billionaire Camilo Atala, a former cabinet minister and owner of Ficohsa Bank, is the public face of the Indura resort.<sup>179</sup>

In a dramatic development, which links the Indura hotel to Honduras's biggest corruption scandal in recent years, Global Witness has obtained evidence of corrupt funds being laundered through the project. The hotel's business name appears in a report by the special prosecutor's office against organised crime, leaked to Global Witness, as having received corrupt funds from the Social Security Institute.<sup>180</sup> In this massive corruption scandal, top officials from the Social Security Institute stand accused of stealing US\$350 million through a network of phantom companies which left ailing patients without access to life-saving medicines.<sup>181</sup> Some of this money was funneled to current President Hernández's election campaign,<sup>182</sup> and now it seems that some of the funds were also used to support the development of Indura.

According to the internal report, on 11 March 2013 just over 100,000 Lempiras (US\$5,000) was transferred to Desarrollo Bahía de Tela from an account set up to launder social security funds.<sup>183</sup> A year later a plot of land was bought for US\$287,000 in the Indura hotel complex by Gabriela María Láinez Reina, a front person for the principal masterminds of the scam, which included the Social Security Institute's ex-director.<sup>184</sup> In addition, US\$20 million of credit has been lent to the hotel project from a consortium of regional banks led by Camilo Atala's Ficohsa Bank,<sup>185</sup> currently under investigation for money laundering in Panama.<sup>186</sup>

## WHAT NEEDS TO BE DONE

Global Witness is calling for the government to fully recognise the land rights of the Afro-Honduran

community of Barra Vieja and stop attempts to forcibly evict them from their homes. Access to their ancestral burial grounds and agricultural lands should be restored and attempts to criminalise the rightful defence of their land stopped. The owners of the Indura hotel project must be investigated for laundering corrupt funds from the Social Security Institute. International financing for tourism projects, including from the International Finance Corporation, must respect the land rights of Afro-Honduran communities.

## MAIN FINDINGS

Specifically Global Witness is calling for an investigation into:

- ▶ Ex-minister for tourism, Ricardo Martínez Castañeda for undue influence over an attempt to evict the community of Barra Vieja from their ancestral land, as shown in various letters seen by Global Witness.
- ▶ The National Port Authority for continual demands for an illegal eviction of the Barra Vieja community and for filing unfounded criminal charges against community members.
- ▶ Desarrollo Turístico Bahía de Tela for allegedly cutting off access to Garifuna ancestral lands, and laundering corrupt funds from the social security institute.

Global Witness approached Desarrollo Turístico Bahía de Tela for comment on these allegations but received no response. Hilton became associated with the Indura project in 2016, after the allegations made in this case study occurred. There is no suggestions Hilton took part in these events.

# WHO'S PULLING THE STRINGS?

**JUAN ORLANDO HERNÁNDEZ**

President of the Republic of Honduras



## La Aurora and Los Encinos Dam Projects



**ARNOLD GUSTAVO CASTRO**

Owner of the projects and husband of Gladis López; both dam projects illegally granted licenses when López was in Congress



**GLADIS AURORA LOPEZ**

Vice President of Congress, head of the ruling National Party (right wing party in power since 2009 coup), congresswoman for La Paz, wife of Arnold Castro

**NORMAN G. OCHOA**

Ex-Vice President of Ministry for Natural Resources; approved environmental license for La Aurora without consulting indigenous groups

**ALEXIS VENTURA VÁSQUEZ**

Ex-National Party Mayor of Santa Elena; responsible for irregularities in approval of Los Encinos

## Velomato Logging

**KENTON UCLÉS**

Owner of Velomato; nephew of Filander; granted illegal logging concession on Tolupan land

**FILÁNDER UCLÉS**

Retired general trained in the notorious School of Americas, threatened Tolupan community members and leaders in San Francisco de Locomapa

**ARNALDO UBINA SOTO**

Former National Party Mayor, who granted illegal logging and mining permits in San Francisco de Locomapa; currently in jail for leading a gang of hit men involved in murder, money laundering and drug-trafficking

## DESA and Agua Zarca dam

**DANIEL ATALA MIDENCE**

Head of Finance at DESA

**JACOBO NICOLÁS ATALA ZABLAH**

Cousin of Jose Eduardo, Vice President of DESA and President of BAC bank

**JOSÉ EDUARDO ATALA ZABLAH**

Brother of Camilo Atala; board member of DESA; President of US-Honduran Chamber of Commerce; ex-director of BCIE bank, one of the main investors in Agua Zarca

**ROBERTO DAVID CASTILLO MEJÍA**

President of DESA; former military intelligence official; employee of the Honduran state energy company, attempted to bribe Berta Cáceres and formerly accused of corruption



**MAYOR MARIANO DÍAZ**

Special forces veteran; trainer of the Military Police, arrested for murder of Berta Cáceres



**DOUGLAS GEOVANY BUSTILLO**

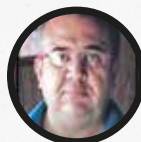
Head of security at DESA; ex-army lieutenant and military intelligence officer, arrested for murder of Berta Cáceres

**EMERSON DUARTE**

Retired military officer, arrested for murder of Berta Cáceres

**HENRY JAVIER HERNÁNDEZ RODRÍGUEZ**

Former military soldier, arrested for murder of Berta Cáceres



**SERGIO RAMÓN RODRÍGUEZ**




Environmental engineer at DESA, arrested for murder of Berta Cáceres



**EDILSON DUARTE**

Brother of Emerson, arrested for murder of Berta Cáceres

KEY

-  BLOOD / PERSONAL RELATIONS
-  POLITICAL / PARTY RELATIONS
-  CONNECTION TO THE ARMY / MILITARY RELATIONS
-  ARRESTED FOR THE MURDER OF BERTA CÁCERES



**ANA GARCÍA DE HERNÁNDEZ**

First Lady of the Republic of Honduras

Buena Vista I Mine

**LENIR PÉREZ**



Owner of Buena Vista I mine, threatened local activists and caused environmental damage. National Party activist - appearing publicly with First Lady - and son-in-law of Miguel Facussé

**WILFREDO FÚNEZ**

Head of private security for Buena Vista I, jailed for kidnapping two foreign human rights observers



**DAVID ZACCARO**

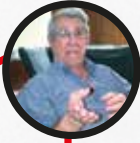
National Party Mayor of Tela; charged with corruption; allegedly bribed by Pérez to try to get mine approved

**JOSÉ ANTONIO FLORES**

Friend of Lenir Pérez, tried to bribe activists opposing the mine with US\$1 million on his behalf; assassinated 2015

Dinant Agribusiness

**MIGUEL FACUSSÉ**



Now deceased, ex-owner of Dinant and one of Honduras' wealthiest businessmen; uncle of former President Carlos Flores Facussé; father-in-law of Lenir Pérez; Dinant was accused of numerous murders in the Bajo Aguán land rights battle between 2010 and 2013; Facussé has been accused of ordering the murder of environmentalist Carlos Escaleras; he was allegedly present when a plane smuggling drugs from Colombia landed on his property

**JOSE ÁNGEL BONILLA BANEGAS**

Former contractor with Dinant, arrested for using his transport company for trafficking drugs through Honduras

Indura Beach and Golf Resort

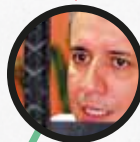
**CAMILO ATALA**



Billionaire owner of Fichosa Bank, which lent credit to Indura Beach and Golf Resort and is currently being investigated for money laundering in Panama; former cabinet minister; principal investor in Indura Beach and Golf Resort

**GABRIELA MARÍA LAÍNEZ REINA**

Bought land located within Indura Beach and Golf Resort, using money stolen from the Social Security Institute by Mario Roberto Zelaya Rojas



**MARIO ROBERTO ZELAYA ROJAS**

Ex-Director of the Social Security Institute, accused of stealing \$350 million from the Institute. Indura hotel appears in special prosecutor's document as laundering money for Mario



**PEDRO ATALA**

Brother of Camilo, principal investor in Indura Beach and Golf Resort

**RICARDO MARTÍNEZ CASTAÑEDA**

Former Minister of Tourism; used position to lobby for eviction of Barra Vieja community

**RICARDO MADURO**

Former Honduran President and principal investor in Indura Beach and Golf Resort

Image credits: President and wife © Getty Images, Arnold Castro © Criterio, those arrested for Berta Cáceres' murder © La Prensa, Mario Roberto © Radio Honduras, Miguel Facussé © Tracy Wilkinson / Copyright, 2013, Los Angeles Times, reprinted with permission and other images are from individual facebook or twitter pages

## WHAT'S DRIVING THE ATTACKS? CORRUPTION, A LACK OF CONSULTATION, AND A FAILURE TO PROTECT ACTIVISTS

Threats and attacks against land and environmental defenders in Honduras do not occur in a vacuum. Without the widespread corruption currently characterising government and the natural resource sector, abusive projects could not go ahead so easily, and impunity for those responsible would not flourish. The fact that communities are rarely properly informed about projects or consulted on the use of their land breeds conflict which puts activists, and ultimately investments too, at risk. The Honduran government has completely failed to put in place adequate protection policies and prosecute the perpetrators of violence, some of whom are state actors.

But Honduras is not a failed state and has, on numerous occasions, demonstrated that it can tackle the issues outlined in this report, when high-level officials have the political will to do so. For example, and as documented in some of the case studies above:

- On 10 June 2016, Norman Gilberto Ochoa, a high-ranking official at the Ministry for Natural Resources and the Environment was found guilty of having approved an environmental license for La Aurora dam without consulting indigenous groups, thus breaching international law.<sup>187</sup>
- On 6 May 2016, five men were charged for the killing of Berta Cáceres, one of Honduras's most prominent environmental and indigenous rights activists,<sup>188</sup> and in September 2016 and January 2017 a sixth and seventh person were also charged with her murder.<sup>189</sup>
- The ex-mayor who granted the Agua Zarca dam's licence is currently facing charges for failing to consult with Cáceres' organisation COPINH and Lenca indigenous communities.<sup>190</sup>
- In December 2015, a Honduran soldier was sentenced for COPINH member Tomas García's murder.<sup>191</sup>
- In November 2014, Wilfredo Fúnez, LenirPérez's security chief, was sentenced to three years in prison for kidnapping the international observers assigned to protect Concepción Gutiérrez.<sup>192</sup>
- National Party mayor David Zaccaro, associated with Pérez's Buena Vista I mine, is currently being investigated for embezzlement of public funds during his time in office.<sup>193</sup>

- In Tolupan territory, ex-local mayor for the ruling National Party, Arnaldo Ubina Soto, is currently in jail accused of leading a gang of hitmen involved in drug-trafficking, murder and money laundering.<sup>194</sup>

- Ex-army general Filánder Uclés is currently facing charges for continually threatening Tolupan community members to leave their lands.<sup>195</sup>

- 64 community members, as well as their leaders, from the Garifuna community of Barra Vieja had charges of 'illegal squatting' dismissed by local courts who ruled in favour of their rights to their ancestral lands.

And yet, sadly these examples stand out because they are so unusual. The norm is that corruption means projects that wouldn't otherwise get approval, get the green light. Authorities turn a blind eye to illegal acts, particularly the failure to get consent for projects that impact indigenous peoples. Finally, the government neglects to protect activists from threats, legal cases and in the worst cases, murder. Through their inaction, and sometimes their active involvement, the Honduran authorities are complicit in the attacks against land and environmental defenders. It is high time that President Juan Hernández urgently addresses these root causes and guarantees a way of doing business which respects the voice of defenders and protects the rights of his citizens.

**Women human rights defenders working on land and environmental issues face additional risks due to gender discrimination.** © Giles Clarke/Global Witness



## THE FACILITATORS: CORRUPTION AND IMPUNITY

Honduras is beset by entrenched corruption, and by the unscrupulous self-interest of many of those with a purchase on the reins of power or with financial or political influence. Five principal methods of corruption reoccur throughout the cases investigated by Global Witness, which are used to acquire official access to land, to buy or silence opposition, and ultimately to get away with murdering those who get in the way.

Firstly, **political influence** is used by the elites to land lucrative contracts, gain official licenses and get projects underway. This is clear from many of the cases in this report, including the Los Encinos and La Aurora dams, which are controlled by the husband of the president of the National Party, Gladis López (see case study 1). Secondly, legally-established **processes are routinely ignored** without consequence. A series of processes and permissions are required for most megaprojects to go ahead, yet – as shown by the case of the Agua Zarca dam – even where international financing is in place, businesses are allowed to bypass these in the pursuit of quick profit (see case study 2).

When communities question these shady deals a third tactic comes into play: large **bribes** are offered to activists to keep quiet. César Alvarenga, a well-respected community leader in Nueva Esperanza, said that businessman Lenir Pérez offered him whatever he wanted to stop opposing the construction of the Buena Vista I iron oxide mine (see case study 3). Accusations of bribery are rarely investigated, in spite of President Hernández's promise to combat corruption. When payoffs don't work, project backers resort to force and often **enlist military support** to halt defenders. The involvement of the military in the killing of Berta Cáceres and her compatriots is a grim example of this (see case study 2).

Finally, **impunity** is the oxygen provided to perpetrators by the justice system. Those inflicting violence are not held to account, and reports of threats or attacks are rarely investigated. The failure of authorities to prosecute those responsible for attacks on the Tolupan community in San Francisco de Locomapa, as identified by the Inter-American Commission on Human Rights (IACHR), exemplifies this starkly (see case study 4).

In spite of its international commitments to the contrary, Honduras has neither a special prosecutor nor a specific investigative protocol for crimes against human rights defenders, and the national human rights protection programme lacks sufficient staff and resources.<sup>196</sup> The special prosecutor's office for indigenous rights has the potential to act as a mechanism for obtaining access to justice but according to UN experts, it lacks the financial and human resources to do so. Meanwhile, the newly-established Organisation of American States (OAS)

Mission to Support the Fight against Corruption and Impunity in Honduras could represent a crucial catalyst in tackling corruption, but the Honduran state has so far failed to allow it to fulfill its mandate without interference (see 'The MACCIH' box on page 30).

## ATTACKS AGAINST WOMEN HUMAN RIGHTS DEFENDERS

Women human rights defenders working on land and environmental issues face additional risks due to systemic gender discrimination. They suffer from specific harassment, repression and smear campaigns, facilitated by the context of discrimination already facing women in Honduras. Verbal and sexual assault are also used to silence their opposition to business projects affecting their land and source of livelihood. Environmental damage caused by these projects impacts women's capacity to provide food and water for their families and communities. With the theft of their land, the work that women are already expected to do to support their family, increases. As a result, many women have become leaders in defending their communities; bucking stereotypes, challenging gender discrimination, raising their profile and exposing them to greater risk. Discrimination and violence within their organisations, communities and families can make their role less visible and increase their vulnerability.

In Honduras, women defenders challenge deep-seated social and cultural norms that expect women to play a passive role in an overwhelmingly patriarchal society. Honduran women activists have reported harassment, stigmatization, physical and verbal abuse, threats of sexual violence or death, criminalisation and murder. Our case studies show how women defenders have faced numerous attacks linked to their struggle against natural resource projects.

- Indigenous activist Ana Miriam and her sister-in-law Rosaura were hospitalised and suffered exponentially from the brutal police raid on their home; they were pregnant at the time.
- Concepción Gutiérrez received death threats for refusing to sell her land. An international human rights observer assigned to her protection was sexually harassed by armed men.
- Consuelo Soto's life was threatened for opposing illegal logging in her community. She is now living in hiding after her house was peppered by bullets.
- Berta Cáceres was killed by gunmen linked to a dam project she opposed. Before her murder, she was threatened with sexual violence.



The demands of Honduras' indigenous people are routinely ignored. © Giles Clarke/Global Witness

## THE ROOT CAUSE: A LACK OF COMMUNITY CONSULTATION AND CONSENT

As we have seen throughout this report, a major failing of the Honduran authorities, and the businesses with whom they work, is their routine lack of consultation with indigenous or local communities at the outset on decisions regarding their land. This in turn is what places so many environmental defenders at risk, because they are forced belatedly to challenge projects that are already underway, rather than realising their rights to participation and to free, prior and informed consent. Approval of the Los Encinos dam was riddled with illegalities, whilst the La Aurora hydroelectric project went ahead without any consultation whatsoever. The mayor who granted the Agua Zarca dam project's licence is currently facing charges for failing to consult with Lenca indigenous communities, and mining and logging operations continue in Tolupan territory without community approval.

**“If communities and environmental defenders were active partners in the design of projects from the very beginning, it would make them less vulnerable to attacks later.”**

– UN special rapporteur on human rights defenders<sup>197</sup>

A recent UN report called upon states, businesses and investors to prevent attacks against defenders by guaranteeing their participation in all aspects of decision-making around development projects.<sup>198</sup> In Honduras, both international and local municipal laws guarantee communities the right to be consulted on the use of their land. However, these rights are not being protected, exclusion is the norm, and companies, the government and foreign investors are failing to engage meaningfully with affected communities and local activists.<sup>199</sup> For example, the UN recently highlighted mass violations of international law on free, prior and informed consent with the authorisation in 2010 of 21 hydroelectric projects affecting indigenous communities.<sup>200</sup>

National laws and practices must change in order to guarantee the right of communities to meaningfully participate in all decisions which might affect the possible use or abuse of their land, natural resources and environment. Investors and businesses, meanwhile, have a responsibility to uphold the highest standards in consultation and consent.<sup>201</sup>

## THE MACCIH: OAS MISSION TO SUPPORT THE FIGHT AGAINST CORRUPTION AND IMPUNITY IN HONDURAS

In January 2016, the Honduran government signed an agreement with the Organisation of American States (OAS) allowing an independent and autonomous body to work towards combating corruption and impunity in the country. Whilst the mandate of the Mission to Support the Fight against Corruption and Impunity in Honduras fell short of the Guatemalan model favoured by protesters, it could nonetheless combat the roots of abuse, so long as the government allows it to.<sup>202</sup>

The mission, known by its Spanish acronym MACCIH, is headed by five international experts and employs a team of prosecutors, judges and forensic specialists to investigate cases of corruption. It can also propose legal and institutional reforms, monitor their implementation and encourage compliance with other OAS recommendations. The MACCIH's jurists must follow the evidence to the highest levels if this historic opportunity for systemic change is not to be squandered.

In order to strengthen the fight against corruption and impunity in Honduras:

- The MACCIH should investigate at least one high profile case of corruption in the natural resource sector, including the identification of intellectual authors and chains of command in attacks against land and environmental defenders.
- The MACCIH should build upon its existing efforts and increase the involvement of civil society in its work, including through broad, iterative and country-wide consultations ahead of policies and activities.
- The Honduran government must cooperate fully with the MACCIH, allowing the body complete and prompt access to the information it requires, and implementing its recommendations.
- Foreign states and international institutions should do everything possible to provide the MACCIH with ample resources to operate and to encourage the Honduran government to cooperate.

## INTERNATIONAL AND HONDURAN LAW ON FREE, PRIOR AND INFORMED CONSENT

Outlined in the International Labour Organization (ILO) convention 169 on indigenous and tribal peoples - which Honduras has ratified - free, prior and informed consent (FPIC) is the right of indigenous peoples to make free and informed choices about whether and how their land and natural resources should be used and developed. According to the UN, indigenous peoples should not be coerced or intimidated, their consent should be sought and freely given prior to the authorisation or start of any activities, they should have full information about the scope and impacts of any proposed developments, and ultimately their choices to give or withhold consent should be respected.<sup>203</sup>

The UN declaration on the rights of indigenous peoples establishes that 'Indigenous peoples shall not be forcibly removed from their lands or territories. No relocation shall take place without the free, prior and informed consent of the indigenous peoples concerned and after agreement on just and fair compensation and, where possible, with the option of return'.<sup>204</sup> Meanwhile article 25 of the UN's international covenant on civil and political rights, which has been ratified by Honduras, guarantees the right of all citizens to participate in public affairs.<sup>205</sup>

The Honduran Congress is currently drafting a law regarding the FPIC of indigenous and Afro-Honduran peoples. It is of vital importance that this law reflects the proposals which these communities have put forward,<sup>206</sup> as well as incorporating international standards and experiences.<sup>207</sup> To be effective, the law should establish

that 'prior' means before bidding for licences and land takes place; that a consultation ought to occur before any significant change or phase in a project and that the right to reject a project outright is guaranteed.

However, a number of other measures are also required if Honduran communities are to have a greater say in the use of their natural resources:

- Where doubts exist regarding the quality or authenticity of community consultation or indigenous consent, business projects should be stopped immediately until a free, prior and informed consultation provides the local consent necessary.
- The Honduran state and businesses must guarantee the participation of local communities and human rights defenders in impact assessments and policies pertaining to energy, sustainability human rights and the environment.
- Policies on transparency and access to information must be strengthened and implemented across the board: from the details of US aid and investment, through the nature of IFIs investment in renewable energy, down to the organisation of local environmental impact assessments.
- Honduras must strengthen land titling policies, increasing budget for the National Agrarian Institute's land-titling programme, and complying with the Inter-American Commission on Human Rights' decision on Triunfo de la Cruz guaranteeing the land rights of Garifuna peoples.

## THE RESPONSE: A FAILURE TO PROTECT

Almost all of the activists whose murders are described in this report had reported that they were in danger and had already asked for protection. Of particular note are the defenders who have been granted emergency protection by The Inter-American Commission on Human Rights (IACHR). Since 2006, Honduras has been ordered by the IACHR to implement emergency protection in 49 cases. Shockingly, 13 of the beneficiaries have been assassinated and 99 per cent do not believe their security is guaranteed.<sup>208</sup> A recent civil society report argues that the biggest obstacle is the government's 'lack of political will to comply'.<sup>209</sup>

In May 2015, in response to concerted advocacy by local and international civil society, Honduras passed the Law for the Protection of Human Rights Defenders, Journalists, Social Communicators and Legal Practitioners (See 'Honduras' human rights defender law' box below).<sup>210</sup> The law foresees the establishment of a protection mechanism to assess requests from at-risk

defenders, assigning them protection according to the dangers they face. The various protection measures included in the law's regulations have the potential to help overcome the historically narrow and ineffective response by the state. However, there were numerous deficiencies in the rushed legislation<sup>211</sup> and although recently approved regulations address some of these<sup>212</sup> a clear lack of political will means that the necessary staff, resources and political backing are absent, rendering implementation effectively impossible.<sup>213</sup>

If the Honduran government is serious about ending the abuse of environmental activists and indigenous populations at the expense of unscrupulous developers and corrupt politicians, it must do more than propose laws and pay lip service to regional or international regulation. It must ensure protection is guaranteed, laws are enforced and those responsible for attacks are publicly held to account. Failure to do so will ultimately undermine the country's reputation and its drive to attract investment, by making the context too lawless and risky for respectable companies.







Julia Francisco Martínez's husband was killed for defending the ancestral lands of the Lenca people. © Giles Clarke/Global Witness

## HONDURAS' HUMAN RIGHTS DEFENDER LAW

Passed in 2015, the Law for the Protection of Human Rights Defenders, Journalists, Social Communicators and Legal Practitioners seeks to give effect to the UN Declaration on Human Rights Defenders and protect all at-risk activists.

The law created a 'protection mechanism' which ought to provide concrete measures with which to protect activists according to the type of risks they face. The broad range of potential protection measures included in the law could help overcome the historically narrow and ineffective response by the state. Civil society is represented alongside state officials on the advisory council tasked with monitoring and supporting the law's implementation. If its application were properly resourced and politically backed, this law could help keep activists alive.

However, a lack of leadership coupled with chronic under-resourcing has thus far shackled its impact. In order that the law can fulfill its potential and ensure security for at-risk activists, it is imperative that President Hernández prioritises its implementation.

In particular he should:

- Announce that effective implementation of the law is a governmental priority.
- Support the mandate of the general director of the protection system and fully staff all operative bodies for the law's implementation, in line with its regulations.
- Guarantee that new staff receive the training and resources required to execute their tasks effectively.
- Ensure that adequate protection measures are implemented which respond to the specific risks and context that activists face.

## INTERNATIONAL AID AND INVESTMENT IN HONDURAS

It is not just failures by the Honduran state and national businesses that fuel the suffering and abuses against activists seeking to protect their land. Money funneled into Honduras from the US and other countries, through aid packages or via International Financial Institutions (IFIs) is used to fund illegally imposed projects, to develop the policy and infrastructure they need, and to train and equip police and military institutions that are attacking land and environmental defenders.

While international donors talk of stimulating growth and prosperity, the corruption and abuses surrounding these projects are fueling destruction, displacement and the death of precisely those community leaders who could contribute to a more sustainable and prosperous future. The Honduran government is encouraging foreign investment in industries that are causing unprecedented levels of violence against activists. To invest in the current context is to invest in the roots of inequality and insecurity which drove thousands of Hondurans to migrate to the US in 2016.<sup>214</sup>

### US AIDING AND ABETTING

The US is the biggest aid donor to Honduras, and also funds key IFIs, including the International Finance



The US has given millions of dollars to the Honduran government despite human rights concerns. © zrfphoto/iStock

Corporation (IFC) and the Inter-American Development Bank (IDB), which are both financing hydroelectric dams and their infrastructure in Honduras.<sup>215</sup> In 2016, the US provided US\$98.3 million in bilateral aid to Honduras, plus US\$750 million of regional funds to Central America to support the 'Alliance for Prosperity Plan', as well as additional money from the Department of Defense.<sup>216</sup> A lack of transparency makes it unclear how this aid is spent and how much is channeled through IFIs. What is clear is that US contributions to the Alliance for Prosperity vastly increase security aid to Honduras.

US aid also drives the current development model by demanding Honduras establish 'governance policies that

attract foreign investment, increase modernisation and privatisation, and encourage the adoption of regional energy solutions.<sup>217</sup> Fifty per cent of US direct funding to the Honduran government is in theory conditional on its meeting human rights obligations, including allowing activists ‘to operate without interference’.<sup>218</sup> Incredibly, after a year in which 14 land and environmental activists were killed and numerous others threatened, the US State Department still approved the disbursement of funds in October 2016.

In 2016, the Honduran military and police received US\$18 million in US aid, in spite of their abuses against activists.<sup>219</sup> An ex-member of a US-trained Honduran army unit claims that the military hold a hit list of human rights activists, while two soldiers are currently being prosecuted for the murder of Berta Cáceres.<sup>220</sup> Her organisation COPINH has denounced the infiltration by a military spy, and the police guarding the Agua Zarca dam has been accused of threatening local community members. In response to military and police abuses, the Berta Cáceres Human Rights in Honduras Act has been tabled in the US Congress, calling for the suspension of US security aid to Honduras until abuses by security forces cease and perpetrators are brought to justice. The law, if passed, could represent a milestone in conditions on US aid that could force countries to clean up their act.

## INTERNATIONAL FINANCIAL INSTITUTIONS

A recent damning UN report on the situation in Honduras asserted that International Finance Institutions (IFIs) share a responsibility for human rights abuses associated with the projects they invest in.<sup>221</sup> IFIs contribute by financing business projects such as hydroelectric dams and agribusiness whilst pressuring recipient states to alter their regulatory frameworks.<sup>222</sup>

The World Bank’s International Finance Corporation (IFC) is particularly active, and has been associated with a number of controversial investments:

➤ Between 2007 and 2011, the IFC provided US\$86.5 million to Ficohsa Bank, coinciding with the bank’s investment in the Indura Hotel, which has led to clashes with local Garifuna communities.<sup>223</sup> In October 2015, OFRANEH, an organisation representing the Barra Vieja community, filed a complaint with the IFC because of its financial support for Ficohsa Bank.<sup>224</sup> In the complaint it is alleged that IFC’s investments have led to ‘land grabbing, community displacement, lack of economic benefits and environmental degradation’.<sup>225</sup>

➤ In 2009, the IFC invested US\$30 million in the Dinant Corporation, an agribusiness giant accused of involvement in the killings of small-scale farmers opposing palm oil plantations in the Bajo Aguán region. Dinant strongly denies any direct or indirect involvement

in death squads or human rights violations. The IFC has since admitted failing to implement its own social and environmental policies when approving the loan.<sup>226</sup>

➤ More recently, the IFC invested US\$30 million in the La Vegona hydroelectric project – which in July 2016 provoked community demands for a fairer share of the profit.<sup>227</sup>

The US is the largest single IFC shareholder, followed by Japan, Germany and the UK.<sup>228</sup> The Overseas Private Investment Corporation (OPIC), the U.S. Government’s development finance institution, also has a US\$22.5 million investment in FICOHSA bank, which backs two of the businesses featured in this report that have been accused of human rights abuses: the Indura Beach resort and agribusiness giant Dinant.<sup>229</sup>

The Inter-American Development Bank (IDB) also has a big stake in Honduras’s development. Almost 90 per cent of IDB loans to Honduras are to finance energy, trade and ‘modernisation’.<sup>230</sup> Between 2008 and 2015, it granted at least US\$562 million to the Honduran state for investment in electricity production and renewables, particularly through the expansion of hydroelectric projects.<sup>231</sup> The bank also finances numerous agribusiness projects.<sup>232</sup> The US, Argentina, Brazil, Mexico and Canada are the most influential shareholders in the IDB.

The Central American Bank for Economic Integration (CABEI), the Dutch development Bank FMO, and the Finnish Development Bank, Finnfund are all investors in the controversial Agua Zarca dam. As detailed in case study 2, numerous members of COPINH, including its head Berta Cáceres, were attacked, harassed, criminalised or killed for opposing this project. Since a current employee of the company that owns Agua Zarca was arrested for the murder of Cáceres, FMO and Finnfund have committed to withdraw from the project. And yet, they had turned a blind eye to the many public threats received by Cáceres over the years. A recent UN report found that investors repeatedly failed to reassess their support even when activists had suffered grave attacks.<sup>233</sup>

Access to information remains an obstacle to civil society organisations working to understand the role of IFIs in development projects, with very little documentation of investments available online.

## RISKY BUSINESS: FOREIGN COMPANIES IN HONDURAS

Businesses and investors too have failed in their responsibility to protect activists, with associated risks to their own reputations and the fundamental viability of their projects. Under the UN guiding principles

on business and human rights, companies have an obligation to respect international human rights law – regardless of the state’s capacity or willingness to do likewise.<sup>234</sup>

The business case for acting to protect activists is also increasingly clear.<sup>235</sup> Defenders’ local expertise is essential in helping investors to identify, prevent and mitigate human rights abuses and therefore also minimise related adverse business impacts and avoid financial and non-financial risks, such as legal, reputational, operational, and regulatory risks.<sup>236</sup> Many features of a safe and enabling environment for defenders are strongly associated with a stable operating environment for business, with companies and defenders alike thriving in contexts of transparency, rule of law, non-discrimination, and freedom of association.

Markets and consumers often reward businesses which are proactive in managing environmental, social and governance risks, and which have a good reputation in regards to rights and ethics. Nonetheless in Honduras, businesses are more likely to undermine the security of defenders, either by attacking activists themselves or criminalising and delegitimising their activities.

Whilst international capital lies behind many of the projects, the majority of the businesses around which defenders are being threatened are Honduran. However, both the Honduran government and foreign embassies are preparing the ground for an increase in activity by overseas businesses in the country. Foreign direct investment (FDI) is on the rise<sup>237</sup> and Honduran exports to the EU grew by 21 per cent in 2015.<sup>238</sup> As well as having a free trade agreement with the US, Honduras also signed the EU-Central America Association Agreement in 2012 to boost trade links.<sup>239</sup>

The US remains the principal trading partner for Honduras, with bilateral trade totaling US\$9.8 billion in 2013.<sup>240</sup> The US embassy in Honduras is promoting US investment in extractive industries in the country. One US mining firm, Electrum, is planning a US\$1 billion investment in Honduras according to the Embassy,<sup>241</sup> while another US mining company, Inception, operates the Clavo Rico gold mine in southern Honduras that extracts up to 1,000 tons a day.<sup>242</sup>

Mining is the principal focus of Honduras’s opening up to international business, with President Hernández declaring 2015 ‘The Mining Year’. By mid-2015, Honduras had received 333 applications for mining concessions,

exploration, and exploitation.<sup>243</sup> This is of particular concern in the current context given that the mining sector is the biggest driver of attacks on land and environmental defenders globally.<sup>244</sup> Ninety per cent of all foreign mining investments in Honduras are Canadian.<sup>245</sup> Due to the abuses related to mining – as well as hydroelectric, logging, agribusiness and tourism – any potential investors should steer clear of these industries until security for activists is guaranteed, perpetrators of violence are prosecuted and laws are upheld.

## WHAT NEEDS TO CHANGE FOR AID AND INVESTMENT

The US and other donors should review their aid policies to Honduras, guaranteeing that they are not encouraging or financing industries which put activists at risk. They should guarantee greater transparency around aid and channel funds away from security forces and towards strengthening the judiciary and empowering civil society. Honduras is clearly not complying with the human rights stipulations which currently condition US aid, and 50 per cent of direct funds should be withheld accordingly until compliance is guaranteed. The US should also use its influence over IFIs to ensure they are not complicit in funding industries which cause attacks against defenders.<sup>246</sup>

It is paramount IFIs speak out against attacks on defenders and ensure that robust policies are developed and implemented regarding how they will guarantee constructive dialogue with local communities. They should act to prevent threats against land and environmental defenders and respond when aggressions occur. They should also review their ongoing and planned investments in Honduras, freezing funding wherever serious claims occur regarding attacks against defenders or a failure to consult with local communities. It is vital that complete information on projects is accessible to local communities.

Given the current context of corruption and human rights abuses it would be irresponsible for foreign companies to increase operations in the Honduran industries at the center of violence against activists, namely mining, hydroelectric, logging, agribusiness and tourism. To do so would pose both operational and reputational risks to their business and encourage further attacks against activists. There are a range of actions which businesses already operating in Honduras can take to contribute to a safer environment for defenders.<sup>247</sup>



Honduras is the most unequal country in Latin America. © Giles Clarke/Global Witness

## CONCLUSION

The murder of so many innocent activists, and the losses and intimidation of their families, friends and colleagues is a tragedy that cannot be undone. But an opportunity does exist to prevent further violence. Ultimately it is in the interests of the Honduran government to do all it can to stop the abuse of environmental and land defenders, and to enforce greater transparency and legality in the development of mining, logging, tourism, agriculture and hydroelectric projects. Failure to do so will prevent the state from developing sustainable industries, and will expose it to international condemnation and possible legal action.

For international observers and those with a stake in the country – especially major donors like the US and IFIs such as the IFC and the Inter-American Development Bank - there is a clear and urgent need to refrain from funding or supporting any projects or activities that are putting defenders at risk. Global Witness also calls for governments and institutions to use their significant influence to support the Honduran government and enlightened businesses to promote the rule of law and sustainable, legal development which respects the rights of indigenous and local communities.

### ACTION NEEDED AT HIGHEST LEVELS

The response to Honduras' epidemic of violence against land rights activists must start at the top. The president must guarantee the speedy resolution of the open cases mentioned in this report, with independence,

transparency and punishment commensurate to the crimes. He must ensure some 'big wins' on these emblematic cases, and enlist the full support of international institutions such as the MACCIH and the IACHR where the victims demand it.

President Hernández must also make strong statements regarding the legitimacy and importance of land and environmental defenders and encourage his peers to do likewise. He must strengthen the judiciary, giving it the mandate and resources necessary to prosecute both the material and the intellectual authors of threats and attacks against defenders. He must publicly announce his support for the defenders protection programme, guaranteeing resources and adequate staffing.

International governments, investors and companies must also face up to their complicity in perpetuating attacks against land and environmental defenders in Honduras. To continue aid, trade and investment without concerted actions to contribute to the consultation, recognition and protection of activists, is to implicitly condone the threats against them and empower those who wish to do them harm.

Whilst President Hernández describes Honduras as 'open for business', until local activists are safe enough to participate in decisions about their natural resources and perpetrators of violence are held to account, then investors should steer clear of these industries. Honduras will only be truly open for business when communities and activists can participate safely in decisions regarding their land and environment. It is up to the international community to help make this happen.

# RECOMMENDATIONS

## TO THE HONDURAN AUTHORITIES

- President Juan Orlando Hernández and other public officials should make strong public statements recognising the legitimate role of land and environmental defenders and committing to guarantee their protection.
- The state must implement its international obligation to protect land and environmental defenders, their families, colleagues and communities against threats and reprisals. This includes ensuring that adequate protection measures are implemented which respond to the specific risks, context, identity and requests of each individual.
- The government must provide the staff, resources, leadership and political backing necessary to ensure the effective implementation of the human rights defender protection law and its operational regulations.
- IACHR precautionary measures must be implemented in line with the specific protection needs of each beneficiary.
- The Honduran government must cooperate fully with the MACCIH and other international bodies, guaranteeing complete and prompt access to the information they require, and ensuring implementation of their recommendations.
- Where there exists reasonable doubt of a lack of proper free, prior and informed consent (in the case of indigenous and Afro-Honduran communities) or consultation (in the case of other communities), projects should be suspended immediately until genuine consent or meaningful consultation is obtained.
- The government must fully recognise Garífuna land rights, as stipulated by the Inter-American Court of Human Rights' decision in the case of *Triunfo de la Cruz*.<sup>248</sup>
- Budget should be increased for the National Agrarian Institute's land-titling programme, ensuring sufficient resources to properly verify the legality of land sales related to development projects.
- The government should outline how it intends to implement all recent UN recommendations pertaining to the protection of human rights defenders, land rights, indigenous rights, community consultation and consent, and business and human rights.<sup>249</sup>
- Accusations of corruption around natural resource exploitation should be thoroughly investigated, conflict of interest laws properly applied, and public officials found to be complicit in such abuses of authority banned from office.

- The Honduran judiciary should be given the resources and political backing required to prosecute the intellectual and material authors of attacks against land and environmental defenders.
- The Honduran government should implement its commitment, made to the IACHR, to establish a special investigatory protocol for crimes against human rights defenders.<sup>250</sup>
- The state must strengthen access to justice for indigenous and rural communities, taking into account geographical, linguistic and cultural barriers. This should include providing more resources for the Special Prosecutor's office for indigenous rights (Fiscalía de Etnias).
- Congress must pass a law on the free prior and informed consent of indigenous and Afro-Honduran peoples, which reflects proposals by local communities and defenders, incorporates international best practice, and guarantees the right to reject a project outright.
- Congress must strengthen environmental legislation, according to best practice, in order to guarantee the meaningful participation of affected communities in the development of environmental impact assessments and other environmental processes.
- Congress should legislate requiring any company that enters into a contract with the state to reveal its true owner.

## TO THE US AUTHORITIES

- Given that Honduras has clearly not taken effective steps to meet aid conditions pertaining to the right of human rights defenders and civil society activists to operate without interference, 50 per cent of funds appropriated for the central government of Honduras should be withheld.
- The State Department must establish effective criteria through which to measure compliance with aid conditions pertaining to civil society space in Honduras. Criteria should be developed and assessed together with local human rights defenders and should include: an increase in prosecutions of the intellectual authors of attacks against defenders, effective implementation of IACHR precautionary measures, and a marked decrease in the killings of local activists.
- Congress should use the Consolidated Appropriations Act 2017 to add an additional condition on aid, requiring that Honduras take effective steps to guarantee the free and informed consultation of all communities – and consent of indigenous and Afro-Honduran communities – prior to the granting of concessions for development projects.

- Congress should pass the Berta Cáceres Act, calling for the suspension of all US military and police aid to Honduras until human rights violations committed by security forces cease and the perpetrators are brought to justice.
- Policies and practices must be put in place to improve transparency and access to information regarding all US aid.
- The US government must work together with its Honduran counterpart to broaden participation of civil society in the oversight and implementation of the Alliance for Prosperity plan.
- The US should use its leverage over IFIs to ensure that they are not complicit in funding industries causing attacks against defenders.
- The US embassy in Honduras should desist from promoting US investment in those industries associated with human rights abuses, until the rights of local communities are protected.
- The US should increase funding for, and take increased action regarding, the protection of human rights defenders and civil society space in Honduras.

### TO ALL FOREIGN GOVERNMENTS

- Through diplomatic missions, create spaces for dialogue between companies, investors, public officials, land and environmental defenders and affected communities.
- Provide technical and financial support for implementation of the human rights defender protection law; encouraging its effective application, and safeguarding civil society participation.
- Support the mandate of the MACCIH and encourage the Honduran government to cooperate with this body.
- Focus aid efforts on strengthening local civil society, human rights defender protection and the justice system.
- Put in place policies and practices to improve access to information regarding foreign aid and investment.

### TO INTERNATIONAL BODIES

- The MACCIH should investigate at least one of the emblematic cases of corruption in the natural resource sector highlighted in this report, including through the identification of intellectual authors and chains of command in regards to attacks against land and environmental defenders.

- The MACCIH should build upon its existing efforts and increase the involvement of civil society in its work, including through broad, iterative and country-wide consultations.

- The Extractive Industries Transparency Initiative in Honduras must be better funded, should require beneficial ownership information for all projects, must produce data on payments from non-metallic mining projects to state officials, and should be adapted to include hydroelectric projects.

### TO INVESTORS AND BUSINESSES

- All companies and investors should refrain from doing business in the mining, hydroelectric, logging, agribusiness and tourism industries until the rights of local communities are protected, activists are safe to participate in decisions regarding their natural resources, and perpetrators of abuses are held to account.
- All companies and investors should abide by the UN guiding principles on business and human rights, refrain from interfering in the work of land and environmental defenders, and contribute to creating a safe and enabling environment for their work.
- All companies and investors should guarantee the informed participation of local communities and human rights defenders in decision-making, including on environmental and human rights impact assessments.
- No phase of any development project should be implemented without the free, prior and informed consent (FPIC) of any potentially affected indigenous or Afro-Honduran community. Where claims of lack of FPIC are alleged, projects should be suspended immediately until FPIC is obtained.
- Wherever a human rights defender is threatened or attacked, having raised concerns regarding a business project, all companies and investors associated with the project should condemn the threat and the project should be suspended until the activist's safety has been guaranteed.



Three members of COPINH were killed last year in the struggle for indigenous rights in Honduras. © Giles Clarke/Global Witness



## ENDNOTES

1 World Bank, 'Honduras Overview'. Available at: <http://www.worldbank.org/en/country/honduras/overview> (accessed 20 December 2016)

2 13 killings of environmental and land defenders were recorded by Global Witness in Honduras over 2016. This is in addition to 109 killings recorded between 2010 and 2015: see Global Witness Press Release (4 March 2016), 'New data on the murder rate of environmental and land activists in Honduras, the highest in the world'. Available from: <https://www.globalwitness.org/en/press-releases/global-witness-releases-new-data-murder-rate-environmental-and-land-activists-honduras-highest-world/> (accessed 4 January 2017)

3 Front Line Defenders press release, (29 August 2013) 'Honduras: killing of indigenous environmental rights defenders, Ms María Enriqueta Matute, Mr Armando Fúnez Medina, and Mr Ricardo Soto Fúnez'. Available from: <https://www.frontlinedefenders.org/en/case/killing-of-maria-enriqueta-matute-armando-funez-medina-and-ricardo-soto-funez> (accessed 22 September 2016);

4 Asociación para una Ciudadanía Participativa ACI PARTICIPA (April 2016) 'MEDIDAS CAUTELARES EN HONDURAS: SUEÑO Y REALIDAD - Informe sobre la implementación de las Medidas Cautelares de la CIDH en Honduras, 2009-2016'. Available from: [https://issuu.com/danacruz/docs/libro\\_medidas\\_cautelares](https://issuu.com/danacruz/docs/libro_medidas_cautelares) (accessed December 8 2016)

5 The new Mining Law of 2013 allows foreign mining companies to receive mining concessions, ending an eight-year closure of the sector due to the repeal, by the Supreme Court, of several articles of the 1999 General Mining Law. Analysts estimate that the 1999 law led to the earmarking of 30% of Honduran territory for foreign mining concessions. See, for example: Paul Epstein and Dan Ferber (University of California Press, 2011), 'Changing Planet, Changing Health', p. 255; and USAID, 'COUNTRY PROFILE PROPERTY RIGHTS AND RESOURCE GOVERNANCE HONDURAS'. Available from: [http://www.land-links.org/wp-content/uploads/2016/09/USAID\\_Land\\_Tenure\\_Honduras\\_Profile\\_0.pdf](http://www.land-links.org/wp-content/uploads/2016/09/USAID_Land_Tenure_Honduras_Profile_0.pdf) (Accessed 20 December 2016). However, it is not clear how much land has been granted for concessions since the passing of the new 2013 law.

6 An example of the weakened environmental framework is the new Environmental Licensing System, established in October 2015, which will allow development projects to obtain an environmental license in just one week, drastically reducing the opportunity for community participation and civil society oversight. See: Honduran Government press release (October 19 2016), 'Nuevo Sistema de Licenciamiento Ambiental Simplificado Ayudará a Mejorar la Competitividad de Honduras'. Available from: <http://www.gobernabilidad.gob.hn/index.php/2014-03-03-12-51-37/item/1351-nuevo-sistema-de-licenciamiento-ambiental-simplificado-ayudara-a-mejorar-la-competitividad-de-honduras> (accessed 20 December 2016).

A series of laws and policies have contributed to the increased privatization of water provision in Honduras, including, for example: 'Plan Estratégico de Modernización del Sector Agua Potable y Saneamiento (PEMAPS)' (January 2006). Available from: <http://www.ersaps.hn/documentos/interes/PEMAPS.pdf> (accessed 20 December 2016).

This report contains ample evidence of how international law and national policies on community consultation by business are being routinely ignored

7 Front Line Defenders urgent appeal, (14 July 2016) 'Break in and theft of key evidence at the office of the Movement of Dignity and Justice'. Available from: <https://www.frontlinedefenders.org/en/case/case-history-movement-dignity-and-justice> (accessed 18 November 2016); Fusion News, (3 October 2016) 'Berta Cáceres' case file was stolen. Is Honduras bungling this murder investigation on purpose?' Available from: <http://fusion.net/story/353241/bertha-caceres-case-file-was-stolen-is-honduras-bungling-this-murder-investigation-on-purpose/> (accessed 18 November 2016); and Global Witness press release, (3 May 2016) 'Those who ordered Berta Cáceres' murder must be held to account, not just the gunmen'. Available from: <https://www.globalwitness.org/en/press-releases/those-who-ordered-bertha-caceres-murder-must-be-held-account-not-just-triggermen/> (accessed 18 November 2016)

8 The husband of Gladis López is Arnold Gustavo Castro, the sole director of Inversiones Aurora and Inversiones Encinos, the companies that own the Los Encinos and La Aurora hydroelectric dams. The two dams are run-of-the-river hydroelectric projects that include the construction of small dams but no large reservoirs. In 2010, at the time when Gladis Lopez was Secretary of Congress, contracts were approved for both dams. At that time Inversiones Encinos was called Hidroeléctrica de la Sierra S.A. (Hidrosierra). For more information see Chapter 3: The National Party's president and her links to illegal dams.

9 See Chapter 5: Businessman Lenir Pérez's mining operation

10 See Chapter 4: Berta Cáceres' killing and the shady interests behind the Agua Zarca dam

11 See Chapter 6: The massacre of Tolupan communities

12 See Chapter 7 : Garifuna people and the powers behind Honduras' tourism development

13 13 killings of environmental and land defenders were recorded by Global Witness in Honduras over 2016. This is in addition to 109 killings recorded between 2010 and 2015: see Global Witness Press Release (4 March 2016), 'New data on the murder rate of environmental and land activists in Honduras, the highest in the world'. Available from: <https://www.globalwitness.org/en/press-releases/global-witness-releases-new-data-murder-rate-environmental-and-land-activists-honduras-highest-world/> (accessed 4 January 2017)

14 International Service for Human Rights article, (25 September 2015), 'Honduras: Prioritise and urgently implement UPR recommendations to protect human rights defenders'. Available from: <http://www.ishr.ch/news/honduras-prioritise-and-urgently-implement-upr-recommendations-protect-human-rights-defenders> (accessed 18 November 2016)

15 Noticias Terra, (6 April 2015), 'Gobierno de Honduras denuncia campaña de desprestigio de partidos opositores'. Available from: <https://noticias.terra.com/mundo/latinoamerica/gobierno-de-honduras-denuncia-campana-de-desprestigio-de-partidos-opositores,d1d98e1a8b19c410vgnCLD200000b1bf46d0RCRD.html> (accessed 18 November 2016); and International Service for Human Rights (16 April 2015), 'Honduras: End defamation of human rights defenders, guarantee their security and legislate for their effective protection'. Available from: <http://www.ishr.ch/news/honduras-end-defamation-human-rights-defenders-guarantee-their-security-and-legislate-their> (accessed 20 December 2016)

16 Comité por la Libre Expresión, (11 November 2016), 'Una vez más: presidente Hernández criminaliza defensores y defensoras'. Available from: <http://www.clibre-honduras.com/alerta/una-vez-m%C3%A1s-presidente-hern%C3%A1ndez-criminaliza-defensores-y-defensoras> (accessed 29 November 2016)

17 Since 2006, 13 of the 49 human rights defenders for whom the Honduran state ought to provide emergency measures, according to orders of the Inter-American Commission on Human Rights, have been murdered in spite of this additional obligation upon the state to protect them. See: Asociación para una Ciudadanía Participativa ACI PARTICIPA (April 2016), 'MEDIDAS CAUTELARES EN HONDURAS: SUEÑO Y REALIDAD - Informe sobre la implementación de las Medidas Cautelares de la CIDH en Honduras, 2009-2016'. Available from: [https://issuu.com/danacruz/docs/libro\\_medidas\\_cautelares\\_](https://issuu.com/danacruz/docs/libro_medidas_cautelares_) (accessed December 8 2016)

18 Complaint to public ministry by Ana Miriam Romero (27 October 2015)

19 Complaint to public ministry by Ana Miriam Romero (27 October 2015)

20 CEHPRODEC, (2015) 'Resumen de los últimos acontecimientos ocurridos en la zona indígena lenca del municipio de Santa Elena la paz, Honduras'

21 CEHPRODEC, (2015) 'Resumen de los últimos acontecimientos ocurridos en la zona indígena lenca del municipio de Santa Elena la paz, Honduras'

22 CEHPRODEC, (2015) 'Resumen de los últimos acontecimientos ocurridos en la zona indígena lenca del municipio de Santa Elena la paz, Honduras'

23 According to Ana Miriam Romero's lawyers, she identified the armed civilians in the attack as members of a family who were pressurizing for the installation of the Los Encinos project. A book of meeting minutes which contained the ID numbers of the leaders of MILPAH – the indigenous organisation fighting the dam – was also taken during the incident. See: CEHPRODEC, (2015) 'Resumen de los últimos acontecimientos ocurridos en la zona indígena lenca del municipio de Santa Elena la paz, Honduras'; and Front Line Defenders (2016), Ana Miriam Romero. Available from: <https://www.frontlinedefenders.org/en/profile/ana-miriam-romero> (accessed 20 December August 2016)

24 Silvestre Manueles Gómez, *indigenous rights campaigner from Santa Elena*, killed May 2015. CEHPRODEC (8 June 2016), Denuncia en la Fiscalía de las Etnias el brutal asesinato de indígena en las riberas del Río Chinacla. Available from: <http://www.cephrodec.org/index.php/noticias/40-denuncia-en-la-fiscalia-de-las-etnias-el-brutal-asesinato-de-indigena-en-las-riberas-del-rio-chinacla>; and Front Line Defenders (11 May 2016), 'Honduras – Amenazas de muerte e intimidación contra la defensora de derechos humanos Ana Miriam Romero' Available from: [file:///C:/Users/Defenders2016Res/Downloads/honduras\\_-\\_amenazas\\_de\\_muerte\\_e\\_intimidacion\\_contra\\_la\\_defensora\\_de\\_derechos\\_humanos\\_ana\\_](http://C:/Users/Defenders2016Res/Downloads/honduras_-_amenazas_de_muerte_e_intimidacion_contra_la_defensora_de_derechos_humanos_ana_)

mirian\_romero.pdf (accessed 21 December 2016)

25 CEHPRODEC (5 January 2015), 'Urge esclarecer Asesinato de Indígena Lenca'. Available from: <http://www.cehprodec.org/index.php/noticias/26-urge-esclarecer-asesinato-de-indigena-lenca> (accessed 31 August 2016) and Rights Action (22 January 2015), 'Assassination of Juan Francisco Martínez Lenca indigenous community and environmental defender resisting construction of illegal hydroelectric dam in Honduras'. Available from: <http://www.rightsaction.org/action-content/assassination-juan-francisco-martinez-lenca-indigenous-community-environmental> (accessed 31 August 2016)

26 CEHPRODEC (5 January 2015), 'Urge esclarecer Asesinato de Indígena Lenca'. Available from: <http://www.cehprodec.org/index.php/noticias/26-urge-esclarecer-asesinato-de-indigena-lenca> (accessed 31 August 2016), CEHPRODEC (5 Jan 2015), '¿Porqué asesinar a Juan Francisco?' Available from: <http://www.cehprodec.org/index.php/noticias/25-porque-asesinar-a-juan-francisco> (accessed 31 August 2016) and Front Line Defenders (16 January 2015), 'Asesinato y tortura del defensor de derechos humanos Juan Francisco Martínez' Available from: <https://www.frontlinedefenders.org/es/case/historia-del-caso-juan-francisco-martinez#case-update-id-921> (accessed 20 December 2016)

27 Front Line Defenders (5 February 2015), 'Arson attack at the home of human rights defenders Ana Mirian Romero and Rosario Vasquez Pineda'. Available from: <https://www.frontlinedefenders.org/en/case/case-history-ana-mirian-romero#case-update-id-1004> (accessed 31 August 2016)

28 See Gladis Aurora López's Twitter profile <https://twitter.com/glalocal> (accessed 30 August 2016)

29 For Arnold Gustavo Castro as Gladis Aurora López's husband see: La Tribuna (26 January 2015), 'Gladys Aurora López' Available from: <http://www.latribuna.hn/2015/01/26/gladis-aurora-lopez-3/> (accessed 30 August 2016); for Arnold Castro as the owner of Los Encinos, see: Santa Elena municipality mayor's office (18 October 2013), Certification of meeting minutes; for Arnold Castro as the owner of La Aurora, see: secretary of state for the interior and population departments (7 October 2010), Certification of decision by the legal services unit.

Inversiones Encinos is the company that owns the Los Encinos dam whilst Inversiones La Aurora owns the La Aurora dam. As sole director of both companies Global Witness considers that he effectively controls the companies and represents their interests.

30 The spouses of public officials who have influence over the relevant tendering process are prohibited under Honduran law to enter into contracts, see: Article 15.6 of the state contracting law. Hydroelectric dam concessions have to be approved by Congress (where Ms. López is a congresswoman), see, for example: Honduran Congress press release (22 January 2015), 'Congreso Nacional aprueba varios contratos para generación de energía limpia'. Available from: <http://www.congresonacional.hn/index.php/2014-02-10-22-24-42/2013-03-22-09-53-34/item/755-congreso-nacional-aprueba-varios-contratos-para-generacion-de-energia-limpia.html> (accessed 30 August 2016). See also: Article 204 of Honduras' Constitution at <http://www.parliament.am/library/sahmanadrutyunner/Honduras.pdf> (accessed 30 August 2016), which states that "No deputy may hold property of the State as a lessee directly or indirectly, or obtain contracts or concessions of any kind from it".

31 Criterio, (2 November 2015), 'Indígenas acusan a vice presidente del Parlamento de hondureño de apropiarse de un río'. Available from: <http://criterio.hn/2015/11/02/indigenas-acusan-a-vicepresidenta-del-parlamento-hondureno-de-apropriarse-de-un-rio/> (accessed 18 November 2016)

32 Lenca Indigenous Movement of La Paz (MILPAH) request to prosecutor's office for indigenous affairs for criminal investigation (12 December 2013); and Peace Brigades International Honduras Briefing (10 December 2014), 'On international human rights day PBI Honduras urges the international community to monitor the security situation of small scale farmers and indigenous peoples in the municipality of Santa Elena, Department of La Paz, Honduras'. Available from: [http://www.pbi-honduras.org/fileadmin/user\\_files/projects/honduras/Publications/Pbi\\_Honduras\\_briefing\\_Santa\\_Elena\\_10\\_December\\_2014\\_\\_EN.pdf](http://www.pbi-honduras.org/fileadmin/user_files/projects/honduras/Publications/Pbi_Honduras_briefing_Santa_Elena_10_December_2014__EN.pdf) (accessed 31 August 2016)

33 Representatives of the communities denounced local mayor Alexis Ventura Vásquez, a member of López' National Party, for failing to consult them when approving a feasibility study for the dam in October 2013.

For communities' complaint, see: Lenca indigenous movement of La Paz (MILPAH) request to prosecutor's office for indigenous affairs for criminal investigation (12 December 2013). For Alexis Ventura Vásquez as National Party member, see: ministry of human rights, justice, governance and decentralization (30 July 2014), Oficio SG 859 2015; Santa Elena municipality mayor's office (18 October 2013), Certification of meeting minutes

34 MILPAH complaint to Marcala prosecutor's office (4 September 2014); and Peace Brigades International Honduras Briefing (10 December 2014) 'On international human rights day PBI Honduras urges the international community to monitor the security situation of small scale farmers and indigenous peoples in the municipality of Santa Elena, department of La Paz, Honduras'. Available from: [http://www.pbi-honduras.org/fileadmin/user\\_files/projects/honduras/Publications/Pbi\\_Honduras\\_briefing\\_Santa\\_Elena\\_10\\_December\\_2014\\_\\_EN.pdf](http://www.pbi-honduras.org/fileadmin/user_files/projects/honduras/Publications/Pbi_Honduras_briefing_Santa_Elena_10_December_2014__EN.pdf) (accessed 31 August 2016)

35 Global Witness interview with Lenca indigenous movement of La Paz (MILPAH), (23 October 2015)

36 Global Witness interview with Lenca indigenous movement of La Paz (MILPAH), (23 October 2015). MILPAH told Global Witness that Gladis López's officials had arranged for seven trucks, each carrying around 80 Salvadorians from the town of La Nahuaterique to attend the meeting - claiming falsely to be affected communities and sign in favour of the dam.

37 Santa Elena Municipality (6 October 2014), Minutes from consultation on dam feasibility study

38 MILPAH received negative responses from Santa Elena mayor's office on 22 October 2015 and 23 January 2015

39 Santa Elena Municipality (6 October 2014), Minutes from consultation on dam feasibility study

40 Global Witness interview with MILPAH's lawyer, Donald Hernández of the Honduran NGO CEHPRODEC (23 October 2015)

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43 Global Witness interview with MILPAH, (23 October 2015)

44 Global Witness interview with ex-San José Councillor (26 October 2015) and communication with the same ex-Councillor (21 December 2016). A member of the San José council at the time the project was being discussed told Global Witness that the town's mayor, José Abel García, said the dam would be approved 'no matter what'. The councillor resigned after the mayor offered a post in local government with particularly favourable conditions, in order to try and bribe the Councillor to stop opposing the project.

45 On 10 June 2016, Norman Gilberto Ochoa, a high-ranking official at the SERNA, was found guilty of having approved the environmental license without consulting indigenous groups, thus breaching international law. Tiempo (10 June 2016), 'Confirman Auto de Formal Procesamiento contra exviceministro de SERNA'. Available from: <http://tiempo.hn/confirman-auto-formal-procesamiento-exviceministro-serna/> (accessed 30 August 2016)

46 A book of meeting minutes which contained the ID numbers of MILPAH's leaders was also taken during the incident. CEHPRODEC, (2015) 'Resumen de los últimos acontecimientos ocurridos en la zona indígena lenca del municipio de Santa Elena la paz, Honduras'

47 Global Witness interview with Felipe Benítez, (23 October 2016)

48 FIDH-OMCT press release (23 December 2015), 'Asesinato del Sr. Javier Vásquez Benítez, integrante del Movimiento Indígena Independiente Lenca de la Paz - Honduras (MILPAH)'. Available from: <https://www.fidh.org/es/temas/defensores-de-derechos-humanos/honduras-asesinato-del-sr-javier-vasquez-benitez-integrante-del>

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50 The IDB has consistently invested in the development of renewable energy projects in Honduras. Notable since 2008 are project HO-L1019 with a total cost of US\$31,310,000, project HO-T1094 with a total cost of US\$312,500, project HO-T1176 with a total cost of US\$195,000, project HO-L1039 with a total cost of US\$22,930,000, project HO-M1048 with a total cost of US\$ 21,000,000, project HO-L1070 with a total cost of US\$130,000,000, project HO-T1210 with a total cost

of US\$ 460,000, project HO-L1102 with a total cost of US\$291,180,000, project HO-T1219 with a total cost of US\$500,000, project HO-T1221 with a total cost of US\$500,000, project HO-X1035 with a total cost of US\$3,000,000, project HO-X1033 with a total cost of US\$20,000,000, project HO-X1032 with a total cost of US\$950,000, project HO-M1048 with a total cost of US\$21,000,000, and project HO-L1118 with a total cost of US\$ 40,000,000. The bank is also financing agribusiness projects. Information available at: <http://www.iadb.org/en/projects/projects,1229.html> (accessed 15 October 2016).

The IFC's support to the bank Ficohsa (in 2007 and 2010) and the agribusiness giant Dinant are well known. It has since invested US\$ 30 million in the La Vegona hydroelectric project and US\$ 45 million in Banco Atlantida, which is "very active in the agribusiness, commerce, tourism and infrastructure sectors" and US\$ 10 million in Banco Financiera Centroamericana, which finances "key agribusiness operators". US\$46 million and US\$ 31 million went to solar power plants in 2014, with another US\$26 million in 2015. Information available at [http://www.ifc.org/wps/wcm/connect/corp\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+projects+database/projects](http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/ifc+projects+database/projects) (accessed 15 October 2016)

51 Contravening Article 15 paragraph 6 of the Honduras state contracting law and article 204 of the constitution

52 'It is illegal for members of Congress to obtain a contract or concession either directly or indirectly from the state, see Article 204 of Honduras' Constitution at <http://www.parliament.am/library/sahmanadrutyunner/Honduras.pdf> (accessed 30 August 2016) and spouses of public officials who have influence over the relevant tendering process are prohibited under Honduran law to enter into contracts, see Article 15.6 of the State Contracting Law. Hydroelectric dam concessions have to be approved by Congress (where Ms. López is a congress woman), see for example Honduran Congress press release (22 January 2015), Congreso Nacional aprueba varios contratos para generación de energía limpia. Available from: <http://www.congresonacional.hn/index.php/2014-02-10-22-24-42/2013-03-22-09-53-34/item/755-congreso-nacional-aprueba-varios-contratos-para-generacion-de-energia-limpia.html> (accessed 30 August 2016)

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- 101 Sources confirmed to Global Witness that José Antonio Flores, a friend of Lenir Pérez, arranged a meeting with the coordinator of MADJ, the organisation leading the opposition to the mine, at a luxury hotel in San Pedro Sula in June 2012. In that meeting José Antonio Flores said Pérez was prepared to offer US\$1 million to MADJ to stop their opposition to his mining project. The MADJ representative refused the bribe. See Global Witness interview with two members of MADJ (29 and 31 October 2015)
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minera no metálica “Buena Vista I”, pp. 22-24

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199 For more on the State obligation and business responsibility and case for consulting and protecting human rights defenders, see International Service for Human Rights (ISHR) and the International Corporate Accountability Roundtable (ICAR) joint report (June 2016), 'Human rights defenders in national action plans (NAPs) on business and human rights', pp. 5-9. Available from: <http://icar.ngo/wp-content/uploads/2016/06/HRDs-English-FINAL.pdf> (accessed 29 November 2016)

200 This has been confirmed by the UN Special Rapporteur on indigenous peoples in her recent report on Honduras, see: A/HRC/33/42/Add.2 (21 July 2016), 'Report of the special rapporteur on the rights of indigenous peoples on her visit to Honduras', report paragraph 46 and annex paragraph 5. Available from: <https://documents-dds-ny.un.org/doc/UNDOC/GEN/G16/162/03/PDF/G1616203.pdf?OpenElement> (accessed 30 November 2016)

201 The following guidance is amongst that which ought to be consulted:

UN sub-commission on the promotion and protection of human rights, working group on indigenous populations, 23rd session (14 July 2005), 'Legal commentary on the standard of free, prior and informed consent'. Available from: [www2.ohchr.org/english/issues/indigenous/docs/wgip23/WP1.doc](http://www2.ohchr.org/english/issues/indigenous/docs/wgip23/WP1.doc) (accessed 29 November 2016); UN REDD programme guidelines (January 2013), 'Guidelines on FPIC'. Available from: <http://www.uncclern.org/sites/default/files/inventory/un-redd05.pdf> (accessed 29 November 2016);

IFC (1 January 2012), 'IFC performance standards on environmental and social sustainability'. Available from: [http://www.ifc.org/wps/wcm/connect/c8f524004a-73daeca09afd998895a12/IFC\\_Performance\\_Standards.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/c8f524004a-73daeca09afd998895a12/IFC_Performance_Standards.pdf?MOD=AJPERES) (accessed 29 November 2016);

Organisation for Economic Cooperation and Development guidelines (January 2011), 'OECD guidelines on multinational enterprises'. Available from: <https://www.oecd.org/corporate/mne/48004323.pdf> (accessed 29 November 2016);

World Bank (August 2016) 'Environmental and social framework'. Available from [http://consultations.worldbank.org/Data/hub/files/consultation-template/review-and-update-world-bank-safeguard-policies/en/materials/the\\_esf\\_clean\\_final\\_for\\_public\\_disclosure\\_post\\_board\\_august\\_4.pdf](http://consultations.worldbank.org/Data/hub/files/consultation-template/review-and-update-world-bank-safeguard-policies/en/materials/the_esf_clean_final_for_public_disclosure_post_board_august_4.pdf) (accessed 8 December 2016);

UN OHCHR (April 2011), 'Guiding principles on business and human rights'. Available from: [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf) (accessed 29 November 2016)

**202** For background information on the MACCIH, see The Wilson Centre Latin America Program publication (5 October 2015), 'Nine questions and observations about Honduras's new anti-corruption mechanism'. Available from: [https://www.wilsoncenter.org/sites/default/files/nine\\_questions\\_and\\_observations\\_about\\_maccih.pdf](https://www.wilsoncenter.org/sites/default/files/nine_questions_and_observations_about_maccih.pdf) (accessed 29 November 2016); Wilson Centre Latin America Program publication (14 November 2015), 'Strengthening the MACCIH: next steps in Honduras' fight against corruption and impunity'. Available from: [https://www.wilsoncenter.org/sites/default/files/honduras\\_maccih\\_next\\_steps.pdf](https://www.wilsoncenter.org/sites/default/files/honduras_maccih_next_steps.pdf) (accessed 29 November 2016); and Wilson Centre Latin America Program publication (10 December 2015), 'Putting teeth in the MACCIH agreement'. Available from: [https://www.wilsoncenter.org/sites/default/files/putting\\_teeth\\_in\\_the\\_maccih\\_agreement.pdf](https://www.wilsoncenter.org/sites/default/files/putting_teeth_in_the_maccih_agreement.pdf) (accessed 29 November 2016)

**203** UN Sub-commission on the promotion and protection of human rights, working group on indigenous populations, 23rd session (14 July 2005), 'Legal commentary on the standard of FPIC'. Available from: [www2.ohchr.org/english/issues/indigenous/docs/wgip23/WP1.doc](http://www2.ohchr.org/english/issues/indigenous/docs/wgip23/WP1.doc) (accessed 29 November 2016)

**204** UN Declaration on the Rights of Indigenous Peoples, Article 10. Available from: [http://www.un.org/esa/socdev/unpfii/documents/DRIPS\\_en.pdf](http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf) (accessed 30 November 2016)

**205** UN International Covenant on Civil and Political Rights, Article 25. Available from: <http://www.ohchr.org/en/professionalinterest/pages/ccpr.aspx> (accessed 30 November 2016)

**206** The draft law developed by the Observatorio de los Pueblos Indígenas y Negros de Honduras (ODHPINH), and introduced in Congress by Congressman Rafael Alegria, represents the best proposal seen by Global Witness, and ought to guide Congress in their deliberations

**207** As well as the guidance listed in Endnote 204, Congress should take into account the paragraph regarding 'CONSULTA PREVIA' in 'Sentence T-660/15' by the Colombian Constitutional Court. Available from: <http://www.corteconstitucional.gov.co/relatoria/2015/t-660-15.htm> (accessed 20 December 2016); and Oxfam America (September 2013), 'Free Prior and Informed Consent in the Philippines - Regulations and Realities'. Available from: <https://www.oxfamamerica.org/static/media/files/fpic-in-the-philippines-september-2013.pdf> (accessed 20 December 2016)

**208** Asociación para una Ciudadanía Participativa ACI PARTICIPA (April 2016), 'MEDIDAS CAUTELARES EN HONDURAS: SUEÑO Y REALIDAD - Informe sobre la implementación de las Medidas Cautelares de la CIDH en Honduras, 2009-2016'. Available from: [https://issuu.com/danacruz/docs/libro\\_medidas\\_cautelares](https://issuu.com/danacruz/docs/libro_medidas_cautelares) (accessed December 8 2016)

**209** The report also emphasised budget limitations, the absence of proper investigations into the origins, causes and perpetrators of threats and attacks, plus inadequate staffing. Asociación para una Ciudadanía Participativa ACI PARTICIPA (April 2016), 'MEDIDAS CAUTELARES EN HONDURAS: SUEÑO Y REALIDAD - Informe sobre la implementación de las Medidas Cautelares de la CIDH en Honduras, 2009-2016'. Available from: [https://issuu.com/danacruz/docs/libro\\_medidas\\_cautelares](https://issuu.com/danacruz/docs/libro_medidas_cautelares) (accessed December 8 2016)

**210** Diario Oficial de la Republica de Honduras, La Gaceta (May 2015)

**211** Joint Letter by 20 international NGO's to Rigoberto Chang Castillo, Honduras' Secretary for Human Rights, Justice, Interior and Decentralization, regarding the Law for the Protection of Human Rights Defenders, Journalists, Social Communicators and Legal Practitioners (13 August 2015). Available from: [http://files.flipsnack.net/iframehtml5/embed.html?hash=fdxmwj5i7&fullscreen=1&startindex=0&previous\\_page=true&startPage=1&t=14397844581439784458&bw=1&pbs=1](http://files.flipsnack.net/iframehtml5/embed.html?hash=fdxmwj5i7&fullscreen=1&startindex=0&previous_page=true&startPage=1&t=14397844581439784458&bw=1&pbs=1) (accessed 29 November 2016); and Centre for Justice and International Law and Protection International (2015), 'Observations to the law for the protection of human rights defenders, journalists, social communicators and legal practitioners'. Available from: [https://www.ishr.ch/sites/default/files/article/files/analysis-ley-de-proteccion-para-defensores-as\\_translated\\_final.pdf](https://www.ishr.ch/sites/default/files/article/files/analysis-ley-de-proteccion-para-defensores-as_translated_final.pdf) (accessed 18 November 2016).

**212** The regulations were published as 'ACUERDO EJECUTIVO No. 59-2016' in La Gaceta (20 August 2016). Available from: <http://www.tzibalnaah.unah.edu.hn/bitstream/handle/123456789/4042/20160820.pdf?sequence=2&isAllowed=y> (accessed 29 November 2016)

**213** Prior to supporting the development of the Law's operative regulations, international advisors carried out a diagnosis of the law's implementation to date. See: Chantal Pasquarello and Juan Carlos Gutiérrez (11 April 2016), 'CONSULTORIA: Garantizar y facilitar la participación activa construcción de consensos y confianzas de los actores involucrados en la elaboración de reglamentación de la "LEY DE PROTECCIÓN PARA LAS Y LOS DEFENSORES DE DERECHOS HUMANOS, PERIODISTAS, COMUNICADORES SOCIALES Y OPERADORES DE JUSTICIA"'

**214** Texas Tribune (15 September 2016), 'Illegal Central American Immigration Surges Again at U.S. Border'. Available from: <https://www.texastribune.org/2016/09/15/central-american-illegal-immigration-us-border-look/> (accessed 4 January 2017)

**215** IDB projects HO-T1094, HO-M1048, HO-T1210, HO-L1102 and HO-X1035, for example, include an emphasis on the generation of hydropower. Projects HO-L1019, HO-T1176, HO-L1039, HO-L1070 and HO-L1118, meanwhile, include resources for the development of infrastructure and policy frameworks which are favourable to the production of hydropower. See the Inter-American Development Bank Project Database. Available at: <http://www.iadb.org/en/projects/projects,1229.html> (Accessed December 21 2016).

The IFC has invested USD 30 million in a hydropower through project 28139, and has also invested USD 45million through project 30694 in Banco Atlantida, which has backed hydropower projects. See the International Finance Corporation Project Database. Available at: [http://www.ifc.org/wps/wcm/connect/corp\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+projects+database/projects](http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/ifc+projects+database/projects) (Accessed December 21 2016)

**216** Peter J. Meyer, Congressional Research Service, (23 May 2016), 'Honduras: background and US relations'. Available from: <https://www.fas.org/sgp/crs/row/RL34027.pdf> (accessed 30 November 2016)

**217** The White House press release and report (14 January 2016), 'US Strategy for Engagement in Central America'. Available from: [https://www.whitehouse.gov/sites/default/files/docs/central\\_america\\_strategy.pdf](https://www.whitehouse.gov/sites/default/files/docs/central_america_strategy.pdf) (accessed 18 November 2016)

**218** US Congress, (18 December 2015), 'Public Law 113-114: HR2029-Consolidated Appropriations Act 2016', p. 556. Available from: <https://www.congress.gov/114/plaws/publ113/PLAW-114publ113.pdf> (accessed 30 November 2016)

**219** Centre for International Policy, 'Security assistance monitor: Honduras'. Available from: <http://securityassistance.org/honduras> (accessed 18 November 2016)

**220** The Guardian (21 June 2016), 'Berta Cáceres's name was on Honduran military hitlist, says former soldier'. Available from: <https://www.theguardian.com/world/2016/jun/21/berta-caceres-name-honduran-military-hitlist-former-soldier> (accessed 2 September 2016); and The Daily Beast (8 May 2016), 'Army Major, Corporate Goons Charged in Murder of Berta Cáceres in Honduras'. Available from: <http://www.thedailybeast.com/articles/2016/05/08/did-corporate-goons-plot-to-murder-activist-berta-caceres.html> (accessed 2 September 2016)

**221** A/HRC/33/42/Add.2 (21 July 2016), 'Report of the special rapporteur on the rights of indigenous peoples on her visit to Honduras', particularly the annex. Available from: <https://documents-dds-ny.un.org/doc/UNDOC/GEN/G16/162/03/PDF/G1616203.pdf?OpenElement> (accessed 30 November 2016)

**222** Center for Economic and Policy Research (7 October 2013), 'New report details multilateral development bank, US role in human rights abuses in Rio Blanco, Honduras'. Available from: <http://cepr.net/blogs/the-americas-blog/new-report-details-multilateral-development-bank-us-role-in-human-rights-abuses-in-rio-blanco-honduras> (accessed 18 November 2016); and Rights Action (3 October 2013), 'The Agua Zarca Dam and Lenca Communities in Honduras: Transnational Investment Leads to Violence against and Criminalization of Indigenous Communities'. Available from: [http://rightsaction.org/sites/default/files/Rpt\\_131001\\_Rio-Blanco\\_Final.pdf](http://rightsaction.org/sites/default/files/Rpt_131001_Rio-Blanco_Final.pdf) (accessed 20 December 2016)

**223** The IFC provided US\$20 million to Ficohsa in 2007 prior to their investment in Indura (a US\$15 million loan and US\$5 million to finance their SME portfolio) and US\$66.5 million in 2011 (up to US\$28.5 million in common shares and up to US\$38 million in subordinated debt), the same year Ficohsa invested in Indura. The IFC's support to Ficohsa (in 2007 and 2010) and Dinant are well known. See the International Finance Corporation Project Database. Available at: [http://www.ifc.org/wps/wcm/connect/corp\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+projects+database/projects](http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/ifc+projects+database/projects) (Accessed 12 October 2016)



- 224** Bretton Woods Project Press Release (5 April 2016), 'IFC investments through financial intermediaries linked to human rights abuses in Honduras, again'. Available from: <http://www.brettonwoodsproject.org/2016/04/20361/> (accessed 12 October 2016); and OFRANEH (9 October 2015), 'Complaint to Compliance Advisor Ombudsman'. Available from: [http://www.cao-ombudsman.org/cases/document-links/documents/REDACTEDLetterofComplaint\\_Tela\\_Honduras\\_October\\_9\\_2015.pdf](http://www.cao-ombudsman.org/cases/document-links/documents/REDACTEDLetterofComplaint_Tela_Honduras_October_9_2015.pdf) (accessed 12 October 2016)
- 225** Bretton Woods Project press release (5 April 2016), 'IFC investments through financial intermediaries linked to human rights abuses in Honduras, again'. Available from: <http://www.brettonwoodsproject.org/2016/04/20361/> (accessed 12 October 2016); and OFRANEH (9 October 2015), 'Complaint to Compliance Advisor Ombudsman'. Available from: [http://www.cao-ombudsman.org/cases/document-links/documents/REDACTEDLetterofComplaint\\_Tela\\_Honduras\\_October\\_9\\_2015.pdf](http://www.cao-ombudsman.org/cases/document-links/documents/REDACTEDLetterofComplaint_Tela_Honduras_October_9_2015.pdf) (accessed 12 October 2016)
- 226** The Guardian (23 January 2014), 'World Bank forced into u-turn over Honduras loan row'. Available from: <https://www.theguardian.com/global-development/2014/jan/23/world-bank-ifc-forced-uturn-honduras-dinant> (accessed 12 October 2016)
- 227** Radio Progreso (29 July 2016), 'Comunidades de Victoria, Yoro frenan intenciones amañadas de empresario hidroeléctrico'. Available from: <http://radioprogreso.net/index.php/comunicaciones/noticias/item/3072-comunidades-de-victoria-yoro-frenan-intenciones-ama%C3%B1adas-de-empleado-hidroel%C3%A9ctrico> (accessed 30 November 2016); and IFC (11 November 2010) 'Proposed investment summary for La Vegona, Compania Hondurena de Energia Renovable SA de CV'. Available from: <http://ifcextapps.ifc.org/ifcext/spiwebsite1.nsf/78e3b305216fcd8a85257a8b0075079d/bf1f10a4885f-6773852577d800742e35?opendocument> (accessed 30 November 2016)
- 228** Bank Information Centre, 'IFC'. Available from: <http://www.bankinformation-center.org/resources/institutions/ifc/#Structure> (accessed 18 November 2016)
- 229** Active OPIC Projects. Available from: <https://www3.opic.gov/ActiveProjects-Map/Default.aspx#projectList-container> (accessed 21 December 2016).
- 230** Statistics from 2015 show USD \$102.91 million loaned to energy projects, USD \$88.42 million for reform and modernisation and USD \$69.25 million to trade, representing 35,30 and 24 per cent respectively of all projects funded by the IDB in 2015. Information available at: <http://www.iadb.org/en/projects/projects,1229.html> (Accessed 15 September 2016)
- 231** USD \$563337500 was committed to projects. Total calculated as a sum investment from projects HO-L1019, HO-T1094, HO-T1176, HO-L1039, HO-M1048, HO-L1070, HO-T1210, HO-L1102, HO-T1219, HO-T1221, HO-X1035, HO-X1033, HO-X1032, HO-M1048 and HO-L1118. Information available at: <http://www.iadb.org/en/projects/projects,1229.html> (Accessed 15 September 2016)
- 232** IDB, search filter on projects database for agribusiness projects in Honduras. Available from: <http://www.iadb.org/en/projects/project-details,1301.html?Country=HO&Sector=AG&Status=&query=> (accessed 18 November 2016)
- 233** A/HRC/33/42/Add.2 (21 July 2016), 'Report of the special rapporteur on the rights of indigenous peoples on her visit to Honduras', Annex, p. 22. Available from: <https://documents-dds-ny.un.org/doc/UNDOC/GEN/G16/162/03/PDF/G1616203.pdf?OpenElement> (accessed 30 November 2016). In paragraphs 58 and 61, Rapporteur says: 'Los bancos inversionistas... deben ser conscientes de sus responsabilidades al haber tenido relaciones comerciales con una empresa implicada en actos que constituyen delitos y graves violaciones de derechos humanos. Aun antes del asesinato de Berta Cáceres se habían producido graves violaciones de los derechos humanos, incluyendo amenazas, actos de agresión y muertes cometidas por agentes militares, personas vinculadas con la empresa o simpatizantes del proyecto. Es preocupante que, no obstante esta situación, los bancos inversionistas nunca vieran motivo para cuestionar el apoyo que brindaban al proyecto, pese a que, según el FMO, se habían realizado de manera continua estudios y viajes de debida diligencia y se contrataron consultores para averiguar los impactos del proyecto....Dada la gravedad de las violaciones de derechos humanos y los delitos vinculados con el proyecto, cabría preguntarse sobre la responsabilidad compartida de FMO, Finnfund y BCIE por estos actos... El simple hecho de estar asociada con una empresa implicada en acciones delictivas y de violaciones de derechos humanos, aun sin reunir los requisitos técnicos de complicidad penal, debe considerarse como una condición inaceptable para cualquier empresa o institución financiera, que pone entredicho su reputación y credibilidad en la toma de decisiones'.
- In paragraph 75, she concludes: 'Las instituciones internacionales financieras, países donantes y el sector financiero y empresarial del país deben asegurarse de que en sus relaciones comerciales o de otro tipo con empresas que realicen proyectos de desarrollo o inversión en o alrededor de territorios indígenas, se garanticen los derechos de los pueblos indígenas y su participación y consulta, de conformidad con los estándares internacionales de derechos humanos'.
- 234** These obligations include adherence to the UN Declaration on the Right and Responsibility of Individuals, Groups and Organs of Society to Promote and Protect Universally Recognized Human Rights and Fundamental Freedoms, (G.A. Res. 53/144, 9 December 1998); and conventions related to free, prior, and informed consent.
- 235** International Service for Human Rights special edition report (November 2015), 'Human rights Defenders and Corporate Accountability'. Available from: [http://www.ishr.ch/sites/default/files/documents/business\\_and\\_human\\_rights\\_monitor\\_-\\_english\\_november\\_2015-final\\_last\\_version-2.pdf](http://www.ishr.ch/sites/default/files/documents/business_and_human_rights_monitor_-_english_november_2015-final_last_version-2.pdf) (accessed 30 November 2016)
- 236** 'HRDs can assist companies in navigating human rights laws and establishing risk management procedures, setting the foundation for an operation's long-term security and effectiveness. Engaging with HRDs helps businesses prevent and mitigate negative human rights impacts, build relationships with local stakeholders, and design effective grievance mechanisms... mitigation... and remediation processes. This approach can also reduce costs and operational obstacles by minimising the risk of community conflict, which often results in interrupted production, security costs, human resources lost to crisis management, and litigation. Financial markets and consumers tend to reward businesses... that proactively and effectively manage social, environmental, and governance risks'. Taken from: International Service for Human Rights (ISHR) and the International Corporate Accountability Roundtable (ICAR) joint report (June 2016), 'Human Rights Defenders in National Action Plans (NAPs) on Business and Human Rights'. Available from: <http://icar.ngo/wp-content/uploads/2016/06/HRDs-English-FINAL.pdf> (accessed 29 November 2016)
- 237** Foreign investment inflows into Honduras have been consistently increasing over the past few years. In 2014, they amounted to USD \$1.3 billion, up from USD \$1.1 billion in 2013. See: Santander Trade Portal (2016) Honduras: foreign direct investment. Available from: <https://en.portal.santandertrade.com/establish-overseas/honduras/investing-3> (accessed 30 November 2016)
- 238** European Commission Directorate-General for Trade (11 April 2016) 'European Union, trade in goods with Honduras'. Available from: [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113386.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113386.pdf) (accessed 18 November 2016)
- 239** Delegación de la Unión Europea en Honduras, Noticias. Available from: [http://eeas.europa.eu/honduras/index\\_en.htm](http://eeas.europa.eu/honduras/index_en.htm) (accessed 18 November 2016)
- 240** US Department of State (9 April 2015), 'Fact sheet: US relations with Honduras'. Available from: <http://www.state.gov/r/pa/ei/bgn/1922.htm> (accessed 18 November 2016)
- 241** Email from US Embassy to Global Witness (9 November 2015)
- 242** Inception Mining project overview (Clavo Rico). Available from: <http://inceptionmining.com/clavorico/> (accessed 30 November 2016)
- 243** Caribbean News Now (12 May 2016) 'Commentary: Canadian mining in Central America—the case of Honduras'. Available from: <http://www.caribbean-newsnow.com/topstory-Commentary%3A-Canadian-mining-in-Central-America%3A-The-case-of-Honduras-30365.html> (accessed 18 November 2016)
- 244** Global Witness report (20 June 2016), 'On Dangerous Ground'. Available from: [https://www.globalwitness.org/documents/18482/On\\_Dangerous\\_Ground.pdf](https://www.globalwitness.org/documents/18482/On_Dangerous_Ground.pdf) (accessed 30 November 2016)
- 245** Todd Gordon (Global Research, 3 March 2011), 'Military Coups are Good for Canadian Business: The Canada-Honduras Free Trade Agreement'. Available from: <http://www.globalresearch.ca/military-coups-are-good-for-canadian-business-the-canada-honduras-free-trade-agreement/23492> (accessed July 16, 2014). Canadian mining operations have been criticised for their negative impact throughout the region, leading numerous NGOs from across the Americas to write to Prime Minister Justin Trudeau last year to articulate what steps the Canadian government ought to take to mitigate these effects. See: Development and Peace and Mining Watch Canada letter to Prime Minister of Canada Justin Trudeau regarding Canada's mining exploits abroad (25 April 2016). Available from: [http://miningwatch.ca/sites/default/files/letter\\_to\\_trudeaueng\\_0.pdf](http://miningwatch.ca/sites/default/files/letter_to_trudeaueng_0.pdf) (accessed 30 November 2016)
- 246** Center for Economic and Policy Research (7 October 2013) 'New report details multilateral development bank, US role in human rights abuses in Río Blanco, Honduras'. Available from: <http://cepr.net/blogs/the-americas-blog/new-report-details-multilateral-development-bank-us-role-in-human-rights-abuses-in-rio-blanco-honduras> (accessed 18 November 2016)
- 247** These include private and public declarations of support and concern, direct engagement, and human rights education for contractors. For more examples of how business can contribute to the protection of human rights defenders. See,

for example: International Service for Human Rights (ISHR) and the International Corporate Accountability Roundtable (ICAR) joint report (June 2016), 'Human Rights Defenders in National Action Plans (NAPs) on Business and Human Rights'. Available from: <http://icar.ngo/wp-content/uploads/2016/06/HRDs-English-FINAL.pdf> (accessed 29 November 2016); Statement by 39 NGOs (December 2015), 'Consult, respect, protect: Cross regional group of human rights defenders calls on business to take action for their engagement and protection'. Available from: [http://www.ishr.ch/sites/default/files/documents/10decupdated151115-joint-statement-hrds-bhr\\_with\\_logos\\_final.pdf](http://www.ishr.ch/sites/default/files/documents/10decupdated151115-joint-statement-hrds-bhr_with_logos_final.pdf) (accessed 8 December 2016); and International Service for Human Rights and a coalition of NGOs report to the IACHR 156th period of sessions (20 October 2015), 'The role of business and States in violations against human rights defenders of land rights, the right to territory and rights related to the environment'. Pg. 50-53. Available from: [http://www.ishr.ch/sites/default/files/article/files/reportcoalitionbusinesslandishr\\_final\\_0.pdf](http://www.ishr.ch/sites/default/files/article/files/reportcoalitionbusinesslandishr_final_0.pdf) (accessed 30 November 2016)

**248** Sentence of the Inter-American Court of Human Rights (8 October 2015), 'Comunidad Garifuna Triunfo de la Cruz y sus miembros vs. Honduras'. Available from: [http://www.corteidh.or.cr/docs/casos/articulos/seriec\\_305\\_esp.pdf](http://www.corteidh.or.cr/docs/casos/articulos/seriec_305_esp.pdf) (accessed 20 December 2016)

**249** These include recommendations made specifically to Honduras: Recommendations made to Honduras in its UN Universal Periodic Review of 2015. A/HRC/30/11 (15 July 2015), 'Report of the Working Group on the Universal Periodic Review\* Honduras'. Available from: [https://www.upr-info.org/sites/default/files/document/honduras/session\\_22\\_-\\_may\\_2015/a\\_hrc\\_30\\_11\\_en.pdf](https://www.upr-info.org/sites/default/files/document/honduras/session_22_-_may_2015/a_hrc_30_11_en.pdf) (accessed 20 December 2016); Recommendations made to Honduras by the UN Committee on Economic, Social and Cultural Rights in its review of Honduras in 2016. E/C.12/HND/CO/2 (11 July 2016), 'Committee on Economic, Social and Cultural Rights Concluding observations on the second periodic report of Honduras\*'. Available from: <http://docstore.ohchr.org/SelfServices/FilesHandler.ashx?enc=4slQ6QSmIBEDzFEovLCuW7r%2fs5PmIHnsb%2bdhE9gELmAtKbtSsGH-dyvVcvoFuYl8yZr%2b8qKmlReyED5gSAK8obAjechvTGCZRNBKiw8H2DkH82cfDcf-cuYkdfYFNppqHes> (accessed 21 December 2016);

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<https://documents-dds-ny.un.org/doc/UNDOC/GEN/G16/162/03/PDF/G1616203.pdf?OpenElement> (accessed 30 November 2016)

They also include more general UN guidance including, among others:

A/HRC/31/L.28 (21 March 2016), 'United Nations Human Rights Council Resolution on the protection of human rights defenders addressing economic, social and cultural rights'. Available from: [http://www.un.org/ga/search/view\\_doc.asp?symbol=A/HRC/31/L.28](http://www.un.org/ga/search/view_doc.asp?symbol=A/HRC/31/L.28) (accessed 30 November 2016);

E/C.12/2016/2 (7 October 2016), 'Statement by the UN Committee on Economic, Social and Cultural Rights on Human Rights Defenders and Economic, Social and Cultural Rights'. Available from: [https://www.ishr.ch/sites/default/files/article/files/cescr\\_statement\\_on\\_hrds\\_0.docx](https://www.ishr.ch/sites/default/files/article/files/cescr_statement_on_hrds_0.docx) (accessed 20 December 2016);

UN Special Rapporteur on the Situation of Human Rights Defenders (2016), 'They Spoke Truth to Power and Were Murdered in Cold Blood: Analysis on the Situation of Environmental Human Rights Defenders and Concrete Recommendations to Better Protect Them'. Available from: <https://www.protecting-defenders.org/pdf.js/web/viewer.html?file=https%3A/www.protecting-defenders.org/sites/protecting-defenders.org/files/environmental-defenders.pdf> (accessed 29 November 2016).

**250** The commitment was made in the implementation agreement for the recommendations of the Inter-American Human Rights Commission in case 12.492: Carlos Escaleras Mejía y Familia: 'ACUERDO AMISTOSO DE CUMPLIMIENTO A LAS RECOMENDACIONES REALIZADAS POR LA COMISIÓN INTERAMERICANA DE DERECHOS HUMANOS EN EL INFORME DE FONDO N° 43/14 APROBADO EL 17 DE JULIO DE 2014 DENTRO DEL CASO 12.492. CARLOS ESCALERAS MEJIA Y FAMILIA'





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