

Rights Action
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PROFITING FROM GENOCIDE: THE WORLD BANK & IDB's BLOODY HISTORY IN GUATEMALA

"Particularly worrying, however, is the very dramatic increase in [World Bank and IDB] lending that coincided with the highest waves of terror, which reached genocidal proportions in the late 1970s and early 1980s."

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MORE INFORMATION

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PROFITING FROM GENOCIDE: THE WORLD BANK'S BLOODY HISTORY IN GUATEMALA

<http://www.truth-out.org/news/item/14823-profitng-from-genocide-the-world-banks-bloody-history-in-guatemala>

08 March 2013, Cyril Mychalejko

The World Bank and the Inter-American Development Bank (IDB) supported genocide in Guatemala and ought to pay reparations, according to a recent report by Jubilee International. This well-documented accusation surfaces as the Central American nation becomes the first country in the Americas to try a former president for genocide and crimes against humanity in a domestic court.

But the prosecution of war criminals and the accusations against International Financial Institutions (IFIs) have so far done little to protect vulnerable communities from the ongoing expansion of mining, oil and other economic interests invading their territories and violating their human rights.

"Generating Terror," the Jubilee Debt Campaign's report issued in December, examines how international lending and debt by IFIs such as the World Bank and the IDB helped legitimize Guatemala's genocidal regimes of the late 1970s and early 1980s and essentially subsidized their terror campaigns.

"The lending of Western States and banks and the multilateral banks they control (importantly including the World Bank, International Monetary Fund (IMF) and Inter-American Development Bank) was an important element in sustaining the long period of military rule which followed the coup against President (Jacobo) Arbenz in 1954," the report states.

"Particularly worrying, however, is the very dramatic increase in lending that coincided with

the highest waves of terror, which reached genocidal proportions in the late 1970s and early 1980s."

Jubilee's report uses the Chixoy Hydroelectric Dam project as a case study.

"Communities threatened by new similar projects should not let their rights be violated because these projects result in the destruction of the social fabric and even in death," said Juan de Dios, a Mayan Guatemalan who since 2005 has been spearheading, along with others, the formal Chixoy Dam Reparations negotiation process with the government of Guatemala on behalf of all the Chixoy Dam-harmed communities.

[CHIXOY DAM & THE GENOCIDAL GENERALS]

The World Bank and IDB initially agreed to fund the project with the murderous military regime of Fernando Romeo Lucas García in 1978. Between 1978 and 1989, the banks lent \$400 million for the project. Between March 1980 and September 1982, there was a series of planned massacres carried out against the Mayan Achi villagers of Rio Negro in the area of Guatemala where the dam project was constructed, resulting in the murder of 440 men, women and children.

These massacres effectively "relocated" the village of Rio Negro to make way for the Chixoy Dam flood basin, and were part of a scorched-earth counterinsurgency campaign targeting the country's indigenous population. According to the United Nations, this amounted to a genocide resulting in more than 200,000 murders, more than 45,000 people "disappeared" and other war crimes such as torture and rape.

Representatives from the World Bank and IDB failed to return phone calls and emails before this article's publication.

"The institutions that finance and profit from international development are responsible for their actions, and organizations such as the World Bank, as a United Nations-chartered institution, are obligated to act in ways that reflect international human rights law," said environmental anthropologist Barbara Rose Johnston, senior research fellow at the Center for Political Ecology who authored the "Chixoy Dam Legacy Issues Study." "The major conclusion emerging from the Chixoy Dam Legacy Issues Study is that hydroelectric energy development occurred at the cost of land, lives and livelihood in violation of national and international laws, and considerable profits were achieved."

The Jubilee report notes that 33 communities were adversely affected by the dam, more than 3,500 Mayan community members were displaced, and as a result many of the surviving families were sentenced to lives of extreme poverty.

"With respect to the lives and livelihoods of the former residents of the Chixoy River Basin, these profits have been accrued at their personal expense, and hydroelectric development has by no measure improved their quality of life," said Johnston. "Many of those that survived the massacres were robbed of their ability to live sustainably as a result of forced displacement."

Johnston documented in the Legacy report that all of the actors involved knew about the violence. This is evidenced by a formal complaint to the Inter-American Commission on Human Rights after the initial massacre at the village of Rio Negro in March 1980, as well as World Bank field reports and internal communications, news articles, and human rights reports by NGOs and the United Nations. But even before these massacres took place, there were articles and human rights reports during the 1970s that revealed the use of violence, torture

and repression by the Guatemalan government and military. Nevertheless, this did not deter these IFIs from entering into loans with Guatemalan governments who paid no regard to human rights or international law.

"When even the US government came under pressure to reduce support for the regimes in Guatemala, these institutions were able to continue supporting these regimes without accountability to western parliaments, let alone the people of Guatemala," the "Generating Terror" report stated. "But the general impact of propping up these regimes of terror means that debt accrued in this period should be regarded as 'odious': loaned to illegitimate and unaccountable governments, detrimental to the people of Guatemala, with the full knowledge of the lender. Successor governments should not repay odious debts, and should receive compensation for any debts that have been paid."

Grahame Russell, co-director of Rights Action, has worked with these dam-affected communities in their efforts for justice and reparations for the past 19 years. He partially attributes a "Cold War" mentality for understanding the actions of these two IFIs in Guatemala. Guatemala was just one battlefield among many in the developing world where this "war" was being fought, and in the West there was a generalized acceptance of its legitimacy.

"They knew that they were investing in complicated and even repressive situations, but the World Bank and Inter-American Development Bank thought they were on the 'good side.' These were Western-backed governments and regimes that the US, and to a lesser extent Canada, were partnered with in the so-called war on communism," said Russell.

Socio-cultural anthropologist Kathleen Dill first traveled to Guatemala in 1994 to volunteer with the Guatemalan Forensic Anthropology Foundation (FAFG) and help with the exhumation of the remains of massacre victims buried in clandestine graves in the village of Plan de Sanchez. The Plan de Sanchez massacre resulted in the murder of 256 community members, many of whom were also raped and tortured. She returned again in the summers for three years in the mid-1990s before living and working in the town of Rabinal for two years between 1999 and 2000. While in Rabinal, Dill worked with local organizations struggling for justice and accountability for this development project.

"They had no way of knowing that they were standing in the way of the Guatemalan government's opportunity to reap great rewards from the World Bank and Inter-American Development Bank. Although the electricity that the dam was supposed to generate, and never did, was touted as critical to economic development, I believe the dam was just a step in a much bigger project," said Dill. "The dam was an invitation by the development arm of neoliberal managers of the global economy for Guatemala to get on the grid."

The debt accrued as a result of this lending, which included over \$100 million in interest, eventually had the desired economic outcome of getting Guatemala "on the grid." In 1992, the IMF lent Guatemala an additional \$50 million to assist debt repayment to the World Bank. Then the World Bank lent Guatemala \$120 million in bailout loans between 1992 and 1996, with the condition that the Guatemalan government liberalize and deregulate the economy. Guatemala is currently the second poorest nation in Latin America, behind only Haiti, and ranks 131 out of 187 in the 2011 United Nations Human Development Index. In addition, according to the CIA World Factbook, "More than half of the population is below the national poverty line and 13% of the population lives in extreme poverty. Poverty among indigenous groups, which make up 38% of the population, averages 73% and extreme poverty rises to 28%."

Dam-affected communities started organizing for reparations back in 1995, soon after the first Rio Negro mass grave exhumation in 1993-1994. In 2004, Chixoy Dam communities peacefully occupied and protested at the dam site for two days, as a way to say to the Guatemalan government and the two IFIs that they had had enough. The next year, formal negotiations were established between dam-affected communities and the government. However, the World Bank and IDB refused to sit at the negotiation table as funders of and co-partners in the project; instead they participated only as observers.

"They have not been held accountable anywhere for this politically or legally," said Russell. "They continue to refuse to acknowledge or admit to any fault because it would be precedent-setting."

In late 2009, the dam-affected communities and the government of former President Álvaro Colom finally agreed upon the "Harms Report" - a comprehensive report that sets out all that was lost by the 33 communities harmed by the dam project. The Colom government accepted the report's findings and officially signed off on it. The following year, the government and the communities agreed to the \$150 million "Reparations Report," although the World Bank and IDB were still off the hook. As of 2013, the government of Guatemala, led by President Otto Perez Molina, a former general and head of military intelligence who continues to deny genocide happened in Guatemala, has not yet fulfilled its obligation to provide the \$150 million for the Chixoy dam reparations plan.

"The fact that they have signed the report ('Harms Report') on the identification and verification of damages and losses suffered by the communities as a result of the Chixoy hydroelectric plant means that they already acknowledged publicly their responsibility regarding serious human rights violations during the construction of the said plant," said Juan de Dios, director of The Association for the Integral Development of the Victims of the Violence of the Verapaces, Maya Achi (ADIVIMA). "However, it is an irresponsible act and one of bad faith to admit liability and then refuse to pay for the damage caused to the communities."

One of the other significant findings of Jubilee's report is that even after all of these years, institutions like the World Bank have either learned nothing or refuse to change their dangerous lending practices. It notes the World Bank's 2004 funding of the Marlin Mine, an open-pit gold mine project in the Department of San Marcos, where, as in Rio Negro, a majority of community members affected by the project are indigenous. The World Bank's lending arm, the International Finance Corporation (IFC), lent Canada's Glamis Gold (now owned by Goldcorp) \$45 million for its so-called development project. The mine was immediately met with resistance and in January 2005 the Guatemalan government sent the military, in order to "protect investors," to break up a community-organized road blockade, murdering one person and injuring several others. In August 2005, "the Financial Times received a draft copy of the World Bank's Compliance Adviser Ombudsman's response to a formal complaint filed by the Guatemalan NGO Madre Selva regarding the mining project. The Financial Times reported that the ombudsman 'charges that the bank failed adequately to consult the local community or properly evaluate the environmental and humanitarian impact of the mine.'"

More recently, on Feb. 8, 2013, the Inter Press Service (IPS) reported on another leaked World Bank internal audit of the IFC's lending, reporting that, "The report warns that the institution's oversight mechanisms include no capability to assess whether that lending - which comprises at least 40 percent of IFC portfolios, valued at some 20 billion dollars - is helping or harming local communities and overall development indicators." The IPS article also noted that,

"Perhaps most damning in this regard, some 60 percent of 'sub-clients' were found to have failed to improve their environment and social practices following IFC investment..."

These findings illustrate the importance of accountability and the urgent need for these reparations to be paid by both the Guatemalan government and these IFIs - not only for the communities who suffered as a result of the Chixoy Dam project but for future communities facing so-called international development projects.

"Acknowledgment that international financial institutions have an obligation to provide reparations and help implement the right to remedy in this case would possibly open the door to claims from other development-affected communities whose rights to lands, livelihoods, and life were demonstrably abused as a result of bank-funded infrastructure development," said Johnston.

BACKGROUND INFORMATION

- (Report) GENERATING TERROR: Why the World Bank [and Inter-American Development Bank] Must Pay Reparations for Its Role in Sustaining Genocide in Guatemala <http://www.jubileedebtcampaign.org.uk/REPORT373A3720Generating3720Terror37203728Dec372020123729+8013.twl>
- (16 minute film) CHIXOY DAM: No Reparations, No Justice, No Peace - <https://vimeo.com/50015125>; <http://www.youtube.com/watch?v=xF3YI7XMNEE&feature=youtu.b>. This film includes interviews with Carlos Chen and Jesus Tecu Osorio, who lost almost their entire families to the 1982 Rio Negro / Chixoy Dam massacres.
- (4 minute film) POVERTY IN PACUX: 30 Years and Counting - <http://vimeo.com/52439128>. 31 years after the Rio Negro / Chixoy Dam massacres, and the filling of the dam flood basin, Rio Negro survivors live in conditions of endemic poverty, discrimination and trauma in "Pacux", a relocation community. This is the story of one destitute survivor.
- (Article) JUSTICE DELAYED 30 YEARS IN GUATEMALA, By Grahame Russell & Lauren Carasik, <http://www.aljazeera.com/indepth/opinion/2012/01/20121394150158844.html>

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"DRAFT" Letter (Use this and add in your own thoughts, etc.)

It is long over due that the Inter-American Development Bank (IDB) and World Bank (WB) finally do the right thing and take the necessary steps to ensure that reparations are finally paid to the surviving victims of the ill-conceived and violently implemented Chixoy hydro-electric dam, 1975-1985.

While it is the State of Guatemala that is obliged to pay for the Reparations Plan, as agreed upon in 2010, this is because of the impunity with which your banks operate, and not due to any notion of justice or fairness. The Chixoy Dam project was a huge "development" project of the IDB and the WB in partnership with successive Guatemalan military regimes during the worst years of Guatemala's State repression and genocide, 1975-1985.

Payment of full reparations must be ensured by both banks and the government of Guatemala.

Like many people and organizations, I am dismayed by the lack of response from the WB, the IDB and the government of Guatemala. In response to a previous communication, we received a one-paragraph letter (November 2, 2011) from Pamela Cox, vice-president of Latin American and the Caribbean Regional Office of the World Bank, saying:

"we [the World Bank] share your desire for a swift resolution of this process and a satisfactory outcome for the affected Chixoy communities."

This is a shockingly insensitive response. 31 years have elapsed since the repression (including wholesale massacres) and forced evictions caused by the Chixoy Dam. 8 years have passed since the government of Guatemala finally sat down with the victims to negotiate a reparation and development plan. 3 years have passed since the government of Guatemala accepted its responsibility for the harms and destruction and agreed to pay for a reparation and development plan for the harmed communities and people.

It is beyond urgent to stop playing with the suffering of the victims of the Chixoy Dam.

Name ...

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(<http://www.iadb.org/en/about-us/executive-directors-and-alternate-executive-directors,1327.html>)

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(<http://www.iadb.org/en/about-us/executive-directors-and-alternate-executive-directors,1327.html>)

MORE INFORMATION

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