

**CONSULTATION DRAFT**  
**April 2, 2014**

**Dinant Enhanced Action Plan**

Following IFC Management's *Response to the CAO Audit of IFC's Investment in Corporación Dinant (January 3, 2014)*, IFC received substantial feedback from stakeholders, including civil society and its Board of Directors, with respect to the *Action Plan* presented in the response.

After taking this feedback into account, and with additional engagement with Dinant, the CAO, Board members, and other stakeholders, the *Action Plan* has been further enhanced as elaborated below.

This Enhanced Action Plan will serve as a "consultation draft" and the basis of engagement with affected communities in the coming months. IFC has received Dinant's commitment to the implementation of this draft Action Plan. The Enhanced Action Plan may be further revised based on feedback received, and once finalized, will become part of a revised and legally binding Environmental and Social Action Plan (ESAP) which will be publicly disclosed.

The Government of Honduras has announced the creation of a special investigative unit, with resources from the Attorney General and National Police, to carry out criminal investigations of the violence and deaths that took place over the past four years in the Aguán Valley. The World Bank Group welcomes this positive step by the Government of Honduras in bolstering its efforts to investigate acts of violence in the Aguán Valley and bringing those responsible to justice.

While Dinant and the Government of Honduras may undertake these various initiatives, the reality is that violence in the Aguán Valley is rooted in many complex and long-standing political and socio-economic issues. There is an interest from stakeholders in establishing a Multi-Stakeholder Dialogue process to review the root causes of the land conflict and identify possible solutions aimed at supporting economic and social development in the Aguán Valley. The World Bank Group is prepared to be part of such a dialogue if so requested by the Government of Honduras.

IFC has also re-examined the CAO's findings in the context of their broader significance for strengthening IFC's operations and practices. IFC will be disclosing a summary of its ongoing learning from Dinant and other CAO cases as well as its own project implementation experience.

As referenced in its January 3, 2014 response to the CAO, IFC committed to review and strengthen its approach to the management of environmental and social (E&S) risks in fragile and conflict-affected situations. Work has already begun to develop and provide guidance and training to staff on client use of security forces and human rights due diligence in high risk contexts. IFC will retain expert consultants in these areas to support project appraisal and supervision. IFC will also further strengthen its overall E&S supervision program to focus more resources on high risk operations.

In addition, IFC will review its procedures related to the processing and documentation of waivers and conditions of disbursement, and continue process improvements related to integrity due diligence. IFC will also engage with its Board of Directors more systematically on emerging risks related to challenging projects and provide more analysis of risks in the broader operating context, including on the possible limitations of IFC's leverage and the resulting residual risks.

Dinant Enhanced Action Plan (DRAFT)

In order to implement this Enhanced Action Plan a number of activities will require specific expertise. IFC will retain external advisors with expertise in the use of private security forces in conflict areas, and those with conflict mediation skills for the community engagement plans referenced below. These advisors will support IFC in monitoring the implementation of this Enhanced Action Plan. Dinant will also hire reputable third party consultants to help carry out the company's actions. In all cases the experts hired by Dinant and the Terms of Reference (ToR) for their scope of work will be acceptable to IFC.

Should Dinant fail to meet these commitments, IFC stands prepared to exercise all remedies available, including cancelling the loan.

Proposed Action	Responsibility	Estimated Timeline
<p><b>A. Security Action Plan</b></p> <p>Dinant has committed to Good International Industry Practice (GIIP) in the use of its security forces as follows:</p> <ul style="list-style-type: none"> <li>• Develop and implement a Corporate Security Management System, consistent with Performance Standards 4 (PS4) and VPSHR following a third party verification.* (See further information below.)</li> <li>• Develop and implement a comprehensive vetting process for security personnel (in-house and third party).</li> <li>• Develop and implement a training program for in-house and third party security and management.</li> <li>• Enter into any Memorandums of Understanding (MoUs) with military and police regarding any support to Dinant, outlining the roles and responsibilities of each party.</li> </ul>	<p>Dinant to implement.</p> <p>IFC will monitor and supervise.</p>	<p>Estimated 9–12 months.</p> <p>The Voluntary Principles on Security and Human Rights (VPSHR) adopted by Dinant November 2013. Review to take place and implementation by December 2014.</p> <p>The Security Consultant has visited Dinant three times in 2012, three times in 2013, and most recently in February 2014. Full implementation expected by end of December 2014.</p> <p>Improved process adopted with further enhancements underway, to be implemented by December 2014.</p> <p>Managers training completed February 2014.</p> <p>In-house and third-party security contractors training underway to be completed by June 2014.</p> <p>Use of Force training by the International Committee of the Red Cross (ICRC) by May 2014.</p> <p>By September 2014.</p>

<b>Proposed Action</b>	<b>Responsibility</b>	<b>Estimated Timeline</b>
<p><b>*Independent Assessment and Verification of Security Protocols:</b></p> <p>Dinant will:</p> <ul style="list-style-type: none"> <li>Engage a third party to verify their Security Management System and develop security protocols, including an internal investigation protocol to be applied in any future incidents involving Dinant’s security forces.</li> </ul>	<p>Dinant will engage a reputable third party with experience in the VPSHR and PS4.</p> <p>IFC will monitor and supervise.</p>	<p>May–December 2014.</p>
<p><b>Compliance Investigation of Allegations of Past Security Forces Incidents:</b></p> <p>In accordance with IFC’s 2006 PS4 requirement that, “the client will investigate any credible allegations of unlawful or abusive acts of security personnel, take action (or urge appropriate parties to take action) to prevent a recurrence, and report unlawful and abusive acts to public authorities when appropriate,”</p> <p>Dinant will undertake the following approach:</p> <ul style="list-style-type: none"> <li>As per PS4, Dinant will engage a third party to conduct an investigation of credible allegations of past incidents involving its security forces to identify any non-compliance.</li> <li>Where any non-compliance is found, Dinant will take corrective actions, which may include compensation and/or disciplinary actions as appropriate, as well as measures to prevent recurrence.</li> <li>Disclose a summary of the process, key findings and corrective actions.</li> <li>Report any information related to unlawful or abusive acts to the appropriate authorities in charge of criminal investigations.</li> </ul>	<p>Dinant will engage a reputable third party and develop a terms of reference, both acceptable to IFC.</p> <p>IFC will monitor and supervise.</p>	<p>September 2014–March 2015.</p>

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<ul style="list-style-type: none"> <li>Dinant will fully cooperate with the Government of Honduras special investigative unit for the Aguán Valley and actively monitor the status of investigations and press for their proper resolution.</li> </ul> <p>This Security Action Plan will be shared and discussed with local communities as part of the community engagement process and may be revised as needed based on feedback from communities.</p>		Ongoing.
<p><b>B. Community Engagement Action Plan</b></p> <p>Dinant has committed to follow Performance Standard 1 with regards to their approach to community engagement, as follows:</p> <ul style="list-style-type: none"> <li>In accordance with PS1, develop and implement a Community Engagement Plan in all Dinant's identified communities in the four regions where Dinant has operations.</li> <li>Communities will be given prior notice of consultation and receive relevant information in a culturally appropriate manner prior to consultation.</li> <li>Undertake "conflict mapping" of the Aguán Valley communities, including mapping of stakeholder groups and sources of conflict, to help inform the consultation process and identify risks, including any related to indigenous communities.</li> </ul>	<p>Community consultations will be facilitated by reputable third party consultant with the participation of Dinant and IFC representatives.</p> <p>IFC will also engage its own consultants with experience in conflict mapping and mediation skills to support the community engagement process, undertake conflict mapping, and support Dinant consultants in developing appropriate grievance mechanisms for affected communities in the Aguán Valley.</p> <p>IFC will supervise and monitor.</p>	<p>Ongoing from January to December 2014.</p> <p>Dinant will continue with appropriate level of community engagement such as holding community forums on a regular basis, for the life of the loan.</p> <p><i>(Approximately a quarter of the total number of communities surveyed are located in the Aguán Valley and will be given priority in the roll out of the community engagement process.)</i></p> <p>By July 2014.</p>
<ul style="list-style-type: none"> <li>Complete socio-economic baseline survey of affected communities to identify current or potential negative environmental and social impacts resulting from Dinant's agricultural and industrial operations.</li> </ul>		<p>Dinant and consultants have completed 2,500 surveys in 44 communities affected by Dinant operations in four regions (i.e., Lean, Aguán, S. Pedro Sula, and Comayagua). Eighteen communities were surveyed in the Aguán Valley. There were seven Focus Groups held with members of the 18 Aguán Valley communities, three of these took place in areas which had a significant proportion of their population identifying as indigenous peoples (i.e., Limon, Moradel, and Silin) as of end of March 2014.</p>

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<ul style="list-style-type: none"> <li>Disclose report findings to communities during the consultation process.</li> </ul>		Draft Report to IFC May 2014.
<ul style="list-style-type: none"> <li>Establish a corporate-level grievance mechanism (GM) for the handling of community complaints.</li> <li>Draft GM to be reviewed by IFC and shared and discussed with communities as part of community engagement process, and revised as needed based on community feedback.</li> <li>GM will cover security-related grievances.</li> </ul>		In progress, with consultations to begin in May 2014.
<ul style="list-style-type: none"> <li>Complete and implement a Community Investment Strategy.</li> </ul>		September to December 2014 in consultation with local communities.
<p><b>C. Progress on Corrective Actions from existing Dinant Environmental and Social Action Plan (ESAP)</b></p>	<p>Dinant to implement with consultant support.</p> <p>IFC to supervise and monitor.</p>	Ongoing.
<ul style="list-style-type: none"> <li>Certification of Environmental and Social Management System (ISO 14000/18000).</li> </ul>		In progress, certification expected by end of December 2014.
<ul style="list-style-type: none"> <li>HACCP from SQF (Level II): Certification for Food Safety to enable imports to the US.</li> </ul>		Completed.
<ul style="list-style-type: none"> <li>Complete and implement Pesticide Management Plan.</li> </ul>		Completed.
<ul style="list-style-type: none"> <li>Labor Audit completed by COVERCO in Aug. 2012, implementation of corrective actions ongoing.</li> </ul>		In progress, to be completed by December 2014.
<ul style="list-style-type: none"> <li>Audit of all palm oil production and processing operations and preparation of a work plan and schedule for meeting international standards for sustainable palm oil production (including the RSPO Principles and Criteria, and other standards as available) and achieving independent certification.</li> </ul>		In progress, to be completed by December 2015.
<ul style="list-style-type: none"> <li>Complete work on air emissions and replacement of boilers.</li> </ul>		In progress, to be completed by September 2014.

<b>Proposed Action</b>	<b>Responsibility</b>	<b>Estimated Timeline</b>
<ul style="list-style-type: none"> <li>• Complete occupational health and safety assessment including work on life and fire safety) and implement any necessary corrective actions.</li> </ul>		In progress, completion expected by July 2014.
<ul style="list-style-type: none"> <li>• Complete Waste Water Treatment at all operations.</li> </ul>		In progress, rolling out through all plants, to be completed by April 2015.