

**SUMMARY OF TERMS OF REFERENCE  
FOR SECURITY ADVISOR  
October 2014  
(Honduras Dinant #27250)**

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**A. Objectives/Purpose of Assignment**

***Background of the Project:*** The IFC and Corporacion Dinant of Honduras signed a Loan Agreement for \$30m in April 2009 to fund the expansion of Dinant's snacks and edible oils processing facilities. IFC disbursed \$15m in November 2009. Since 2010, land conflict in the Aguan Valley in Honduras, has led to incursions on palm oil plantations, including Dinant operations. This has resulted in confirmed fatal clashes between campesino groups and armed third party security guards associated with the company. In addition, there are numerous allegations linking company affiliated security forces with other violent acts and disappearances. IFC has not disbursed funds to Dinant since 2009, and will not disburse further funding until Dinant fulfills its commitments in the Environmental and Social Action Plan (ESAP), that was part of the loan agreement, including improving its community engagement and security practices. Dinant has expressed full commitment to do so.

The Compliance Advisor/Ombudsman (CAO) self-initiated a compliance audit focused on: whether IFC carried out a proper due diligence to assess the project's social risks; responded adequately to intensifying social and political context after signing the loan agreement; and has adequate policies and procedures to assess and manage E&S risks in conflict areas.

[http://www.cao-ombudsman.org/cases/case\\_detail.aspx?id=188](http://www.cao-ombudsman.org/cases/case_detail.aspx?id=188)

In February 2014, Human Rights Watch published an in-depth report focusing on the Honduran government's lack of capacity for investigating killings and other abuses in the Aguan Valley. The report also cites allegations against Dinant's contracted security guards. Dinant provided detailed responses to HRW questions in this regard.

<http://www.hrw.org/reports/2014/02/12/there-are-no-investigations-here>

Following the CAO Audit, IFC, in conjunction with Dinant, developed an Enhanced Action Plan ("EAP"), which was disclosed on April 8, 2014 as a "consultation draft" and was discussed with the IFC Board of Directors and with CSO/NGOs during the WBG Spring meetings. The EAP contains the steps the company needs to take to: respond to issues of non-compliance with IFC Performance Standards; initiate and improve its engagement with directly impacted communities; and manage the risks and mitigation measures needed regarding the use of in house and third party security forces.

[http://www.ifc.org/wps/wcm/connect/REGION\\_EXT\\_Content/Regions/Latin%20America%20and%20the%20Caribbean/Strategy/Corporacion\\_Dinant](http://www.ifc.org/wps/wcm/connect/REGION_EXT_Content/Regions/Latin%20America%20and%20the%20Caribbean/Strategy/Corporacion_Dinant)

It is now critical to develop and execute a transparent and robust process complementing the EAP to address security-related issues and ensure credibility for associated outcomes. The current environment of distrust between some community members and the company, as well as community dissatisfaction with progress to date in the Government's prosecution of violent crimes makes this a difficult and complex task.

Dinant has made progress on previous action plan items concerned with: i) security risk assessment; ii) improvements to security protocols and procedures relating to Dinant security forces and third party contracted security guards; iii) training and capacity building of Dinant security guards and their contracted security guards; and v) aspects of community engagement on use of security forces and the company's grievance mechanism.

### ***Objective of the Assignment***

IFC's Environment, Social and Governance Department (CES) will engage an expert consulting firm ("Firm") to advise IFC on issues regarding Security Forces and Human Rights related to the Dinant Security Action Plan and facilitate an inquiry by a credible third party into past allegations related to Dinant security force actions in the Aguan Valley.

In particular, the assignment includes advising IFC on the implementation of the security-related aspects of the EAP, the firm will; 1) will provide advice to the IFC project team on the design, implementation and monitoring of the actions agreed upon between Dinant and IFC; 2) complete an audit of Dinant's past inquiry processes ("Audit"); and 3) provide advice on the scope, design and vetting of candidates to undertake the internal compliance inquiry ("Inquiry").

## **B. Scope of Work**

The work will be broken down into two phases, with various tasks to be undertaken as outlined below:

### **Component I (Design, Monitoring, and Implementation of Dinant's Security Action Plan)**

The activities in support of Component I may proceed in parallel with Component II, both because the inquiry is an important source of credibility for Dinant's revised Security Action Plan, and because Dinant's implementation of its Security Action Plan is already well underway. It is noted that the consultants should have relevant experience, in working with clients in similar situations to establish best practices in the management of relationships with public and private security services pursuant to the Voluntary Principles on Security and Human Rights (the "Voluntary Principles").

The Firm's team working on evaluating both the design and implementation of Dinant's Security Action Plan will include some members who will be part of the Component II effort to support the development of a methodology for the Inquiry. Parallel execution of these components of work with overlapping teams will provide for the proper sharing of information and ideas to enhance the success of both components.

Based on the review of documents (including policies, procedures, and implementation notes concerning hiring, training and use of private and third party security and Government Forces) from Dinant and its consultant during the Audit in Component II, the proposed work in support of Component I will generally include:

- (1) Meeting with Dinant, its consultant, and the leadership of its internal and contracted security teams to understand actions undertaken to date;

- (2) Conducting monitoring to sample activities in the revised Security Action Plan using established human rights and security audit methodologies; and
- (3) Advise IFC on the quality of the Dinant Security Action Plan and ongoing implementation progress, including whether it is in compliance with Performance Standard 4 (“PS 4”) and in line with emerging evaluation criteria for the Voluntary Principles, or if not, what further actions are required. Quarterly monitoring for the first year and bi-annual monitoring for the second year is expected. Each would include a site visit as well as a report of findings documented in a supervision report.

## **Component II (Oversee, Design and Implementation of Inquiry)**

It is anticipated that work to support the design and methodology of the Inquiry mechanism will begin soon after establishing the IFC’s strategic objectives for the Inquiry. The work in support of this Component would include setting up a team from the Firm that will:

### **A) Audit Dinant’s Past Inquiry Process**

- (1) Audit on behalf of IFC Dinant's own internal inquiry process and protocols following past security-related incidents to determine compliance with PS 4 as well as identify gaps and deficiencies;
- (2) Review necessary documentation and conduct interviews as needed to perform the Audit;
- (2) Determine any additional corrective actions that may be necessary to ensure a credible inquiry into prior security-related incidents by Dinant in accordance with PS 4 requirements;
- (3) Prepare and submit to IFC an Audit report on the above findings and recommendations.

### **B) Inquiry by Credible Third Party**

- (1) Based on the gaps identified by the above Audit, advise IFC on strategic objectives of a third party Inquiry process. This includes reaching out to parties with experience in this area to identify options and good practice;
- (2) Meet with Dinant and its security and human rights consultant to understand Dinant’s own capacity to manage and interface with the Inquiry;
- (3) Where necessary, make recommendations to Dinant with regard to management structures it may need to develop in order to support the activities of the Inquiry and enhance the legitimacy with which it is perceived by outside stakeholders;
- (4) Work with Dinant and its consultant to draft Terms of Reference including objectives, scope, and criteria for the Inquiry by a credible third party, which are acceptable to IFC;
- (5) Recommend evaluation criteria and metrics for selecting candidates to undertake the Inquiry;
- (6) Represent the IFC’s perspective and strategic interests during the selection process when choosing potential candidates to conduct the Inquiry;
- (7) Establish a method to provide oversight for and obtain regular updates regarding the progress of the Inquiry (this may involve periodic meetings with the Inquiry team and/or the Dinant management team, observation of Inquiry operations, and/or review of key evidence and findings being developed during the Inquiry); and
- (8) Draft updates and, eventually, a final report documenting the process and results of the Inquiry (the exact structure and content of the updates and final review to be

determined based on the needs of the IFC to respond effectively to both internal and external stakeholders).

### **Timing**

The assignment will commence in October with various components being undertaken in parallel as agreed between IFC and the consultant. A detailed work plan, timeline, and budget will be developed at the start of Component II.

Due to the nature of the situation, IFC anticipates the likelihood of downstream work. IFC reserves the right to continue engaging the selected Firm on IFC's approval, based on, among others, the Firm performance and other relevant factual circumstances.

### **C. Deliverables / Specific Outputs Expected from the Firm**

The Firm will work with project staff to provide the key deliverables as outlined above.

Electronic copies of reports and updates will be preferred.

The deliverables will be in a form and substance acceptable to IFC. IFC will have 10 working days to comment on the draft Component II work plan. A final report will be delivered 10 days after the IFC's comments are received by the Firm.

### **D. Specific Inputs to be provided by the Client:**

IFC will make available all project documents of relevance to this project, both public and confidential in project files. IFC will make all personnel who have worked on this project available for consultation. Dinant and its consultants will also make themselves available as needed when the consultants are in country and via telephone when they are remote.

### **E. Special Terms & Conditions / Specific Criteria**

The Firm is subject to confidentiality and disclosure policies applicable to WBG consultants.