
Honduras: World Bank involvement in mangrove destruction

Industrial shrimp farming is a main cause for the loss of mangroves in the tropics. Even though private companies are the direct agents of such destruction it is important to highlight that governments and multilateral development agencies play a very active role in paving the way for this to happen.

The expansion of the "San Bernardo Marine Farms" (SBMF) shrimp company in the Gulf of Fonseca in Honduras is provoking grave concern. In June 1999 the International Finance Corporation (IFC) --private sector branch of the World Bank-- granted a U\$S 6 million dollar loan to SBFM, where U.S. investors hold majority shares. The justification for the loan was apparently to "reactivate the shrimp production and recover from the damages caused by Hurricane Mitch". Such arguments do not seem to be very solid. On the one hand, it makes little sense with regard to the prevention against natural catastrophes --such as hurricanes-- to support an activity that implies the destruction of mangroves which, among other valuable functions, act as a natural barrier for the protection of the coastline. On the other hand, the infrastructures of the company had not been severely affected by this climatic phenomenon and thus the new funds are being used by the company to expand its operations, causing further negative environmental impacts on neighbouring wetlands and on the livelihoods of local fishing communities.

As a result of the struggle of local fisherfolk and supporting organizations to protect the local ecosystems and to stop shrimp farming development, the area was declared a Ramsar site at the end of 1999. However, neither that nor the World Bank's own environmental guidelines were taken into account by the IFC. As a result, the IFC itself now shares responsibility for the social conflict and environmental destruction that are resulting from the investment. Recently members of the local community who implemented an action to cut the access roads to the SBFM shrimp farm were subject to a savage repression by the national police. Additionally, the Environmental Impact Assessment carried out to obtain the environmental license to expand shrimp farming operations is under severe questioning.

The World Bank Group --to which the IFC belongs-- has a number of guidelines regarding environmental protection. In spite of that, the IFC appears to chose to ignore them when providing funds to this investment. Will the World Bank do something to make the IFC comply with its own rules?

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