

Mr. Paul Wolfowitz, President  
The World Bank  
1818 H Street, NW  
Washington, DC 20433

Dear Mr. Wolfowitz,

I wish to bring your attention to the Compliance Advisory Ombudsman's (CAO) findings regarding the Marlin mine in Guatemala. The International Finance Corporation (IFC) finances the mine, which is owned by Glamis Gold Ltd. through its local subsidiary Montana Exploradora. In its report, the CAO reveals a series of institutional failures in project assessment and management on the part of the IFC's Oil, Gas, Mining and Chemicals Department.

The CAO began investigating allegations following receipt of a complaint by a Guatemalan organization representing communities affected by the Marlin mine. The claim alleged that the Guatemalan government failed to consult local indigenous groups about the mining concession, in violation of Convention 169 of the International Labor Organization (ILO). The claimants also alleged that they were not informed of the dangers associated with the use of cyanide in gold extraction, that the excessive use of water by the mine compromises scarce community water resources and that the construction of the mine exacerbates social tensions, creating conditions for violence.

The Report found numerous instances "where increased clarity and greater rigor on behalf of IFC would have been helpful to addressing issues raised by complainants" (p. 39), including:

- The IFC failed to guarantee that adequate consultations were carried out with affected populations (p. 33).
- The Environmental and Social Impact Assessment (ESIA), was fundamentally flawed (p.19).
- The IFC failed to ensure that the project met each of the IFC's relevant environmental and social safeguards and other basic procedural requirements (p.20).
- The IFC failed to adequately assess the adverse socio-economic impacts of the mine (p. 26).
- The IFC failed to assess the potential security and human rights issues associated with mine development in a country with a long history of violence and social marginalization (p. 34).
- The IFC failed to assess the Guatemalan government's capacity to regulate the project (p. 32-33, 39).

Given the CAO's finding that the IFC inadequately assessed the Marlin project prior to loan approval, we demand:

- an immediate suspension of all project-related activity;
- that Glamis Gold and the Guatemalan government carry out new consultations with affected communities, in accordance with ILO 169. The project should only be permitted to proceed if consultations reveal broad community support for the mine; and
- that an independent assessment be undertaken of the mine's potential impacts on water quality and quantity, in the entire affected area, with the participation and support of local communities and civil society organizations.

The CAO similarly recommended that Montana Exploradora undertake enhanced consultations with local community groups, and that Montana Exploradora and the government of Guatemala create a comprehensive program of participatory environmental monitoring, in collaboration with community members and independent experts.

If these demands are not met, the IFC should recall its loan.

Yours sincerely,

Name \_\_\_\_\_

Address \_\_\_\_\_

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