

Issue update

Selected Issues on International Financial Institutions

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Department of Finance holds ODA Accountability Consultation

Finance Canada has made improvements to its consultation process regarding implementation of the *Official Development Assistance Accountability Act*, but there is still significant room for improvement, as explained in a submission by the Halifax Initiative and the Canadian Council for International Cooperation (CCIC). The consultation was established by the Department of Finance to give “Canadian stakeholders an opportunity to comment on whether the disbursements meet criteria stated under the Official Development Assistance (ODA) Accountability Act,” namely that funds may only be allocated when they a) contribute to poverty reduction, b) take into account the perspectives of the poor; and c) are consistent with international human rights standards. While NGOs praised the 2008 ODA Accountability Act as a remarkable piece of legislation, they have voiced disappointment with its implementation.

Twelve departments are subject to the Act, but only Finance organized a consultation related to the legislation. This year’s consultation provided a longer submission period than in the past. It also provided more background information and reached out to a broader constituency. However, Finance has still not disclosed the goals or objectives for the consultation, or any details regarding how it interprets and implements the ODA Act. Moreover, organizations have not been provided with any indication as to what impact, if any, their submissions will have. In the interests of increasing transparency, consultation proceedings should be made public. For more information on the Halifax Initiative/CCIC submission, see Just the Facts.

Halifax Initiative and CCIC submission: <http://www.halifaxinitiative.org/>

Department of Finance Consultation on ODA: <http://www.fin.gc.ca/activty/consult/oda-ado-eng.asp#a1>

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World Bank dumps human rights

In 2009 the World Bank began a review of the International Finance Corporation's (IFC) "Sustainability Framework." This Framework includes the Performance Standards, which the IFC uses with its private sector clients. While the Standards have become an important benchmark for transnational corporations, they have long been criticized for their failure to address human rights. An initial iteration of the revised Performance Standards included references to human rights. However, the final proposed draft, which was released in December, is once again silent on this issue.

International civil society organizations are demanding that the Bank get serious about human rights. IFC-supported projects have had significant negative impacts on the human rights of affected populations. Bank policies must be strengthened to avoid such impacts in the future. CSOs are calling on the Bank to: make an explicit commitment that the IFC will not support activities that are likely to cause, or contribute to, human rights abuses; explicitly require that the IFC and its clients undertake effective human rights due diligence; and ensure that the Performance Standards are revised so that they reflect, and are fully consistent with, international human rights standards.

CSO statement re IFC and human rights

<http://halifaxinitiative.org/sites/default/files/Joint%20Statement%20on%20IFC%20and%20human%20rights.pdf>

Bank report ignores reality

In January, the World Bank released its first annual review regarding its activities in the extractive sector. The report reveals that the Bank provided over US\$1 billion in financing for extractive industries in 2010. According to the Bank, it promotes environmental and social best practices, and only supports extractive projects that are expected to benefit local communities.

The report is at odds with information from the ground. Amnesty reports that local indigenous people in Guatemala were beaten following a peaceful protest regarding the controversial Marlin mine. In May, the Inter-American Commission on Human Rights urged the Guatemalan government to suspend mine operations, pending its review of a complaint from local communities. And in Colombia, opposition continues to mount against the Angostura project. Colombia's national Ombudsman called on the government to deny Greystar a mining license due to the project's anticipated environmental impacts. Both the Marlin and Angostura projects received funding from the IFC.

Amnesty urgent action

<http://www.amnesty.org/en/library/asset/AMR34/002/2011/en/eccac7e3-109d-4ca0-8241-138ad3fd6ddc/amr340022011en.pdf>

Notice Board - This month...

- 📄 Papua New Guinea Mine Watch reports that the **World Bank** is supporting **marine tailings dumping** at the Ramu nickel mine. The Bank reportedly provided funding for scientific work associated with the oceanic dumping after the European Union pulled its support. Indigenous landowners oppose the company's dumping practices and have sought an injunction to block them.
- 📄 **Financial Transaction Tax (FTT)** proponents held an international day of action on February 17th to coincide with the G20 Finance Ministers meetings. A video of events in various parts of the world can be accessed at http://www.youtube.com/watch?v=qxssOLzZe0c&feature=channel_video_title. At the meetings, **Bill Gates** was commissioned to prepare a report on the FTT for the G20 fall summit.
- 📄 Eugenia Testa, the director of **Greenpeace Argentina**, was arrested when her organization blocked access to Barrick Gold's Veladero and Pascua Lama mines. Greenpeace demands that the Glacier Protection Act be applied to Barrick's operations in Argentina. Barrick received funding from **Export Development Canada** for the **Veladero** mine and is seeking funding from the American export credit agency, **ExIm Bank**, for **Pascua Lama**.

New Publications

- Eurodad: *Storm on the horizon? Why World Bank Climate Investment Funds could do more harm than good*
http://www.eurodad.org/uploadedFiles/Whats_New/Reports/Climate%20briefing-1.pdf
- Bretton Woods Project: *The IMF's new conditionality: Crafting change, lessons from Eastern Europe* <http://www.brettonwoodsproject.org/art-567716>
- Bretton Woods Project: *The role of the World Bank in carbon markets*
<http://www.brettonwoodsproject.org/art-567401>
- Action Aid, Bretton Woods Project, CRBM, Christian Aid, Eurodad and Third World Network: *Bottom lines, better lives? Rethinking multilateral financing to the private sector in developing countries;*
<http://www.brettonwoodsproject.org/doc/private/privatesector.pdf>

Upcoming Events

- Day of action to end fossil fuel lending by the World Bank. March 1.
http://action.sierraclub.org/site/PageServer?pagename=worldbank_virtual_event
- Land in Revolt: Canadian mining and uprising in Argentina. Film screening and discussion about the impacts of large scale mining in Argentina with Argentinean Federal Attorney Antonio Gómez. March 7, University of Ottawa, University Centre, Room 206. 7pm to 9:30pm.
- Eurodad 2011 international conference: the private turn of development finance. May 18-20, Rome.

Halifax Initiative and CCIC submission to Department of Finance

The HI/CCIC submission to the Department of Finance's *Official Development Assistance Accountability Act* (the Act) consultation recommends improvements for the consultation process, and for ensuring that funds allocated to the World Bank and the IMF comply with the Act.

To improve the transparency, accessibility and accountability of the consultations, the Department should:

- disclose: consultation goals and objectives; guidelines for how the department has interpreted and implemented the ODA Act; and how the consultation will impact on the department's priorities at the Bretton Woods Institutions (BWIs), namely the World Bank and the IMF. Consultation submissions and outcomes should be publicly accessible - for example, through the Department of Finance's web site.
- create a more coherent link between Finance's consultation on its implementation of the Act and the annual Report on Operations Under the Bretton Woods and Related Agreements Act, also produced by Finance.

With respect to its activities at the BWIs, the Department of Finance should:

- apply the Act's criteria of poverty reduction, taking into account the perspectives of the poor and human rights to Canada's priorities at the BWIs (governance and accountability, institutional effectiveness and sustainable poverty reduction and growth) and to all funds allocated to the World Bank and IMF, including funds that are not explicitly covered by the ODA Accountability Act.
- promote transparency and democracy at the World Bank Group (for example, by establishing 50:50 voting shares between developing and developed countries) and encouraging greater representation for Africa, Asia and Latin America.
- undertake a human rights review of the World Bank and the IMF.
- promote practices that respect national, democratic decision-making and ownership of development policies, and remove imposed policy conditionality.
- ensure aid effectiveness, not only in terms of cost but also overall development effectiveness, based on the Act's criteria.
- monitor and limit funds transferred to the World Bank that are not explicitly oriented to poverty reduction and that do not account for the perspectives of the poor.
- develop a fair, independent and transparent mechanism for the arbitration of sovereign debt. Develop a new framework to guide responsible lending.
- encourage the Bank to develop a human rights framework to guide its work on gender equality and women's rights.