

Issue update

Selected Issues on International Financial Institutions

Volume III, Number 3, – March 31, 2007

Civil society/Industry make unprecedented joint recommendations on mining, oil and gas

Canada could become a world leader on Corporate Social Responsibility if the federal government and other stakeholders accept and act on the recommendations of a groundbreaking report released on Parliament Hill on *Corporate Social Responsibility (CSR) and the Canadian extractive industry in developing countries*. The Report outlines a set of consensus-based recommendations for the Government of Canada, core among which is the implementation of a Canadian CSR Framework (see “Just the Facts” below). If implemented, these recommendations would establish Canada as a global leader in CSR. The Report also calls for important reforms at Export Development Canada and the World Bank.

The report comes out of a ten month government-led roundtable process that included representatives from civil society organizations, industry, academia, labour, and socially responsible investors acting as an Advisory Group. Representatives from communities affected by Canadian mining, oil and gas operations in the developing world also participated.

The roundtables fulfilled a recommendation made by the Parliamentary Standing Committee on Foreign Affairs and International Trade (SCFAIT) in 2005. These called for major policy and law reform to ensure Canadian companies comply with international human rights and environmental standards.

Advisory Group: National Roundtables on Corporate Social Responsibility (CSR) and the Canadian Extractive Industry in Developing Countries

http://geo.international.gc.ca/cip-pic/current_discussions/csr-roundtables-en.asp

Canadian Network for Corporate Accountability Statement on the Advisory Group report

http://www.halifaxinitiative.org/index.php/cnca_media/963

Also in this issue:

Reform harmful Bank policies, or put aid elsewhere

IMF poverty reduction a guise, internal audit finds

Notice Board, new publications and upcoming events

JUST THE FACTS: Advisory Group Report: Nat'l Roundtables on CSR and Extractives



Halifax
INITIATIVE
d'Halifax

Our core funders are the C.S. Mott Foundation, the Wallace Global Fund, the International Development Research Centre, the Sigrid Rausing Trust, and Coalition members.

Email info@halifaxinitiative.org to automatically receive our *Issue Update* newsletter each month.

153 Chapel Street
Ottawa, ON K1N 1H5
Canada

TEL: (613) 789-4447
FAX: (613) 241-4170
WEB: www.halifaxinitiative.org

Reform harmful Bank policies, or put aid elsewhere

As donor governments met in Paris in a year-long process to discuss the replenishment of the World Bank's soft lending window, European civil society groups called on their governments to press the Bank to change its practices or channel their funds elsewhere. Groups want governments to end the economic conditions—such as privatizing state industries or eliminating trade barriers—that the Bank imposes on countries in return for its loans.

At stake is the roughly \$25 billion replenishment of the International Development Association (IDA), the arm of the World Bank that provides interest free grants and loans to the world's poorest countries. This amount is up from the \$18 billion sought for the previous replenishment. The increase is intended to cover repayments that were forfeited when Group of Seven (G7) leaders agreed to cancel the debts of 19 countries in Gleneagles in 2005. At the time, G7 countries agreed to replenish IDA "dollar for dollar" for the lost payments.

This initial meeting in Paris set the themes for the replenishment. These include aid architecture (where IDA fits into global aid efforts, improving aid effectiveness, IDA's role in building country institutional capacity to promote good governance, and ensuring IDA has the right tools to meet these objectives), the quality and effectiveness of aid in post-conflict and fragile states, and how IDA might allocate aid based on country results and performance.

Canada contributes CDN\$318.27 million annually to IDA, one-tenth of its total aid allocation.

World Bank documents for the IDA-15 replenishment discussions

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:21234677-menuPK:3492269-pagePK:51236175-piPK:437394-theSitePK:73154,00.html>

European declaration, <http://www.worldbankcampaigneurope.org/>

IMF poverty reduction a guise, internal audit finds

An independent evaluation of the International Monetary Fund (IMF)'s role in sub-Saharan Africa by the IMF's internal auditor has revealed an ongoing emphasis on "macro-economic stability" despite a "shift" to policies that more explicitly focus on the poor. In 1999, the IMF introduced the poverty reduction and growth facility (PRGF) to help refocus the objectives of the Fund's lending operations to its poorest members. Poverty Reduction Strategy Papers (PRSPs) were to ensure broad public participation and country ownership of policies, to reflect country's poverty reduction and growth priorities, and to strengthen internal governance and capacity. The new report by the Independent Evaluation Office says that, "in the face of a weakening consensus in the Board and a staff professional culture strongly focused on macroeconomic stability [...] the Fund gravitated back to business as usual".

The Independent Evaluation Office report, 'The IMF and Aid to Sub-Saharan Africa':
<http://www.imf.org/External/NP/ieo/2007/pr/eng/pr0701.htm>

Notice Board

- 📄 The **International Finance Corporation** completed a final draft of its **Human Rights Impact Assessment** (HRIA). The IFC will begin road testing the new tool in April with several companies from a variety of sectors, including the extractive and garment industries, and will feed the outcomes of this phase into the final HRIA. The IFC has not announced plans to consult with civil society on their HRIA. Forest Peoples Programme has sent the IFC a letter about the lack of consultation. http://www.forestpeoples.org/documents/ifi_igo/ifc_hr_impact_assess_fpp_let_mar07_eng.pdf
- 📄 The **Board of Directors** unanimously **endorsed** the Bank's controversial new governance and **anti-corruption strategy**. (See Issue Update September 30, 2006)
- 📄 IDB Governors approved **\$4.4 billion** in “**debt relief**” for **Bolivia, Guyana, Honduras and Nicaragua**. **Haiti** was granted interim relief, but will not benefit from the full cancellation of its \$525 million debt until 2009, when it is expected to have implemented a long series of conditions.
- 📄 The World Bank announced a new strategy to reduce by **60%** the time required to **disburse aid to countries impacted by natural disasters** and other emergencies through the simplification of administrative procedures.
- 📄 The **World Bank** and the **European Investment Bank** launched a **Carbon Fund for Europe** worth an estimated **US\$66.42 million** to help countries meet commitments under the **Kyoto Protocol** to reduce greenhouse gas emissions (GGE). The fund will buy carbon credits from projects that reduce their GGE. The **Bank** also plans to **reduce** its own total GGE from its Washington, D.C. operations by 7% from 2006 baseline levels by 2011.
- 📄 Nigerian Obiageli “Oby” Ezekwesili will become the **new Vice President for the Africa Region** at the Bank on May 1. She is a founding member of Transparency International and has been chair of the Nigerian Extractive Industries Transparency Initiative since 2004.
- 📄 A complaint filed by civil society regarding the environmental and cultural degradation surrounding the construction of the export credit-funded **Ilisu Dam** in **Turkey** has been considered admissible by the **European Court of Human Rights**. The Court has asked the Turkish Government to furnish information in relation to actions to preserve the area.

New Publications

- “ILO Convention 169 and the Private Sector: Questions and Answers for IFC Clients”, International Finance Corporation, March 2007. The IFC advises the private sector on the Convention on Indigenous and Tribal Peoples! <http://www.ifc.org/enviropublications>
- “Report of the independent expert on the effects of economic reform policies and foreign debt on the full enjoyment of all human rights, particularly economic, social and cultural rights”, Mr. Bernard Andrew Nyamwaya Mudho, March 2007, <http://www.ohchr.org/english/bodies/hrcouncil/4session/reports.htm>

Upcoming Events

- World Bank and IMF Spring meetings, April 14-15, 2007, <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/CSO/0,,contentMDK:21224217~pagePK:220503~piPK:220476~theSitePK:228717,00.html>

Advisory Group Report: National Roundtables on CSR and the Canadian Extractive Industry in Developing Countries

The centerpiece of the Advisory Group report is the Canadian CSR Framework. The Framework would apply to the operations of Canadian mining, oil and gas companies in developing countries. It includes:

- **Canadian CSR Standards.** The Standards include the International Finance Corporation's Performance Standards and the Voluntary Principles on Security and Human Rights. The Standards are to be applied and interpreted in a way that observes and enhances respect for the Universal Declaration of Human Rights and other international human rights instruments. The Standards will be accompanied by two sets of guidelines. One set will clarify and augment the Standards in areas where they require strengthening. The second set will provide guidance regarding the application and interpretation of human rights principles.
- **CSR reporting obligations based on the Global Reporting Initiative.**
- **An independent Ombudsman office** to receive complaints (from both Canadians and non-Canadians) regarding the operations of Canadian extractive companies in developing countries.
- **A tri-partite Compliance Review Committee** to assess company compliance with the Canadian CSR Standards, based upon the Ombudsman's findings of fact and to make recommendations regarding appropriate responses in cases of non-compliance.
- Provisions requiring the **withdrawal of government support** to extractive companies in cases of serious failure to comply with the CSR Standards.

Advisory Group Report: National Roundtables on Corporate Social Responsibility (CSR) and the Canadian Extractive Industry in Developing Countries, March 2007

http://geo.international.gc.ca/cip-pic/current_discussions/csr-roundtables-en.asp (English)