

Issue update

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G8-G20 summits fall flat, ignore call for sustainable future

This month “Fortress Toronto”, with its 18,000 strong security forces and four kilometer chain link fence, bore witness to a Peoples’ Summit ripe with ideas and alternatives, petitions signed by 1.75 million asking leaders to invest in the future now, a 25,000 strong peaceful protest, media stunts galore, some regrettable violence, and two deeply disappointing summits.

In terms of the G8, many welcomed the \$7 bn in new money for the child, newborn and maternal health initiative, but were disappointed that more was not mustered. Canadian groups also questioned what this meant for other programs in the context of a flat-lining aid budget. Some groups saw the “Accountability Report”, another flagship of the Summit, as a step forward, with clear room for improvement, but many dismissed the report, citing the G8’s lack of accountability for an endless list of past promises. The G20’s major outcome was an agreement to set deficit and debt reduction targets for member countries, with no commitments to boost sustainable economic growth. While concerned about rising debt and deficit levels, unions and development groups raised concerns about harsh spending cuts to public sector wages, pensions, and social services, and the impact of these cuts on the global economy and unemployment during such a time of uncertainty. Furthermore, with no agreement on a global bank tax or a financial transaction tax, and taxpayer money spent bailing out the banks, the recovery will fall again on the backs of the general public.

The Sherpa Times - Coverage of G8 and G20 activities, <http://www.sherpatimes.com>

Toronto Rally “We deserve better”, <http://www.youtube.com/watch?v=2mL46t8H4oU>

Bridge to South Korea - Discussion among national, regional and international networks on the G20
<http://www.halifaxinitiative.org/content/bridge-south-korea-global-civil-society-meeting-g20>

Also in this issue:

Financial Transactions Tax takes a hit - down, but not out

G8 leaders fall shamefully short on 2005 aid pledges

Canada delays debt relief - for mining company

CSOs seek to block funding for Barrick mine

Notice Board, new publications and upcoming events

JUST THE FACTS: G8 and G20 Summit - major outcomes



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Financial transactions tax takes a hit - down, but not out

Reacting to the “national egoism” of countries like Canada, who were less affected by the financial crisis and were consequently blocking proposals to have the financial sector contribute to the costs of the crisis, German Chancellor Angela Merkel made one last bid this month to get a bank tax and financial transactions tax (FTT) (See JUST THE FACTS - IU 1 and 4, 2010) back on the G20 agenda in Toronto. Co-signed by French President Nicolas Sarkozy, and backed by the European Council and European leaders, the two heads of state sent G-20 co-Chair Stephen Harper a letter asking him to consider the two proposals at the summit.

To mark the event, and support the push from Europe for the idea, the Robin Hood Tax coalition conducted a stunt for G20 media in which Merkel and Sarkozy were literally wedded to the idea, with the service overseen by Robin Hood himself.

But rather than giving way to the Europeans, the G-20 simply agreed that some of the cost for the crisis should be borne by the financial sector, but that each government would determine the best way to do so, guided by a set of principles. Notably, governments should ensure that any such proposal protect taxpayers, reduce the risks from the financial system, protect the flow of credit in good times and bad times, and help promote a level playing field. That said, the G20 Communiqué still references the need to consider innovative ways to finance climate change and development, opening discussions for an FTT at a later date. In fact, Belgium, which takes over the EU presidency next month, French President Sarkozy, who hosts the G20 next year, Brazil, Indonesia and South Africa are all still interested in the idea.

A Fair and Substantial Contribution by the Private Sector, International Monetary Fund - Final Report to the G20, June 2010, <http://www.imf.org/external/np/g20/pdf/062710b.pdf>

Robin Hood Tax Stunt in Toronto, <http://www.youtube.com/user/OxfamCanada#p/a/u/0/Bixv4rk4p9Y>
and <http://www.robinhoodtax.ca>

G8 leaders fall shamefully short on 2005 aid pledges

Just ahead of this month’s G8 meeting in Muskoka, several organizations strongly criticized G8 leaders for failing to meet their Gleneagles’ pledges to double aid to Africa and provide \$50 billion in new aid by 2010. While acknowledging an overall increase to aid budgets, largely as a result of debt cancellation, development groups estimate that G8 leaders fell \$21 billion short of doubling new aid commitments overall and \$14 billion short of their committing \$25 billion to Africa by 2010. For its part, the Canadian Council for International Co-operation estimates that Canada fell \$500 million short of doubling new aid, and reached its target for Africa. ONE, an advocacy organization that produces an annual report card on the Gleneagles’ commitments, also noted that countries are now threatened with a new debt crisis as they take on new loans, that the overall quality of aid has not improved in the past five years, and that there has been no tangible progress on trade.

The Data Report 2010 - Monitoring the G8 Promise to Africa, ONE
<http://www.one.org/report/2010/en/>

Canada delays debt relief - for mining company

The Canadian government caused the World Bank to postpone a long-awaited decision regarding the relief of \$8 billion in debt owed by the Democratic Republic of Congo. Media reports assert that the move is linked to Canada's displeasure at the Congolese government's decision to cancel a mining contract with Canadian company First Quantum. The contract was canceled following the conclusion of a review regarding a series of mining contracts that were issued by the country's interim government, prior to democratic elections. The decision to cancel First Quantum's contract is being challenged by the company through international arbitration.

The rescheduled World Bank vote took place on July 1, when Congo's debt was forgiven, reducing the country's annual debt service burden by approximately \$700 million. Canada abstained from the vote.

CSOs seek to block funding for Barrick mine

Canadian mining giant Barrick Gold is seeking \$1 billion from export credit agencies and global financial institutions to finance its controversial Pascua Lama mine. The project is the first to be approved under a unique Mining Treaty that establishes a vast mining zone along the international border between Chile and Argentina, an area that supports a high concentration of glaciers.

The company recently approached an American export credit agency, the U.S. Export-Import Bank, for support. In May, Chilean civil society organizations urged Fred Hochberg, President of the Ex-Im Bank, to deny Barrick funding. The Chilean signatories explain that the company generated significant environmental, social and human rights impacts during exploration activities, undermining Chilean institutions and laws. These organizations question Barrick's compliance with Ex-Im Bank policies.

Chilean CSOs argue that the company deliberately undermined the Chilean environmental impact assessment system (SEIA) by dividing the Pascua Lama project into parts, which it presented separately for evaluation. They assert that the project has promoted corruption among Chilean authorities, including regional authorities involved in project approval, local leaders and communities. Thus far, fifteen of the company's workers have died. The letter further asserts that Barrick is noncompliant with its environmental permit. The signatories explain that serious irregularities were identified during the first project inspection by Chilean authorities.

Local communities have remained steadfast in their opposition to the Pascua Lama project for over ten years. This month they realized the seventh annual "March for Water and Life" in the Huasco Valley to express their opposition to the project.

CSO letter to U.S. Ex-Im Bank

<http://www.halifaxinitiative.org/content/chilean-csos-urge-us-ex-im-bank-reject-pascua-lama>

Huasco Valley March for Water and Life

http://www.youtube.com/watch?v=oGTRaNHpNIU&feature=youtube_gdata

Notice Board - This month...

- ☰ Stephen Harper invited three low-income governments to the table at this month's **G20: Vietnam, Malawi and Ethiopia**, repeating past precedent. They are, respectively, the chairs of the Association of Southeast Asian Nations (ASEAN), African Union (AU) and New Partnership for African Development (NEPAD). Breaking with tradition, he also offered a seat as a participant to **United Nations Secretary-General Ban Ki Moon**, likely in an attempt to pacify calls for making the G20 more accountable to the United Nations.
- ☰ **Australia's** Labour government outlined plans to introduce a **Resources Super Profit Tax** of 40 percent on mining multinationals operating in the country. Australia's mining industry, led by BHP Billiton and Rio Tinto, came out in fierce opposition to the tax, and fearful of the repercussions ahead of an upcoming election, the Labour party caucus replaced **Prime Minister Kevin Rudd** with his Deputy, Julia Gillard. Future plans for the tax are unclear but the **IMF gave the government its backing** for the measure.
- ☰ The **IMF** also released a **new working paper** entitled "**Mining Taxation: an application to Mali**". Following the regressive taxation path set by the World Bank, the IMF encourages Mali to **reduce its gold mining royalty** from 6 to 2.5 percent in an effort to attract foreign direct investment. <http://www.imf.org/external/pubs/ft/wp/2010/wp10126.pdf>
- ☰ The Bank Information Center (BIC) has launched a **model energy strategy**, developed in consultation with civil society and experts, to inform the World Bank's 2010-2011 review of its energy strategy. <http://www.bicusa.org/en/Document.102113.aspx>
- ☰ The **International Finance Corporation (IFC)** has released the first draft of its **revised Sustainability Policy, Performance Standards and Disclosure Policy** on-line at <http://www.ifc.org/policyreview>, and will consult with groups regionally through June and July on the revised policies. The Compliance Advisor Ombudsman, which audits the IFC and MIGA, has released its own review at <http://www.cao-ombudsman.org/howwework/advisor/3yrpolicyreview.htm>. The Performance Standards are applied to project finance lending worldwide, including by Canada's EDC.
- ☰ **Germany has unilaterally banned** the sale of "**naked shorts**" from May 2010 to March 2011 at its major financial institutions. Short-sellers borrow shares, sell them, buy them back when the stock value falls and then return them to the lender, pocketing the price difference. The deal is "naked" when a trader sells an instrument he has not yet borrowed.
- ☰ The **World Bank** has **cancelled** its remaining **US\$36 million debt** owed to the International Development Association by Haiti.
- ☰ **Ecuador** became the **first country** in the world to ratify the **Optional Protocol to the International Covenant on Economic, Social and Cultural Rights**. This allows individuals and groups to seek justice from the UN should their rights - including to food, adequate housing, water, health, work and education - be violated by their governments.
- ☰ HI member, the **Canadian Council for International Co-operation**, has gone public with its **imminent defunding** by the **Canadian International Development Agency**. To take action, go to http://www.ccic.ca/media/take_action_e.php
- ☰ HI bids farewell to **Roy Culpeper**, President and CEO of The North-South Institute, and welcomes Joseph K. Ingram, who starts on August 15th. Mr. Ingram spent thirty years at the World Bank, most recently as the Bank's Special Representative to the World Trade Organization and the UN's agencies in Geneva.

New Publications this month

- “A Time to Act”, Canadian Council for International Co-operation (CCIC), May 2010. This report brings together CCIC proposals and CSO analytical papers on implementing the Canadian ODA Accountability Act. It features an article by the Halifax Initiative.
http://www.ccic.ca/_files/en/what_we_do/002_aid_2010_05_a_time_to_act_e.pdf
- “Capitalizing on Climate: The World Bank’s Role in Climate Change & International Climate Finance”, Friends of the Earth USA, May 2010. The Report explores the diverse, and often contradictory roles, played by the World Bank in the area of climate change.
<http://www.foe.org/sites/default/files/Capitalizing-on-Climate.pdf>
- “Policy Responses to Unfettered Finance - Beyond Band Aid Solutions to the Crisis, Towards a New Development Paradigm”, The North-South Institute, May 2010.
<http://www.nsi-ins.ca/english/pdf/PRUF%20Policy%20Doc.pdf>
- “Decent Work and Fair Globalization - A Guide to Policy Dialogue”, United Nations NGO Liaison Service, June 2010. Fair globalization requires greater convergence of economic and social policies around the goal of decent and productive work for all. On-line at
<http://www.un-ngls.org/decentwork>
- “Canadian Millennium Goals Report 2010”, Make Poverty History, June 2010. This report evaluates where Canada is ahead, and behind, on its MDG commitments.
<http://www.makepovertyhistory.ca/sites/default/files/documents/2010/06/Canadian-MDG-Report-2010.pdf>.
- “Aid Without Impact: How the World Bank and Development Partners Are Failing To Improve Health Through SWAPs”, ACTION, June 2010. This report shows how the World Bank and other development agencies have invested billions of dollars in a failed approach to health. <http://www.action.org/site/publications/swaps>
- “Europe needs fair and transparent debt work-out mechanisms: lessons from the Icelandic case”, European Trade Union Institute, Issue 2/2010. The debt challenges faced by Iceland and other European countries have given rise to new debates among European decision-makers about identifying the causes of, responsibilities for and efficient solutions to a new sovereign debt crisis. <http://www.etui.org/research/Media/Files/EEEPB/2010/2-2010>
- “Canadian Perspectives on Global Economic Governance and the G-20”, Friedrich Ebert Stiftung Foundation, June 2010. Includes an article by Halifax Initiative staff.
<http://library.fes.de/pdf-files/iez/global/07278.pdf>
- “The G-20: A “Global Economic Government” in the Making?”, Friedrich Ebert Stiftung Foundation, June 2010. A large part of this 69-page publication consists of useful country fact sheets for each of the twenty member states on their positions and roles concerning the G-20. <http://library.fes.de/pdf-files/id/ipa/07284.pdf>

Upcoming Events

- United Nations Development Cooperation Forum, June 29 - 30, 2010.
- Belgium assumes the Presidency of the European Union, July 1, 2010.
- African Union Maternal and Child Health Summit, July 4, 2010, Kamapala, Uganda.
- France-Africa Summit, July 14, 2010.

G8 and G20 Summits - Major Outcomes

- *The 2010 G8 Muskoka Accountability Report* - Following the 2009 L'Aquila G8 commitment to develop “a full and comprehensive accountability mechanism” by 2010 to monitor progress on promises, effectiveness and improve transparency, G8 leaders released the Muskoka Accountability Report. The report identifies progress on commitments made on aid and aid effectiveness, economic development, health, water and sanitation, food security, education, governance, peace and security, and environment and energy.
- *The Muskoka Initiative on Maternal, Newborn and Child Health* - A total contribution of \$7.3 bn was committed. \$5 bn of this came from G8 governments, with the remainder coming from the Netherlands, New Zealand, Norway, the Republic of Korea, Spain, Switzerland and the Bill and Melinda Gates Foundation. Canada announced that its contribution will be \$2.85 bn over five years, \$1.1 bn of which will be new money. It's unclear whether Canada's portion of the initiative will include access to abortion.
- *Fiscal Deficit Targets* - Pittsburgh's commitment to withdraw financial stimulus packages in a “cooperati[ve] and coordinated way” played itself out at the G20 Summit in Toronto with the adoption of an exit strategy. In Toronto, advanced economies committed to halve deficits by 2013 and to stabilize or reduce government debt-to-GDP ratios by 2016.
- *Bank taxes and the Financial Transaction Tax (FTT)* - Disappointingly, but not surprisingly, the most progress that was made on the taxation of the financial sector was an agreement that countries can pursue their own strategies, in accordance with a set of agreed principles. Groups hope the FTT will find support at the 2011 Summit in France.
- *Subsidies to the Fossil Fuel Industry* - Leaders at the Pittsburg G20 Summit in September declared their intent to phase out subsidies for fossil fuels “over the medium term”. Implementation plans and timetables were to be submitted for the Toronto meetings. However, the Toronto Declaration fell short by instead encouraging “country-specific strategies” with no common definition of “subsidies”, no common target, timelines nor deadlines for phase out. Some of these elements were developed, but not disclosed. Canada pays \$2 bn in annual subsidies to the oil and gas sectors.
- *G20 Working Group on Development* - In an effort by South Korea to put development on the G20 agenda in Seoul in November 2010, a Working Group on Development was formed to elaborate “on measures to promote economic growth and resilience, a development agenda and multi-year action plans to be adopted at the Seoul Summit”.

G8 Muskoka Declaration - Recovery and New Beginnings, <http://g8.gc.ca/g8-summit/summit-documents/g8-muskoka-declaration-recovery-and-new-beginnings/>

G8 Muskoka Accountability Report, June 2010:
http://g8.gc.ca/wp-content/uploads/2010/06/muskoka_accountability_report.pdf

The G20 Toronto Summit Declaration
<http://g20.gc.ca/toronto-summit/summit-documents/the-g-20-toronto-summit-declaration/>