

Issue update

Selected Issues on International Financial Institutions

Volume VII, Number 1— January 31, 2011

Ruggie guidelines stir debate

In 2008, the UN Human Rights Council extended Special Representative John Ruggie's mandate on business and human rights. Among other things, the Council asked Mr. Ruggie to identify "concrete and practical recommendations on ways to strengthen the fulfilment of the duty of the State to protect all human rights from abuses by or involving transnational corporations." In November 2010, Mr. Ruggie released draft guiding principles for the implementation of his 'Protect, Respect and Remedy' framework (see IU July 2008). The Special Representative will submit these principles to the Council in June, at the conclusion of his UN mandate.

Mr. Ruggie has received a flood of submissions regarding the draft principles, including a joint statement by international human rights organizations. The statement has been endorsed by numerous civil society organizations, including the Canadian Network on Corporate Accountability (see Just the Facts). The document expresses concerns that as drafted, the principles will fail to advance corporate accountability. The submission proposes a number of revisions to strengthen the document. Moreover, the authors urge the Human Rights Council to further its work on business and human rights at the conclusion of the Special Representative's mandate. The civil society submission has led to a flurry of correspondence between Mr. Ruggie and the letter's authors.

CSO Statement on draft Guiding Principles on Business and Human Rights
http://www.fidh.org/IMG/pdf/Joint_CS0_Statement_on_GPs.pdf

Correspondence between CSOs and Mr. Ruggie (scroll to AI submission of Jan 14)
<http://www.business-humanrights.org/SpecialRepPortal/Home/Protect-Respect-Remedy-Framework/GuidingPrinciples/Submissions>

Also in this issue:

Global financial crisis and economic volatility to dominate G20 agenda

G20 to consider the FTT

Notice Board, new publications and upcoming events

JUST THE FACTS: CSOs seek revisions to final Ruggie report



Halifax
INITIATIVE
d'Halifax

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

Email subscriptions@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

Global financial crisis and economic volatility to dominate G20 agenda

In January, President Sarkozy opened France's term as chair of the G20 and details are now emerging regarding the French government's priorities for the upcoming G20 summit. The agenda for 2011 will be focused on rebuilding the global economy. According to President Sarkozy, priorities include strengthening long term regulation of the world financial system and reforming the international monetary system to protect economies from "sudden large-scale capital flight." The G20 agenda will also seek to improve global governance through "institutions that are capable of effectively regulating globalization" and to foster more consistent economic, social and environmental actions.

Record food prices ensure that combating commodity price volatility will also be high on the G20 agenda. According to France, it is time for the G20 to implement "concrete solutions" to this problem. The 2011 agenda will also emphasize infrastructure development and food security as part of the G20's "action plan on development," a multi-year plan to promote international development that was adopted at the 2010 Seoul summit. G20 finance ministers will meet on February 18th and 19th in preparation for the November summit in Cannes.

French G20-G8 website
<http://www.g20-g8.com/g8-g20/g20/english/home.9.html>

G20 to consider the FTT

The FTT is back on the G20 agenda. In January, President Sarkozy stated his intention to promote the FTT as a means to limit financial speculation and volatility, and to finance developmental and environmental initiatives. According to Sarkozy, "we have no choice" but to implement a financial tax to support global initiatives. Sarkozy repeated his support for the tax during presentations at the Davos summit. The FTT seeks to curtail speculation while financing development and climate change initiatives. The German government is on board, as are some unlikely allies, such as financier George Soros.

The timing of the French initiative is good in terms of addressing public discontentment with the lingering effects of the recession, and demands that financial institutions pay their share in cleaning up the economic mess that they created and from which they benefited. The FTT may still be a hard sell within the G20 in the face of continued US and Canadian opposition, but Europe appears intent on moving it forward.

Sarkozy backs tax on financial transactions (Radio France International)
www.english.rfi.fr/economy/20110124-sarkozy-wants-tax-financial-transactions

Notice Board - This month...

- ☰ The Halifax Initiative is pleased to welcome **John Jacobs** as its new **Program Officer** on Global Financial Issues. John can be reached at jjacobs@halifaxinitiative.org.
- ☰ U.S. government cables released by Wikileaks reveal that a number of foreign **ambassadors** planned to intervene in Peruvian domestic affairs to **quell local opposition** to **mining** operations owned by their nationals. According to the cables, Canadian and US ambassadors jointly hosted a meeting with mining company representatives “to review their operating difficulties in Peru and to coordinate efforts to improve the investment climate.” The companies asked the diplomats to meet with the Peruvian government to seek the removal of certain public teachers from mining areas, and push the Catholic Church to rotate certain bishops out of these regions. The American ambassador reports that a group of diplomats, including Canadians, was ready to meet with the government of Peru, the Catholic Church and political party leaders.
www.guardian.co.uk/business/2011/jan/31/wikileaks-bhp-billiton-peru-mining-communities
- ☰ The **World Bank** is increasingly lending to and investing in **private intermediaries**, such as banks and private investment funds. The Bretton Woods Project warns that this trend undermines transparency and accountability, and shifts funding away from countries that need it most. www.brettonwoodsproject.org/art-567190

New Publications

- Global Financial Integrity report: *Illicit Financial Flows from Developing Countries: 2000-2009*
http://www.gfip.org/storage/gfip/documents/reports/IFF2010/gfi_iff_update_report-web.pdf
- EURODAD report: *Development diverted: How the International Finance Corporation fails to reach the poor*
http://www.eurodad.org/uploadedFiles/Whats_New/Reports/IFC%20final%20for%20website.pdf?n=9645
- Better Aid coalition discussion paper: *Making development cooperation just: Governance principles and pillars* <http://www.betteraid.org/en/betteraid-policy/betteraid-publications/policy-papers/401-making-development-cooperation-just-governance-principles-and-pillars.html>
- Human Rights Watch report: *Gold's Costly Dividend*, concerning the Barrick Gold Porgera mine in Papua New Guinea www.hrw.org/node/95776

Upcoming Events

- International Day of Action on the FTT: February 17. www.robinhoodtax.ca
- Symposium: Holding Canadian Corporations Accountable for Human Rights Abuses Abroad. March 4, Faculty of Law, U of T.

CSOs seek revisions to final Ruggie report

In their submission, Amnesty, CIDSE, ESCR-Net, FIDH, Human Rights Watch, the International Commission of Jurists and RAID make the following recommendations to the Special Representative:

Ensure consistency with the work of the UN treaty bodies.

- When addressing state regulation of business activity, avoid the use of undefined terms such as “appropriate steps,” “appropriate actions,” and “where appropriate.” Instead, instruct states to adopt and implement effective regulatory measures to prevent and punish business abuse of human rights. These measures should include mandatory corporate human rights due diligence for private and state-owned enterprises. The latter includes export credit agencies. Corporate human rights due diligence should be accompanied by independent monitoring systems to ensure the credibility of the process and the veracity of the outcome.

Provide clearer guidance to business.

- Businesses should be given clear guidance on the needs and modalities to avoid contributing to human rights abuses committed by other actors whether at home or abroad. Proper consultation and engagement with local communities should be given a central place in corporate human rights due diligence processes.

Strengthen language concerning the human right to an effective remedy.

- Include greater emphasis on legally-binding remedies that are consistent with international human rights law. Address the corporate responsibility to respect the human right to an effective remedy. Provide guidance to states on measures to assist individuals and communities to overcome obstacles to justice, such as imbalances in power, resources and information compared with business actors.

Provide more robust guidance on protecting and respecting the rights of women, children, indigenous peoples, and human rights defenders.

Finally, the signatories urge the Human Rights Council to create follow-on institutional arrangements within the UN at the conclusion of the Special Representative’s mandate to:

- assess implementation of the Protect, Respect and Remedy framework, including through site visits;
- elaborate additional guidance; and
- examine and propose measures, mechanisms or institutional arrangements that may be necessary to effectively promote respect for human rights.