

The Upstream Journal



Major arms dealer operating in Canada

Sells through Montreal office

The AK-47

Easy to get, easy to use - the weapon of choice in dozens of conflicts

"Merchant of Death"

The world's most notorious arms dealer

Why can't UN agree on arms trade?

Ask US, China, Russia

Canada

Once a leader on banning land mines, but not so on small arms

Also:

Des filles enfants soldats

Leur exclusion des programmes de réinsertion d'après-guerre

Biofuels

Are benefits worth the cost?

Canadian mines overseas

The push for standards of social responsibility

Small arms trade

Dangerous and out of control



Tell us what you think!

Help us make this a better magazine. Take our reader survey - and double your subscription!*

**It's quick and easy - at
upstreamjournal.org**

*** For letting us know what you think of the Upstream Journal, we'll be happy to give you a two-year subscription for the already-low annual cost of only \$5!**

Many thanks go to the SJC volunteers and interns who helped create this issue, including Olivier Stoullig, Janelle Khan, Alexandra Ordolis, Vivien Carli, Amy Steele, Siena Anstis, Manjula Singh, Sarah Babbage and Jennefer Schulz.

Publications Mail Agreement 41141008
Return undelivered Canadian addresses to
1857 de Maisonneuve ouest, Montreal QC H3H 1J9

Printed on recycled paper with a high level of post-consumer content.

Comments on articles can be sent to
editor@upstreamjournal.org

ISSN 0842-9928

The *Upstream Journal* is a publication of the Social Justice Committee of Montreal. It is one of several educational materials we offer on human rights and development.

Donations to the SJC are welcome, and go to support a range of human rights & development education activities.

The SJC is a registered charity in Canada, and donations are tax deductible. We accept personal cheques and Visa.

Please consider making a donation and becoming a member.

You can:

- **mail** a cheque, with a note or the reply form in this *Upstream Journal*,
- **call** us (toll free in North America) at 1-877-933-6797 and use your Visa card, or
- make a secure **on-line** donation using any major credit card: www.sjc-cjs.org

Cover: Tayrona Indian boy near the Ciudad Perdida - the "Lost City." This is an area of Colombia filled with drug trafficking, cocaine, coca, and guerrillas.

Photo: Brian Atkinson
www.brianatkinson.ca
 Copyright Brian Atkinson/
 GlobalAware

In this issue:

THE AK-47



5

The gun that took the world by storm.

ARMS DEALER OPERATING IN MONTREAL

6

Everything from combat boots to armed assault vehicles

THE "MERCHANT OF DEATH"

8

The story of notorious arms dealer Viktor Bout.

THE NEED FOR REGULATIONS AND AN INTERNATIONAL TREATY

12

Most countries want the UN to control arms trafficking, but US opposition may mean that their efforts will be futile.



CANADIAN INACTION ON SMALL ARMS

14

Canada falls behind on efforts to prevent the international proliferation of small arms.

BIOFUELS

16

Biofuel production is increasing, but blamed for driving food prices beyond the reach of the world's poor.

FILLES ENFANTS SOLDATS

18

Après la guerre, les programmes de réinsertion souvent laissent passer les filles.

WATCHDOG TO THE IMF

22

Interview with the director of the IMF's Independent Evaluation Office.

THE NEW RULES OF CORPORATE SOCIAL RESPONSIBILITY

24

The Canadian government has been slow to respond to report on how to ensure social responsibility of mining operations overseas.

Dear readers,

What do you think of the *Upstream Journal's* new look? We hope this slicker cover and use of colour will go over well with you. We're trying a different printing company to see if we can get you a better magazine for the same (low) cost. Plus, we have shifted to a different paper for the inside. It's a more environmentally friendly paper, recycled with a high level of post-consumer waste.

Regular readers will also notice another change - the \$2 price on the front, where it used to say "free publication." There are a few reasons for this. One is the evolution of the *Upstream Journal* from a newsletter for members of the Social Justice Committee to a more professional magazine seeking a broader audience. We can now connect with our members more quickly and easily with email, and that's the way to go if you want to keep up to date on our events and news bulletins, although we'll still keep you informed on SJC activities in the *Upstream*.

So, after many years of providing it for free, we've decided to put a price on it, and to charge a \$5/year subscription.

We want the *Upstream Journal* to continue to develop and improve as a magazine, and to gain more readers. The Canada Magazine Fund is assisting us in our changes, paying for market research to see how many people out there are interested in a magazine like ours, and where they are. They'll help us again, if we show that we can get subscribers.

If you are getting the *Upstream* by mail now, and have made a recent donation, we'll keep sending it to you. If you haven't donated in a while, please don't wait before subscribing. We need you on board as a paying subscriber.

We think that a \$5/year subscription will be okay with people who regularly donate to the SJC. Donors already know that their money goes to support the wide range of educational and advocacy programs that we run, including the *Upstream Journal*, and we figure that you'll continue to donate whether we ask for \$5 for a subscription or not. However, under Canadian law, a registered charity like the SJC cannot provide a good or service in exchange for a donation. So unfortunately we can't give you a tax receipt for the \$5.

What this means might be summed up in this example:

- A donor generously sends us a cheque, and asks for a subscription to the *Upstream Journal*.
- The donor gets a tax receipt for the amount of the cheque less \$5 for the subscription.
- The subscriber base for the *Upstream* increases, and we become eligible for funding support to produce an even better magazine.

Please let us know what you think! Are we on the right track? Are we putting out a better magazine? Are the articles more interesting? Should we seek advertisers? Do you have ideas or suggestions for us? Visit our web site - upstreamjournal.org - for the opinion survey where you can give us your feedback. This survey is very important to us as we make changes and plan for the future.

Sincerely,



Derek MacCuish, editor
1 514 933 6797 editor@upstreamjournal.org

Special focus:

Small arms - the deadly trade

THE AK-47

There are 50-70 million AK-47s spread across the world. In Africa they can be bought for as little as \$30 where supplies are plentiful.

Light weight, reliable and portable, the AK-47 is ideal for terrorists, guerrilla fighters and child soldiers.

They can fire 600 bullets per minute, and the bullets are lethal from even a kilometer away.

AK-47's were first produced in Russia but are now produced by international networks of companies, government agencies, and individuals in Europe, the Middle East, North America and elsewhere. Russia, US, UK, France and Germany account for 80% of production.

Manufactured in 14 countries, the guns are sold to 82 countries including Afghanistan, Algeria, Angola, Cambodia, Egypt, Iran, Iraq, Mozambique, Sierra Leone, Somalia, Sudan, Syria. The top importers are India, Saudi Arabia, Iraq, Turkey, Japan.

The AK-47 will remain the most widely-used weapon in conflict for at least the next 20 years because it is so poorly regulated.

"A child can hold an AK-47 and a child can dismantle and learn to use an AK-47. So, the proliferation of small scale weapons I think has been a major factor in putting children into this deadly business."

- Nigel Fisher, Director of Emergency Relief Operations, United Nations Children's Fund.

Infamous arms dealer operating in Montreal

Jean Bernard Lasnaud has been selling arms and military equipment through his Montreal office since 2005



"AKM Kalashnikov modernized assault rifle, cal. 7.62mm is an individual weapon intended to neutralize the enemy manpower." Available on the US site, www.gec-intl.com.

The Ninja-1M military assault vehicle. It comes complete with mortar bombs, rockets (and launchers), assault rifles, ammunition and hand grenades. Available << on the Montreal site, www.transconservices.com.

Jean Bernard Lasnaud sells arms and military equipment worldwide from an office in the St Michel neighbourhood of Montreal, through a company called Transcon Services. Lasnaud - apparently born Francois Lasnofsky and working under other names - has sold arms and other military equipment from his home in south Florida since the 1990s.

Although charges have been pressed against Lasnaud by various countries, he was able to operate unhindered for years until his arrest in response to an Interpol warrant in May, 2002, in Switzerland. He was to be extradited to Argentina to face charges of arms smuggling, but disappeared from the news after his arrest and it is unclear if he was ever sent to Argentina or prosecuted.

Two years after his arrest, he was again selling arms through his websites - Transcon Services in Montreal, and General Equipment Corporation International in Tamarac, Florida.

Lasnaud's ability to operate unhindered in the US is generally understood to be because he is considered an "asset" to US agencies. He is believed to have provided services to the US, as well as to countries like Croatia which the US wanted to arm but could not because of the UN embargo. His son has admitted that his father collaborated with the CIA to buy Chinese radar equipment for the US military. As an asset to US agencies, he will likely continue to sell arms beyond the reach of the law.

ST International
www.stitc.info

A General Equipment Corp international partner based in Domarin, France.

Troop Gear
www.troopgear.com

The website Lasnaud used prior to his 2002 arrest. It is not to be confused with www.troopgear.com, home of Ballistica Maximus Corp. which is run by Rev. Adrian Canton from St Petersburg, FL. The company, which calls itself "The Arsenal of Democracy," lists the US Department of Defense, along with the governments of Saudi Arabia, Panama and Israel among its clients.

Montreal

Transcon Services
www.transconservices.com



From 5432 1st Ave. in Montreal, Lasnaud sells a range of gear and essentials, from boots and helmets to Lear jets and 747s.

Transcon Services is registered in Quebec as a business doing "import/export of miscellaneous products" and "consulting services, precious metals, mining." In various business directories it is alternately listed as a recycled newsprint vendor or an aluminum recycler or a gold dealer. It has received two notices for defaulting on its report to the Quebec government on its operations for the past two years.

The website name is owned by Daniel Achireko, who is listed on the business registration along with Charlotte Opoku of Saguenay.

Achireko's name also appears in the Jan-Mar 2007 newsletter of "UN Volunteers in Liberia," where he was listed as a "Humanitarian Affairs Officer."

A central focus of that program was small arms control and disarmament as part of the UN supervision of the ceasefire following the civil war.

Bazsuly, 62, owns Strategic Consultants and Advisors through his company Presidential Holdings. He has owned a variety of other companies, including E-

Pawn, which has been linked to the Mafia. In 2000 it, along with a number of other Mafia-run companies, was convicted of fraud and 120 people were arrested in what authorities called the largest securities fraud bust in US history.

He owns the only house listed for sale on www.transconservices.com. ➡➡

Florida

General Equipment Corp. Intl.
www.gec-intl.com

General Equipment Corporation, "Specialized in materials involving defense, police and security equipment," is Lasnaud's American company. Its selection is similar to the Canadian site, although more items are offered. Unlike the Canadian website, arms like the AKM Kalashnikov and mortar bombs can be purchased directly.

Tamarac, Florida. Tel: 1 954 323 2761

Email info@gec-intl.com



Technical Data / Red Truck chassis

Engine	6.0L Diesel
Power	150 HP
Speed	60 km/h
Capacity	10-12 people
Weight	4,500 kg
Height	2.5 m
Wheelbase	3.0 m
Turn radius	10 m
Max. slope	30%
Max. grade	15%
Max. turn	90°
Max. speed	60 km/h
Max. range	1,000 km
Max. fuel	100 L
Max. oil	10 L
Max. water	10 L
Max. air	10 L
Max. gas	10 L
Max. oil	10 L
Max. water	10 L
Max. air	10 L
Max. gas	10 L



Personnel carrier. Other items available for purchase include aircraft, military supplies and weapons such as the AK-47.



Strategic Consultants and Advisors

An agency where Lasnaud works, along with other arms dealers and former US military officers. The Chairman of the Board of SCA, Harry Kay, is a former US Marine, Israeli Armed Forces officer, and, according to the SCA website, "coordinated on behalf of US, Honduras and Israel relations."

Steve Bazsuly



"The 81mm HE70LD Mortar bomb is one of the most up-to-date high explosive bombs of 81mm caliber. Its performance - especially range, and effect - is the best possible for any tactical purpose."



For Sale: 1774 Colonial Drive
Coral Springs, FL

International arms dealer Viktor Bout

by Manjula Singh



Until his March 6th arrest in Thailand, the world's most notorious arms dealer, the "merchant of death," lived in Moscow under the protection of the Russian intelligence establishment. In the late 1990s the US government considered Viktor Bout a national security threat second only to Osama bin Laden, yet Bout continued to live openly for over a decade (and could often be seen dining at his favourite sushi restaurant).

Bout made millions supplying slaughter-ridden conflict zones with Russian-designed light weapons and ammunition, contributing to the deaths of hundreds of thousands of people. Once a Soviet military major, he now controls the world's largest fleet of Russian-built cargo planes—old Antonovs and Ilyushins recovered from runways from Moscow to Kiev.

"He's the enabler of many groups that are extremely hostile to the United States, from the Taliban to the FARC rebels in Colombia and Abu-Saif in the Philippines," said Douglas Farah, the leading authority on Viktor Bout.

Yet prior to his arrest—the result of an elaborate sting operation, conducted by Thai police and US agents, that intersected Bout's attempt to procure weapons for the FARC—the only outstanding arrest order for Bout was a six year old indictment, issued to Interpol by Belgium,

Viktor Bout shipped arms to conflicts around the world via the United Arab Emirates

charging Bout with money laundering.

Bout has often been connected to shipments of diamonds and weapons, but he refuses to admit to arms trafficking. Even so, trails of paper and money, confessions, eyewitness accounts, and multiple intelligence reports support the allegations.

"He came out as the Soviet Union collapsed, and saw what other people didn't see in the possibility of a sort-of naked capitalist grab at two existing commodities that would work well together, and for which there was a market," Farah said. "He realized that this was a marriage that would work really well because the clients for Soviet Bloc weapons continued to arrive asking for weapons."

With the help of some senior military intelligence officers, Bout gained access to enormous stockpiles of weapons guarded by underpaid soldiers and empty aircrafts abandoned because of a lack of money for fuel and maintenance.

His fleet began to crisscross Africa and Asia via the United Arab Emirates, transporting anything that would bring a profit: AK-47 automatic weapons and ammunition along with flowers, mining equipment, frozen chickens, diamonds, IKEA furniture, assault helicopter gunships—and even UN peacekeepers, French soldiers, and African heads of state.

As his wealth grew, his operation gradually became independent of his financial backers. By 1998 Bout's personal net worth was estimated at US\$5 million; his corporate earnings have reached well into the hundreds of millions.

Bout's web of connections render him so capable of delivery that not

only does he work for the world's top ten warlords, rebel movements, and dictators rebuffed by the West, but for Western governments too.

"He has no ideological loyalty and he'll work with whoever can pay," Farah said. Bout has been documented as having sold aircrafts to the Taliban beginning in 1996, and the United States became a client of his soon after its occupation of Iraq in 2003.

"He began flying for the Americans in a very significant way," Farah said. "The US military, through his contractors and subcontractors, hired him to fly hundreds if not thousands of flights," despite knowledge of Bout's dealings with the Taliban.

Much of what Bout does cannot be prosecuted. He works in a "grey market," in which arms traffickers disguise the smuggling as legitimate business activity, often using spurious end-user certificates—documents required for legal weapons sales but are easy to forge. Laws are broken in numerous places, but no one is penalized because no agreement exists about who would be punished—the country that sold the weapons, the country that issued the forged end-user certificate, or the merchant.

What could be defined as illegal is breaking UN embargoes. UN sanctions are internationally accepted norms imposed by the United Nations with the full support of every major power including Russia, yet there is no mechanism in the international community for punishing the violation of these sanctions. The UN has no law enforcement powers and this leaves action in the hands of Interpol and uncooperative governments.

"The Russians will never want to cough him up," Farah said. "He's too useful for them. He's a necessary

"With the help of some senior military intelligence officers, Bout gained access to enormous stockpiles of weapons guarded by underpaid soldiers and empty aircrafts abandoned because of a lack of money for fuel and maintenance."



Douglas Farah is a national security consultant to several U.S. government agencies and the co-editor of the Counterterrorism Blog. He is the author of the following books: "Merchant of Death: Money, Guns, Planes and the Man Who Makes War Possible," (Wiley, 2007) and "Blood From Stones: The Secret Financial Network of Terror," (Broadway, 2004), as well as numerous monographs, op-eds published in major newspapers and opinion journals.

part of their desire to reassert Russia as a major military power around the world.”

The Europeans were very interested in Bout for a significant period of time but their interest has been dwindling. “They’re no longer keen on spending a huge amount of time trying to get him because he’s no longer visibly involved in areas that they’re deeply concerned about,” Farah said.

Although there was a concerted effort to put Bout out of business by the US National Security Council during the final years of the Clinton administration, it didn’t last.

“Shortly into the Bush administration there was 9/11 and things changed dramatically,” Farah said. The emphasis on Bout essentially disappeared as the United States shifted its priorities toward incarcerating terrorists, even though

many of these terrorists are clients of Bout.

The Bush administration’s policy on small arms is also “very NRA-centric,” according to Farah.

“In the 2001 UN Conference on Small Arms the United States essentially blew up the possibility of any agreement because of the NRA position on the right to bear arms,” he said. “There is an unwillingness to look outside and think that maybe this position is something that isn’t applicable around the world.”

The Bush administration holds that the international community should not regulate the right of people to bear weapons, even if the sole purpose of these weapons is to wage war.

“The reality is that at the end of the day every country that produces weapons is reluctant to take significant actions. It’s the United States,

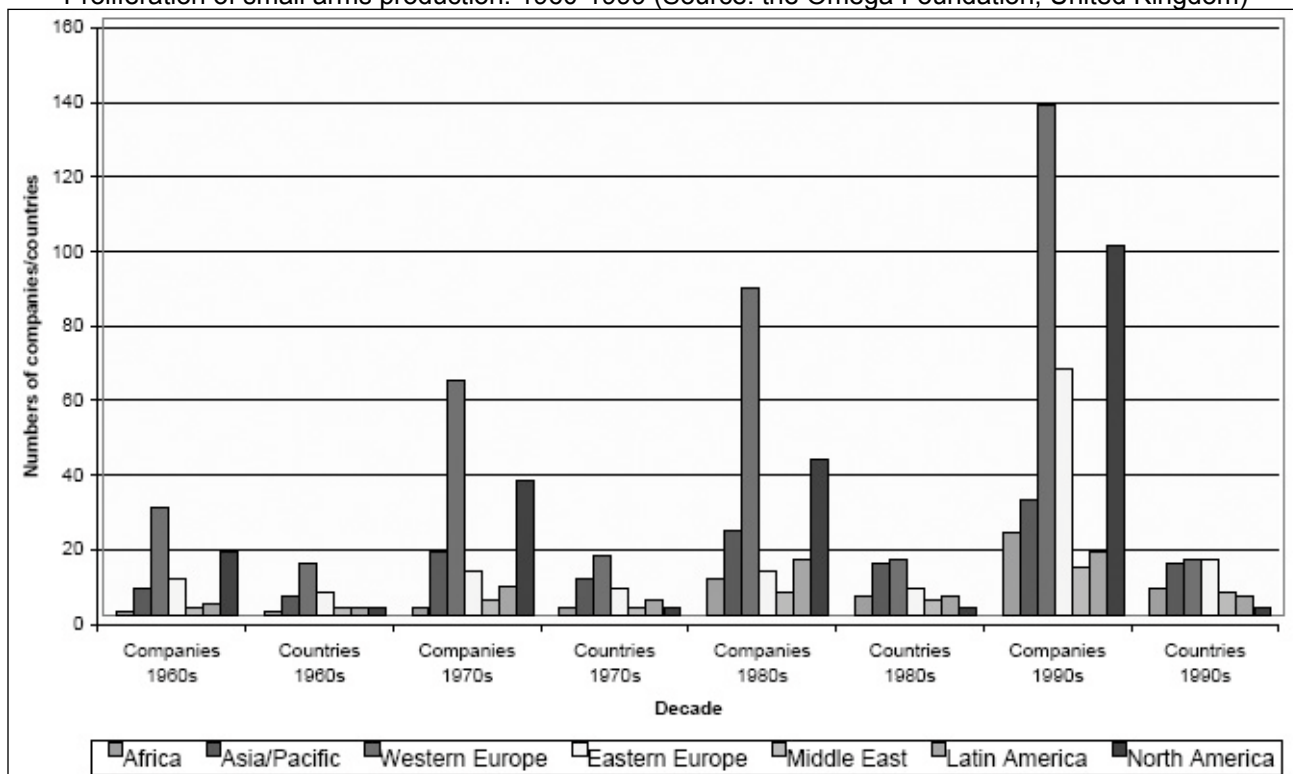
it’s Russia, it’s France, Belgium, the British, it’s everybody,” Farah said. “Everybody pays lip service to the need to stop the flow of small arms, but because it may impact their own weapons trade they’re not particularly interested in actually following up on it.”

Even so, the urgency to stop arms traffickers such as Bout is growing.

One of the fears of various national intelligence agencies is that Bout’s business could become nuclear. Such concerns surfaced in the late 1990s when the CIA feared that Bout had intersected the A.Q. Khan network out of Pakistan, which was supplying nuclear parts and information to North Korea and Iran, among other places.

While no significant evidence was gathered, Bout’s amoral ideologies have rendered him a perfect candidate for such transport. “He has not

Proliferation of small arms production: 1960-1999 (Source: the Omega Foundation, United Kingdom)



demonstrated much restraint in the past,” Farah said. “He is this sort of non-ideological, amoral force out there that can make things happen quickly.”

There are a few basic things that would make it slightly more difficult to engage in this type of weapons trafficking and would also allow criminal penalties to be attached to certain types of behaviour. According to Farah, the bare minimum would be the development of end-user certificates that are harder to forge. This would require little more than the negotiation of the format of the paper and some easily identifiable verification marks.

“Nobody needs eight million end-user certificates a day like you need money. You need, in theory, maybe two a year, ten a year, a hundred a year, but you don’t need to mass produce these things. But even that sort of basic know-your-customer sort of stuff is not accepted. That, to me, would be the easiest thing to do and the easiest loophole to close.”

Each country would then criminalize the use of forged end-user certificates, similar to how every country now agrees that it is illegal to harbour Al Qaeda. Law breakers would be penalized in their own country under their own laws for violating UN provisions. Something like this could take one year, or it could take ten.

“There are many other relatively low cost measures that would raise significant hurdles to the grey market small arms trade. But nothing will be done until there is the political will to at least begin discussions,” Farah said.

“The prosecution of Bout was clearly not a priority for any government, in part because the reality is that he violated few laws that he could be prosecuted for, hence the need for a sting operation to entangle Bout,” Farah said.

Bout may be behind bars, but other arms traffickers continue to carry on their trade, fuelling sputtering conflicts. An end to the illegal arms trade requires an internationally concerted effort to improve arms trade policy and legislation.

“It takes creativity and determination in the absence of an effective international regimen that regulates the arms trade, and the facility with which these transactions can be carried out,” Farah said. “There’s little political will now, so probably it’ll never happen at this point.”

Poverty and inequality are global issues of great concern to Canadians, second only to environmental destruction, and they are the focus of our efforts here at the Social Justice Committee.

Our purpose:

Citizen empowerment and involvement through education - a key ingredient in democratic participation and the elimination of poverty and structural inequalities.

Our team:

The driving force of the SJC is our volunteer and intern base. Bright and committed young people provide their energy and talent, while getting practical experience and building their skills.

They work on special events, workshops, film presentations, theatre, and the Upstream. They are the backbone of the SJC.

You:

You make it happen. You respond to the information we provide and ask public officials for the changes that you know are necessary. You support the SJC with your financial donation.

If you think there is a need for the SJC, and for the *Upstream Journal*, we hope you’ll make a (tax deductible) financial contribution. Donations from individuals are absolutely essential, and we match them with funding from government and other sources - multiplying their effect!

A step forward for labour rights

The European Bank for Reconstruction and Development has adopted a new policy requiring all new projects to comply with the ILO’s core labour standards as well as some other basic labour conditions.

The World Bank, however, does not have a consistent policy of promoting core labor standards. Some project funding must include respect for labour rights, but most projects do not. The World Bank’s annual “Doing Business” assessment of investment opportunities of countries gives favourable ratings to countries with poor labour-protection policies. On the other hand, the “Better Work Program,” a new joint project with the ILO, is designed to improve labor practices and productivity in global supply chains. The program will monitor workplaces in participating countries to determine whether national labor laws and core labor standards are observed.

PREVENTING THE FLOW OF SMALL ARMS

through international treaties and
regulations

BY OLIVIER STOULLIG



Arms dealers show off some of their wares including Russian assault rifles. Russian weapons tend to be favourites due to simple construction and maintenance but western weapons are readily available. Photo ©

Edward Parsons/IRIN

Although it is widely recognized that the deadly trade in small weapons, such as the infamous Kalashnikov AK-47, has wreaked havoc in many unstable regions of the world, countries like the United States, China and Russia still oppose an international control mechanism.

Illicit weapons traffic has fueled civil wars, drug and diamond contraband and terrorism, especially in sub-Saharan African countries such as Liberia, Sierra Leone, Ivory Coast, Democratic Republic of Congo, and the Darfur region of Sudan.

It is estimated that some 600 million illicit small arms and light weapons - including machine guns and shoulder-launched missiles - have caused about four million deaths in 47 conflicts since 1990.

The weapons often originate in countries of the former Soviet Union, like Moldova, the Caucasus or the Balkans. They are shipped using air cargo, with falsified flight manifests - a discreet way to carry these weapons to remote locations, such as the nearly-landlocked Democratic Republic of Congo.

“The illicit trade in small arms and light weapons is interconnected with the spread of terrorism, regional conflicts, failing states and organized crime,” Secretary General Marc Perrin de Brichambaut of the Organization for Security and Co-operation in Europe said. “To tackle this issue, we need to see a close involvement of government officials from export and import control departments, customs and defence, as well as the private sector and international organizations.”

An effective international treaty based on international law and human rights standards is seen as essential to help eradicate loopholes in existing laws that allow for the export of arms to war zones.

Rebecca Peters, Director of the International Action Network on Small Arms, wrote that “the benefits of an arms trade treaty seem obvious and central to international security, preventing arms sales from being used for human rights



Rachel Stohl is co-author of "The Small Arms Trade: A Beginner's Guide."

"It is estimated that some 600 million illicit small arms and light weapons - including machine guns and shoulder-launched missiles - have caused about four million deaths in 47 conflicts since 1990."

abuses or to wage war, and to increase transparency in the global arms trade to ensure that countries are not engaging in destabilizing arms build-ups."

Along with NGOs such as Oxfam, Amnesty International, and the International Action Network on Small Arms, the governments of Australia, Argentina, Costa Rica, Finland, Japan, Kenya, and the United Kingdom have worked together to push for an international Arms Trade Treaty designed to increase transparency, hold governments accountable for arms exports and reduce the illicit trade of weapons, especially to conflict-afflicted regions.

In December 2006, a UN Resolution titled "Towards an arms trade treaty: establishing common international standards for the import, export and transfer of conventional arms," requested that the Secretary-General "seek the views of Member States on the feasibility, scope and draft parameters for a comprehensive, legally binding instrument establishing common international standards for the import, export and transfer of conventional arms."

It was adopted by a vote of 139-1. The United States was the only country to oppose the resolution (there were 24 abstentions).

Although there is support for an Arms Trade Treaty in some of the most affected countries, the US, Chinese and Russian governments appear to pose the main obstacles to the ratification of an arms treaty.

Rachel Stohl, senior analyst at the Center for Defense Information at the World Security Institute, Washington, said she believed that it was essential to have not only the five permanent members of the UN Security Council on board, but also for the recipient countries to understand how this could actually benefit them.

When asked what the main obstacles to a treaty were, Stohl said that while China and Russia did not vote against the 2006 Resolution, their views on the treaty have been tepid at best, as they have adopted a wait-and-see approach. The US government, however, was actively unreceptive to a treaty and unwilling to find common ground.

"This administration has been quite hostile to international treaties in the past, and that is what's playing itself out here," she said.

Asked if the situation had evolved in the last ten years, Stohl said that in recent years there at least had been "more awareness about the issue, more discussion at political levels, more attention both internationally and domestically, as well as more NGO involvement."

On Canada's role, Stohl said that "Canada is a close ally to the US and could use its diplomatic pressure to encourage the United States to work with the UN and other governments, and support the ATT and the Group of Governmental Experts nominated by the UN to study the feasibility of an international treaty."

The "Million Faces" campaign is an on-line petition designed to show individuals' concerns about small arms. www.controlarms.org

To contact the current Canadian Ambassador and Permanent Representative to the United Nations, Mr. John McNee, e-mail: canada@un.int

To contact the current American Ambassador to the United Nations, Mr. Zalmay Khalilzad, e-mail: USUNPublicAffairs@state.gov

CANADIAN SMALL ARMS POLICY



BY ALEXANDRA ORDOLIS
& SARAH BABBAGE

Why has Canada's role diminished in recent years?

Canada was a key player in the struggle to control the trade and use of land mines, small arms and light weapons in the early 2000s, when it was active in supporting the U.N. Programme of Action to Prevent, Combat, and Eradicate the Illicit Trade of Small Arms and Light Weapons. Yet in recent years it has been playing a shrinking role in international efforts to curb small arms and light weapons (SALW).

Canada used to submit annual reports outlining its implementation of the Programme of Action to the U.N. Department of Disarmament, but the latest filed was in 2006. According to the government's Small Arms and Mining Action Team, a report combining information for 2007 and 2008 will be out sometime later this year. While the Department of Foreign Affairs and International Trade, which oversees this work, maintains that combating the illicit trade in SALW continues to be a priority, it hasn't provided

much recent information on specific projects and commitments.

The Small Arms and Mining Action Team has been subject to "department changes" and staff reductions. It responded to repeated requests for recent information on its activities with an outline of projects mainly drawn from the 2006 report but with a few current initiatives:

- support to the UN Special Rapporteur, Barbara Frey, to compile and analyse a questionnaire on the prevention of human rights violations committed by SALW, as part of her report to the UN Sub-Commission on the Promotion and Protection of Human Rights,
- funding to Viva Rio to provide Latin American policy makers and government officials with information to help curtail the diversion of small arms and ammunition as well as prevent and reduce small arms-related violence, and
- funding to Project Ploughshares to organize and deliver a workshop involving parliamentarians, govern-

ment officials, and representatives from civil society from the Caribbean Community and Common Market (CARICOM) to explore and develop key elements of a sub-regional instrument on SALW.

Project Ploughshares, an ecumenical NGO that works on disarmament projects, is one of the main recipients of SALW funding from the government, but it has received less support in recent years. The main governmental fund for small arms projects, the Glyn Berry Program for Peace and Security (which also funds initiatives related to democratic transitions, human rights and protection of civilians, rule of law and accountability, conflict prevention, and public safety), has also been subject to a process whereby the continuation of the fund itself is not actually announced until summer, delaying projects and risking the continuity of programming.

The government's waning interest in SALW projects is due in part to the strong influence of gun lob-

bies, and the controversial Firearms Advisory Committee, created by Public Safety Minister, Stockwell Day. The committee has made significant changes in domestic legislation, including amnesties on registration fees for guns within Canada. These national changes have affected international policy, although the government continues to claim it supports an arms trade treaty “in principle.” For example, the government delayed marking requirements for guns coming into Canada until the fall of 2009. This means that Canada will be unable to ratify international initiatives like the Organization of American States agreement on SALW as well as the UN Firearms Protocol.

Federal opposition parties have been quick to criticize the government for its lack of action. “They will not oppose an arms trade treaty out of fear of the domestic reaction but they refuse to lead,” said Daniel Lauzon, Deputy Director of Communications for the Liberal Party. “We can and must do better.”

In a briefing note, the NDP called on the government to improve transparency in Canada’s arms exports, provide annual reports to Parliament, and develop ways to track the end-use of its exports to prevent “Canadian-made small arms and ammunition from falling into the hands of abusive regimes, or being used to commit grievous war crimes and other atrocities.”

The NDP is concerned that Canada has not provided reports on its arms exports since 2002, a spokesperson said, adding that “Canada should not be immune from this scrutiny.” Current Canadian regulations also allow for discrepancies between stated objectives and actual practice. The Control Arms project, jointly run by Amnesty International, IANSA, and Oxfam, cites the example of thirty-three Canadian military helicopters that were sent to Colombia despite strict controls on arms sales to that country. The helicopters first went to the USA, a country for which Canada does not require an end-use certificate and where there are no re-export guarantees.

Alexa McDonough, MP and Peace Advocate and International Development Critic, is working with NGOs and legal experts to prepare a Private Members Bill for a framework of consistent reporting on Canadian military exports, including ammunition, dual-use technologies, exports to the US, and end-users.

Alexandra Ordolis is an actor, activist, and a recent graduate of McGill University, where she studied English Literature and Philosophy. On exchange last year she studied at Sciences-Po in Paris.

Sarah Babbage is an International Development Studies student at McGill University. She is interning at the Social Justice Committee this summer.

Photo (opposite page) courtesy of “~Steve Z~”/flickr.com



An arms merchant displays two old British revolvers, while modern Russian weapons hang on the wall of his shop.
© Edward Parsons/IRIN



Small arms lined up on the ground at a disarmament collection point in Akobo, Jonglei State, South Sudan, July 2006. © UN/IRIN



Canada played an active role in the early 2000s in efforts to control the trade of land mines and small arms.

Photo courtesy of “mattwl”/ flickr.com

FOOD for FUEL

BY ALEXANDRA ORDOLIS

High food prices have caused riots in dozens of countries, from Yemen to Argentina. More than 75,000 protestors stormed Mexico City in January to demand price controls on basic foods after the price of tortillas rose 40 percent. Protesters died in Haiti and Cameroon in food price riots. In Egypt, civil servants, industrial workers and even doctors and university lecturers held strikes to demand higher pay to meet increasing food prices.

Biofuel policies in Canada, the US and the EU are on a “criminal path” of making food increasingly inaccessible to the poor, Jean Ziegler, UN Special Rapporteur on the right to food, has claimed.

We are in a global food crisis. Global wheat prices went up 181 percent in the past three years, while overall global food prices increased by 83 percent, according to the World Bank. While these increased prices have been felt across the globe, their effects are most devastating on poorer developing countries, where consumers spend a greater percentage of their income on food.

U.N. Secretary General Ban-Ki Moon has cautioned that the huge increases in the prices of staple foods in the past year could reverse progress made towards halving world poverty by 2015, and that the crisis, if not handled properly, “could result in a cascade of others... and become a

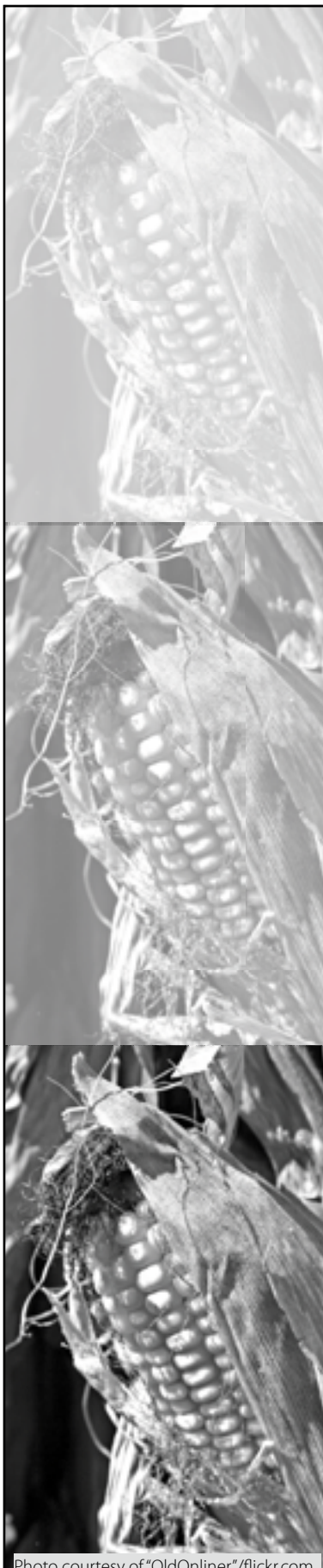


Photo courtesy of "OldOnliner"/flickr.com



Photo courtesy of "runnerone"/flickr.com



multi-dimensional problem affecting economic growth, social progress and even political security around the world.”

Some countries have started limiting exports to avoid shortages. Russia introduced price controls on some basic foods and imposed a 40 percent export tariff on wheat; China banned rice exports, increased tariffs on many exported grains, and set price controls on eggs, milk, bread, and instant noodles; India banned all exports on rice except the high value basmati variety, and cut imports on edible oil, corn and wheat.

The IMF discourages this approach, warning that policies that seek to control or limit exports and to increase export tariffs might exacerbate the crisis. Its analysts say that food prices have increased for a variety of reasons, including increased demand from emerging economies like India and China, drought conditions in major wheat producing countries like Australia and Ukraine, higher input costs, slow supply adjustments to higher prices on things like oil, restrictive trade policies, and financial factors like the depreciating US dollar.

Almost half the increase in the consumption of major food crops in 2007 was related to the increase in production of biofuels, which are made from renewable resources like plants and organic waste. The most popular kind is corn-based ethanol, which is produced in the US. The IMF warns that biofuel policies in the US and the EU, which favour domestic production, will continue to put pressure on prices.

Over the past ten years, the US, Brazil, Canada, and the EU have adopted policies that promote the use and production of biofuel, touting it as a green, more environmentally friendly alternative to fossil fuels.

It is unclear whether the environmental benefits of using biofuel offset the cost. Although using biofuels produces less greenhouse gas (GHG) emissions, manufacturing the fuels themselves wastes a significant amount of energy. Frédéric Forge, who has studied biofuels for the Canadian government, points out that replacing 5% of conventional fuels with biofuels would have a relatively minor impact on reducing GHG emissions across Canada. Even if 10% of the fuel used was

ethanol, Canada's GHG emissions would drop by a mere 1%.

Despite these low figures, Canada and the US have continued to support corn-based fuel. The Canadian government has mandated that renewable content compose 5 percent of gasoline by 2010. Here in Montreal, the city bus fleet began using biofuel in November 2007.

The search is on to develop the next generation of biofuels, ones that will come from inedible plant sources. The Canadian government has invested \$500 million to investigate potential sources including straw and agricultural wastes like cornstalks, but capacity to use these sources is not expected to be developed for a few years, and Canadian investment in current techniques is \$1.5 billion.

Info:

centreforenergy.com (industry site)
oee.nrcan.gc.ca (government site)
cban.ca (NGO site)

Canada's Minister of Natural Resources:
Hon. Gary Lunn
House of Commons, Ottawa K1A 0A6
Lunn.G@parl.gc.ca

Les combattantes oubliées?

La souffrance continue pour les filles soldats

PAR AMY STEELE

1 2000 filles enfants soldats ont participé à la guerre civile au Sierra Leone, et seulement 506 d'entre elles – soit à peine de 4% en tout – sont impliquées dans des programmes de réinsertion jusqu'à présent. Les programmes de désarmement, de démobilisation et de réinsertion (DDR) ont pour but de faciliter la transition du temps de guerre vers la vie normale, en permettant aux enfants d'aller à l'école et de suivre une formation.

Selon Myriam Denov, professeur en travail social à l'Université McGill, le problème réside dans le fait que les personnes élaborant les programmes de réinsertion partent du principe que les filles ne jouent qu'un rôle secondaire dans la guerre. *« Il ne leur est même pas venu à l'idée que les filles auraient aussi besoin d'être démobilisées »,* affirme Madame Denov. *« Elles sont considérées comme des partisans et on ne démobilise pas des partisans. »*

La plupart des combattantes doivent porter un double fardeau lorsqu'elles sont recrutées par un groupe armé. Les femmes sont forcées de prendre en charge des tâches traditionnelles comme la cuisine ou le ménage, et sont souvent victimes de violence sexuelle commise par les premiers commandants. Cependant, la plus importante erreur commune aux médias et aux chercheurs, serait de reléguer les filles uniquement à ces tâches domestiques. Or, les filles reçoivent également un entraînement de base et participent au combat dans

beaucoup de groupes armés. Cela est souvent ignoré.

Madame Denov a travaillé avec des enfants qui ont combattu avec le Front révolutionnaire uni (RUF), un groupe rebelle qui a mené une insurrection au Sierra Leone, en vain. *« J'ai parlé à des filles qui étaient commandantes, »* dit-elle. Ces jeunes filles auraient ainsi grimpé les échelons du RUF et seraient devenues très puissantes.

La fausse perception du genre prétendant que les filles enfants soldats ne participent pas de manière active au combat a contribué à

“Les femmes sont forcées de prendre en charge des tâches traditionnelles comme la cuisine ou le ménage, et sont souvent victimes de violence sexuelle commise par les premiers commandants.”

l'exclusion des filles des programmes de réinsertion d'après-guerre. Un programme de DDR d'une durée de deux ans en Angola, destiné à réinsérer les enfants impliqués dans les combats au sein de la collectivité, ne visaient que les garçons; le programme supposait que les enfants soldats angolais furent majoritairement des garçons. Cette supposition était non seulement faussée, mais de plus, une étude faite par l'organisation Human Rights

Watch a déterminé qu'entre 5000 et 6000 filles avaient combattu dans des groupes armés. Alors que des nombreux garçons ont été ramenés dans leur famille et intégrés dans des programmes d'aide à emploi, les filles enfants soldats ont été abandonnées à leur propre sort, luttant pour survivre, entre pauvreté et mariages abusifs.

Au Mozambique, pendant la période de l'après guerre, peu des anciennes combattantes ont participé aux programmes du DDR ou ont reçu des prestations. L'ONU et les programmes gouvernementaux d'après-guerre ont également favorisé les combattants mâles, d'une part pour que le gouvernement puisse cacher le fait que les filles aient été incorporées dans leurs forces de combat, et, d'autre part pour que le rôle primordial des filles durant la guerre reste inconnu.

Cette situation est très proche de celle en Sierra Leone.

« Les filles étaient quasiment invisibles après la guerre, » dit Madame Denov. *« Les garçons suivaient les programmes de démobilisation, alors que les filles y échappaient et retournaient directement dans leurs communautés, sans aide, ni sociale, ni financière. »*

Leur infériorité quant à leur statut dans la société et le rejet qu'elles subissent après avoir servi dans la guerre mettent ces filles à l'écart. Leurs communautés les considèrent comme impures du fait que l'on ait pu abuser d'elles sexuellement



pendant la guerre. Ces considérations réduisent leurs possibilités d'emploi, les rendant incapables de recevoir une aide financière ou de solliciter un microcrédit.

Qu'importe le genre, lorsqu'un enfant grandit pendant la guerre, cet enfant ne connaîtra que le combat, la mort, et le pouvoir donné par la violence. « *Beaucoup de ces jeunes gens ont grandi dans un environnement militaire pendant des années,* » ajoute Madame Denov. « *Les règles sont différentes, la culture est différente, les attentes sont différentes. Toute leur identité tourne autour du groupe armé. Subitement, presque du jour au lendemain, ils sont projetés dans la vie normale, où les valeurs et les normes sont complètement différentes. On attend d'eux qu'ils aillent à l'école et qu'ils aient un emploi, choses qui exigent des compétences tout à fait nouvelles et étrangères. Toutes leurs compétences relevaient du domaine militaire, de la survie et du combat. La transition est énorme.* »

Le préjugé basé sur le genre, celui que les filles enfants soldats subissent, ignore le fait que les filles et les garçons ayant servi comme combattants souffrent des mêmes problèmes, tels que le manque d'éducation, le manque d'opportunité, le traumatisme psychosocial et la dépendance à

Les jeunes filles soldats, enrôlées dans les forces armées rebelles et gouvernementales, sont les laissées pour compte des après-guerres. Photo: Peter Mantello

la drogue, parmi plusieurs autres. Les filles font face aux mêmes difficultés, mais elles nécessitent aussi une attention particulière pour leur réintégration. Les filles qui ont perpétré la violence ont également été victimes de violence. Dans la période d'après guerre, les filles souffrent de problèmes de santé psychique et physique liés aux blessures, au trouble de stress post-traumatique, au sentiment de culpabilité, à la colère, et à l'anxiété. Elles souffrent également de problèmes liés à la violence sexuelle et à la procréation.

Madame Denov affirme que les programmes de DDR ne devraient pas seulement viser les filles mais aussi les communautés dans lesquelles elles vont être réintégrées, dans la mesure où les moeurs locales peuvent empêcher leurs développements futurs.

Elle garde espoir en un changement des mentalités. « *Depuis quelques années, les gens ont commencé à parler des filles,* » dit-elle. « *C'est quelque chose de nouveau, mais les gens en parlent de plus en plus.* » Aujourd'hui, le Fonds de développement des Nations Unies pour la femme (UNIFEM) demande la résolution du conflit éprouvant une sensibilité au genre. Ceci inclut l'ap-

pui au renforcement de la capacité des groupes de femmes et des consultations nationales de la paix avec les femmes au Darfour, et la désignation d'un conseiller en genre pour les dialogues pour la paix en Uganda du Nord. Récemment, UNIFEM soutient aussi les efforts pour améliorer la tactique militaire et policière pour prévenir la violence sexuelle lors des conflits, et pour promouvoir la participation des groupes de femmes dans le processus de la consolidation de la paix au Sierra Leone et au Burundi. Le gouvernement sierra-léonais et la Commission de consolidation de la paix des Nations Unies reconnaissent actuellement que l'égalité du genre est une question principale dans la consolidation de la paix, et ont défini des engagements précis dans le cadre de la coopération pour la paix.

Pour apprendre plus:

- L'Agence canadienne de développement international: www.acdi-cida.gc.ca
- Aide à l'enfance Canada: www.savethechildren.ca/canada/french.html
- La Coalition pour mettre fin à l'utilisation des enfants soldats: www.child-soldiers.org/fr/accueil
- Amnesty International: www.amnesty.org/fr



eye on the World Bank and IMF

Liberia's debt relief program was launched swiftly, but completing it will take years

Fifteen years of war cost thousands of lives and crippled the Liberian economy. 85% of Liberians are now unemployed and 80% live below the poverty line. 49% are undernourished, and life expectancy is only 40 years. As Canadian Finance Minister James Flaherty stated in a letter to the SJC in November, "I strongly agree with you that the international community should move immediately to reduce Liberia's debts."

The IMF and World Bank are major creditors to Liberia because of loans made in the 1970s and early 1980s. The interest on these loans have compounded, and today Liberia's external debt is estimated to be US\$5 billion, up from \$US 1.2 billion that was outstanding in 1985 when the country began its descent into violence and stopped payments on those debts.

Most Liberians were not yet born when the debts the country faces were incurred. The IMF and World Bank provided almost all of their loans to the corrupt regimes of William Tolbert and Samuel Doe. Tolbert's rule from 1971-1980 was characterized by corruption, nepotism, extreme poverty and income disparity. Doe murdered Tolbert and ruled until 1990, a period marked by brutality, human rights abuse, political repression, corruption and finally war.

The World Bank provided Doe with US\$95 million in loans between 1980 and 1985, when loans were suspended. The last IMF loans to Liberia were in 1984 (when it provided Doe with US\$24 million).

Debt relief began in 2008, but it will be a fraction of what is needed. The World Bank and IMF agree Liberia could eventually get US\$3 billion in debt relief, but predict that this will happen no sooner than the final quarter of 2010. However, for most countries that have received debt relief it took years longer than predicted because of the difficulty of meeting IMF and World Bank conditions.

Adding to the country's difficulties, the United Nations World Food Programme has identified Liberia as one of 37 countries facing a hunger crisis as a result of food price hikes. A surge in rice prices in 1979 contributed to Liberia's descent into chaos, sparking riots and a political crisis that led to the coup that brought Samuel Doe to power.

Canadian representatives on international finance include:

Finance Minister:

James M. Flaherty, House of Commons, Ottawa ON K1A 0A6
jflaherty@fin.gc.ca

World Bank Executive Director Samy Watson swatson1@worldbank.org

IMF Executive Director Jonathan Fried jfried@imf.org

Inter-American Development Bank
Executive Director Vinita Watson
vinitaw@iadb.org

Corruption in World Bank health projects in India

In January 2008 the World Bank made public a report detailing significant incidents of corruption and poor governance and their negative impacts project outcomes. A follow-up to a previous investigation of one health project in India, it confirmed that "significant indicators" of corruption also impacted five other Bank-funded India health projects valued at \$570 million, and that World Bank systems fail to prevent, detect, or react to risks of corruption.

Example: "Baby incubators, radiant baby warmers, and infant phototherapy units provided by Delta Medical Appliances and Ravi Enterprises equipment all lacked proper electrical grounding systems... The equipment's external metal chassis could conduct live current and shock any baby or caregiver who contacts those sections of the machine."

A Canadian representative at the World Bank said that the India corruption problem "hit the World Bank like a tidal wave." The office views the corruption and poor implementation in the India projects as a shared responsibility. "Certainly some of the firms involved were at fault. Certainly the Indian government could've done a better job, and certainly the Bank could've done a better job in oversight and monitoring. Everybody has to shoulder some of the blame here."

World Bank in violation of environmental standards at major oil and gas project

An investigation by the ombuds office of the International Finance Corporation (IFC), a World Bank division that funds private sector projects, has found the agency out of compliance with its safety standards. The internal investigation found noncompliance with IFC standards in stack emissions and in air quality monitoring for toxic emissions at the giant Karachaganak oil and gas operation in western Kazakhstan.

The IFC provided US\$150 million in loans to the international consortium, Karachaganak Petroleum Operating, BV, which comprises British Gas, ENI/Agip, Chevron, and Russia's Lukoil.



In 2004, residents of the village of Berezovka, located a mere five kilometers from the field, filed a complaint with the ombuds office of the IFC claiming that its investment was harming their health because of the emissions.

The village of Berezovka has been fighting for relocation away from

Karachaganak because of respiratory, nervous system and skin ailments among its residents. Karachaganak's extremely high levels of hydrogen sulfide have plagued the village, but the IFC failed to report hydrogen sulfide data for the stacks, as required in IFC guidelines from 2003-2006.

"Since 2002, the IFC has been violating the right of local citizens to a clean and healthy environment," said Kate Watters, Executive Director of Crude Accountability, an environmental justice organization that assisted villagers and local organizations. "It has violated Kazakhstani legislation, international standards and its own regulations. The IFC should pay restitution to the residents of Berezovka and others whose health has been damaged by emissions from the Karachaganak field."

"We have come to the conclusion that these harmful substances are building up in our systems and as a result people have just recently become sicker. There are instances of cancer (leukemia, brain cancer, etc.), upper respiratory illnesses, a massive amount of illnesses, and illnesses which were once typical have now taken on a much more severe form.

Not long ago I spoke with a few doctors who told me that hypertension used to affect only a few people in the village and now every second person suffers from high blood pressure.

Children suffer from illnesses that usually appear only in adults; their legs are sore, they have pain in their chests, their hearts and their stomachs. We have noticed that children's hair turns gray. Their hair falls out, their noses bleed at night while they are sleeping.

It's difficult for them to learn, their memory is weak. When we surveyed the students, 77 of 100 children admitted that they have poor memory, 34 said that they often experience fainting spells. Several children have bad teeth. Even their baby teeth are turning black. And they fall out; they rot, turn black and fall out."

- Svetlana Anosova, a music teacher and community leader in Berezovka, speaking to Kate Watters, Crude Accountability. The photo on the left is of Anosova and some of her music students. Photo: Kate Watters

Inter-American Development Bank harms environment, NGOs claim

The Inter-American Development Bank recently announced that its lending of \$9.6 billion in 2007 was a record, but environmental and human rights groups warned that the milestone had come at the expense of the environment and communities.

The NGOs claimed that "environmental and social safeguards have been sidelined, with President Luis Alberto Moreno largely ignoring both the recommendations of the Blue Ribbon Panel of Advisors on the Environment and the stated wishes of many donor countries for more sustainable projects. The IDB continues its promotion of fossil fuel-based energy policies, such as Peru's Camisea gas project, as well as infrastructure projects that will trigger significant deforestation in the Amazon."

- From an April 2008 statement by Amazon Watch, Bank Information Center, Centro de Derechos Humanos y Ambiente (Argentina), Friends of the Earth, National Alliance of Latin American & Caribbean Communities.

The IMF's New Role

Upstream Journal editor Derek Mac-Cuish in conversation with Tom Bernes, director of the IMF's Independent Evaluation Office (IEO).

UJ: You've talked about the IEO as having a "comparative advantage" as a watchdog over the IMF, and its independence, dispassionate perspective and access to information. Do you really have an advantage over other watchdogs, like journalists and NGOs?

TB: Those three things do define the unique role the IEO can play. The IMF internally does its own evaluations, which it should do, but clearly those are done under direction of management, and done by staff, and there are questions about whether those can really be totally dispassionate. Certainly they are not independent. On the other hand, outside watchdogs like academics, policy institutes and NGOs look at IMF policies. They may be independent, and they may or may not be dispassionate, but they don't have full access to information. The IEO was established as an independent body that has access to all the documents internally, not just documents which are accessible to the public. There are internal records, notes from staff meetings, discussions and memoranda that we can access, information that the outside watchdogs do not have.

UJ: Does the nationality of the head of the IEO make a difference? [Nationality plays a large – and recently, contentious – part in who leads the institution. The Managing Director of the IMF has always been a European; the President of the

World Bank has always been from the US.]

TB: I'm not sure that nationality has much to do with it. But I might point out that Canada played a major role in the creation of this office. I think the concept of independent analysis and critique does run in the Canadian tradition, whether it is in the Auditor-General or some of the independent royal commissions we've had. There is a culture in Canada of trying to have independent advice that can help the policy-making process and help accountability. There was a ten-year debate on whether or not to establish this office, and Canada did play a major role in its eventual establishment.

UJ: How effective do you think the IEO has been?

TB: We had an evaluation of the Evaluation Office itself to measure the office against the original objectives - to have an independent, dispassionate group that was capable of looking at IMF policies and programs, and assist in the oversight function of the Board, and to make the IMF more understandable to the outside world. Their conclusion was that the IEO had succeeded in producing generally good quality, independent studies.

In my conversations with NGOs, civil society, but also with government representatives, increasingly



people say to me "you really are independent, this is really helpful," so this has built up a credibility for independent analysis.

UJ: There was an expansion of what the IMF considered its responsibility in the 1980s, when it took on all kinds of aspects of countries' economies through structural adjustment programs. Now it seems as if the IMF is unsure where its limits really should be. The most recent report from your office recommended that the IMF limit its requirements of a country to only two or three conditions, but the staff and Board of Directors didn't agree, arguing that "conditionality in all areas critical for program success is part of IMF responsibility."

TB: There is agreement with our evaluation that the conditionality that was most successful was in

areas where the IMF drew upon its own expertise, and where the ministries of finance or central banks had the authority to implement. In areas outside the IMF's core areas, where it didn't have as much expertise to begin with or were outside the authority or mandate of the domestic department they were negotiating with, they were less successful. Our message was that the IMF should work in areas where it has strength and leave other areas to other institutions or national authorities. While there has been some refocusing on core areas of IMF purpose, about a third of IMF conditionality was outside of those core areas. So we said that more needed to be done. I think the Board agreed that more needed to be done, but not with the specifics of what we recommended.

UJ: When the IMF's structural adjustment program was named the "Poverty Reduction and Growth Facility" a few years back, I saw it as a concern. Poverty reduction is not an area where the IMF has expertise. Has there been a reconsideration of the rationale for establishing the PRGF? Is that part of the reconsideration of conditionality?

TB: Achieving institutional change is tough. Part of what staff were asked to take into account were the Poverty and Social Impact Assessments that the World Bank does, and the impacts of policies on different groups in society. IMF economists didn't have the expertise to do that. The World Bank did, and it was envisaged that the IMF would draw upon the work of the World Bank and somehow there would be a joining together of the work of the two institutions. What we found out in our evaluation is that largely that did not happen. The management at the IMF changed, and the structures to ensure the two institutions were

working together atrophied, in a sense. Nobody bothered to tell the World Bank, "Look. This is what we need from you people." What happened was that you didn't have the management at the top. You had this mandate that called for closer work between the two institutions but also with others, which didn't come about. So staff retreated to what they know best - macroeconomic economists looking at the big numbers. At the same time, there was the rhetoric of the institutions, saying we were doing all these things. They weren't. So you had this disconnect between what the IMF was saying publicly and what in reality they were doing internally.

UJ: Do you think the World Bank fell down in its role? It came out with dozens of studies showing social impacts of economic policies, but your report says they weren't necessarily used in IMF planning.

TB: The problem wasn't that they weren't coming out with the social impact studies. You needed management at the top saying "we need to make this work." When that didn't happen, well, frankly both institutions went about business as usual.

UJ: In a speech in Ghana last year, you said that economic stability wasn't enough, that growth was essential. "A bigger slice of social sector spending out of a fixed pie won't do it." What about how growth affects income and who benefits?

TB: I'm not sure the IMF has the expertise to look in depth at that, it's more an area where the World Bank has an expertise and mandate. What I was trying to say was that for these countries, you can have stability at a low rate of growth, but that is not what the economy

needs, in terms of meeting the social requirements of its citizens. Therefore the IMF has to be able to join that broader debate, but while the IMF has a mandate to promote stability in the international monetary system, at the end of the day it has to be a joint effort between the World Bank and the IMF. The IMF is there to provide short term assistance and a lot of the factors affecting growth are more medium term and that is where the Bank can provide the expertise and the financial support. That's why the two have to work together more effectively.

UJ: There are efforts to reform the voting system of the IMF, which is based on economic strength, to allow "voice" for poor countries. You've said that poor countries should speak up more as an important element in strengthening their "voice."

TB: According to the surveys we have, the authorities in sub-Saharan Africa are amongst the biggest supporters of the IMF, and value its technical advice and training perhaps more than elsewhere. So at a time when the IMF is going through challenges to its relevance and legitimacy, it gives its supporters leverage to say, "We are supporters, but this is what we need." There have been some improvements in voice, but we need to make progress across the board. Progress is being made, but there is still a long way to go.

Tom Bernes was the representative for Canada on the IMF Board of Directors from 1996 to 2001. He was instrumental in establishing the Independent Evaluation Office in 2000, and became its Director in 2005. This interview took place in Washington in April 2008.

Email: tbernes@imf.org

Mining and Corporate Social Responsibility



Mining operations in Guatemala

BY SARAH BABBAGE

Last summer, Stephen Harper announced to his colleagues at the G8 that Canada's most divergent interest groups had come together to create a groundbreaking report on corporate social responsibility (CSR) for the mining, oil and gas industries. But one year later the government has yet to announce plans to implement the report's recommendations.

The report, authored by representatives from NGOs, mining companies and the government, called for the establishment of standards and reporting obligations for companies. It also called for the creation of an ombudsman to evaluate companies' compliance with the standards and investigate complaints.

"The government of Canada is carefully reviewing these recom-

mendations and will soon report on a course of action," said Michael O'Shaughnessy, spokesperson for Foreign Affairs Canada, who declined to specify when they would make the announcement or what recommendations they would adopt. He added that in the meanwhile, Canada has supported the Extractive Industries Transparency Initiative, an international coalition that calls for the disclosure of company payments and government revenues for the oil, gas and mining industries.

Canadian mining companies, which make up about 60% of the world's mining industry, have been criticized for their irresponsible behaviour at their mines in developing countries. Most recently, Vancouver-based Goldcorp has been accused of not respecting the indigenous communities surrounding their mine in Guatemala, and of ignoring community health concerns at

their mine in Honduras. It has also incurred the most environmental fines of all mining companies traded on the Toronto Stock Exchange's Composite Index.

The report's recommendations would try to curb such corporate irresponsibility by withdrawing government support from companies that fail to comply with its standards. "I think the proposals are fairly far reaching," said Jim Cooney, former Vice President of Placer Dome Inc. Although the report acknowledges that it could not cover all the issues faced by the mining industry, particularly with regard to human rights, Cooney believes it is a good starting point.

Rights Action, a development NGO, has criticized the report for not recommending binding and enforceable criminal and civil legislation. It also criticizes the report's admission that it does not address

the full range of issues related to the industry. "This constitutes a complete abdication of responsibility," Grahame Russell of Rights Action wrote in a criticism of the report.

The report's authors have been surprised at the government's slow response. When it was released on March 29, 2007, the government promised to respond within two weeks. "It's been a long time, especially because the report is pretty reasonable," said Karyn Keenan, Program Officer at the Halifax Initiative. "It's backed by industry. It's backed by civil society. It's backed by academia. It's kind of a no-brainer."

"This is a government that has tried to appear accountable and not waste tax payers' money," said Alexa McDonough, the NDP's International Development and International Cooperation Critic and Peace Advocate. "This has been a four year process. We have seen a huge expenditure of human and financial resources but no end result."

Cooney blamed the government's delayed response on concern over the precedent it will set if legislation is adopted for just one industry. "The textile industry, Bombardier and others are going to ask what the legislation means for them," Cooney said. "To do something in just one sector is very difficult for the government. They like things to be horizontal, to apply to everyone." But he explained that if the government decided to implement the legislation for all industries, other sectors would resent not being consulted.

Pierre Gratton, Vice President of Sustainable Development and Public Affairs at the Mining Association of Canada, said the ombudsman's role has been a controversial recommendation which has contributed to the delay. Cooney agreed, explaining that not all companies understand the ombudsman's role. "They see it



as just another party that will criticize them," he said.

But the ombudsman is in the industry's best interest according to Keenan. "Companies feel like they're being attacked all the time and there is no way for them to clear their name," she said. "If they really aren't doing anything wrong then this would be a way for them to be vindicated."

The delay has also been caused by other industry actors, like the Canadian Chamber of Commerce, who have insisted on being consulted.

Many expect that the government will respond to the report some time before the G8 reconvenes July 7-9. "It is unthinkable that the Prime Minister, after what he did at the G8 summit last year, could go back again this year with a straight face or a shred of credibility without taking some action on the report," McDonough said.

Cooney speculated that Canada's National Contact Point for the OECD, an office whose job is to promote awareness of the OECD guidelines among multinational enterprises, might be given the responsibility of implementing the report's

recommendations. Every OECD member country has a National Contact Point office, and adding to the Canadian office's responsibilities would make it "asymmetrical" according to Cooney, by giving it a double duty. He hoped the government would opt to create a separate ombudsman office instead, even if it is on a trial basis.

Cooney, Keenan, McDonough and Gratton all hope the report's recommendations will be implemented in full. "We certainly view the recommendations as a package," Gratton said.

McDonough has called on the corporate leaders who support CSR legislation to urge the government to respond to the report. The legislation works to their advantage, she said, because it gives them a competitive advantage over irresponsible companies, and stops the "sullyng of the good name of Canada."

For more information, contact:
Department of Foreign Affairs
Sabrina Ramzi
(613) 943-6498
Sabrina.Ramzi@www.international.gc.ca



Water - a right or a commodity?

Last month the United Nations Human Rights Council deleted references that recognized access to water as a basic human right from a resolution proposed by Germany and Spain. The resolution was approved, to the satisfaction of both the Canadian government and the official opposition. This means that neither of Canada's two largest federal political parties acknowledges that access to water is a human right. They see water as a commodity, an important one perhaps, but nevertheless a commodity just like wood, oil and manufactured goods.

The vote received scant media publicity, appearing deep in the first section of *The Gazette* in an article entitled 'UN backs feds' view on water.' It explained that the federal government wanted to highlight that international law does not recognize access to water as a human right. It also said that the Liberals supported the resolution out of fear that recognition of water as a human right could open the door to bulk water sales to the U.S. under NAFTA.

This vote represents the latest setback for hundreds of millions of people worldwide who are currently deprived of clean water, suffering from thirst, disease and even death as a result. While recognition of water as a human right in itself would not provide more water, it would be another tool in the hands of those working towards the goal of providing clean water for all.

There are several issues at play. The provision of water has become a source of profits, as corporate interests are well aware. Corporations are pushing to privatize water services, and they are supported by governments and international financial institutions like the IMF and the World Bank. These institutions often force countries seeking debt relief to privatize water distribution under the assumption that the private sector can provide water more efficiently than governments. They seldom mention that profits will come first, and you can't make

profits selling water to people who cannot afford it.

A second issue is how water is used. Canadians are becoming more aware of how they waste water. How much disappears because of antiquated infrastructures? That's one type of waste, but what about the use of water for other purposes? In Guatemala, local residents are opposing the Canadian-owned Marlin gold mine because it requires huge amounts of water in a region where water is scarce. The expansion of the tar sands in Alberta is using up huge amounts of water, which is now becoming scarce in the province.

It is time for all of us to remember that we all need clean air and water, and fertile land and forests to live. They belong to the common heritage of people and animals on this planet. Without them, we die. No one has a right to take more than they need if it means that others will suffer. Human rights are not something that we give to others; they are ours by the fact that we exist. No government, corporation or financial institution can give or take away a human right. The most that they and we can do is recognize this right, support it and enshrine it in international law.



Neither of Canada's two largest federal political parties acknowledges that access to water is a human right. Photo courtesy of "96dpi"/flickr.com.

Ernie Schibli is a founding member of the SJC and our coordinator of public education programs. Contact: ernie@s-j-c.net



The Social Justice Committee
Le Comité pour la justice sociale

The Social Justice Committee of Montreal has been working to raise awareness of the root causes of hunger, poverty and repression in the world through our education programs since 1975. We work in solidarity with organizations in a number of Third World countries in the search for a more just and sustainable global socio-economic system.

The Social Justice Committee depends on financial support from its members and the general public. It is a registered charitable organization; donations are tax deductible.

We invite you to donate today, and become a member by supporting the mission of the Social Justice Committee to:

- Analyze the underlying structural and global causes of poverty, human rights violations and other social injustices.
- Contribute to informed popular participation in eliminating these injustices.
- Work in solidarity, and through education, to transform our world into a just society.

The Social Justice Committee believes that social and economic change is essential for the creation of a sustainable world, and that each person has the right and the responsibility to participate in the process.

The *Upstream Journal* is published by the **Social Justice Committee of Montreal**. The *Upstream Journal* focuses on economic, social and cultural rights, reflecting the SJC perspective of Third World poverty as a human rights issue. We try to go "upstream" to examine root causes of poverty and injustice.

Subscription to the *Upstream Journal* is only \$5 a year. It is published five times a year, at irregular intervals.

Views expressed in the *Upstream Journal* are the writers' own and do not necessarily reflect those of the Social Justice Committee. We welcome the submission of illustrations and articles on aspects of international development and human rights.

Connect

with the *Upstream Journal*:

Email: editor@upstreamjournal.org

Telephone: 1-514-933-6797

Toll free: 1-877-933-6797

www.upstreamjournal.org

Le Comité pour la justice sociale remercie le **ministère des Relations internationales** de son appui à sa mission d'éducation à la solidarité internationale.

The Social Justice Committee thanks the **Québec Ministry of International Relations** for its support of our mission of education on behalf of international solidarity.

**Please send
donations and
change of address
notices to:**

**The Social Justice
Committee**

1857 de Maisonneuve
W., Montreal, Quebec
H3H 1J9 Canada

Telephone
1-514-933-6797

Email info@sjc-cjs.org

www.sjc-cjs.org



The Social Justice Committee
1857 de Maisonneuve ouest, Suite 320
Montreal QC H3H 1J9



Name: _____

Address: _____

Phone: _____ Date: _____

Email: _____

☐ I would like to receive the *Upstream Journal* (\$5/year, non-tax deductible).

☐ I support the mission of the Social Justice Committee and would like to become a member.
My tax-deductible contribution is enclosed.

Revenue Canada Charity Registration 88797 3048 RR0001



Thank you and congratulations to the Social Justice Committee's theatre group for another successful season!

