



global witness

# Global Witness Annual Review **2009**

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# About Global Witness

*GLOBAL WITNESS BRINGS TOGETHER THE ISSUES OF HUMAN RIGHTS, CORRUPTION, THE TRADE IN NATURAL RESOURCES, THE ROLE OF BANKS, THE ARMS TRADE, CONFLICT. IT IS THE ONLY ORGANISATION THAT DOES THIS, PERIOD.*

**ARYEH NEIER PRESIDENT, OPEN SOCIETY INSTITUTE**

For 15 years, Global Witness has run pioneering campaigns against natural resource-related conflict and corruption and associated environmental and human rights abuses. From Cambodia to Congo, Sierra Leone to Angola, we have exposed the brutality and injustice that results from the fight to access and control natural resource wealth, and have sought to bring the perpetrators of this corruption and conflict to book.

Our work has revealed how, rather than benefiting a country's citizens, abundant timber, minerals, oil or other natural resources can incentivise corruption, destabilise governments, and lead to war. Rather than using their wealth wisely as a building block for development, countries rich in natural-resources frequently end up blighted by inequality and bad governance.

In spite of increasing international recognition of this phenomenon – often referred to as ‘the resource curse’ – governments, multilateral institutions and companies have all failed to do enough to tackle it. Indeed, in many cases, companies, acting with impunity in search of profits, are a major driver of the problem. Overall, there is still a shocking inertia, motivated in many cases by self-interest, and a widespread lack of willingness to reform the systems and close the loopholes that perpetuate this problem.

Global Witness's work is cross-cutting and multi-dimensional. Our international campaigns operate at the nexus of development, the environment and trade. We are motivated by a desire to tackle the underlying causes of conflict and poverty and to end the impunity of individuals, companies and governments that exploit natural resources for their own benefit at the expense of their people and the environment. From undercover investigations, to high level lobby meetings, we aim to engage on every level where we might make a difference or find out something that will help us bring about change.

Global Witness refuses to accept a status quo where a powerful elite manipulate and break the rules for their own benefit. We do not want to live in a world where the privileged offspring of an African dictator can buy a luxury yacht with stolen oil money while the country's citizens live in poverty. We don't condone a system where seams of minerals in the ground represent extreme riches for the few and a cause of conflict and poverty for the many. And we will not pardon the selective myopia of companies that make millions from trading in the very diamonds, oil or timber which are destroying the lives and livelihoods of innocent civilians.

## THE PARADOX OF WEALTH THAT CREATES POVERTY

**In 2008, Africa exported oil and minerals worth \$393 billion. This is nearly nine times the amount the continent received in international aid (\$44 billion). This paradox sits at the heart of Global Witness's work. We believe that, managed well, natural resources could help end poverty and break poor countries' disempowering dependence on international aid. But this will only happen when the systems that govern the trade in natural resources are comprehensively reformed and when good governance is placed at the heart of international aid policy.**

# Directors' message

This is the first of our annual reviews that has, albeit briefly, tracked Global Witness's history from its roots in 1992 (see pages 4-5). It is incredible, looking back, remembering those cold and impecunious mornings shaking collecting tins outside tube stations at 5am trying to raise a few quid for the international phone calls. Then getting that first grant from Novib in late 1994, and just a few months later setting foot for the first time on the Thai-Cambodia border to investigate the timber trade between the Khmer Rouge and the Thai logging industry, knowing that the Khmer Rouge were on the other side of the hill.

We had some early and significant campaign successes. We managed to close down the Thai-Khmer Rouge trade, and our next campaign exposed the blood diamond issue to the world and did much to address it. But we have never become complacent. We constantly challenge ourselves to see that we're doing the best that we can do, to maintain that enthusiasm that got Global Witness going in the first place. Moreover, the rationale behind why we created Global Witness remains as true today as it was then. We remain the only non-governmental organisation that brings together the issues of natural resource exploitation, corruption and conflict – the root causes of so many human rights abuses and state failure – via case studies based on hard edged investigations, often risky and undercover. We deliver fresh verifiable evidence to bring about new policy mechanisms that enable global change.

We're a different organisation now. Bigger for sure, and comprised of forty eight highly committed staff who don't just carry on the work that we started, but bring new skills and new perspectives to it. They are helping us to take our work to a new dimension and it's no exaggeration to say that 2009 has been our best year yet.

We launched a groundbreaking new campaign targeting the banks and other entities that facilitate state looting and corruption. Our report *Undue Diligence* exposed household names like HSBC and Barclays as enabling corrupt elites to loot their countries, thus condemning their populations to poverty and instability. Our follow up advocacy work resulted in strengthened international anti-money laundering mechanisms and contributed to the historic UK anti-bribery bill that passed in 2010. We are not sure whether to be flattered or dismayed to hear that some financial institutions are using *Undue Diligence* to train their compliance officers.

Our other new campaign on oil in Sudan further extends our work exploring the links between natural resources and conflict. It focuses on the oil-revenue sharing agreement between the north and south upon which the current peace deal is based. Our report, *Fuelling Mistrust*, documented large discrepancies between the government's oil production figures and those of the main company operating in the fields – discrepancies which threaten to undo the fragile peace. The report quickly attracted ministerial attention, and both governments agreed to carry out audits of the oil sector. Trust on this issue is essential to prevent another outbreak of war.

In the Democratic Republic of Congo (DRC) one of the most intractable conflicts of recent times and certainly the bloodiest has been fuelled by the trade in natural resources. After years of trying we're really making headway on getting the international community to deal with this issue of conflict resources, with a UN Security Council resolution stating that traders in natural resources that fund illegal armed groups in the DRC should face sanctions. Meanwhile in the U.S., we have worked with legislators to try and bring in legislation combating the trade in conflict minerals – we hope to see this becoming law in 2010.

Since we began Global Witness we have worked on forest issues across the globe, but with the international recognition that if we do not halt deforestation we cannot win the battle against climate change, our forest work has escalated to become our biggest campaign. We have taken a leading role in trying to ensure that the international climate change talks reach a good agreement for forests under REDD (Reducing Emissions from Deforestation and Degradation), and co-founded a highly effective alliance to work on this issue. We are tackling the issue of industrial forest use, one of the major causes of deforestation, and we have continued to expand our work with civil society organisations in forested countries to improve forest sector governance, with major advances in Cameroon, Ghana and Liberia.

All in all we brought out twelve comprehensive and authoritative reports in 2009, each of which are years in the making. But success isn't reports: it's what's in them and what we do with them that counts. In short (because there isn't space to cover all our campaigning in this letter) Global Witness continues to achieve global change, and we have never had such a broad impact as we have had in 2009. We could not achieve this success without a solid foundation. This year we moved to a new office in Central London that, for the first time, provides us with the space we need and that can truly be described as a nice environment to work in – previously we would unite in the face of adversity! Amazingly, we're paying the same per square foot – a benefit of the recession.

The downturn has obviously not been so helpful in other areas. The current economic climate has been difficult for many, including a number of our funders, and we have seen some of our grants reduced. However, our overall income has risen. This is a testament to our funders' belief in our work and means that we have not had to curtail any of our campaigns, indeed we have expanded them. However, none of us know how the economy will fare through 2010 and 2011. It's likely to be tough and we need to bear this in mind with every decision we take.

Global Witness has changed a lot over the last seventeen years, but it hasn't changed beyond all recognition. The commitment to achieve positive change and to make an impact remains. To work as a small team punching above our weight, to continue to learn from others and above all, our determination not to compromise our core principles, remain as strong as they ever were.

So where next? The year ahead brings with it many challenges. We are looking at the energy supply crunch, whereby new oil discoveries are failing to keep pace with rising demand, and how this relates to climate change. Thus far, rather than getting serious about the need to pursue a low-carbon development path, the international response has been to scramble for new oil fields without much regard for the stability, human rights or democratic development of those countries that possess the oil. If the world reaches the stage when demand outstrips supply, it will be a conflict flashpoint.

Similarly, as the emerging economies like China and India continue to grow, demand for minerals means an escalation in the scramble for natural resources by all the industrial economies. In poor and vulnerable countries this has, in the past, led to the 'resource curse', as experienced in much of Africa, and it will be a major challenge to manage this issue into the future.

2010 will be a challenging year on many fronts, but we are well placed to take on these challenges. As ever, this brief message cannot cover all of our issues, but we have included as much as possible in this review. We hope you find it informative, and even enjoy it!

**Patrick Alley, Charmian Gooch and Simon Taylor**  
**Founding Directors**

*Charmian Gooch* *Simon Taylor* *Patrick Alley*



ROSEWOOD BEING TRANSPORTED IN THE SAVA REGION OF MADAGASCAR. ILLEGAL ROSEWOOD LOGGING HAS DEVASTATED THE COUNTRY'S REMAINING ROSEWOOD FORESTS AND THREATENS ITS UNIQUE HABITATS. PHOTO © GLOBAL WITNESS.

# From humble beginnings to international influence

Established in 1993 by the three friends working from their front rooms, Global Witness now numbers over forty five staff divided between its offices in London and Washington DC, and has a truly impressive track record of success.

Our first ever campaign aimed to stop the trade in illegal timber from Cambodia to Thailand which was funding the Khmer Rouge. Our painstaking evidence-gathering, which entailed months of undercover work in the forests on either side of the border, resulted in an an astounding victory: the overland border was closed. The disruption of this trade helped to bring about the final demise of an organisation that had terrorised a generation of Cambodians.

Having confirmed our hunch that there were important gains to be made by focusing on the role of natural resources in fuelling conflict and corruption we turned our attention to Angola where diamonds were financing a brutal civil war. Our work here, and later in Sierra Leone, Liberia, the Democratic Republic of Congo and Cote d'Ivoire, brought the problem of blood diamonds to the world's attention and led to the creation of the precedent-setting Kimberly Process Certification Scheme, In 2003 we were nominated for the Nobel Peace Prize.

We have gone on to campaign internationally using a number of countries as case studies – including Burma, Indonesia, Sudan, Zimbabwe, Equatorial Guinea, Turkmenistan, and the Ukraine. From specific resources we have broadened out to look at the general policies that enable state looting and prevent transparency. Our work has helped to stop wars and brought about change that has saved lives. Through high-level policy and advocacy, as well as campaigning and capacity building on the ground, we have built an understanding of the issues and changed the terms of the debate.

## Our History:

### 1992 How it all started

Three friends working together at the Environmental Investigation Agency decide to set up a new organization and to call it Global Witness.



### 1994 Fundraising

Initial fundraising includes shaking tin cans outside tube stations to raise money for international phone calls; the breakthrough moment is a grant from Novib in October 1994. This enables Global Witness to travel to Washington and then Cambodia where they camp out on the border counting logging trucks, and pose as timber buyers to infiltrate the trade.



### 1995 First Report

Global Witness's first report exposes how the illegal timber trade between Cambodia and Thailand is funding the genocidal Khmer Rouge rebels. The report and follow up campaigning result in the border being closed, depriving the Khmer Rouge of \$90m a year and contributing to their downfall.

### 1996/97 Evidence

Investigations continue in Cambodia and Thailand; evidence obtained is used to keep Cambodia's border with Thailand closed to Khmer Rouge log exports. Investigations begin into Angola's diamond and oil trades, and their involvement in sustaining the civil war.

### 1998 Blood Diamond

Global Witness's Blood Diamond campaign alerts the world to the problem of conflict diamonds with the report, *A Rough Trade*, which details how diamonds are fuelling the civil war in Angola



## 1999 Oil Campaign

*A Crude Awakening* is published, looking into corruption in the oil industry in Angola. This kicks off Global Witness's oil campaign which begins to build global pressure for oil revenue transparency; Independent Forest Monitoring (IFM) begins in Cambodia, conceived and pioneered by Global Witness.

## 2000 Kimberley Process

Members of the diamond industry, governments and civil society organisations meet in Kimberley in Western Australia and begin discussions which will result in the establishment in 2003 of the landmark Kimberley Process Certification Scheme to control the trade in conflict diamonds. Global Witness is one of two leading non-governmental organisations in the process.

## 2001 Arms Smuggling

*Taylor Made* shows how the illegal timber industry in Liberia is linked to arms smuggling and prolonging the war waged by Charles Taylor and the RUF rebels against the people of Liberia and Sierra Leone.



## 2002 Transparency

Global Witness calls for the oil, gas and mining industry to disclose revenue payments on a country-by-country basis and co-launches the Publish What You Pay (PWYP) campaign with George Soros and other NGOs. Following our campaigning, the then British Prime Minister Tony Blair launches the Extractive Industries Transparency Initiative (EITI), which requires member companies and governments to provide information about payments for commodities. Global Witness is on the Board.

## 2003 Nobel Prize

Global Witness is co-nominated for the Nobel Peace Prize for work on conflict diamonds; Following Global Witness reports and campaigning, UN sanctions are placed on Liberian timber and Liberian President Charles Taylor is indicted for war crimes.

## 2004 DRC

*Rush and Ruin* reveals how illegal copper and cobalt smuggling in Democratic Republic of Congo (DRC) is depriving the economy of between US\$1-4million a day. This marks the beginning of our campaigning on the DRC which will become a hugely important case study for our work on conflict resources.

## 2005 Burmese Timber

*A Choice for China* reveals Burma's \$250m a year illegal timber trade and results in China passing new legislation to stem the trade; Global Witness founding Directors receive the Gleitsman International Activist Award, 'recognizing the exceptional achievement of those [...] whose vision and courage inspire others to join with them in confronting and challenging injustice.'

## 2006 War Crimes

One of Charles Taylor's chief cronies, Dutch timber baron, Guus Kouwenhoven, featured in Global Witness reports, is put on trial for arms smuggling and war crimes; Global Witness builds up its campaigning on revenue transparency in the oil, gas and mining sector with a new report on the natural gas trade, *It's a Gas*, which warns about Europe's dependence on supplies from Russia and Central Asia; Hollywood blockbuster, *Blood Diamond*, starring Leonardo de Caprio, hits the cinemas – Global Witness research informed the film.



## 2007 Cocoa Trade

*Hot Chocolate* highlights corruption in the cocoa trade in Cote D'Ivoire and its role in fuelling conflict; Global Witness wins the Commitment to Development Ideas in Action Award, sponsored jointly by Washington-based Center for Global Development and Foreign Policy magazine.



## 2008 Judicial Investigation

Ivorian government launches a judicial investigation into embezzlement of cocoa revenues and arrests heads of the national institutions that oversee the sector.

## 2009 Banks Campaign

Global Witness launches a major new campaign on the role of banks in facilitating corruption and state looting, and begins work on oil revenue transparency in Sudan; influenced by Global Witness campaigning, the UN Security Council passes a resolution mandating sanctions on people or companies trading in conflict minerals in the DRC.

# Campaigning on Conflict

## **DRC – changing the terms of the debate, influencing UN resolutions**

For over 12 years rich mineral resources in the Democratic Republic of Congo (DRC) have provided the incentive and funding for a conflict which has claimed millions of lives and blighted many more. The situation in the DRC has become a flagship example for Global Witness's work on conflict resources, and in 2009 we shifted our campaigning on this problem up a gear to try to force international recognition and action. We published a comprehensive and challenging report documenting how all the main warring parties, including the Congolese national army, were vying for control of the trade in lucrative metals such as tin, coltan, and tungsten – all used to make electronic items such as mobiles phones and computers.

The report, *Faced with a gun, what can you do?*, included evidence and testimonies from miners, soldiers, army officers and traders. But it did not stop at describing the violence or even identifying the perpetrators. In order to

tackle the fundamental drivers of the ongoing violence, we focused on the role of companies in providing a market for the metals, and on regional and international governments, many of whom are also donors to the DRC, who have not done enough to tackle the economic aspects of this ongoing war. We aimed to show that responsibility does not just stop with those present in the mines or market towns, but travels all the way along the supply chain – right up to the consumers of electronics goods that contain the components mined in the Congo.

We launched the report with a joint press conference in Kinshasa with the Congolese NGO, the Natural Resources Network, and it received widespread attention from national and international media. One of our campaigners took part in an hour-long debate with the Congolese Minister for Information on the UN station Radio Okapi, which was heard throughout the country and helped increase awareness of, and provoke response to, our report.

Following the launch we met with high-level government Ministers in the DRC, including the Prime Minister and the Minister for Mines. We also travelled to the east of the country and conducted a series of meetings with a regional governor, local parliamentarians, and members of the military. We worked alongside local NGOs, Réseau-Cref, CREDDHO, the ERND Institute, and Observatoire Gouvernance et Paix, to co-host meetings and support capacity building. In many of these meetings we encountered a different attitude to the issue of conflict minerals than had previously been the case and a greater openness among politicians, diplomats and members of the business community to the idea of taking action. This is not to say that there was no opposition or that the discussions were all easy but the comprehensive evidence in the report – which named a number of the people with whom we subsequently met – seemed to have helped to open a door to political change.

As a result of our work the concept of conflict minerals and supply-chain



traceability is becoming mainstream in eastern Congo, and the space for civil society and state bodies to call for change has opened up. One local NGO told us on a recent visit, "Your campaign has inspired us and given us the space to do our own work on the militarisation of the mining sector, and to monitor mine sites". Almost immediately after our report came out, the Congolese Prime Minister travelled to one of the most lucrative mining areas and publicly called for the military to get out of the mines.

We also carried out advocacy trips to Washington DC and New York, and held meetings with the UK government in London. These efforts yielded results. Perhaps most significantly, the UN Security Council passed a resolution stating that companies and individuals should face financial and travel sanctions if they are found to be "supporting the illegal armed groups in the eastern part of the Democratic Republic of the Congo through illicit trade of natural resources". The resolution, first passed at the very end of 2008 and then renewed and strengthened in 2009, also encouraged countries to ensure "importers, processing industries and consumers of Congolese mineral products under their jurisdiction exercise due diligence on their suppliers and on the origin of the minerals they purchase".

A number of people, including representatives of government missions at the UN, have told Global Witness that our campaigning and advocacy had a direct influence on the language of the resolutions and on the willingness of the UN to get tougher on sanctions.

This represents a significant step towards making the companies and middle men who currently benefit from the trade in conflict minerals from Congo accountable for the wider ramifications of their behaviour. It is imperative that governments such as the UK, U.S., Belgium, Thailand and Malaysia, act on the UN steer and put forward the names of their companies and citizens believed to be implicated in the trade. None have yet done so, despite compelling evidence. Their inaction threatens to undermine the groundbreaking resolution and is

tantamount to protecting the guilty. On a more positive note, there has been some progress in the U.S., in the form of two new bills introduced by Congress which, if passed, would help control the trade in conflict minerals and make companies more accountable.

At the end of 2009 we published a background paper on the longstanding links between natural resources and human rights abuses in the DRC from 1993 to 2003. The paper, based on existing documentation by UN agencies, UN Panels of Experts, NGOs and other

sources, brings together a wealth of information about this ten-year period, which is still as relevant and topical today, as many of the patterns of human rights abuse and natural resource exploitation have barely changed since the beginning of the war. The paper includes recommendations to the UN, individual governments and the International Criminal Court, which have a strong focus on justice and are intended to address the current situation.

## COMPANIES – FEELING THE HEAT

**International mineral trading and processing companies are clearly feeling the heat of our campaigning on the DRC. Following the release of our report, *Faced with a gun, what can you do?*, the British-based trading company, Amalgamated Metals Corporation (AMC), whose subsidiary Thaisarco was named in our report as trading in minerals that had come from mines under the control of armed groups, announced its intention to suspend sourcing from the DRC, citing 'the threat of misleading and bad publicity'. And the tin industry body, ITRI, announced it would ramp up efforts to agree new guidelines for supply chain traceability for companies sourcing from the DRC.**



**There is still a long way to go: the ITRI initiative falls far short of what is needed and the willingness of companies such as AMC and others such as the Malaysian Smelting Corporation (MSC) to engage with the challenges and clean up the industry is seriously lacking. The UK government has not done enough to hold its companies to account and this is something that Global Witness will be following up on.**

**In 2010 we will keep pressing for clear standards for companies sourcing minerals from the Great Lakes region, moving our focus along the supply chain to look at the end-user electronics companies whose products such as mobile phones and computers are the ultimate destination for the minerals mined in the DRC. We will also keep pushing the DRC and other governments to do all they can to achieve the full demilitarisation of the mining sites.**



A MAN INSPECTS A LEAKING OIL PIPE IN SOUTH SUDAN. THE OIL REVENUE SHARING AGREEMENT THAT HELPED SECURE PEACE BETWEEN NORTH AND SOUTH SUDAN HAS BEEN PLAGUED BY SUSPICIONS OVER THE REPORTING OF REVENUES. PANOS © SVEN TORFINN

**Sudan – case study of effective advocacy**

Another key aspect of our work on conflict resources in 2009 was Sudan, which offers a significant example of how natural resource revenues can potentially be used to negotiate and maintain peace. An agreement to share oil revenues underpinned the historic 2005 peace deal between north and south Sudan, which brought an end to Africa's longest-running civil war. In September we published *Fuelling Mistrust: The need for transparency in Sudan's oil industry*, which highlighted discrepancies in the oil revenue data published by the authorities in the north of the country and those published by the main (Chinese) company operating in the region. This matters because the south has always suspected that they are being cheated by the north over oil revenues. The report made a clear case for more transparency in the Sudanese oil industry on the grounds that without it mistrust between the two sides would grow and the peace would be jeopardised.

Following launches in Nairobi and Juba, the report was widely covered in the Sudanese, regional, and international

media, including the BBC and New York Times. Following publication, we briefed the President and Vice President of the Government of Southern Sudan in the capital Juba. At the meeting, the cabinet agreed to implement our three main recommendations, including commissioning an independent audit of the oil sector.

In the north, the energy minister was summoned to appear before parliament to explain the discrepancies highlighted in the report and the Presidency asked the energy ministry to look into the findings. Since then, the government in Khartoum has also agreed to an oil audit. Terms of Reference have been drafted by the Norwegian government and are awaiting approval in Juba and Khartoum.

The new U.S. government policy on Sudan, released a month after our report, states that they will work towards developing a post-2011 wealth sharing agreement, one of our main recommendations. In addition, our Sudan work was cited by a South Sudan minister in a hearing of the U.S. House of Representatives; in a debate in the UK House of Lords; and in the January 2010 report of the body set up

by the north-south peace agreement to monitor its implementation (the AEC).

2010 will be a critical year for Sudan with elections in April and preparation for the January 2011 referendum on independence at which the south is expected to vote to secede. We will continue to call for a credible audit of the oil sector and for a verification mechanism to be included in any future oil revenue sharing agreement between the north and the south. We will also continue to work on the need for governments and the international community to properly recognise the risks as well as the positive potential of natural resource revenues in countries attempting to emerge from war.

**The return of the Blood Diamond?**

Over 10 years ago Global Witness brought the problem of blood diamonds to the world's attention. As a result of our global campaign the landmark Kimberley Process Certification Scheme (KPCS or 'KP' for short) was established to eradicate the trade in conflict diamonds. The KP remains the only international mechanism designed to deal with a conflict resource and so it is important that it continues to have teeth.

For this reason, Global Witness focused in 2009 on monitoring and participating in key KP activities and on ensuring participant countries stand by their commitments. In spite of significant improvements over the last decade there are still loop holes in the international trade system, and the KP is still failing to deal with problem countries and issues; this puts the whole scheme at risk. We also continued to lobby the diamond industry to improve their system of self regulation, and pushed for increased oversight of diamond manufacturing and trading centres.

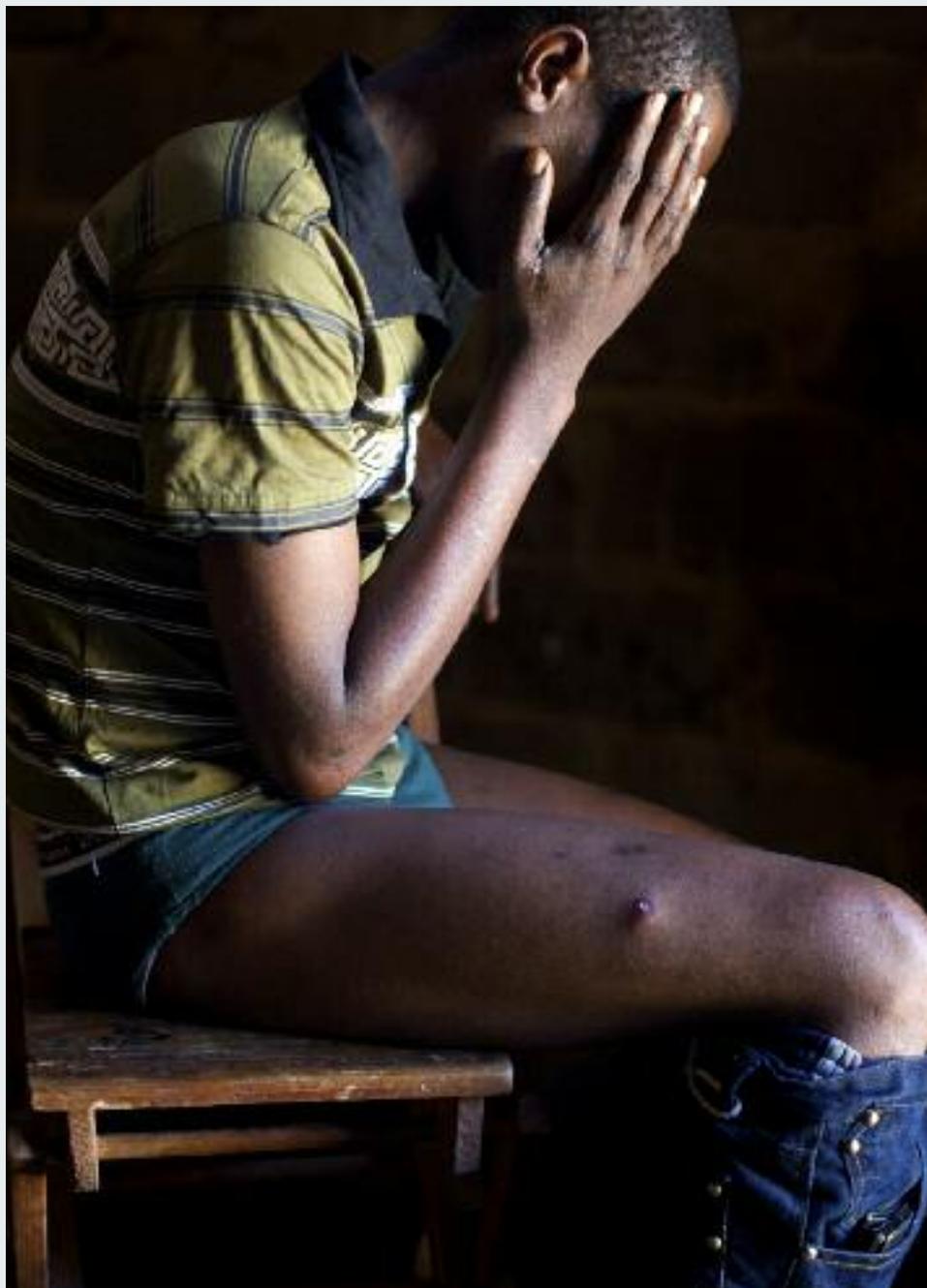
Human rights abuses in Zimbabwe's Marange diamond fields throughout 2009 dramatically demonstrated that blood diamonds are still a very real problem and highlighted weaknesses in the KP's ability and willingness to enforce its own rules. Although our key recommendation, that Zimbabwe be suspended from the scheme, was not adopted, we did manage to strengthen the measures agreed to address the problems in Zimbabwe. These measures are still not strong enough but they could bring about some positive changes on the ground if properly implemented.

2009 also saw progress in efforts to address challenges faced by West African countries in the fight against conflict diamonds. Global Witness contributed to a decision at the plenary aimed at addressing statistical anomalies and a lack of oversight in the Guinean diamond trade and we were also involved in establishing a 'Friends of Cote d'Ivoire' group which should help to address the KP's longest-standing case of conflict diamonds. Concurrently, West African civil society groups, brought together through the civil society coalition, have formed the Mano River Union civil society platform, with the aim of addressing challenges at a regional level.

2009 saw increased participation of southern civil society groups in the KP. The November plenary was attended by civil society representatives from Angola, Brazil, Cote d'Ivoire, DRC, Guinea, Liberia, and Zimbabwe. The activists took part in working group and

plenary sessions, and were able to share information and experience with each other. Southern civil society representatives also participated in the Zimbabwe review mission, and in a review visit to the DRC. This participation was facilitated by the Civil Society Fund, for which Global Witness has helped raise money. We have enormous respect for these campaigners, whose participation in the KP meetings and ongoing campaigning for better human rights in the diamonds sector places them constantly at risk.

In 2010 the emphasis will be on reform: we firmly believe the KP needs to address a number of weaknesses and reaffirm its commitment to stopping human rights abuses fuelled by diamonds. It needs to get tougher on non-compliance if it is to retain its credibility and Zimbabwe must be expelled if a review mission fails to find evidence of genuine reform.



A YOUNG BOY WHO HAD BEEN TORTURED BY A MILITARY-CONTROLLED DIAMOND SYNDICATE IN CHIADZWA, ZIMBABWE. REPORTS OF SYSTEMATIC ABUSE AND STATE CORRUPTION HAVE LED TO CALLS FOR ZIMBABWE TO BE SUSPENDED FROM THE KIMBERLEY PROCESS CERTIFICATION SCHEME. PANOS © ROBIN HAMMOND

### **Liberia – managing resources in a post-conflict context**

As a post-conflict country where natural resources played a significant role in fuelling the war, Liberia now faces the challenge of managing its forests and other resources in a way that benefits the country's citizens and prolongs peace. Successfully overcoming decades of corruption and breaking entrenched patterns of resource mismanagement will require sustained political will, civil society engagement, and support from donors and other stakeholders. In 2009 Global Witness campaigned alongside local civil society groups in Liberia to ensure that the country's new forestry concessions were allocated in accordance with the reformed forestry law.

We published a series of press releases and briefings highlighting instances where the government was failing to follow its own laws and processes. In July we warned that three firms linked to Malaysian timber giant Samling, a company notorious for destroying tropical forests and abusing local communities, were being considered for major logging contracts. The Liberian government and international donors spent five years and tens of millions of dollars reforming the forest sector and instituting a system of checks and balances but the flawed bid assessment process showed how easily these safeguards could be short-circuited for the sake of short term economic gain and to please the industry lobby.

We followed the concession allocation process through its various stages of ratification, and continued to highlight our concerns publically and in private correspondence. In parallel we met with Liberia's President, Ellen Johnson Sirleaf, and with various government departments and external agencies, to encourage Liberia to seek funding from the Norwegian government's Climate

and Forest initiative, to enable the country to receive financial compensation in return for protecting their forests instead of logging them (see section on REDD).

However, in spite of relentless campaigning by Global Witness and our local civil society allies, including the Sustainable Development Institute, in October Johnson Sirleaf signed four 25-year forest management contracts into law. She did this even though some of the companies lacked the financial capacity to operate and had already breached official procedures. We remain concerned that the anticipated logging revenues and promised employment benefits are unlikely to materialise, and that the government chose short term political expediency over long term financial and environmental stability.

Also in October, we responded to the Liberian Auditor General's audit of the Ministry of Lands, Mines and Energy, which highlighted weakness in financial controls and signs of corruption. Global Witness and the local Publish What You Pay coalition welcomed the audit as a significant step forward in Liberia's efforts to strengthen governance. The audit report identified a range of serious irregularities, not least the failure of three officials to account for US\$862,000 in missing government funds for which they were responsible. Other problems included unaccounted for discrepancies in donor funding, a general absence of transparency and accountability and a lack of sound financial management. Global Witness and PWYP called on the government to respond urgently to the report's recommendations. Some of our key recommendations were taken on board by the government.

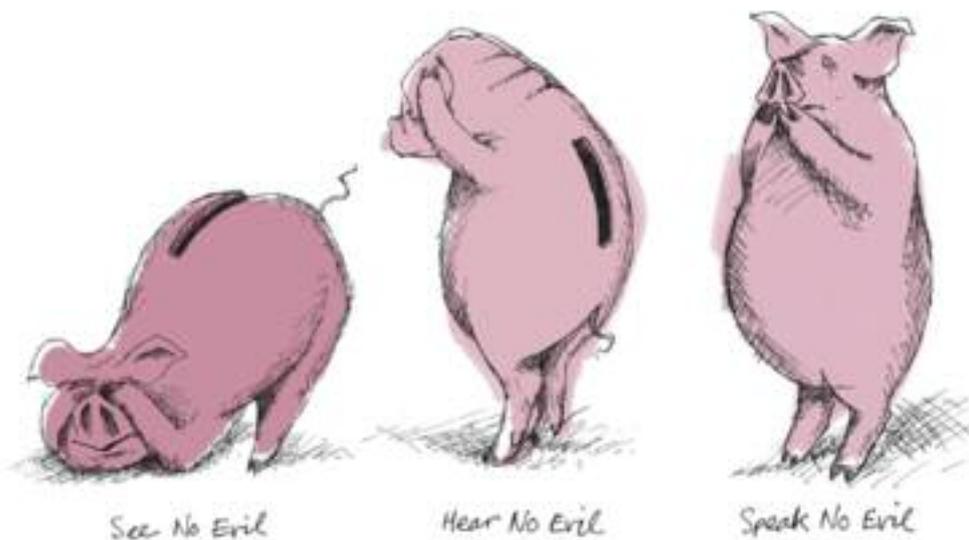
2009 also saw us bring our first legal case to a public prosecutor as we seek to set precedents on legal consequences for funding war. Based

on investigations over the previous years and joint campaigning with Greenpeace, we filed a complaint in France against one of the world's biggest timber companies, Dalhoff Larsen Horneman (DLH), alleging that they had bought and traded illegally obtained timber during the Liberian civil war. See the Ending Impunity section on page 18 for more detail on this case.



A WORKER TAPPING RUBBER IN LIBERIAN FOREST. TRANSPARENT MANAGEMENT OF FORESTS AND OTHER NATURAL RESOURCES IN THE POST-CONFLICT COUNTRY WILL BE VITAL FOR PROMOTING DEVELOPMENT AND REDUCING POVERTY.  
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# Campaigning on Corruption



## **Banks facilitating corruption**

2009 saw the launch of a new, exciting and critical campaign area: tackling the role of financial institutions in facilitating corruption and state looting. If the world is serious about Millennium Development Goals and Making Poverty History then it has to stop the shameful way in which the financial sector is involved in corruption that is keeping millions of people poor.

In March we published a comprehensive and ambitious report – the result of more than 2 years' work which entailed investigations as well as getting to grips with the immense complexity of the international banking system. Our team delved deep and steeped themselves in the sector, talking to a range of players including money laundering experts, police investigators, banking staff and officials. We sought to understand some of the key problems and see what solutions there might be.

*Undue Diligence* detailed how a number of the world's largest banks, including HSBC, Citibank, Deutsche Bank, and Barclays have done business with some of the world's most corrupt regimes, including Equatorial Guinea, the Republic of Congo, Turkmenistan, Charles Taylor's Liberia, and Angola. Through compelling case studies we showed how this behaviour, which fuels corruption, poverty and inequality, is happening despite a global framework of anti-money laundering laws. The report made strong recommendations on how to close loopholes and urged all stakeholders to use the opportunity inherent in the financial crisis to push through reforms that would stop banks and other institutions from facilitating state looting and kleptocracy. We have heard that it is being used by financial institutions to train business units and compliance officers and has been ranked with five stars for 'insight' by the corporate social responsibility website, [businessrespect.net](http://businessrespect.net).

We held two report launch events in Parliament in the UK, one with MPs Vince Cable and John Bercow, and followed up with meetings throughout the year with officials at the UK and U.S. treasuries and other government departments. We also met with the World Bank and IMF, and wrote to all members of the G20 and the Financial Action Task Force (FATF), the intergovernmental body responsible for setting global anti-money laundering standards.

As a result of our campaigning, the G20 called on the FATF to focus more on the proceeds of corruption with an emphasis on beneficial ownership, customer due diligence and transparency. The FATF, which had previously focused heavily on terrorist financing, set up an informal group to assess how to fulfil the G20 requirement, recommendations from which will be addressed before the next round of peer reviews. Global Witness is working to ensure that the review is as effective as possible.

We made a submission to the Foot review of the UK's Overseas Territories, based on a case study from *Undue Diligence*, which resulted in changes to the money laundering regulations in Anguilla, a major offshore tax haven. We also made a submission to Hong Kong's review of its anti money laundering regulations, which resulted in acceptance of one of the key recommendations regarding reliance on 'third party introducers'. Our submission to UK reviews of money laundering regulations and money laundering guidance for banks resulted in acceptance of some of our recommendations on asset declarations and on banks needing to consult a wide range of NGO and inter-governmental reports when assessing corruption risk.

In May we testified to a U.S. Congressional hearing on 'Capital Loss, Corruption and the Role of Western Financial Institutions' and in October, we held a packed informal side event on the margins of the FATF plenary meeting in Paris. We gave the keynote presentation and ran training workshops for bankers and government anti-corruption officials at an APEC conference in Bangkok. We helped set up and continue to participate in the Task Force on Financial Integrity and Economic Development, an NGO

coalition designed to watchdog and tackle illicit financial flows out of developing countries. In March we took part in a joint European NGO campaign action in Jersey to draw attention to the impact of secrecy jurisdictions and tax evasion.

In November, we attended the meeting of parties to the UN Convention Against Corruption (UNCAC) in Doha and worked with a global civil society coalition calling for an effective review mechanism for the treaty. We were

critical of governments at the conference – including China, Egypt and Russia - for blocking such a mechanism, thereby removing any way of enforcing the Convention's rules, and effectively rendering it toothless.

Also in November we published a follow up report on Equatorial Guinea: *The Secret Life of a Shopaholic*, which showed how Teodorin Obiang, son of the President of the oil-rich West African state, went on a multi-million dollar shopping spree in the U.S. thanks in



BOSSES AT RIGGS BANK, SEEN HERE TESTIFYING BEFORE A SENATE COMMITTEE, FAILED TO DO THEIR DUE DILIGENCE PROPERLY IN THEIR EAGERNESS TO HELP EQUATORIAL GUINEA'S DICTATOR, TEODORO OBIANG, MANAGE HIS OIL WEALTH.  
© DENIS COOK/AP

part to American banks having allowed his corruptly-acquired funds into the country. Among Teodorin's purchases were a \$35m Malibu mansion, a fleet of fast cars, and a private jet. The story appeared on the front page of the New York Times, which put renewed pressure on the U.S. Government to reinvigorate efforts to tackle foreign corruption and bribery.

### **Cambodia - aid effectiveness & donor accountability**

Global Witness has been working on Cambodia for a decade and a half. It is our longest-running campaign and the institutional corruption and state looting we have seen and campaigned against there has informed our organisational thinking and inspired work in other areas. In February 2009 we published a new report which looked at the emerging oil, gas and mineral industry. *Country for Sale*, downloaded over 7,000 times from the Global Witness website, revealed that the same political elite that pillaged the country's timber resources – the initial focus of our work in the country – had gained control of its mineral and petroleum wealth.

The report detailed how the rights to exploit oil and mineral resources had been allocated behind closed doors by a

small number of powerbrokers, for the benefit of members of the ruling elite and their families. It highlighted that millions of dollars paid by oil and mining companies, such as Australian mining giant BHP Billiton, to secure access to these resources, appeared to be missing from the national accounts. The work on access to resources in Cambodia is the first in a series of case studies which will inform a new branch of our work on oil, gas and mining – namely looking at how deals are done, and trying to identify the problems and corruption before the resource starts being exploited.

*Country for Sale* was critical of Cambodia's international donors, who, despite pledging U.S. \$1 billion in development aid at the end of 2008 – equivalent to half the total government budget – failed to use their leverage to demand better governance of natural resources and accompanying human rights and political reform. Unfortunately this failure by the international donors, and their *de facto* tolerance of the endemic corruption in Cambodia, has been the hallmark of their engagement with Cambodia since the elections in 1993.

We did a press launch in Bangkok and a UK parliamentary launch in London, and

followed up with extensive advocacy during the year, including writing letters to all Cambodia's donors ahead of their annual review meeting, and making a submission to the EC's Mid-term Review of its 2007-2013 strategy paper for Cambodia, in which we called on them to make better natural resource governance a key benchmark for EC aid. In the US we made a submission to the Tom Lantos Commission on Human Rights and briefed Hillary Clinton prior to a meeting with a Cambodian minister. We ran a training session for World Bank and EU staff using Cambodia as a case study to show how donors can recognise state capture and what they can do about it.

Our campaigning has significantly raised the profile and influenced the terms of the debate on oil, minerals and corruption in Cambodia. Mining and oil are now a part of donor-government dialogue. MEPs in Brussels launched an anti-corruption petition as a result of our campaigning, parliamentary questions were asked in the UK about Britain's aid policy, and U.S. Senator Richard Lugar wrote from the U.S. Committee on Foreign Relations to the president of the World Bank highlighting corruption in Cambodia. We have been told that *Country for Sale* is used as a training



GLOBAL WITNESS COMMISSIONED CULT CARTOONIST DAVID REES TO ILLUSTRATE OUR BRIEFING ON HOW THE EU IS NEGOTIATING WITH THE DICTATORSHIP OF TURKMENISTAN IN THE HOPE OF SECURING GAS SUPPLIES. ©DAVID REES, [HTTP://MNFTIU.CC](http://mnftiu.cc)

## A NEW BRIBERY BILL FOR THE UK – VICTORY FOR ANTI-CORRUPTION CAMPAIGNERS

document for anti-corruption agencies and donors.

Despite persistent and rigorous campaigning we have not yet seen clear changes in the way that donors give aid to Cambodia, and consequently no meaningful attempt by the Cambodian government to tackle corruption or to deal with the kleptocratic elite. While we will continue to work with individual donors to lobby them to bring natural resource governance into their aid disbursement criteria, we know that it is time to take this campaign up to the next level, and focus on governments' policies towards aid in general, rather than Cambodia specifically. We have started to do this already, by working in the UK for a more joined up governmental approach to corruption, and by identifying processes in Brussels that offer entry points for change. This will be a key focus of our work in 2010.

### Oil, gas and mining – focusing on access

During 2009 we developed a new direction for our oil campaign, focused on the risks of corruption in the global scramble by companies to win access to natural resources. We are assembling a major report for publication in 2010 and have produced a blueprint for citizens of developing countries to identify corruption risks in oil and mining deals. At the same time, we pushed ahead with our existing work on revenue transparency in oil and mining.

We focused activity on the key area of the Extractive Industries Transparency Initiative (EITI) and successfully used our seat on the EITI Board to stop the rules being watered down for the benefit of governments of resource-rich countries that lack political will to reform. We continued to play an active role within the Publish What You Pay coalition, including participating in the design of a new governance

**Throughout 2009 we campaigned for new anti-bribery legislation in the UK to prevent British companies from paying bribes to facilitate their operations and home or abroad.**

**We made submissions to the Secretary of State for Justice and the relevant parliamentary committee on the bill in June 2009 and met with the Secretary of State for Justice, the Department for International Development, and other MPs.**

**Significant changes were made to the Bill at draft stage, which strengthened it in line with our recommendations. Global Witness chaired the British Overseas NGOs for Development (BOND) governance group that campaigned on this.**

**The Bribery Act was passed in early 2010, bringing UK laws up to date by creating a new offence of bribing a foreign public official and a corporate offence for companies that fail to prevent bribery.**

**This is a very positive step forward and will be a critical help in preventing corruption which hinders development and affects the poorest and most vulnerable in society.**

**In 2010 we will continue to push for adequate funding for implementation and for guidance for prosecutors and business.**

arrangement. We also worked closely with Southern civil society activists, most directly via the EITI Board.

In November, as part of the continuing work on security of energy supplies into the EU, we launched an innovative satirical briefing, *All that gas?*, on the European Union's attempts to grovel to the autocracy of Turkmenistan in the hope of securing natural gas supplies. The briefing, illustrated by cult cartoonist David Rees, caused a stir in Brussels, and the signs are it influenced the thinking of some European Commission officials on this issue. We also had an op-ed published in the Financial Times on Europe's energy policies.

We also published two investigative briefings revealing questionable links between Angola's state oil company and little-known private companies. Angola, where average life expectancy is 46.5 years, is a classic example of a country in which natural resource wealth has not benefitted the majority of the population but instead has fuelled

corruption, conflict and exacerbated inequality. Our work on Angola has continued to be noticed by foreign governments, companies, multilateral organisations and the media. We are often contacted by investigators working on behalf of companies considering investing in Angola who want to assess corruption-related risks.

### UNESCO – reputation laundering for the world's despots

In December 2009 we discovered that UNESCO, the UN body set up to promote education, science and culture, was lending its name and kudos to a prize sponsored by Teodorin Obiang, the corrupt President of Equatorial Guinea. We condemned the prize, proposed in recognition of "scientific achievements that improve the quality of human life", as a reprehensible attempt at reputation-laundering and called on UNESCO to cancel it without delay.

We wrote an open letter to the UNESCO board and submitted a spoof nomination for Obiang's son, for "improving the quality of his own life". Obiang junior, known as Teodorin, had recently purchased a \$33 million private jet, a \$35 million Malibu mansion, speedboats and a fleet of fast cars. This is in spite of the fact that his official salary as Minister for Forestry, Fisheries and the Environment in his father's government is only \$4000 - \$5000 a month.

In January UNESCO suspended the Obiang-sponsored award, pending an official review into all of its prizes.

#### **Progress in the U.S. – new legislation on natural resources**

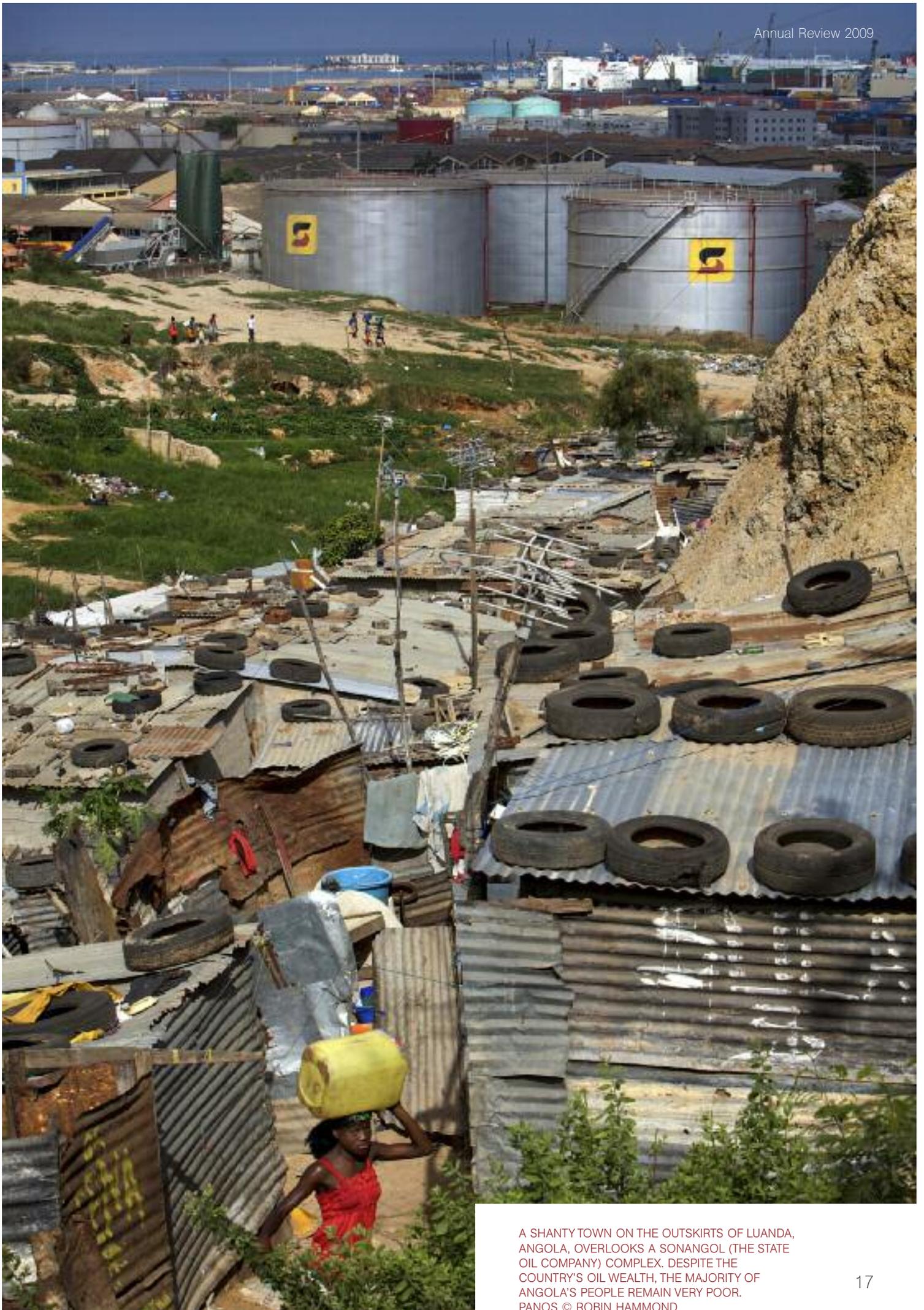
The U.S. has significant geopolitical influence and is home to some of the world's largest natural resource companies. If the U.S. government and companies used this influence more effectively, it would give significant momentum to global efforts to promote effective natural resource governance. In 2009 some significant progress was made in the US legislative context:

- **Introduction of the Energy Security Through Transparency Act (ESTTA).** This bi-partisan piece of legislation introduced in September 2009 would require companies to disclose their natural resource extraction payments on a country-by-country basis to the Securities and Exchange Commission. Global Witness played an integral role in getting the bill introduced and is campaigning with Publish What You Pay U.S. to get it passed. This legislation would be a major step forward in setting a global standard for transparency and enabling civil society to hold their governments to account for management of natural resource revenues.

- **Introduction of bi-partisan legislation in both the House and the Senate to combat the trade in conflict minerals.** The U.S. office was active in 2009 in educating members of Congress and the Obama Administration about the role of minerals in fuelling violence and human rights abuses in eastern DRC, which helped lead to the introduction of legislation in both the House and the Senate aimed at stemming the trade in conflict minerals.

- **Through our research, reporting, and advocacy in Congress, we were able to pressure and support the Senate and House Appropriations Committees to include several new provisions within the FY 2010 foreign assistance funding legislation that promote transparency and equity in the management of natural resources.** The provisions include: the requirement of a State Department report on mineral exploitation in the DRC and the identification of governments and companies involved; regular audits of the Government of Southern Sudan's financial accounts with special attention to oil and gas revenues; and a ban on U.S. funding directly or indirectly supporting industrial-scale logging.

In 2010, we will work on ensuring the passage of these progressive pieces of legislation in both the House of Representatives and the Senate. We will also encourage U.S. efforts to strengthen the anti-money laundering framework, including by requiring banks to carry out better due diligence. And we will push the U.S. government to properly enforce legislation imposing travel bans on government officials and their family members involved in natural resource corruption.



A SHANTY TOWN ON THE OUTSKIRTS OF LUANDA, ANGOLA, OVERLOOKS A SONANGOL (THE STATE OIL COMPANY) COMPLEX. DESPITE THE COUNTRY'S OIL WEALTH, THE MAJORITY OF ANGOLA'S PEOPLE REMAIN VERY POOR. PANOS © ROBIN HAMMOND

# Campaigning on Accountability

## Ending impunity for natural resource-related crimes

A key area of Global Witness's work is our efforts to end the impunity enjoyed by individuals and companies that profit from the illicit (and often illegal) exploitation of natural resources. We are constantly seeking ways to hold perpetrators of natural resource-related harm to account. This involves testing the limits of current laws and legal frameworks, exposing the 'accountability gaps', and calling for reform. The ultimate aim is to bring to an end the belief and unfortunate reality that individuals, companies and people operating within governments can operate above the law, and to the situation where, as with the trade in conflict minerals, existing laws are simply inadequate to deal with major global problems.

Working with other Global Witness campaigners, the Ending Impunity team aims to address the symptoms, causes and culture that enable a lack of accountability and prevent legal redress for crimes. There are three mechanisms that the team uses to achieve their aims:

- Casework - to facilitate and aid prosecutions that clarify the use of existing laws to create accountability for crimes involving the exploitation of natural resources, human rights abuses and corruption.
- Influencing policy - to encourage investigations and prosecutions under existing laws and push for the creation of new laws where gaps exist.
- Public advocacy - to create a climate where states and business believe that it is no longer acceptable to continue this exploitation and abuse and agree to take action against it.

## Companies fuelling the conflict in Liberia – a landmark legal case

2009 was a seminal year for this strand of work because it saw us launch our first legal case to a public prosecutor. In November, Global

Witness, Sherpa, Greenpeace France, Amis de la Terre, and a prominent Liberian activist jointly lodged a complaint in France, against the timber company DLH (Dalhoff Larsen Horneman), alleging that they had bought and traded illegally-obtained timber during the civil war in Liberia from companies known to have been providing support to Charles Taylor's brutal regime. We would have liked to build a case around their financial support for a war but at present there is no jurisdiction where this is possible – hence the focus on their purchase of illegal timber.

We were essentially accusing them of 'handling stolen goods' – which in France is a crime known as *recel*. We published a briefing paper, *Bankrolling Brutality*, explaining and accompanying the filing. This precedent-setting civil action is currently under consideration with the French prosecutor and we will know in 2010 whether the authorities intend to take it up. If they do not we are considering taking the case directly

to trial ourselves based on the wealth of evidence provided.

Also in 2009, we were invited to provide oral and written testimony to the Liberian Truth and Reconciliation Commission on economic crimes and the role that timber companies such as OTC, DLH, Danzer, and others played in funding the civil war. We also continued to carry out investigations into human rights abuses committed against ex-OTC employees and in the concession areas during Taylor's regime. Guus Kouwenhoven, the Dutch timber baron who ran Liberia's biggest logging company, OTC, was also implicated in gross violations and arms related crimes. Criminal charges were brought against Kouwenhoven in the Netherlands and we are currently waiting for a final determination.

## Mapping the trade in Congolese conflict minerals

Throughout the year we continued to work on the accountability of companies trading in minerals from the DRC, where



PLAQUE SHOWING THE PREMISES OF OTC, ONCE LIBERIA'S BIGGEST LOGGING COMPANY, SHUT DOWN FOLLOWING THE IMPOSITION OF UN SANCTIONS ON LIBERIAN TIMBER.  
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natural resource revenues are fuelling a violent conflict that has cost millions of lives. A particular focus for us in 2009 was the failure of the UK Government to act on evidence that British companies, including metals group AMC and trading company Afrimex, have purchased minerals originating from mines controlled by armed groups.

We provided oral testimony and a written submission to the UK Joint Committee on Human Rights highlighting weaknesses in the UK Government's current approach to minimising harm caused by UK-registered companies operating in conflict zones, particularly in eastern DRC. Some of our key recommendations were put forward by the Committee to the UK Government.

The basis on which companies are able to operate in areas of conflict and instability needs to change dramatically. Much of our campaigning is linked to this. In 2009 we began to work with the OECD on drafting practical due diligence guidelines for companies supplying minerals from conflict-affected states. This work will remain a core focus into 2010, with an official secondment to the OECD for one of our staff members. We hope to find out whether companies are capable of developing truly responsible and independently verifiable ways of sourcing. The jury is out on whether the industry and governments are ready to face up to their responsibilities.

We continued to work with Rights and Accountability in Development (RAID) and the Canadian Centre for International Justice (CCIJ) to highlight the on-going need for the accountability of economic actors, such as Anvil Mining, for their role in the Kilwa massacre in DRC in 2004.

### **Reforming England's libel laws to protect free speech**

Among the many threats that Global Witness faces, by far the most common is legal action - both in terms of libel and breach of privacy. The corrupt politicians and businessmen who are frequent targets of our campaigning are often enormously rich and can afford to use the law to crush freedom of speech, despite the fact that what we

publish is true, and in the public interest.

Global Witness has never been successfully sued, nor had to settle out of court. Regardless, we regularly receive threats attempting to silence us, and always deal with these robustly. In 2007, for example, the son of the President of the Republic of Congo, Denis Christel Sassou Nguesso, used privacy laws in the UK to try and force us to remove documents from our website which showed that he had been using state oil revenues to fund his lavish personal lifestyle. We won the case and were awarded costs but the financial risk for a small organisation such as ours in defending this case was significant. By fighting this case, and refusing to be cowed, we set a precedent in the English courts on public interest and the laws on privacy.

England's claimant-friendly privacy and libel laws have long encouraged such behavior. Over the last few years the phenomenon of 'libel tourism' - where people who live outside the UK use its courts to sue non-UK residents - has been on the rise. This, and the increasing use of legal gagging orders such as injunctions and super-injunctions, has had a chilling effect on public interest campaigning. 2009 saw an upsurge in campaigning for libel reform.

Global Witness joined the Libel Reform Campaign set up by Index on Censorship, English PEN and Sense about Science ([www.libelreform.org](http://www.libelreform.org)). We made written and oral submissions to the Culture, Media and Sport Parliamentary Select Committee on UK Privacy and Libel Laws and the resulting committee report incorporated a number of our recommendations.

Along with other NGOs we also submitted an Amicus Curiae brief to the European Court of Human Rights (ECHR), which is currently fast-tracking a landmark case brought by Max Mosley to tighten UK privacy laws. The brief outlined the potential negative implications of a ruling in Mosley's favour for organisations campaigning in the public interest and called on the court to define the right to privacy more

narrowly to protect such groups. The UK Government subsequently made a submission to the ECHR recognising the negative implications that prior notification could have on NGOs.

As a result of the campaigning by NGOs, the media and others, the then Justice Secretary Jack Straw announced a wholesale review of Britain's privacy and libel laws. Global Witness made a submission for consideration by Straw's expert panel, which reported in March 2010. Following the report, Straw announced welcome reforms to be taken forward in the next Parliament. These included:

- A 'single publication rule' to ensure that claimants in libel proceedings cannot bring a case against every publication or download of a story.
- Consideration of a statutory defence for publications in the public interest.
- Moves to prevent the growth of 'libel tourism'.

Straw also proposed to reduce the success fees that lawyers can charge for winning defamation cases in no-win, no-fee agreements. Unfortunately, in early 2010 a group of rebel Labour MPs blocked the proposal, citing concerns that the changes would prevent ordinary constituents being able to defend their privacy affordably. Global Witness accepts this important principle but believes that more often than not, the current system is cynically abused by the rich, powerful and very often guilty, who can well afford to pay their lawyers.

The matter is now due for review under the new government. Global Witness welcomes the coalition's early indication that libel reform will remain a priority and looks forward to seeing the details of their proposals. As the debate moves forward, it will be important to remember that non-governmental organisations publishing on a wide range of matters of public interest face different challenges and operate in a different context from journalists and lawyers. And that the work of such organisations will become more important as newspapers continue to cut back on quality long-term investigative reporting.

# Campaigning on environmental sustainability

## **Ending impunity for natural resource-related crimes**

2009 saw the launch of Global Witness's climate and energy campaign; with an initial focus on the looming oil supply crunch, a factor about which governments remain in denial. The campaign is calling on governments to publicly recognise the problem and take urgent action to switch to safe renewable energy alternatives. Global Witness believes that public recognition is the key first step. The campaign is an extension of our work on conflict resources and climate and is based on our belief that a world without enough oil is unlikely to be a peaceful place. An honest and public acknowledgement about the looming supply crunch could help climate change negotiators make progress towards agreeing safer targets.

In October, we published a report called *Heads in the Sand*, which outlined four key underlying fundamental factors that threaten secure future supplies of oil. These are declining discoveries, increasing demand, declining output from existing fields, and insufficient projects in the pipeline. Taken together, these factors threaten an imminent oil supply crunch. The report warned that the world's near-total dependence on oil for food production and transport mean that its decreasing availability is likely to have severe economic consequences. In addition, it will escalate food insecurity, and increase corruption, state-looting and impunity for dictators in countries with significant oil reserves. The increased geopolitical tension resulting from competition between countries struggling for essential supplies of oil will play havoc

with international efforts to address the climate crisis, and represents a serious threat to international peace and stability.

The current international effort to address the climate crisis could be described as "business-as-usual," with incremental changes to the global energy infrastructure occurring at a glacial pace. Current pledges for national greenhouse gas reductions represent a fraction of what appears to be required, according to recent scientific opinion. Meanwhile, existing global economic plans are predicated around a significant expansion in the use of fossil fuels. But given the range of indicators of the looming oil supply crunch, business-as-usual is no longer an option.



TAR SANDS – AN ENVIRONMENTAL DISASTER. THE WORLD IS RUNNING OUT OF OIL. RATHER THAN SEEKING EVER-MORE EXPENSIVE AND ENVIRONMENTALLY DAMAGING WAYS OF GETTING AT WHAT IS LEFT, GOVERNMENTS SHOULD BE INVESTING IN RENEWABLES.  
© ORJAN F. ELLINGVAG/ DAGENS NARINGSLIV/CORBIS

Following a London-based launch, we made one trip to the US to talk to members of Congress and the Obama administration about our findings. We presented *Heads in the Sand* at a panel event in Washington DC, attended by journalists, politicians and other NGOs. The report generated considerable interest, and suggestions that we hold further discussion panels. Against a backdrop of inadequate U.S. action to address the climate crisis, the visit also demonstrated the widespread lack of awareness about these issues amongst high-level officials on both Capitol Hill and within the Obama Administration. Global Witness has parallel concerns for many other countries.

In preparation for follow-up visits, the report was sent to Prime Ministers and key ministries of other major energy consuming countries and those in front line of looming climate disaster. By the year end, we had received positive reactions expressing an interest in further discussion from several countries.

#### **A chance for forests at the climate change talks?**

The world's forests have been declining at an alarming rate over the past fifty years due to industrial logging, conversion to plantations and agriculture. Carbon dioxide emissions from deforestation and forest degradation comprise between 12 – 20% of the global total and it is now widely accepted that the battle against climate change cannot be won unless deforestation is halted. Consequently forest issues have risen high up on the international agenda and have been a key issue in the UN Framework Convention on Climate Change (UNFCCC) since 2007 when negotiations on a global mechanism for Reducing Emissions from Deforestation and forest Degradation (REDD) were initiated.

Essentially a scheme to prevent deforestation, REDD will see poor countries paid to keep their forests standing. It is both an unprecedented opportunity and a serious threat. A good REDD deal has the potential to protect forests on a global scale - a goal that has eluded policy makers for decades. But a bad agreement could prove

disastrous for the world's forests and the people that live in them. REDD is at risk from vested interests, including the logging industry, which could hijack the scheme and use it to subsidise business-as-usual practices, including industrial scale logging.

With tens of billions of dollars a year potentially to be transferred from rich countries to poor ones under REDD, and \$3.5bn already committed in fast-track financing for immediate implementation, addressing issues of governance will be key. Many of the countries in line for REDD money suffer from weak governance and a lack of transparency - some are ranked among the most corrupt in the world.

Global Witness campaigned hard in 2009 for a REDD deal that would protect the world's forests, build systems for good governance and monitoring, respect the rights of forest-dependent people and preserve the rich biodiversity that forest ecosystems contain. We engaged actively in all the UNFCCC negotiating meetings throughout the year, and spent time researching, carrying out advocacy, and devising policy in the months in-between.

Within a year of commencing our work on REDD we were recognized as a key contributor and authority in the debate, particularly regarding forest governance and monitoring. We co-founded the Ecosystems Climate Alliance (ECA) – a coalition of like-minded NGOs - at the UNFCCC meeting in Poznan in December 2008 and it has gone on to become the most effective civil society coalition influencing the REDD negotiations.

Through forging alliances with key negotiators we managed to ensure most of our key concerns were included in the final REDD text, which would probably have been adopted had the international negotiations concluded with a legally-binding deal at the UNFCCC talks in Copenhagen in December 2009. Provisions secured included the removal of pro-logging terminology, recognition of the need to address governance issues, and language to safeguard the rights of

indigenous peoples, protect biodiversity, and prevent the conversion of natural forest to plantations.

Because an agreement was not reached in Copenhagen we will use 2010 to ensure these provisions remain in place, and advocate for full implementation and monitoring of the safeguards.

We produced four reports for the REDD negotiations in 2009, including *A Decade of Experience* and *Building Confidence in REDD*, which were presented in Copenhagen. The reports provide a strong advocacy tool and are reportedly being used by civil society organisations and by bilateral and multilateral donor agencies to inform their thinking.

In parallel with the UNFCCC negotiations Global Witness is heavily involved in the two major mechanisms that will operationalise REDD: the World Bank's Forest Carbon Partnership Facility (FCPF) and the UN-REDD Programme, to which we were elected in late 2009 as the official international civil society observer representing developed countries. We are also monitoring and engaging with other key bilateral and multilateral initiatives, including various bilateral arrangements funded by Norway and the Paris-Oslo interim partnership agreement on REDD.

#### **Industrial Forest Use – the major driver of deforestation**

Underpinning all Global Witness's forest campaigns is the objective to get the world's decision makers to re-examine their use of tropical forests. For decades countless reports from governments, the media, academia and NGOs have documented the alarming decline of the world's tropical forests, but the international community has failed to slow it. This extraordinary failure lies, in large part, at the door of the world's forest economists who remain wedded to the notion that the industrial use of forests, whether through industrial scale logging (ISL) or conversion to agriculture (such as palm oil, soya and livestock), are key economic drivers in poor but forest-rich countries.

Led by bodies such as the World Bank and the UN Food & Agriculture Organisation (FAO), and funded by development aid from the rich world, the international community actively promotes the use of intact tropical forests for ISL and other activities, and even provides the funding and technical assistance to do so – some \$750 million per year of taxpayers' money. The results are not impressive: the tropical regions of Africa, Latin America, and Southeast Asia lost around 1.2 million km<sup>2</sup> of forest between 1990 and 2005 – an area the size of France, Germany and the UK combined.

Global Witness's IFU work is aimed at changing tropical-forest policy so that it is genuinely pro-poor and pro-environment, removing perverse subsidy from big industry and promoting the rights of forest dependent people.

#### **Protecting Guyana's forests – and hosting a meeting with the President**

Guyana lies at the heart of one of the world's last four intact rainforests and has one of the highest levels of biodiversity in the world. With forests accounting for around 80% of the country's land area, Guyana has become a flagship country for the World Bank's Forest Carbon Partnership Facility (FCPF), and is the furthest along of participating countries in achieving REDD 'readiness'. The country recently signed a five-year REDD agreement with Norway.

In August Global Witness visited Guyana, and discussed REDD with government officials, civil society groups and indigenous people. We then hosted a follow-up meeting in London in November with President Jagdeo and a representative of indigenous peoples. The aim was to explore the opportunities and risks of REDD for Guyana, and provide a forum for NGOs, leading academics, government representatives and the media to question the President on the government's plans to prevent deforestation.

Guyana's tropical rainforests are amongst its most valuable assets. Global Witness thinks a commitment to transparency and accountability should be enshrined

in legislation and that there should be oversight of all timber-related revenue flows. Forest communities need to be involved in decision making.

#### **Making the Forest Sector Transparent – new website and report**

Citizens of poor countries are often unable to access information on the management of their forests to hold their government and businesses to account.

2009 saw the launch of a landmark forest transparency project by Global Witness in partnership with four local non-governmental organisations from Cameroon, Liberia, Peru and Ghana. The project was launched via a new website – [www.foresttransparency.info](http://www.foresttransparency.info) – which presented the initial findings of the first of a series of annual report cards. The full report card will be published in hard copy in 2010.

The reports will annually assess 70 transparency indicators on the level of public access to information in areas such as forest management plans, concession allocation, revenues and infractions. They will provide a tool for civil society to improve analysis of forest governance and transparency issues and to design strategies to tackle them and will be a useful way for NGOs around the world to learn and apply positive lessons in their own countries.

The report card is a product of a 'participatory action research' process involving Global Witness and the initial four project partner NGOs. We will bring in other countries to the scheme in 2010 and a key aim is to provide a framework and a 'pick-up-and-go' tool that NGOs and others can use without direct support from us to demand transparency over the management of forest resources.

#### **Independent Forest Monitoring in Nicaragua – handing over the baton**

2009 saw Global Witness complete implementation of an Independent Forest Monitoring (IFM) project in Nicaragua. IFM was first pioneered by Global Witness in Cambodia in the late 1990s. As the name implies, it is a form

of oversight whereby independent observers are engaged to monitor and report on forest-related activities in countries that have pledged to improve forest governance and stop illegal logging. IFM monitors provide robust evidence of where forest management and control systems are failing and support governments to address the reported weaknesses and system failures.

In Nicaragua we carried out a number of field visits with local partners and produced a series of mission reports highlighting problems in the forest sector. The project has generated a lot of interest and contributed extensively to the creation of a National Forest Audit System. After 2½ years of activities, Global Witness has initiated the handing over of IFM activities to local civil society and started training selected members of community-based organisations in the methodology and techniques.

A follow-up project will concentrate on building on the success in Nicaragua by expanding IFM into the sub-region, and on preparing civil society for active participation in, and monitoring of, future REDD mechanisms.

#### **The Burma-China timber trade – signs of improvement**

In October 2009 Global Witness released the third in a series of reports on illegal logging in Burma. Entitled *A Disharmonious Trade*, it was based on field research carried out between 2005 and 2009 in Kachin State, along the Burma-China border, and on China's eastern seaboard, and supported by analysis of the latest trade data. The report showed that imports of logs and sawn wood across the land border from Burma fell by more than 70% between 2005 and 2008. This represents a campaign success for Global Witness as the decline can be largely attributed to measures which were put in place by the Chinese authorities following the publication of our report *A Choice for China* in October 2005.

However, some illicit trade continues, causing serious damage to the environment. Furthermore, it is just part of a wider problem: half of China's timber imports from all countries are

probably illegal and China accounts for roughly a quarter of all illegal timber being traded internationally. This has a knock-on effect for other countries: the UK imports more illegal timber than any other EU country for example, because it buys so much from China.

Global Witness is urging the Government of the People's Republic of China to ensure that measures designed to prevent illegal timber imports are both widely known about and consistently enforced. Burma should continue efforts to stop illegal and unsustainable logging in Kachin State and end the illegal cross-border timber trade with China. Timber importing nations, including China, should adopt national legislation to prohibit the importation and sale of timber that has been harvested, transported, bought or sold in violation of national laws.

#### **Undercover investigations into illegal logging in Madagascar**

In November we published the results of a joint field investigation with the Environmental Investigation Agency (EIA) into the trafficking of precious wood, including rosewood, palissander and ebony, in Madagascar. The investigation was commissioned by the Madagascar National Parks authority and uncovered unprecedented levels of illegal activity in the country's northeast. Madagascar provides a good example of how a natural resource problem can escalate in the wake of a political crisis or as a result of endemic corruption. The spate of illegal activity we uncovered followed a political crisis earlier in the year. Our investigators – who spent much of the time working undercover – captured video and photographic evidence of the logging and collected testimony from local communities and traffickers, revealing both the scale and brazenness of the illegal trade.

The report estimated that between \$88,000 and \$460,000 worth of precious rosewood was being illegally harvested every day and accused members of the Forest Administration, the national police and other Malagasy authorities of serious failings and, in some cases, complicity with the traffickers. The report was seized upon

by international and local civil society, and used to put pressure on the Malagasy government to stop timber trafficking.

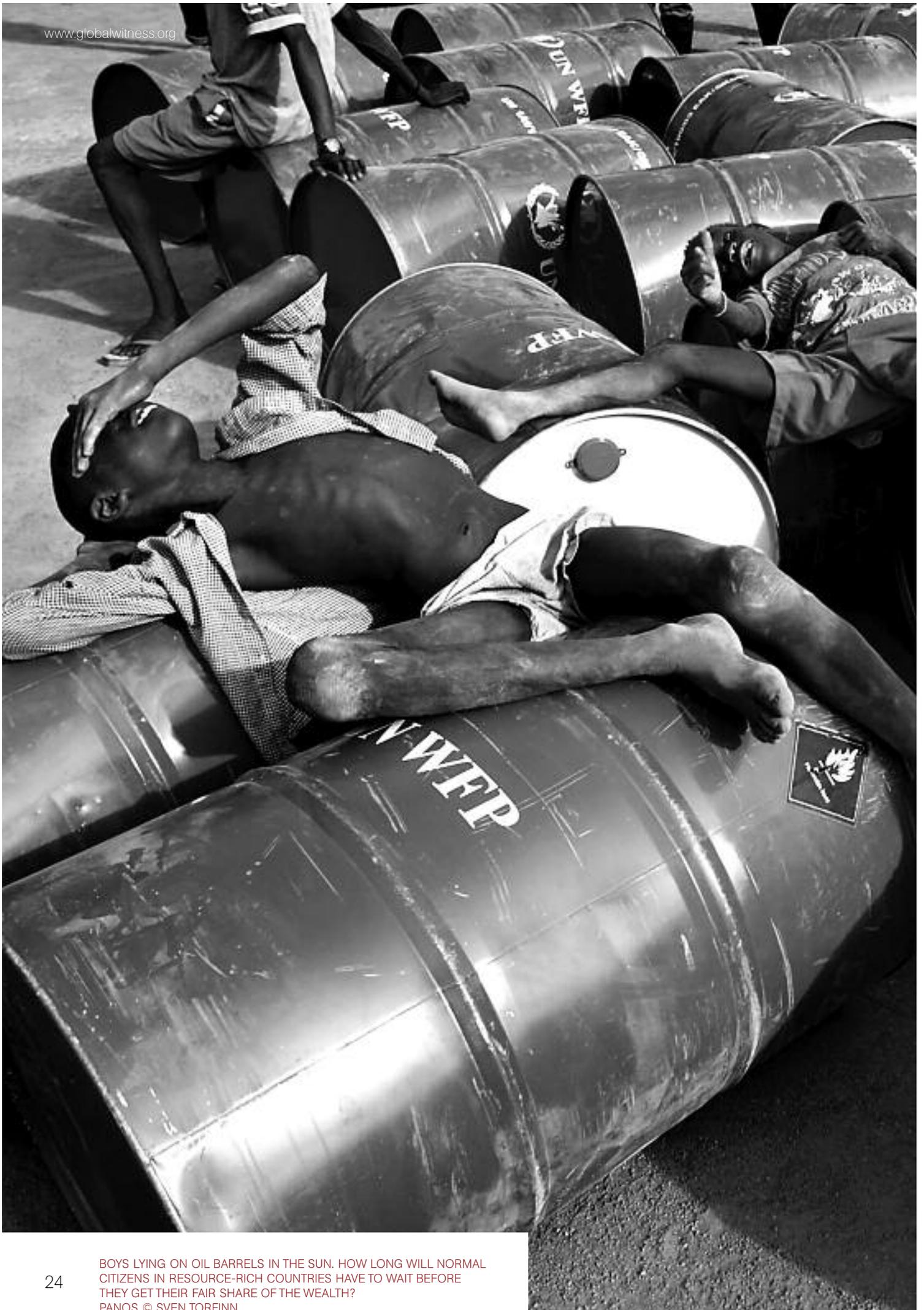
Global Witness also targeted the French shipping company, Delmas, who were reportedly transporting the investigated timber from Madagascar to China.

In March 2010 the Malagasy authorities reinstated the ban on exports of unfinished precious wood – a victory for the campaign. However, we are continuing to look into the network of

traffickers, traders and customers, with a view to using the U.S. Lacey Act to hold companies to account for importing illegal timber. And we will continue to press for similar legislation to be introduced in the EU.



LOGS WAITING TO BE TRANSPORTED IN MADAGASCAR. GLOBAL WITNESS'S INVESTIGATIONS HAVE REVEALED THE EXTENT OF THE ILLEGAL TRADE IN ROSEWOOD, PALISSANDER, AND EBONY, WHICH IS THREATENING THE COUNTRY'S LAST REMAINING NATURAL FORESTS.  
© GLOBAL WITNESS



# Our Funding

Without the support of those who share our vision, who want to tackle the same problems as us, and who believe in the solutions and methods we do, Global Witness would come to a standstill. As globalisation continues apace so does the growing need for global responsibility and we feel that there is so much more to achieve. The financial support we receive gives us the confidence, capacity and encouragement to continue and to strive for ever more impact in the international arena.

## **Our funders**

The majority of Global Witness's income comes from grants made to us by Trusts and Foundations, followed by governments, and multilateral organisations and other NGOs. We would like to take this opportunity to thank most sincerely all those who supported our work financially in 2009. We are deeply grateful to our long term supporters who, despite desperate economic conditions, have continued to show their commitment to and endorsement of our work. And we are also delighted to welcome many new supporters this year, particularly the Arcus Foundation who have made a significant commitment to support Global Witness's forest work.

### **Governments and International Institutions:**

Department for International Development (DFID), European Commission, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), Madagascar National Parks Authority, Netherlands Ministry of Foreign Affairs, Norwegian Agency for Development Cooperation (Norad), Swedish International Development Co-operation Agency (Sida).

### **Institutional Foundations,**

### **Non-Governmental Organisations, Corporate Bodies and Individuals:**

Adessium Foundation, The Ajahma Charitable Trust, Arcus Foundation, The Ashden Charitable Trust, Blue Moon Fund, DOEN Foundation, The David and Elaine Potter Foundation, The Ford Foundation, JMG Foundation, The Joffe Charitable Trust, Foundation Open Society Institute (Zug), The Rufford Maurice Laing Foundation, Scottish Community Foundation, The Sigrid Rausing Trust, R H Southern Trust, The Taylour Foundation, Zennström Philanthropies, Cordaid, Humanist Institute for Co-operation with Developing Countries (Hivos), Netherlands Committee for IUCN, Oxfam Novib, Trócaire, The Revenue Watch Institute, The World Bank Group, Brunswick Group LLP, Sharegift.

In the UK, **Global Witness Trust Ltd.** (registered with the Charities Commission: 1117844) is a separate entity that receives funds from certain funders and (under strict Trust guidelines) provides these funds to Global Witness Ltd. In the U.S., **Global Witness Foundation** (approved as 501(c)(3)) operates in the same way.

## **Volunteers and pro-bono legal advice**

In addition to financial support, Global Witness relies on a growing number of volunteers at all levels who provide valuable advice, expertise, and hard work. We owe them our deep gratitude.

We are also hugely fortunate to be able to work with a network of lawyers coordinated by Advocates for International Development who provide pro-bono advice and services, giving us peace of mind, and savings us tens of thousands of pounds a year. Thank you.

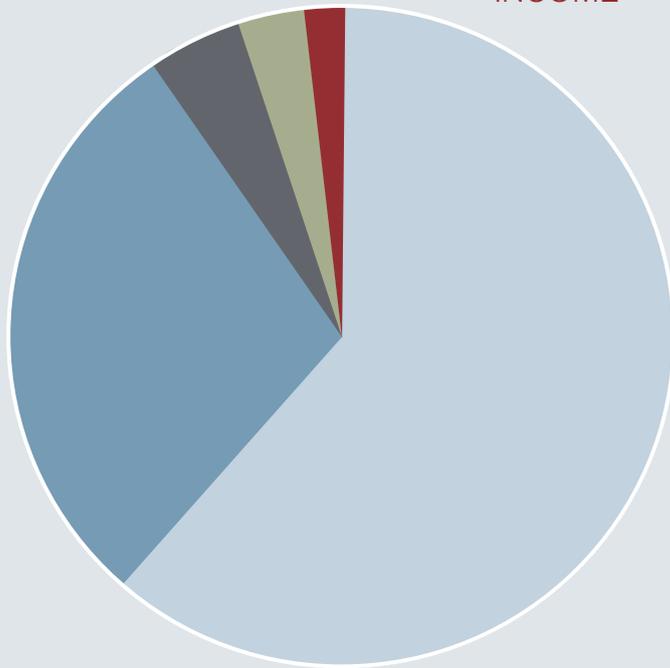
# Financial information

Growth in Global Witness's funding has been sustained since its inception 15 years ago and our annual income now stands at approximately £4m. To meet our campaigning needs we are aiming for steady and sustained growth in the years ahead. We want to maintain the valuable partnerships we currently enjoy, while also broadening our international reach and attracting new partners to support our expanding campaigning work.

These figures are extracted from the audited annual accounts of Global Witness Limited for the year ended 30 November 2009. A full set of accounts are available from our website, [www.globalwitness.org](http://www.globalwitness.org). We are committed to transparency in our financial reporting and are happy to disclose all financial information on request.

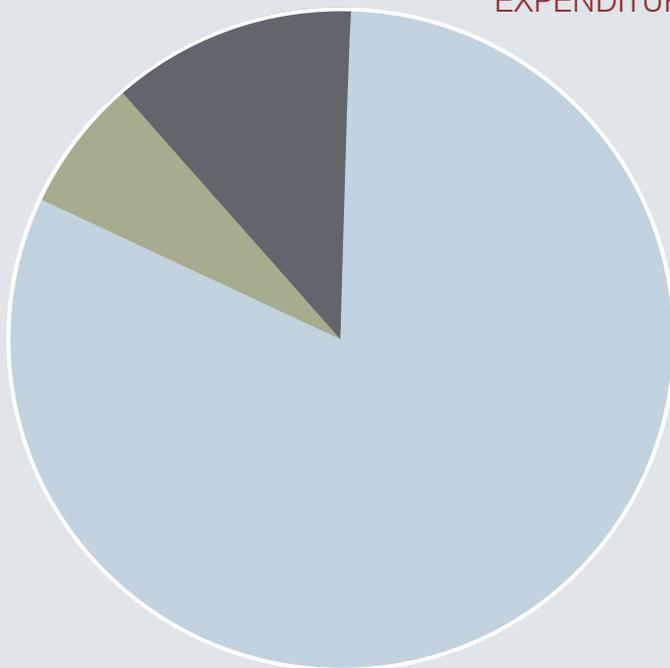
<b>Global Witness Limited 2008/09</b>	
<b>INCOME</b>	
	£
Grants from trusts & foundations	2,298,450
Grants from governments	1,277,340
Grants from multilateral organisations and NGOs	116,040
Grants from other organisations	44,475
Bank interest & other income	95,526
<b>TOTAL INCOME</b>	<b>3,831,831</b>
<b>EXPENDITURE</b>	
Climate change	138,409
Conflict resources	473,467
DRC	215,282
Ending impunity	181,034
Forests	749,623
Forest transparency project (GTF)	440,455
Kleptocracy	393,168
Oil & transparency	397,655
Research & development	53,286
<b>CAMPAIGN COSTS</b>	<b>3,042,379</b>
<b>FUNDRAISING COSTS</b>	<b>284,564</b>
<b>SUPPORT &amp; GOVERNANCE COSTS</b>	<b>707,640</b>
<b>TOTAL EXPENDITURE</b>	<b>4,034,583</b>

### INCOME



Bank interest and other	2%
Trusts and foundations	61%
Multilateral & NGO	3%
Governments	33%
Other	1%

### EXPENDITURE



Campaigns	75%
Support & governance	18%
Fundraising and communications	7%



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