

PARTNERSHIP
AFRICA CANADA

2009 Year in Review

Africa must defend its interests and its peoples

Despite having weathered the economic downturn better than some parts of the world, many countries in Africa continue to face difficult times ahead. Foreign direct investment and aid levels have both been negatively impacted by the financial crisis in the North. This has been partly offset by China's increasing need for natural resources and its resulting new investments across Africa. But for some countries without oil or significant mineral deposits, the immediate prospects for economic development are not promising.

Many African countries, however, do have large natural resource endowments, which in theory are a blessing. These resources can be an effective catalyst for development provided that they are managed in a sustainable manner and that the revenues generated from their exploitation are used to benefit their populations. Sadly, this has not been the case in much of Africa. But what is worse, natural resources have frequently fuelled armed conflict. In the 1990s, conflict diamonds helped rebel armies pay for weapons in Angola, DRC, Liberia, Sierra Leone and Guinea, where they contributed to the deaths of hundreds of thousands of people. Recently, the plundering of minerals such as tin and coltan has fuelled armed conflict in eastern DRC. The impact of these situations has been catastrophic for local communities, especially the poor, women and children.

PAC continues to focus on helping these countries manage their natural resources so that they benefit their peoples and do not fuel conflict. We have maintained our commitment to help make the Kimberley Process for rough diamonds work. In the Great Lakes region, we have used our experience in the Kimberley Process to help develop a regional certification mechanism for high-value minerals that have been the source of armed conflict there. At the international level, we have campaigned for greater transparency and improved corporate social responsibility in the extractive sector through our participation in the Publish What You Pay campaign and the Extractive Industries Transparency Initiative. On the broader governance level, PAC has supported African civil society to engage with the African Peer Review Mechanism, an initiative that seeks to improve governance throughout Africa. These are all important initiatives that have the potential to bring significant improvements to the lives of many people. African countries have to be able to defend their interests, but they must also defend their own peoples.

We thank our supporters for their consistent encouragement of our work and for their generosity in times of economic difficulties.



Mary Rusimbi
President



Bernard Taylor
Executive Director



Reforming the Kimberley Process

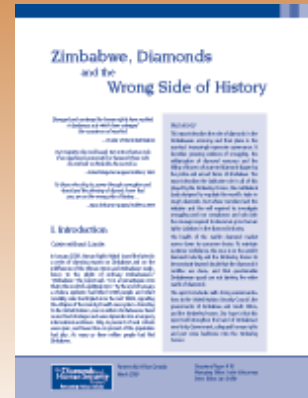
The Kimberley Process (KP), a UN mandated system, was initiated in 2000 in an effort to break the link between the trade in rough diamonds and armed conflict. The KP developed a certification regulatory mechanism, the Kimberley Process Certification Scheme (KPCS), which came into effect in January 2003 and is currently adhered to by countries constituting 99% of the world diamond trade. The KPCS has rightly gained a reputation for being a successful peace and conflict prevention mechanism. As a tripartite arrangement, its success at bringing stakeholders together from the private sector, governments and civil society is perhaps unparalleled and has been widely noted and frequently referred to.

Partnership Africa Canada played a leading role during the Kimberley Process negotiations and continues to be an active member of the Kimberley Process today through its participation on various working groups and in plenary meetings. In Africa, PAC works in collaboration with civil society organizations in Sierra Leone, Guinea, Liberia, Côte d'Ivoire, Zimbabwe, the Democratic Republic of the Congo and Angola that are coordinating national education, research and advocacy programmes aimed at the creation of better management of and greater community benefit from the natural resource extraction sector.

The Kimberley Process plenary meeting took place in Namibia in November 2009. It has been ten years since discussions about a certification system for rough diamonds began and PAC decided that the time had come to consider whether the Kimberley Process is meeting its most important objectives. PAC raised six issues that are in urgent need of attention if the Kimberley Process is to meet the high objectives for which it was designed:

- ◇ The KP should adopt a voting system and an end to what is essentially a vetoing arrangement and frequent deadlock on many issues.
- ◇ The KP needs an independent arms-length monitoring and research arrangement that sets a high standard of evaluation, avoids conflicts of commercial and political interest, and ensures timely follow-up.
- ◇ There must be serious enough sanctions that governments in non-compliance will act to remedy problems.
- ◇ The KP should be transparent in all its dealings, with all reports and statistical information being placed in full on the public KP website.
- ◇ A KP secretariat should be established, with funding for better coordination, research and information analysis.
- ◇ The KPCS should oblige its members to uphold the rule of law and to assure basic human rights in their diamond industries.

The Case of Zimbabwe



Zimbabwe brought up a new challenge for the KP in 2009. The KP was established to prevent rebel groups from controlling the diamond sector in certain countries in order to violently overthrow elected governments. In the case of Zimbabwe, it was the authorities themselves that were guilty of mass human rights violations in the Marange diamond area. In October 2008, there was a massacre of artisanal diamond diggers perpetrated by the Zimbabwe military. There was also evidence of widespread diamond smuggling from Zimbabwe involving the military. PAC subsequently published a lengthy investigation of the Zimbabwe diamond sector and this massacre: *Zimbabwe, Diamonds and the Wrong Side of History*.

The report described the role of diamonds in the Zimbabwean economy and their place in the country's repressive governance. It described growing evidence of smuggling, the militarization of diamond resources and the killing of dozens of unarmed diamond diggers by the armed forces. The report described the lacklustre role in all of this played by the Kimberley Process, and concluded with strong recommendations to the United Nations Security Council, the governments of Zimbabwe and South Africa, and the Kimberley Process.

As a result of PAC's lobbying and that of other civil society groups, the KP agreed to undertake a special mission to Zimbabwe to investigate the diamond sector there. Its report found examples of serious non-compliance with KP regulations and led to a suspension of diamond exports from the Marange area. At the KP plenary meeting in Namibia, Zimbabwe agreed to a six-month action plan which imposed specific conditions that it would be required to fulfil to have the suspension lifted.





Map No. 3921 Rev. 2 UNITED NATIONS
January 2004

Department of Peacekeeping Operations
Cartographic Section

DRC Conflict Minerals and the ICGLR

The illegal exploitation of natural resources has been at the heart of conflict in the Great Lakes region of central Africa for many years. The International Conference on the Great Lakes Region (ICGLR) is a UN-backed process which seeks to bring all the countries of the region together to dialogue and agree on strategies for peace and prosperity. It consists of eleven core countries: Angola, Burundi, Central African Republic, Republic of Congo, Democratic Republic of the Congo, Kenya, Rwanda, Sudan, Tanzania, Uganda and Zambia.

As a result of its experience within the Kimberley Process, PAC was invited by the ICGLR to provide advice in drafting a protocol related to the illegal movement of natural resources in the region. PAC has since been working with the ICGLR Secretariat (based in Bujumbura, Burundi) to devise a regional certification mechanism that will track and certify the movement of four high-value and conflict prone minerals—cassiterite, coltan, wolframite and gold—from the Great Lakes region.

Publish What You Pay International Conference – Montreal, November 2009

Publish What You Pay - Canada hosted the International Conference of the Publish What You Pay Coalition in Montreal from November 16-18, 2009. Publish What You Pay (PWYP) is a global civil society coalition that helps citizens of resource-rich developing countries hold their governments accountable for the management of revenues from the oil, gas and mining industries. Natural resource revenues are an important source of income for governments of over 50 developing countries. When properly managed these revenues should serve as a basis for poverty reduction, economic growth and development rather than exacerbating corruption, conflict and social divisiveness.

Canada was chosen as the location for this conference because it is home to some of the world's largest extractives companies, particularly those in the mining sector. In 2008 over 75 per cent of the world's mining exploration and production companies were headquartered in Canada. These companies operate in over 100 countries around the world. The conference offered an opportunity for civil society organizations from many countries where Canadian companies are active to dialogue with the Canadian government and private sector. Recommendations from the conference for Canada include the following:



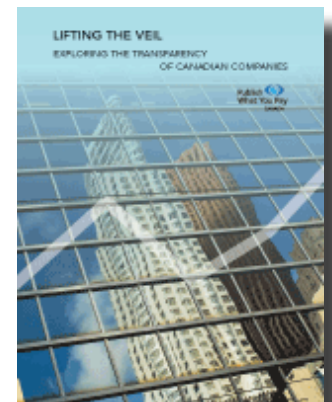
Implement the Extractive Industries Transparency Initiative (EITI) and ensure that all Canadian extractive companies support and adhere to the EITI.

- ◇ Review and strengthen its new strategy promoting voluntary CSR efforts in the extractive industries by including a regulatory framework to hold Canadian companies accountable for their operations abroad.
- ◇ Work to ensure that basic human rights are safeguarded and the safety and security of civil society activists and communities affected by extraction is guaranteed.

Partnership Africa Canada hosts Publish What You Pay – Canada.

Canada's public disclosure regulations

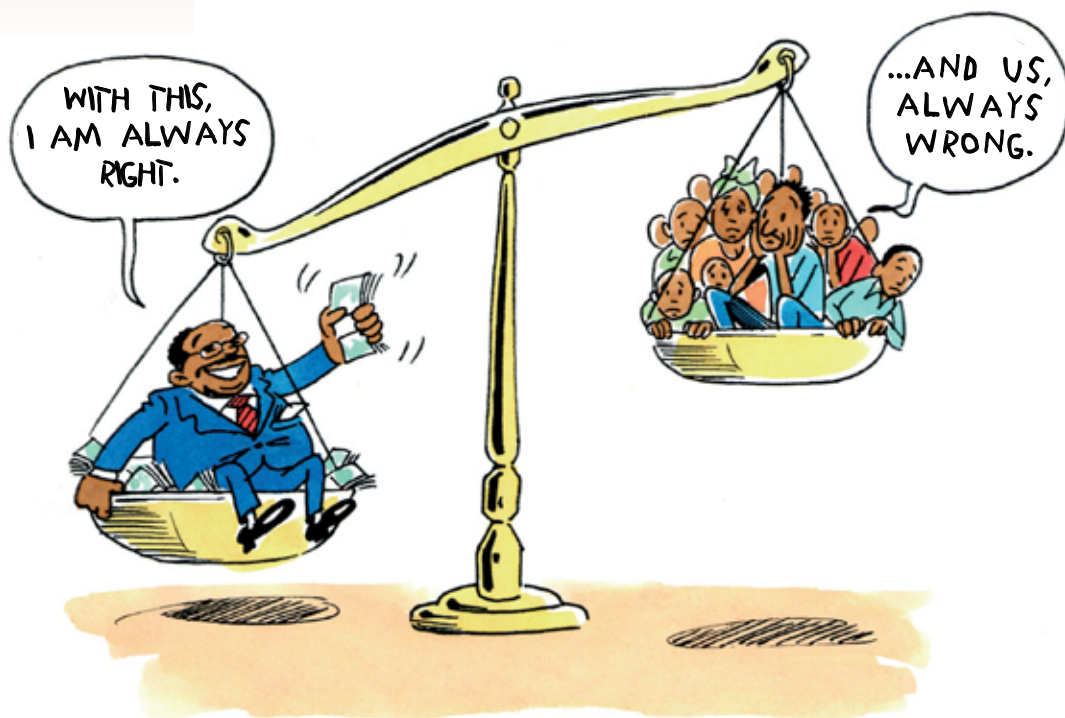
Publish What You Pay - Canada has published a pioneering report on public disclosure regulations in Canada's extractive industries. *Lifting the Veil: Exploring the Transparency of Canadian Companies* details the strengths and weaknesses of Canadian disclosure rules, providing NGOs, investors and the media with a new and detailed roadmap for holding mining oil and gas companies accountable for their activities and policies.



Visit the Canadian PWYP web site at: www.pwyp.ca

African Peer Review Mechanism

The African Peer Review Mechanism (APRM) is a programme of the African Union to promote better governance in Africa in a wide range of areas – political, economic, corporate and social. Countries voluntarily submit to peer review with the aim of sharing best practices. Civil society and the private sector are meant to play a major role in the peer review process in each country. As such, the APRM is meant to constitute a participatory process through which a dialogue between all national stakeholders leads to the elaboration of a national programme of action on priority governance issues.



PAC recognizes the great potential of the APRM to promote dialogue and action on governance issues in African countries. For the APRM to succeed, however, it is imperative that African civil society play a major role in the process. PAC supported civil society participation in the APRM by:

- ◇ Helping African civil society organize training workshops and participate actively in the APRM process in their country.
- ◇ Supporting research on the APRM.
- ◇ Publishing a newsletter - *The APRM Monitor* - which seeks to inform civil society about the latest developments in the APRM.

In 2009, PAC supported civil society workshops on the APRM in Cameroon, Togo, Sierra Leone and Guinea. The reports from these workshops are available on PAC's web site at: www.pacweb.org

A Guide to the APRM

PAC joined forces with INADES-Formation (based in Abidjan) to publish a guide to the APRM for civil society organizations. The guide was published in French. An English version will be published shortly.



PAC's Revenues and Expenses for the year ending March 31, 2009

REVENUES

Irish Aid	\$291,646
International Development Research Centre (Canada)	\$274,179
Canadian International Development Agency	\$ 86,512
Revenue Watch Institute (USA)	\$ 77,883
Foreign Affairs and International Trade (Canada)	\$ 73,775
Federal Department of Foreign Affairs (Switzerland)	\$ 11,055
Other contributions	\$ 22,144
Interest	\$ 2,334
	\$839,528

EXPENSES

Peace and Human Security	\$ 20,278
Education, Advocacy and Kimberley Process Participation	\$173,402
Research and Publications	\$168,078
Diamond development Initiative	\$ 55,531
Capacity Building for African Civil Society	\$160,343
African Peer Review Mechanism	\$141,799
Publish What You Pay	\$108,360
	\$827,791

A complete version of the Audited Statements by van Berkorn & Ritz Chartered Accountants is available from Partnership Africa Canada.



PAC Board of Directors 2009

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PAC Staff and Research Team 2009

- Bernard Taylor, Executive Director
- Engudai Bekele, Coordinator Africa Bureau
- Josée Létourneau, Finance and Administration
- Susanne Emond, Programme Manager
- Ousmane Dème, Coordinator Publish What You Pay-Canada
- Ian Smillie, Research Coordinator (until July 2009)



Research Associates

Joan Baxter
Shawn Blore
Claire Woodside

Interns and Volunteers

Kady Seguin
Heather Donald
Heni Pellerin

Ian Smillie moves on



In July 2009, Ian Smillie left his Research Coordinator position at PAC, which he had held for more than a decade. Ian had worked on the conflict diamonds issue with PAC since 1998 and had represented PAC in the Kimberley Process from the beginning. He was one of the architects of the Kimberley Process Certification Scheme, the international regulatory system for rough diamonds, which was launched in 2003 to help prevent the trade in diamonds from funding armed conflict.

On behalf of Partnership Africa Canada, we would like to commend Ian for his immense contribution to the work of PAC and civil society in the Kimberley Process. In leaving, he has highlighted some of the problems in the KP that must be addressed. The KP is a unique initiative that brings governments, the private sector and civil society together to solve a major human security problem. In common with the other members of the civil society coalition working with the Kimberley Process, PAC remains committed to helping to make the KP work, and to making it work better.

Mary Rusimbi
President

Bernard Taylor
Executive Director

Partnership Africa Canada

Mandate

Partnership Africa Canada works with organizations in Africa, Canada and internationally to build sustainable human development in Africa. PAC seeks to:

- ◇ Strengthen African and Canadian efforts in research and policy dialogue relating to sustainable human development in Africa.
- ◇ Facilitate, among African, Canadian and international decision-makers, the adoption and implementation of policies that foster sustainable human development in Africa.
- ◇ Promote greater understanding of and commitment to sustainable human development in Africa.

Thematic Areas

PAC undertakes a number of inter-related activities with the broad aim of promoting sustainable human development in Africa. It focuses on several inter-connected themes, each of which has an impact on human security and development in Africa:

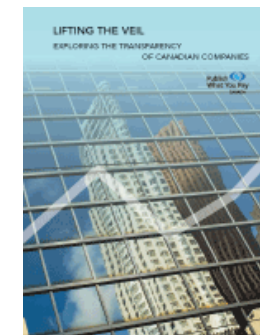
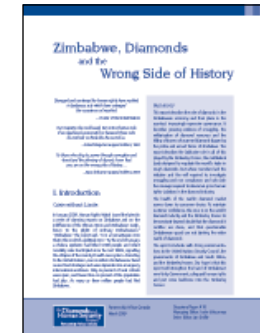
- ◇ Natural Resources, Human Security and Development
- ◇ Governance

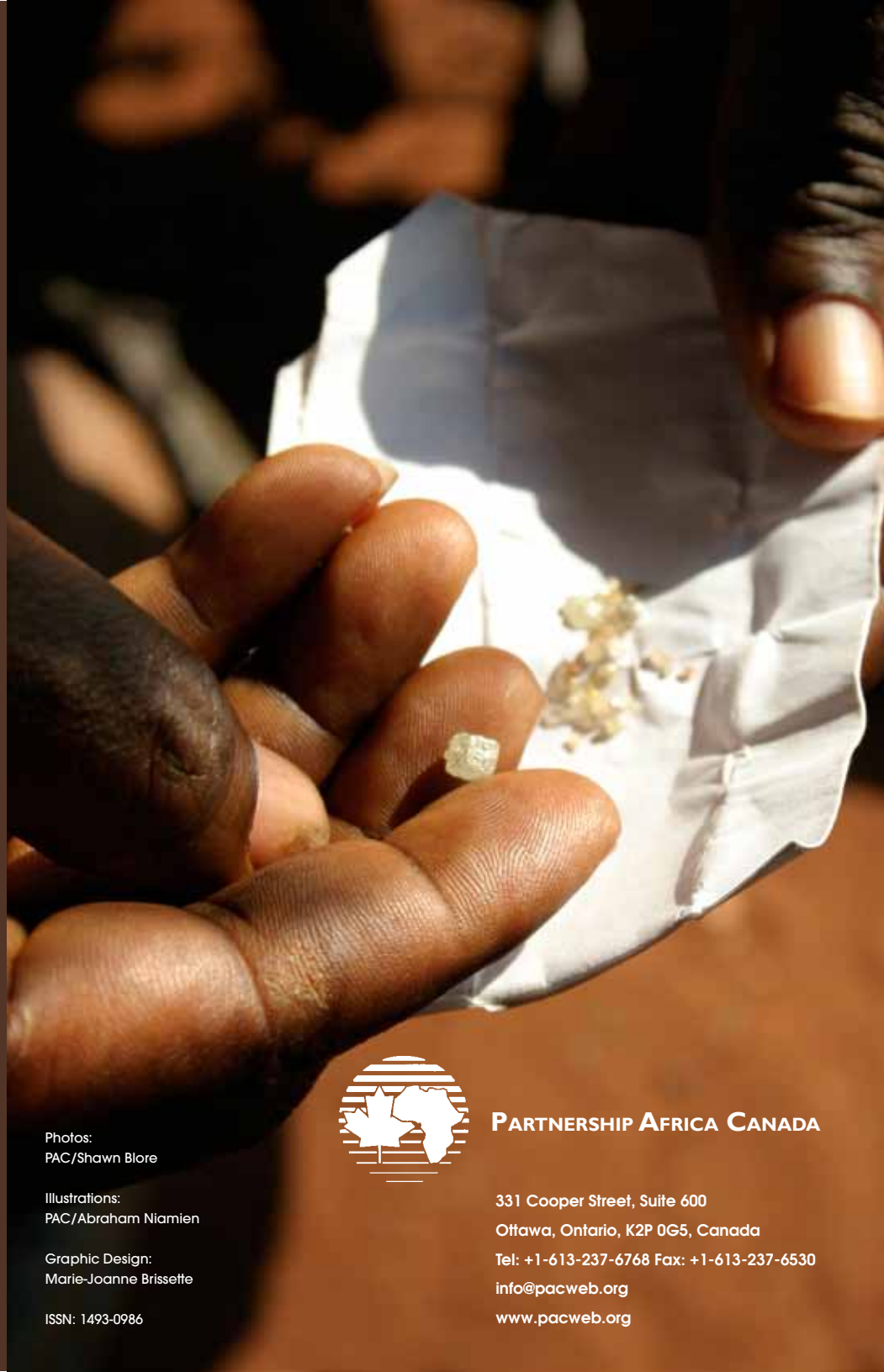
The initiatives undertaken in these areas are varied, but each serves to develop the central goal of deepening our understanding of issues critical to the development of Africa, particularly in regions that have experienced conflict. In carrying out this programme, PAC sees its role as a forum for research, dialogue and action on African development.





Publications in 2009





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Marie-Joanne Brissette

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PARTNERSHIP AFRICA CANADA

331 Cooper Street, Suite 600
Ottawa, Ontario, K2P 0G5, Canada
Tel: +1-613-237-6768 Fax: +1-613-237-6530
info@pacweb.org
www.pacweb.org

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global witness

