Fatal Transactions is an international campaign that strives for a just and fair exploitation of Africa's natural resources. It was launched in October 1999 by a consortium of European civil society organisations working in close collaboration with African partners, to increase public awareness of the funding of rebel armies across Africa through the trade in so-called 'conflict' or 'blood' diamonds. Such 'fatal transactions' directly link Western consumer goods to armed conflict and human rights violations in Africa. The campaign aims to transform these fatal transactions into fair transactions that truly benefit the people by fostering growth, alleviating poverty, and help build a just and equitable society, and has since acted as a critical watchdog of governments, international institutions and extractive industries. www.fataltransactions.org

IPIS (International Peace Information Service) is one of the members in the Fatal Transactions network. IPIS, based in Belgium, is an independent research institute which focuses on Sub-Saharan Africa. Its studies concern three core themes: arms trade, exploitation of natural resources and corporate social responsibility. www.ipisresearch.be
I. The European objectives on good governance and corporate transparency

The European Commission reinforced the EIB's mandate that projects “eligible for bank financing outside of the European Community is only possible when the Bank participates in implementing the Union’s development aid and cooperation policies.” The mandate was adopted by the Council in December 2006, which authorises the EIB to lend up to €27.8 billion with an EU guarantee. The Council Decision requires that “the consistency of the Bank’s external actions with the external policies and objectives of the Community to be strengthened. The terms and conditions of this reinforced cooperation and policy dialogue are to be set out in a specific Memorandum of Understanding to be concluded between the EIB and the relevant Commission Directorate Generals.”

The legal basis for development cooperation is integrated in article 117 of the “Treaty Establishing the European Community”. In accordance with the article, the purpose of the Community policy in the sphere of development cooperation is to foster, among others, the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them. The same article stipulates that the European Commission “shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms.” It has therefore developed a broad spectrum of external relations tools such as trade policy, development cooperation, cooperation under bilateral and multilateral agreements, humanitarian aid and financial assistance. In the end, Europe wants to project a coherent role as a global partner and therefore also includes external aspects in its internal policies (energy, environment).

The EIB should comply with the European Commission’s objectives in these papers and programmes, such as good governance, the fight against corruption, the protection of human rights and transparency. It is our understanding that the statement should include issues such as good governance, the fight against corruption, transparency at corporate level (such as EITI), and conflict sensitivity. This last point is also included in the Commission’s strategy on conflict prevention. In practice, this means that when Country Strategy Papers and Indicative Programmes are prepared, risk factors are systematically checked. For that purpose, the Commission’s geographical services are using conflict indicators. In relation to this, the Commission has developed a checklist for root causes of conflict/early-warning indicators. On the basis of this conflict analysis, the EIB should assess potential underlying causes of conflict that could influence the promoter’s activities.

II. EIB’s Statement on Biodiversity

Fatal Transactions’ comments on No. 43, 44, 45, 46 and 47 of the EIB Statement of Environmental and Social Principles and Standards, version June 2008, videlicet in the sphere of respecting the legal obligations of countries that signed on to the Ramsar, Bonn and Bern Conventions.

- The EIB should go beyond the legal obligations of the Ramsar Convention. This implies that they should neither support activities in wetlands nor outside the boundaries of wetlands that have negative impact on wetlands. Wetlands have an international significance in terms of ecology, botany, zoology, limnology or hydrology. This fundamental policy should not only apply to the contracting parties to
the Ramsar Convention but also to those that have not signed on to the convention. It should also not be limited to the listed wetlands in the contracting parties. Article 4 of the Ramsar Convention stipulates the obligations of contracting parties that they “shall promote the conservation of wetlands and waterfowl by establishing nature reserves on wetlands, whether they are included in the List or not, and provide adequately for their warding." The same vision should be supported globally.

- The EIB should not support activities that negatively impact the habitats and migratory routes of migratory species enlisted in the annex I and II of the Convention on Migratory Species. The EIB should ensure that appropriate safeguard measures are in place to avoid indirect impacts of promotor’s activities on these species e.g. capturing or killing species by employees or by relocated people.

- The EIB should not support activities in and nearby habitats and corridors of fauna and flora that are critically endangered, endangered, vulnerable and near threatened. The species are listed in the IUCN Red List of Threatened Species. The EIB should ensure that appropriate safeguard measures are in place to avoid indirect impacts of promotor’s activities on these species e.g. capturing or killing species by employees or by relocated people.

- For all projects, the EIB should ensure that potential negative impact on biodiversity is analysed by independent experts. The experts should make its analysis publicly available. The EIB should ensure that losses of biodiversity, habitats and corridors are avoided or compensated. This goes beyond the EIB’s policy that only requires that significant damage (to protected sites or outside officially protected sites) should be avoided. The EIB should require from the promotor that the data on biodiversity impact and the compensation measures are discussed ex-ante with civil society.

- The EIB should integrate the spirit of the EU Environmental Liability Directive for projects outside of European territory. A legal aspect can be found in article 174, para 4 of the Treaty Establishing the European Community which stipulates that “within their respective spheres of competence, the Community and the Member States shall cooperate with third countries and with the competent international organizations” on the precautionary principle and on the principles that preventive action should be taken, that environmental damage should as a priority be rectified at source and that the polluter should pay.

III. EIB’s policy on the projection and promotion of human rights

Fatal Transactions’ comments on No. 40 of the EIB Statement of Environmental and Social Principles and Standards, version June 2008, videlicet the protection of people’s rights.

On human rights, we distinct two main aspects: the promotion of human rights and the protection of human rights. It is fundamental to note that the Commission’s human rights policy is one of “contributing to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms”. This is stipulated in Articles 177(2) and 181a(2) of the Treaty establishing the European Community stipulates that the European Community.

III.1 The promotion of human rights

The promotion of human rights is included in many agreements and Commission’s papers. One of the European Commission’s tools is its Strategy for Africa (2005) in which the Commission promotes the sound management of natural resources in Africa in order to tackle the environmental root causes of many conflicts. It concludes, “the only way to protect the livelihood of Africa’s poor in the medium and long term is to making Africa’s development sustainable.” In this regard, the European Commission sees the protection of human rights

as one of the key elements to reach a sustainable natural resources management. The EIB has, however, neither a clear nor correct view on human rights promotion. Its minimum social (including human rights) standards only require from the promotor to develop an acceptable resettlement action plan when “significant physical displacement is unavoidable” and to prepare an acceptable Indigenous Peoples Development Plan when “the customary rights to land and resources of Indigenous People are significantly affected”. The Bank does not explain significant.

The Bank’s view on human rights is not in compliance with the Member States’ international agreed obligation to fulfill the fundamental human rights, which is defined as an affirmative duty to take appropriate measures to ensure that the human rights standard is attained. All human rights are universal, indivisible, interdependent and interrelated. The international community must treat human rights globally, and in a fair manner, on the same footing, and with the same emphasis. Therefore, international law does not distinguish between significantly and non-significantly affected rights. Putting a threshold in place that only significant effects should be resolved, is inappropriate.

The Statement should therefore be corrected and taken into account international and European law and good practices. One fundamental element is that indigenous peoples have a distinctive and profound spiritual and material relationship with their lands and with the air, waters, coastal sea, ice, flora, fauna and other resources. This relationship has various social, cultural, spiritual, economic and political dimensions and responsibilities. In summary, each of these examples underscores a number of elements that are unique to indigenous peoples: (i) a profound relationship exists between indigenous peoples and their lands, territories and resources; (ii) this relationship has various social, cultural, spiritual, economic and political dimensions and responsibilities; (iii) the collective dimension of this relationship is significant; and (iv) the intergenerational aspect of such a relationship is also crucial to indigenous peoples’ identity, survival and cultural viability. One of the most serious problems in the EIB’s Statement is its failure to recognize the existence of indigenous land use, occupancy and ownership, and the failure to accord appropriate measures to respect and protect that use, occupancy or ownership. The Statement also does not provide the indigenous peoples their right free and informed consent to activities affecting their lands, territories and resources, which is recognized in various international instruments. The importance of the right to free, prior and informed consent has been stressed in the European Council Resolution of 30 November 1998 on Indigenous Peoples within the Framework of the Development Cooperation of the Community and Members States.

The Bank also foresees that “people negatively impacted by projects should have their livelihoods restored and/or adequately compensated”. The Bank does not identify minimum elements that should be covered. We recommend that it should make reference and implement international good practices. Recognizing problems related to displacements, the Commission on Human Rights, by its resolution 2000/9 of 17 April 2000, appointed a Special Rapporteur on adequate housing, whose mandate is to focus on adequate housing as a component of the right to an adequate standard of living. The Special Rapporteur on adequate housing developed “Basic principles and guidelines on development-based evictions and displacement” and urges the governments and the international community to incorporate the provisions. While the principles and guidelines are not legally binding, “they

---

4 Ibid, pages 7 and 35.
are based on international human rights law. At a minimum, the guidelines require that, “regardless of the circumstances and without discrimination, evicted persons or groups, especially those who are unable to provide for themselves, need to have safe and secure access to: (a) essential food, potable drinking water and sanitation; (b) basic shelter and housing; (c) appropriate clothing; (d) essential medical services; (e) livelihood sources; (f) fodder for livestock and access to common property resources previously depended upon; and (g) education for children and childcare facilities. They also need to ensure that members of the same extended family or community are not separated as a result of evictions.” The guidelines further state that “identified relocation sites need to include: (a) security of tenure; (b) services, materials, facilities and infrastructure such as potable drinking water, energy for cooking, heating and lighting, sanitation and washing facilities, means of food storage, refuse disposal, site drainage and emergency services, and to natural and common resources, where appropriate; (c) affordable housing; (d) habitable housing providing inhabitants with adequate space, protecting them from cold, damp, heat, rain, wind or other threats to health, structural hazards, and disease vectors, and ensuring physical safety of occupants; (e) accessibility for disadvantaged groups; (f) access to employment options, health-care services, schools, childcare centres and other social facilities, whether in urban or rural areas and (g) culturally appropriate housing. In order to ensure security of the home, adequate housing should also include the following essential elements: privacy and security; participation in decision-making; freedom from violence, and access to remedies for any violations suffered.”

III.2. The protection of human rights

The protection of human rights by European Member States against businesses’ human rights abuses within their territories is established in international law. Consequently, the human rights norms may be applied on business enterprises indirectly through national courts and tribunals.

There is also a growing debate on the extraterritoriality principle. For instance, the International Covenant on Economic, Social and Cultural Rights provides that each State Party to the Covenant “undertakes to take steps, individually and through international assistance and co-operation, especially economic and technical, to the maximum of its available resources, with a view to achieving progressively the full realization of the rights.” In order to achieve the obligation, the UN Committee on Economic, Social and Cultural Rights noted on several occasions that State parties have an obligation to protect the rights of people under the jurisdiction of other States when they would be threatened by the activities.

---

9 The term “discrimination” is not further explained and in General Comment 7, the UN Committee states that the non-discrimination provisions in articles 2.2 and 3 “impose an additional obligation upon Governments to ensure that, where evictions do occur, appropriate measures are taken to ensure that no form of discrimination is involved.” General Comment 7 (General Comments), The right to adequate housing (Art.11.1): forced evictions. Forced evictions: 20/05/97. The right to adequate housing (art. 11.1 of the Covenant): forced evictions.
10 Adequate housing must be in a place that enables access to employment, primary health-care, education and other social services and civic amenities. Housing configuration, spatial design and site/community organization should be determined locally and in harmony with a community’s cultural preferences and attributes.
11 Para 52 of the Basic principles and guidelines on development-based evictions and displacement.
12 Ibid, Para 55.
13 Article 2(1) of the International Covenant on Economic, Social and Cultural Rights.
of private actors whose behaviour a State may decisively influence. We recommend the EIB to prepare and discuss a vision on this issue.

Jan Cappelle, IPIS
Anneke Galama, Fatal Transactions

June 2008

Contact details:

Jan Cappelle
Researcher
IPIS vzw
Italiëlei 98a - 2000 Antwerp
Belgium
Jan.cappelle@ipisresearch.be
www.ipisresearch.be

tel.: ++ 32 (0) 3 225.00.22
fax.: ++ 32 (0) 3 231.01.51
mobile: ++ 32 (0) 484.40.33.58

Anneke Galama,
International coordinator
Fatal Transactions
Netherlands institute for Southern Africa (NiZA)
P.O. Box 10707
1001 ES Amsterdam
The Netherlands
Anneke.galama@niza.nl
www.fataltransactions.org

tel: ++31 (0)20 520.62.10
fax: ++31 (0)20 520.62.49
mobile: ++31 (0)6 489.381.56

This project is funded by the European Union. The contents of this project are the sole responsibility of Fatal Transactions and can in no way be taken to reflect the views of the European Union.