

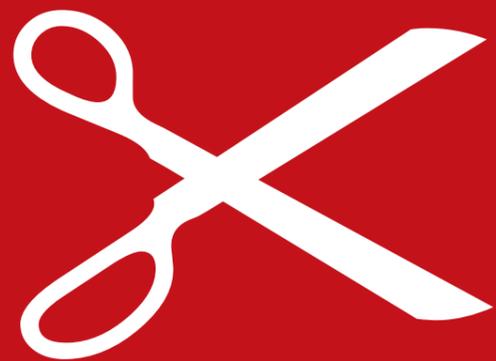


global witness



SEEING THE STRINGS

GLOBAL WITNESS ANNUAL REVIEW 2011



CONTENTS

KEY ACHIEVEMENTS ⁴ | FOUNDING DIRECTORS MESSAGE ⁶

OUR IMPACT: CORRUPTION ⁸ — TRANSPARENCY & ACCOUNTABILITY ¹⁰ | BANKS & CORRUPTION ¹⁴
GOVERNMENTS & CORRUPTION ¹⁶

OUR IMPACT: CONFLICT ¹⁸ — CONFLICT MINERALS ²⁰ | CONFLICT DIAMONDS ²²
SOUTH SUDAN & SUDAN ²⁴ | LIBERIA ²⁵

OUR IMPACT: ENVIRONMENTAL GOVERNANCE ²⁶ — FORESTS AND LAND ²⁸
INTERNATIONAL POLICY ³⁰ | INDUSTRIAL-SCALE LOGGING ³² | FOREST DEPENDENT COMMUNITIES ³⁴

RISING ECONOMIC POWERS: ENGAGING WITH CHINA ³⁶

FUNDRAISING 2010 – 2011: THANK YOU ³⁸ | DONORS & SUPPORTERS ³⁸ | INCOME & EXPENDITURE ³⁹

CUTTING INJUSTICE



More information about all our campaigns can be found on our website www.globalwitness.org

KEY ACHIEVEMENTS

Exposing tyrant's assets

Global Witness was the first to reveal that HSBC and Goldman Sachs were among the key western banks doing business with the Gaddafi regime.

Pushing for the highest standards in the diamond industry

Global Witness could no longer support the international certification scheme established to stop the trade in blood diamonds – the Kimberley Process. Our departure from the scheme and the significant global media attention this drew, shed light on its refusal to evolve and placed renewed pressure on the diamond industry.

Campaigning for strong and effective U.S. and EU natural resource transparency laws

Global Witness has played a driving role as part of the Publish What You Pay coalition in pushing the EU to propose legislation that would demand more financial transparency in the oil, gas and mining sector. In parallel, we've been key in building and sustaining pressure in the U.S. for a strong rule to implement the extractive industry transparency law – Section 1504 of the Dodd-Frank Act.

Improving protection for the world's forests

World Wide Fund for Nature (WWF) have committed to clean up their flagship sustainable timber scheme - the Global Forest and Trade Network (GFTN) – after Global Witness exposed how it was allowing companies to reap the benefits of association with WWF and its iconic panda brand, while continuing to destroy forests and trade in illegally-sourced timber.

Defending civil society in Cambodia

Our campaigning in collaboration with local and international human rights groups led to the Cambodian government backing away from adopting a law regulating NGOs and associations, which posed the greatest threat to civil society for decades.

Engaging with rising economic powers

Global Witness launched a new programme to significantly expand our dialogue with decision makers in rising economic powers, particularly in China.

Relentlessly lobbying to break the link between minerals and conflict in eastern Democratic Republic of Congo (DRC)

Based on our ongoing investigative work in eastern DRC of mineral supply chains, Global Witness continues to advocate for strong rules governing company supply chains at the highest levels in the U.S.

Defending a precedent-setting human rights case

Brought as part of a coalition, our legal case against Anvil Mining paved the way for victims of human rights abuses committed or facilitated by Canadian companies abroad, to seek remedy in the Canadian Courts. In 2011, Global Witness has been working to defend this precedent-setting ruling and we're taking our fight to the Canadian Supreme Court.

Exposing corrupt money

Global Witness uncovered plans by Teodorin Obiang, the son of Equatorial Guinea's dictator, to commission a yacht that would have cost US\$380 million. Plans to build the yacht appeared to stall after our exposé. The U.S. and French authorities went after some of the younger Obiang's assets in 2011, including a US\$35 million mansion that Global Witness exposed in 2006.

FOUNDING DIRECTORS' MESSAGE

Corruption and the spectre of dictatorship is still a daily reality for millions of people on our planet, leaving many citizens in resource-rich countries struggling with relentless and grinding poverty.

It's vitally important that support and space is given to movements pushing for accountability and transparency across the globe, both in those countries involved in the violent uprisings across North Africa and the Middle East, but also in those countries not currently in the news.

But it would be a mistake, only welcomed by vested interests pushing to retain opacity and secrecy in the international financial system and the natural resource sector, to think that the search for solutions should be confined to the countries' borders. Globalised accountability and transparency over how the planet's natural resources are used, where the money goes and who is benefiting is an absolutely vital pre-condition to fair and just societies.

Throughout 2011, Global Witness has continued working relentlessly to defend and expand the amount of useful information available to civil society and citizens about where their country's wealth is. The long and hard fought campaign that saw the U.S. enact a law in 2010, the Dodd-Frank Act, of which Section 1504 forces extractives companies to disclose the payments they make to governments, stepped up a gear this year as industry lobbyists pulled out all the stops to water down the rules. They cannot be allowed to succeed; alongside a large coalition of NGOs from around the world and a multitude of local activists fighting for the right to see and benefit from the resources below their feet, our campaign will not stop until strong rules are being enforced.

Global Witness has also been working with civil society in several countries that find themselves at a crucial transition stage. Protests by the Libyan people at a lack of transparency in the country demonstrate why it is necessary for the Government to prioritise this issue if it plans to have and maintain legitimacy. We've been working with local groups to support their efforts to put measures in place to ensure Gaddafi-era corruption does not return.

Libya is also a prime example of the role banks play in facilitating corruption. In May, Global Witness was leaked details of the banks that held money for the former Libyan regime (including HSBC and Goldman Sachs).

Global Witness published the leaked information to illustrate the need both for better management of Libya's sovereign wealth and to raise questions about banks receiving and accepting money and investments from corrupt regimes.

2011 has been crucial in the campaign to break the links between minerals and conflict in eastern DRC. Section 1502 of the U.S. Dodd-Frank Act requires companies to do due diligence to determine whether the minerals they're using are benefiting abusive armed groups in DRC – and report to the Securities and Exchange Commission (SEC) on their activities. The publication of the rules that set out how Section 1502 will be implemented has been significantly delayed in 2011, largely due to U.S. industry lobbying to weaken the regulation. It's vital that strong rules are published without delay. Global Witness will be working to secure this in 2012.

Global Witness' work to fight for the protection and accountable use of the planet's forests and land also received a big boost in 2011. A three year grant from the UK Department for International Development (DFID) will allow us to scale up our unique campaign to fight for the protection of these most valuable assets.

Global Witness would not be able to carry out this work without the continued support of our donors, to whom we are deeply grateful. In this difficult financial climate, we value their support more than ever.

Patrick Alley *Charmian Gooch*
Simon Taylor

Patrick Alley, Charmian Gooch, Simon Taylor

Right: Graffiti depicting Gaddafi on a wall in Tripoli: Speaking to Libyans on the streets of Tripoli, they are all clear they want oil to be their servant and not their master. Photo: Global Witness.



OUR IMPACT ✂️ CORRUPTION

Corruption decimates millions of lives by diverting vast sums of money away from its rightful owners. Global Witness campaigns to stop companies, governments and the international financial system from facilitating corruption on a grand scale.



Campaigning for strong and effective U.S. and EU natural resource sector transparency regulation

Supporting the embryonic anti-corruption movement in Libya

Successfully fighting moves that would have weakened the UK's ability to investigate and prosecute instances of bribery

Directly influencing the way the EU, the second largest provider of aid, gives money

Putting a spotlight on the willingness of major banks to take funds from brutal regimes

Afghanistan: working to ensure government and donor commitments to transparency happen

Influencing the UK government's response to secretive deals in DRC

Shining a spotlight on international engagement in Uganda's oil sector

Defending the U.S. Foreign Corrupt Practices Act

NATURAL RESOURCES MUST BE USED TRANSPARENTLY AND ACCOUNTABLY

For 18 years, Global Witness has exposed the role natural resource exploitation can play in driving conflict, exacerbating corruption, oppression and human rights abuses, and incentivising environmental destruction. This dynamic can be changed by taking the right steps at the right time to ensure that abundant oil, minerals and other natural resources translate into long term development, stability and peace. For Libya and Afghanistan, two countries with the potential to decide how their natural resources will be managed, the right time is now.

Supporting the embryonic anti-corruption movement in Libya

The situation in Libya is precarious. Since the declaration of victory by the National Transitional Council (NTC) in Tripoli in August 2011, much of the focus has been on establishing security, stability and democracy as well as rebuilding a war-damaged economy.



After the rebels took over Tripoli in August 2011, they took control of Gaddafi's compound known as Bab Al-Azizya, destroying the inside of the palace. Photo: Global Witness.

Oil accounted for 95% of the value of the country's exports and 80% of government revenue before the war. The transparency and good management of the oil industry and the revenues flowing from it will be crucial in determining whether Libya shakes off the endemic corruption of the Gaddafi-era and builds a strong future for its citizens.

Global Witness began to work on Libya before the end of the recent conflict. As well as illustrating the need for

better management of Libya's sovereign wealth and the need to see a return of Gaddafi's offshore millions (see page 14), we have been working with civil society to advocate for effective transparency in the management of the country's oil business and the industries connected to it through direct lobbying of the interim government at the highest level.

Not long after the liberation of Tripoli, Global Witness and partners including Revenue Watch Institute organised a transparency roundtable that brought together members of the Libyan Government, heads of government agencies, newly formed civil society groups, Libyan media and transparency experts from around the world.

This was the first meeting of its kind to take place in the country and helped prompt a UN-Government process to take these issues further. It was also used as a tool by Libyan civil society to demand greater transparency standards from their government from the outset, including the setting up of a transparency and anti-corruption committee.

With so much at stake in a divided country at risk of renewed conflict, it is still unclear what the future holds for Libya. Global Witness will continue to push the need for greater transparency in the country's oil sector and for the return of the millions hidden away abroad.

In late 2011, Global Witness also begun working on investigations into past malpractice in the management of the country's oil, to make the case for better policies in its future management. We will continue this work into 2012.



Afghan artisanal miner inspects a gemstone, Panshir province. The people of Afghanistan deserve to know that the deals made on their behalf for the country's most valuable resources will actually benefit them. Photo: Kate Holt.

Afghanistan: working to ensure government and donor commitments to transparency happen

For more than 30 years, Afghanistan has been blighted by conflict and rampant corruption which has had a devastating impact on its citizens. The country is ranked as the third most corrupt in the world, behind only Somalia and North Korea; life expectancy is just 48.

Yet the country is endowed with vast mineral and petroleum reserves, worth up to an estimated U.S. \$3 trillion. The presence of these resources raises hope that Afghanistan can transform its economy and move away from aid dependency.

Global Witness launched its Afghanistan campaign in 2011. We're campaigning to ensure that the country's natural resource wealth is managed well from the outset with the benefits shared with the people. Now is a critical time. The auctioning of the country's rich mineral reserves has begun in earnest and will accelerate in the run up to the full withdrawal of coalition forces in 2014.

Our campaigners regularly visit Afghanistan, meeting with key contacts and civil society partners to inform each others' work. The campaign runs at two levels:

We have looked in detail at the most significant mining concessions awarded so far. Deposits at Aynak and Hajigak alone are predicted by The World Bank to generate U.S. \$500 million in revenue and over 90,000 jobs within seven years, so we are working now to ensure that they are being well-managed from the outset.

We pushed for good governance of the extractive industry at the highest diplomatic level, making sure that these issues are firmly on the international agenda when discussing Afghanistan's future. This paid off at the international Bonn conference held in December 2011. The conference brought together representatives from 85 countries to discuss support for Afghanistan post 2014. In the closing statement, the Afghan government and its international partners took the important step of recognising principles of transparency and accountability in the management of the country's oil and mineral sector.

OPAQUE NATURAL RESOURCE DEALS NEED TO BE A THING OF THE PAST

Deals in the natural resource sector have commonly been covered by a blanket of opacity which prevents citizens from seeing clearly how the deals are being done or who's really benefitting. Global Witness is working to roll this back so that citizens can hold governments and industry to account.

2011 was a year of hard-fought gains in the global campaign to provide the citizens of resource-rich countries with accurate and timely information about the revenues earned by their governments from oil, gas and minerals.

Throughout 2011, Global Witness played a key strategic role, driving the campaign with its civil society allies to defend Section 1504 of the Dodd-Frank Act, the groundbreaking U.S. transparency law for extractive companies, from a concerted counter-attack by oil industry lobbyists seeking to water it down and stall its implementation.

Bringing leading thinkers together to debate new transparency laws

As part of this campaign, on the 13th December 2011 Global Witness and the Brookings Institution co-hosted an event that brought together leading experts from civil society, academics, the private sector and the investor community, to discuss Section 1504 of the Dodd-Frank Act.

The panel looked at the full range of opinion across this issue, including the issues of cost of implementation, and the potential for competitive disadvantage. In both cases, concerns by industry that these issues could be harmful for their interests are not supported by the evidence; concerns raised in relation to competitive disadvantage don't stack up given the listing requirement of Section 1504 covers over 1,000 companies, including many of the globe's biggest oil, gas and mining firms. Transparency also gives companies a competitive advantage by allowing them to demonstrate how they are contributing to government revenues and communities.

The panel also highlighted how the passage of Section 1504 has catalysed action at the global level in promoting extractive industry transparency.

Global Witness plays a driving role in the campaign for strong and effective EU transparency regulation – a move in direction of a new global standard

Throughout 2011, Global Witness played a central part in a successful effort by civil society groups to promote effective EU transparency rules. In October 2011, the European Commission proposed legislation requiring all EU-listed, and large unlisted, oil, gas, mining and logging companies to publicly disclose their payments to governments on a country and project level, complementing Section 1504 of the U.S. Dodd-Frank Act.

From 2012 onwards, the challenge for Global Witness and other civil society groups in the Publish What You Pay coalition will be to protect these gains, and build upon them to create a new global standard for revenue transparency for the extractive industries. This work will also be expanded to address other problems associated with the extractive industries - for example, Global Witness will be working to prevent the use of secretive shell companies to siphon off natural resource wealth via embezzlement or tax fraud.

Global Witness will continue its leading role in the Extractive Industries Transparency Initiative (EITI), which seeks to make countries' natural resource revenues fair and open. We'll continue to use our EITI Board position to influence Board decisions to shape the EITI for the better as it considers the expansion of its scope; hopefully to address the entire natural resource 'chain' from the opening deals, tracking the money, through to budgets and spending.

Right: The oil industry is lobbying hard to keep their deals with governments secret. This will prevent citizens from seeing where their money is going.



IT SHOULD BE AS UNACCEPTABLE FOR A BANK TO ACCEPT STOLEN STATE FUNDS AS IT IS FOR BP TO POLLUTE THE GULF OF MEXICO.

Some of the world's major banks are willing to do business with corrupt regimes. By doing so they facilitate corruption and the looting of natural resource revenues, denying some of the world's poorest people a chance to escape poverty.

Large-scale corruption cannot occur without the help of banks

The Arab Spring revealed how the kleptomania of the Ben Ali, Gaddafi and Mubarak families was only possible with the help of western banks that harboured the money they stole from their people. In 2011, billions of dollars of funds linked to these North African dictators were frozen at American and European institutions.



Banks are supposed to carry out checks on their customers but far too many fail to do so which allows dictators, terrorists and drug traffickers to launder money with impunity.

Banks must identify and turn down funds which have been looted from the state

Some of these frozen funds were in personal accounts, which raises the serious possibility that western banks accepted looted state funds or bribe payments, despite anti-money laundering laws that should prevent them doing this. Global Witness argued in TV and press interviews that the mere fact of this money being in these banks shows how easy it is for corrupt politicians to use the financial system to stash their ill-gotten loot.

Banks must come clean about the regimes they do business with

In May and July 2011, we published leaked details of where the Libyan sovereign wealth fund had invested its assets: including at HSBC and Goldman Sachs. This was on front pages on both sides of the Atlantic and put a spotlight on the willingness of major banks to take funds from brutal autocratic regimes. This is public money and ordinary citizens have a right to know where it is and how it is managed. Banks should come clean about all state funds they manage.

Regulators are asleep at the wheel. They must do more to enforce rules that stop banks taking money from corrupt politicians and other unsavoury customers

2011 saw British banks come under belated criticism from the UK regulator for failing to do enough to stop the proceeds of corruption flowing through their accounts. The Financial Services Authority (FSA) produced a scathing report finding amongst other things that 75% of British banks surveyed were failing in their legal obligation to identify the source of funds of senior foreign politicians. As in too many other countries, the UK has fairly strong anti-money laundering laws in theory, but they are not being effectively enforced.

The FSA's investigation confirmed the findings of Global Witness' 2010 report *International Thief Thief* that exposed how a number of major British banks including HSBC, Barclays, NatWest and the Royal Bank of Scotland had taken money from corrupt Nigerian politicians. The regulator even admitted that not much had changed since the



Citizens have a right to know where their country's money is. Global Witness' exposé of which banks had taken Libyan money made front page headlines around the world. Photo: Global Witness.

former Nigerian dictator Sani Abacha was found to have moved £1 billion through London banks in the late 1990s, which confirms Global Witness' view that they have not been doing their job properly.

Governments must enforce the global anti-money laundering standards that they've agreed to

Global Witness will continue to campaign for better national enforcement of the global anti-money laundering rules, which are currently under review. In 2012 the inter-governmental body that sets the global anti-money laundering standards, the Financial Action Task Force (FATF), will announce a revised set of standards. Global Witness has successfully persuaded FATF to include civil society in its discussions, although there is more work to do before it makes the radical changes that are needed to keep corrupt politicians' ill-gotten gains out of the financial system.

At present FATF largely measures whether laws are in place, not whether they are enforced. Over the next year we will push FATF to ensure that its new standards are

effectively implemented by countries, regulators and the banks themselves.

It must be much harder for corrupt politicians, tax dodgers, drug traffickers, terrorists and other criminals to hide behind anonymous shell companies

The other gaping hole in the current international financial system is the ease with which money launderers can set up anonymous shell companies to disguise their identity and their assets. This is as much a problem in places like the U.S. and UK as it is in palm-fringed Caribbean tax havens. There are moves afoot in the U.S. to tackle this.

In 2011, U.S. Senators Levin and Grassley introduced a bill that would require state company registries to collect information on the actual person who ultimately controls a company. A companion bill was introduced in the House of Representatives by Representatives Maloney, Frank and Lynch and the Obama administration came out in favour of legislation to stop states from allowing secretive shell companies to be set up. During 2012 we will push other countries and the EU to consider following suit.

GOVERNMENTS MUST NOT ENABLE OR LEGITIMISE CORRUPTION

Donors must change their approach to aid and legislation or risk being complicit in corruption. If they fail to ensure they are giving aid in a responsible way, or don't ensure their own anti-corruption legislation is effective, they risk taxpayers' money being used to prop up systems that divert huge sums of money away from citizens.

Global Witness has been working with and advocating for governments to change their approach, and we've been looking in detail at how natural resources are being governed in Uganda, Afghanistan and Libya (for more information about our work in Libya and Afghanistan, see pages 10 and 11).

Directly influencing the way the EU, one of the world's largest providers of aid, gives money

The raw materials needed to drive Europe's economy can be valued at more than €1 billion in imports per day. Drawing on our expertise about the way natural resources should be governed, we contributed to a guide the EU was developing that sets out how it should engage with governments of resource-rich countries.

Alongside the International Budget Partnership, Global Witness provided recommendations on budget transparency and natural resource governance into the EU's Budget Support Policy. Some of our key recommendations have made it to the final stage of the EU's new policy which will determine how it provides millions of euros in aid.

Shining a spotlight on international engagement in Uganda's oil sector

Uganda has recently discovered oil reserves that could transform its economy. However, a history of high-level corruption scandals and a range of early warning signs in the oil industry suggest that urgent action is needed to make sure this oil revenue isn't looted.

In our 2010 report, *Donor engagement in Uganda's oil sector: An agenda for action*, we argued that Uganda's donors could and should be doing more to help Uganda avoid the resource curse. This report, alongside joint advocacy with

Ugandan civil society organisations, has resulted in donor governments changing their approach to oil in the country.

As a part of their aid to Uganda, donors have started to include oil governance rules and more support to civil society. They are also coordinating better to make sure they don't undermine each others' work. In 2012, we will continue to work with donors, local civil society organisations and the Ugandan government to strengthen rules governing the sector.

Successfully fighting moves that would have weakened the UK's ability to investigate and prosecute instances of bribery

In 2011, the UK government proposed to break up the Serious Fraud Office. This represented an alarming threat to the UK's ability to successfully investigate and prosecute complex financial crime, including bribery. Alongside other NGOs, Global Witness successfully challenged this. We are now contributing to the debate over the best way for the UK government to tackle bribery.

As members of the NGO anti-corruption coalition, BOND, we published a review of how the UK is performing on commitments it made as part of the UN's Anti-Corruption Convention. We also attended the Convention's annual conference, highlighting how it could help to freeze the assets of corrupt officials. As a result, language in the conference's resolution was changed to recognise the role financial institutions play in facilitating corruption by accepting illicit funds, thereby committing governments around the world to tackle the issue.

Back in the UK, we supported the work of the BOND coalition in setting up an All Party Parliamentary Group on Corruption in the UK. This will engage parliamentarians,



Money generated by exploiting natural resources like oil, gas, timber and diamonds is worth more than eight times the value of aid to developing countries. If used wisely, this money could be used to benefit billions of people.

raise awareness, and help to strengthen our dialogue with the UK government in 2012 and beyond.

Defending the U.S. Foreign Corrupt Practices Act

Global Witness has been one of a core group of NGOs that has worked to protect the Foreign Corrupt Practices Act (FCPA), the U.S. anti-bribery law which has come under increasing attack from the U.S. Chamber of Commerce (CoC). The U.S. has been a global leader on anti-bribery efforts. Attacks on the FCPA gained momentum during 2011, and thus represent a serious threat to global efforts to tackle bribery. Our efforts have helped stave off these attacks for now, but there is a need for vigilance as the CoC continues to pursue this agenda, and some Members of Congress have suggested they could contemplate introducing legislation, that we believe could seriously weaken the efficacy of the FCPA.

Influencing the UK Government's response to secretive deals in DRC

In September 2011, Global Witness gave evidence before the UK Parliament's International Development Committee (IDC), highlighting concerns over the sell-off of major

mining assets at extremely low prices to offshore companies in DRC. In some cases, mining stakes have then been sold on for vastly higher amounts, allowing the secretive offshore companies to make huge profits. These profits remain in the hands of unknown individuals, rather than benefitting DRC. The country is the least developed nation in the world, where one in five children die before the age of five. The shareholders of these companies is a secret, although it is a matter of public record that some of them are associated with Israeli mining magnate Dan Gertler, who is close to Congolese President Kabila.

Our evidence featured prominently in the IDC's subsequent report, influencing its headline recommendation that DFID should be prepared to "suspend or even cancel a programme if a Government flouts agreements or refuses to engage in efforts to increase transparency and accountability."

Global Witness hopes that the DRC government will take these concerns seriously, and will, in future, sell assets through fair and transparent tenders. All deals that raise serious corruption concerns should be cancelled and those engaged in corruption should be brought to justice.

OUR IMPACT ✂️ CONFLICT

Global Witness campaigns to break the links between natural resources, armed conflict and human rights abuses. Our work now covers a spectrum of countries that are affected by or are emerging from violent instability.



Setting global standards for responsible supply chains

Securing a commitment from the EU to support supply chain due diligence

Making the case for reform: Preparing for an oil rush in post-conflict Liberia

Stopping diamonds fuelling conflict, human rights abuses and corruption: campaigning for more effective international standards

Making sure that the U.S. Dodd-Frank Act provision on conflict minerals is effectively implemented

Campaigning to ensure that South Sudan and Sudan's oil deal is implemented in a transparent way so that it benefits the countries' citizens

Investigating the links between diamonds, corruption and violence in Zimbabwe

TAKING THE GUNS OUT OF THE MINERALS TRADE: DRC CITIZENS MUST BENEFIT FROM THEIR COUNTRY'S RESOURCES

For over a decade abusive armed groups – including members of the DRC national army – have preyed on the lucrative trade in tin, tantalum, tungsten and gold to fund a brutal conflict in eastern DRC. The minerals are purchased by international buyers and used globally in products ranging from mobile phones to industrial machinery.

Setting global standards for responsible supply chains

Our on-the-ground investigations and campaigning has put conflict minerals on the global agenda and generated pressure on companies to ensure that they are not contributing to conflict and human rights abuses. We have followed this up by playing a central role in developing a set of international due diligence standards to apply to the supply chains of companies buying minerals.

These due diligence standards, for companies using tin, tantalum, tungsten and gold were adopted by the OECD at the end of 2010. In a rare show of international coordination, the guidance was supported by the UN Security Council and endorsed by eleven governments in Central Africa's Great Lakes Region.

Our campaign to have these standards applied as widely as possible took a major step forward with the DRC government's call for all companies operating in DRC to implement them or face administrative sanctions.

In 2011, we were closely involved in drafting the OECD's additional guidance for gold supply chains. As of the end of 2011, the OECD's supplementary guidance on gold was nearing completion and looked likely to emerge in a robust form that can help protect civilians in gold-producing regions like eastern DRC which are affected by conflict.

Keeping up the pressure: putting supply chain standards into law

An earlier win in our conflict minerals campaign saw the U.S. Congress pass Section 1502 of the Dodd-Frank Act in 2010, a landmark piece of legislation that aims to cut off a major source of cash for abusive armed groups – including the DRC army – operating in the east of the country. The law requires companies registered with the SEC to determine whether their products contain conflict minerals by carrying out supply chain due diligence and to report this to the SEC.

Our May 2011 report, *Congo's Minerals Trade in the Balance*, based on investigative research conducted in eastern DRC and Rwanda, revealed major shifts in the DRC mining

“We have already seen millions of deaths here in Congo. People have suffered unimaginable abuse from a war that is funded by money that armed groups make from the minerals trade. International companies must do due diligence on their supply chains to be sure that their mineral purchases aren't funding this war or the atrocious violations that come with it. We, as Congolese citizens, have the right to benefit from our country's natural resource wealth - not be cursed by it.” — Gautier Misonia, Coordinator of CREDDHO (Centre de recherche sur l'Environnement, la Démocratie et les Droits de l'Homme)



A sack of minerals in a warehouse in Rwanda: companies using minerals from eastern DRC and neighbouring countries need to conduct due diligence on their supply chains in line with OECD standards to make sure they are not fuelling conflict and human rights abuses. Photo: Global Witness.

sector – such as the demilitarisation of key mine sites and the introduction of mineral traceability schemes in certain areas. These changes were largely brought about due to political pressure generated by the passage of the Dodd-Frank Act.

However, the implementation of Section 1502 has been significantly delayed as business lobby groups pull out all the stops to postpone and dilute the rules. The delay has resulted in significant uncertainty in the market for minerals from DRC, which in turn has had a negative impact on people who rely on mining to provide for themselves and their families – in particular artisanal miners and their families in eastern DRC. It's vital that strong rules are published without further delay.

Making sure that the provision on conflict minerals in the Dodd-Frank Act is effectively implemented

Throughout 2011 Global Witness has campaigned hard on this issue, giving detailed policy recommendations

and technical information that counters industry arguments and informs the rulemaking process for Section 1502. We've carried out advocacy at the highest levels; meeting with the Chairman, Commissioners and senior officials at the SEC (tasked with drafting the rules to accompany the law), members of the U.S. Congress, and we've carried out extensive media work to highlight the importance of these provisions.

Securing a commitment from the EU to support supply chain due diligence

In 2011, our advocacy with the European Parliament and Commission yielded a commitment by the EU's Trade and Development Commissioners to also support supply chain due diligence. EU legislation is long overdue; throughout 2012 Global Witness will continue to campaign to make sure the EU takes steps to tackle the links between minerals and violence.

STOPPING DIAMONDS FUELLING CONFLICT, HUMAN RIGHTS ABUSES AND CORRUPTION

Global Witness was the first NGO to expose the problem of conflict diamonds internationally and played a key role in the establishment of the Kimberley Process (KP), the international certification scheme created to clean up the diamond trade.

Campaigning for more effective international standards

In December 2011, Global Witness announced we were leaving the KP in protest at its lack of effectiveness and failure to reform. Our announcement sparked an international debate about the diamond trade's links with human rights abuses and the need for more effective measures to break them.

Global Witness invested a decade in helping to set up and implement the KP. The scheme, which became operational in 2003, was created against the backdrop of a series of vicious wars in Sub-Saharan Africa that were financed through the sale of rough diamonds. Amongst the many ground-breaking features of the KP was its involvement of industry and civil society groups alongside 75 governments. The KP scored some early successes, notably in helping African producer countries to increase their tax revenues from diamond exports.

However, in recent years, the KP has proved unwilling to evolve. It has completely failed to accept the need to include human rights abuses committed by the state as well as by rebel groups, and has stumbled from one crisis to the next. Most notably, the KP has failed to deal with the trade in conflict diamonds from Côte d'Ivoire, has refused to take serious action in the face of serial breaches of the rules by Venezuela and recently the KP has proven completely unwilling to stop diamonds fuelling corruption and violence in Zimbabwe.

Investigating the links between diamonds, corruption and violence in Zimbabwe

The Marange diamond fields in eastern Zimbabwe have dominated the KP agenda for the past four years. In 2008, the Zimbabwean army seized control of the area using helicopter gunships, killing and wounding many artisanal miners in the process.

“Nearly nine years after the Kimberley Process was launched, the sad truth is that most consumers still cannot be sure where their diamonds come from, nor whether they are financing armed violence or abusive regimes.”

— Charmian Gooch, Global Witness Founding Director



Leaked image shows President Mugabe and the Zimbabwean Defence Minister, Emmerson Mnangagwa, side by side with executives from Anjin, a large Chinese diamond mining company.

Mining concessions were then granted in legally questionable circumstances to several companies, some of them associated with senior figures in Robert Mugabe's Zanu PF party.

Newspapers have reported that the Zimbabwean Central Intelligence Organisation, the state security service whose members are accused of committing acts of violence against opposition supporters, directly benefits from off-budget diamond revenues.

Rather than address these problems, the KP has clung to the outdated and ethically dubious notion that the only cases of diamonds fuelling violence it should tackle are those explicitly labelled as involving rebel factions. In December 2011, the KP inked a new deal with Zimbabwe, throwing away its source of leverage with the Zimbabwean government.



Rough diamonds at a cutting centre: it is crucial that diamond companies ensure that the diamonds they use have not financed conflict or human rights abuses in countries like Zimbabwe. Photo: Global Witness.

The deal:

- Authorised unlimited exports from two of the mining firms operating in Marange, glossing over all questions about how the concessions were awarded or who benefits from the revenues that they generate;
 - Dispensed with the link between the KP's authorisation of Marange diamond exports and commitments by the Zimbabwean government to demilitarise Marange, tackle smuggling and undertake other reforms;
 - Quietly demoted an important mechanism that mandated Zimbabwean NGOs to act as monitors on behalf of the KP and which promised protection to activists who have been seriously harassed by the Zimbabwean security services.
- In 2012, we will be carrying out targeted investigations and advocacy designed to:*
- Remove the military from Zimbabwe's diamond mines;
 - Reveal the true owners of Zimbabwe's diamond concessions to expose who is really benefiting from Zimbabwe's diamond wealth;
 - Minimise the opportunities for corruption and tax evasion so that the people of Zimbabwe benefit from the proceeds of diamond sales to the fullest extent possible.

SOUTH SUDAN AND SUDAN

Oil was a key factor in the 22-year war between South Sudan and Sudan, but was also crucial to the peace agreement that ended the fighting. The 2005 Comprehensive Peace Agreement (CPA), which shared oil revenues between the two sides, came to an end with South Sudan's independence in July 2011. Since then, the oil – largely drilled in South Sudan but exported via its northern neighbour – has been the basis for an escalating series of disputes between the two countries.



South Sudanese show their support for transparency in how their country's oil sector is managed. Photo: UN Photo/Isaac Billy.

Global Witness continues to highlight the central role that oil plays in determining whether South Sudan and Sudan enjoy a stable peace or relapse into war. In particular, we are urging both countries, influential donor countries and mediators to prioritise a transparent new oil deal.

Through our published analysis and direct lobbying of policy makers, we are pushing to make sure that the oil deal is implemented in a transparent and independently verified way. Any new agreement must guarantee the publication of all production, processing, and sales of oil and require independent monitoring of the deal's implementation.

Providing expert input into South Sudan's new petroleum laws and the mechanisms to govern them

With independence, South Sudan became the world's newest and most oil-dependent state with 98% of its income coming from oil revenues. The country faces a number of challenges to establishing transparent and accountable oil sector governance, including weak institutions, an unfinished legal framework, and a legacy of opaque management of its oil sector by Sudan.

Throughout 2011, Global Witness assisted in the government's oil sector reform process. We provided a series of detailed comments on the petroleum laws under development, to encourage dialogue and public reporting. Our recommendations were widely welcomed and many were incorporated into the draft texts.

We have also been working closely with key policy makers in donor countries to ensure that oversight institutions, such as the South Sudan Audit Chamber and the National Legislative Assembly, are empowered to oversee oil management and revenues in the most effective way possible. Transparency means little without oversight and verification; these often undervalued institutions will be the key to building accountability and ensuring revenues from oil benefit the people of South Sudan.

Liberia

Liberia is still recovering from two natural resource fuelled civil wars. Recent oil finds could provide desperately needed revenue, however there has historically been a worrying pattern of corruption and mismanagement in the sector. Statements in 2011 by the national oil company committing to reform must be acted upon if the country is to benefit from oil.

Oil finds in neighbouring Ghana and Sierra Leone have attracted international oil companies to Liberia, including U.S. company Chevron. In September 2011, Global Witness and a coalition of four Liberian NGOs – the Liberian Oil and Gas Initiative – published the report *Curse or Cure? How oil can boost or break Liberia's post-war recovery*. The report makes the case for reform, describing how government officials and at least one company have paid bribes to gain contracts, how Liberia's transparency laws are being violated and how companies with little oil experience have received concessions.

The report also outlined how the sector should be reformed so that any potential oil revenues can be used for much needed development. *Curse or Cure* was launched in Monrovia and received widespread coverage in the national and international press. At the time of going to press in 2012, oil had been discovered in Liberia and the Government had made commitments to reform the sector following principles outlined in *Curse or Cure*. Global Witness will continue to lobby the Liberian government and its international donor partners, notably the U.S. and the Norwegian governments, so that the reform process produces a sector that benefits the Liberian people.

Left: In 2011, the Global Witness report *Curse or Cure? How oil can boost or break Liberia's post-war recovery* received widespread media coverage.



OUR IMPACT

✂ ENVIRONMENTAL GOVERNANCE

Land and pristine forests are the planet's ultimate finite resources. Humanity relies on them for food, water, shelter and for regulating a safe climate. Yet 80% of the world's forests have been depleted or entirely destroyed and a quarter of the planet's land has been degraded. As demand for resources increases and the planet's population continues to grow, it is vital that we take better care of what we've got.



Our report on World Wide Fund for Nature's (WWF) flagship sustainable timber trade scheme, GFTN, led to them urgently reviewing it and committing to address its failings

Supporting a Peruvian environmental group to secure laws recognising indigenous peoples' forest rights including their right to be consulted on decisions which affect them

Ensuring that U.S. development assistance does not facilitate industrial logging in pristine tropical forests

Promoting forest-dependent communities' ability to speak out

OUR IMPACT

ENVIRONMENTAL GOVERNANCE

FORESTS AND LAND ARE THE PLANET'S ULTIMATE FINITE RESOURCES: WE MUST PROTECT THEM

Only 20% of the world's forests remain intact, yet to meet growing global demand for food, fuel, fibre and mineral resources, commercial pressures on land and forests are increasing exponentially. A pattern of complete disregard for the rights and expertise of local communities, who live in and depend on forests, is emerging strongly as vested interests seek to take control of these assets with impunity.



International aid subsidies mean taxpayers' money is bankrolling the destruction of some of the world's remaining pristine forests.

While many NGOs campaign on the demand for food, fuel and fibre and the implications for local communities, Global Witness is focused on how the decisions, including private sector deals, are made about forests and land use. With nearly two decades experience of promoting the need for transparency and accountability in the way our planet's natural resources are governed, we're uniquely positioned to do this.

Our campaign received a big boost in 2011 with a three year grant from the UK Department for International Development (DFID). This grant allows us to scale up some of our existing campaigns on forests and land with activists around the world.

Our environmental governance campaign makes sure that decisions about these vital public assets are based

on consultation with citizens and local communities, and prioritise sustaining the remaining vital forest ecosystems.

Our campaign has four objectives:

Accountable and coherent forest policy at the international level

We'll be pushing for international aid, trade and investment policies that support rather than undermine, the sustainable governance of land and forests. (See page 30).

Ending industrial-scale logging in pristine forests

We'll continue our campaign to expose how the logging industry uses methods, branded as 'sustainable',



Time is running out for the world's forests, with just 20 per cent left pristine. This is why industrial scale logging in new areas must be stopped. Photo: Peter Wood

to disguise the continued plunder of intact forests and the harm done to local communities. We will expose illegal logging, systemic corruption in the industry and target the public and private investment facilitating this (see page 32).

Tackling secrecy in large-scale land deals

Throughout 2011, we've researched and identified the entry points for improving transparency and accountability in the decision-making chain leading to large scale land allocations. In particular, the negative socio-economic, environmental and governance impacts of the global demand for rubber from plantations in Southeast Asia. In 2012 and beyond we'll be exposing secret and harmful land deals and pushing to ensure that decisions

taken about land are done so accountably with the consent of affected communities.

Making sure citizens are able to hold their governments to account for how land and forests are used and managed

We'll be maintaining and strengthening our partnerships with activists and communities to ensure citizens have a say in how land and forests are managed, and to ensure that laws and practices are in place which protect, rather than plunder, ecosystems (see page 34).

INTERNATIONAL POLICY MUST PROTECT AND SUSTAIN FORESTS AND LAND, NOT FACILITATE PLUNDER AND DESTRUCTION ON A MASSIVE SCALE

Despite decades of initiatives surrounding forest law enforcement, timber certification and attempts to ban the trade in illegal timber, deforestation continues at an alarming rate. A new approach is clearly necessary. Global Witness is working to change international thinking on forest use. We aim to ensure that forests are not simply exploited as any another asset but regarded and protected for their immense local and global benefit.

Ensuring that U.S. development assistance does not facilitate industrial logging in pristine tropical forests but supports forest-dependent communities instead

Global Witness helped U.S. Congress develop guidance on how U.S. money can best support long term solutions for protecting forests. These must improve forest governance and secure rights for local people, empowering them to develop sustainable community-based models of forest management. The U.S. continues to apply strong restrictions on the use of funds to support industrial logging in primary tropical forests.

We are encouraged that the U.S. has decided to develop a major new program in Liberia that will directly support communities living in and around forests. It remains unclear whether the communities with whom this program will work represent those most affected by problems with forest management in the country. However, in principle the program does represent a positive shift away from a focus on the industrial logging sector in which foreign-backed logging companies and vested elites are the principle beneficiaries of forests while community rights and livelihoods get trampled. Global Witness will continue to advocate for other international donors to make similar shifts to programming that benefit and empower forest communities.

Mapping out areas for potential corruption in the forest sector: Shaping the REDD+ (Reducing Emissions from Deforestation and Degradation) agreement

Corruption in the forest sector has, until now, been overwhelmingly linked to logging, both illegal and legal, which in many countries has led to significant depletion of valuable tropical forests.

But today, incentive mechanisms such as REDD+, the scheme under which developed countries pay developing countries to reduce the degradation and loss of forests, are beginning to change the face of corruption in the sector. If done right, REDD+ represents a massive opportunity for the international community to save forests and benefit some of the world's most vulnerable populations. If done wrong, it runs the risk of being co-opted by vested interests and doing more harm than good.

For the past five years Global Witness has worked hard to ensure that REDD+ was based on sound principles of public participation, transparency and accountability, respect for human rights, and protecting forest ecosystems. In 2011, we helped lead civil society efforts to ensure the scheme will not contribute to human rights violations nor harm forests ecosystems and biodiversity.

The Durban climate change negotiations failed to deliver any substantive outcome for REDD+ or climate change mitigation. The lack of political ambition ended in a tacit



Forest cover in Cambodia. Global Witness is working to ensure that international aid, trade and investment policies promote fair and sustainable forest use. Photo: Global Witness.

agreement to delay meaningful action on climate mitigation and adaptation until at least 2020. REDD+ stayed on the table but there is little assurance that sufficient finance will be forthcoming to keep forests standing in many parts of the world.

As a result, Global Witness has reviewed its engagement with REDD+. In 2012, we will restrict our focus to the major donors who finance REDD+ programmes and we will monitor REDD+ implementation in several focus countries to determine whether it is actually leading to positive outcomes for forests and local populations.

At the international level, we will focus more on influencing a range of trade, investment and aid policies (including REDD+ where appropriate) which influence outcomes for forestry. As always, our over-arching goal is to promote policies that prevent the degradation and loss of forest ecosystems and protect and enhance the rights and livelihoods of the 1.6 billion people who directly depend on healthy forests for their livelihoods.

INDUSTRIAL-SCALE LOGGING IN PRISTINE FORESTS HAS GOT TO STOP

An increasing number of scientific studies attest to the need to fundamentally challenge what is currently considered 'sustainable' in the forest sector. In light of this, forest policy makers and stakeholders should change their approach. New standards must be adopted that exclude intact forests from these 'sustainable' logging operations.

Legal logging represents one of the biggest threats to forests today. After extracting commercially valuable species, forests are left vulnerable to further exploitation and conversion. Dense networks of temporary logging roads serve as gateways to even more remote areas for logging companies, poachers and agricultural enterprises, and so the cycle goes on.

The world needs a ready supply of timber and other wood-based products, but current production is simply unsustainable. All too often, the vast swathes of the world's forests already allocated for timber production are stripped to exhaustion, in the knowledge that the industry can get political and financial support to move into new frontiers.

Mounting evidence suggests current industrial-scale logging methods, supported by donor forest policies, promote perverse incentives that increase deforestation; so-called 'Sustainable Forest Management' (SFM), guarantees the depletion of tree species and biodiversity loss and increases the risk of forests being cleared for other uses. Calling such operations 'sustainable' has got to stop.

Our report on World Wide Fund for Nature's (WWF) flagship sustainable timber trade scheme (GFTN) led to them urgently reviewing it, revoking Malaysian logging company Ta Ann's forest membership and committing to address its failings

Our July 2011 report: *Pandering to the loggers – Why WWF's Global Forest and Trade Network isn't working*, exposed how this flagship scheme is in dire need of reform; it had failed to demonstrate that the timber industry can operate

without destroying forests, the lives of forest-dependent communities and biodiversity.

Our report meticulously detailed how the low standards, woeful transparency requirements and lax monitoring procedures have allowed companies to benefit from associating with the iconic panda brand while continuing with unacceptable business practice and is leading to the continued destruction of the planet's forests.

Through investigating a sample of WWF GFTN partners, we uncovered that UK timber supplier Jewson had traded in illegally-sourced timber for more than five years; Malaysian logging company Ta Ann was found clear-cutting orangutan habitat in Sarawak; and the Swiss-German timber trader Danzer had a subsidiary closely connected to abhorrent human rights abuses in the DRC.

Our information and campaigning created the necessary pressure to prompt WWF to commission an urgent independent review of the scheme. The review substantiated the majority of Global Witness' key findings and the WWF have now committed to take action to address these failings. Our report also led WWF to revoke the forest membership of Ta Ann, WWF's corporate partner that was found clear-cutting orang-utan habitat in the 'Heart of Borneo' – one of WWF's own conservation projects.

Global Witness does not criticise fellow NGOs lightly. But our report highlighted a crucial issue that is all too often overlooked within the timber industry, conservation community and many government forest policy circles – that industrial forestry, and not just illegal logging, is driving deforestation and human rights abuses.



A logger in Cameroon. In response to Global Witness' report, WWF have committed to clean up the GFTN scheme. Photo: Karl Amman, www.karlamman.com.

'We are a people already sold': Promoting forest-dependent communities' ability to speak out

In September 2011, Global Witness produced a short documentary: *We Are People Already Sold*. Drawing on testimonies gathered by Global Witness from 67 communities in three rural provinces in the DRC, the film documents the stories of communities impacted by industrial-scale logging and shows the devastating impact the logging trade has on them. The film was shown at the World Bank's

annual meeting in Washington DC, September 2011, as part of our work to positively influence the body's review of its forest policies. It had a strong impact on World Bank forest policy makers who have vowed to address the highlighted issues in its review of forest policies in 2012. The film is available on our website.

OUR IMPACT

ENVIRONMENTAL GOVERNANCE

THE PEOPLE WHO LIVE IN THE WORLD'S FORESTS AND DEPEND ON THEM FOR SURVIVAL MUST HAVE THE GREATEST SAY OVER HOW THEY ARE MANAGED

Global Witness' programme: Making the Forest Sector Transparent, now in its third year, works with local environmental activists in seven countries where tropical forests are of critical importance. We support local groups to be the eyes and ears for law enforcement, and to fulfill their vital role as the proper 'check and balance' every society needs to keep people in power from abusing it.

Forest-dependent people are on the front line of forest and land destruction; they're the first ones to feel the negative impact of illegal, unsustainable and inequitable forest operations.

Our work is leading to important changes in policy – the rules of the game – and practice – how these rules translate into positive impacts for people at a local level.

Alongside our support, the Peruvian environmental group *Derecho, Ambiente y Recursos Naturales (DAR)* played a leading role in shaping two new progressive laws, one recognising indigenous peoples' forest rights, and another making it illegal not to consult indigenous peoples on legislation that affects them

Over a matter of days in 2009, new forest laws were passed in **Peru**. Widely regarded as illegitimately pushed through by Executive Decree, conflict erupted that led to numerous deaths. Several months later, and despite recommendations from an official Commission, the laws were still not reversed. Police action to evict demonstrators near Bagua in the Amazonas region, led to renewed confrontation leading to the deaths of 30 people and wounding 200.

In response, our local partner DAR worked alongside other campaigners in Peru to bring lawmakers, indigenous peoples' representatives and technical experts together to negotiate.

The results of this newly transparent and consultative approach have been very encouraging. Two years on from the violent conflict, the Peruvian Congress has passed two new laws which clearly spell out the vital role that local groups must play in articulating the needs of indigenous peoples and other forest-dependent people. They also instill the need for civil society to be consulted on any new legislation relating to forest use.

Until these laws are implemented in regulation and in practice, it is too early to judge the full impact of them. However, lessons learned from the process to develop them will guide future practice. Importantly, they underscore the need to make sure rural communities and indigenous peoples understand how they can engage effectively.

Working with local activists around the globe

The Global Witness *Making the Forest Sector Transparent* programme works with local activists and campaigners in Ghana, Cameroon, Ecuador, DRC, Liberia, Peru and Guatemala to make sure their voices gain strength and are heard, allowing them to play an effective role in shaping debates about how forests are managed.

In **Liberia**, our partner, the Sustainable Development Institute, has helped local forest committees, who represent community interests, obtain legal recognition.



A young girl at a company logging camp in Equateur Province, DRC. Photo: Global Witness.

"I can hear the chainsaws, but I don't know where they are, who's operating them, or what they're doing." — Villager in River Cess County, Liberia

In **Ghana and Cameroon**, we've worked with campaigners from the Centre for Indigenous Knowledge & Organisational Development and the Centre pour l'Environnement et le Développement who have raised concerns about – and in some cases stopped – the opaque handing out of inappropriate logging permits.

In **Ecuador and Guatemala**, where our campaign is barely a year old, our partners Grupo Fundación para el Avance de las Reformas y Oportunidades and the Asociación de Forestería Comunitaria de Guatemala Ut'z Che' are exposing how government incentives to support community-based forest conservation and management are biased against the smaller and less secure land-holders.

"The government will come out with its legislation, but the people who depend on the forest are the people that are key to managing it. That's where we find a role for civil society, as a catalyst, as a link to these informal structures to ensure that there is sustainable and effective forest management."

— Willie Laate, Project Leader in Ghana

We have expanded our work to include one of the most important forested countries in the world. In **DRC** we have started working with Réseau Ressources Naturelles (RRN), a network of over 200 local NGOs spread across the country.

ENGAGING WITH CHINA

As the most important emerging global power and major operator in natural resource extraction in the world, China is crucial to Global Witness' efforts to improve transparency and accountability and prevent corruption in the extractives sector.



A labourer working on the rebuilding of Kinshasa's main road, Boulevard du 30 juin, one of the first infrastructure projects under the China-Congo deal. Photo: Katrina Manson.

Over recent years, we have engaged with various parts of the Chinese government and Chinese companies using our knowledge from on-the-ground investigations and analysis in African and Asian countries. During 2011 our activities and outreach related to China has evolved rapidly.

China-Congo: Friends in Need

In March 2011, Global Witness published *China-Congo: Friends in Need*, a major report on the multi-billion dollar resources-for-infrastructure agreement signed between Chinese state-owned construction companies and the Congolese state copper company.

In 2008, DRC signed a deal worth U.S. \$6 billion, promising Chinese state firms up to 10 million tonnes of copper and hundreds of thousands of tonnes of cobalt, in return for a range of infrastructure projects including roads, railways, schools and hospitals.

Published in English, French and Mandarin, the report highlights key aspects of the deal that make it impossible for Congolese citizens to know whether it is fair or not, such as the pricing of minerals and the infrastructure to be built. This lack of transparency also characterised the contract's negotiation and related payments, in particular part of the U.S. \$350million signature bonus.

Following the launch of the report in Kinshasa, and meetings with government officials, Global Witness was given access to exclusive documents of central importance to the deal. These provided further information about the infrastructure projects as well as a key amendment to the original agreement. Global Witness published these documents online, shedding further light on this important deal for DRC.

During 2011, Global Witness representatives travelled on two occasions to mainland China and Hong Kong to present the *Friends in Need* report to academics, government officials, companies, journalists and non-governmental organisations.



The Queensway syndicate is based in central Hong Kong.

Control over Africa's current and future natural resource wealth: The Queensway Syndicate

Global Witness investigated the deals of a Hong Kong-based syndicate of private companies, known as the Queensway Syndicate. The key driver of the syndicate is the company China Sonangol, which is a joint venture between private Hong Kong interests and the Angolan national oil company Sonangol. China Sonangol and its subsidiaries have been able to gain control over vast tracts of Africa's current and future natural resource wealth in resource-for-infrastructure deals, by pledging to invest tens of billions of dollars across the world.

These deals however were struck behind closed doors and very few of the promised benefits have materialised in the countries concerned. At the same time, it appears that the tiny elite behind the syndicate are making billions of dollars in profits.

Following our research and an article that exposed this issue in the *Economist* on 13th August 2011, Global Witness published a briefing calling for urgent global measures to regulate how natural resources deals are done so that it is clear who won a deal, how they won it, and who stands to profit. Through our collaboration with the media and through private confidential briefings, senior policy makers were informed about the findings of our research and its wider implications, in particular in relation to the debate about access to resources.

There is interest from Chinese policy makers and scholars in various areas of Global Witness' wider work reflecting the growing concerns within the country over corruption, disclosure of bad corporate practice and access to resources. In 2012, we will continue to identify opportunities to engage with relevant policy makers in China, as well as other emerging powers including India and Brazil. In the case of China, we are putting a staff member on sustained outreach to policy makers and are looking at establishing a more permanent presence in the region.

THANK YOU FOR YOUR SUPPORT: THE WORK GOES ON

Global Witness' work depends on the support of our donors, to whom we are very grateful.

In 2011, Global Witness raised £4.85 million in a difficult financial climate, representing a slight increase on the previous financial year.

We continue to have ambitious plans to make sure that enforceable rules to prevent conflict and corruption underpin the management of natural resources, and in so doing help lift millions of people out of poverty in resource-rich countries. To deliver on these ambitions, we will be looking to our existing funders for continued support as well as redoubling our efforts to forge new funding partnerships in 2012 and beyond.

We are grateful for the continued support from the Open Society Foundations and a recent grant from John D. and Catherine T. MacArthur Foundation. In 2011, Global Witness also forged a new partnership with Irish Aid to expand our work in Liberia.

Global Witness has entered into a three-year, £4.8 million agreement with the UK Department for International Development. Together with a donation from the National Endowment for Democracy, this has provided a big boost to Global Witness' Environmental Governance campaign and allowed us to launch a new campaign that seeks to end secrecy in land deals.

In 2011, Global Witness established an Advisory Board to help it through the next chapter of its development. Drawn from a broad spectrum of campaign interests, board members bring unique expertise and experience to bear, for which we are grateful.

Thanks must also be paid to the army of volunteers who provide so much support to Global Witness's campaigning work on a day to day basis and those who provide us with pro-bono legal advice, particularly A4ID.

In the UK, Global Witness Trust (registered charity 1117844) is a separate entity that receives funds from certain donors and under strict Trust guidelines donates these funds to Global Witness Limited. In the U.S., Global Witness Foundation, a 501(c)(3) organisation, operates in the same way. Financial information for both entities is available on our website, at www.globalwitness.org/about-us/governance

Our donors and supporters

We would like to thank the individuals and organisations listed who provided their support to Global Witness Limited, Global Witness Foundation or the Global Witness Trust during 2011.

Trusts and Foundations and Non-Governmental Organisations

Alton E Peters Charitable Trust, Anonymous, Adessium Foundation, The Ajahma Charitable Trust, Arcus Foundation, Center for International Policy, Cordaid, The David and Elaine Potter Foundation, Ford Foundation, Humanity United, The JMG Foundation, Jocarino Fund, John D. and Catherine T. MacArthur Foundation, National Endowment for Democracy, OECD Watch (SOMO), Oxfam Novib, Open Society Foundations, R H Southern Trust, The Revenue Watch Institute, The Roddick Foundation, The Rufford Foundation, The Sigrid Rausing Trust, Synchronicity Earth, The Taylour Foundation, Wallace Global Fund, Waterloo Foundation, Zennström Philanthropies

Governments and International Institutions

Department for International Development (DFID), Irish Aid, Netherlands Ministry of Foreign Affairs, Norwegian Agency for Development Cooperation (Norad), Norwegian Ministry of Foreign Affairs, Swedish International Development Cooperation Agency (Sida)

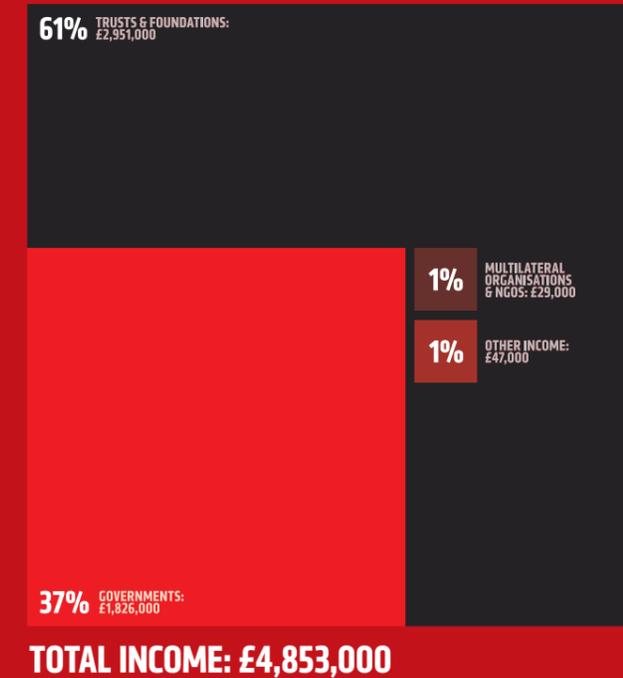
Individuals (£200 and over)

Simon Bianco, Bob Brass, Richard Cheng, Aaron Clements-Partridge, Emily Davis, Tony English, Dr P McLaverty, Robert de Mey, Simon Nink, Alistair Paul, Tyler Priest, Katheleen Ruff

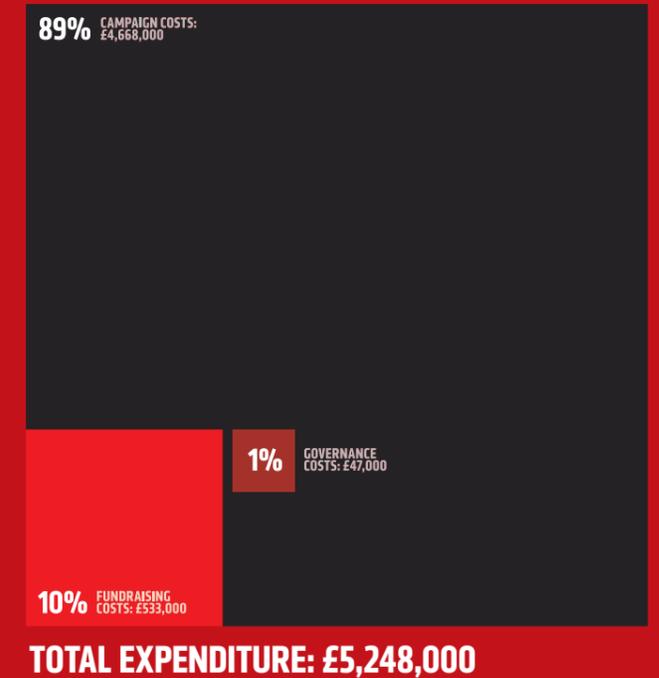
Global Witness Advisory Board

Alexander Soros, Bennett Freeman (Chair), Christopher Mitchell, Glenys Kinnock (Baroness Kinnock of Holyhead), Edward Zwick, Misha Glenny, Silas Siakor

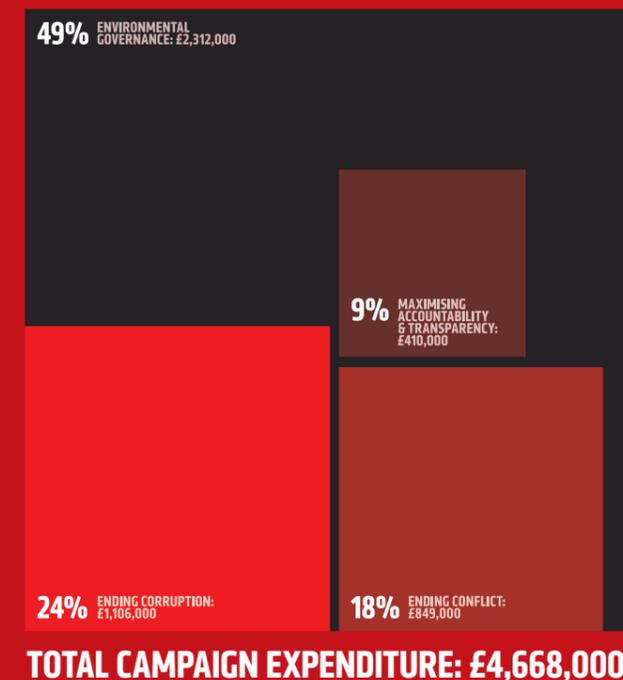
INCOME



EXPENDITURE



EXPENDITURE BY CAMPAIGN



Global Witness investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses.



global witness

References to 'Global Witness' in this report are to Global Witness Limited, a company limited by guarantee and incorporated in England (Company No. 2871809)

Global Witness, 6th Floor, Buchanan House,
30 Holborn London EC1N 2HS, United Kingdom

Phone +44 (0)207 492 5820 Fax +44 (0)207 492 5821
mail@globalwitness.org www.globalwitness.org

ISBN 978-0-9573228-0-6
© Global Witness Limited, 2012

Printed by Park Communications which is ISO14001
and EMAS certified.

Printed on Revive 100 White Silk and Revive 100 White
Offset. Both papers contain 100% post consumer recycled
fibre, which are either Process Chlorine Free (PCF) or
Totally Chlorine Free (TCF).

100% of the inks used are vegetable oil based, 95% of
press chemicals are recycled for further use and, on
average, 99% of any waste associated with this production
will be recycled.