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Shooting Down the MDGs

How irresponsible arms transfers undermine development goals

Irresponsible arms transfers are undermining many developing countries' chances of achieving their Millennium Development Goal (MDG) targets. This paper shows new evidence of how this is happening in parts of Asia, Latin America, and Africa – either by draining governments' resources or by fuelling armed violence or conflict.

Either way, irresponsible arms transfers undermine governments' development objectives and their citizens' economic, social, and cultural rights.

Governments and their citizens urgently need a strong Arms Trade Treaty to ensure that all states involved in an arms transfer consider the impact of that transfer on the MDGs and sustainable development.

Summary

2008 marks the start of the second half of the timetable for reaching the Millennium Development Goals. These are the fundamental targets for human development that developing country and donor governments agreed in 2000. Progress has been limited. Sub-Saharan Africa is not on course to reach any of the MDGs by the 2015 deadline.¹ Individual countries elsewhere have seen slow progress and many significant goals, particularly goals relating to health, will not be met.²

Irresponsible arms transfers that fuel conflict, poverty, and serious human rights abuses are one of the reasons why.

All states have a right to self-defence. An ATT will not impede a state's right to acquire conventional arms for legitimate self-defence and law-enforcement purposes in accordance with international law and standards. Responsible, regulated transfers of military and security equipment can assist a state to provide the security and stability necessary for development. However, irresponsible transfers can do the opposite.

For a great many of the world's poor people, war or criminal armed violence are directly impeding their chances of development. At least 22 of the 34 countries least likely to achieve the MDGs are in the midst of – or emerging from – conflict.³ By 2010, half of the world's poorest people could be living in states that are experiencing violent conflict or are at risk of it.⁴

In Burundi, for example, a country with per capita government expenditure on health of \$5, each firearm injury costs the health system \$163. Even since the 2006 ceasefire, treating gunshot wounds accounts for 75 per cent of medical spending on violent injuries.⁵ Recent commitments in Burundi to free primary education and child health care in line with the MDGs must go hand-in-hand with tackling armed violence, if they are to have an impact.

Even where the prospect of attaining the MDGs exists, substantial resources are needed. Rich countries must deliver on their promise of 0.7 per cent of GNI as aid, and poor countries should scale up their fight against poverty. Low-income countries alone would need at least \$73bn per year more than was invested in 2006 to meet the targets.⁶ Billions of dollars more in aid from rich countries are needed and the effectiveness of such investment must be reinforced. One key way to do this is by tougher controls on the arms trade.

Irresponsible arms transfers force up defence spending in developing countries and divert resources that could otherwise fund education, health care, and social development. The obscure and unaccountable practices involved in many arms sales also increase the risk of corruption and wasteful expenditure, costing developing countries millions of dollars more. South Africa is paying an average of \$530m a year until 2011/12 under an arms deal that has already led to convictions for corruption. At the same time, an estimated \$425m a year would pay for free water services for everyone in the country.

Even some middle-income countries, like Turkey, are struggling to achieve some of the MDGs, such as reducing child mortality. In part, this is because

of the country's high level of debt, which includes up to \$15bn from arms imports accrued between 2000 and 2007 alone.

This paper shows examples from across the world of how irresponsible arms transfers are:

- Fuelling armed conflict and other forms of violence, which undermine states' economies and their ability to meet the MDGs;
- Reducing government funds available for development, through inappropriate or corrupt arms purchases;
- Marginalising and impoverishing communities when arms are misused to commit human rights abuses that violate economic, social, and cultural rights.

While it is crucial to look at the continuing demand for weapons and the reasons communities or states resort to armed violence, strong initiatives must be taken to address their supply and availability. Controlling arms transfers must become a fundamental part of development efforts if developing countries, particularly those in conflict and post-conflict situations, are to stand a chance of meeting the MDGs and their own national development objectives.

The use of conventional arms by states must comply with international standards, including the UN Charter, international humanitarian law (IHL), and international human rights law. These obligations also extend to the transfer of conventional weapons.⁷ However, the lack of global common standards and measurements for how to do this means that fulfilment of these obligations is varied, incoherent, and at times non-existent.

In order to address this there is an urgent need for a strong Arms Trade Treaty (ATT) negotiated in the shortest timeframe possible.

An ATT must include criteria for considering whether or not to approve a licence application for an international arms transfer, and for examining the risk of negative impacts on sustainable development. These include considerations of:

- The likely impact on sustainable development objectives, as measured by the Millennium Development Goals;
- Whether there is a substantial risk that the transfers in question would be used for serious violations of economic, social, and cultural rights;
- Whether there is a substantial risk that the transfers in question would provoke or exacerbate armed conflict in violation of the state's obligations under the UN Charter and existing treaties;
- Whether there is a risk they will involve significant corrupt practices.

An ATT should encompass a mechanism for increasing inter-governmental and public transparency and accountability in the international transfer of conventional arms. This will assist in building confidence in the effective implementation of the treaty globally.

1 Introduction

'The continuing threat of conflict threatens to reverse development gains in many parts of the continent.'

– MDG Africa Steering Group, May 2008⁸

In 2000, a total of 189 governments agreed eight measurable Millennium Development Goals (MDGs) focused on education, health care, extreme poverty, hunger, environmental sustainability, and gender disparity.⁹

Every one of the MDGs is undermined by armed violence and the systematic misuse of armed force. This is true both of direct effects such as deaths by armed violence, which can leave a family without income, and indirect effects, such as when schools are closed, health care overburdened, or access to food or markets prevented.

In Colombia, only half of displaced children are enrolled in school and fewer than half of displaced adults have ever completed primary education.¹⁰ On average, both adult and infant mortality rates increase by 13 per cent during armed conflict.¹¹ Maternal mortality rates, and the prevalence of illnesses such as HIV and AIDS, all increase too.¹²

Often, the wider consequences of conflict have the harshest impact on a country's most vulnerable groups: those most in need of medical care, children in need of education, and often disproportionately on women and girls. Tajikistan's civil war between 1992 and 1997 cost the country an estimated \$7bn,¹³ but cost much more in long-term impacts on education and gender equality. While education for boys remained stable through the conflict, enrolment rates for girls fell every year, due both to the immediate security concerns and a reduced appreciation for the benefits to be gained from educating girls in a time of war.¹⁴

In economic terms, spending on arms constitutes unproductive expenditure. Economic gains believed to come from jobs and innovation in the technology sector rarely materialise, and research has shown that on the whole government spending on arms transfers represents a drain on resources.¹⁵ This in turn can present a challenge to aid effectiveness and debt cancellation.

Responsible, regulated transfers of military and security equipment can assist a state to fulfil its legitimate defence, military, and policing needs, which can help to provide the security and stability necessary for development. However, irresponsible transfers can do the opposite.

Box 1 shows how irresponsible arms transfers can undermine the MDGs and the kinds of impact they have. These are the kinds of negative impacts that could be reduced by a strong ATT.

After that, Chapter 2 looks at how arms transfers can contribute to armed violence and the role of arms controls in improving security for education and health care.

Chapter 3 looks at how spending on arms transfers can undermine the MDGs when weak procurement processes, lack of accountability or corrupt practices drain resources that could have gone on social spending.

Chapter 4 looks at how arms transfers can undermine the MDGs when they are misused for serious human rights violations that undermine economic, social, and cultural rights and the growing body of legal findings in this area.

Chapter 5 outlines how stronger controls within an ATT can reinforce states' commitments to the MDGs by strengthening arms control, responsible use, and appropriate procurement without prejudicing national defence and policing.

Box 1: How irresponsible arms transfers can undermine each MDG¹⁶

MDG	Arms transfers that fuel armed conflict undermine the MDGs in the following ways:	Arms transfers misused in human rights abuses undermine the MDGs in the following ways:	The cost of arms transfers can undermine all the MDGs:
Eradicate extreme poverty and hunger	Loss of livelihood, unemployment, displacement, and disruptions in service provision, internal trade, and markets.	Extra-judicial killings of a main income earner. Displaced people have restricted access to food, markets, jobs, and trade.	<p>Arms transfers can divert funds from social spending such as education and health care. They can also contribute to unsustainable debt service payments, which reduce resources for social spending. Expenditure on arms transfers can be justified if the transfer:</p> <ul style="list-style-type: none"> a) fulfils a legitimate security need; b) is cost-effective; and c) does not involve corrupt practices.
Achieve universal primary education	Schools are closed down and teachers and pupils displaced. Over time, reduced perceptions of the gains from education can reduce families' investment in schooling – especially for girls.	Displacement and reduced access to education.	
Promote gender equality and empower women	More female-headed households, increases in gender-based violence, and recruitment of women/girls into armed groups.	Gender-targeted violence, or indirect impact on women as survivors and heads of households.	
Reduce child mortality	Destruction of medical facilities for neo-natal care, and increases in child/infant mortality due to disease and malnutrition.	Displacement, which can impede access to health care and medical services.	
Improve maternal health	Destroyed health infrastructure and overburdened health care, diverting funds from other areas.	Displacement can result in less access to neo-natal health care or midwives.	
Combat HIV/AIDS, malaria, and other diseases	Destroyed or disrupted health services and sanitation systems, and increases in sexual violence and prostitution.	Sexually transmitted diseases increase through sexual violence. Displaced people experience high levels of untreated disease.	
Ensure sustainable environment	Accelerated rural-to-urban migration, destruction of infrastructure for safe drinking water/sanitation, exploitation of resources, and deforestation.	Natural resources can be exploited to buy arms during armed conflict. Displaced can overburden resources such as firewood or water.	

2 Armed violence and development: contrasting cases

Armed conflict and other forms of violence constitute a significant burden to development. Even cautious figures suggest 46,000 people are killed every year by direct fighting,¹⁷ and many times more are killed indirectly through disease and malnutrition, even after formal conflict has ended.

Between 1998 and 2006 in the Democratic Republic of Congo (DRC), 90 per cent of deaths (4.8 million) during and after the conflict were due to preventable infectious diseases, malnutrition, and neonatal/pregnancy-related conditions that emerged in the resource-poor environment. This figure includes 2.1 million deaths that occurred after the formal end of the war in December 2002.¹⁸

Arms transfers alone do not *cause* armed conflict. Extensive research,¹⁹ however, shows how the availability of, and access to, conventional arms and ammunition can aggravate, intensify, and prolong armed violence.²⁰

This section outlines two examples, one negative of how armed violence has undermined development, and one positive of how better arms controls have contributed to it.

Box 2: Burundi

Burundi experienced a long civil war beginning in 1993 in which 300,000 people were killed and at least 1 million displaced, before a ceasefire was finally signed in 2006.²¹ Research in 2007 by Oxfam, IANSA, and Saferworld put the total economic cost of the conflict at \$5.7bn.²²

In 2008, criminal and political armed violence continues, and at least 100,000 small arms are still in illegal circulation.²³ As there is no arms production in Burundi, all arms have been brought into the country at some stage. In 1990 and in 1994–99, as part of a civilian defence policy, the armed forces distributed arms to local councils, and through them to the general population. The rebel groups National Council for the Defence of Democracy (CNDD) and National Liberation Force (FNL) also distributed arms to the populations under their control, sourcing their arms from contacts in neighbouring countries, including the Mai-Mai militia in the DRC and the former Rwandan armed forces. Burundi's government has accused both the Tanzanian and the DRC military of supplying arms to the rebel groups.²⁴ The provinces of Makamba, Ruyigi, and Bururi have received large quantities of arms from Tanzania, shipped across Lake Tanganyika and the surrounding land, because of weak government control of these areas, corrupt customs officials, and widespread complicity.²⁵

Impact on the MDGs

The areas of Bujumbura Rural, Bubanza, and Cibitoke, which border the DRC, have had schools and medical facilities destroyed, and thousands of

school-aged children have been forced to fight as child soldiers or have fled with their families. According to the 2006 Report of Burundi's Minister for Education, 10,000 children were forced out of school in areas where the FNL was active. Human rights groups also report the recruitment of child soldiers by the FNL in four provinces.²⁶

Burundi's health statistics are among the worst in the world. More than one in every 100 babies and one in every 200 mothers dies in childbirth.²⁷ A significant factor has been the virtual destruction of health services during the war, and the continuing armed violence is a significant drain on what little health-care infrastructure remains. Since the 2006 ceasefire, 75 per cent of the costs of treating violent injuries have been spent on treating gunshot wounds. On average, each firearm injury costs the health system \$163,²⁸ in a country where per capita government health spending is only \$5 a year.²⁹

Burundi is not on track to meet any of the MDGs, but recent commitments to free primary education and health care for childbirth and for children under five offer some prospect of improvement.³⁰ However, these commitments will only be effective if Burundi is able to reduce the levels of armed violence and prevent a return to war.

Burundi is not unique. It is just one of the examples from across the globe of the devastating impact that armed violence – fuelled by the availability of arms – can have on a country and its ongoing development. At least 22 of the 34 countries least likely to achieve the MDGs are in the midst of – or emerging from – conflict.³¹ And in the five years up to 2013, any of the poorest countries in the world has been estimated to have a one in six chance of civil war.³²

Fortunately, there is evidence from elsewhere that, with effective arms controls, and of course sustained international support, Burundi may indeed be able to overcome its legacy of poverty and conflict. Liberia, since 2003, has provided an example of a country at least beginning to do that.

Box 3: Liberia

Liberia's conflicts between 1989 and 2003 cost an estimated 250,000 lives, and forced more than 1 million people to abandon their homes and livelihoods.³³ Many of the small arms and ammunition used in Liberia came via the Middle East and Africa from Asia and Europe, despite the UN arms embargoes in place since 1992. Iranian-produced arms and ammunition were allegedly delivered to the Liberians United for Reconciliation and Democracy (LURD) rebels via Guinea in 2002–03, and were used in LURD's offensive on the Liberian capital Monrovia in summer 2003, which left more than 2,000 people dead or injured.³⁴ On another occasion, 68 tonnes of arms and ammunition from Ukraine's State Export Company, authorised for export to Burkina Faso's security services, were diverted to Liberia's then President Charles Taylor.³⁵ These weapons were exchanged for timber from Liberian logging companies involved in the traffic of arms and led to sanctions on exports of timber from Liberia.

Improving security?

Since the 2003 ceasefire and the 2005 election of President Ellen Johnson-Sirleaf, the UN Panels of Experts charged with monitoring the implementation of the UN arms embargo and sanctions on Liberia have not noted any significant arms trafficking into the country. The current UN embargo, authorised in 2006, exempts arms and ammunition for Liberia's army and police, but imposes a strict level of marking and monitoring on them to help prevent them being diverted to other purposes. Combined with a two-year programme of disarmament and demobilisation, and newly implemented strong national firearm controls, the number of firearms in circulation has been significantly reduced. The number of robberies in Monrovia is still on the increase, but it is significant that the number involving firearms has fallen.³⁶

Like Burundi, Liberia's legacy of conflict means that it is not on track to meet the MDGs. With almost two babies in every 100 dying in childbirth, the country's levels of health care are among the worst in the world.³⁷ The reduction in armed violence, however, has coincided with significant improvements in some areas. The Ministry of Education, for example, reported a 24 per cent increase in primary school enrolment by girls between 2006 and 2007, and an 18 per cent increase for boys.³⁸

Liberia's progress is not yet secure, and Burundi's experience is all too common. What is more, the fragile nature of post-conflict situations can be easily affected by the availability of arms. The UN's former commander in the DRC, General Patrick Cammaert, saw the futility of disarmament without controlling the supply of arms at the same time. 'You had the feeling,' he told a press conference organised by the Control Arms coalition in 2007, 'that you were mopping the floor when the tap was open. One moment you disarm a group, and then a week later the same group has fresh arms and ammunition.'

Between 1990 and 2005, twenty-three African countries lost an estimated \$284bn between them as a result of armed conflicts, fuelled by transfers of ammunition and arms – 95 per cent of which come from outside Africa. Between 1996 and 2005, the DRC alone lost \$18bn.³⁹

3 Debt, corruption, and waste

Irresponsible arms transfers can undermine the MDGs through the substantial opportunity costs of the resources used. While developing countries may need to import arms to meet legitimate self-defence and security needs, spending *beyond those legitimate needs* represents a waste of resources that are often crucially needed for social development.

States have duties to take steps towards the progressive full realisation of economic, social, and cultural rights of their citizens and have the duty to prioritise minimum levels of realisation of these rights. However, governments often fail to allocate the necessary resources to prioritise the full realisation of such rights in favour of other areas, such as military expenditure.

This section outlines examples covering three specific risks:

- That excessive arms purchases increase a country's unsustainable external debt;
- That corruption in arms procurement wastes a significant amount of government resources; and
- That inappropriate military budgeting and procurement processes waste significant amounts of government funds. Such processes include the lack of a publicly debated defence policy, poor transparency, weak civilian control, and 'off-budget' military expenditure.

Unlike other areas of trade, arms transfers constitute unproductive expenditure in economic terms. Claims that they create jobs and encourage technology transfer and other economic gains are on the whole unfounded.⁴⁰ Research shows that arms purchased as part of military expenditure mainly constitute a drain on resources.⁴¹

Therefore such expenditure can only be justified if it is meeting a legitimate security need.

Debt

Arms imports require foreign currency, which, for countries with limited foreign exchange resources, may require obtaining credit, leading to increased debt. In the past, arms imports have been a very significant contributor to debt in developing countries, due in part to irresponsible lending. In 1994 it was estimated that a fifth of all developing-world debt was due to arms purchasing.⁴² In more recent years, debt relief for some of the world's poorest countries has freed up vital resources for spending towards meeting the MDGs, and the acquisition of unsustainable debt through arms spending has been

reduced (due to the lack of credit). However, arms-related debt continues to be accumulated by a number of countries, and remains a risk for the future. Turkey is one such example.

Box 6: Turkey

Turkey is a middle-income country with significant development challenges, a severe debt problem, and a history of financial crises. Debt is a major cause of such crises, limiting Turkey's ability to direct resources towards the MDGs. In 2007, the country's external debt was \$247bn, just under half of GDP. In 2005, its debt service level amounted to 39 per cent of exports of goods, services, and income (e.g. remittances) the fourth highest proportion in the world.

Arms imports have over the years accounted for a significant component of this accumulated debt. By 1999 Turkey's accumulated debt from arms imports since 1990 was calculated at between 10 and 20% of the country's accumulated debt stock.⁴³ This is continuing to grow. Between 2000 and 2007 alone researchers from SIPRI (the Stockholm International Peace and Research Institute) have calculated Turkey's arms-related debt amounted to at least \$7.1bn and more probably a figure in the range of \$10.5bn–\$15.8bn.⁴⁴

While Turkey is making good progress towards some of the MDGs, it faces challenges on others, including child mortality, and the level of debt restricts the funding available for health care and education. The government's 2005 MDG report highlights findings from the National Development Plan 2004/06 that 'the growing domestic debt forces the Government to take austerity measures, which lead to further restrictions on the already constrained national budget. This impacts negatively on the allocation of funds for any policies targeting improvement of social welfare in general, and income distribution and poverty alleviation in particular'.⁴⁵

Opportunities for waste

As in any other area of government spending, without sound financial management, spending on arms is likely to be inefficient and wasteful. And that sound financial management must be accompanied by a clear national security strategy, based on a structured and regularly reviewed assessment of the threats facing a country.

Unfortunately such arrangements are uncommon. Often decisions to purchase arms are made through structures and procedures that are governed by weak civilian oversight and poor transparency mechanisms. At worst, this encourages corruption and a waste of resources, and at best unnecessary expenses and an inability to effectively weigh up the relative merits of spending on arms and the government's other objectives. As a World Bank report states, 'these practices weaken accountability for funds and provide a ready excuse for rent-seeking activities'.⁴⁶

Indonesia and Nigeria provide two examples of this.

Box 7: Indonesia

To make progress on development, Indonesia cannot afford any resources to be wasted on inefficient arms spending. The country spends just 0.98 per cent of its gross domestic product on health care and 1.1 per cent on education (the lowest in the region). In 2006, Indonesia still had the highest rate of maternal mortality in South East Asia (15 times higher than Malaysia)⁴⁷ and over 37 million people (or 18 per cent) living under the poverty line.⁴⁸

After the resignation of President Suharto in 1998, Indonesia embarked on a major political reform plan, which included addressing the historical lack of effective civilian control of the armed forces and their spending. It continues to be a vital but challenging process of reform for the government.

In 2003 the Ministry of Defence published its first ever Defence White Paper, an important step towards transparency; however, this was written without prior public debate and still reflected the armed forces' dominant views and interests.⁴⁹ The paper also stated that the ministry would be solely responsible for military procurement, yet in the same year the Indonesian Parliament investigated a deal to buy Sukhoi jet fighters and Mi-35 helicopters from Russia that was signed without the approval of the Ministry of Defence (and which used funds reserved for natural disasters).⁵⁰

The Ministry of Defence's leadership on procurement continues to be challenged by parts of the military. In 2006 the Air Force Chief of Staff declared that the different service branches carry out military procurement independently, particularly for the purchase of spare parts, and that the Ministry is only involved in major weapons contracts and those involving export credit facilities.⁵¹

All this has an economic cost. In 2005, the Ministry of Economic Affairs challenged the Ministry of Defence regarding a contract to buy Russian Mi-2 helicopters. The contract was for more than ten new Mi-2s worth \$11.9m, but only two second-hand helicopters valued at around \$1.6m were delivered.⁵² The final losses to the state were put at Rp6.56bn (or approximately \$660,000).⁵³

The opacity surrounding military spending has been complicated further by the fact that, according to an inventory requested by the Ministry of Defence in 2006, Indonesia's armed forces control around 1,520 individual business enterprises.⁵⁴ According to Law no. 3/2002, military expenditure should be financed entirely from the national budget, and in 2004 a new Military Law was passed, requiring the military to divest itself of all commercial interests by 2009. Until that happens, it is very difficult to know what the country's military expenditure – officially stated to be 1.2 per cent of GDP – really is. This means that the civilian government cannot even decide the level of military expenditure, leaving a whole section of the economy that it cannot touch.

Like Indonesia, Nigeria is still coming to terms with a lengthy period of military-dominated government, during which there were no effective checks on arms spending.

Box 8: Nigeria

Even after Nigeria's return to democracy in 1999, the continued absence of an agreed national defence policy, and inadequate budgeting processes, have allowed waste in arms spending. Important steps by the government to improve the accountability of military budgets must be reinforced if additional funds are to be available for development.

In theory, the Ministry of Defence (MoD) has a large say in deciding the military budget, but in reality the contribution from civilian staff is small. Strategic procurement decisions are led by the Chief of Defence Staff, and are largely left to the military hierarchy to decide. However, there are also cases of the MoD signing contracts without consulting the armed forces. In 2005 the Air Force criticised the signing of a contract worth \$74.5m for refurbishment, training, and logistical support related to Nigeria's G.222 military transport planes, as they were not included in the negotiations.⁵⁵

Capital expenditure on major military procurement deals is not properly detailed in Nigeria's national budget.⁵⁶ In 2000 and 2001 the national budgets did not include defence appropriations. Allocations to the military in these two years were made afterwards, under supplementary budgets that were not open to the public.

The Nigerian government has taken steps to address some of these issues, and has ordered a number of investigations into military-related corruption. Overall, however, Nigeria suffers from non-transparent and inadequately controlled military spending, creating an environment in which the substantial waste of resources that could be spent on achieving the MDGs is all too possible. Due to low levels of transparency, it is difficult to know just how much of the national budget is wasted. A significant difference could be achieved with renewed action by the government and stronger global standards for arms transfers.

Corruption

The international arms trade is considered by Transparency International to be one of the three most corrupt businesses in the world. Large, one-off deals can be of immense significance to the exporter, who becomes incentivised to do anything possible to secure them, including offering personal rewards to the purchasing decision makers. Many deals are complex and individually tailored so that prices are difficult to compare, making it easy for corrupt payments to be hidden in the overall cost. Secrecy, in the interests of 'national security', and poor governance make this easier still. The result is not only the waste of government resources, but also a distortion of spending priorities towards areas such as major arms deals where corrupt individuals can obtain the greatest benefit. In both ways, this can leave less government money available for development.

One particular deal involving South Africa and a number of European companies provides an example of what can go wrong.

Box 9: South Africa

Numerous and persistent allegations of corruption have surrounded a series of contracts originally signed in 1999 between South Africa and a number of major European arms companies for frigates, submarines, utility helicopters, and fighter and trainer aircraft, at a total expected cost of R47.4bn (\$6.3bn) by the time the final payments are made in 2011/12.

These allegations of corruption go to the top of the South African defence sector and also implicate the arms companies involved. Joe Modise, the then South African Defence Minister, who died in 2001, was accused of intervening to change the formula by which BAE Hawk aircraft were preferred to the alternative Italian offer from AerMacchi. BAE Systems made a donation of £500m to the African National Congress (ANC) not long after the deals were signed.⁵⁷ AerMacchi was put under pressure to invest in a South African company, Conlog, of which Joe Modise was a shareholder. Although BAE initially agreed to the investment, the British company did not go through with the deal.⁵⁸ BAE's role in the whole series of deals is, however, still the subject of an ongoing Serious Fraud Office investigation in the UK.

Another company, Bell Helicopters, withdrew from bidding for the helicopter contract when it came to believe that investing in a particular partner company would increase its chances of success. Agusta, the winning Italian bidder, agreed to the investment.

In South Africa there have been two convictions for corruption in relation to the deal. Corruption allegations included the country's Deputy President, Jacob Zuma, who had 16 charges for corruption, racketeering, and money-laundering dismissed in September 2008.

While the extent of corruption in the deals cannot yet be known, current evidence suggests that it could have contributed to South Africa obtaining a far more advanced and expensive package of arms than was necessary, at the expense of spending on social development and the MDGs.

South Africa's progress towards the MDGs is slow or in some cases is even moving in reverse. The figures for underweight children, child mortality, and access to improved sanitation have all deteriorated since 1990, according to the most recently available statistics.⁵⁹ This arms deal continues to cost South Africa an average of R4bn (\$530m) a year, but correcting reported infrastructure shortfalls in South African schools would cost R3bn (\$398m) a year for ten years, while the annual cost of making up backlogs in the free provision of water services has been estimated at R3.2bn (\$425m).⁶⁰

This example also calls into question the responsibility of exporting governments in addressing corruption in arms transfer controls. Transparency International, in its 2008 Progress Report on the 2007 OECD Anti-Bribery Convention, heavily criticised the UK government for failing to enact a single prosecution against a UK company for bribery of foreign officials. Numerous other OECD

members, including Japan and Canada, were also accused of lagging behind in their implementation of the convention – although France, Germany, and the USA were found to have increased enforcement efforts. The UK government was also criticised by the OECD for cancelling a Serious Fraud Office Investigation into BAE Systems' arms sales to Saudi Arabia in 2006.⁶¹

At the same time, importing governments also bear a heavy responsibility to prevent corrupt practices in arms transfers. India, for example, has taken major steps to tackle corruption in its arms procurement processes.

Box 10: India

Between 2000 and 2007, India was the world's second largest arms importer, accounting for 7.5 per cent of all major weapons transfers.⁶² In 2005, the country's Central Bureau of Investigations (CBI) was investigating 47 separate arms deals for possible corruption, including a \$269m contract with Israel Aircraft Industries (IAI) and Rafael for seven Barak surface-to-air missile systems.⁶³ The Defence Minister at the time of the deal in 2000, George Fernandes, Navy Chief Admiral Sushil Kumar, and Jaya Jaitley, President of Fernandes' Samata Party, have been accused of receiving bribes. Numerous agents and arms dealers have also been indicted in relation to this and other deals. Other contracts subject to CBI investigations and raids include ones with Russian, South African, and Czech companies.⁶⁴

Since coming to power in 2004, the United Progressive Alliance government has sought to tighten up procurement procedures. Defence Minister A.K. Anthony is seeking to enforce anti-corruption rules,⁶⁵ independent monitors have been appointed to vet all major defence deals,⁶⁶ and 'Integrity Pacts' are being implemented to ensure good practice in procurement processes.⁶⁷ Some deals with companies implicated in corruption cases have been cancelled,⁶⁸ while others – such as a potential air defence deal with Israel – have been put on hold.⁶⁹

Such action by the Indian government is crucial. India is the second biggest spender on arms transfers in the world, and yet continues to experience significant levels of poverty and is not yet on track to meet any of the MDGs unless significant changes are made.⁷⁰

All of the problems highlighted by the cases in this section can be tackled. Like India, at least some other importers and exporters are taking steps to tackle corruption and bad, unaccountable management of arms procurement. Much of this must be done individually by national governments, but it can and would be reinforced by an international Arms Trade Treaty.

4 The wider impact of armed abuse

Development, including achieving the MDGs, is not a matter of simply reaching national targets. It is about fulfilling individuals' and communities' development, including their economic, social, and cultural rights to health care, education, and so on.

Under the 1966 International Covenant on Economic, Social and Cultural Rights, every state party is obliged to 'take steps [...] to the maximum of its available resources, with a view to achieving progressively the full realization of [these] rights'.⁷¹ This can be undermined, however, not just by the nation-wide impact of armed conflict or waste and corruption that we have looked into in Chapters 2 and 3. It can also be undermined when human rights abuses have a far wider impact than immediate violence or displacement. When arms are used to kill, maim, or threaten, they can undermine whole communities' prospects of development. It is no coincidence therefore that many of the countries furthest from meeting their MDGs are also the countries most likely to have high levels of serious human rights abuses.⁷²

This wider impact of human rights abuses is increasingly recognised in international legal findings. This chapter gives two examples of this, both involving arms that had been bought or licensed from other countries.

Box 4: Colombia

Colombia's 4 million displaced people⁷³ have fled guerrilla, state, and paramilitary violence during decades of fighting. The Inter-American Court of Human Rights has, on numerous occasions, linked actions of the Colombian armed forces and paramilitary groups to displacement and the loss of land, livestock, and possessions by different communities.

In 2006, the Court passed judgement on events that occurred in Ituango on 11 June 1996 when around 20 paramilitaries, armed with F15 rifles and other firearms, killed, kidnapped, and tortured members of the community.⁷⁴ Between 22 October and 12 November 1997 in nearby El Aro, around 30 paramilitaries killed 15 people. Before they left the area, approximately 1,200 head of livestock were stolen and numerous homes and businesses were burnt. Both attacks provoked large-scale displacement and loss of livelihoods. In both cases the paramilitaries acted with, the Court found, the acquiescence, tolerance, or support of law enforcement officials.

Under international law, states are responsible for serious human rights violations committed by bodies or persons acting on its behalf or with its consent. On the basis of the co-operation or acquiescence of the state military and police, the Court found Colombia in violation of a number of rights enshrined in the American Convention on Human Rights and other international human rights treaties. In the words of the Court judgement: a

'massive, prolonged, and systematic' violation of several of these peoples' fundamental rights by the government of Colombia.'

Firearms like those used in the massacres at Ituango and El Aro are part of a flourishing arms market in Colombia and illicitly smuggled over its borders. The country is a significant importer of weapons, with US\$47 million worth of 'military weapons' being imported in 2006.⁷⁵ Colombia also produces weapons, mainly under licence from overseas, such as the Galil assault rifle from Israel.⁷⁶

Firearms are also smuggled into Colombia illicitly. Historic black market exchanges in contraband goods support the trade, while the relatively porous and unregulated borders make control of illegal arms flows more difficult. In some cases, paramilitaries reportedly possess weapons identical to government stocks, raising questions about whether they have originated from state sources.⁷⁷

As this case suggests, far stronger controls are needed to prevent the diversion of arms to illegal end users and to reinforce the state's obligations to prevent serious violations of human rights abuses, including violations of economic, social, and cultural rights. The next case suggests that there should also be far stronger controls to ensure that bought or licensed arms are not misused by state security forces themselves.

Box 5: Nigeria

Nigeria's oil wealth could provide enormous potential to help the country's development. So far, however, communities in the Niger Delta, where much of the country's oil originates, have seen few benefits. This has created tensions in the region, with growing levels of unrest and violence by different groups.⁷⁸

The Ogoni are one of the many indigenous peoples in the Delta, and make their livelihood through fishing and farming. In 2002, based on evidence gathered over three years that showed that Nigerian security forces had attacked, burned, and destroyed several Ogoni villages and homes, the African Commission of Human Rights found that Nigeria had violated a range of socio-economic rights enshrined in the African Charter on Human and People's Rights, including the right to housing, the right to food, the right to health, and the right to a healthy environment.

Nigeria is not on course to meet the MDGs related to poverty eradication or maternal or child mortality,⁷⁹ and levels of poverty in the Niger Delta are worse than the national average. The Commission concluded that the survival of the Ogoni people depended on their land and farms and that these had been destroyed with the direct involvement of the government, which gave the armed security forces authority to carry out widespread killings.⁸⁰

Weapons used by the Nigerian security forces either originate outside the country or are manufactured at the Dicon Arms Factory in Kaduna under licence, mainly from Europe, Russia, and China.⁸¹

National development is not an abstract. It is the combination of the development of millions of individuals and communities. As both these cases show, this can be undermined by the misuse of arms against particular groups, or in particular areas, even in countries where other areas have relatively low levels of armed violence.

5 Conclusion and recommendations

Achieving the Millennium Development Goals will require concerted action by all states. Addressing the prevalence of armed violence and the waste involved in unaccountable and inappropriate arms flows must be a priority.

Many things need to be done to reduce armed violence, and the poverty that lies behind much of it. Preventing the proliferation and misuse of conventional arms is a multi-faceted issue and one that requires a range of measures that address both the supply and demand for weapons.⁸² Agreement on comprehensive controls of the international trade in weapons to prevent irresponsible transfers undermining development must be one priority.

Right now, states responsible for licensing the transfer of billions of dollars in arms every year are also involved in unprecedented collaboration towards meeting the MDGs. It is in every state's interest to ensure that international arms transfers are not undermining those efforts.

International level: addressing supply

A comprehensive and effective international Arms Trade Treaty must be agreed in the shortest timeframe possible to ensure that a more responsible arms trade is in evidence by 2015 – the end date for the MDGs.

An ATT must include criteria for considering whether or not to approve a licence application for an international arms transfer, and must examine the risk of negative impacts on sustainable development. This includes consideration of:

- The likely impact on sustainable development objectives as measured by the Millennium Development Goals;
- Whether there is a substantial risk that the transfers in question will be used for serious violations of economic, social, or cultural rights;
- Whether there is a substantial risk that the transfers in question will provoke or exacerbate armed conflict in violation of the state's obligations under the UN Charter and existing treaties;
- Whether there is a risk they will involve significant corrupt practices.

An ATT should encompass a mechanism for increasing inter-governmental and public transparency and accountability in the

international transfer of conventional arms. This will assist in building confidence in the effective implementation of the treaty globally.

An ATT should emphasize the commitment of all signatories, whether as an importer or exporter:

- To work towards establishing properly accountable defence budgeting and procurement processes;⁸³
- To outlaw bribery, and investigate and prosecute suspected cases of bribery involving state officials;
- To rigorous management and monitoring of stockpiles;
- To refuse export licences in cases of well-grounded suspicion of corruption; and
- To ensure much greater transparency in the use of agents by arms exporters.

Considering the impact on poverty reduction and development

Governments should not, however, wait for an ATT. They should evaluate *now* whether any new arms transfer is likely to have a negative impact on poverty reduction and development. This should be done through analysis of the risk that the transfer poses and a dialogue between importers and exporter.

At a minimum the analysis should include the following:

1. Detailed information should be gathered to inform the judgment about the transfer. This should include looking at several indicators:
 - Economic: this includes public spending priorities, economic trends in the country, debt levels, and aid flows;
 - Millennium Development Goals: the extent to which the country is on target to meet the MDGs, and budgeting within its National Development Plan;
 - Human security indicators: information such as numbers of IDPs and rates of violent crime;
 - Gender: indicators on the prevalence of armed violence against women and policies in place to address it;
 - Corruption: this could include action taken by exporting and importing states to tackle corruption.
2. Together governments should then use this information in the dialogue between importer and exporter, and to inform the decision on whether to license the transfer. They should consider

- Does the import legitimately meet the stated military, security, or policing need? Is the decision to import responding to a public defence plan?
- Did the procurement process follow good principles of public expenditure management, with sufficient transparency, accountability, civilian control, and public debate?
- Does the transfer represent value for money? Consideration should be made of lifecycle costs and realistic assessments made of any proposed gains from offsets or technology transfer. Was any kind of affordability study undertaken? Will the transfer involve significant credit and lead to long-term debt repayments?
- Does the transfer appear to be an appropriate purchase with respect to the importing state's technical capacity, skills, and infrastructure? Has the importing state received sufficient information to make this judgment?

These questions will help the exporter and importer to establish whether or not the transfer of conventional weapons or ammunition will negatively impact sustainable development, and therefore whether or not it should be authorised.

A strong ATT is needed now to achieve the MDGs

All importers and exporters should ask these questions now. However, a strong and comprehensive ATT would greatly reduce the likelihood of arms ending up in the hands of irresponsible end users, thereby undermining poverty reduction and development efforts. An ATT could make a significant difference in countries struggling to meet the MDGs.

What is more, commonly agreed, legally binding global standards for international arms transfers can support the MDGs by reinforcing national security policies that create safe and secure environments for poor and vulnerable communities.

Without a strong ATT, in some countries the MDGs may never be met.

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