



one world trust

2006 Global Accountability Report

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With

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Table of contents

List of illustrations	4
Foreword	5
Executive summary	6
Publication outline	10
Section 1: Why accountability of transnational actors matters	11
Section 2: Accountability – the conceptual framework	12
Section 3: Measuring accountability	14
3.1 What is the Global Accountability Index?	14
3.2 Important parameters for the interpretation of the Index	15
3.3 Why measure accountability?	15
3.4 Other indices	16
3.5 The Index disaggregated	16
Section 4: Methodology	21
4.1 Data collection process	24
4.2 Scoring	24
Section 5: The analysis	25
5.1 Transparency	25
5.2 Participation	31
5.3 Evaluation	41
5.4 Complaint and response mechanisms	46
Section 6: Concluding cross-dimension analysis	52
Section 7: Next steps	56
APPENDIX 1: Ongoing accountability reforms at the assessed organisations	57
APPENDIX 2: Other accountability initiatives	58
Acronyms	60
Definitions of terms	61
List of key organisational documents consulted for the assessment	62
Selected bibliography	66

List of illustrations

Figures

- Figure 1:** The Global Accountability Framework
- Figure 2:** Overall average scores on policies and systems that support accountability practice

Graphs

- Graph 1:** Organisational scores on transparency capabilities
- Graph 2:** Range of commitments to transparency by number of organisations in each sector
- Graph 3:** Organisational scores on participation capabilities
- Graph 4:** Average scores on member control at governing and executive body levels; by sector
- Graph 5:** Scores on IGO capabilities to engage with civil society organisations
- Graph 6:** Organisational scores on evaluation capabilities
- Graph 7:** Organisational scores on complaint and response capabilities
- Graph 8:** Average scores on accountability dimensions; by sector

Tables

- Table 1:** Internal and external stakeholders that the Index focuses on
- Table 2:** What the Index measures; by dimension and sector
- Table 3:** Key indicators by dimension
- Table 4:** Scores on the quality of information disclosure policies
- Table 5:** Good practice principles in handling complaints from internal stakeholders
- Table 6:** Organisations that score more than 50 percent across three of the four dimensions of accountability

Text Boxes

- Text Box 1:** List of assessed organisations
- Text Box 2:** Other key indices on accountability and related areas

Good Practice Text Boxes

- Good Practice Text Box 1:** UNEP's administrative note related to public disclosure on GEF operations
- Good Practice Text Box 2:** The Nature Conservancy's online information request function
- Good Practice Text Box 3:** Gender and youth representation at the ICFTU
- Good Practice Text Box 4:** ActionAid International's stakeholder mapping
- Good Practice Text Box 5:** Oxfam International's consultative forum
- Good Practice Text Box 6:** Dow Chemical's institutionalised external stakeholder engagement process
- Good Practice Text Box 7:** The OECD's learning network on civil society engagement
- Good Practice Text Box 8:** World Vision International's LEAP
- Good Practice Text Box 9:** Anglo American's SEAT
- Good Practice Text Box 10:** Emerging principle in complaint and response mechanism
- Good Practice Text Box 11:** The World Bank's Inspection Panel
- Good Practice Text Box 12:** World Vision International's approach to beneficiary complaints

* NB: In all illustrations, an asterisk next to an organisation's name indicates that the organisation did not actively engage in the data collection process for this study.

Foreword

With the shift of power from national to global levels, it has become a critical priority for civil society to find ways to engage in global decision making. Yet many of the global actors that have become increasingly powerful in our current age appear to be operating under rules and logic that are not in keeping with the realities that confront citizens around the world today.

Few would contest that we may be in the midst of one of the most volatile and dangerous periods of world history. New threats to our security – both natural and human-made – challenge us as never before to find common ground in pursuit of social justice and sustainable development. We are facing global problems, but are confronted with a situation where global actors that have the power to formulate solutions are disconnected from the people and thus losing legitimacy. Unless we find ways to ensure that people and communities are included in decision-making processes that impact them, we cannot effectively address the challenges that affect us all.

The gap in inequality is growing, and with it, the space for dialogue and common ground may be shrinking irrevocably. One of the challenges that we face is not to allow current institutional limitations to constrain our ability to envision a different kind of global governance framework.

The 2006 Global Accountability Report calls for stronger accountability between those who govern at the global level and the global citizenry. It talks about a *global public sphere* and, in doing so, it draws attention to the multitude of global organisations – be they intergovernmental organisations, non-governmental organisations or corporations – that affect individuals and communities around the world in multiple and profound ways.

The Report poses some bold questions about the fundamental changes that are needed to encourage citizen participation and oversight of organisations that operate at global level. It calls for increased transparency within global institutions and for the development of more effective means through which citizen voices can be heard at this level.

Challenges in assessing the accountability of global organisations are many and the authors of the Report do not claim to have addressed them all. Yet the strength of the study rests in its ability to advocate for principles of accountability that must apply to all organisations that affect the global public sphere. The Report takes a constructive approach and provides a common frame of reference that can form the basis for greater dialogue between global organisations and the people they affect. In doing so, it opens up new venues for strengthening global civil society and the ability of transnational citizens' groups to hold powerful organisations to account.

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9 November 2006

Executive summary

The Global Accountability Index is the first initiative to measure and compare the accountability of transnational actors from intergovernmental, non-governmental and corporate sectors. Thirty of the world's most powerful organisations are assessed in this report.

The Index provides scores on how these organisations integrate good practice principles in four dimensions of accountability: are they transparent?; do they ensure participation through equitable member control and engage communities in decision-making processes that affect them?; do they evaluate their work and integrate learning into future planning?; do they provide safe channels for affected communities to voice their grievances and concerns, and do they offer them a response?

Why does accountability of transnational actors matter?

Transnational actors such as intergovernmental organisations, transnational corporations and international NGOs have gained an increasingly important role in the global public sphere. From addressing issues such as global warming to the spread of HIV/AIDS; from responding to armed conflicts and human rights abuses to determining global financial standards; the decisions and actions of these organisations affect us in multiple and profound ways.

This dispersal of decision-making power has led to concerns over who takes responsibility to ensure that decisions taken by

increasingly powerful transnational organisations are not harmful, but beneficial to the individuals and communities they affect. These organisations need to become more transparent and accountable to their stakeholders, both those internal and external to the organisation, to enable wider participation in decision making. This will increase the legitimacy and effectiveness of global governance processes.

Accountability gaps including the challenge of ensuring meaningful engagement of all relevant stakeholders in the global public sphere need to be addressed. Mechanisms are required to hold transnational actors accountable and new approaches must be developed at local, national and global levels for translating principles of accountability into practice.

Each and everyone one of us shares the responsibility for this task. We are connected to transnational actors in multiple ways: we fund IGOs through our tax contributions, we support the work of INGOs through our activism and individuals donations, and we finance corporate activities through our purchasing habits and pension funds. We all, therefore, have a role to play in ensuring that transnational actors become more accountable and responsive to the communities they affect and to the wider public.

For IGOs, citizens must hold their governments to account for the decisions that government representatives take at the global level. Some member states have more say in, and control over, these institutions. This reality requires citizens of those powerful states to be particularly active in scrutinising their own governments.

List of assessed organisations

Intergovernmental Organisations	International non-governmental actors	Transnational Corporations
Bank for International Settlements (BIS) Food and Agriculture Organization (FAO) Global Environment Facility (GEF) International Labour Organization (ILO) International Monetary Fund (IMF) Organisation for Economic Cooperation and Development (OECD) World Bank – International Bank for Reconstruction and Development (IBRD) World Health Organisation (WHO) World Intellectual Property Organisation (WIPO) World Trade Organisation (WTO)	ActionAid International (AAI) Amnesty International (AI) Human Life International (HLI) International Chamber of Commerce (ICC) International Confederation of Free Trade Unions (ICFTU) International Federation of Red Cross and Red Crescent Societies (IFRC) The Nature Conservancy Oxfam International (OI) World Vision International (WVI) WWF International	Anglo American plc Dow Chemical Company Exxon Mobil Corporation Microsoft Corporation Nestlé News Corporation Pfizer Inc RWE Toyota Motor Corporation Wal-Mart Stores Inc

For INGOs, national chapters themselves must become champions of accountability, to lead by example at the international level and drive greater accountability throughout the entire organisation. Individual supporters too have a role to play in demanding increased quality, effectiveness and accountability from INGOs.

For TNCs, individual shareholders and institutional investors must become more aware of how corporations they support impact on people, livelihoods and the environment. They need to exercise their influence and hold corporations to account not just for financial returns, but also for the wider impact of their activities. It unpacks accountability into four core dimensions: transparency, participation, evaluation, and complaint and response mechanisms.

Measuring accountability

Demands for accountability are often made, but are rarely accompanied with an explanation of what is meant or how it can be achieved. At the heart of this Report is a unique framework (based on good practice principles of accountability) that defines accountability as the processes through which an organisation makes a commitment to respond to and balance the needs of stakeholders in its decision-making processes and activities, and delivers against this commitment.

The diverse missions, operating styles, organisational histories, cultures and resulting structures of transnational actors present unique challenges to any attempt to develop broadly applicable accountability indicators. Questions around to whom, for what and how an organisation ought to be accountable are complex and linked to the context in which they operate, their scale, the area of activity and sector of work. As a result, the accountability strategies organisations employ vary. In recognition of this, the Index does not measure organisations against a rigid one-size-fits-all set of accountability standards nor does it dictate the specific structures through which these standards should be operationalised. It rather assesses the presence of key accountability principles and values in existing organisational capabilities (reflected in policies and systems which are in

Organisations that score more than 50 percent across three of the four dimensions of accountability

	Transparency	Participation	Evaluation	Complaint and Response
IGOs	GEF, OECD, World Bank/IBRD	GEF, OECD	GEF, OECD, World Bank/IBRD	World Bank/IBRD
INGOs	ActionAid International	ActionAid International, World Vision International	ActionAid International, World Vision International	World Vision International
TNCs	Pfizer	Anglo American	Anglo American, Pfizer	Anglo American, Pfizer

place), regardless of the different shapes and forms in which they may manifest themselves. This approach is more suited to the cross-sector comparison, as it provides for greater flexibility in what is being measured and allows for a better capturing of organisation- and sector-specific capabilities that reflect emerging good practice principles of accountability.

Main findings

The findings show wide differences between and within the three sectors, clearly indicating leaders in the field and those that lag behind. While some organisations seem to be addressing issues of accountability in a more consistent way, particularly in evaluation and the external stakeholder engagement side of participation, much work is still to be done in the other areas, transparency and complaint handling mechanisms in particular. Higher quality information disclosure policies are needed. Likewise, organisations from the three sectors must provide safe channels through which external stakeholders can voice their grievances and concerns, and must provide a response.

None of the assessed organisations scores above 50 percent across all four dimensions. Yet seven organisations manage this in three of the four dimensions. The cross-sector balance of this group highlights that innovation and positive developments in accountability are not concentrated in one specific sector. There are many areas where organisations from different sectors can learn from each other.

Transparency

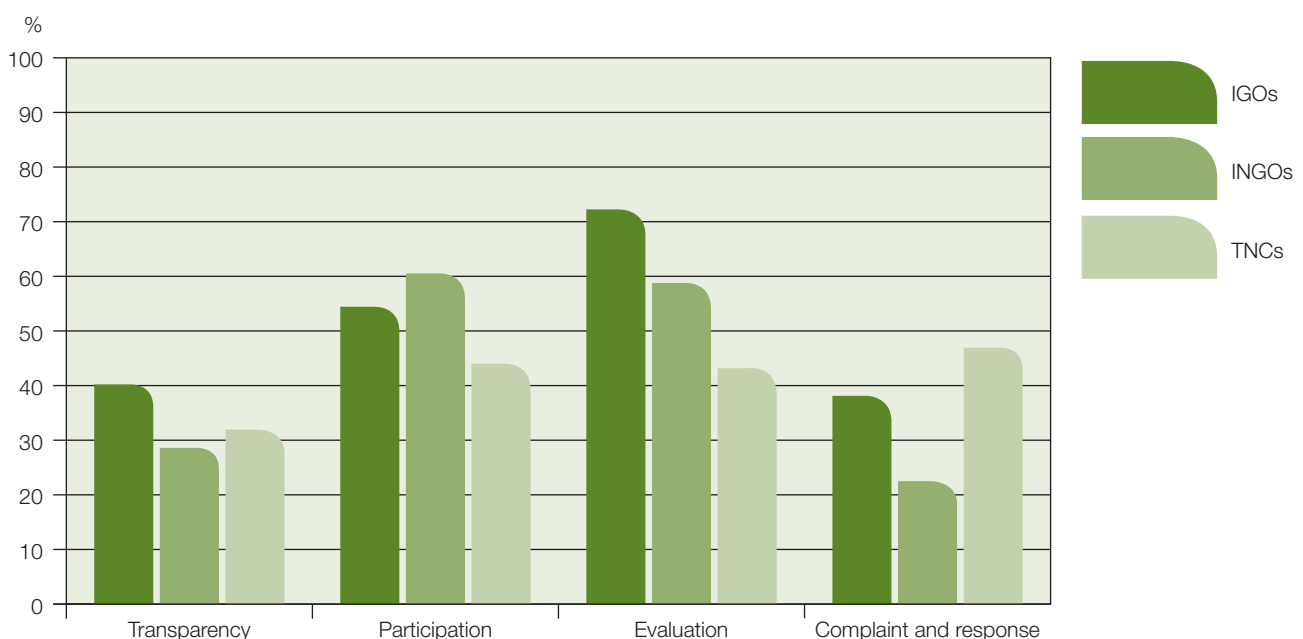
- On average, IGOs score highest on transparency capabilities, followed by INGOs and TNCs. The scores for transparency, however, are overall low for all three sectors.

- Most organisations (26 out of 30) from across the three sectors recognise the importance of transparency and have made a commitment beyond that which is legally required of them. Of these, however, only nine have an organisation-wide policy that identifies what, when and how information will be disclosed and what the conditions for non-disclosure are. These are ActionAid International, GEF, the IMF, Nestlé, the OECD, Pfizer, World Bank, the WTO and the WWF International. The other organisations instead rely on vague commitments to guide their approach to transparency.
- Of these nine organisations that have adopted formal organisation-wide public information disclosure policies, only two (GEF and ActionAid International) identify a narrowly defined set of conditions for non-disclosure. This is a key principle of any information disclosure policy because it puts the responsibility for justifying non-disclosure on the organisation rather than forcing the public to make a case for why certain information ought to be disclosed. In doing so, this principle recognises access to information as a right, rather than a privilege bestowed upon stakeholders at the whim of organisations.

Participation

- On average, INGOs have better capabilities for engaging internal members and external stakeholders in decision making than the IGOs and TNCs in the study.
- Of the three sectors, INGOs have the strongest mechanisms for ensuring equitable member control on the executive body.
- All IGOs in the study face problems ensuring an efficient, yet still representative and accountable executive. Of the three sectors, IGOs register the highest discrepancy between member control on the governing body and member control on the executive. This represents an important gap in representation that has significant effect on the accountability of decision-making processes of IGOs.
- TNCs in the study lag behind the other two sectors in terms of organisational capabilities for ensuring consistent engagement of external stakeholders in decision making. In the majority of cases, vague commitments guide engagement with affected communities.
- While both IGOs and INGOs lead on institutionalised processes of engaging external stakeholders in high-levels

Average scores on accountability dimensions; by sector



decision making, most IGOs limit this engagement to granting civil society organisations observer status. This is a passive form of participation in which IGOs rarely show a commitment to changing policy as a result of the engagement processes. Among TNCs, this remains a largely undeveloped area, with Dow Chemical being the only company that has institutionalised stakeholder engagement in corporate decision making on sustainability issues.

Evaluation

- Most IGOs and INGOs score consistently above 50 percent for evaluation capabilities. WIPO, the ICC and Human Life International are the only organisations in these two sectors that do not score above 50 percent.¹ Six TNCs also remain below the 50 percent threshold: RWE, Dow Chemical, ExxonMobil, Microsoft, News Corp and Wal-Mart.
- On average the IGOs and INGOs in the study have high quality organisational documents that guide their approach to evaluation. On the other hand, only three of the assessed TNCs – Anglo American, Nestlé and ExxonMobil – have policies in place that guide both social and environmental impact evaluation.
- Of all organisations in the study only GEF, the ILO, World Bank and ActionAid International make a commitment to evaluate their internal administrative policies.
- Over half of all the organisations included in the study have mechanisms in place for ensuring lessons are disseminated throughout the organisation. This highlights the recognition among all transnational actors, irrespective of their sector, that structures that support and enhance organisational learning are important.

Complaint and Response Mechanisms

- A sector average on capabilities for handling complaints for non-compliance from both internal and external stakeholders shows that TNCs are ahead of IGOs and INGOs. This is mainly a reflection of new regulation in this area brought in through the Sarbanes-Oxley Act.
- Most organisations across the three sectors in the study lack adequate capabilities to enable external stakeholders to file complaints in relation to issues of non-compliance and receive a response.
- In relation to handling complaints from internal stakeholders, whistleblowers in particular, the importance of the principles of confidentiality, non-retaliation and independent investigation is widely recognised. The same practice needs to be replicated in relation to complaints from external stakeholders.
- For INGOs, formal mechanisms that handle complaints from external stakeholders at the international office are a new concept. It is for this reason that the sector lags behind the TNCs and IGOs in the study. World Vision International is currently the only INGO in the study that makes a commitment to setting up formalised safe channels through which affected communities can file complaints and receive a response.

¹ It is possible that the ICC and Human Life International satisfy some of the indicators, but no publicly available data to support this was found during this study.

Publication outline

The publication is divided into seven main sections. For readers wanting to get to the heart of the report, the findings of the 2006 Global Accountability Index are contained in Section 5. However, to fully understand the findings, we would recommend also reading, at the very least, Section 3 as this gives details of what the indicators are measuring. For readers that just want a quick overview of this, see Table 2 and Table 3 that identify what the Index measures and list the key indicators on which the final scores are based.

Section 1 offers a brief introduction to why the accountability of transnational actors matters. It identifies how the global public sphere is increasingly defined through the interaction of both state and non-state actors. It outlines how this has led to accountability gaps and how the plugging of these gaps is integral to the future legitimacy and effectiveness of transnational actors and global governance more broadly.

Section 2 presents the broad conceptual framework for the report outlining what we mean by accountability; it introduces the concept of stakeholder accountability and presents the four key dimensions of accountability – transparency, participation, evaluation, and complaint and response – around which the Index is structured.

Section 3 identifies what the Global Accountability Index measures and outlines the key parameters in which the findings need to be understood. It lists the reasons why assessing global accountability is important and identifies where the Index can add value in relation to other accountability related ratings. The section then details how the nature and scope of different sectors and organisations have been taken into account in the assessment process and presents the analytical framework used for the Index, identifying the common themes that were measured across the dimensions. The section ends with a list of all key indicators.

Section 4 outlines the Index methodology. It identifies both how the data was collected and how the indicators were scored.

Section 5 provides the main analysis and explores the findings of the 2006 Global Accountability Index grouped according to the four core dimensions of accountability: transparency, participation, evaluation, and complaint and response mechanisms. Under each dimension, organisation-specific scores are provided along with an analysis of the key findings that have emerged under that particular dimension, grouped according to sector.

Section 6 plays a concluding role and presents some of the high-level trends that cut across the dimensions and the three sectors.

Section 7 outlines the next steps the project will undertake in the months ahead.

1 Why accountability of transnational actors matters

Decision making at levels beyond that of the nation state is an unavoidable reality. A web of connections binds us globally through trade, finance and communications. Problems such as global warming and spread of disease transcend national boundaries, and require global solutions. The growth in the number and scope of intergovernmental organisations (IGOs) reflects the need for coordinated state action. Yet there is also a growing recognition that states alone cannot respond to such multiple and diverse issues. As a result, non-state actors such as transnational corporations (TNCs) and international civil society actors, particularly international NGOs (INGOs) have gained an increasingly important role in the global public sphere, contributing their capabilities and providing greater flexibility in addressing global issues.

This dispersal of decision-making power, however, has led to concerns over the legitimacy of decisions made at the global level, and over who takes responsibility to ensure that the decisions of these increasingly powerful transnational actors are not harmful, but beneficial to the individuals and communities they affect. Traditional forms of accountability are no longer appropriate in this context of multi-level governance. State-based accountability is ill-equipped to provide those influenced and affected by transnational actors with an adequate voice in how decisions at this level are made. Other mechanisms have emerged for holding international organisations to account: supervisory (for instance the World Bank is subject to supervision by governments of states), fiscal (funders can sanction recipients of funding), legal (organisations must abide by formal rules), market (investor and customers exercise influence through markets), peer (mutual evaluation from peers such as codes of conduct), and public reputational accountability.²

Despite these, the complexity and density of the relationships between national and transnational actors have led to a multitude of accountability gaps³ – fissures between those that govern and those that are governed that prevent the latter from having a say in, and influence over, decisions that significantly impact upon their lives. The inability to hold transnational actors to account is exacerbated by power imbalances as weak actors lack the capacity to hold powerful actors accountable for their decisions and actions.⁴

The future legitimacy and effectiveness of global governance rests to a large degree on our ability to address these gaps and to tackle the challenge of ensuring meaningful inclusion of all relevant stakeholders in the global public sphere. With transnational actors not taking into account the needs and interests of diverse communities in decision-making processes that affect them, approaches to solving complex global problems such as poverty reduction and climate change will be ill informed in their formulation and ineffective in their implementation. Mechanisms are required to hold transnational actors accountable and new approaches must be developed for translating commitments into practice.

Each and everyone one of us shares the responsibility for this task. We are connected to transnational actors in multiple ways: we fund IGOs through our tax contributions, we support the work of INGOs through our activism and individuals donations, and we finance corporate activities through our purchasing habits and pension funds. We all, therefore, have a role to play in ensuring that transnational actors become more accountable and responsive to the communities they affect and to the wider public.

² Grant, R. and Keohane, R. (2004) "Accountability and Abuses on Power in World Politics" www.poli.duke.edu/people/faculty/docs/accountability.pdf, last accessed 08/08/05

³ Newell, P. and Bellour, S. (2002) "Mapping accountability: origins, contexts and implications for development", Institute of Development Studies, Working Paper 168

⁴ Grant and Keohane (2004)

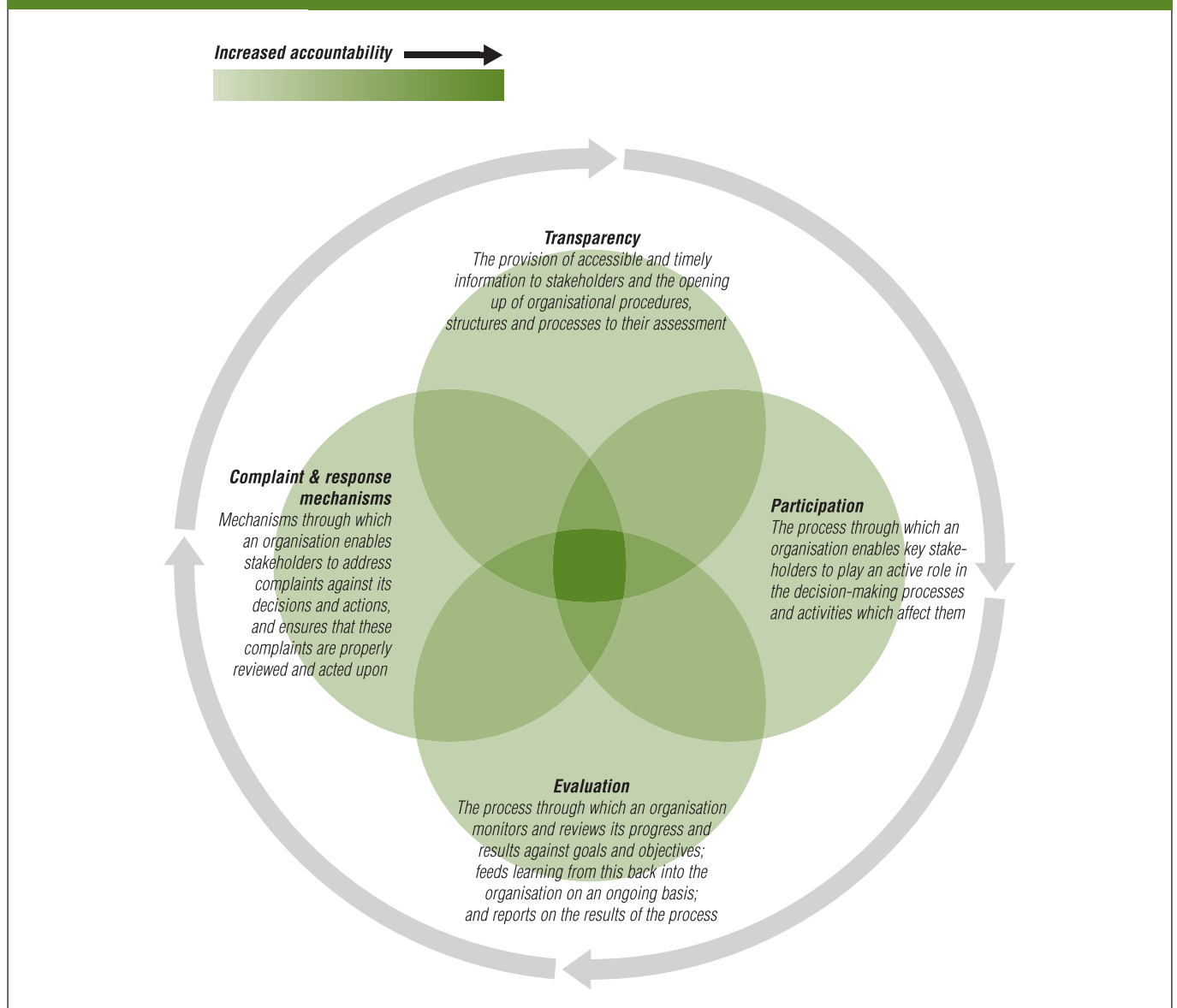
2 Accountability – the conceptual framework

Accountability is for many a nebulous concept subject to multiple interpretations and understandings. An accountability relationship exists when a principal delegates authority to an agent to represent and act in their interests (the representative model and the principal-agent model). Within these models, holding an agent to account requires clearly defined roles and responsibilities, regular reporting and monitoring of behaviour against these roles, and the ability for principals to impose sanctions for breaches of responsibilities. According to this understanding, accountability is largely seen as an end-stage

activity where judgement is passed on results and actions after they take place.

There are many instances, however, where individuals may not have delegated authority to an organisation to act in their interests, but the activities of the latter impact on them, enough for them to claim accountability from the organisation. This view of accountability (the stakeholder model) emphasises that organisations have to respond to the needs of multiple stakeholders, not just those that have formal authority over them; and to do so, multiple stakeholders need to be involved on an on-going basis at different stages of the decision-making process. This more open and participative approach can help

Figure 1: The Global Accountability Framework



promote accountability's potential as an agent for learning and organisational change.

The Global Accountability Framework

After an in-depth analysis of accountabilities for transnational actors⁵ and a pilot Index Report,⁶ the Global Accountability Project (GAP) at the One World Trust defines accountability as

the processes through which an organisation makes a commitment to respond to and balance the needs of stakeholders in its decision-making processes and activities, and delivers against this commitment.

This definition emphasises the need for organisations to balance their response to accountability claims and prioritise between different stakeholder groups according to organisational missions and criteria such as influence, responsibility and representation. It is unrealistic to expect an organisation to use the same type of mechanisms at all times and to be equally accountable to all stakeholder groups; this would lead to paralysis.

The Framework identifies four core accountability dimensions that are critical to managing accountability claims from both internal and external stakeholders:

Transparency: is the provision of accessible and timely information to stakeholders. To be transparent, an organisation must be open about activities and performance and provide

information on what it is doing and how well it is doing it through financial statements, annual reports and performance evaluations. This is the basic information needed by stakeholders to monitor an organisation's activities and to hold it to account for its commitments, decisions and actions. It also relates to responding to information requests.

Participation: is the active engagement of both internal and external stakeholders in the decisions and activities that affect them. Participation must allow for change; it has to be more than acquiring approval for, or acceptance of, a decision or activity.

Evaluation: In this context, evaluation refers to the processes through which an organisation, with involvement from key stakeholders, monitors and reviews its progress against goals and objectives; it incorporates learning from evaluation into future planning; and it reports on the results of the process. Evaluation ensures that an organisation both learns from, and is accountable for, its performance.

Complaint and response mechanisms: provide the means through which an organisation enables stakeholders to file complaints on issues of non-compliance, or against its decisions and actions, and through which it ensures that these complaints are properly reviewed and acted upon. Complaint and response mechanisms should be seen as a last resort for ensuring accountability. Transparency, participation and evaluation processes should be used to minimise the need for complaint mechanisms.

⁵ For more details see Blagescu et al (2005), *Pathways to Accountability: The Global Accountability Framework*, One World Trust, London (UK)

⁶ For more details see Kovach et al (2003), "Power without accountability?" One World Trust, London (UK)

3 Measuring accountability

3.1 What is the Global Accountability Index?

The Global Accountability Index (the “Index”) is the first initiative to measure and compare the accountability of transnational actors from intergovernmental, non-governmental and corporate sectors. It assesses how accountable 30 of the world’s most powerful organisations are to civil society, affected communities and the wider public, on the basis of four core dimensions of accountability: transparency, participation, evaluation, and complaint and response mechanisms.

It is the values, attitudes and behaviours of individuals that drive the culture and practice of accountability within organisations. Organisational capabilities⁷ emerge from the presence of these values, attitudes and behaviours as well as the structures that support them – they foster the organisational culture and enable accountability claims to be

managed. The Index documents the degree to which the headquarters / international secretariat of the assessed organisations have the capabilities in place to enable accountability and responsiveness to both the communities they affect and the public at large. In doing so, the Index offers the first quantitative insight into how accountability values and principles are becoming embedded in the organisational capabilities of transnational actors. Complementing the ongoing need for more qualitative work in this area, the Index offers new angles for comparative analysis and practical improvement and provides a unique perspective on the emerging picture of accountability in the currently amorphous global public sphere.

The diverse missions, operating styles, organisational histories, cultures and resulting structures of transnational actors present unique challenges to any attempt to develop broadly applicable accountability indicators. Questions around to whom, for what and how an organisation ought to be accountable are complex

Text Box 1: List of assessed organisations

Intergovernmental Organisations	International non-governmental actors	Transnational Corporations
Bank for International Settlements (BIS) Food and Agriculture Organization (FAO) Global Environment Facility (GEF) International Labour Organization (ILO) International Monetary Fund (IMF) Organisation for Economic Cooperation and Development (OECD) World Health Organisation (WHO) World Intellectual Property Organisation (WIPO) World Bank – International Bank for Reconstruction and Development (IBRD) World Trade Organisation (WTO)	ActionAid International (AAI) Amnesty International (AI) Human Life International (HLI) International Chamber of Commerce (ICC) International Confederation of Free Trade Unions (ICFTU) International Federation of Red Cross and Red Crescent Societies (IFRC) The Nature Conservancy Oxfam International (OI) World Vision International (WVI) WWF International	Anglo American plc Dow Chemical Company Exxon Mobil Corporation Microsoft Corporation Nestlé News Corporation Pfizer Inc RWE Toyota Motor Corporation Wal-Mart Stores Inc
The initial filter used in selecting the organisations was based on an analysis of their reach and impact. For INGOs we looked primarily at total budget and number of countries in which they operate; for TNCs at total revenue and number of countries of operation; and for IGOs at total budget and number of members. Also taken into consideration was the number and type of public policy issues they impact upon through their activities. After this initial filtering, a subjective choice was made (by the project team and consulting with members of the Independent Advisory Panel) to assess ten organisations from each of the three sectors that cover a wide range of issues and activities. Organisations selected are amongst the largest within their group and, between them, they reflect the diversity of organisations within that group. This was considered a good approach to capture wider trends in accountability of transnational actors.		

⁷ Policies, i.e. written organisational documents that guide performance, and the systems that support them; for more on this see section 3.5.2

and linked to the context in which they operate, their scale, the area of activity and sector of work. As a result, the accountability strategies organisations employ vary. In recognition of this, the Index does not measure organisations against a rigid one-size-fits-all set of accountability standards nor does it dictate the specific structures through which these standards should be operationalised. It rather assesses the presence of key accountability principles and values in existing organisational capabilities (policies and systems), independent of the different shapes and forms in which they may manifest themselves. This approach is more suited to the cross-sector comparison, as it provides for greater flexibility in what is being measured and allows for a better capturing of organisation- and sector-specific capabilities that reflect emerging principles of accountability good practice.

3.2 Important parameters for the interpretation of the Index

Whenever comparative assessments are undertaken, especially when they are of a quantitative nature and applied across different actors and sectors, questions of accurate and appropriate categorisation and scoring will arise. This Index is the first of its kind both to attempt cross-sector assessment and capture what to many is inherently qualitative information in a quantitative approach. The results of this work are therefore best understood within the following important parameters:

First, the purpose of this Index and its underlying framework of analysis is to provide a tool for meaningful analysis and practical pathways to accountability reform. We are aware that if applied with a heavy hand or in an inflexible manner, any quantitative model has the potential to hinder progress. However, if applied sensitively as it is hoped has been done in this report, it will help to illuminate good practice, highlight accountability gaps, encourage cross-sector learning, and promote realistic reforms to bring powerful transnational actors closer to the people they affect and the global civil society.

Second, the Index captures the existence of and commitment to values and principles of accountability at the headquarter / international secretariat level of an organisation; and the internal capability to implement these principals across the wider organisation, network, federation or group to enable accountability to affected communities and the public at large. The presence and quality of accountability policies and systems at this level is taken either as reflecting an already existing organisation-wide commitment to the issue, or as an indication that the headquarters / international secretariat recognises that

these stated values and principles should be applied throughout the organisation as a matter of conceptual integrity and good practice.

Third, the study does not attempt to measure the inevitable variations and differences between commitments that are made in organisational documents at the international office and what happens in practice at the field level. Depending on the type of organisations and governance structures that they have in place, such differences can be a reflection of decentralised organisations, loose links between international and field offices, or inadequate communication and management practices. The study therefore does not claim to present a full and definitive assessment of the overall accountability of indexed organisations. What happens in practice and at field level is obviously key for a more definitive assessment of any organisation's accountability and we are progressively also developing indicators to capture these aspects.

Fourth, we recognise that accountability is a concept subject to multiple cultural or sector-specific interpretations and understandings. The Index does not claim to capture the breadth of the manifestations that accountability principles may take for different organisations. However, based on our work to date, there is recognition of the emergence of good practice principles of accountability that transcend all sectors.

Also, within the context of this study, it is important to establish a basis for comparison across organisations which operate in the same global public sphere. This is why the analytical framework is based on a defined set of underlying values and principles of accountability, and measures organisational commitments, policies and systems against these principles across sectors.

3.3 Why measure accountability?

In the same way that accountability of transnational actors matters, so does the need for sufficient and good quality data on how accountability principles are operationalised in the currently amorphous global public sphere.

Debate and practice on the accountability of transnational actors is still an emerging area, with some organisations and policy makers only just beginning to grasp its relevance. With this in mind, there are a number of interrelated aspects that highlight the importance of assessing global accountability.

First, measuring the accountability of transnational actors and documenting the systems and policies that are currently in place

allow for the identification and dissemination of emerging good practice in accountability. In doing so, we can highlight and give credit to those organisations that have taken the necessary steps towards becoming more accountable and provide those that have yet to engage meaningfully with the issue with the incentive and the knowledge on how to move forward.

Second, measuring accountability will help shift debates around the accountability of transnational actors beyond purely theoretical and largely ideological (and rhetorical) understandings and help ground them in empirical analysis. It needs to be noted however, that not all that can be measured matters, and not all that matters can be measured. There are important elements of accountability that cannot be easily captured in quantitative indicators.

Third, measuring accountability will help to identify accountability gaps within specific transnational actors, their sectors and the global public sphere more broadly. This knowledge will help organisations and their stakeholders identify where efforts and resources should be concentrated to strengthen accountability to affected communities in particular and, in doing so, increase the effectiveness of decisions and operations.

Fourth, finding and applying appropriate quantitative methods to measuring accountability generate new data and create meaningful opportunities for analysis. This does not just fill an important gap in our knowledge of the rapidly expanding transnational arena, but it also offers pragmatic options for addressing the existing accountability gaps.

3.4 Other Indices

In developing the Index, we are aware of the numerous rating systems that measure different aspects of organisational accountability in specific sectors.

For the corporate sector, there is the Dow Jones Sustainability Index (DJSI); Sustainability/UNEP's Global Reporters; Business in the Community's Corporate Responsibility Index and AccountAbility's Accountability Rating. For INGOs, there are mainly national rating services such as the US based Charity Navigator and the American Institute of Philanthropy's Charity Rating Guide. And for IGOs, there are a handful of initiatives such as the Bank Information Centre's IFI transparency resource and the UK Department for International Development's 2004 Multilateral Effectiveness Framework.

Each of these initiatives approaches the issue of accountability from a slightly different angle with some focusing more on procedural accountability while others emphasising outcome accountability. As a result, each uses different frameworks and methodologies; in turn, each has its own strengths and weaknesses. The Index does not try to replace any of these initiatives, but rather seeks to complement them. Where the Index adds value is in providing a measure of accountability that cuts across the three sectors and provides a common language and frame of reference that can form the basis for greater dialogue and learning between transnational actors around issues of accountability.

3.5 The Index disaggregated

This section describes in more detail what the Index measures, how the nature and scope of different sectors and organisations have been taken into account in the assessment process, and lists the key indicators that have been used.

3.5.1 Flexibility in the assessment: Accountability to whom and for what?

All of the organisations assessed in the Index have multiple internal and external stakeholders that they need to be responsive and accountable to. The Index does not attempt to capture an organisation's accountability to each of these in equal measure, but rather focuses on a select range based on the current imbalances that exist within the transnational actors' accountability systems. The nature and purpose of each of the three sectors have also been considered when answering the "accountability to whom?" question, together with the specific scope of each individual organisation.

Before identifying which stakeholder groups the study is focusing on, it is first necessary to place the discussion in the context of accountability debates within each sector.

Intergovernmental Organisations (IGOs)

The mobilisation of civil society, such as the demonstrations outside the World Trade Organisation (WTO) meetings in Seattle in 1999, reflects the realisation that IGOs are performing an increasing range of tasks, which go beyond their original mission, and which affect an increasing number of people. However, it is not only "mission creep"⁸ that makes it difficult for stakeholders to hold IGOs to account, but also the fact that these institutions are so large that the chain of responsibility is difficult to understand.⁹

⁸ Einhorn (2001) "The World Bank's Mission Creep" in *Foreign Affairs*, Sept/Oct 2001

⁹ Woods, N. (2003) *Unelected Government: Making the IMF and World Bank more Accountable in Brookings Review*, Spring

Text Box 2: Other key indices on accountability and related areas

Multilateral Institutions

IFI Transparency Resource

www.ifitransparencyresource.org

The IFI Transparency Resource was developed by the Bank Information Centre (BIC) and freedominfo.org as an on-line database of transparency standards at ten IFIs. It allows the public to assess and compare disclosure standards across various global institutions.

DFID's Multilateral Effectiveness Framework (MEFF)

www.dfid.gov.uk

MEFF provides an assessment of organisational effectiveness of multilateral institutions by using a results-based management (RBM) approach focusing on eight organisational systems in relations to three perspectives: (i) internal performance, (ii) country level results, and (iii) partnership. MEFF was established by DFID staff in 2003-2004.

Non-Profit Sector

Charity Navigator

www.charitynavigator.org

Charity Navigator provides free on-line evaluations and ratings of the financial accountability of five thousands US-registered charities. By using financial information found in each charity's informational tax return or Internal Revenue Service forms, Charity Navigator examines their organisational efficiency and capacity.

Charity Rating Guide, American Institute of Philanthropy (AIP)

www.charitywatch.org

The tri-annual Charity Rating Guide offers ratings of charities' financial efficiency and accountability by conducting a comprehensive analysis of annual reports, complete audited financial statements, and Internal Revenue Service form 990.

Corporate Sector

Accountability Rating, AccountAbility

www.accountability.org.uk

The Accountability Rating measures the accountability and stakeholder engagement practices of the world's largest companies. Developed by AccountAbility and [csnetwork](http://csnetwork.org), the Accountability Rating was first applied in 2004 based on the AccountAbility 1000 Framework. The AA 1000 Framework provides an accountability standard for social and ethical auditing, accounting and reporting.

Corporate Responsibility Index 2006, Business in the Community (BITC)

www.bitc.org.uk

BITC provides an annual Corporate Responsibility Index which

benchmarks each surveyed company against its peers and helps to identify areas for improvement in the four key areas assessed: (i) community, (ii) environment, (iii) marketplace and the workplace, and (iv) social and environmental performance.

Business Social Compliance Initiative (BSCI)

www.bsci-eu.org

BSCI offers a monitoring system for companies, which draws on the labour standards of the International Labour Organization (ILO) and other important international regulations like the UN Charter for Human Rights, as well as on national regulations. The BSCI is based in Brussels and was established in 2003. The BSCI conducts consensual compliance of its members which address legal compliance, employee rights, pay and conditions, discrimination, child labour and environmental concerns.

Dow Jones Sustainability Indexes (DJSI)

www.sustainability-indexes.com

DJSI was launched in 1999 and records the financial performance of the world's leading sustainability-driven companies. By cooperating with the Dow Jones Index, STOXX Limited and SAM, the DJSI offers asset managers consistent and objective benchmarks with which they can best manage sustainability portfolios.

FTSE4Good Index Series, The Index Company

www.ftse.com

The FTSE4Good Index Series, launched in 2001, provides performance indices of companies. Surveyed companies must meet globally recognised criteria of corporate social responsibility by using inclusion criteria such as environmental and human rights, and supply chain labour standards.

Global Reporters 2006, SustainAbility, UNEP and Standards & Poor's

www.sustainability.com

Global Reporters provides an international benchmark survey of companies according to the quality of their non-financial reporting on economic, environmental and social issues. Global Reporters has been published every two years since 2000.

GovernanceMetrics International (GMI) Ratings

www.gmiratings.com

GMI was formed in 2000 and provides a corporate governance rating system and analysis of companies worldwide. GMI rating criteria is based on securities regulations, stock exchange listing requirements and various corporate governance codes and principles.

IGOs face accountability demands from different stakeholder groups, and are usually judged against three sets of potentially conflicting measures: whether they serve the interests of their member states, whether they serve the purposes for which they were established, and how their impact compares to evolving standards of benefits and harms.¹⁰

Formally, IGOs are accountable (supervisory and fiscal accountability) to their members – the nation states that fund them and make up their membership. However, the power imbalances that exist between members mean some nations have more influence and can demand more accountability than others. For instance, it is estimated that the developed countries make up 15 percent of the world's population, yet account for over 60 percent of voting strength in the World Bank and the IMF.¹¹ Given that power is often related to the amount of resources provided by members, industrialised countries are the main shareholders of IGOs, and their governments exercise decisive influence on important policy issues compared to other stakeholders.¹² The inequity of this situation is exacerbated further in cases where the less powerful states also lack the capacity to participate and effectively present their views within the decision-making processes.

Additionally, most citizens are unable to engage effectively with IGO decision-making structures, primarily because of the gap between constituencies, elected representatives and foreign policy decision making.¹³ Elected representatives do not play an effective role at the national level in holding governments to account for their actions at IGOs, and the vast majority of IGOs (except NATO and the European Union) have no formal mechanism for democratically elected representatives to participate in decision making at the global level. There is therefore no adequate route for citizens to participate in decisions taken by these organisations, highlighting a lack of accountability to external stakeholders, particularly to those who are most affected by the decisions of IGOs.

International NGOs

Perceived as having a moral legitimacy to speak on behalf of the less powerful, INGOs have become adept at mobilising the media and generating public support for their causes. From trade justice, to environmental protection, they have come to exert a growing influence at the international level, shaping the policies and setting the agendas of a number of multilateral institutions. At the same time, INGOs provide a range of services in many developing countries from health care to water provision. It is estimated for example, that the total funding channelled through NGOs worldwide is in excess of US\$ 8.5 billion per year.¹⁴ The growth in the scope of INGOs' activities and the increasing power they wield in the international arena have given rise to concerns about their accountability.

INGOs are accountable to governments and institutional donors – those that provide them with legal and financial base. Given the leverage these actors have over INGOs, the responsibilities between governments, donors and INGOs are generally clear and the mechanisms for ensuring accountability strong.

INGOs' accountability downwards (to those that they affect, provide services to or speak on behalf of in policy forums),¹⁵ inwards (to their organisational mission, values, members, supporters and staff) and horizontally (to their peers) often lacks the same clarity and strength. The fact that affected communities often lack the power to make demands on INGOs means the accountability relationships with them are often seen to be weak. INGOs' accountability to the general public is also weak with few organisations openly communicating the real complexities of their work for fear of jeopardising funding. The responsibility that INGOs owe to their peers also lacks clarity. Although this should be high to uphold the reputation of the sector, norms or standards around what constitutes good practice have so far been underdeveloped.¹⁶ More recently, a growing number of NGOs are beginning to take this issue onboard and are negotiating common principles through self-regulatory initiatives such as codes of conduct.

¹⁰ Grant and Keohane (2004)

¹¹ Helleiner, G. (2001) "Markets, Politics and Globalisation" in *Journal of Human Development*, vol. 2, no. 1, quoted in World Commission on the Social Dimension of Globalisation (2004) *A Fair Globalization: Creating Opportunities for All*, International Labour Organisation

¹² WCSDG (2004)

¹³ The One World Trust also promotes greater accountability of governments to national parliaments in relation to their actions at the global level. For information on the Parliamentary Oversight Project, which aims to enhance oversight of UK external policy by the British Parliament, please go to www.oneworldtrust.org/?display=project&pid=11

¹⁴ UNHCR (2000) *The State of the World's Refugees*, Oxford University Press, Oxford, 2000, p. 194, cited in Ferris, E. (2005) "Faith-based and secular humanitarian organizations" in *International Review of the Red Cross*, Volume 87 Number 858 June

¹⁵ Najam (1996)

¹⁶ Brown et al (2004) "Building strategic accountability systems for international NGOs" in *Accountability Forum* (Special edition on NGO accountability), Issue 2 (summer).

Transnational Corporations

Globalisation, deregulation and liberalisation have resulted in the increased power of TNCs in the global public sphere and their growing influence over activities which were traditionally the preserve of nation states. This has intensified as the number, scope and activities of TNCs have developed. The primary power of TNCs comes from their financial size and economic leverage. This enables them to engage in the political arena – lobbying with respect to regulation and licenses, and supporting political parties – and gives them a degree of leverage over countries seeking their investment.¹⁷ Both the decisions and actions of TNCs can have huge impact on a large number of people. TNCs, therefore, effectively operate in the global public sphere and their frequent denomination as “private sector” actors belies the reality of their true impact and reach.

TNCs face multiple calls for accountability – from shareholders, employees, suppliers, financiers, contractors, customers, government, the general public, groups affected by operations, peers, etc – many of which compete or even conflict, and which must be balanced. The shareholders’ position as owners of the company skews the accountability balance towards them, at the expense of accountability towards other groups that the TNC might affect.

The primary accountability mechanism for TNCs remains national regulatory requirements. The standards set by these regulations vary but, in general, protect only the interests of certain stakeholders; for instance, investors and creditors (financial reporting requirements), workers (labour standards), consumers (product safety standards) and the general public (e.g. environmental impact legislation). Although these remain critical accountability mechanisms for TNCs, the spread of globalisation has significantly weakened states’ resolve (and sometimes ability) to intervene and enforce such regulations. This has exacerbated the accountability gaps between citizens and corporations.¹⁸

A number of international standards also apply which relate to, or have implications for, TNCs’ accountability, although they are generally non-enforceable. TNCs are also accountable to their peers, customers and investors. Increasingly, groups of businesses are developing self-regulation mechanisms or codes of conduct relating to certain issues, therefore encouraging peer

accountability. Consumers have also played an important role in holding TNCs to account. Their influence has been particularly strong where a TNC has a high profile brand and reputation to protect. Both institutional and individual investors are becoming more aware of their influence over TNCs and are taking into consideration social and environmental factors when making their investment decisions.

In summary, the Index focuses on the following stakeholder groups:

IGOs need to be accountable to civil society organisations as expressions of citizen groups’ interests, affected communities and also of societal expectations more broadly. As public bodies, IGOs also need to be accountable to the general public. They are funded with citizens’ tax contributions and need to show accountability for their decisions and actions.

INGOs need to be accountable to affected communities, those that are directly impacted by their activities, be it through the aid they deliver, the projects they run or the position they assume in policy forums. These groups are often integral to the values and mission of the organisation. The Index also looks at INGOs’ accountability to the wider public. The legitimacy of INGOs is intricately linked to public trust; without the public’s financial support, their willingness to volunteer and support campaigns, INGOs would not be able to function.

TNCs need to be accountable to civil society groups, as expressions of citizen groups’ interests, communities affected by their operations and of (changing) societal expectations more broadly. They should also be accountable directly to communities that they affect in multiple and profound ways. Having transformed how people work and live, and with the increased impact on social and environmental issues, they also need to be accountable to the public on those issues of public interest.

In each of the sectors, organisations also need to be accountable to their internal members, those that jointly “own” the organisation, and also to staff and other stakeholders that are formally part of the organisation.

We recognise that each sector and organisation will have more stakeholders than those focused on here under this broad categorisation. We also realise that organisations are already

¹⁷ Newell, P. and Bellour, S. (2002)

¹⁸ Keohane, R. (2002)

accountable to multiple stakeholders. However, it is those identified in Table 1 to whom accountability is often most lacking.

3.5.2 Assessing organisational capabilities that enable, support and foster accountability principles

In each of the four dimensions, indicators are grouped into two categories:

- **Policy:** a written document/policy through which the organisation makes a commitment to the values and principles of transparency, participatory decision making, evaluation and learning, and handling and responding to complaints; and
- **Systems:** the management strategies and resources through which the organisation encourages, enables and supports the implementation of the commitment made in the policies above.

Together, these two groups of indicators reflect an organisation's capabilities to enable, support and foster accountability practice.

Policy

The presence of written organisational documents that guide performance in each of the four dimensions of accountability fosters consistent implementation across the organisation, it provides stakeholders with an understanding of how the organisation is addressing the issue and it enables them to hold the organisation to account against stated commitments.

Here, we assessed both the existence of such policies and their quality – the good practice principles that underlie them. An organisation, for example, may make a general commitment to being transparent in their code of ethics, or in their organisational values; alternatively they may have a specific transparency policy or policy on public information disclosure, which provides details both to staff and external stakeholders on how, when and what information will be made available. While a general commitment to transparency is important, having written documentation that guides an organisation's approach to disclosure reflects a deeper understanding of the issues and will result in more consistent and coherent implementation. As a result, written policy documents are given more weight than general, more vague

Table 1: Internal and external stakeholders that the Index focuses on

Sector	Internal Stakeholders	External Stakeholders
IGOs	Member states and Staff	Relevant civil society organisations and the wider public
INGOs	National organisations (sections, affiliates etc) and Staff	Affected communities and the wider public
TNCs	Shareholders and Staff	Relevant civil society organisations, affected communities and the wider public
Based on this understanding, Table 2 identifies the overarching questions that are being asked across the dimensions in relation to the three sectors.		

commitments. The quality indicators assess the breadth and depth of this commitment and vary across the four dimensions.

Systems

Indicators under this category capture three cross cutting issues: leadership, training and accessibility.

Leadership refers to the commitment that exists at the highest level within an organisation to ensure effective implementation of key accountability principles. Without support from those in positions of power, there is little chance that accountability will take hold within an organisation; and even if it does, without high-level commitment, implementation will only ever be piecemeal, implemented in relation to individual projects, but never integrated throughout the organisation. It is therefore important that a senior manager or Board member has responsibility for overseeing implementation of relevant policies that enable accountability or (in the absence of a policy) for oversight of the accountability principles underlying the accountability dimension more broadly.

Training: The capacity of relevant staff to fulfil their responsibilities and to enable them to comply with organisational policies can be enhanced through training. Providing training on the implementation of accountability-related areas show the organisation's commitment to invest resources and build the capacity of staff to become more accountable. Training and coaching are important steps towards ensuring that accountability values and principles become embedded into an organisation's culture, across the board.

Accessibility relates to the need for organisations to make accountability-related policies or positions available to external stakeholders through appropriate mediums and in relevant languages. Given that a core element of accountability is

meeting stated commitments, it is essential that external stakeholders are aware of what these commitments are so they can hold organisations to account against them. In this regard, policies and other relevant documents need to be disseminated through different media and in different formats (online, print, workshops, etc) and translated so as to be accessible to relevant stakeholder groups.

4 Methodology

The indicators were scored based on publicly available data, questionnaires that were completed by the assessed

organisations, internal documents and other information collected through semi-structured interviews with representatives of the assessed organisations and external experts or stakeholders of the organisations. The assessments are based on public data that was available as of June 06, and internal information and feedback from external experts provided as of September 2006.

Ten organisations out of the 30 included in the assessment chose not to engage in the research; in these cases, the indicators have been scored solely based on public information and data collected from independent experts and stakeholders

Table 2: What the Index measures; by dimension and sector

Sector	Transparency	Participation	Evaluation	Complaint and Response
IGOs	Do they have the capabilities to support public disclosure of information and respond to information requests on decision-making processes, policies and operations that have an impact on the wider public?	Internal stakeholders: Do governing articles enable equitable voice and control among member states? External stakeholders: Do IGOs have the capabilities to engage civil society organisations in decision-making processes that affect them?	Do they have the capabilities to evaluate projects, programs, policies and wider strategies, and integrate learning in future planning?	Do they have the capabilities to create a safe channel for staff, partners, affected communities and the public at large to file complaints for non-compliance with organisational policies and other commitments and do they offer them a response?
INGOs		Internal stakeholders: Do governing articles enable equitable voice and control among national chapters, affiliates and other members? External stakeholders: Do INGOs have the capabilities to engage communities and the wider public in decision-making processes that affect them?		
TNCs		Internal stakeholders: Do governing articles enable equitable voice and control among shareholders? External stakeholders: Do TNCs have the capabilities to engage civil society organisations and other communities in decision-making processes that affect them?	Do they have the capabilities to evaluate their social and environmental impact and integrate learning in future planning?	

Table 3: Key indicators by dimension

Dimension	Key Indicators ¹⁹
Transparency	Policy - Does the organisation make a commitment to being transparent or have a document in place that guides public disclosure of information? Does the document(s) include: - A commitment to respond to requests for information and provide a justification for denial? - Clarity about the timeframe for responding to information requests? - A narrowly defined set of conditions for non-disclosure? - An appeal process if an information request is denied? Systems - Does the leadership of the organisation assume responsibility for oversight of transparent practices within the organisation in compliance with the specific policy or other relevant documents? - Do relevant members of staff receive training on information disclosure and responding to information requests? - Is the specific policy or relevant document that guides information disclosure accessible to the public? - Is there a specialised function on the organisation's website that allows the public to ask a question or request information?
Participation	Policy <i>External stakeholder engagement</i> - Does the organisation make a commitment to engaging affected communities and other external stakeholder in decision-making processes or have a document in place that guides engagement? Does the document(s) include: - The conditions under which external stakeholders can expect to be engaged and at what level of decision making? - Details on how external stakeholders can initiate engagement on issues that are of concern to them? - A commitment that the organisation will clearly communicate in a timely manner the purpose of the engagement and that the results of engagement will be made public unless otherwise specified by external stakeholders? - A commitment that the organisation will change policy or practice as a result of engagement else an explanation is provided to stakeholders? <i>Internal member control</i> - Do the organisation's governing documents ensure equitable member control at the governing and executive body levels? - Do the governing documents ensure a minority of members are not able to dominate decision making within the organisation? Systems - Does the leadership of the organisation assume responsibility for overseeing compliance with the specific policy or other relevant documents on external stakeholder engagement? - Do relevant members of staff receive training on external stakeholder engagement? - Is the specific policy or relevant document that guides engagement accessible to external stakeholders? - Has the organisation institutionalised the involvement of external stakeholders in high-level decision making?

Table 3 continued: Key indicators by dimension

Dimension	Key Indicators ¹⁹
Evaluation	Policy - Does the organisation make a commitment to evaluate or have a document in place that guides evaluation? Does the document(s) include: - A commitment to engage external stakeholders in the evaluation of activities that have impacted them? - Commitment to use the results of evaluation to inform future decision making? - Commitment to be open and transparent about evaluation results? - Commitment to evaluate performance in relation to the strategic plan, key internal management and administrative policies, issue-specific policies, and operations? Systems - Does the leadership of the organisation assume responsibility for oversight of evaluation within the organisation in compliance with the relevant documents? - Do relevant members of staff receive training on evaluation? - Are the documents that guide evaluation accessible to external stakeholders? - Is there a mechanism in place for disseminating lessons learnt within the organisation?
Complaint and Response	Policy - Does the organisation make a commitment to, or have a policy on, addressing complaints from external and internal stakeholders regarding issues of non-compliance? Does the document(s): - Guarantee confidentiality, non-retaliation and independence of investigation from the complainant and the subject of the complaint? - Provide a clear description of how a complaint can be made and how it will be investigated? - Identify an independent appeal mechanism? - Include a commitment to reverse all negative consequences suffered by victims of proven whistleblower retaliation? - Require mandatory discipline for anyone found to have retaliated against a whistleblower? Systems - Does the leadership of the organisation assume responsibility for compliance with the specific policy or other relevant documents on handling complaints? - Do the relevant members of staff receive training on how to deal with and respond to complaints from internal and external stakeholders? - Is the policy that guides complaint and response mechanisms accessible to internal and external stakeholders? - Does the organisation have in place a functioning mechanism through which external stakeholders can file a complaint in relation to issues of non-compliance?

¹⁹ A full list of indicators and sub-indicators can be accessed on the One World Trust's website at www.oneworldtrust.org/accountability.

of the organisations. Consequently, in these instances, scores may not necessarily reflect their “true” accountability but more accurately their lack of transparency. These organisations may have structures and policies in place to support accountability but they are not publicly disclosing this information. This is problematic in and of itself given the primacy of transparency to an accountable organisation and the need for affected communities and the wider public to know how accountability is fostered. Non-engaging organisations are identified in all the graphs and tables with an asterisk next to their name.

Non-engagement by these ten organisations led to data gaps where the data necessary to score the indicators was not publicly available. While the lack of data is in and of itself an indication of unaccountable practices, given the score variation this creates across organisations from the same sector, positive accountability development and better performers are lost in aggregate scores. It is for this reason that non-engaging organisations are highlighted in the report and that average scores by sector need to be interpreted with caution.

A decision was also made to not offer an organisation-specific aggregate or average accountability score based on data across the four dimensions. As mentioned before, this is in recognition that aspects of accountability assessed in this study are not definitive and providing an accountability score might be misleading. For example, one dimension might be more relevant to an organisation than others in relation to a specific stakeholder group, depending on the nature of the relationship.

4.1 Data collection process

The research process consisted of five integrated stages: desk-based research, questionnaires, interviews, internal reviews, and feedback from organisations and their external stakeholders on the preliminary findings. In this last stage, valid and relevant information provided both by organisations and external stakeholders resulted in changes to the data and the scores.

Assessed organisations were contacted early in the process, invited to engage in the assessment and asked to commit to completing a questionnaire and to undertaking a follow up interview. Twenty (20) out of the thirty (30) organisations agreed to participate although the level of engagement varied, with some dedicating more time and resources to the study than others.

A list of key primary documents used in the study is available at the end of this report. Full details of primary and secondary sources are available on the One World Trust’s website.

4.2 Scoring

Indicators that measure the existence of policies or other written organisational documents that guide performance in relation to each of the dimensions have been scaled on the basis of the type of document(s) and the level of enforcement that they imply:

- 0 points: No organisational document is present that guides performance in relation to principles within the dimension
- 1/4 point: A vague commitment to the dimension is present in organisational documents
- 1 point: A strong commitment to the dimension is provided in a specific policy or incorporated into multiple organisational documents

Indicators in relation to the principles that underlie these commitments and the systems organisations have in place have been scored on the basis of whether a particular item or attribute (as described in Table 3) is present (1 points) or absent (0 points). Although this binary scoring system is potentially limiting, we maintained flexibility in how scores were assigned to accommodate the different nature of the three sectors and of individual organisations.

The majority of indicators were weighted equally, but those indicators which were judged to contribute more to organisational accountability were double-weighted. The scores for each organisation were totalled and weighted out of 100 percent for each dimension. There is an equal weighting between policies and systems, the two categories that cut across the dimensions. Both are integral to effective organisational capabilities.

Within the participation dimension, two different sets of organisational documents are being analysed under the policy category: those that guide external stakeholder engagement and the governing articles, which guide internal member control. Again, both are weighted equally. Also, within the complaint and response dimension, an equal weight is given to the policies and systems in place for dealing with complaints from internal and external stakeholders.

A full list of indicators and the weight they have been given in the study is available on the One World Trust’s website.

Analysis

Transparency

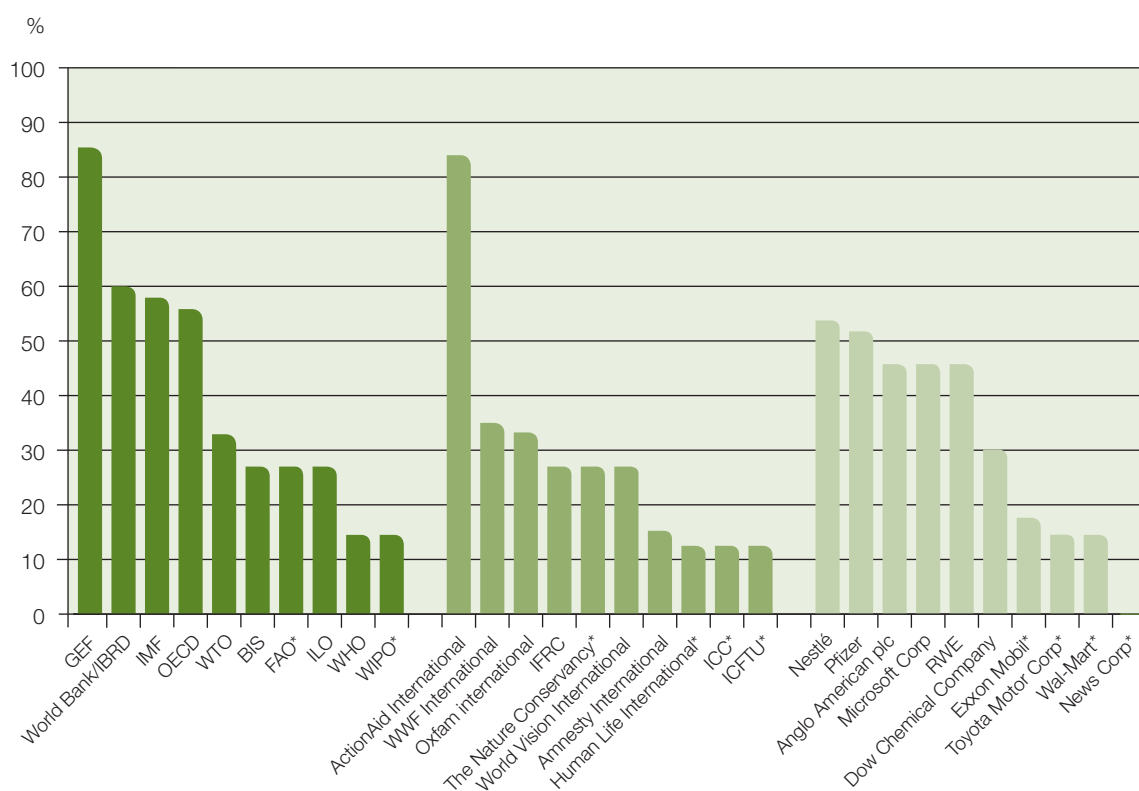
5.1 Transparency

This section presents the main findings in relation to the capabilities that transnational organisations have in place to foster openness in their operations, activities and decision-making processes. It does so by analysing (1) whether organisations make a commitment to transparency and have in place a policy or other written document, underpinned by principles of good practice, that guide their approach to information disclosure; and (2) whether organisations have in place systems to support compliance with these commitments.

Main cross-sector findings

- Most organisations (26 out of 30) from across the three sectors recognise the importance of transparency and have made a commitment beyond that which is legally required of them. Of these, however, only nine have an organisation-wide policy that identifies what, when and how information will be disclosed and what the conditions for non-disclosure are. The majority instead rely on vague commitments to guide their approach to transparency.
- Of the nine organisations that have adopted formal organisation-wide public information disclosure policies (five IGOs; two INGOs, and two TNCs), only two (GEF and ActionAid International) identify a narrowly defined set of conditions for non-disclosure. This is a key principle of any information disclosure policy because it puts the responsibility for justifying non-disclosure on the organisation rather than forcing the public to make a case for why certain information ought to be disclosed. In doing so, this principle recognises access to information as a right, rather than a privilege bestowed upon stakeholders at the whim of organisations.
- Across each of the sectors, the systems for transparency are considerably more developed than the policies. IGOs' transparency systems are most developed of the three sectors. This is partly explained by the well developed external relations/PR and communications capacities of transnational actors which many organisations assessed in the index identified as having responsibility for overseeing organisation-wide transparency practice.

Graph 1: Organisational scores on transparency capabilities



5.1.1 IGOs' transparency capabilities

Intergovernmental organisations, particularly when playing their role of donors, are constantly asking for increased transparency and openness of others by attaching “good governance” conditionality to their loans. Yet until recently few IGOs applied the same principle of access to information to their own decision making. Now, a growing number of IGOs, which have previously operated largely in secret or disclosed information purely at their discretion, are starting to open up.

Disagreement occurs when trying to decide what information should be made available, particularly when issues around public good need to be balanced against those of public harm (because information is sensitive, it is based on secret intelligence in relation to peace and security issues, etc.). What makes these debates so important is that movement towards greater transparency may be the first step to broader organisational reform. IGOs that increase their transparency will open their activities up to scrutiny and will enable relevant

stakeholders to engage more meaningfully in decision-making processes that affect them.

Half of all the assessed IGOs have in place an information disclosure policy

All of the IGOs assessed in this study make a commitment to transparency and half have a formalised information disclosure policy (IDP) in place. This is the best performance of the three sectors (only two organisations in each of the other two sectors have a policy in place). One explanation for this is that the sector is starting to consider public information disclosure policies as an emerging area of accountability good practice. Over the past 15 years a number of the most high-profile IGOs have faced significant pressure, as public bodies, to meet the disclosure standards that exist for governments at the national level. In response, a growing number have replaced ad hoc approaches with formal, written policies that set out key guidelines and principles on public disclosure. The Bank Information Center for example, found in their recent assessment of transparency across ten international financial institutions²⁰ that all had

Good Practice Text Box 1: UNEP's administrative note on policy and procedures related to public availability of documentary information on GEF operations

GEF makes a *commitment to respond to all activities* that fall under the UNEP policy and procedures on public information disclosure. These policy and procedures include the following principles of good practice:

- *A clear timeframe for responding to information requests:* “whenever possible, UNEP will furnish the requested document within 15 working days of receipt of the request by the GEF Unit in Nairobi or the Associate Programme Officer in Washington.” The policy lists the circumstances under which the time limits might not be met and indicates that, “in such circumstances, the requester shall be given written notification by the GEF Unit of the extension of the time limit and the reasons for such extension.”
- *A narrowly defined set of conditions for non-disclosure:* eight such conditions are listed, to include areas such as: information provided by a government or international organisations in the expectation that the information will be kept confidential; records related solely to personnel files; relating to employees, including performance evaluation; trade secrets and commercial or financial information obtained from a person and privileged and confidential; personnel files that constitute a clearly unwarranted invasion of personal privacy; drafts of correspondence; correspondence or messages of a deliberative nature prior to finalisation of documents or agreements; identity of independent technical advisors of GEF projects.
- *An appeals process if an information request is denied:* decisions to exempt documents from disclosure may be appealed to the Executive Director who may convene a GEF Information Appeals Committee. The requester will be notified within thirty working days from the receipt of the appeal.

Excerpt from UNEP Administrative Note, Policy and procedures related to public availability of documentary information on GEF operations. September 1993 (Rev.1)

adopted an Information Disclosure Policy over the past 12 years.

Among the IGOs assessed in this study, there seems to be a correlation between the scrutiny an organisation has come under and the existence of an information disclosure policy. The World Bank, IMF and WTO for example, have all been under significant pressure from civil society to increase transparency, and all have policies in place. Likewise, the OECD came under public scrutiny for its role in the Multilateral Agreement on Investment negotiations and has subsequently made a commitment to the presumption of disclosure (that all organisational information is publicly disclosed unless a compelling reason for non disclosure is identified). The ILO, FAO, WIPO, WHO and BIS on the other hand, have not traditionally been on the radar of global civil society and currently do not have formal policies on public disclosure of information. This raises some interesting questions about the role of civil society and the public at large in driving the commitments that IGOs make on disclosing information and the way they deliver against these commitments.

GEF is unique among the assessed organisations as its approach to public disclosure reflects, and is informed by, the IDPs of the three IGOs that are its implementing agencies: UNEP, UNDP and the World Bank. Depending on which agency GEF projects are related to, the policies of the respective agency applies. For this study UNEP's policy has been used to highlight an example that meets existing principles of good practice (see Good Practice Text Box 1).

....but most policies are not underpinned by principles of good practice

The principles that underlie information disclosure policies are as important as the scope of their implementation. As Table 4 indicates, of the six IGOs with an IDP only GEF's (based on UNEP's information disclosure policy) reflects the principles and values most central to ensuring transparency. GEF is also the only IGO in the study that identifies a narrowly defined set of conditions for non-disclosure. This is a key principle of any IDP because it puts the responsibility for justifying non-disclosure on the organisation rather than forcing stakeholder groups to make a case for why certain information should be made public. In doing so, it recognises information as a right, rather than a

Table 4: Scores on the quality of information disclosure policies

Organisations that have an information disclosure policy	Quality scores out of 100%
GEF	100
ActionAid International	60
Pfizer	0
IMF	0
Nestlé	0
OECD	0
World Bank/IBRD	0
WTO	0
WWF International	0

privilege bestowed upon stakeholders at the whim of organisations.

Another deficiency of the existing information disclosure policies relates to the lack of commitment to both respond to information requests and always provide a justification for a denial of information; again, GEF alone, through the UNEP IDP, makes such a commitment.

5.1.2 INGOs' transparency capabilities

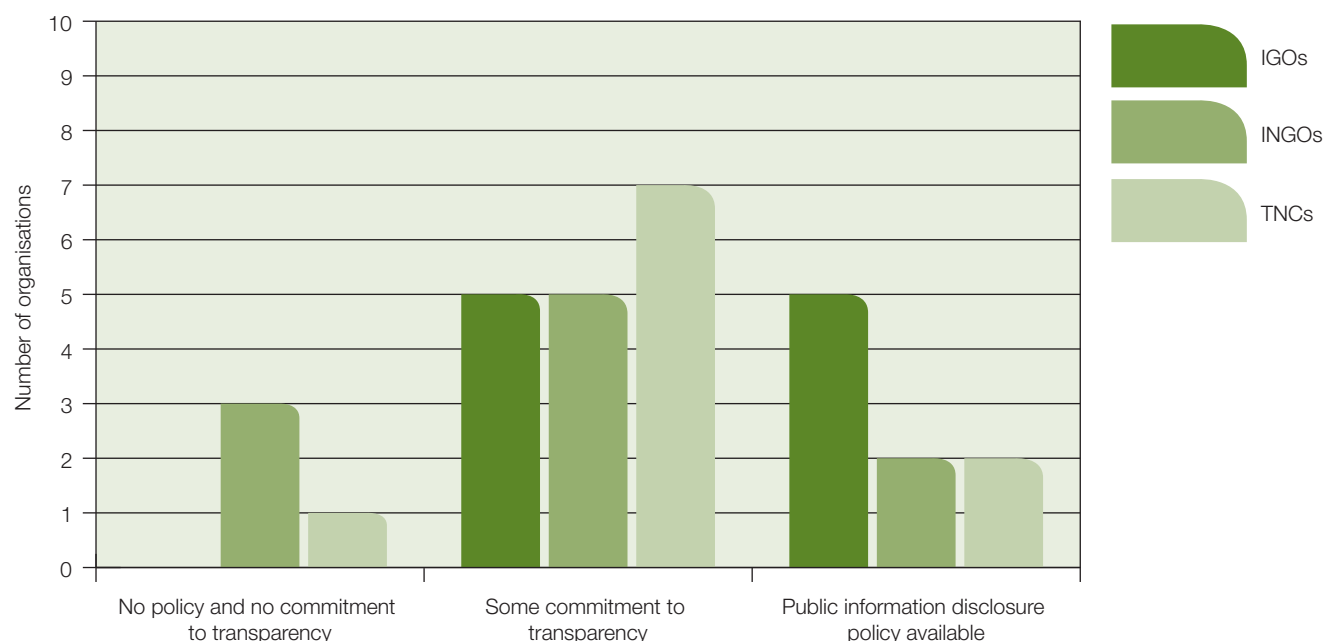
With the changing political environment, there is considerable pressure on INGOs to become more transparent. Key external stakeholder groups and the public at large want reliable information on what INGOs' objectives are, how they operate, how they utilise resources in pursuit of their mission and goals and ultimately, what impact they have. To retain their support and the high levels of trust the sector traditionally enjoys, greater transparency and openness has become essential.

Emerging recognition of the need for policies on public disclosure of information among INGOs

Although Human Life International, the ICC and the ICFTU make no commitment to transparency, and Amnesty International, The Nature Conservancy, the IFRC, Oxfam International and World Vision International only make vague commitments, both the WWF International and ActionAid International have put in place organisation-wide information disclosure policies.²¹ This

²⁰ World Bank: International Bank for Reconstruction and Development (IBRD)/International Development Association (IDA); International Finance Corporation (IFC); Multilateral Investment Guarantee Agency (MIGA); Inter-American Development Bank (IDB); Inter-American Investment Corporation (IIC); Asian Development Bank (ADB); African Development Bank (AfDB) European Bank for Reconstruction and Development (EBRD) European Investment Bank (EIB) International Monetary Fund (IMF).

Graph 2: Range of organisational commitments to transparency by number of organisations in each sector



represents an important development as the 2003 Global Accountability Report found no information disclosure policies among the seven assessed INGOs at the time. It indicates a growing belief among some INGOs that, “timely, free-flowing information in accessible language, form and format is essential for ensuring accountability to [...] stakeholders, learning, trust and good performance”²² and that these practices need to be written in a formal document against which stakeholders can hold the organisation to account.

As Table 4 highlights, ActionAid International’s Open Information Policy also reflects key quality principles; it both identifies narrow

conditions for non-disclosure and commits the organisation to responding to requests for information and providing a justification for denial of information.

While ActionAid International also makes their Open Information Policy publicly available on their website, WWF International currently does not. This is problematic since the very reason for having such a policy in place is so that stakeholders and the public are aware of what the organisation will and will not disclose.

5.1.3 TNCs’ transparency capabilities

Most of the information that TNCs provide is through their formal reporting activities, much of which is in line with regulatory requirements. This is particularly well developed in relation to financial affairs, where legislation places strong requirements for information availability on publicly listed companies. Companies are also required to report on corporate governance issues, such as Board processes, ownership structures and remuneration of key executives. Increasingly, however, they are facing pressure from a wide range of stakeholders to open up beyond these areas and disclose more information relevant to their public impact.

Good Practice Text Box 2: The Nature Conservancy’s online information request function

Through an “ask a question” function on The Nature Conservancy website, members of the public can submit information requests. Upon receiving the request, The Nature Conservancy send out an automatic email receipt which details their commitment to responding within 24 hours and provides a reference number.

²¹ The research identified that Oxfam International are discussing this issue having signed the IANGO charter.

²² ActionAid International, http://www.actionaid.org/715/open_information.html last accessed 02/11/2006.

Most TNCs make a commitment to being open and transparent yet only two have a policy on information disclosure

Except for News Corp which only makes a commitment to “full, fair, accurate, timely and understandable” disclosure in relation to their filings to relevant stock exchanges and regulatory authorities,²³ all TNCs assessed in the study have made a commitment (beyond what is legally required of them) to being open about all their activities (not just financial). However, these commitments are generally made in very vague terms in codes of conduct, or ethical and business principles. For example, Toyota merely states in their code of conduct that it “strives to communicate accurate information to its stakeholders through active public relations and public dialogue...”²⁴. While such a statement is important, its vagueness is problematic. Without the necessary detail on what guides information disclosure, decisions on what to share with the public are left at the discretion of individuals rather than guided by a coherent organisation-wide strategy.

The only companies with a policy on transparency are Pfizer and Nestlé. In the case of Pfizer, this supplements the more general commitment to transparency made in their Policies on Business Conduct: “Pfizer is committed to delivering accurate and reliable information to the media, financial analysts, investors, brokers and other members of the public.” The Policy on Public Disclosure of Clinical Trial Results however, is limited in scope; it only applies to public disclosure in a specific area of activity: clinical trial results. Nestlé’s policy is also limited, appearing to be more focused on ensuring transparency to investors than the public more broadly. As Table 4 notes, neither of these policies contains any good practice principles.

Given the evidence, it seems that there is a need for TNCs to take a more organisation-wide approach to disclosure and to put in place information disclosure policies underpinned by

existing good practice principles. As Tipscott (2002), an authority on corporate transparency has noted, “[r]ight now, it’s staggering to think that when it comes to the disclosure of various classes of information, companies pretty much just wing it. Few think about transparency in a disciplined way or have a strategy for figuring out what should be disclosed, by whom, through what channels, under what conditions, on which media. Beyond old-fashioned public relations spinning, they don’t have a comprehensive information strategy.”²⁵

Toyota and News Corp do not provide a “contact us” function on their website

Both Toyota and News Corp fail to provide a function on their website that enables the public to ask questions or request information. While News Corp has a function that allows documents to be requested, the requests can only relate to financial information. Neither company provides names nor contact details of key members of staff (other than for press inquiries and investor relations) making it very difficult for informed members of the public and other relevant external stakeholder groups to engage with them.

²³ News Corp (2006) Standards of Business conduct, p. 2

²⁴ Toyota Motor Company, Code of conduct, p. 16

²⁵ <http://www.ciainsight.com/article2/0,1540,1458913,00.asp>

Analysis Participation

5.2 Participation

This section highlights the main findings in relation to (1) how transnational organisations are controlled by their members (member states, national chapter/affiliates and shareholders); and (2) the organisational capabilities they have in place to enable their key external stakeholders to engage in decision-making processes in a consistent and coherent way. As discussed in section 3.5 of this report, all the assessed organisations impact a wide range of individuals and communities around the world; through their very nature, these organisations form or inform the global public sphere and it is for this very reason that they need to engage with and take into account the needs of members, communities directly affected by their decisions and activities, and the public at large.

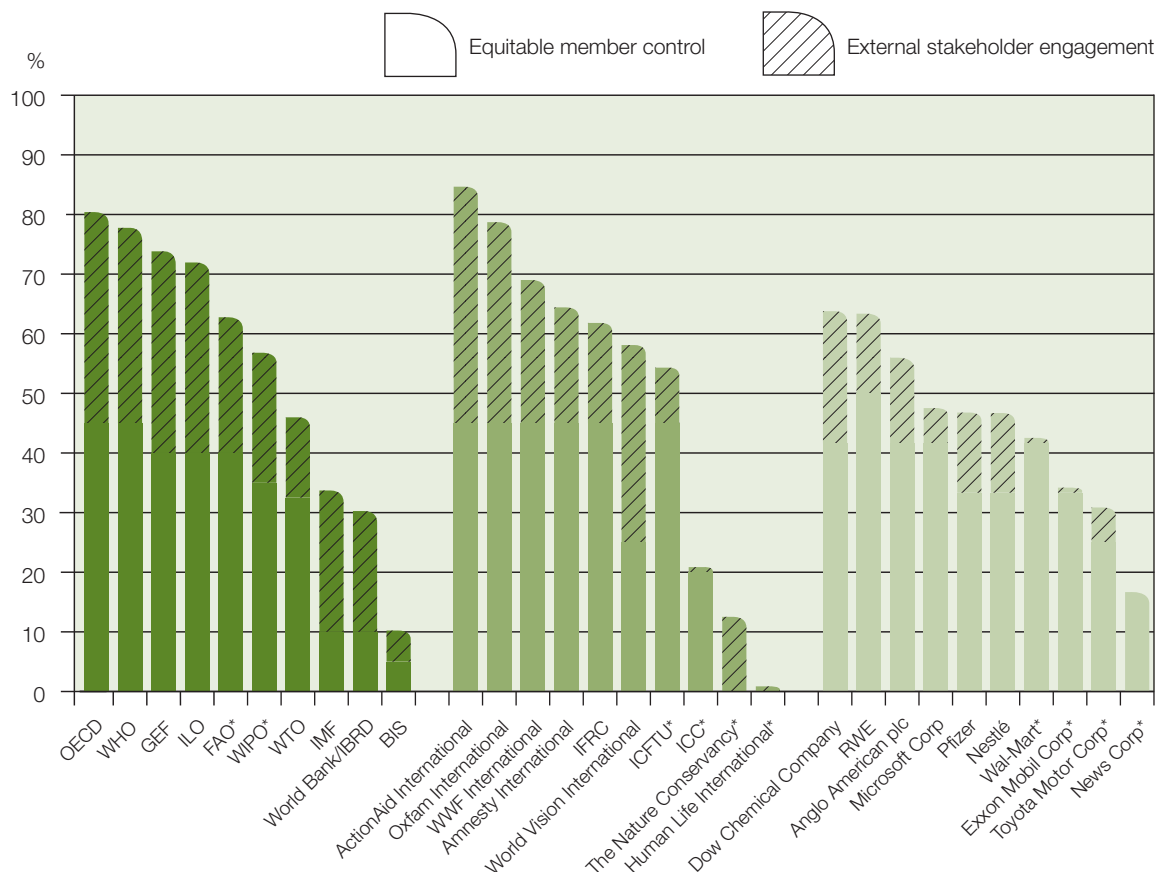
Main cross-sector findings

- An average of the participation scores by sector shows that INGOs have better capabilities for engaging internal members and external stakeholders in decision making than

the IGOs and TNCs in the study (See Graph 8).

- All IGOs in the study face problems ensuring an efficient, yet still representative and accountable executive. Of the three sectors, IGOs register the highest discrepancy between member control on the governing body and member control on the executive. This represents an important gap in representation that has significant effect on the accountability of decision-making processes.
- Of the three sectors, INGOs have the strongest mechanisms for ensuring equitable member control of the executive.
- TNCs in the study lag behind the other two sectors in terms of organisational capabilities for fostering consistent engagement of external stakeholders in corporate decision making. In the majority of cases, vague commitments guide engagement with affected communities.
- While both IGOs and INGOs lead on institutionalised processes of engaging external stakeholders in high-levels decision making, most IGOs limit this engagement to granting civil society organisations observer status. This is a

Graph 3: Organisational scores on participation capabilities



NB: scores on member control for Human Life International and The Nature Conservancy are not included here (see 5.2.2 for explanation on this). Also, WTO has been penalised in relation to member control (see section 5.2.1)

passive form of participation in which IGOs rarely show a commitment to changing policy as a result of the engagement processes. Among TNCs, this remains a largely undeveloped area, with Dow Chemical being the only company that has institutionalised external stakeholder engagement in corporate decision making on sustainability issues.

Member control

5.2.1 IGOs' member control

Most IGOs enable equitable member control at the governing body level

Except for BIS, the governing documents of all ten IGOs ensure equitable member control at the governing body level; all members are given representation at governing body meetings and all are able to add items to the agenda of the meetings at this level. In the case of BIS, despite all members being able to attend governing body meetings, they appear not to be able to add items to the agenda of these meetings. This represents a serious impediment to effective and meaningful participation of all members in decision-making processes.

Executive bodies are controlled by a few members

While the majority of IGOs may enable equitable member control at the governing body level, the picture becomes more varied at the executive level, with no organisation scoring full marks in this area (the discrepancy between the two is highlighted in Graph 4).

The OECD and the WTO are exceptions, because all members are represented on the executive. However, in all other instances, to ensure efficiency, organisations have developed smaller executives, and in doing so have often compromised fair representation and accountability.

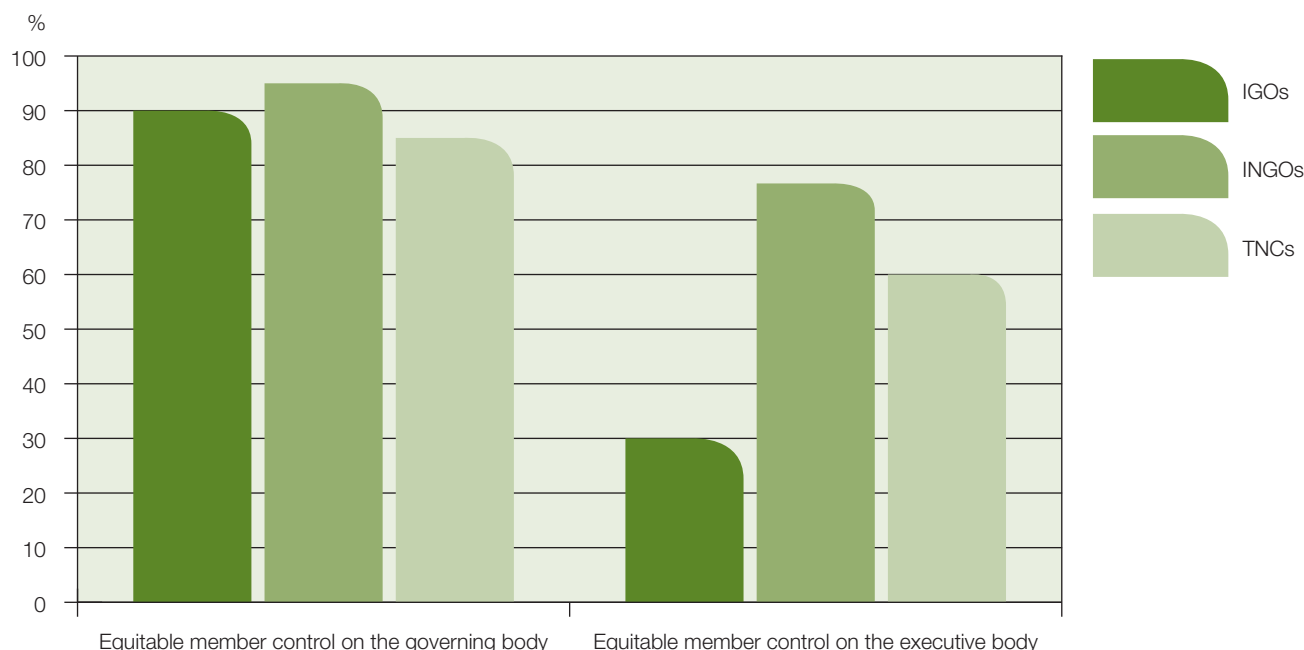
Where organisations have limited the size of the executive in a bid to increase their efficiency, they have often done so in a way that does not represent all members but favours a minority. For example, the statutes of BIS give a handful of members permanent representation on the executive board: the six Governors of the central banks of Belgium, France, Germany, Great Britain, Italy and the US (the ex-officio Directors). Similarly, the World Bank's statutes entitle eight members to their own representative on the executive board, leaving all other members to group and share representatives. In the case of the ILO, ten of the 28 governments represented on the Executive (which is what the ILO refers to as the

governing body) are assigned to states of Chief Industrial Importance: Brazil, China, France, Germany, India, Italy, Japan, Russia, the UK and the US. This trend of giving some members permanent representation on the executive runs throughout many of the IGOs with only the FAO and the WHO enabling members to nominate candidates for all executive board seats (as mentioned above, the WTO and the OECD are exceptions).

None of the ten IGOs in the study identify in their governing documents a mechanism that enables members to initiate a process of dismissal of individuals on the executive. In the absence of such a mechanism, the only means by which executive board members can be dismissed is through a process initiated by their national constituency. Given the political context in which such appointments take place, this is a weak mechanism at best. Outside of this, executive board members remain in position until their terms expires.

Of the assessed IGOs, a few seem to have been able to strike an appropriate balance between a small and effective executive and an executive that is also inclusive and representative of the whole membership. Few employ mechanisms such as rotating membership or geographical representation (which are some of the solutions adopted by many INGOs) to ensure that overtime all members are represented on small and efficient executive bodies.

Yet, even within those IGOs where each member is given direct representation on the executive, the need for efficient decision making often takes precedence and leads to the development of informal decision-making structures among small groups of members, as in the case of the WTO. In theory, all 148 WTO member countries have veto power, since this is an organisation that operates by consensus. The reality, however, is that informal structures reduce the potential for all members to affect the decisions made by the organisation. Officially, all members can add items to the agenda of governing body meetings, but much of the agenda is set during the "green room" meetings which are rarely announced publicly in advance and only open to select invitees. Despite recent attempts by the WTO to report back from these meetings to the full membership, the structural problems underlying this particular accountability gap remain. It is for this very reason that the WTO was penalised in the scoring and granted only half of the points for the indicator that measures whether minority of members do not dominate decision-making within the organisation.

Graph 4: Average scores on member control at governing and executive body levels; by sector

Formal structures do not prevent a minority of members from dominating decision making within the organisation

The results indicate that despite the pretences of member equality, a small number of powerful states – usually the USA, UK, France and Germany in particular – dominate and exert undue influence over decision making in BIS, the IMF and the World Bank through a combination of holding more votes on the governing body that can block changes to the governing articles and having multiple representation or more than one vote on the executive body.

At the World Bank, 11 member countries out of the 184 control just over 50 percent of the votes; the USA alone holds the veto power over any changes to the governing articles. The US, UK, France, Germany, Saudi Arabia, Russia and China all are directly represented on the Executive Board, and therefore have one vote each, while other nations are grouped within constituencies. Each constituency is of a different size and is represented by one Executive Director with one vote. At its most extreme, this results in 46 of the African nations being grouped into two constituencies and therefore sharing only two representatives and having only two votes between them. Likewise, at the IMF, USA still has over 15 percent of the vote and is able to singularly block amendments and any changes to the governing articles.

At BIS, out of the 50 member states, the six founding members (Belgium, France, Germany, UK, Italy and US) control over 50 percent of the votes. They dominate representation on the executive and control key changes to the governing articles. At the executive body, a maximum of 21 member representatives are entitled to sit at any one time. The six founding members have two seats each, giving them a permanent majority. The additional nine places are open to other member representatives on a rotating basis, but are subject to appointment by the founding members.

GEF is unique among the assessed organisations as it is the only IGO that uses a double majority on the executive to ensure a minority of members do not dominate decision making. Its governance structure blends the features of the Bretton Woods Institutions (voting power according to agreed shares in contributions) and the United Nations system (one country equals one vote). Decisions are taken by consensus. However, should a decision by vote become necessary, the requirement for double 60 percent majority (60 percent of contributions and 60 percent of countries) will ensure that no minority of countries or contributors can overrule the majority. GEF constituencies are self-forming and self-governing, with countries choosing the constituencies they want to be part of, and electing their representatives to the Council. In addition, the composition of the Council, consisting of 16 members from developed country

constituencies and 16 members from developing country constituencies, provides a good balance.

5.2.2 INGOs' member control

From the group of ten INGOs, two organisations are not included in the analysis of internal member control for two separate reasons: Human Life International because it is the only organisation of the 30 that does not publicly disclose details on governance structures. Without easy access to its governing articles it was not possible to score the organisation on its member control; and The Nature Conservancy which although international in scope (having operations in 30 countries worldwide) is governed as a national charity by a board of Trustees and does not have voting members. For comparison purposes, the study does not apply the indicators in these two cases. Reference in this section is therefore only to eight INGOs.

Most INGOs have equitable member control on the executive

The governance structures of INGOs mirror those of most IGOs, as they all have an executive body composed of members. They therefore face the same tensions as IGOs in trying to balance efficiency and representation. However, unlike IGOs, INGOs seem to have resolved this dilemma, employing small executives but utilising various mechanisms to ensure fair and equitable representation.

Amnesty International's statute, for example, ensures that no more than one representative of any member may be elected to the executive. When a representative of one such member receives sufficient votes to be elected, any votes cast for other representatives of the same member are disregarded. Both the IFRC and the ICFTU employ formulas to ensure geographical representation of the whole membership on the executive board. The ICFTU goes even further to ensure gender and youth representation (See Good Practice Text Box 3). On the other hand, Oxfam International is able to have direct representation of all members on the executive because of its small membership (12 members only).

World Vision International is an exception because both the US and Canada National Offices always hold two seats each on the International Board of Directors (the executive board), while the remaining members elect representatives through their regional forums.

Overall, a minority of members does not dominate decision making within INGOs

While five of the eight INGOs – ActionAid International, Oxfam International, the IFRC, the WWF International and World Vision International distribute votes equally among their members (one member one vote), Amnesty International, the ICC and the ICFTU distribute votes in relation to size and financial contribution of members. In the case of the ICC, a member (what the ICC calls a National Committee) has three votes, two votes or one vote depending on their contribution to the ICC budget. In the ICFTU, each delegate has one vote but the number of delegates that each member (affiliate organisation) has depends on the membership size of the organisation. In Amnesty International, while all members have at least one vote, some members may appoint additional representatives depending on the number of groups/individuals registered with the section.

Overall, these provisions give certain members the potential to exert greater influence over the decision-making process than others; however, they do not necessarily lead to a minority dominating decision making. For example, in no INGO can a member dominate decision making and block changes to the governing articles as it is the case for many IGOs.²⁶

5.2.3 TNCs' shareholder control

Equitable shareholder control at the AGM

Although not each and every shareholder should be able to add

Good Practice Text Box 3: Gender and youth representation at the ICFTU

The ICFTU lives up to its declared aim to actively promote gender parity with the representation of women in the governing and executive bodies. The ICFTU Constitution states that any affiliate organisation with two or more delegates must ensure that women shall constitute half their representatives at Congress. Affiliates which have 100,000 members or less should appoint a woman delegate provided that women represent 50 percent or more of its membership. At the Executive Board level, Congress will elect five delegates nominated by the Women's Committee and one delegate nominated by the Youth Committee.

²⁶ We could not verify this detail in the case of the ICC and World Vision International.

items on the agenda, the threshold within this study was set at shareholders with one percent of total shares.

The governing articles of all corporations in the study enable shareholders to have equitable control at governing body level, except in the cases of Anglo American and Toyota. In both cases, however, this is related to national company law. In the unit share system that operates under Japanese corporate law applicable in the case of Toyota, rights are limited to shareholders that have at least one unit of shares (100 shares). Accordingly, only those shareholders that have voting rights are invited and able to attend the AGM.

In the case of Anglo American, although all shareholders can attend the AGM, a very high threshold has been set by UK Corporate Law to enable shareholders to add items to the agenda of these meetings. UK Corporate Law states that companies have a duty to circulate resolutions proposed by shareholders if requested by shareholders with five percent of the voting power or 100 or more shareholders whose paid-up capital average at least £100 each.

Limited shareholder control of the Board of Directors

Enabling shareholders to have an equitable influence over the composition of the Board of Directors is a key element of shareholder accountability. In only two of the assessed companies (Anglo American and RWE) are shareholders able to do all of the following: nominate candidates for all executive Board seats, elect candidates for the executive with a majority of the vote, and initiate a dismissal process of individuals on the executive.

Many of the assessed companies do however display some of these provisions. For example, in every one of the TNCs bar Nestlé, shareholders can nominate candidates for all executive board seats. In the case of Nestlé, shareholders only nominate and elect members to the Management Board. As it is the case in many companies with a dual board structure, the Management Board then appoints directors to the Executive Board.

A recent article in *The Economist* suggests however, that at least in the US, while on paper shareholders may be able to nominate members of the Board the reality is often quite different; to do so, a shareholder has to “hand out a separate proxy paper, containing only its candidate, and secure more votes than the official slate of board candidates on the proxy distributed by the

board. This is costly, because of both the distribution of the proxy and also the campaigning for candidates. By contrast, official nominees' campaigns can be paid for out of corporate funds. That is why there are so few contested board elections.”²⁷

Elections to the board are made through a plurality of votes rather than majority in five of the assessed companies: Dow Chemical, ExxonMobil, News Corp, Pfizer and Wal-Mart. In a plurality system, only votes in favour count, while votes against or withheld are ignored. In this way a single supporting vote may get a director elected. This voting system undermines the power of the small shareholder to control the composition of the board.

Furthermore, in only four of the companies – Anglo American, Dow Chemical, RWE, and Wal-Mart – do the articles of incorporation state that shareholders can initiate a process of dismissal of individuals on the executive.

The changing face of minority control: the rise of the institutional investors

In the past, the issue of minority control focused on a single individual or organisation with large shareholdings. Regulations on disclosure of such large shareholdings vary.

A new form of minority control however is occurring within TNCs: the institutional investor. Institutional investors represent thousands of single shareholders and as such are not considered under the minority control debate, regardless of the fact that they are amassing these shares into a one-bloc vote, giving them considerable power.

This has significant implications for shareholders' rights. In general, institutional shareholders tend to exercise their membership rights in a different way to individual shareholders. For example, institutional shareholders typically do not attend AGMs choosing instead to directly consult with companies in private. Far more information is conveyed between the company and institutional shareholders in such meetings than received by individual shareholders at the AGM.

External stakeholder engagement

5.2.4 IGOs' external stakeholder engagement

Over the last decade, IGOs have increasingly engaged with key external stakeholders, civil society organisations in particular,

²⁷ Battling for corporate America, Mar 9th 2006, *The Economist*

through forums, committees, conferences and consultations. Yet while this trend towards more engagement is a positive development, substantial barriers to effective and meaningful participation remain.

Varied capabilities for engaging with civil society

The capabilities of IGOs to engage with civil society vary considerably across the ten IGOs from just over 70 percent for the OECD to below ten percent for the BIS (See Graph 5). The OECD is the top performer, with GEF, the ILO and the WHO close behind.

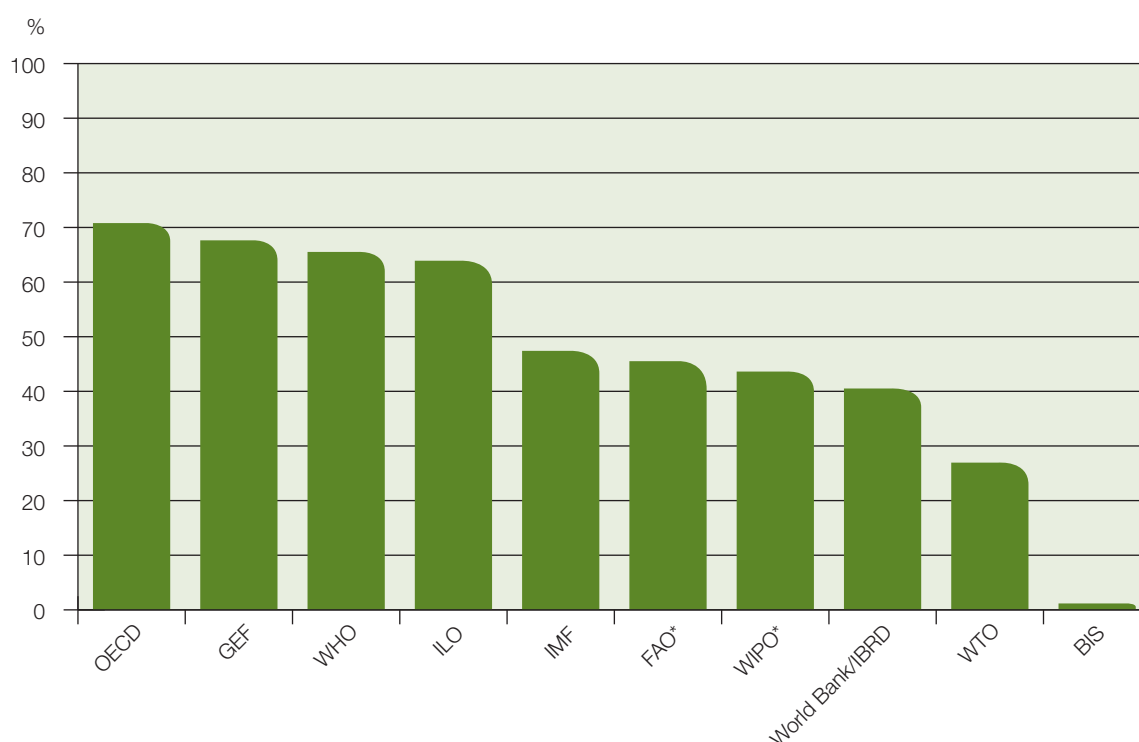
Overall limited quality of commitments to engage with external stakeholders

The notion of engaging with external stakeholders seems to have relatively strong grounding among IGOs; all IGOs in this study make a commitment in some form or other to engage with external stakeholders. Six out of the ten – FAO, GEF, ILO, OECD, WHO and WTO – have in place organisation-wide documents that guide their engagement with all or some of their external stakeholders, primarily civil society organisations. The remaining four – BIS, IMF, WIPO and the World Bank – either make a vague commitment to engagement or only have in place guiding notes on engagement which have no enforcing character.

The OECD, for example, although missing a specific policy that guides engagement with all stakeholder groups, has a specific policy on engagement with business (BIAC) and trade unions (TUAC) in the form of the Terms of Reference of the Liaison Committee with International Non-Governmental Organisations. The OECD also has a set of guidelines for conducting effective online public consultations. Underpinning these various initiatives to engage civil society is a ministerial statement making a commitment to greater engagement with CSOs. The FAO on the other hand has a detailed document called Policy and Strategy for Co-operation with Non-governmental and Civil Society Organisations which highlights all the areas and levels where NGOs can engage with the organisation. The WTO has guidelines regarding relations with NGOs and civil society which were adopted as part of the Marrakesh Agreement in 1996. These identify the arrangement and responsibilities taken by the WTO to facilitate relationships with NGOs and stress that such relations should be ad hoc.

Despite these widespread commitments, the good practice principles that underpin them are highly variable. Only five IGOs in the study – GEF, ILO, IMF, OECD and the World Bank – commit to enabling external stakeholders to initiate engagement on issues of concern to them; and only four IGOs – ILO, OECD, IMF and the World Bank – make a commitment to communicate to

Graph 5: Scores on IGOs' capabilities to engage with civil society organisations



external stakeholders before an engagement what the purpose of the engagement is and how much they will be able to influence the final decision. In those instances where documents are underpinned by good practice accountability principles, they often have no enforcing character. This is the case with both the World Bank and the IMF (Issues and Options for Improving Engagement Between the World Bank and Civil Society and Guide for Staff Relations with Civil Society Organisations respectively). Although detailed in their formulation and embodying many good practice principles, these documents are only recommendations and guidelines for staff on how to engage. They are not formal organisational policies with an enforcing character and that are applied consistently across the organisation.

Institutionalised engagement mechanisms; the need to move beyond observer status

Six IGOs in this study – FAO, GEF, ILO, OECD, WHO, WIPO – have in place some form of institutionalised engagement process with civil society. The WHO, for example, allows for representatives of NGOs to attend plenary meetings and meetings of the main committees of the Health Assembly (without voting rights) and WIPO grants NGOs a permanent observer role which enables them to attend all WIPO meetings, including technical meetings which deal with issues of substantive intellectual property law.

The FAO grants NGOs consultative status, specialized consultative status or liaison status. Organisations with consultative status are entitled to send an observer and advisers to a session of the Conference and Council, receive relevant information in advance of the sessions, circulate to the Conference its views in writing and speak before the technical committees.

The OECD, on the other hand, engages external stakeholders in an advisory capacity. Since its inception in 1961, the organisation has engaged with some civil society representatives (business and trade union organisations only) through the two advisory committees mentioned above (BUAC and TUAC) which are formally recognised by the OECD and are involved in consultations across a wide range of specific issues.

The ILO stands out from the group because its key stakeholders, business and unions, have been institutionalised in decision making to the point that they have formal powers within the organisation. Its two governing bodies, for example, have a

tripartite structure and involve government, employers and workers in a ratio of 2:1:1. Unlike any other IGO, stakeholders are given both speaking and voting rights on a par with the member governments. Yet the organisation is also seen by some to be ineffective and bureaucratic, particularly because of this tripartite structure. This in itself highlights one of the main challenges of both participation and accountability mechanisms: the careful balance that needs to be struck between formalising processes and keeping these flexible so as not to hinder efficient decision making.

However, while accreditation and granting observer status does offer an institutionalised means of engagement, the participation it affords is on the whole passive. This statement taken from a recent background paper to the UN Secretary-General's Panel of Eminent Persons on United Nations Relations with Civil Society is telling: "[CSO] participation in UN meetings has [...] entailed access to meeting rooms where they [CSOs] observed but did not engage in the process. They might request and perhaps be granted opportunities to speak if the Chair feels there is time and s/he is interested in hearing their views [...]. Those that can submit agenda items often don't do so because they believe the agenda to be pre-set [...]. They are not involved in the negotiations but may observe those meetings that are open."²⁸

5.2.5 INGOs' external stakeholder engagement

Participation has a long history in the INGO sector: many development INGOs, for example, have been utilising participatory techniques to engage their stakeholders in the decisions that affect them for decades. Where most INGOs have stumbled however, has been in scaling up these engagements to the level of policy or strategy; in cases where this has happened, it has rarely been institutionalised, preventing stakeholders from consistently affecting the wider decision-making structures or the broader organisational strategy. This has limited the extent to which INGOs at the highest levels of decision making were accountable to their external stakeholders, affected communities in particular. Our results suggest however, that this is an issue that a number of INGOs are now addressing.

INGOs make a commitment to change policy or practice as a result of external stakeholder engagement processes

Of the assessed INGOs, World Vision International, ActionAid

²⁸ UN (2003), UN System and Civil Society – An Inventory and Analysis of Practices, Background Paper for the Secretary-General's Panel of Eminent Persons on United Nations Relations with Civil Society.

International and Amnesty International (in this descending order) score highest in terms of the good practice principles that are included in the organisational documents that guide their engagement with affected communities. In all three cases, organisational policies embody key good practice principles such as making a commitment to change policy or practice as a result of external stakeholder engagement processes.

Other organisations also make a commitment to key good practices principles in their engagement policies. World Vision International, for example, makes a written commitment to enabling affected communities to initiate engagement on matters that concern them; the IFRC promises to clearly communicate to affected communities before an engagement what the purpose of that engagement is and how much they will be able to influence the final decision; and the WWF International makes a commitment to publicly disclose the results of external stakeholder engagement unless otherwise specific by the engaged groups. For many of these INGOs, engagement with affected communities is integral to what they do and many of these good practice principles are already guiding engagement at the field level; yet to foster consistency across the organisation and at all levels, it is important that such principles are integrated into an organisational document at the highest levels.

Engagement scaled up: the emergence of institutionalised engagement mechanisms

The emergence of institutionalised engagement mechanisms that links affected communities and other relevant external stakeholders directly into the highest-level of decision making is a relatively new concept in the INGO sector. The main reason for

Good Practice Text Box 4: ActionAid International's stakeholder mapping

ActionAid International has developed the Accountability Learning and Planning System (ALPS) as a framework that guides accountability policies, systems and practices across the organisation. As part of ALPS, the organisation undertook a stakeholder mapping process through ongoing dialogue, consultations during strategy development, review processes and project appraisals. It identified poor and excluded people as their primary external stakeholders, alongside supporters, donors, partners and allies. Stakeholder mapping is a useful tool to identify and inform organisational priorities on stakeholder engagement practices.

Good Practice Text Box 5: Oxfam International's consultative forum

The Consultative Forum was established in 2001. It meets biennially and is attended by board members, executive directors of affiliates, senior staff and around 80 partners and allies from around the world. It provides a forum for discussion of movement-wide issues and has the capacity to make non-binding recommendations to the Oxfam International Board in matters of vision, strategy and policy. It provides a forum where decision makers within the organisation can listen to and be informed by the analysis and the experience of partners, allies and other key external stakeholders.

this is that INGOs have in the past primarily engaged communities at the field level. Yet with an increasing number of INGOs taking on research and advocacy functions beyond their traditional field of development and humanitarian work or service delivery, external stakeholders are asking for alternative channels through which they can form and inform decision-making processes of INGOs. As INGOs continue to speak on behalf of others, for example, having mechanisms in place that indicate how those they represent participated in and informed the development of a policy position will greatly strengthen their credibility. Moreover, it will also ensure that the positions taken at the international level are reflective of what is most appropriate for affected groups.

Five of the INGOs in the study – ActionAid International, the ICFTU, The Nature Conservancy, Oxfam International and WWF International – have set up institutionalised mechanisms through which diverse external stakeholders can engage in decision making processes that affect them. ActionAid International, for example, appoints independent board members on the International Board (the governing board). The members are from a broad spectrum of society “with particular emphasis on the communities and organisations of diverse groups of people we work with and people who have the appropriate aspirations, experience and expertise to contribute to AAI's work.”²⁹ Oxfam International on the other hand has a consultative forum (see Good Practice Text Box 5).

For some, the mechanism is tailored to a specific external stakeholder group: the WWF International, for example, has a Business Advisory Group at the international level that advises

²⁹ ActionAid International (2005) Governance Manual http://www.actionaid.org/wps/content/documents/Governance%20manual_1632006_11582.pdf

the organisation on aspects of partnerships with companies; while the ICFTU has institutionalized stakeholder involvement but only for two specific organisations. Representatives of Global Union Federations and the TUAC may attend sessions of the Executive Board in a consultative capacity in accordance with arrangements made under Article XXIII of the constitution. The sittings of the Executive Board are private. However, the President may authorise visitors or representative of affiliated organisations to attend.

5.2.6 TNCs' external stakeholder engagement

No good practice principles accompany TNC commitments to external stakeholder engagement at corporate level

With the exception of News Corp, which does not publicly identify who its key external stakeholders are and as a result makes no public commitment to engage with them,³⁰ all of the assessed TNCs make some commitment to engage external stakeholders, and relevant civil society organisations in particular, in decision-making processes that affect them. Although most do this through vague commitments in codes of conduct, Anglo American and Pfizer stand out for having specific policies on the issue.

Anglo American have a stakeholder engagement policy entitled Managing Stakeholder Relations. This identifies the main objectives of engaging with different stakeholders groups and the principles that should underpin these relations. Pfizer has a number of policies that guide engagement with different stakeholder groups: a Global Policy on Interactions with Healthcare Professionals; Pfizer Principles for Working in Partnership with Patient Advocacy Groups; Supplier Diversity Program; and Corporate Policy on Philanthropy Engagement.

Notably, however, none of the good practice principles for external stakeholder engagement are satisfied in any of the assessed TNCs' relevant documents. One explanation for this could be that engagements with affected communities are often ad hoc. Another might be that few TNCs are ready to make stronger commitments on when and how they will engage with external stakeholders and be held to account for this commitment.

TNCs invest fewer resources on external stakeholder engagement at corporate level than IGOs and INGOs in the study

Seven out of the ten TNCs in the study have a senior manager

that oversees engagement with external stakeholders. For each of the three TNCs where this was not the case – ExxonMobil, News Corp and Wal-Mart – lacking their engagement in the study, we found no indication that senior managers were responsible for oversight on this issue.

While leadership on these issues appears to be strong, only Anglo American, Dow Chemical, Nestlé and RWE conduct training for relevant staff on how to facilitate effective external stakeholder engagement.

Furthermore, Nestlé, Pfizer and RWE are the only three TNCs in the study that widely disseminate information relevant to external stakeholder engagement by translating their commitment to engage external stakeholder into other languages. Pfizer's

Good Practice Text Box 6: Dow Chemical's institutionalised external stakeholder engagement process

The Corporate Environmental Advisory Council (CEAC) is a panel of 10 external stakeholder experts that play a role in Dow Chemical's corporate decision-making process by providing counsel on environment, health, safety, and sustainability issues. CEAC generates four different types of information for Dow:

- Corporate Success Factors – discussion on corporate strategy
- Business/Portfolio Success Factors – safe setting for directors to discuss a broader range of stakeholder interests
- Public Affairs and Stakeholder Engagement – opportunity to speak with external stakeholders
- Externalities and Wildcards – opportunity to raise alternative issues, such as the MDGs

Policies on Business Conduct, for example, have been translated into 21 languages and the Global Policy has been translated into 20 languages. Given that a stakeholder engagement policy should be used both to ensure internal consistency in engagement and to enable stakeholders to hold the organisation to account for its commitments, it is problematic when these policies are not made widely and publicly available.

³⁰ These might include relevant civil society groups such as communication rights organisations or broadcasting associations.

Analysis Evaluation

5.3 Evaluation

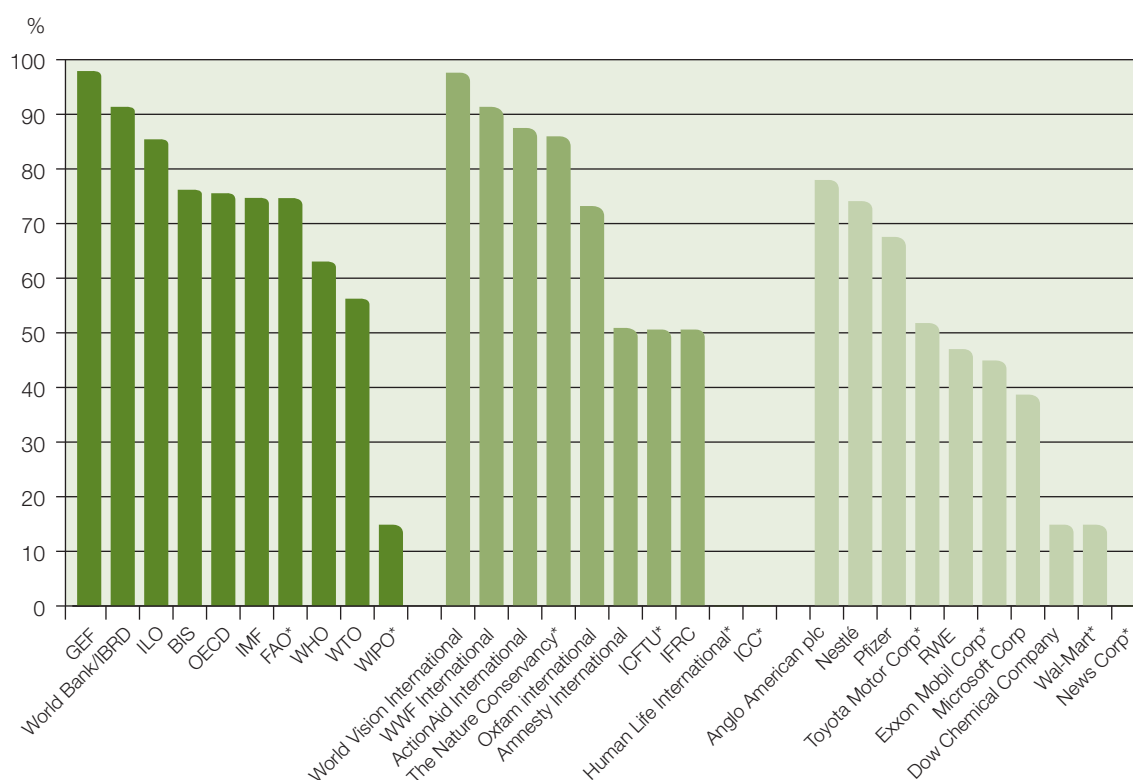
In relation to evaluation, the Index measures the extent to which organisations have in place capabilities to ensure consistently high-quality evaluations that lead to learning and strengthen accountability. Specifically, the study assesses (1) whether organisations have in place written document(s) that commit them to undertake evaluations in relation to all key activities, to engage relevant stakeholders in the process, to feed the results back into decisions-making and to be open about the evaluation findings; and (2) whether the organisations have effective systems in place to foster both compliance with these policies and dissemination of lessons learnt. For TNCs, the focus in the evaluation dimension is on social (e.g. labour standards, health and safety, community relations) and environmental impact.

Main cross-sector findings

- Most IGOs and INGOs score consistently above 50 percent for evaluation capabilities. WIPO, the ICC and Human Life International are the only organisations in these two sectors that do not score above 50 percent.³¹ Six TNCs remain below the 50 percent threshold.

- Both IGOs and INGOs in the study have high quality organisational documents that guide their approach to evaluation. On the other hand, only three (Anglo American, Nestlé and ExxonMobil) of the assessed TNCs have policies in place that guide both social and environmental impact evaluation.
- While a commitment to participatory evaluations is widespread among IGOs and INGOs included in the study (seven organisations from each sector), only three TNCs make a commitment to engage stakeholders in the evaluation process in relation to either their social or environmental impact evaluation policies, never both.
- Only GEF, the ILO, the World Bank and ActionAid International make a commitment in their evaluation policies to evaluate internal administrative policies.
- Over half of all the organisations included in the study have mechanisms in place for ensuring lessons are disseminated throughout the organisation: six IGOs, five INGOs and five TNCs. This highlights the recognition among all transnational actors, irrespective of their sector, that structures that support and enhance organisational learning are important.

Graph 6: Organisational scores on evaluation capabilities



³¹ It is possible that the ICC and Human Life International satisfy some of the indicators, but no publicly available data to support this was found during this study.

5.3.1 Evaluation in the IGO sector

IGOs are under increasing pressure to show effectiveness in their work and face many difficult decisions about how to allocate public funds. Evaluations to assess performance, measure effectiveness, identify results achieved, and determine alternative ways to meet objectives become a means through which IGOs can demonstrate accountability and legitimacy to a broad range of stakeholder groups.

IGOs' evaluation policies are widespread and underpinned by good practice principles

Nine IGOs in the study have in place evaluation policies.³² Principles of good practice also underpin most of these policies, with all IGOs (other than WIPO) passing the 50 percent threshold in their total evaluation policy score, and the ILO and GEF receiving full scores.

IGOs make a commitment to engage relevant stakeholders in evaluations

A total of seven IGOs make a commitment to engage relevant stakeholders when undertaking evaluations: FAO, GEF, ILO, OECD, WHO, the World Bank and the WTO. Key to an effective evaluation is the engagement of relevant stakeholders throughout the process. Stakeholders need to be involved in defining the objectives of the evaluation, in forming conclusions and in making recommendations. Their views need to be taken into account at all stages of the process. This principle is key to ensuring evaluation strengthens an organisation's accountability to affected communities.

Good Practice Text Box 7: The OECD's learning network on civil society engagement

The OECD is made up of close to 200 committees and each has developed its own way of interacting with civil society, depending on their field of work and civil society's interest in that work. To disseminate learning about engagement across committees and to pool expertise on this issue, the OECD established the Civil Society Coordinators Network. Each Directorate has at least one representative in the group and there are occasional meetings and regular exchanges through a distribution list. This networking system has helped to raise awareness of the importance of civil society within the OECD and has played an important role in bringing about change and innovation within the organisation.

Most IGOs do not make a commitment to evaluate internal administrative policies

Only GEF, the ILO and the World Bank make a commitment to evaluate their internal administrative policies. This represents an important gap as internal policies are a means through which an organisation ensures consistent and coherent approach towards an issue. Performance in relation to internal policies needs to be evaluated to ensure compliance and to verify that the policies remain relevant and reflect the needs of both the organisation and its stakeholders.

All IGOs have a senior executive responsible for evaluation and the majority conduct training on evaluation

Along with their evaluation policies, the evaluation systems of IGOs are also relatively well developed. A reflection of this is the fact that all ten IGOs have a senior manager responsible for overseeing evaluation functions within the organisation, while eight conduct regular training for relevant staff on how to undertake evaluation.

The organisations that do not conduct training are the WTO and WIPO. In the case of WIPO training is currently being rolled out across the organisation as part of the 2006/7 Proposed Program.

Six IGOs have mechanisms in place to disseminate learning from evaluation

Mechanisms that support the active dissemination of lessons learnt within an organisation are key to encouraging and promoting organisation-wide learning. Without them, details on what has or has not worked become confined to specific teams or divisions and not shared within the organisation as a whole; the lack of such mechanisms creates barriers to the learning capabilities of an organisation.

The methods and mechanisms that organisations use to disseminate learning are multiple, reflecting their different cultures and structures. Our results indicated that six of the ten IGOs have such mechanisms in place: BIS, FAO, GEF, IMF, OECD, and the World Bank (See Good Practice Text Box 9).

5.3.2 Evaluation in the INGO sector

Evaluations are a standard stage of any project or programme cycle for the vast majority of INGOs. Yet the role that evaluation has played has been at times skewed primarily towards meeting

³² WIPO is in the process of developing an evaluation policy. This will be completed in 2007; Report on Internal Oversight 2006 http://www.wipo.int/edocs/mdocs/mdocs/en/a_42/a_42_8.doc

Good Practice Text Box 8: World Vision International's LEAP

LEAP (Learning through Evaluation with Accountability and Planning) is a high-quality evaluation policy that covers all development programmes, projects and policies. Audits are conducted by the audit and evaluation department or by external auditors, and significant resources are invested in training staff on design, monitoring and evaluation of programmes and projects. LEAP is designed to enable both communities and staff to participate in the planning and evaluation of projects.

the needs of certain stakeholders, donors in particular. An increasing number of INGOs have more recently started to view evaluation in a more strategic light, recognising the importance of evaluation as a mechanism to report both upward and downward and as a learning tool.

Evaluation policies are common among INGOs and follow good practice principles

Although not as common as among IGOs, policies on evaluation exist within five of the INGOs in this study and are of a consistently high quality. The IFRC and The Nature Conservancy both score 76 percent on policy; the WWF International and World Vision International score 95 percent, and ActionAid International scores the maximum number of points.

Participatory evaluations are commonplace

The findings suggest that the principle of participatory evaluation is widely held among all of the INGOs included in the study, with seven making a specific commitment to engaging stakeholders in the evaluation process: ActionAid International, the ICFTU, the IFRC, The Nature Conservancy, Oxfam International, the WWF International and World Vision International. The prevalence of this principle, especially among the more progressive INGOs, is a reflection of their core organisational values that emphasise participation of affected communities in activities that are affecting them.

Five INGOs have clear mechanisms in place to disseminate learning from evaluation

Five of the ten INGOs in the study use different mechanisms to disseminate learning across the organisation: Amnesty International, The Nature Conservancy, Oxfam International, World Vision International and the WWF International. Oxfam International for example have built learning into the work of the Global Coordination Team through its Learning and

Accountability sub-group which, among other things, synthesises lessons learnt and shares them across the confederation. Similarly, the WWF International, although still developing their learning system, already systematically integrate the results from evaluations into bi-yearly programme committee meetings and yearly advisory and regional meetings.

5.3.3 Evaluation in the TNC sector

Evaluation for critical business functions is well developed in this sector. TNCs evaluate against key performance objectives ensuring that the business is efficient, competitive and ultimately successful. It is only recently however that companies have come to see their social and environmental impact as key to their business success and developed evaluation systems to monitor their performance in these areas as well.

A few TNCs have policies that guide the evaluation of both their social and environmental impact

The findings for TNCs in relation to social and environmental impact evaluation policies are mixed. Three TNCs make a vague commitment to evaluating their social and environmental impact, three have specific policies on either social impact evaluation or environmental impact evaluation, but only three have policies that cover both social and environmental impact evaluation: Anglo American, Nestlé and ExxonMobil. The principles that underpin these policies vary, with Anglo American scoring the highest for their overall evaluation policy score with 80 percent, then ExxonMobil with 62 percent, and Nestlé with 52 percent. This suggests that the key principles of evaluation that strengthen accountability have yet to be embedded within evaluation policies at the headquarters of many of the assessed TNCs.

External stakeholder engagement in social and environmental impact evaluations: an emerging principle among TNCs?

While the principle of engaging relevant stakeholders in the

Good Practice Text Box 9: Anglo American's SEAT

Anglo American plc have produced an organisation-wide tool called SEAT (Social and Economic Assessment Toolbox). SEAT assesses and reports on the extent and nature of the social and economic impact of Anglo American's operations. The SEAT process involves sharing the results of the assessment with relevant stakeholders and incorporating their input into the findings and recommendations.

evaluation processes of activities that affect them is mentioned in the organisational documents of many INGOs and IGOs, this is far less widespread among the assessed TNCs. Only Anglo American makes this commitment in relation to social impact evaluations, and only Microsoft and Pfizer in relation to the evaluation of their environmental impact. No company did so in relation to both their social and environmental impact policies.

Lack of commitment to full openness about evaluation results

Only Anglo American makes a commitment to being open about their environmental and social impact evaluations, while Microsoft and Nestlé make this commitment in relation to just evaluations of their environmental impact.

Five TNCs have mechanisms in place for disseminating learning

Of the ten TNCs in the study five identify mechanisms for disseminating company-wider learning; these are Anglo American, Nestlé, Pfizer, RWE and Toyota. For example, Pfizer has created both regional and functional networks to share best practice. Each geographical region has a regional learning infrastructure that supports meetings and communications while lessons are also integrated into divisional team meetings such as the Corporate Citizenship Coordinating Committee.

Analysis

Complaint and
response

5.4 Complaint and response mechanisms

This section presents the main findings in relation to the capabilities that transnational organisations in the study have in place to offer a safe channel for staff, partners, affected communities and the public at large to file complaints for non-compliance with organisational policies (e.g. codes of ethics, environmental policies, information disclosure policies, etc) and to provide them with a response. It does so by analysing (1) whether organisations make a commitment to handling complaints and have in place written documents that guide their practice in the area; and (2) the systems that organisations have in place to enable these commitments to be turned into practice. The study distinguishes between mechanisms that handle internal stakeholders' complaints from mechanisms that handle external stakeholders' complaints and focuses only on complaint and response in relation to non-compliance.

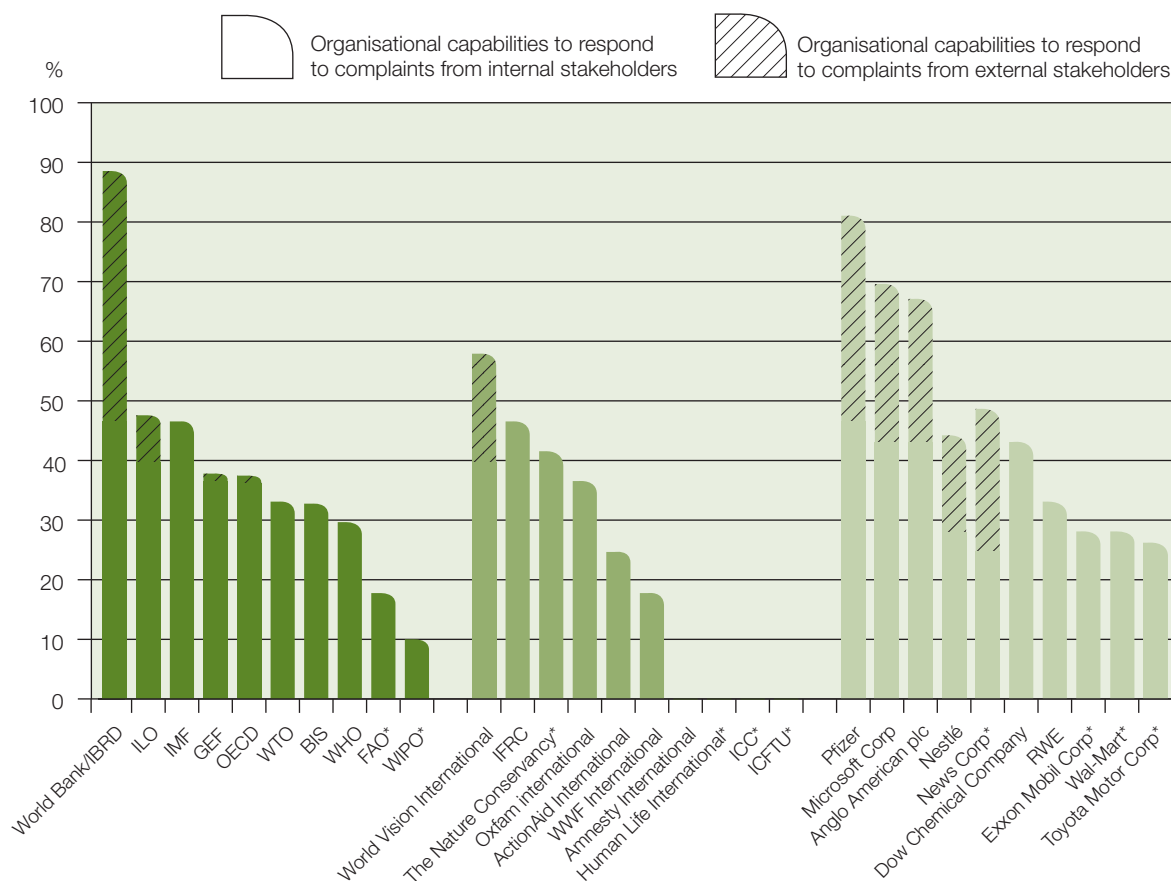
Main cross-sector findings

- Most organisations across the three sectors in the study lack

adequate capabilities to enable external stakeholders to file complaints in relation to issues of non-compliance (only nine of the 30 assessed organisations make a commitment in this area).

- A sector average on capabilities for handling complaints for non-compliance from both internal and external stakeholders shows that TNCs are ahead of IGOs and INGOs. This is mainly a reflection of new regulation in this area brought in through the Sarbanes-Oxley Act (US Federal Law, also known as the Public Company Reform and Investor Protection Act of 2002).
- The importance of the principles of confidentiality, non-retaliation and independent investigation is recognised across the board, and organisations from the three sectors have embedded these in the policies and organisational documents that guide complaints handling from internal stakeholders, whistleblowers in particular. It is key that the same practice be replicated in relation to complaints from external stakeholders.
- For INGOs, *formal* mechanisms that handle complaints from external stakeholders at the international office are a new

Graph 7: Organisational scores on complaint and response capabilities



concept. It is for this reason that the sector lags behind the TNCs and IGOs in the study. World Vision International is currently the only INGO in the study that makes a commitment to setting up formalised safe channels through which affected communities can file complaints.

- Only five IGOs and three INGOs in the study provide training to relevant staff on how to address internal complaints. This highlights a significant gap in the other organisations' capabilities for receiving, investigating and responding to complaints.
- The World Bank, Pfizer, Microsoft, Anglo American and World Vision International are the only organisations in the study that score above 50 percent in this dimension.

5.4.1 IGOs' complaint handling mechanisms

Without an effective complaint and response mechanism in place, there is little that stakeholders can do to prevent abuses of power should other accountability mechanisms fail. A rigorous complaint and response mechanism will provide an incentive for IGOs to ensure that other accountability mechanisms are consistently implemented and adhered to in all areas of their work and that, should they fail, the organisation will take action to address them.

Although prevalent among IGOs, the quality of policies that guide complaints handling from internal stakeholders leaves room for improvement

Nine out of ten of the assessed IGOs have in place organisational documents or policies that guide their approach to handling complaints from internal stakeholders; along with evaluation policies, this is the most developed area for IGOs.

Good Practice Text Box 10: Emerging principle in complaint and response mechanism

While it is commendable that organisations from all three sectors recognise the importance of certain principles in relation to complaints from internal stakeholders, it is important to note that none of the organisations in the study make a commitment to ensuring that all negative consequences suffered by victims of proven retaliation are reversed. This includes compensation for lost pay and benefits, training opportunities, promotion, other career advancement, plus attorney's fees and ideally, recompense for pain and suffering. This requirement is in the new UN Anti-Retaliation Policy and in the US law for MDB Reform.

Good Practice Text Box 11: The World Bank's Inspection Panel

Debates around IGO complaint mechanisms emerged in response to a number of controversial infrastructure projects in the 1980s and 1990s. The role of the World Bank in funding these was criticised, prompting it to establish the Morse Commission. Its report documented failures of the Bank to comply with its policies, and the serious human and environmental consequences arising from these violations. In response to this, in 1993 the Board of Directors created the Inspection Panel for the International Bank for Reconstruction and Development and the International Development Association. This provides people directly and adversely affected by a Bank-financed project with an independent forum through which they can request a review of the Bank's compliance with its policies.

The affected party must be greater than a single individual (i.e. a community of persons such as an organisation, association, society or other grouping of individuals). Alternatively, the request can be made by a local representative of such party or by another representative in the exceptional cases where the party submitting the request contends that appropriate representation is not locally available. Although the Inspection Panel does not have an appeals process, the policy provides a clear description of how the external stakeholder can make a request and how it will be investigated.

Principles of good practice underline these policies, with six organisations scoring above 50 percent for their internal complaints policy. WIPO currently lacks such a document but it is in the process of establishing a whistleblower policy and procedure; and a review of the draft policies and procedures is expected to take place before the end of 2006.

However, certain key principles of good practice are lacking in a number of policies of some organisations, which greatly undermine their quality: BIS for example does not make a commitment to maintaining confidentiality of complainants; and FAO does not guarantee non-retaliation against a complainant. In both instances, in the absence of such guarantee, a safe environment for complainants is not being created.

A few IGOs make a commitment to require mandatory discipline for retaliation against internal complainants

Only GEF, the IMF and the World Bank require mandatory

discipline for anyone found to have retaliated against an internal complainant. This is a crucial provision, as it creates strong incentives against intimidating complainants and further contributes to an environment where complainants can come forward.

IGOs' systems for handling internal complaints vary

All IGOs have assigned oversight responsibility to a senior executive or board member in relation to internal complaints; however, only BIS, ILO, IMF, OECD and the World Bank provide training on the issue. This represents a noticeable gap in the overall capabilities of IGOs to effectively deal with internal complaints. Without proper training and dissemination of information throughout the organisation, potential complainants remain unaware of their full rights and those who handle complaints risk not responding to them in a professional and consistent manner.

IGOs have inadequate capabilities to enable external stakeholders to file complaints

Three of the ten IGOs – GEF, the ILO and the OECD make some commitment to handling complaints from external stakeholders, though they lack a clear comprehensive document(s) that guides their approach: GEF, for example, does not have in place a mechanism that enables them to handle complaints from the wider public, but it makes a commitment to handling complaints through their NGO network; the ILO's tripartite structure enables some stakeholders – employers and worker organisations – to lodge complaints through their representatives; and the OECD claims that external stakeholders can call the auditor with complaints and that, during OECD Committees' consultations with civil society, NGOs can express dissatisfaction with OECD work verbally (and also produce papers proposing alternatives which are tabled at the consultations). Yet without formal policies on how complaints from external stakeholders are to be dealt with and in the lack of clarity on the rights they should be afforded, there will be a lack of consistency in how such complaints are being addressed. Moreover, without a formal complaints procedure, there is no commitment from the organisation to respond to complaints. The World Bank is the only IGO in the study that has a clear policy in place that guides its approach to handling complaints from external stakeholders (see Good Practice Text Box 11).

In conducting the study, a number of IGOs expressed the view that mechanisms for handling complaints are only relevant to those institutions that engage in operational activities at field level. This is not the case. Whatever the IGOs' scope, whether operational or standard setting, they influence or have an impact

on the lives of individuals and communities around the world. Having channels through which stakeholders can file complaints is key to enabling affected communities and the wider public to raise concerns where valid claims of non-compliance exist. This is also in the organisations' interests, as it can facilitate compliance with organisational policies and mediate risks associated with complainants raising their grievances through channels such as the media.

Good Practice Text Box 12: World Vision International's approach to beneficiary complaints

As a full member of Humanitarian Accountability Partnership International (HAP-I), World Vision International has committed to establish and implement an effective complaint handling procedure for beneficiaries, once Standard 6 of HAP-I comes into effect. To meet the requirements of Standard 6, WVI will conduct beneficiary consultations, publish clearly defined procedures on handling complaints, train staff and evaluate the integrity of the system.

HAP-I draft Standard 6: The agency shall establish and implement effective complaints handling procedures that are accessible and safe for intended beneficiaries.

Requirement:

- The agency shall consult with beneficiaries about appropriate ways to submit complaints
- The agency shall publish a complaints handling procedure which ensures:
 - The purpose and parameters are clear
 - The mechanisms are clear
 - The safe referral of complaints which the agency is not equipped to handle
 - The confidentiality of complainants
- The agency shall ensure that staff and beneficiaries have understood:
 - The beneficiaries' right to file a complaint
 - The existence of the complaints handling procedure
- The Agency shall verify that that all complaints received are handled according to the stated procedures

Humanitarian Accountability and Quality Management Standard, Draft Version 3, July 2006

5.4.2 INGOs' complaint handling mechanisms

INGOs have adequate policies for handling complaints from internal stakeholders

Six of the ten INGOs in the study have in place organisational policies or documents that guide their complaint handling from internal stakeholders. Of the four that do not have such policies in place – Amnesty International, the ICC, the ICFTU and Human Life International – the last three did not actively engage in this study. It is therefore possible that they do have such a document but do not disclose it.

Principles of good practice underpin the policies of five of the INGOs, which all score above 50 percent in this respect – ActionAid International, the IFRC, The Nature Conservancy, Oxfam International and World Vision International.

The IFRC, The Nature Conservancy and Oxfam International stand out from this group, not only for having the highest score for internal complaints policies in the sector (82 percent), but also because they are the only organisations that make a commitment to mandatory discipline for those that retaliate against complainants

Lack of training resources

Similar to IGOs, only a minority of organisations – the IFRC, The Nature Conservancy and World Vision International – provide training to relevant staff on dealing with complaints.

The need for formalised and dignifying mechanisms through which external stakeholders, affected communities in particular can file complaints

Except for World Vision International, none of the INGOs in the study have in place high-level guidance on their approach to handling complaints from affected communities.

Although donors, staff and supporters may have channels through which to voice concerns, affected communities and partners often do not. If an issue cannot be resolved at a lower level, too few organisations have mechanisms that enable the complaints to be heard higher up. Establishing

Table 5: Good practice principles in handling complaints from internal stakeholders

Principles in relation to complaints from internal stakeholders	Number of organisations that meet the principles			
	IGOs	INGOs	TNCs	TOTAL
Organisation will maintain confidentiality of complainants	8	4	10	22
Organisation guarantees non-retaliation	8	5	8	21
Organisation ensures independence of investigators from the subject of the complaint	6	5	8	19

complaint mechanisms for external stakeholders is an area of accountability that has not received sufficient attention from most INGOs. This is not limited to international NGOs, but to the NGO sector in general. There are certain reasons for this which range from the connotations that the very word “complaint” may have in some languages and cultures, to the existence of alternative methods through which INGOs collect this type of feedback, to little understanding of the benefits of such mechanisms.

Through more informal feedback mechanisms, INGOs have been addressing complaints at the field level, in a rather ad hoc manner. Yet receiving feedback through monitoring and evaluations, for example, does not respect key elements of a formal complaint handling mechanism.

It is just recently that INGOs have started to recognise some of the benefits of setting up a formalised channel for external stakeholders, affected communities in particular, to file complaints against the NGO. A formal mechanism to handle complaints provides affected communities with a respectful and dignifying channel through which they can voice their grievance and concerns; it empowers users by instilling confidence and providing affected communities more influence over the INGO and the way it operates; it allows INGOs to rectify minor and unintended mistakes; and it alerts them to problems, where they exist.

5.4.3 TNCs' complaint handling mechanisms

Complaint and response mechanisms in the TNC sector are recognised in the OECD Principles of Corporate Governance as the right of stakeholders, including employees, to freely communicate concerns about illegal or unethical practices to the Board, without their rights being compromised.

Corporate regulation leads to strong capabilities for handling internal complaints

Capabilities to handle complaints from internal stakeholders, employees in particular are generally well developed among the TNCs in the study (they are all above the 50 percent mark). This has been in response to legislation, increasing awareness and legal cases relating to discrimination, workers' rights and health and safety. In the US, for example, from 1992 to 2002 monetary settlements for sexual harassment charges filed with the Equal Employment Opportunity Commission jumped from US\$ 12 million to US\$ 50 million.³³ The evolution of whistleblower procedures to protect employees who raise complaints in relation to company misconduct are essential, and the provisions of the Sarbanes-Oxley Act that relate to whistleblower rights and protection have been important in developing this area.

Pfizer policy for handling complaints from internal stakeholders is the most developed of the ten TNCs, while Nestlé's is the least developed. Nestlé's low score is due to the fact that their policy on handling complaints from internal stakeholders applies only in relation to one product: incidents of potential non-compliance with the International Code of Marketing of Breast Milk Substitutes. This is open to companies in the group and all agents and distributors who market Infant Formula in developing countries under trade marks owned by the Nestlé Group.

TNCs have limited capabilities to handle complaints from external stakeholders

Complaint mechanisms for external stakeholders are less developed among companies in comparison to those for internal stakeholders. Our previous research showed that one area in which they have started to develop is among producers and retailers of clothing and sportswear industries, specifically in response to labour rights issues. These mechanisms enable workers of a supplier, or NGOs/labour activists working on their behalf, to raise a complaint where they either cannot raise the issue with their employer (the supplier), or there is no response to the complaint.

For most companies included in the study, their policy on internal complaints is related to ensuring compliance with codes of conduct/ethics. As part of this, some companies have in place procedures (such as hotlines) for internal stakeholders that are also open for use by externals. This is the case for five

companies: Anglo American, Microsoft, Nestlé, News Corp and Pfizer. In most cases, however, there is lack of clarity on whether the provisions that offer protection to complainants formally associated with the organisation are also applicable to external stakeholders. Consequently, while for the purpose of this study such procedures were considered to handle complaints from external stakeholders, the principles of good practice, as they relate to external stakeholders, have not received a score.

The systems that companies have developed to handle complaints from external stakeholders also need strengthening. In terms of leadership, the study assumes that oversight of internal complaint and response procedures extends to oversight of complaint procedures from external stakeholders as well; however, in the case of training, a different set of skills would be needed for ensuring that complaints from external stakeholders are properly addressed than for handling complaints from internal stakeholders. No TNC assessed provided proof of undertaking training on handling complaints from external stakeholders.

³³ Krotz, J.L. (2005) "The dangers of tuning out employee complaints", www.microsoft.com/smallbusiness/resources/management/employee_relations/the_dangers_of_tuning_out_employee_complaints.mspix

6 Concluding cross-dimension analysis

This following section offers a short analysis of some of the high-level trends that have emerged from this study both across sectors and dimensions.

Seven organisations from the three sectors score above 50 percent in at least three dimensions

Although each dimension is important in and of itself, there is a need for good performance across all dimensions for an organisation to be considered accountable. This is due to the inter-linkages that exist across the four dimensions. For example, an evaluation process underpinned by openness and transparency strengthens organisational accountability more than one that is conducted in secrecy. Similarly an organisation that has well-developed policies and systems in place to foster participatory practices, but lacks similar capabilities in relation to complaint and response mechanisms is not fully accountable; for example, such an organisation does not offer stakeholders a safe channel through which they can explain and expect a response in relation to less adequate engagement processes.

Using the threshold of 50 percent to differentiate between organisations that are developing their accountability capabilities and those that lag behind, it emerges that no organisation scores above 50 percent in all four dimensions. Yet seven organisations manage this in three of the dimensions. While these organisations still have a way to go to meet existing good practice accountability principles, they have the most consistently developed capabilities across three of the four accountability dimensions.

The cross-sector balance of these seven organisations highlights that innovation and positive developments in accountability are not concentrated in one specific sector and that there are many areas where organisations from different sectors can learn from each other.

Accountability systems are developed, but documents that guide them lack principles of good practice

Figure 2 indicates that across the four dimensions, the systems that organisations from all three sectors have in place to support accountability score on average better than the policies that guide their approach on these issues. Organisations are investing time and resources into developing the structures and capacity to strengthen their accountability, but the demonstrated quality of the principles that underpin their commitments remains low.

For each of the four dimensions, the policies that organisations currently have in place to guide their approach lack the good practice principles most crucial to strengthening accountability. For example, while all IGOs make a commitment to engaging with civil society actors in decision-making processes that affect them, none make a specific commitment that they will change policy or practice as a result of the engagement else they will provide an explanation. This principle might be reflected in IGOs' practice of engaging with civil society organisations (CSOs), but without embedding it into written organisational documents, CSOs cannot hold them to account for the quality of that engagement. In addition, IGOs run the risk that a minimum level of good practice will not be implemented consistently across the organisation.

Table 6: Organisations that score more than 50 percent across three of the four dimensions of accountability

	Transparency	Participation	Evaluation	Complaint and Response
IGOs	GEF, OECD, World Bank/IBRD	GEF, OECD	GEF, OECD, World Bank/IBRD	World Bank/IBRD
INGOs	ActionAid International	ActionAid International, World Vision International	ActionAid International, World Vision International	World Vision International
TNCs	Pfizer	Anglo American	Anglo American, Pfizer	Anglo American, Pfizer

Across the three dimensions, the gap between policies and systems is greatest within transparency. This difference comes from the absence of coherent organisation-wide policies that guide disclosure of information among many of the organisations. While virtually all organisations make a commitment to being transparent and have senior managers that oversee public disclosure of information, few

have in place a clear policy that provides guidance to both internal staff and external stakeholders on what information will be made available, when and how and that identifies a narrowly defined set of conditions for non-disclosure. This highlights a shortcoming in many organisations' thinking on transparency. Most continue to see it a one-way flow of standardised information such as financial accounts; but transparency also relates to responding to requests for information and engaging in dialogue with stakeholders regarding the information they need. Currently, the understanding among transnational actors seems to be that the obligation to justify why information should be made available ought to be on external stakeholders, rather than on the organisations themselves. This is at odds with emerging transparency norms that recognise access to information as a right.

The discrepancy between transparency policies and systems can also be explained by the well-developed external relations/PR and communications capacities of transnational actors. Many of the organisations assessed in the Index identified their external relations departments as having

responsibility for overseeing organisation-wide transparency practice. Although these systems might perform well in terms of releasing information with the purpose of managing the image of the organisation, they are not always sufficient to govern and bring about the disclosure of information across the organisation that satisfies principles of good practice in this area.

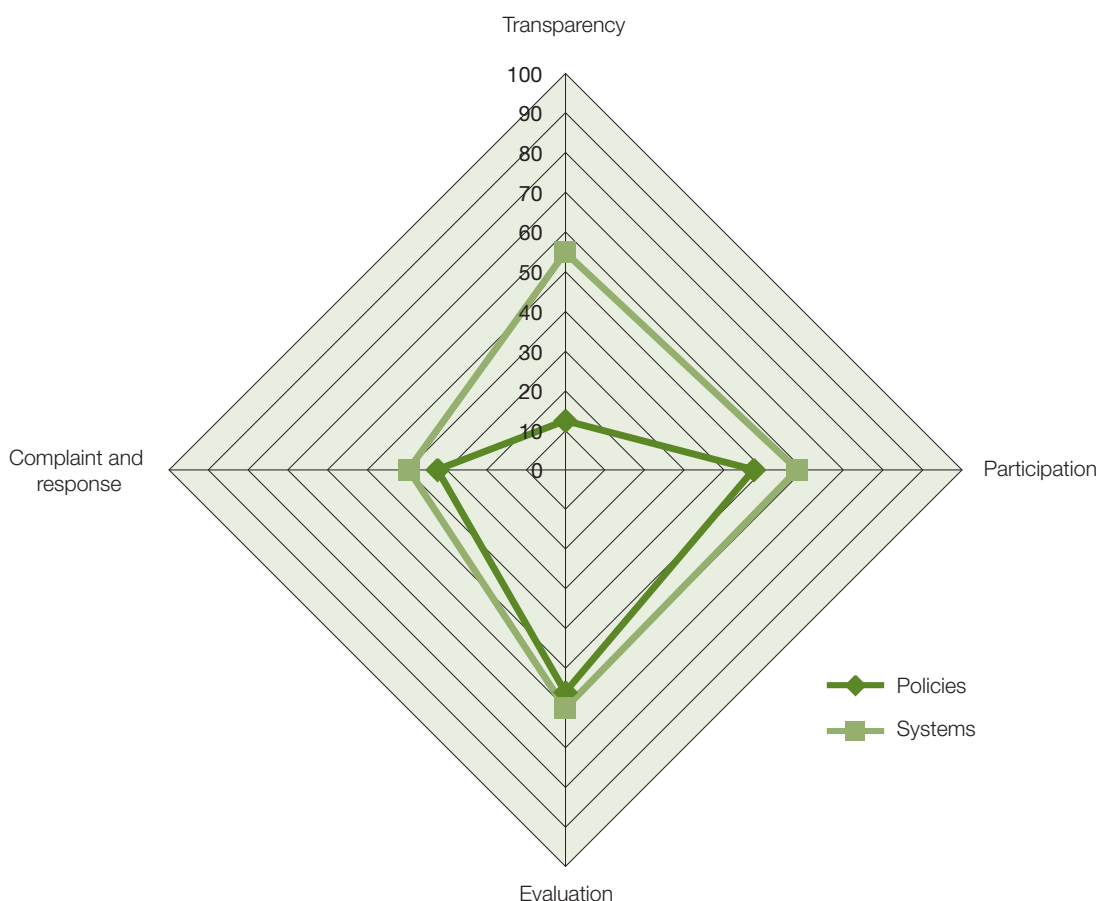
Cross dimension performance: sector-specific strengths and weaknesses

Graph 8 provides the average dimension scores by sector and indicates that INGOs and TNCs each lead on one of the dimensions while IGOs are top for two. On average, both INGOs and TNCs scored last for at least one of the four dimensions, while IGOs are never last, although lagging in certain areas.

Of the four accountability dimensions, IGOs on average score highest on evaluation and lowest on complaint and response mechanisms

The good performance of IGOs in the evaluation dimension is a

Figure 2: Overall average scores on policies and systems that support accountability practice



reflection of multiple factors; most noticeably the intense scrutiny IGO performance has come under from both civil society organisations and member states. Although the challenge of evaluating performance is considerable for IGOs, with many operating across multiple levels and geographical regions, the need to demonstrate impact and effectiveness has necessitated the strengthening of capabilities for assessing performance, ensuring learning and reporting results.

Within the World Bank and the IMF, for example, the pressures to demonstrate outcomes and results have led both institutions to establishing independent evaluation mechanisms that report directly to the Board and provide an independent objective assessment of project, programme and policy effectiveness within these institutions. The incentive to increase evaluation and learning capabilities within these was further strengthened by International Financial Advisory Commission (Meltzer Commission) whose 2000 report argued that the World Bank was costly, inefficient, bureaucratic and unable to carry out their mission of poverty alleviation under current structures.³⁴ Both IGOs now have evaluation policies in place.

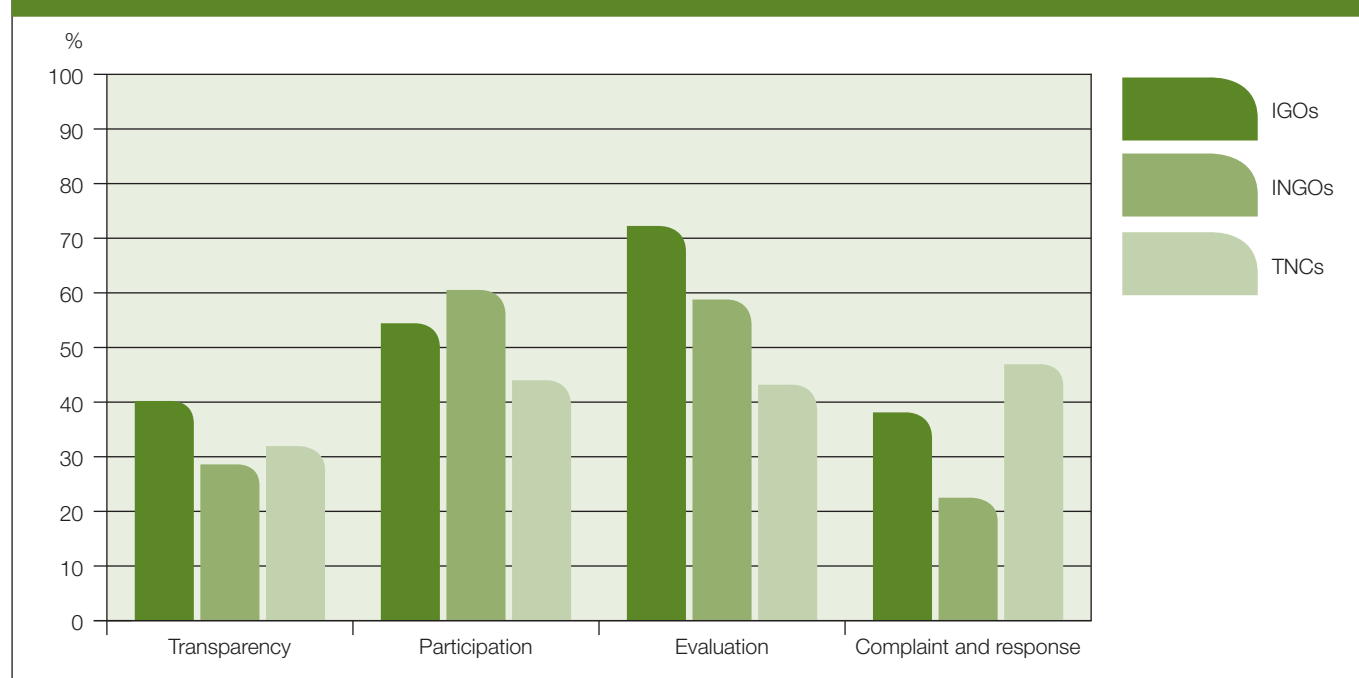
Within the wider UN system, agencies have faced similar pressures to provide evidence of their effectiveness; reflecting this, the focus among UN agencies has shifted from measuring inputs

to measuring performance. As a consequence, there has been a greater focus on the need to strengthen accountability and evaluation capabilities. Of the four non-financial UN agencies assessed in the Index, three have policies in place that guide their evaluation practice (FAO, ILO, WHO) while the fourth is in the process of developing one (WIPO). Furthermore, two of the IGOs' policies meet all existing principles of good practice (GEF and ILO).

The need to develop evaluation capabilities has been recognised by the General Assembly which in December 2004 passed a resolution that stated that there is a "need to optimize the linking of evaluation to performance in the achievement of developmental goals, and encourages the United Nations development system to strengthen its evaluation activities."³⁵ In support of this, the UN Evaluation Group has also developed system-wide principles on evaluation that ensure evaluations within the UN follow agreed-upon basic principles. More recently, they have established a task force to examine issues concerning capacity development in evaluation (Task Force on Evaluation Capacity Development).³⁶

The recent G8 commitment to increase development aid by US\$50 billion will undoubtedly place even greater pressure on IGOs involved in development to further strengthen their evaluation capabilities as a significant proportion of this

Graph 8: Average scores on accountability dimensions; by sector



³⁴ <http://www.house.gov/jec/imf/meltzer.pdf>

³⁵ http://cfapp1-docs-public.undp.org/eo/evaldocs1/uneg_2006/eo_doc_350011048.doc

money will be channelled through multilateral agencies. The publicity that surrounded this announcement will mean a wide range of stakeholders will be eager to see evidence of results.

Of the four dimensions, IGOs' lowest average score was on complaint and response mechanisms. While all but one (WIPO) of the IGOs assessed have policies for handling and responding to complaints from internal stakeholders, the good practice principles that underpin these policies vary. No IGO meets all of them. Except for the World Bank, no other IGO has formalised a process of responding to complaints from external stakeholders, civil society groups in particular. While a number of organisations, such as GEF, the ILO and the OECD claim that there are multiple forums through which external stakeholder can raise concerns with them, this is not the same as having safe formal procedures in place that ensure external stakeholders can raise their concerns in confidentiality, without fear of retaliation and expect a response.

Of the four accountability dimensions, INGOs on average score highest on participation and lowest on complaint and response mechanisms

Participation is the area of accountability where INGOs in the study perform best, ahead of the other two sectors. Participation has a long history in the INGO sector: many development INGOs, for example, have been utilising participatory techniques to engage their stakeholders in the decisions that affect them for decades. Engaging individuals and communities and ensuring equality of voice in decision making are seen as crucial to challenging social injustices and inequalities; for progressive INGOs, these are core organisational values. Organisations such as Action Aid International, Oxfam International and World Vision International stand out in the sector for their developed capabilities to engage with external stakeholders.

These values are also reflected in the participation of internal members in INGOs' overall governance structures. Organisations such as ActionAid International, Amnesty International, the IFRC, Oxfam International and the WWF International for example, all score 90 percent on equitable internal member control of decision making. Yet not all INGOs share the same values. More conservative organisations such as Human Life International did not score well in this category. The ICC too does very poorly in participation capabilities.

INGOs' low score on complaint and response mechanisms is a reflection of the underdeveloped practice of receiving and responding to complaints from external stakeholders through a formalised mechanism. Internal codes of conduct guide the process for dealing with complaints from internal stakeholders, staff in particular; in most contexts this is required by law. Processes are also generally in place to respond to negative feedback or complaints from institutional donors. But a formalised mechanism for responding to complaints from external stakeholders, affected communities in particular, is still a new concept.

Most INGOs are currently addressing grievances and concerns on an ad-hoc basis through the everyday interaction between field staff and local communities or through the more general process of receiving feedback through monitoring and evaluations. Yet a formalised mechanism is more respectful and dignifying for users particularly for INGOs that operate in highly volatile and changing environments, and some INGOs are starting to recognise this. As members of Humanitarian Accountability Partnership International (HAPI), World Vision International is the only INGO in the study that received a partial score for setting up capabilities to receive and respond to complaints from affected communities.

Of the four accountability dimensions, TNCs on average score highest on complaint and response mechanisms and lowest on transparency

The high score of TNCs for complaint and response mechanisms – the highest of all three sectors – is a reflection of the fact that this has become a regulated area of accountability for companies registered on the US stock exchange following the collapse of Enron and WorldCom. The Sarbanes-Oxley Act that followed these public scandals requires companies to have formal procedures for addressing complaints from both internal and external stakeholders relating to accounting and auditing matters and to afford protection to whistleblowers. All of the companies that have these procedures in place handle complaints in relation to broader organisational issues, such as non-compliance with corporate codes of ethics/conduct. Nine out of the ten assessed companies have procedures in place that enable complaints from internal stakeholders to be made. A smaller number have in place capabilities to handle complaints related to non-compliance from external stakeholders; Anglo American, Microsoft, News Corp and Pfizer stand out in this regard.

³⁶ http://cfapp1-docs-public.undp.org/eo/evaldocs1/uneg_2006/eo_doc_350011048.doc

The low score for TNCs in relation to transparency is a reflection of their underdeveloped policies on the issue. TNCs have well developed capabilities to ensure openness with shareholders and institutional investors – a reflection of the relative power of these stakeholders and the fact that disclosure of financial information is a regulated area. These same capabilities, however, are not as developed in relation to transparency on issues that affect the global public good. TNCs are often paralysed by a sense of commercial confidentiality that stops them from releasing any more information than they legally have to.

7 Next steps

The Global Accountability Index is the first initiative to measure and compare the accountability of transnational actors from intergovernmental, non-governmental and corporate sectors. Its purpose is to promote global accountability, achieve organisational change and improve the effectiveness of global decision making. This fosters a more effective and legitimate global governance system.

The 2006 Report has documented the degree to which capabilities at the headquarters / international secretariat of the assessed organisations enable accountability and responsiveness to both the communities they affect and the public at large. In doing so, it has offered the first quantitative insight into how accountability principles are embedded in the organisational policies and systems of transnational actors. The Report has also offered new angles for comparative analysis and provided a unique perspective on the emerging picture of accountability in the currently amorphous global public sphere. More importantly, the Report has provided a conceptual and practical tool for identifying opportunities for improvement on accountability policies and systems of the assessed organizations and the broader sectors.

Following the launch of this report, the project team will make organisational profiles and specific recommendations available to the assessed organisations. The team will continue to actively engage with these organisations and their stakeholder groups to find workable solutions to the accountability challenges that they encounter.

Section 3.2 discussed some of the challenges of measuring accountability as well as ways in which this study would address them. While the main focus of the Report was on processes rather than outcomes or impact, the project team is

progressively developing indicators to capture accountability in practice at both the international secretariat / headquarters and at field level. This will offer further venues for understanding the relationship between accountability commitments and accountability practice.

To this end, a series of working papers will be released through 2007 to accompany this Report. The focus here will be on capturing the degree to which the capabilities of organisations assessed in the 2006 Report materialise in practice. The project team will be actively seeking partner organisations who would be interested in developing joint work to assess how accountable the 30 organisations in this report are at field level in different countries where they operate.

A new set of 30 organisations, ten from each of the three sectors will be released by early 2008. In order to track changes and recognise positive development in this field, in two year's time we will re-assess the same organisations that featured in the 2006 Global Accountability Report. The assessment of 60 powerful global organizations will make a significant contribution to both finding practical solutions to cross-sector accountability challenges and increasing the understanding of global accountability more broadly.

Challenges in assessing the accountability of global organisations are many and the authors of the Report do not claim to have addressed them all. Yet the strength of the study rests in its ability to advocate for principles of accountability that must apply to all organisations that affect the global public sphere. The Report takes a constructive approach and provides a common frame of reference that can form the basis for greater dialogue between global organisations and the people they affect.

If you are interested in any of the future steps of this initiative, would like to become involved, or simply want to find out more details, please write to us at accountability@oneworldtrust.org.

APPENDIX 1: Ongoing accountability reforms at the assessed organisations

ActionAid International: mechanism for disseminating learning

ActionAid International has just recruited a person who will be responsible for synthesising evaluation reports and disseminating the key lessons throughout the organisation.

Amnesty International

Amnesty International is currently in the process of calculating their aggregate expenditure.

GEF: Policy on Private Sector Engagement

GEF is currently revising their policy on NGO network engagement in decision-making processes and it is in the process of developing their policy for private sector engagement.

IFRC: Accessibility

Translation of the Monitoring and Evaluation Handbook into three languages is currently underway.

ILO: Information Disclosure Policy

Based on an on-going dialogue with the One World Trust, the ILO is currently undertaking a process to develop and institutionalise an information disclosure policy.

Oxfam International: Disclosure of Strategic Plan Evaluation

In late 2006 Oxfam International will be making public their evaluation of the 2001-2004 Strategic Plan, *Towards Global Equity*.

Wal-Mart: Environmental Impact Reporting

From 1 January 2007, Wal-Mart's Ethical Standards Program will include environmental criteria covering waste identification, handling and disposal, wastewater treatment and discharge, air emissions and banned substances. As auditing will begin in 2007, throughout 2006 the Ethical Standards team has been training and educating suppliers and factory management on the new environmental criteria.

WIPO: Evaluation Training

In the Proposed Program and Budget for 2006/07 under program 24 – internal oversight – WIPO notes in the actions section that "Besides conducting evaluations, training of program managers and the development of adequate evaluation policies and tools will constitute an important part of the work to be accomplished in the biennium."³⁷

WIPO: Whistleblower policy and procedures

In the 2006 Report on Internal Oversight, WIPO states that work on the establishment of whistle-blowing policies and procedures have been initiated in accordance with the WIPO Internal Audit Charter. An internal review of the draft policies and procedures is expected to take place during the third quarter of 2006.³⁸

WWF International: Training on Transparency and Accountability

The Director of Network Relations, responsible for overseeing organisational practices with respect to transparency and accountability, will undergo relevant training and will potentially train others in the network.

World Vision International: Beneficiary Complaint Mechanism

As a full member of HAP-I, WVI have committed to establishing and implementing an effective complaint handling procedure, once Standard 6 of HAP-I comes into effect.

³⁷ http://www.wipo.int/edocs/mdocs/govbody/en/wo_pbc_8/wo_pbc_8_3_pub.pdf

³⁸ Report on Internal Oversight, 2006 http://www.wipo.int/edocs/mdocs/mdocs/en/a_42/a_42_8.doc

APPENDIX 2: Other accountability initiatives

Brief description of initiative	Assessed organisations the initiative applies to
ALNAP	
Guidance material designed to improve evaluation, learning, and stakeholder engagement in humanitarian organisations	Food and Agriculture Organization, World Health Organization, International Federation of Red Cross and Red Crescent Societies, World Vision International
Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief	
Self-policing code that seeks to include beneficiaries in the management of relief aid	ActionAid International, International Federation of Red Cross and Red Crescent Societies, Oxfam International, World Vision International
Code of Good Practice for NGOs Responding to HIV/AIDS	
A self-certified and socially audited code focusing on stakeholder engagement, corporate governance, transparency, and evaluation	ActionAid International, International Federation of Red Cross and Red Crescent Societies, Oxfam International
Emergency Capacity Building Project	
Guiding principles concentrating on accountability and impact assessment	World Vision International
Extractive Industries Transparency Initiative	
Non-enforced principles seeking transparency and civil society engagement	Anglo American
Global Reporting Initiative	
A framework for corporations to enhance reporting on economic, environmental and social impact; does not require certification or enforcement	Anglo American, Dow Chemical, Microsoft, Pfizer, RWE, Exxon Mobil, Toyota Motor Corporation
Global Sullivan Principles (on Corporate Social Responsibility)	
Non-enforced principles that include a commitment to community engagement	Pfizer
HAP-I	
Principles that require certification and include monitoring through work plans and complaints mechanisms; focuses on transparency, participation, evaluation and C&R mechanisms	World Vision International
IANGO	
Principles for INGOs concentrating on governance, management, transparency, and stakeholder engagement; no certification required	ActionAid International, Amnesty International, Oxfam International
InterAction Certification Scheme for Child Sponsorship Programs	
Third party certification on the PVO standards managed and assured by Social Accountability International for NGOs conducting child sponsorship programs	World Vision

Brief description of initiative	Assessed organisations the initiative applies to
ISO 14001	
Third party certified standards seeking compliance of environmental laws and regulations	ExxonMobil, Nestlé, Toyota Motor Corporation, and Dow Chemical
OECD Guidelines for Multinational Enterprises	
Voluntary recommendations to TNCs in all major areas of business ethics, including information disclosure and environment; reinforced with complaints-based compliance	Anglo American
People in Aid Code	
Code of conduct on the quality of human resource management; successful implementation verified through social audit	World Vision International, Amnesty International
Responsible Care	
A performance initiative verified by an independent auditor seeking best practice on environmental and H&S performance	Dow Chemical
Standards for Charity Accountability	
Voluntary standards focusing on governance, oversight, evaluation, finances, and fundraising	The Nature Conservancy, World Vision International
Standards of Conduct for the International Civil Service International Civil Service Commission, (2001)	
Code of conduct for international civil servants covering personal behaviour and commitment; enforceable by organisation	UN Organisations
UN Global Compact	
Principles, enforced through annual reporting, for companies to support values in human rights, labour standards, environment and anti-corruption	Anglo American
Uniform Guidelines for Investigations	
Voluntary guidelines describing best practices for conducting investigations	UN Organisations and multilateral financial organisations
Voluntary Principles on Security and Human Rights	
Voluntary principles for companies to uphold human rights and ensure security	Anglo American, ExxonMobil

Acronyms

AGM	Annual General Meeting
ALPS	Accountability, Learning and Planning System
BIS	Bank for International Settlements
FAO	Food and Agriculture Organization of the United Nations
G8	Group of Eight
GAP	Global Accountability Project
GEF	Global Environment Facility
GRI	Global Reporting Initiative
HAP-I	Humanitarian Accountability Partnership International
IBRD	International Bank for Reconstruction and Development
ICC	International Chamber of Commerce
ICFTU	International Confederation of Free Trade Unions
IDP	Information Disclosure Policy
IFI	International Financial Institution
IFRC	International Federation of Red Cross and Red Cross Societies
IGO	Inter-governmental Organisation
ILO	International Labour Organization
IMF	International Monetary Fund
INGO	International Non-Governmental Organisation
LEAP	Learning through Evaluation with Accountability and Planning
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
OWT	One World Trust
SEAT	Social and Economic Assessment Toolbox
TNC	Transnational Corporation
UN	United Nations
UNEP	United Nations Environment Programme
WHO	World Health Organisation
WIPO	World Intellectual Property Organization
WTO	World Trade Organisation
WWF	World Wide Fund for Nature

Definitions of terms

Governing Documents: Governing documents refer to the legal contract between members that sets out the objectives and how it is to be governed. Depending on the organisation they may be called Articles of Association, Articles of Agreement, Articles of Incorporation, Constitution or Statutes.

Code of Conduct/Ethics: A formal statement of the values and business practices of an organisation and sometimes its affiliates. A code is a statement of minimum standards together with a pledge by the organisation to observe them and to require its contractors, subcontractors, suppliers and licensees to observe them.

Executive Body: The body elected or appointed by the governing body to carry out the normal business of the organisation in accordance with the governing articles and, where applicable, under the direction of the governing body. Members may, in addition, have statutory responsibility (e.g. company directors).

Federation/confederation: A federation is formed by a group of organisations united in a relationship and having some interest, activity, or purpose in common. A confederation is an entity similar in pyramidal structure to a federation but with a weaker international secretariat.

Intergovernmental organisations (IGOs): international organisations whose members are two or more governments or state agencies. Within the context of the GAP, inter-agency coordinating mechanisms and hybrid institutional arrangements between inter-governmental agencies are also classified as IGOs.

International non-governmental organisations (INGOs): NGOs with operations in more than one country. Within the context of the GAP, other transnational civil society associations – such as the ICFTU and the ICC – are also included under this categorisation, for ease of reference.

Governing Body: The governing body has the ultimate authority in the organisation. It has the power to amend the governing articles and sets the overall direction of the organisation. It typically elects or appoints the executive and oversees its actions. Other powers may vary.

Mechanism: either tools or processes, or a combination of the two. Accountability tools refer to devices or techniques used to achieve accountability. These are often applied over a limited period of time and can be tangibly documented and repeated (for example, performance evaluation reports). Accountability processes are generally more broad and multifaceted than the tools. They emphasise a course of action rather than a distinct end result; the means are important in and of themselves. They are less tangible and time-bound than the tools (for example, stakeholder dialogue).

Non-governmental organisations (NGOs): a subset of civic organisations defined by the fact that they are formally registered with government, they receive a significant proportion of their income from voluntary contributions, and are governed by a board of trustees.³⁹

Stakeholder: Individuals or groups that affect or are affected by an organisation and its activities. These can be internal (those formally apart of the organisation) or external (those not formally apart of the organisation but still affected by an organisations activities).

Transnational corporations (TNCs): companies with operations in more than one country (also known as a multinational corporation).

³⁹ Edwards, M. (2000), NGO Rights and Responsibilities: A New Deal for Global Governance, Foreign Policy Centre, London, p7-8.

List of key organisational documents consulted for the assessment

Intergovernmental organisations

Bank for International Settlements (BIS)

Annual Report, 2006
Statutes of the Bank for International Settlements, June 2005
Review of the Governance of the Bank for International Settlements, September 2004
Internal Audit Charter, March 2003
Code of Conduct, September 1997

BIS website: www.bis.org

Food and Agriculture Organization (FAO)

Approach to major evaluations in FAO, 2004
Evaluation Programme of the Organisation, 2004-2005
Policy on Relations with INGOs, 2004
Basic Texts of the FAO, Volumes I & II, 2000
Policy and Strategy for Cooperation with Non-Governmental and Civil Society Organizations, 1999
Corporate Communication Policy

FAO website: www.fao.org

Global Environment Fund (GEF)

The GEF Monitoring and Evaluation Policy, February 2006
Annual Report, 2004
Rules of Procedure for the GEF Assembly, 2000
Rules of Procedure for the GEF Council, 2000
Public Involvement in GEF-Financed Projects, June 1996
 STAP Terms of Reference
 World Bank Group's Department of Institutional Integrity Terms of Reference
 World Bank Group's Staff Rule 8.01

GEF website: www.gefweb.org

International Labour Organization (ILO)

Organisational Chart, May 2006
Circular on Ethics, April 2006
Programme and budget for 2004-05, March 2006
Compendium of rules applicable to the Governing Body of the ILO, February 2006
Evaluation: a new policy and strategic framework for evaluation at the ILO, November 2005
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Annual Report, 2006
Review of the Fund's Transparency Policy, May 2005
Terms of Reference for the Independent Evaluation Office of the International Monetary Fund, November 2004
Guide for Staff Relations with Civil Society Organizations, 2003
IMF Ethics Officer – Terms of Reference, February 2000
Code of Conduct for Staff, 31 Jul 1998
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Organization for Economic Co-operation and Development (OECD)

Annual Report, 2006
Decision of the Council Relations with International Non-Governmental Organisations, last modified June 2006
Communications: Guiding Principles, 2003
Information Disclosure Policy, August 1997
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OCED website: www.oecd.org

World Bank: International Bank for Reconstruction and Development (IBRD)

Operational Policies: Monitoring and Evaluation (Draft, OP 13.60), Nov 2005
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World Bank Disclosure Policy: Additional Issues, February 2005
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By-Laws of the IBRD, amended September 1980
 Department of Institutional Integrity's Terms of Reference

World Bank website: www.worldbank.org

World Health Organization (WHO)

Evaluation Guidelines, 2006

Report of the Office of Internal Oversight Services,
December 2005

Policy for relations with nongovernmental organizations,
April 2004

WHO Constitution

Rules of Procedure of the Executive Board

Financial Rule 112.3 (c)

Fraud Prevention Policy

WHO website: www.who.int

World Intellectual Property Organization (WIPO)

Annual Report, 2004

Assessment of the Situation of Evaluation in the UN System,
United Nations, Evaluation Group, 2004

Program Performance Report, 2004

Information on WIPO's Development Cooperation Activities,
2000-05

*Convention establishing the World Intellectual Property
Organization*, amended September 1979

General Rules of Procedure for WIPO

WIPO website: www.wipo.int

World Trade Organization (WTO)

Annual Report, 2005

Agreement Establishing the WTO

Annex 3 – Trade Policy Review Mechanism

Guidelines for arrangements on relations with Non-
Governmental Organisations

Joint Appeals Board (JAB) policy

WTO Derestriction Policy

WTO Staff Rules

WTO website: www.wto.org

International NGOs

ActionAid International

Accountability, Learning and Planning System, 2006

Whistle-Blowing Policy, 2005

Global Progress Report, 2004

Taking Stock II Review – Full Reports, 2004

Governance Manual, 2003

Constitution, December 2003

*The Foundation of ActionAid International – Memorandum of
Understanding*, September 2003

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Amnesty International

The Integrated Strategic Plan 2004-2010

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*Policy and Guidelines on Cooperative Activities Between
Amnesty International and the Human Rights Movement*,
July 1996

*Policy for Granting Research Access to Amnesty International's
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How accountable is your organisation?

A brief self-assessment tool

Variations on the checklist below have been used by different organisations that have engaged with the One World Trust when setting up a framework of accountability and appropriate management system to turn accountability commitments into practice. It is based on good practice principles and guidelines of accountability developed by the One World Trust. For more details see Blagescu et al (2005) *Pathways to Accountability: A Short Guide to the Global Accountability Framework*, One World Trust, London.

Each of the statements below can be judged as “**yes**”, “**partly**”, “**no**” or “**don’t know**”. The questionnaire does not provide a scale on how accountable your organisation is; rather it is meant to be used as a starting point for discussion within your team on: areas where the organisation is performing well and not so well (if **yes** and **partly**); the changes needed to increase the accountability of your organisation (if **no**); and areas where there is a need for better information sharing within the organisation (if **don’t know**). For more elaborate and sector-specific assessment tools, contact the project team on accountability@oneworldtrust.org.

1	Transparency	Yes	Partly	No	Don't know
1.1	Your organisation makes a commitment to transparency .				
1.2	It has a policy (or other written documents) on disclosure of information and all relevant staff are trained in this area.				
1.3	This is widely disseminated and made accessible to relevant stakeholders in appropriate format and language.				
1.4	A senior manager/member of the Board is responsible for oversight of the organisation's performance in this area.				
1.5	A member of staff with relevant expertise has overall responsibility for the practical implementation of the policy.				
1.6	Resources are assigned for the implementation of the policy, which cover staff and operational costs.				
1.7	Relevant members of staff are assessed against organisational performance in this area.				
1.8	Details on how the public can request information are actively disseminated and the name of a contact person is provided.				
1.9	Your organisation responds to all requests for information and provides a justification for any denial.				
1.10	There is clarity about the timeframe for responding to information requests.				
1.11	Your organisation has defined a narrow set of conditions for non-disclosure .				
1.12	An appeal process is in place if an information request is denied.				
	TOTAL				

2	Participation: internal member control and external stakeholder engagement	Yes	Partly	No	Don't know
2.1	All members of your organisation are fairly represented on the governing body.				
2.2	All members of your organisation can add items to the agenda of governing body meeting.				
2.3	Members can nominate candidates for all executive board seats.				
2.4	Candidates for the executive body are elected by a majority of members .				
2.5	Members can initiate a process of dismissal of individuals on the executive.				
2.6	Your organisation makes a commitment to engage communities in decision-making processes that affect them.				
2.7	It has a policy (or other written documents) on engagement and all relevant staff are trained in this area.				
2.8	This is widely disseminated and made accessible to relevant stakeholders in appropriate format and language.				
2.9	A senior manager/member of the Board is responsible for oversight of the organisation's performance in this area.				
2.10	A member of staff with relevant expertise has overall responsibility for the practical implementation of the policy.				

2	Participation (continued)	Yes	Partly	No	Don't know
2.11	Resources are assigned for the implementation of the policy, which cover staff and operational costs.				
2.12	Relevant members of staff are assessed against organisational performance in this area.				
2.13	Your organisation clearly communicates how and when communities will be engaged and how they can initiate engagement on issues that affect them.				
2.14	Your organisation communicates the purpose of engagement , the scope of the change , and it is open about the results .				
2.15	Your organisation changes policy and practice as result of engagement. A justification is provided if no change takes place.				
	TOTAL				

3	Evaluation	Yes	Partly	No	Don't know
3.1	Your organisation makes a commitment to evaluate its work and integrate learning from evaluation into future planning.				
3.2	Your organisation has a policy (or other written documents) on evaluation at different levels and all relevant staff are trained in this area.				
3.3	The policy is widely disseminated and made accessible to relevant stakeholders in appropriate format and language.				
3.4	A senior manager/member of the Board is responsible for oversight of the organisation's performance in this area.				
3.5	A member of staff with relevant expertise has overall responsibility for the practical implementation of the policy.				
3.6	Resources are assigned for the implementation of the policy, which cover staff and operational costs.				
3.7	Relevant members of staff are assessed against organisational performance in this area.				
3.8	Your organisation consistently engages relevant stakeholders in evaluation .				
3.9	Your organisation is open about the results of evaluations .				
3.10	Your organisation has a system through which the lessons learnt from evaluation are disseminated within the organisation.				
	TOTAL				

4	Complaint and Response	Yes	Partly	No	Don't know
4.1	Your organisation makes a commitment to respond to all valid complaints .				
4.2	It has a policy (or other written documents) on receiving and responding to complaints and all relevant staff are trained in this area.				
4.3	The policy is widely disseminated and made accessible to relevant stakeholders in appropriate format and language.				
4.4	A senior manager/member of the Board is responsible for oversight of the organisation's performance in this area.				
4.5	A member of staff with relevant expertise has overall responsibility for the practical implementation of the policy.				
4.6	Resources are assigned for the implementation of the policy, which cover staff and operational costs.				
4.7	Relevant members of staff are assessed against organisational performance in this area.				
4.8	A named member of staff is responsible for receiving and handling complaints.				
4.9	Your organisation has a clear definition of what constitutes a valid complaint .				
4.10	Your organisation is clear about the type of responses it offers to different complaints.				
4.11	All complaints are investigated in a fair, impartial and timely manner, and confidentiality of the complainant is respected.				
4.12	The organisation maintains a register of complaints , with details such as: complainant name, investigation timelines and findings, redress details.				
4.13	If a complaint is upheld, then the person making the complaint receives appropriate response .				
4.14	There is an appeal mechanism , so that people can appeal against the results of an investigation.				
	TOTAL				