



one world trust

2008 Global Accountability Report

Robert Lloyd, Shana Warren and Michael Hammer



The One World Trust is an independent think tank that conducts research, develops recommendations and advocates for reform to make policy and decision making processes in global governance more accountable to the people they affect now and in the future, and to ensure that international laws are strengthened and applied equally to all.

Our projects are grouped into three areas, each critical for realising more accountable global governance; the accountability of global organisations, the engagement of citizens in governance, and international law and regulation.

Through our work on the accountability of global organisations, we aim to generate wider commitment to common principles and values of accountability among actors from across the intergovernmental, non-governmental and corporate sectors, and strengthen the capacity of civil society to engage in global policy and decision making processes.

The *2008 Global Accountability Report* is the fifth major report published by the One World Trust as part of this area of work. Like its predecessors, *Power Without Accountability?* (2003), *Pathways to Accountability: The Global Accountability Framework* (2005), and the 2006 and 2007 *Global Accountability Reports*, this year's Report seeks to deepen the understanding of accountability issues at the global level and encourage cross sector learning. As in 2006 and 2007, the 2008 Report assesses 30 global organisations from the intergovernmental, non-governmental and corporate sectors.

The indicators used in the *2008 Global Accountability Report* are based on the principles of the Global Accountability Framework, which were developed over five years of empirical research and engagement with a cross-section of global actors and their respective stakeholder groups. The Framework highlights emerging principles of accountability good practice that are applicable across a wide range of organisations. For more information on the Global Accountability Framework see the 2005 *Pathways to Accountability*, available at www.oneworldtrust.org.



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Executive summary

The *Global Accountability Report* is an annual assessment of the capabilities of 30 of the world's most powerful global organisations from the intergovernmental (IGO), non-governmental (NGO) and corporate sectors to be accountable to civil society, affected communities and the wider public. The aim of the Report is to broaden understanding of and commitment to common principles of accountability among global actors from all sectors. Now in its third year, the Report has assessed the accountability capabilities of 90 global organisations.

Why does global accountability matter?

The financial crisis has confirmed the immense power that global actors, state and non-state, can wield over the lives of individuals. Yet the influence of global organisations reaches far beyond the realm of finance; they impact millions of lives in diverse ways. Global organisations are custodians of savings, they provide employment opportunities, they work to build peace and security, and they deliver basic services. As such, their decisions and actions have profound impacts on people.

Frequently however, those most affected by the activities of global organisations have the least ability to influence them. In the absence of international regulation, and with the limits of traditional state based mechanisms to hold global actors to account, ensuring that global organisations exercise their power responsibly and in the best interests of those they most affect should be addressed as a matter of public concern.

In the face of global challenges such as climate change global governance has a crucial role to play; no state can unilaterally address these challenges. However in order for global governance to be effective and legitimate, we need inclusive and accountable global organisations that respond to the needs of their diverse stakeholders, not just those with the most power.

While there have been advances in extending principles of accountability to the global level, the results of the 2008 Report reveal that even the highest performers have only basic accountability policies and systems in place. Global organisations can and must do better.

Measuring accountability

The *Global Accountability Report* uses four dimensions –

transparency, participation, evaluation, and complaints handling – to examine the capabilities of global actors to be accountable.

Within each dimension, an organisation's accountability capabilities are measured by assessing the integration of key good practice principles in policies and procedures, and the existence of management systems to support their implementation.

While in our work we have found that there are good practice principles of accountability that cut across all types of global actors there is variation and innovation in how these principles manifest themselves within organisations. The Report, therefore, uses a principles based approach to enable a comparative assessment that reflects, but does not penalise, these differences.

Inevitably, commitments made by an organisation in its policies and systems may not be fully reflected in practice. The *Global Accountability Report* therefore does not claim to offer a complete and definitive assessment of an organisation's accountability. Recognising that accountability practice is crucial, as part of this year's Report short case studies have been produced by stakeholders of some assessed organisations. These case studies examine how policy is playing out in practice and are available on our website.

High level findings

Top performers – overall accountability capabilities

Overall accountability capability scores are an average of accountability capabilities in each of the four dimensions. IFOAM is the highest scoring INGO, and at the top of the 30 organisations this year with a score of 71 percent. EBRD is the highest scoring IGO at 70 percent and BHP Billiton ranks highest within the corporate sector at 66 percent. Table 1 lists the overall accountability capabilities and ranking of each assessed organisation grouped according to sector ranking.

A need for a step change in global accountability

The results of this year's assessment reveal a clustering of overall accountability capabilities scores around 70 percent. While these organisations represent the highest performers; none score consistently well across all four dimensions and only the IFC manages to score above 70 percent in three of the four.¹

In addition a score of 70 percent in all dimensions only indicates that an organisation has policies in place that meet some good

¹ The IFC lags behind all other assessed organisation in equitable member control, scoring only 46 percent. This leaves substantial progress to be made before the IFC could achieve a 70 percent threshold in all dimensions of accountability capabilities.

practice principles and the basic management systems to support their implementation. This is the floor, not the ceiling, of accountability capabilities. The fact that no assessed organisation scores above 70 percent in all four dimensions is simply not good enough. If global organisations are to be part of the solution to global challenges, there needs to be a step change in their approaches to accountability. By 'step change in accountability' we mean a transformation that occurs over a short period of time and which makes a significant impact on an organisation's accountability policies and systems.

Part of this step change requires that organisations start implementing the more challenging accountability reforms which truly empower external stakeholders to hold an organisation to account. Organisations must also take the necessary steps to embed accountability in their culture and ensure it is being translated into practice

Cross sector findings

With the *Global Accountability Report* having assessed 90 global organisations over three years, this year's Report reflects on what the data from 2006, 2007 and 2008 indicates about the state of accountability across the three sectors. The findings offer broad insights into common scoring patterns across the four dimensions of accountability, sector strengths and weaknesses, and gaps in accountability in global governance.

Each year, the IGO sector has consistently scored highest in transparency and evaluation and the INGO sector has, by a large margin, scored highest in participation. Companies present a more mixed picture. While in 2006 and 2007 companies outperformed the other sectors in complaints handling, this year's results suggest that the picture is more nuanced and is partly dependent on where the company is headquartered.

Each year, all sectors have failed to consistently score above an average of 50 percent for transparency and complaints handling capabilities. While organisations may struggle in these dimensions, positive reforms can be achieved. Each year we have seen organisations from each sector that buck the trend and score well in both areas.

Overall, the corporate sector lags behind the other sectors in its accountability capabilities. Companies generally address accountability on an ad hoc basis rather than through specific policy commitments against which stakeholders can hold them to account. On a more fundamental level, that companies are established for private gain, rather than public benefit, explains their weak performance in relation to the other sectors whose

Table 1: Overall accountability capabilities scores

Organisations	Overall score (%)
IGOs	
EBRD	70
IFC	69
UNICEF	69
EIB	66
*UNHCR	65
AfDB	61
IOM	48
APEC	47
*NATO	36
*IAEA	33
INGOs	
IFOAM	71
Plan Int'l	69
CRS	68
Transparency Int'l	68
Islamic Relief	68
IPPF	62
FLO	56
ICRC	56
CARE Int'l (Secretariat)	45
*IOC	32
TNCs	
BHP Billiton	66
Royal Dutch Shell	65
Carrefour	53
EDF	50
Unilever	50
Goldman Sachs	49
Cargill	44
*Deutsche Post World Net	42
Halliburton	38
*CEMEX	37
* Denotes organisations that did not engage with the research process.	

public accountability is more directly related to their purpose. Many companies have broad economic, environmental and social impacts. Reconciling the tension between private purpose and public impact is a central challenge for corporate accountability.

Transparency

An assessment of an organisation's capabilities to support consistent public disclosure and responses to information requests.

Top performers per sector: EIB and IFC (76%), IFOAM (66%), BHP Billiton (52%)

- The overall picture of transparency capabilities is disappointing. Transparency is one of the least developed dimensions of accountability across all sectors with the IGO sector averaging 45 percent, INGOs 41 percent and corporations 36 percent.
- Only two organisations, the EIB and the IFC, score above 70 percent, the minimum threshold for transparency capabilities. Two thirds of assessed organisations (20) fail to achieve 50 percent. Strikingly, Transparency International scores only 53 percent and fails to commit to a number of good practice principles in transparency.
- Only nine organisations have transparency policies. Notably, none identify a narrowly defined set of conditions for non-disclosure.

Participation

An assessment of an organisation's capabilities to support equitable member control and the consistent engagement of external stakeholders in decision making and activities.

Top performers per sector: UNICEF (89%), IFOAM (98%), BHP Billiton (82%)

- INGOs score highest in participation with 83 percent. IGOs are second with 66 percent and corporations third with 60 percent.
- Of the three sectors, INGOs have the most equitable member control with an average score of 96 percent, followed by companies with 85 percent. IGOs lag behind with 75 percent, primarily as a result of the Multilateral Development Banks (MDBs) (principally the AfDB, EBRD and IFC), which have governance structures that allow their most powerful members to have disproportionate influence over decision making.
- In general, high INGO scores in equitable member control reflect the orientation of many INGOs, especially those that are involved in anti-poverty and social justice activities (the majority of this year's organisations), towards bringing about change through coalition building and cooperation.

- A total of five INGOs score above 70 percent for their stakeholder engagement capabilities, reflecting the emphasis that many INGOs attach to participatory approaches. Only two IGOs and one company achieve this minimum threshold. The majority of companies score below the 50 percent mark and the corporate sector averages only 36 percent.
- Over two thirds of all the assessed organisations—eight IGOs, seven INGOs, and six corporations—have institutionalised the involvement of external stakeholders in decision making at the governing, executive and/or senior management levels.

Evaluation

An assessment of an organisation's capabilities to support evaluation and learning (for companies the focus is split equally between environmental and social impact evaluation).

Top performers per sector: UNICEF (98%), CARE International (Secretariat) (94%), Royal Dutch Shell (88%)

- IGOs have the most developed evaluation capabilities, scoring an average of 70 percent followed by INGOs at 69 percent and the corporate sector at 61 percent. Evaluation is the highest scoring dimension for both the IGO and corporate sectors. 17 of the 30 organisations score over 70 percent and ten of these exceed 80 percent, four IGOs, three INGOs and three corporations.
- Organisations involved in service delivery and poverty alleviation top the IGO and INGO sectors for evaluation capabilities. Four IGOs and three INGOs working in this area score over 80 percent.
- While the corporate sector scores an average of 61 percent for its overall evaluation capabilities, this masks a substantial gap between strong average environmental evaluation capabilities scores at 77 percent and weak average social evaluation capabilities scores at 45 percent.
- Among the assessed corporations, BHP Billiton and Royal Dutch Shell have the most developed capabilities for environmental and social impact evaluation. This is unsurprising given that both operate in the extractive industries, which have direct and tangible impacts on the environment and communities.

Complaints and response handling

An assessment of an organisation's capabilities to provide safe channels for internal and external stakeholders to make complaints and receive a response.

Top performers per sector: AfDB (77%), Transparency International (84%), Goldman Sachs (62%)

- Across the three sectors, complaint and response handling mechanisms are one of the most consistently underdeveloped dimensions of accountability with IGOs and INGOs scoring an average of 45 percent, and corporations 40 percent.
- The average scores for complaints and response capabilities are low primarily because of weak policies and systems for handling external complaints. Of the 30 assessed organisations, only five score over 50 percent in this area.
- External complaints handling is a major accountability gap for global organisations. Across the 30 organisations the average score is only 28 percent. This reflects low average scores across all sectors with IGOs scoring 30 percent, INGOs 33 percent and the corporate sector 20 percent.
- Overall sector averages for internal complaints handling capabilities show very little cross sector variation; IGOs average 60 percent, INGOs 56 percent and corporations 59 percent. Encouragingly, all but two organisations have some form of procedures for handling complaints from internal stakeholders.
- While two thirds of assessed organisations (21) have internal complaints policies, their quality varies significantly. Many organisations are failing to create a safe environment for staff to make complaints without fear of retaliation.

Next steps for the Global Accountability Report

The *Global Accountability Report* has become a powerful tool for highlighting accountability gaps, encouraging the sharing of good practice and advancing reform within global organisations. However, over the past three years accountability debates and practices have evolved and new powerful actors emerged in global governance that we are unable to assess based on our current indicator framework. To adapt to these changes, next year we will run a series of consultations with assessed organisations and stakeholders in civil society, parliaments, governments, global organisations and research institutes to review the indicators and methodology used in the *Global Accountability Report*.

1 Why does the accountability of global organisations matter?

The current financial crisis demonstrates the significant influence that global actors such as banks and other financial institutions can have on the lives of millions. People around the world, often the poorest who bear no responsibility for the turmoil in financial markets, are suffering from job losses and watching their savings erode. They played no part in the decisions that precipitated the crisis, yet they are paying the price. The crisis has confirmed the immense, and in this instance, destructive, power that global actors, state and non-state, can wield over the lives and livelihoods of individuals.

Yet the influence of global actors reaches far beyond the realm of finance; global organisations from across the intergovernmental (IGO), non-governmental (NGO) and corporate sectors impact the lives of millions in diverse ways. They are custodians of savings, they provide employment opportunities, they work to build peace and security, and they deliver basic services. Service providers such as the International Telecommunications Union, make decisions affecting the cost and quality of communications services worldwide. Humanitarian organisations such as the UN and Oxfam can literally be the last line between life and death for millions in disaster and conflict situations.

Frequently however, those most affected by the activities of global organisations have the least ability to influence them. Disaster survivors struggle to voice concerns if the aid delivered by humanitarian agencies fails to meet their needs. Communities whose local environment is polluted by industrial activity often lack the channels to hold the perpetrators to account. Developing country representatives are frequently excluded from the discussions within multilateral agencies that impact their citizens. In the absence of international regulation, and with the limits of traditional state based mechanisms to hold global actors to account, ensuring that global organisations exercise their power responsibly and in the best interests of those they most affect should be addressed as a matter of widespread public concern.

The effects of climate change and the instability caused by the food and financial crises underscores that we need global governance more than ever before. These are truly global issues that no state can address unilaterally. However, unless we are able to build more inclusive and responsive global organisations that are accountable to the needs of their diverse stakeholders, not just those with the most power, we will continue to struggle to develop sustainable responses to these global challenges.

The 2008 *Global Accountability Report*, as in previous years, provides a snapshot of where we stand with regards to the accountability of global actors and offers suggestions on how we can move forward. This year, in addition to the annual assessment of 30 global organisations, we reflect on some of the trends and developments in global accountability since the 1980s. There have been major advances in extending principles of accountability to the global level. Debates on accountability have evolved considerably and a growing body of good practices has emerged. However, in light of significant global challenges, global organisations must do better. The results of this year's Report reveal that even the top performers have only basic accountability policies and systems in place. If global organisations are to be part of the solution to global problems, they need to work with their key stakeholders to build accountability capabilities that address both organisational and stakeholder needs.

2 Trends and challenges in global accountability

Despite the ongoing challenges faced in making global organisations from across the IGO, INGO and corporate sectors more accountable, we have seen significant developments in the debate and practice of accountability at the global level. Growing numbers of organisations are recognising that being open and transparent, engaging stakeholders, evaluating and learning, and responding to complaints is crucial to their legitimacy and effectiveness. Reflecting on these developments, this section highlights where progress has been made since large scale activism and interest in global organisations began and when many of the first accountability reforms were initiated in the 1970/80s, and identifies where some of the major accountability challenges remain. It sets the scene for the results of this year's assessment of the accountability capabilities of 30 global organisations.

To aid the reader, we have developed sector timelines that detail key reforms in the accountability of global organisations. Within each sector these timelines chronicle the emergence of specific mechanisms, policies and procedures at the global level that

Box 1: What does it mean for an organisation to be accountable?

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

In practical terms it involves:

- Being open and transparent about activities and decisions
- Involving internal and external stakeholders in the activities and decisions that affect them
- Evaluating performance on an ongoing basis and learning from mistakes
- Being responsive to complaints from internal and external stakeholders.

have strengthened accountability. While not intended to be comprehensive, the timelines illustrate some of the high level trends and developments in global accountability since the 1970/80s. They provide readers who are only familiar with accountability debates within a particular field or sector, or those that are new to these debates altogether, with an overview of the types of accountability mechanisms that have emerged at the global level.

Where has there been progress in realising global accountability?²

Accountability is on the agenda of global organisations

A clear outcome of the past 30 years of research and advocacy on accountability is that the issue is on the agenda of global organisations across all sectors. Growing numbers of actors are trying to identify to whom and for what they are accountable and developing the mechanisms and structures to achieve this accountability. As the timelines indicate, we have come a long way since the 1970/80s in extending principles of accountability to the global level.

Among INGOs, particularly over the past five years, there has been considerable growth in both organisational and sector-wide accountability initiatives. Organisations such as ActionAid International, Plan International and WWF International have all developed policies on transparency; Islamic Relief and other humanitarian agencies have developed complaints procedures for project communities. Meanwhile Oxfam International and Save the Children have scaled up participatory practices and are involving key external stakeholders in organisational governance, and a number of organisations such as World Vision International have appointed staff specifically to lead on issues of internal accountability and transparency.

Similar dynamics have been at play amongst the newer breed of INGOs involved in standard setting. In the late 2000s for example, the Internet Corporation for Assigned Names and Numbers (ICANN)³ and the International Accounting Standards Board (IASB) developed accountability and transparency guidelines.⁴ At the same time, the ISEAL Alliance, a coalition of organisations involved in social and environmental standards

² Parts of this section are drawn from Lloyd, R "Promoting Global Accountability: The Experiences of the Global Accountability Project." *Global Governance*, Vol. 14, No. 3, July-September 2008.

³ ICANN coordinates the global Internet's system of unique identifiers and ensures the stable and secure operation of the Internet's unique identifier systems. Unique identifiers are a series of numbers that enable computers that make up the Internet to find one another.

⁴ In 2007, ICANN developed a set of Accountability and Transparency Management Operating Principles; in 2006 IASB developed its Due Process in standards development.

setting developed a *Code of Good Practice*, which identified principles of transparency and stakeholder engagement as crucial to sustaining their legitimacy as global actors.⁵

The IGO sector has seen similar trends. An increasing number of mechanisms have emerged since the 1980s designed to open up organisations to outside scrutiny, involve civil society in policy discussion and enable citizens and communities to raise issues of concern. Transparency policies have become commonplace since the World Bank first adopted its *Information Disclosure Policy* in 1994. Complaints procedures have also become more widespread with all the Multilateral Development Banks (MDBs) now having mechanisms for project affected communities to seek redress. Concerns around internal corruption and fraud have led to the strengthening of internal audit functions and the development of whistleblower protection policies. There has also been greater focus on measuring impact with a number of agencies establishing independent evaluation offices, and rolling out results based management systems.

Accountability has also moved onto the corporate agenda. The 1980s witnessed the development of many corporate environmental codes of conduct in response to both increased regulation and public pressures in the wake of industrial disasters. During the 1990s, globalisation and NGO activism added labour and social development concerns to the agenda. Multi-stakeholder initiatives such as the Forest Stewardship Council and the Ethical Trading Initiative emerged to address social and environmental concerns through partnership between corporations, NGOs and IGOs. Simultaneously, increasing numbers of companies started reporting on their environmental and social impact, and engaging stakeholders in a more systematic way. The term ‘corporate social responsibility’ (CSR) came to the forefront. By the early 2000s, social and environmental impact evaluation and reporting had become widespread and was supported by the Global Compact and a myriad of CSR consultancies. Today, the Global Reporting Initiative (GRI) has over 1,500 companies using its reporting framework to publicly communicate social and environmental impacts.

As the evidence suggests, irrespective of sector, global organisations are recognising that legitimacy and effectiveness are tied to their ability to show to whom, for what and how they are accountable. Of course the depth with which organisations engage with these issues varies considerably. Some

organisations are more committed than others, but the initial argument for strengthened accountability has clearly been won and global organisations across the spectrum are responding positively.

Accountability has provided a broad agenda for diverse groups to come together

Accountability has proven to be a powerful concept for galvanizing support for the reform of global organisations. The breadth of the issue provides a wide platform on which divergent groups can come together. For example, the CSR agenda brings together groups working on sustainability reporting, social and environmental impact analysis, corporate governance, development issues and human rights concerns. Similarly, advocacy on the accountability of the MDBs and International Financial Institutions (IFIs) has brought together a wide variety of groups working on issues as diverse as the environment, trade, development, human rights and health. Accountability is the thread that runs throughout these different agendas. It often lies at the root of the problems these groups are exposing and is an important part of the solutions. Mobilising a wide range of groups around a broad common goal such as ‘corporate accountability’ or ‘IFI reform’ not only has helped to increase leverage for change, but has also promoted a more coherent and holistic approach to accountability within global organisations themselves.

Growing consensus across sectors of how to define global accountability

When the One World Trust first started working on issues of organisational accountability in the late 1990s we were struck by the lack of understanding among global organisations and their stakeholders as to what accountability at the global level should look like and what mechanisms and procedures could be used to help bring it about. Over the past ten years there has been notable progress towards forging a common vision of accountability at the global level. The specific ways in which an organisation addresses accountability vary, and this is reflected in the diversity of organisational initiatives identified in the timelines, but the underlying principles are often the same. IGOs and INGOs may develop transparency policies, and companies might focus on CSR reporting, but they are both driven by the same underlying value of ensuring openness and transparency about organisational activities and impact. Companies may integrate social and environmental issues into their corporate

⁵ The ISEAL (International Social and Environmental Accreditation and Labelling) Alliance’s Code of Conduct for Setting Social and Environmental Standards is available via www.isealalliance.org.

reporting and INGOs may establish evaluation and learning departments, both are driven by the same need to measure and communicate externally their impact on society. This represents an important development in the debates on global governance and accountability; a common understanding of what accountability means lays the groundwork for more meaningful dialogue between sectors and builds trust and understanding between organisations.

Sectors are defining common norms and standards

Progress in global accountability has also been notable in the area of self-regulation. As the debates on accountability have evolved, groups of organisations have come together and identified the norms and standards against which they are willing to be held to account by both their peers and the public. In the corporate sector there are now a plethora of initiatives that elaborate principles and standards defining acceptable social and environmental impact. INGO initiatives address a range of issues including internal governance, financial management, quality and effectiveness. IGOs initiatives, while less common,

cover issues as diverse as evaluation practices and the effectiveness of development aid.

Given the fragmented nature of national regulation and the lack of international frameworks governing global organisations’ activities, self-regulation on these issues is an important tool for realising accountability at the global level. To see the initiatives that this years’ assessed organisations are involved in and the breadth of issues they cover, see Appendix 3.

The self-regulatory initiatives that have emerged across sectors since the 1980s are diverse in form. They sit along a continuum from informal peer groups that share learning and practice, to codes of principles, more detailed conducts of conduct, formal certification and third party verification. Which approach is taken often reflects the level of debate on accountability in a particular sector. Certification, for example, tends to emerge only when debate and discussion on accountability has matured to the point of clear understanding and agreement on common standards against which organisations are willing to be assessed.

Table 2: Timeline of accountability reforms within the IGO sector since the 1970/80s

1970/80s	1990s
<ul style="list-style-type: none"> ▶ Most IGOs initiated internal auditing policies at their inception or during the 1960s and 1970s. For example, the World Bank’s Independent Evaluation Group is established in 1973. ▶ Beginning in the 1970s, IGOs experience a growing amount of interest and engagement with INGOs. The UN establishes the UN Non-Governmental Liaison Service (1975) and the Council of Europe establishes the NGO Liaison Committee (1976). The World Bank establishes the NGO-World Bank Committee (1981) and the NGO Unit (1983). ▶ Formal accountability reforms during the 1980s are limited, most are ad hoc and informal. 	<ul style="list-style-type: none"> ▶ As the issue of internal auditing and fraud becomes a growing concern, IGOs strengthen internal accountability. In 1993, the UN establishes a unit to investigate allegations of misconduct and mismanagement. In 1999, the EU establishes a policy to protect whistleblowers. ▶ Simultaneously, IGOs begin developing external accountability mechanisms. In 1993, the World Bank becomes the first IGO to establish a complaints mechanism for project affected communities followed by the IDB (1994) and the ADB (1995). A number of IGOs develop formal transparency policies including the World Bank (1994), the IDB (1994), the EBRD (1996), the OECD (1997) and UNDP (1997). ▶ As the level of engagement with INGOs increases, IGOs develop formalised NGO engagement policies. These include the WTO (1996), FAO (1999), the ADB (1998), UNEP (1999) and the Council of Europe (1999). The majority acknowledge the role NGOs play in global public policy, but make no commitments as to when and how NGOs will be engaged.

As the INGO timeline illustrates, self-regulation first developed in the NGO sector in the mid 1990s among humanitarian agencies. Following the genocide in Rwanda and the subsequent Joint Evaluation on the International Response to the Genocide recommendations that agencies strengthen their systems of accountability to recipients of assistance, a number of Initiatives emerged. These include the IFRC (*International Federation of Red Cross and Red Crescent Societies*) *Code of Conduct* and the Sphere Project, which identifies technical standards for working in emergency situations. Around the same time, national umbrella bodies for development and humanitarian NGOs in a number of Western countries were developing codes of conduct detailing basic standards in financial management, governance and operations. For example, in 1994, the American Council for Voluntary International Action (InterAction) developed its Private Voluntary Organisation (PVO) Standards; soon after, in 1996, the Australian Council for International Development (ACFID) developed its Code of Conduct.

The past five years has seen an expansion of NGO self-regulation into thematic areas and beyond the humanitarian and development sectors. In 2003, the *Code of Good Practice for NGOs Responding to HIV/AIDS* was developed by 11 global INGOs involved in tackling HIV. The consultative process through which the *Code* was developed resulted in over 160 organisations signing on by the time of its launch.⁶ In 2006, 16 international advocacy NGOs developed the *INGO Accountability Charter* which commits member organisations to principles such as transparency, accountability and responsible lobbying. Most recently, in 2007, the Humanitarian Accountability Partnership International (HAP) began certifying NGOs against its *Standards in Accountability and Quality Management*.

Self-regulation on issues of social and environmental impact has a longer history in the corporate sector. As the corporate timeline indicates, codes of conduct had emerged by the 1980s, particularly in response to environmental concerns. An early example is the European Chemical Industry Council, which developed the *Responsible Care Programme* and reporting

2000s

- ▶ Existing internal and external accountability mechanisms are revised and accountability reform spreads to a wider range of organisations.
- ▶ IGOs continue to strengthen whistleblower protections, including the UN (2006), the IMF (2008) and the World Bank Group (2008). Offices to oversee internal evaluation are expanded to most IFIs including the IADB (1999), the ADB (2000) and the IMF (2001). The UN Evaluation Group publishes its Norms and Standards for evaluation practice (2005). Results-based management systems are adopted by most IGOs.
- ▶ In an effort to enhance participation of developing countries in institutional decision making processes, reform processes begin at the IMF (2006) and World Bank (2008).
- ▶ External complaints handling procedures are established by the IFC and MIGA (2000), the EBRD (2003), the AfDB (2004) and EIB (2008). IGOs such as the ADB revise their complaints mechanisms to include problem solving functions. The IMF develops its first formal transparency policy (2001) followed by the AfDB (2003) and the EIB (2007).
- ▶ Institutionalised NGO engagement mechanisms such as advisory panels are established across a range of IGOs including UNDP (2000), UNEP (2000) and AU (2001). The Council of Europe grants INGOs participatory status (2003).

⁶ Available from www.hivcode.org/about-the-code/about-the-code-/who-created-it/

guidelines in 1985. By the early 1990s companies had also begun to seek external certification of their compliance with standards through organisations such as Social Accountability International (1997). Over the past decade, corporations have focused on participation in and development of multi-stakeholder initiatives. These include the Ethical Trading Initiative (1998), the UN Global Compact (2000), the Extractive Industries Transparency Initiative (2002) and the Equator Principles (2003) for responsible project finance.

Self-regulation among IGOs has been less widespread, and exercised mainly through informal peer networks. For example, among MDBs, staff involved in civil society engagement or complaints procedures for project affected communities meet on a regular basis to share information, good practice and learning (the impact of this peer learning is evident from the similarities between MDB complaints mechanisms presented in

Section 8). Among UN agencies, evaluation professionals established an informal network in 1984 which evolved into the UN Evaluation Group (UNEG) in 2004. This group subsequently developed the *UNEG Norms and Standards* in evaluation practice in 2005. Most recently, in 2005, most MDBs and IFIs signed on to the Paris Declaration, which details donor commitments to ownership, alignment, harmonisation, management for results and mutual accountability in the delivery of aid.

Where are the challenges in realising global accountability?

While there have been many developments in accountability, we cannot be triumphant. There is still much work to do and some major barriers to overcome which, if not addressed, will continue to stall the development of more legitimate, effective and accountable global governance across all sectors.

Table 3: Timeline of main accountability reforms within the INGO sector since the 1970/80s

1970/80s	1990s
<ul style="list-style-type: none"> ▶ INGOs are emerging as influential actors in global policy processes. The sector is primarily focused on the accountability of others; there is little discussion of issues of organisational accountability or the need for self-regulation. 	<ul style="list-style-type: none"> ▶ Accountability moves on to the agenda of humanitarian INGOs following the genocide in Rwanda. In 1995, the Joint Evaluation on the International Response to the Genocide recommends that agencies strengthen their systems of accountability to recipients of assistance. A number of self-regulatory initiatives emerge around the same time including the IFRC Code of Conduct (1994), People in Aid (1997), Sphere Project (1997), ALNAP (1997) and Humanitarian Ombudsman Project (1998). ▶ National level self-regulation also emerges among associations of development and humanitarian NGOs based in the US (1992) Australia (1994) and Canada (1995). ▶ Towards the end of the decade, a number of development INGOs such as Oxfam GB, Save the Children UK and Novib begin developing methodologies for measuring the outcomes and impact of their work.

Making self-regulation work as a tool for global accountability

Self-regulation can provide an important tool for accountability at the global level. It can improve organisational behaviour where regulation is lacking. It can also be used to define good practice, share learning and hold organisations to account publicly on a range of issues. Yet, to realise its potential a number of challenges need to be overcome. Creating the incentives for organisations to join self-regulatory initiatives and developing appropriate structures to ensure compliance is key.

Self-regulation is by definition voluntary; organisations are free to decide whether or not they abide by the standards or principles of an initiative. This limits the impact self-regulation can have on a sector and therefore also limits its reach as an accountability tool. Incentives need to be created to encourage organisations to participate. In some INGO initiatives such as the

ACFID Code of Conduct for example, compliance has been tied to accessing donor funds. Corporate self-regulatory initiatives such as the Carbon Disclosure Project may also encourage voluntary participation to pre-empt or set standards for government regulation, providing a strong incentive to both participate and comply.

Perhaps more problematic is the fact that self-regulatory initiatives frequently lack enforcement mechanisms. Once a member of an initiative, it is often left to the organisation to ensure that the principles are followed and to what extent it reports publicly on compliance. This lack of enforcement is problematic as it can sometimes lead to free riding. While organisations may sign up to an initiative because they agree with its content, they frequently fail to dedicate adequate human and financial resources to identifying and implementing the changes that are required to ensure compliance. For example,

2000s

- ▶ Following high profile protests around the WTO, IMF and World Bank, INGOs solidify their role as influential actors within global governance. This sparks growing public interest in the sector and leads to questions about its accountability, from the Economist (1999) among others. In the early 2000s the American Enterprise Institute launches the NGOWatch website (2003), and the One World Trust begins to assess the accountability of INGOs alongside TNCs and IGOs in its first *Global Accountability Report* (2003). The *Tsunami Evaluation Coalition Report* finds significant gaps in accountability to beneficiaries hindered relief efforts following the Indian Ocean Tsunami (2004).
- ▶ A range of organisational and sector accountability initiatives follow. INGOs begin recruiting staff specifically to lead on accountability issues including World Vision International, Christian Aid, British Red Cross and Amnesty International. Transparency policies are developed by many INGOs, including ActionAid International (2003), WWF International (2004), Christian Aid (2005), Oxfam International (2006), Oxfam GB (2007) and Plan International (2008). INGOs begin developing public and beneficiary complaints mechanisms including Christian Aid (2007), Oxfam GB (2007), ActionAid International (2008), Tearfund (2006) and Islamic Relief (2008). Key stakeholders are invited to participate in organisational governance such as Oxfam International's consultative forum (2001) and Save the Children's Global Children's Panel (2008).
- ▶ Self-regulatory initiatives expand and deepen within the sector including: the Code of Good Practice for NGOs Responding to HIV/AIDS (2003), the child sponsorship INGO certification process (2005), the INGO Accountability Charter (2006), the HAP Accountability and Quality Management Standard (2007), the Open Forum on CSO Development Effectiveness (2008) and the GRI NGO reporting framework (2008).
- ▶ INGOs involved in standard setting start addressing issues of accountability. ICANN (2007) and IASB (2006) both develop accountability and transparency guidelines. FLO, IFOAM, Social Accountability International and other social and environmental standard setters form the ISEAL Alliance and develop a Code of Conduct on good practice in setting standards that identifies accountability as crucial to their legitimacy.

the IFRC has conceded that the contribution of its code to NGO accountability has been weak.⁷ Similar criticism has emerged in reference to the UN Global Compact. The challenge facing self-regulatory initiatives is therefore in developing appropriate mechanisms to support enforcement and ensure compliance.

In reaction to these concerns in the corporate sector a number of multi-stakeholder initiatives, such as the Fair Labour Association, the Forest Stewardship Council, and SA8000 (a set of fair labour standards) have emerged that involve NGOs, IGOs, companies and governments. These initiatives represent a shift away from purely self-policing initiatives towards verified compliance through third party certification, labelling, and monitoring and reporting.⁸

While the debates and practices of self-regulation are more nascent among INGOs, there have been similar movements towards self-regulation with stronger built in compliance. HAP, for example, conducts third party certification against its *Accountability and Quality Management Standards*. The Child Sponsorship Accreditation Project uses third party auditors to certify development agencies' compliance with the PVO standards. The *Code of Good Practice for NGOs Responding to HIV/AIDS* requires a self-assessment within three months of becoming a member and the development of a detailed action plan.

If self-regulation is to prove an effective means of ensuring minimum standards of conduct around critical issues such as social and environmental impact, quality and effectiveness, it is

Table 4: Timeline of accountability reforms within the corporate sector since the 1970/80s

1970/80s	1990s
<ul style="list-style-type: none"> ▶ The 1970s see the beginnings of an international regulatory framework for corporations, but one that lacks enforcement. The UN sets up a Centre on Transnational Corporations that leads to the development of a Draft Code of Conduct on TNCs (1974), the OECD adopts its Declaration on International Investment and Multinational Enterprise (1976), and the ILO establishes the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (1977). ▶ Public concern over major industrial disasters Union Carbide Bhopal (1984) and Exxon Valdez (1989) leads to specific regulations and voluntary codes of conduct to monitor the environmental impact of the chemical and extractive industries sector. The European Chemical Industry Council develops the Responsible Care Programme and reporting guidelines (1985). The United States passes a law requiring mandatory public disclosure of use and emissions of regulated chemicals (1986). 	<ul style="list-style-type: none"> ▶ The spread of major chain stores that depend on overseas suppliers brings attention to working conditions in the developing world. Civil society movements start mobilising around labour conditions and environmental issues. As a result, certification processes, such as the Forest Stewardship Council (1992) and Social Accountability International (1997) emerge. The Dow Jones Sustainability Indices are launched to track the financial performance of companies leading in sustainability worldwide (1999). ▶ Companies, particularly in the garment sector, begin establishing their own codes of conduct regarding supply chain practices. In 1992, Levi Strauss adopts its Business Partners Terms of Engagement. Other companies follow, including C&A and Otto Versand.⁹ The Ethical Trading Initiative is established (1998) to promote and improve the implementation of corporate codes of practice which cover supply chain working conditions. ▶ Some companies begin implementing social auditing processes. Ben & Jerry's produces the first ever Stakeholders Report (1989) and the Body Shop produces its first Values Report including statements on environmental and social impact and animal protection (1993). BP produces a social impact assessment of Angolan oil exploration in its Social Report (1997). A handful of companies such as Dow (1991), Unilever (1998) and Scottish Power (1998) establish panels composed of NGOs and experts to provide advice and guidance to management on environmental issues¹⁰.

⁷ IFRC, "Code of good practice for NGOs responding to HIV/AIDS: sign on implementation and accountability: options and recommendations." IFRC, Geneva: 2004.

⁸ Utting, P. "Rethinking Business Regulation: from Self-Regulation to Social Control." *United Nations Research Institute for Social Development*, September 2005.

⁹ Jenkins, R. *Corporate Codes of Conduct; Self Regulation in the Global Economy*, Geneva, UNRISD, 2001

crucial that mechanisms are in place to encourage involvement and ensure compliance. Only then will they serve as effective tools for accountability.

Moving beyond technical to political accountability reform

A major challenge for the future is to achieve political as well as technical accountability reforms. All accountability reforms tend to upset established ways of working and can generate conflict within an organisation. However, some changes generate more resistance than others. Technical accountability reforms, such as the development of whistleblower policies or the establishment of advisory panels, may generate initial resistance, but internal support and momentum can quickly be built for such

administrative reforms. Political reforms, those that strike at the heart of power and decision making structures, are often more intractable. Take the World Bank and IMF, for example; as indicated in the timeline, both institutions have implemented a range of technical accountability reforms since the 1980s, including policies and spaces for civil society to interact with staff. But, when it comes to issues of inequitable voting structure and composition of their executive boards, little has changed; those that hold the purse strings continue to exercise the greatest control over decisions.¹¹

INGOs face similar issues. While many are embracing the accountability agenda and developing new mechanisms and procedures, *Global Accountability Reports* have revealed a

2000s

- ▶ Increasing concern regarding corporate responsibility leads to renewed activity by IGOs to establish international regulatory frameworks. In 2000, the UN Global Compact is launched, and both the ILO Tripartite Declaration on Principles Concerning Multinational Enterprises and Social Policy and the OECD Guidelines for Multinational Enterprises are amended.
- ▶ Major corporate scandals in companies such as Enron (2001) and WorldCom (2002) lead to greater oversight and regulation of corporate activity. The Sarbanes-Oxley Act (2002) is enacted to improve quality and transparency in financial reporting for publicly traded US companies. The Act also provides comprehensive protection for employee whistleblowers.
- ▶ Some countries introduce legislation requiring companies to disclose social and/or environmental performance, including Sweden (1999), Netherlands (1999), France (2001) and Australia (2001).
- ▶ INGOs and corporations work together to strengthen certification processes, performance measures and codes of conduct. GRI releases its Sustainability Reporting Guidelines (2000), EITI is launched to promote transparency in extractive industries (2002), the Equator Principles are established to create a financial industry benchmark for managing social and environmental issues in project finance (2003).
- ▶ The value of engaging with external stakeholders is widely acknowledged. AccountAbility launches the AA1000 Assurance Standard (2003) and a growing number of companies develop stakeholder panels to advise on sustainability issues including BHP Billiton (2000), BT (2001), Coca-Cola (2002), Carrefour (2003), Nike (2004), EDF (2004) and GSK (2005).

¹⁰ AccountAbility and Utopies, 'Critical Friends: the emerging role of stakeholder panels in corporate governance, reporting and assurance', AccountAbility and Utopies, London, 2007.

¹¹ The IMF Board of Directors recently changed the quota formula, which sets the share of votes that each member receives. The changes however did little to increase the voice of low income countries, particularly those in Africa, in decision making.

range of inequitable governance structures that privilege Northern over Southern members through financial discrimination. In the International Save the Children Alliance, for example, members that contribute five percent or more of the aggregate total membership contributions get automatic representation on the Alliance Board; in both Greenpeace International¹² and Plan International, voting rights are based on each member's financial contribution to international expenditure; and in World Vision International the US and Canada, each have two seats on the International Board while remaining members are represented through regional forums. Related challenges confront global organisation such as ICANN, where accountability reforms have increased openness and transparency relatively swiftly but reforms related to Board composition and Internet user representation on the Board have been more controversial and progressed more slowly.

Technical accountability reforms play a crucial role in realising accountability. For example, public consultations create spaces for stakeholders to question organisations and complaints mechanisms can be used to challenge decisions. However, accountability also requires change in power relations within an organisation. Unless global organisations are willing to engage with the more complex political issues of power and its distribution, their legitimacy will continue to be questioned.

Translating accountability capabilities into practice

Another key challenge facing global organisations is ensuring good accountability policies and procedures are translated into good accountability practices. Discrepancies may exist between what an organisation says on paper and what it does in practice. The *Global Accountability Report* assesses the existence and quality of accountability policies and management systems. As such, it offers a measure of an organisation's *capabilities* to be accountable. The Report does not assess how the policies and systems are translating into practice on the ground (for further details on what accountability capabilities are, what the *Global Accountability Report* measures and how we are capturing the issue of accountability in practice see Section 3). A number of NGOs have highlighted gaps between accountability frameworks and practices in the cases of several organisations that have scored well in previous *Global Accountability Reports*,

including the Asian Development Bank (ADB), the World Bank-IBRD and the International Accounting Standards Board (IASB).

In each case, the NGOs have brought forward cases where consultations by these institutions have failed to influence final decisions, where stated procedures have been ignored in practice, where information has not been available and where complaints have not generated remedial action. While only a comprehensive assessment of accountability practice could determine whether these examples represent isolated cases of bad practice or reflect deep seated accountability deficiencies within the institutions, these instances highlight the challenges that organisations face in ensuring that good policies and procedures translate into good accountability practice.

Key to overcoming potential gaps between policy and practice is embedding accountability into the culture of an organisation. Accountability reform can occur within two interconnected but distinct areas, accountability capabilities and accountability culture. Accountability capabilities refer to the institutional structure of accountability – procedures, mechanisms, and processes, such as a transparency policy or a complaints mechanism. Accountability culture refers to the attitudes and behaviours of staff, such as their perceptions of external stakeholders and how they interact with them. Reform in both areas is essential. Without formal procedures, accountability would be largely expressed through ad hoc and informal practices; it would therefore lack consistency and coherence across an organisation. At the same time, without a supportive organisational culture, mechanisms and procedures of accountability such as stakeholder forums or civil society consultations tend to amount to little more than window dressing.

To date, the energies of most global organisations have been directed toward establishing accountability capabilities. There has been far less engagement with deeper issues of creating an accountability culture. Change at this level requires different strategies. It requires commitment from leadership and internal champions to drive the issue forward over the long term. It requires additional resources including dedicated time for staff to engage with stakeholders as well as revisiting staff competencies to emphasise attributes associated with

¹² This is only the case within Greenpeace International for questions of expenditure.

accountable behaviour, such as listening, responsiveness, learning and openness. It also involves developing incentives and sanctions to encourage staff to adopt such accountability enhancing behaviours. Change at the level of organisational culture is much more difficult to realise. Yet, if organisations are unable to engage with change at this level, they run the risk of creating a raft of accountability mechanisms, policies and procedures that will in reality have little limited impact on how they actually relate to and interact with those they affect.

3 Measuring accountability: the Global Accountability Report

The *Global Accountability Report* is an annual assessment of the capabilities of 30 of the world’s most powerful global organisations to be accountable to affected communities, civil society and the wider public. The Report uses the four dimensions of the *Global Accountability Framework* developed by One World Trust – transparency, participation, evaluation, and complaint and response handling – as the basis of the assessment.¹³ The Report assesses ten organisations from the intergovernmental, non-governmental and corporate sectors. Since 2006, a total of 90 organisations, 30 from each sector, have been assessed.

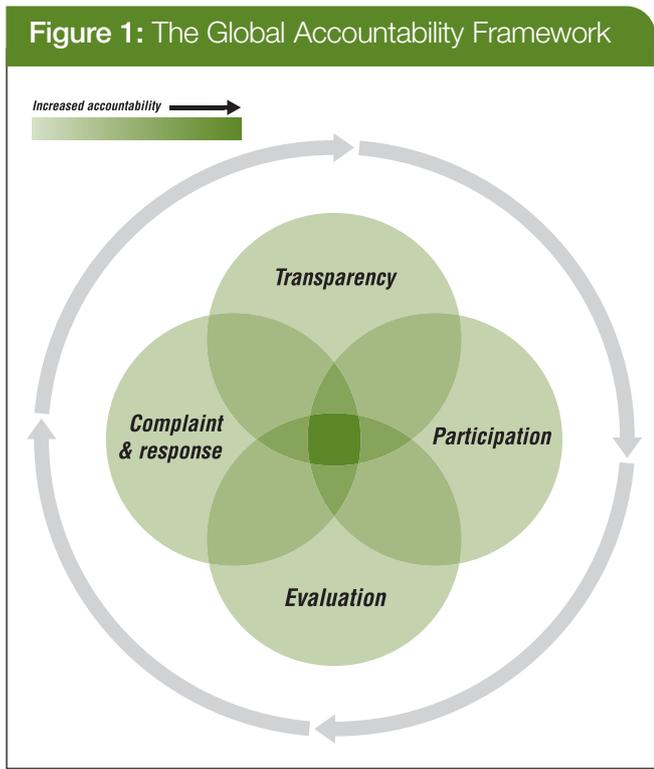
The Report assesses the accountability capabilities of global organisations at the level of their headquarters / international secretariat. It examines the degree to which organisations have the policies and systems in place that support consistent, coherent and organisation wide accountability towards stakeholders. As such, the Report provides insight into how

Box 2: Why measure the accountability of global actors?

- To highlight emerging good practices in accountability at the global level
- To identify accountability gaps within specific actors, sectors and global governance structures and to help focus reform efforts
- To provide empirical grounding to the accountability debate.

accountability values and principles are becoming embedded at the highest levels in global organisations. The aim of the assessment is to contribute to wider understanding and commitment to common principles of accountability, highlight accountability gaps, encourage the sharing of good practice and advance accountability reform within organisations.

There are currently a variety of rating and ranking systems that measure aspects of organisational accountability.¹⁴ The *Global Accountability Report* adds value to the accountability debate by providing an overall measure that cuts across sectors and a common framework and language for all actors operating in the global public sphere.



Accountability capabilities: what we measure and why

In our work we have found that there are good practice principles of accountability that cut across all types of global actors. Yet there can, and should, be room for variation and innovation in how accountability principles manifest themselves within organisations. The Report, therefore, uses a principles based approach to enable a comparative assessment that reflects these differences.

Accountability capabilities: what are they?

In each of the four dimensions of accountability, indicators are grouped into two equally weighted categories: policies and systems. Together, these two categories of indicators reflect an organisation’s *capabilities* to enable, support and foster good accountability practice.

Policies

Policies are written documents through which an organisation makes a commitment to the values and principles of

¹³ For further details on the four dimensions of accountability as outlined in the Global Accountability Framework, see Appendix 1: Methodology.
¹⁴ For an overview of existing organisational accountability rating systems, see *2006 Global Accountability Report: Holding Power to Account*, London: One World Trust, 2006.

transparency, participatory decision making, evaluation and learning, and complaints handling.

Policies are assessed on both existence and quality. An organisation may, for example, make general commitments to being transparent in codes of ethics or statements of values. Alternatively, an organisation may have a specific transparency policy that provides details to staff and external stakeholders on how, when and what information should be made available. While a general commitment to transparency is important, having a specific policy that guides an organisation's approach to disclosure reflects a deeper understanding of the issue and results in more consistent and coherent implementation. As a result, specific policy documents are given greater weight than vague commitments. The quality indicators assess the breadth and depth of commitments by looking for the integration of good practice principles. These principles vary across the four dimensions and are identified in boxes in each of the dimension sections.

Systems

Systems are the management strategies through which an organisation encourages, enables and supports the implementation of the commitments made in policy or supports accountability more broadly. Indicators in this category capture three cross cutting issues: leadership, training and accessibility.

Leadership refers to the commitment that exists at the highest levels within an organisation to ensure effective implementation of key accountability principles. For accountability policies to succeed in practice, a senior manager(s) must have responsibility to oversee their implementation. In the absence of a specific policy, a senior manager(s) should have oversight of the accountability dimension more broadly.

Training enhances the capacity of staff to fulfil their responsibilities and comply with organisational policies. Providing training on the implementation of accountability related policies and practices shows an organisation's commitment to invest resources and build staff capacity in accountability. Training also enables management to embed accountability values and principles in organisational culture.

Accessibility of key accountability policies and procedures enables stakeholders to hold an organisation to account for its commitments. Policies and other relevant documents must

therefore be disseminated through multiple media as well as translated into relevant languages to broaden accessibility to stakeholders.

Each dimension also includes an additional indicator in the systems category that addresses an area specific to that dimension:

- *Transparency*: a specialised function exists on the website that enables stakeholders to contact the organisation;
- *Participation*: an institutionalised space has been created for external stakeholders to engage with and input into decision making at the governing, executive and/or senior management levels;
- *Evaluation*: a mechanism exists that facilitates the dissemination of lessons learned from evaluations across the organisation;
- *Complaint and response handling*: a mechanism exists that allows external stakeholders to make complaints against an organisation's policies.

Accountability capabilities: accountability to whom?

All of the organisations assessed in the Report have multiple internal and external stakeholders to whom they need to be accountable. The Report does not assess organisational accountability towards all of these stakeholder groups equally, but focuses on a select range of stakeholders who often have insufficient capacity to make their voices heard within global organisations.¹⁵ The stakeholders we examine, both internal and external, are identified in Table 5. We recognise that organisations have a more diverse range of stakeholders than

Table 5: Internal and external stakeholders focused on in the Report

Sector	<i>Internal stakeholders</i>	<i>External stakeholders</i>
IGOs	Member states and staff	Relevant civil society organisations and the wider public
INGOs	National affiliates/ members and staff	Affected communities, partners and the wider public
TNCs	Shareholders and staff	Relevant civil society organisations, affected communities, and the wider public

¹⁵ For a detailed discussion of gaps in transnational actors accountability systems and explanation of why the above stakeholders were chosen, see *2006 Global Accountability Report: Holding Power to Account*, London: One World Trust, 2006.

Box 3: How the One World Trust is capturing accountability practice

One World Trust recognises the need to extend the analysis of assessed organisation’s accountability beyond capabilities and to highlight the issue of how accountability is being implemented in practice. As a result, the trust has developed two new supplements to the *Global Accountability Report*:

- *Case Studies in Global Accountability Practice* is a new briefing paper series addressing how organisations assessed in the *Global Accountability Report* are living up to their commitments in practice. Written by experts with experience engaging with the assessed organisation, they highlight the challenges and pitfalls of realising accountability. The first paper in this series is by the Government Accountability Project and looks at UNDP (an organisation assessed in 2007) whistleblower protections.
- *2008 Accountability Spotlights* are short case studies prepared by civil society organisations that, based on experiences engaging with organisations assessed in this years Report, offer reflections on how accountability is working in practice. A blog function exists alongside each case study to allow stakeholders to express their opinions and share their experiences.

Both the *Case Studies in Global Accountability* paper series and the *2008 Accountability Spotlights* are available on the One World Trust website at www.oneworldtrust.org.

those featured and thus might be accountable in ways not captured here.

Accountability capabilities and accountability in practice

Inevitably, variation may occur between the commitments made by an organisation in its policies and systems and what happens in practice. Such differences can reflect a decentralised structure, inadequate communication or a lack of genuine organisational commitment. The *Global Accountability Report* therefore does not claim to offer a full and definitive assessment of an assessed organisation’s accountability.

Organisational accountability is a product of three supporting components: capabilities, culture and practices (see Figure 2). As previously mentioned in Section 2, capabilities are the systems, mechanisms and procedures of accountability, such as transparency policies and stakeholder consultations. Culture refers to the attitudes, beliefs and values of staff that encourage and support accountable behaviour. Practice refers to the activities and interactions between an organisation and its stakeholders to realize accountability. Each component can exist independently; an organisation could have strong accountability practices in the absence of accountability capabilities and a supportive culture, for example. However, the existence of all three is what brings coherence and consistency to how accountability is exercised across an organisation’s operations and activities.

While the *Global Accountability Report* only measures the extent to which an organisation has strong accountability capabilities, we recognise how crucial the other two components are to

building and sustaining organisational accountability. This year, to further expand our analysis and to build a more complete picture of an organisation’s accountability, we have gathered a series of case studies, the *2008 Accountability Spotlights*. These case studies demonstrate how a select number of assessed organisations are putting accountability into practice. Written mainly by civil society actors who have experience engaging with an assessed organisation, they help present a more nuanced picture of an organisation’s accountability and illuminate some of the challenges faced when trying to turn good policies into good practice. Alongside each case study

Figure 2: Three components of organisational accountability: capabilities, culture and practices



there is a blog function to enable wider groups of stakeholders to comment and share their experiences.

Engagement of organisations this year

Assessed organisations were invited to engage in the research process through interviews and the provision of internal documents (see Appendix 1: for further details on the research process). Of the 30 organisations, 24 or 80 percent agreed to participate.¹⁶ This represents a substantial increase from the 67 percent of assessed organisations that participated in the research in 2006.

Components of the 2008 *Global Accountability Report*

The *Global Accountability Report* includes more than the annual assessment findings. Within the body of the Report there are a number of good practice case studies. These provide details on accountability mechanisms from this year's assessed organisations that we identified as particularly innovative and from which other organisations could learn. Assessed organisations prepared the Good Practice Case Studies and provided details on their experiences implementing these initiatives.¹⁷

Other components of the Report are available on the One World Trust website. These include *2008 Accountability Spotlights*, as well as accountability profiles prepared by the One World Trust. These Accountability Profiles detail our findings on each of the assessed organisations, including scoring within each of the dimensions and in comparison to other 2008 assessed organisations.

Organisations assessed in 2008

Organisations are selected for inclusion in the *Global Accountability Report* based on a combination of objective and subjective criteria. The initial filter used in the selection process is based on a quantitative analysis of an organisation's reach and impact including:

- the number of member states, member organisations, or affiliates;
- the number of employees;
- the number of countries of operation or direct impact; and
- the budget or operating income.

Potential organisations are split into sectors and qualitative criteria are considered including:

Box 4: How we deal with non-engaging organisations

Organisations that did not engage in the research process by either providing requested information, participating in interviews, or providing comments on preliminary findings are identified in all the graphs and tables with an asterisk (*) next to their names.

These organisations have been scored using publicly available information combined with independent expert interviews. As with engaging organisations, these organisations were provided with details on the methodology and indicators, and an opportunity to provide comments and feedback on the preliminary findings, though they chose not to do so.

In some instances the scores of a non-engaging organisation may not necessarily reflect the complete state of its accountability capabilities. It may have structures and policies in place to support accountability but has not publicly disclosed this information this is in itself problematic, given the fundamental importance of transparency to enabling affected communities and the wider public to know how to hold an organisation to account. In some cases the lack of transparency of organisations can lead to lower scores in some indicators. We therefore recommend caution in the interpretation of both the scores of these organisations and figures including average sector scores.

- the extent of influence over key public policy issues;
- the extent to which beneficiaries and affected communities are dependent on or substantially impacted by the organisation;
- the inclusion of emerging actors in global governance;
- the diversity of organisational activities within each sector; and
- the diversity of countries and regions of origin.

The final choice of organisations is made by the project team in consultation with members of the International Advisory Panel. This approach facilitates capturing wider accountability trends and emerging actors in global governance.

¹⁶ The six non-engaging organisations for the 2008 *Global Accountability Report* were CEMEX, Deutsche Post World Net, the IAEA, the IOC, NATO and UNHCR.

¹⁷ As a non-engaging organisation, UNHCR did not prepare or provide comments on Good Practice Case Studies 3 and 14.

Table 6: List of assessed organisations

Intergovernmental Organisations	International Non-governmental Organisations	Transnational Corporations
<p>African Development Bank (AfDB) Multilateral Development Bank that promotes economic and social development in Africa</p>	<p>CARE International (Secretariat) A coordination office for one of the world's largest confederations of relief and development organisations</p>	<p>BHP Billiton The world's largest mining company</p>
<p>Asia Pacific Economic Cooperation (APEC) An economic and trade forum between nations in the greater Asia-Pacific region</p>	<p>Catholic Relief Services (CRS) Official disaster relief and development agency of the US Conference of Catholic Bishops</p>	<p>Cargill Privately held company that provides food, agricultural and risk management products and services</p>
<p>European Bank for Reconstruction and Development (EBRD) Multilateral Development Bank that supports the private sector in Central and Eastern Europe</p>	<p>Fairtrade Labelling Organizations International (FLO) Multi-stakeholder association that develops fairtrade standards</p>	<p>Carrefour The largest retailer in Europe and the second largest in the world</p>
<p>European Investment Bank (EIB) The EU's bank for lending funds to projects that promote EU policy goals</p>	<p>International Committee of the Red Cross (ICRC) International body that facilitates aid for civilians and prisoners, reunites families, and traces missing persons</p>	<p>CEMEX One of the world's largest suppliers of cement and other building materials</p>
<p>International Atomic Energy Agency (IAEA) UN agency that verifies the security arrangements of signatories to the Nuclear Non-Proliferation Treaty</p>	<p>International Federation of Organic Agriculture Movements (IFOAM) Worldwide umbrella group for the organic agriculture movement that develops organic agriculture standards</p>	<p>Deutsche Post World Net Global transport and logistics company with subsidiaries including DHL</p>
<p>International Finance Corporation (IFC) The private sector lending arm of the World Bank Group providing finance to projects in developing countries</p>	<p>International Olympic Committee (IOC) Umbrella organisation of the Olympic Movement that selects host cities and programmes for the Olympic Games</p>	<p>EDF One of Europe's leading electricity and gas providers</p>
<p>International Organization for Migration (IOM) IGO that provides migration services and promotes international cooperation on migration</p>	<p>International Planned Parenthood Federation (IPPF) A worldwide network of service provider and advocates of sexual and reproductive health and rights</p>	<p>Goldman Sachs Financial service provider and investment bank</p>
<p>North Atlantic Treaty Organization (NATO) Military alliance that collectively defends the security of its member countries</p>	<p>Islamic Relief Disaster relief and development organisation</p>	<p>Halliburton Oil and gas industry services provider</p>
<p>United Nations Office of the High Commissioner for Refugees (UNHCR) UN agency that safeguards the rights and well-being of refugees and displaced persons</p>	<p>Plan International Development organisation that works to achieve improvements for children living in poverty</p>	<p>Royal Dutch Shell World's second largest energy and petrochemicals company</p>
<p>United Nations Children's Fund (UNICEF) UN agency that works for the rights of children and women</p>	<p>Transparency International Network of organisations that raises awareness of and advocates against corruption</p>	<p>Unilever One of the world's largest manufacturers of food, home care and personal care products</p>

4 High Level Findings

This section presents the high level findings from the 2008 *Global Accountability Report*. It provides the overall accountability capabilities scores of the 30 assessed organisations according to sector, highlights top performers and presents key cross-sector findings.

Top performers – overall accountability capabilities

The ranking of assessed organisations according to their overall accountability capabilities score is presented in Graph 1. Overall accountability capability scores are an average of accountability capabilities in each of the four dimensions – transparency, participation, evaluation, and complaints and response handling. IFOAM is the highest scoring INGO, and at the top of the 30 organisations this year, with a score of 71 percent. EBRD is the highest scoring IGO at 70 percent and BHP Billiton ranks highest within the corporate sector at 66 percent.

A need for a step change in global accountability

The results of this year's assessment reveal a number of organisations at the top end of the ranking with similar overall accountability capabilities scores. Only three percentage points separate the top eight organisations. While these represent the highest performers within this year's sample; none score consistently well across all four dimensions; only the IFC manages to score above 70 percent in three of the four.¹⁸

The clustering of overall accountability capabilities scores around 70 percent is insufficient. Accountability requires strong policies and systems across each of the dimensions. A score of 70 percent in all dimensions indicates that an organisation has policies in place that meet only some good practice principles and the basic management systems to support their implementation. This is the floor, not the ceiling, of accountability capabilities.

With the myriad of global challenges from financial instability to climate change, we need global organisations that deliver responses for the global public benefit more than ever. However, these organisations must be accountable, inclusive and responsive to the needs of the people they affect. The fact that no assessed organisation scores above 70 percent in all four

dimensions is not good enough. If global organisations are to play a role in finding the solutions to global challenges, there needs to be a step change in their approaches to accountability. By 'step change in accountability' we mean a transformation that occurs over a short period of time and which makes a significant impact on an organisation's accountability policies and systems.

The need for deeper accountability reforms

Part of this step change requires that organisations start implementing the more challenging accountability reforms. For example, while a number of this year's assessed organisations have transparency policies, none commit to both a presumption of disclosure and identify a narrow set of conditions for non-disclosure. While a number have appeals mechanisms that can be used if a request for information is denied, none involve external stakeholders in the appeals process. While many

Box 5: Minimum threshold of accountability capabilities

In previous *Global Accountability Reports* a threshold of 50 percent in three of the four dimensions was set in order to encourage change and recognise the positive developments in many organisations. However, with a growing body of good practice, the substantial challenges the world faces and the crucial role that global organisations have in addressing them, a score of 50 percent in three dimensions is insufficient as it would only indicate that an organisation has started to address accountability concerns.

As a result, this year we have raised the bar for the minimum threshold of basic accountability capabilities to 70 percent in all four dimensions. A score of 70 percent in each dimension generally indicates that an organisation has policies in place that meet some good practice principles and basic management systems to support their implementation. This is the very least that organisations should be achieving. For participation, which is split into external stakeholder engagement and equitable member control, and complaints handling, which is split between internal and external complainants, we expect a score of 70 percent in both to reach the minimum threshold.

¹⁸ The IFC lags severely behind all other assessed organisation in equitable member control, lowering its overall participation score to only 46 percent. This leaves substantial progress to be made before the IFC could achieve a 70 percent threshold in all dimensions of accountability capabilities.

recognise stakeholder engagement as beneficial to what they do, few commit to consistently provide feedback after a consultation as to how inputs have influenced decision making. Similarly, while many consult stakeholders to solicit their views, few allow them to be party to the decision making process. These reforms truly empower external stakeholders to hold an organisation to account. They help realise a deeper form of accountability by sharing some measure of decision making and indicate how serious an organisation is about accountability.

The need to translate policy into practice

Translating capabilities into practice is equally crucial to realising accountability. Having good accountability capabilities creates an organisation that is more adept at being open and engaging with its stakeholders, but it does not guarantee openness and engagement in practice. Part of the step change that is required in accountability at the global level therefore needs to involve organisations taking the necessary steps to embed accountability in organisational culture and ensure it is being translated into practice.

Cross sector highlights

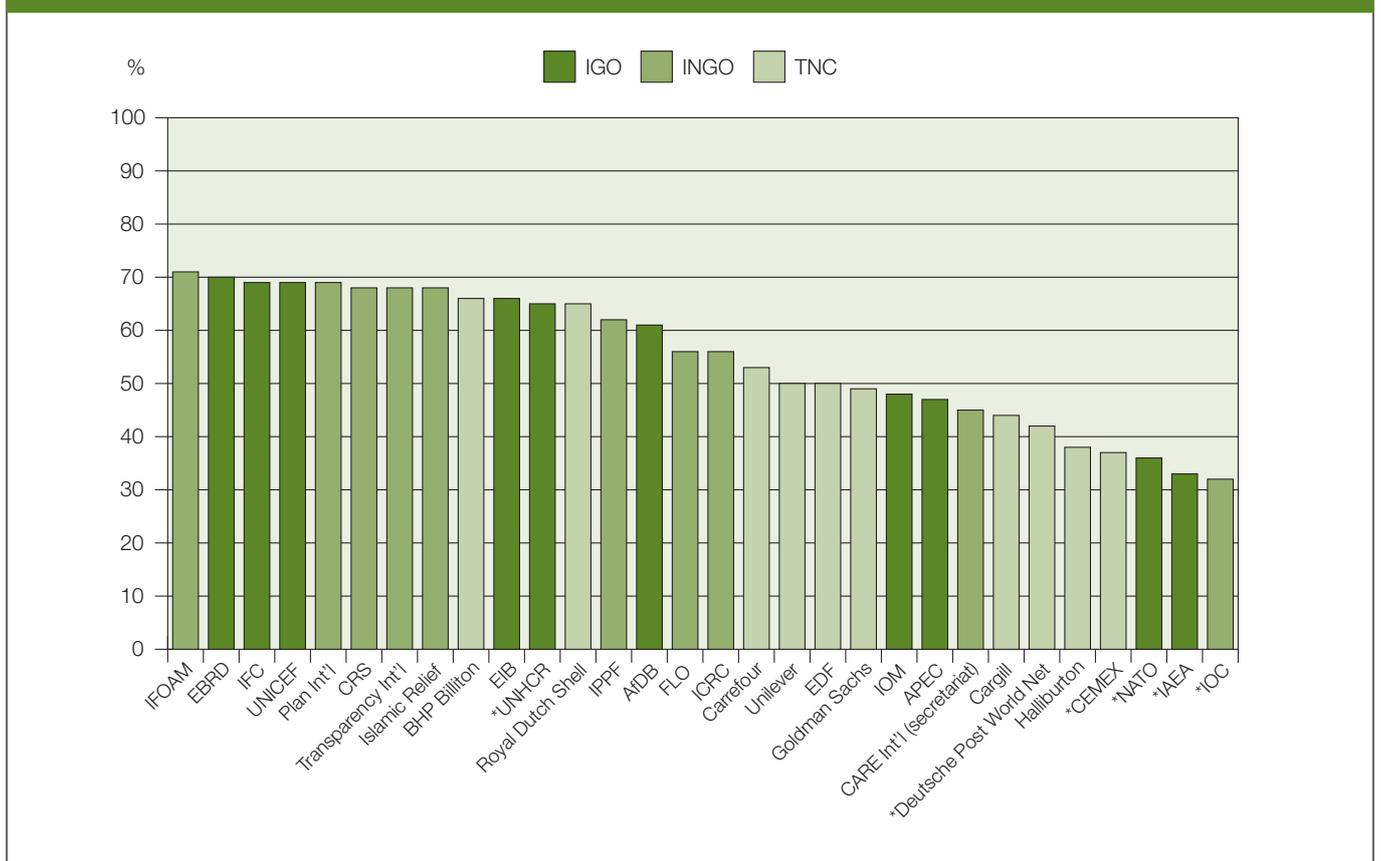
This is the third year that we have assessed the accountability of

30 global organisations from across the intergovernmental, non-governmental and corporate sectors. Each year we have analysed the average sector scores across the four dimensions. This year we have presented the data from 2006 and 2007 alongside that of 2008 in Graph 2 to take stock of what the research indicates about accountability across the three sectors. Graph 2 does not present trends over time in accountability, as each year a different set of 30 organisations has been assessed. Also minor changes to the scoring of indicators have been introduced in 2007 and 2008, so the relative scores should be interpreted with a degree of caution (see Appendix 1 for further information on changes to the methodology for 2008). Carefully interpreted however, the findings offer broad insights into common scoring patterns across the four dimensions of accountability, each sector's strengths and weaknesses and where some of the major accountability gaps lie in global governance more broadly.

Consistent scoring patterns for INGOs and IGOs

Interestingly, the results from 2008, 2007 and 2006 reveal an almost identical pattern across the four dimensions. Each year, the IGO sector has consistently scored highest in transparency and evaluation and the INGO sector has, by a large margin,

Graph 1: Overall accountability capabilities scores



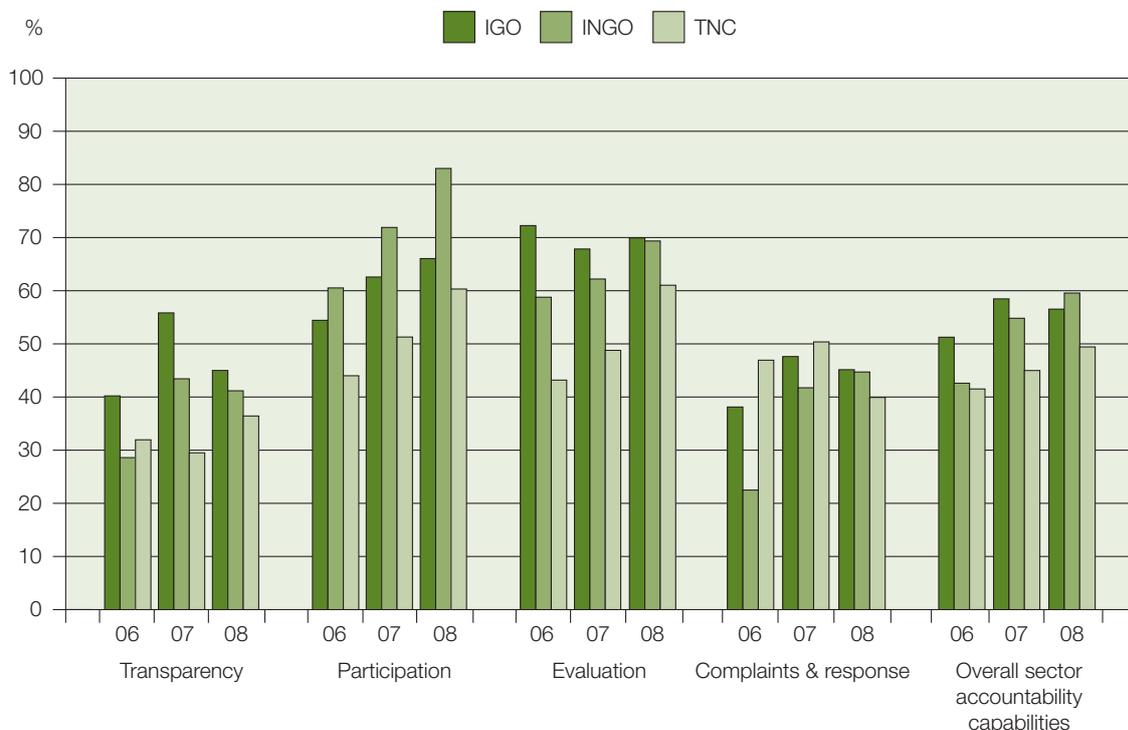
scored highest in participation. The high scores for evaluation capabilities earned by IGOs are a reflection of the pressure that member states have placed on them to demonstrate they are using public money effectively. With donor interest in issues such as climate change and development aid increasing, while simultaneously their budgets are stretched due to the financial crises and economic downturn, pressure to prove impact will only intensify as politicians, the public and media demand demonstrated results to justify public monies. IGOs' relatively higher scores in transparency come from the growing pressure they have been put under by civil society and politicians to meet national level standards of public disclosure. As a consequence, a growing number have developed formal information disclosure policies. On the other hand, INGOs' high scores for participation reflect the strong history and value attached to engaging people in decisions that affect them as an important means of challenging social injustices and delivering services to disadvantaged groups. Effectively representing the interests of beneficiaries is also a core component of many INGOs'

legitimacy as actors in public policy; strong participatory practices are therefore necessary.

Corporate sector is more mixed

Companies present a more mixed picture. While in 2006 and 2007 companies outperformed the other sectors in complaints handling, this year the corporate sector placed last in this dimension. In previous *Global Accountability Reports* we had suggested that complaints handling was strong in the sector as a result of the Sarbanes Oxley Act, which mandates internal complaints procedures for all publicly traded companies in the US, combined with the sector's long-standing experience with handling customer complaints. However, this year's results suggest that the picture is perhaps more nuanced than we thought and is partly dependent on where the company is headquartered (see Section 8.1 for a discussion of the factors influencing corporate complaints handling). Furthermore, a number of companies this year also have weak external complaints handling procedures.

Graph 2: Average accountability dimension scores by sector for 2006, 2007 and 2008



When interpreting this graph, it is important to note that it does not represent trends in accountability across 2006, 2007 and 2008¹⁹. In each year a different set of 30 organisations was assessed. In addition, minor indicator changes in 2007 and 2008 affect the relative sector scores across the dimensions.

¹⁹ See Appendix 5 for a full list of all the organisations that have been assessed in 2006 and 2007.

At a more general level, the results across the three years indicate that the corporate sector generally lags behind the other sectors in its accountability capabilities. One explanation for this finding is that companies are generally reluctant to make policy commitments on issues related to accountability. Companies tend to have the management systems in place that support accountability but often lack detailed policies. Take the issue of stakeholder engagement, for example. Across the ten companies we assessed this year, only one – BHP Billiton – has a stakeholder engagement policy, and even this is an internal document not shared with stakeholders. Similarly, while most companies commit to being transparent, none have a transparency policy to specifically outline what information the company will make public. Statements exist on what financial information will be made public, but not information on wider company issues and activities. There seems to be a tendency for companies to prefer addressing issues on an ad hoc basis rather than by making specific policy commitments against which stakeholder can hold them to account.

On a more fundamental level, there is also the issue of organisational purpose. Corporations are legitimately driven by a profit motive whereas IGOs and INGOs have been established for public benefit. While this difference does not preclude the corporate sector from having strong accountability capabilities, it does help explain why it is generally more accountable to its shareholders than to the general public and affected communities. Organisations such as UNICEF and Plan International were established to promote the rights of children; because they have clear public functions and are funded through donations, their public accountability is arguably more clearly enshrined in their work. Because many companies are involved in the delivery of public goods such as water, electricity and employment they also serve a public benefit. Reconciling the tension between private purpose and public impact is a central challenge for corporate accountability.

Consistently low scores in transparency and external complaints handling across sectors

Particularly troubling are the consistently low scores in transparency and complaints handling across the three sectors over the three years. Each year, all sectors have struggled to reach beyond an average of 50 percent across these two dimensions. Without transparency, stakeholders cannot engage effectively with organisations and lack the information needed to track performance. In the absence of effective complaints procedures, particularly for external stakeholders, organisations lack the channels through which they can learn of their mistakes and their stakeholders can hold them to account for commitments. While sectors may struggle, these reforms can be achieved. Each year we have seen organisations buck the trend and score well in both areas. In 2006, ActionAid International scored well for transparency capabilities as did UNDP and ADB in 2007. Likewise, for external complaints handling Petrobras scored well in 2007 as did Transparency International this year. Crucial to the step change that is required in global accountability will be for organisations to learn from these leaders and start plugging the gaps in these dimensions that are limiting their ability to be accountable to those they affect.

Transparency

the provision of accessible and timely information to stakeholders and the opening up of organisational processes to their assessment

Transparency capabilities unpacked

Transparency capabilities are assessed by analysing:

1. Whether organisations make a commitment to transparency and have in place a policy or other document, underpinned by principles of good practice, that guides what, when and how information is disclosed;
2. Whether organisations have in place systems to support compliance with policy and commitments.

Strong transparency capabilities help foster openness in an organisation's operations, activities and decision making processes.

5 Transparency

Main findings

- Transparency is one of the least developed dimensions of accountability across all sectors with the IGO sector averaging 45 percent, INGOs 41 percent and corporations 36 percent.
- Only two organisations – the EIB and the IFC – score over 70 percent in transparency capabilities. Two thirds of assessed organisations (20) fail to achieve 50 percent.
- BHP Billiton has the highest transparency capabilities in the corporate sector, although it scores only 52 percent; none of the assessed corporations have transparency policies.
- Only nine organisations have transparency policies. None of these policies meet all good practice principles; only six commit to responding to information requests within a specified timeframe.
- Notably, none of the assessed organisations identify a narrowly defined set of conditions for non-disclosure of information or have a fully independent appeals mechanism for denied information requests. Both are crucial principles of good practice in transparency and indicate an organisational commitment to openness.

Overview

Disappointing performance across all organisations – even in the top ten

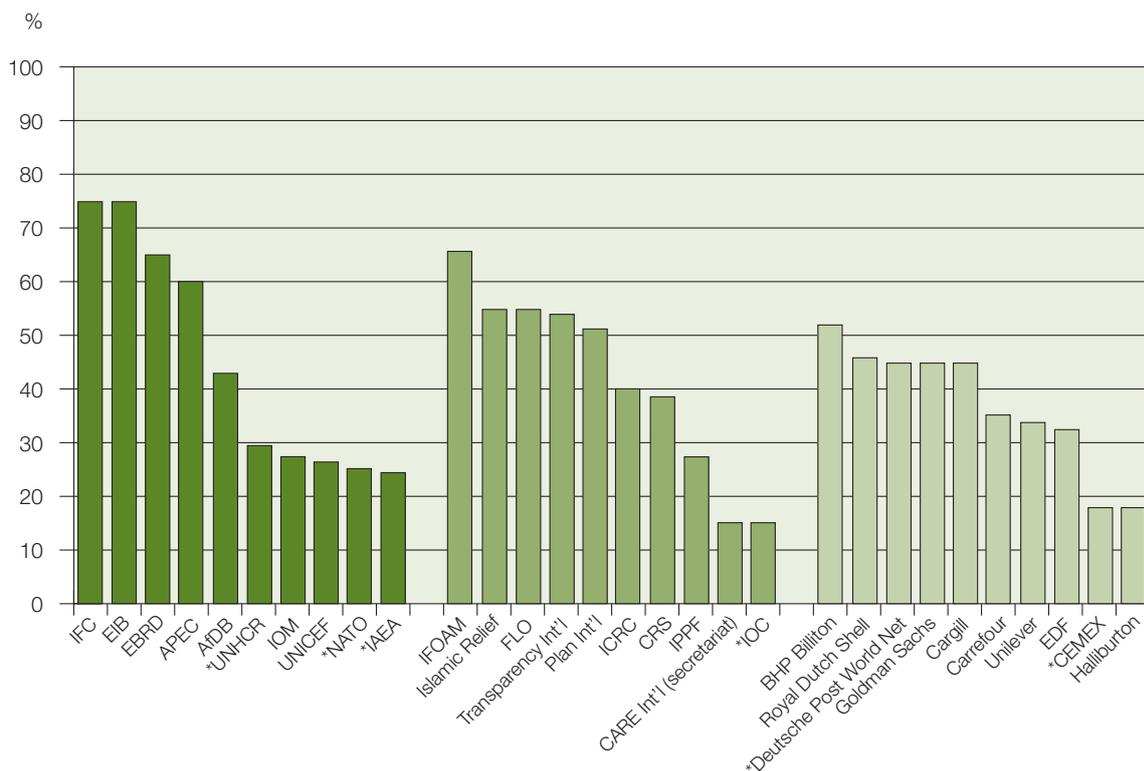
Overall, the picture of transparency capabilities presented in Graph 3 is disappointing with an average score across all 30 organisations of only 41 percent. Only two organisations, the EBRD and the EIB, score above 70 percent, the minimum threshold for basic transparency capabilities. Strikingly, Transparency International scores only 53 percent and fails to commit to a number of transparency good practice principles.

The overall weakness in assessed organisations’ transparency is problematic given the importance that it plays in all other dimensions of accountability. Without consistent and timely access to information on what an organisation is doing and how it is performing, external stakeholders struggle to know if and how they should engage and if there is reason to complain.

Weak transparency policies across all sectors

As in previous years’ assessments, transparency policies are notably weaker than supporting systems. While the average score across 30 organisations for systems is 65 percent, the average policy score is only 17 percent. Even among the nine

Graph 3: Organisational scores on transparency capabilities



Box 6: Good practice principles for transparency

- ✓ Respond to all information requests within a certain timeframe
- ✓ Justify denied information requests
- ✓ Identify a narrowly defined set of conditions for non-disclosure of information
- ✓ Put in place an independent appeals process for denied information requests

organisations that have specific transparency policies, most fail to commit to basic good practice principles.

Presumption of non-disclosure lacking in all organisations

That none of the assessed organisations identify a narrowly defined set of conditions for non-disclosure illustrates the overall weakness in transparency policies. Five organisations – the AfDB, the EBRD, the EIB, the IFC and Plan International – have made the initial commitment to the presumption of disclosure and identified the conditions under which this principle will not apply.²⁰ Unfortunately, these organisations undermine the overall approach with the inclusion of caveats that enable discretionary decisions on disclosure. Plan International, for example, notes

that “information that becomes confidential and sensitive as a result of changing circumstances”²¹ will be kept confidential. Likewise, the EBRD states that it is committed to openness and transparency, but excludes information that is “intended for internal purposes only.”²²

A presumption of disclosure underpinned by clear and narrow conditions for non-disclosure signals to stakeholders an organisation’s level of commitment to transparency. It places 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. This approach to transparency recognises access to information as a right rather than a discretionary privilege.

Absence of independence in appeals mechanisms

The absence of independent appeals mechanisms also weakens transparency policies. Four assessed organisations – the EBRD, the EIB, the IFC and Plan International – have mechanisms that stakeholders can use to appeal a decision not to make information public, but only two – the EBRD and the EIB – ensure that individuals independent of line management are involved in the final decision. Even these organisations only partially meet this good practice principle due to limits to the reach and scope of the appeals mechanisms as outlined below.

Table 7: Organisations with a transparency policy and their commitments to key good practice principles

Organisation	Policy score (%)	Respond to info request and justify denials	Timeframe for responding to info requests	Narrow conditions for non-disclosure	Independent appeals mechanism
EBRD	56	●	●	○	◐
EIB	56	●	●	○	◐
IFC	52	●	●	○	○
Plan International	52	●	●	○	○
APEC	44	●	●	○	○
IFOAM	44	◐	●	○	○
AfDB	20	○	○	○	○
FLO	20	○	○	○	○
Islamic Relief	20	○	○	○	○

● Organisation makes a commitment ◐ Organisation makes a partial commitment ○ Organisation does not make a commitment

²⁰ APEC has made this commitment in reference to all final documents from APEC fora, but enables any member state to request non-disclosure in its New Document Access Policy (1998).

²¹ *Plan International Information Disclosure Policy (2007)*, p.4

²² *EBRD Information Disclosure Policy (2008)*, pp.11-12.

In the case of the EIB, the *Public Disclosure Policy* states that decisions can be appealed to the European Ombudsman, which is independent of EIB line management. However, the lack of clarity in the Policy as to how non-European Union citizens and residents can access the European Ombudsman's services creates unnecessary confusion. This is problematic as many EIB projects are undertaken outside EU countries and therefore directly impact non-EU citizens.

In the case of the EBRD, stakeholders can only appeal non-disclosure decisions if this appeal is part of a wider complaint being processed through the Independent Review Mechanism (IRM) – the EBRD's complaints mechanisms for project affected communities (see Section 8.2 for additional details on this accountability procedure). While this mechanism is independent of line management, its scope is limited. It would not, for example, be accessible to a stakeholder seeking to appeal an EBRD decision not to disclose information on a country strategy or Board agenda.

Why NATO, IAEA, IOM, UNHCR and UNICEF need to improve

As public institutions funded by the tax-paying citizens of member states, IGOs have a strong obligation to be open and transparent about what they do. Well developed transparency

policies and systems are prerequisites to this openness. While the MDBs have made progress in this area, other assessed IGOs tend to lag behind.

Perhaps unsurprisingly, the two IGOs involved in defence and security, two traditionally secretive spheres of work, have the least developed transparency capabilities; NATO scores 25 percent and IAEA 24 percent. Neither have a policy on transparency. While both institutions can appear quite removed, operating in the nebulous realm of international peace and security, recent events such as NATO's role in Afghanistan and the IAEA's efforts around nuclear non-proliferation and technology transfer in Iran, India and North Korea highlight the public significance of their activities. While the sensitive nature of both organisations' activities might sometimes call for limits to transparency, these limits could be successfully addressed through detailed sets of conditions for non-disclosure in organisational transparency policies.

The low scores of UNHCR (29 percent), IOM (27 percent) and UNICEF (26 percent) are somewhat more surprising; each scores only fractionally higher than NATO and the IAEA. Yet these organisations are more in the public eye, and their influence on individuals is significantly more direct and tangible. IOM for example, provides counter-trafficking and migration

Good Practice Case Study 1: The IFC explains how it developed a web-based information portal to strengthen transparency

In 2006, the IFC updated its *Disclosure Policy* and developed a web-based Disclosure Portal to serve as a central repository for corporate information, policies and standards, proposed investments and stakeholder feedback.

The site links to a project database containing client information, summaries of proposed investments, environmental and social reviews and mitigation measures, and anticipated development impacts. The database will be expanded to include the IFC's advisory services projects in the near future. The portal also contains content specific links to "Frequently Asked Questions" and hosts a user survey. It also offers the *Disclosure Policy* in six languages and includes the IFC's *Performance Standards* and social and environment policies.

The disclosure portal encourages stakeholder feedback by allowing users to ask questions or provide comments regarding specific projects. In accordance with the *Disclosure Policy*, the IFC attempts to provide an answer to all disclosure inquiries within 30 days, but on average, the response time has been 21 days. The IFC has so far received 131 disclosure inquiries from all over the world, ranging from project-specific inquiries, to comments and questions about the IFC itself. Most inquiries (35 percent) relate to large environmentally or socially sensitive investments and projects.

The disclosure portal gives stakeholders greater access to information about IFC investments, projects and policies. It has also benefited the IFC by providing the organisation with a channel to maintain an open dialogue with its stakeholders.

For more information go to: www.ifc.org/disclosure

management services; UNHCR is a global leader in protection and humanitarian assistance for refugees and internally displaced people; and UNICEF provides essential services and advocates for children worldwide. However, despite their clear public impact, none of these organisations have even the most basic of transparency capabilities, lacking both policies and management systems to address transparency issues. UNICEF has recognised this accountability gap and is in the process of developing an information disclosure policy.

No companies have transparency policies

While all the assessed companies make a general commitment to being open and transparent, none has a formal policy on disclosing information. Vague commitments to transparency underline the extent to which information is a tightly held resource in the corporate sector. Companies control the timing and amount of information released through corporate reporting and press releases. While there has been a shift towards more openness over the past ten years as companies have sought to regain public trust, a more fundamental shift in corporate understanding of transparency is required. As is the case with IGOs dealing with security, companies could address legitimate concerns regarding the release of sensitive competitive information via a set of clearly defined conditions for non-disclosure within company wide transparency policies. As a starting point corporations could provide a clear list of information that will be proactively disclosed, particularly regarding projects or operations with direct community level impacts.

Generating incentives for improvements in transparency

If transparency is to become widespread among global organisations, peer pressure and greater public attention will be required. In particular organisations which, because of their ownership structure, such as privately held Cargill, their area of activity such as NATO or the IAEA, or widespread lack of public knowledge and weaker civil society activism about their activities, such as APEC or IOM, currently have little incentive to change, need to be pushed to enhance their transparency capabilities.

Civil society should build on initiatives such as the Transparency Charter for International Financial Institutions²³ and the Extractive Industries Transparency Initiative (EITI) which seek to raise transparency standards among specific groups of organisations. These initiatives demonstrate that advocacy and policy work on a set of related organisations, such as IFIs and MDBs or the extractive industries, can help to generate positive dynamics for accountability reform within peer groups. Similar efforts should be expanded to other sectors and fields.

²³ Global Transparency Initiative, "Transparency Charter for International Financial Institutions: Claiming the Right to Know," 2006, available at www.iftransparency.org/doc/charter_en.pdf.

Participation

the process through which an organisation enables key stakeholders to play an active role in the decisions and activities which affect them

Participation capabilities unpacked

Participation capabilities are broken up into two components, with scoring split equally between them, equitable member control and external stakeholder engagement capabilities.

Equitable member control is assessed by analysing:

- How organisational structures support or undermine members' ability to influence decision making (IGOs: member states, INGOs: national chapter/affiliates and TNCs: shareholders/owners)

External stakeholder engagement capabilities are assessed by analysing:

- a. Whether organisations make a commitment to engage external stakeholders in activities and decision making and have in place organisational document(s), underpinned by good practice principles that guide this process
- b. Whether organisations have in place systems to ensure compliance with these policies and commitments, and whether they have created institutionalised spaces where external stakeholders can feed into decision making at the governing, executive and/or senior management levels.

Strong participation capabilities help foster equitable member control and consistently high quality engagement of external stakeholders in an organisation's activities and decision making.

6 Participation

Main findings

- INGOs score highest in participation with 83 percent. IGOs are second with 66 percent and corporations third with 60 percent.
- Of the three sectors, INGOs have the most equitable member control with an average score of 96 percent, followed by the corporations with 85 percent. IGOs lag behind with 75 percent, primarily as a result of the MDBs (principally the AfDB, EBRD and IFC), which have governance structures that allow their most powerful members to have disproportionate influence over decision making.
- A total of five INGOs score above 70 percent for their stakeholder engagement capabilities, while only one IGO and one company achieves this minimum threshold. The majority of companies score below the 50 percent mark.
- In both the INGO and IGO sectors, a majority of organisations (ten INGOs and eight IGOs) have developed policies that guide what, when and how external

stakeholders are engaged in organisational activities. In the corporate sector, only BHP Billiton has developed such a document. The remaining companies rely on vague commitments.

- Over two thirds of all the assessed organisations – eight IGOs, seven INGOs, and six corporations – have institutionalised the involvement of external stakeholders in decision making at the governing, executive and/or senior management levels.

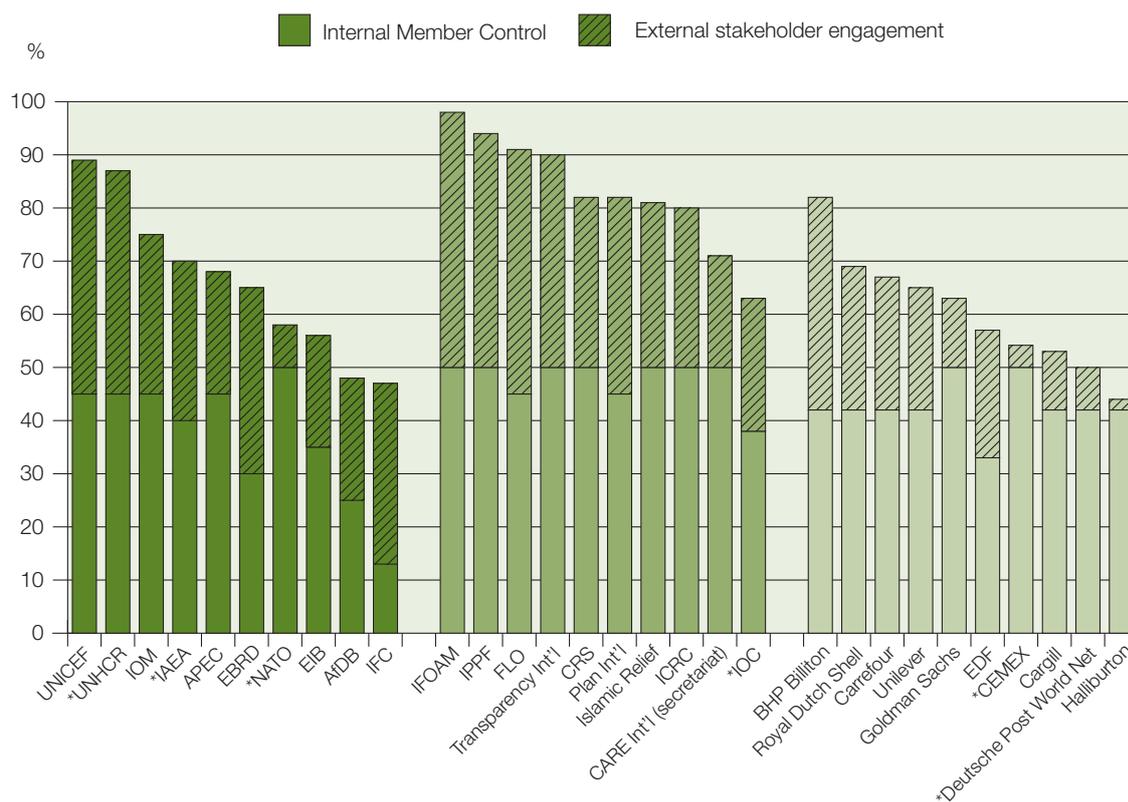
6.1 Equitable Member Control

Overview

Most INGOs perform well

This years' assessed INGOs performed well in terms of equitable member control, as was the case with the INGOs assessed in both 2006 and 2007. Only one INGO, the IOC, scored below 90 percent in this component of participation. In general, these high scores reflect the orientation of many INGOs, especially those that are involved in alleviation poverty and social justice activities (the majority of this years' organisations), towards bringing about change through coalition building and cooperation.

Graph 4: Organisational scores on participation capabilities



Box 7: Good practice principles for equitable member control (IGOs, INGOS)

- ✓ All members represented at governing body meetings, and able to add items to its agenda
- ✓ All members able to nominate candidates for all executive body seats
- ✓ Candidates for the executive body elected by a majority of members
- ✓ Members able to initiate a process of dismissal of individuals on the executive board
- ✓ Each member holds an equal number of votes on the governing body
- ✓ A single member cannot block changes to the governing articles
- ✓ No member has multiple representation or votes on the executive body

Variation among IGOs

Within the IGO sector there were sharp differences among organisations in the extent of equitable member control. As in previous years when we assessed the World Bank-IBRD (WB-IBRD) (2006) and the Asian Development Bank (ADB), Inter-American Development Bank (IDB) and the Islamic Development Bank (IsDB) (2007), the MDBs performed poorly.

Where corporations miss the mark

Only CEMEX and Goldman Sachs met all good practice principles for internal member control among the assessed corporations. Four of the ten assessed corporations fail to enable shareholders with one percent or more of shares to add agenda items to annual meetings. Two do not enable shareholders to initiate a process of dismissal of Directors.

Inequitable member control within the world's multilateral development banks (AfDB, EBRD, EIB, IFC)

The MDBs have governance structures that provide wealthy and powerful member countries with disproportionate influence over the decision making process through greater voting power, the ability to unilaterally block changes to the governing articles and direct representation on the executive body. With the four MDBs assessed this year plus those assessed in 2006 (WB-IBRD) and 2007 (ADB, IDB and IsDB), the *Global Accountability Report* has assessed all of the MDBs. We have found similar patterns of

inequitable member control across all of these institutions (see Table 8).

The MDBs differ from other IGOs in that member country voting power is based on shareholdings in the organisation. The more a country contributes, the greater its influence in decision making. Although this governance structure is good practice in the private sector, the role of the MDBs as public financed lenders with developmental, rather than purely financial, goals makes this structure inappropriate. Within the IFC this results in the United States having a voting share that enables it to block changes to the Articles of Agreement.²⁴ Within the EBRD, this enables non-borrower countries to dominate decision making at the Board level.

Inequitable member control within the MDBs also manifests itself in the composition of the Boards of Directors. In most MDBs, including the EBRD and IFC, the majority of member countries are grouped into constituencies and represented by an Executive Director, while the most powerful member countries have direct representation. For the EBRD, borrower countries are granted only four of the 23 Director seats.²⁵ In addition the EBRD divides members into five constituencies, only one of which represents borrower countries. Similarly, the IFC lacks any compensatory provisions to empower countries in which borrowers undertake operations while the EIB has no members from outside Europe, despite lending approximately 13 percent of its portfolio outside the EU in 2007, for example.²⁶

Box 8: Interpreting participation scores

Participation dimension scores are split evenly between external stakeholder engagement capabilities scores and equitable member control scores. Thus, an organisation such as the EBRD which scores 60 percent for equitable member control and 70 percent for external stakeholder engagement would earn an overall participation score of 65 percent, the average of the two scores. The overall participation graph for this organisation would show a dimension score of 65 percent, consisting of 35 percentage points for equitable member control and 30 for external stakeholder engagement.

²⁴ The United States controls 23.60 percent of the total voting powers of the IFC as of November 2008. See <http://siteresources.worldbank.org/BODINT/Resources/278027-1215524804501/IFCCountryVotingTable.pdf>.

²⁵ *Basic Documents of the EBRD*, Article 26- Board of Directors: Composition, 2004.

²⁶ EIB geographic regions webpage, [online].

Unlike the EBRD, EIB and IFC, the AfDB has attempted to address the inequity that comes from economically weighted voting systems. Its *Articles of Agreement* require that at least 60 percent of the voting shares are owned by RMCs and that the President be from a Regional Member Country (RMC).²⁷ The *Articles of Agreement* also require that two thirds (12 of 18) of Directors be from RMCs and only one third be from non-RMCs; this ensures majority representation by the RMCs on a key decision making body.

Governance measures, such as those of the AfDB, that provide borrowing members with at least half the voting power enable them to have an increased amount of control in decision making. However, without introducing alternative voting²⁸ mechanisms such as double majority voting or reducing the inequity in the distribution of weighted votes, borrower countries alone will be unable to make decisions requiring higher majorities, such as changes in the governing articles.²⁹

Table 8: Key components of inequitable member control among all the MDBs assessed in the 2006, 2007 and 2008 *Global Accountability Reports*

Organisations	Countries with most voting power ³⁰	Countries that can alone block changes to governing articles	Countries able to elect/appoint themselves to executive body ³¹
African Development Bank	Nigeria (8.726%), United States (6.340%), Japan (5.405%), Egypt (5.065%) ³²	None	None
Asian Development Bank	Japan, United States (12.756% each) ³³	None	China, India, Japan, United States
European Bank for Reconstruction and Development	United States (10%), France, Germany, Italy, Japan, United Kingdom (8.6% each) ³⁴	None	None ³⁵
European Investment Bank	Germany, France, Italy, United Kingdom (16.17% each), Spain (9.7%) ³⁶	None	Germany, France, Italy, United Kingdom
International Bank for Reconstruction and Development	United States (16.38%), Japan (7.86%), Germany (4.49%), United Kingdom, France (4.30% each) ³⁷	United States	United States, Japan, Germany, France, United Kingdom ³⁸
Inter-American Development Bank	United States (30.01%), Argentina, Brazil (10.752% each) ³⁹	United States	Canada, ⁴⁰ United States
International Finance Corporation	United States (23.60%), Japan (5.86%), Germany (5.35%), France, United Kingdom (5.03% each) ⁴¹	United States	United States, Japan, Germany, France, United Kingdom
Islamic Development Bank	Saudi Arabia (26.57%), Libya (10.66%), Iran (9.32%), Egypt (9.22%) ⁴²	Saudi Arabia	Egypt, Iran, Kuwait, Libya, Saudi Arabia, Turkey, United Arab Emirates

²⁷ *Articles of Agreement of the African Development Bank*, Article 5- Authorized Capital and Article 36- The President: Appointment, 2002.

²⁸ Double majority voting systems in MDBs require both a majority or larger proportion of members and a threshold percentage of total voting shares for changes to governing articles.

²⁹ Chowla, P. et al., "Bridging the democratic deficit: double majority decision making and the IMF," *One World Trust and Bretton Woods Project*, 2007.

³⁰ Voting power is based upon financial contributions (shares held) in each of the MDBs.

³¹ Procedures such as single country constituencies or voting power enable some member countries to appoint their own representatives on to the executive body. Other countries are generally grouped into constituencies and are represented by one of the constituency members. Most organisations allow each constituency to choose how it selects its representatives.

Financial contributions and voting power (Plan International)

While Plan International scores well for equitable member control, it does not give each member an equal number of votes on the governing body, the Member's Assembly. Voting rights are based on national members' financial contributions to international expenditure; a net contribution of US\$6 million generates an entitlement of two votes, with an additional vote for each additional US\$3 million. Based on this arrangement, Plan Germany, with an average net contribution of US\$91.5 million, has the most voting power within the organisation with 30 votes. The four largest contributors, Plan Germany plus Plan Netherlands (22 votes), Plan UK (18 votes), and Plan Canada (17 votes), control over 50 percent of the voting rights within Plan International, though they represent only one quarter of the total membership.⁴³

As was discussed in the Section 2, in order to realise accountability, global organisations need to not only address reform at a technical level by developing new policies and procedures, but also bring about change at the political level and engage with the difficult issue of who holds power. Addressing issues such as members' voting rights is a key component of realising this step change in accountability.

Double voting (Carrefour)

Among assessed corporations, only Carrefour fails to meet the 'one share, one vote' principle, as it grants double voting rights to

Box 9: Good practice principles for equitable shareholder control (companies)

- ✓ All shareholders represented at the AGM and those with 1% or more of shares can add items to the agenda
- ✓ Shareholders able to nominate candidates for all seats on the Board of Directors
- ✓ Candidates for the Board of Directors elected by a majority of shareholders
- ✓ Shareholders able to initiate a process of dismissal of Directors
- ✓ No exceptions to the one share one vote rule

some shares. As was the case with Suez, assessed in 2007, and several other leading French companies,⁴⁴ double voting rights are granted to all fully paid-up shares held for at least two years and provide the holder with twice the number of votes.⁴⁵

The Association of British Insurers has noted that use of double voting rights is the most common form of exception to the 'one share, one vote' principle in France. The system was originally implemented to reward loyal shareholders and encourage a long term view in corporate decision making. In practice however, the system mainly benefits strategic shareholders who use the double voting right system to

³² Voting powers for the AfDB as of 30 September 2008, [online].

³³ Voting powers of the ADB as of February 2007, [online].

³⁴ Membership and capital subscription information for the EBRD gathered 10 November 2007 [online].

³⁵ While no single country is guaranteed a seat on the Board of Directors, Western European countries are guaranteed eleven of the twenty-three seats. (*EBRD Basic Documents*)

³⁶ EIB capital subscriptions as of 1 January 2007, [online].

³⁷ IBRD voting powers as of 1 November 2008, [online].

³⁸ "The IBRD Board is comprised of 24 Executive Directors. The Executive Directors of the IBRD serve ex-officio as Directors of IDA and the IFC provided that the country that appoints them or any one of the countries that elects them, is also a member of IDA and IFC. It is customary for the Directors of MIGA to also serve as Executive Directors of the Bank. Five of the 24 IBRD Executive Directors are appointed by the members who constitute the five largest shareholders of the Bank (currently the United States, Japan, Germany, France and the United Kingdom). The 19 remaining Executive Directors are elected by the Bank's other members." World Bank Board of Directors web page. [online].

³⁹ IDB Voting shares as of December 31, 2006, [online].

⁴⁰ At IDB, the US appoints its own representatives under the power prescribed in the governing document that the largest shareholding member country appoints its own director. Canada elects its director but does so as a constituency of one country. Thus, Canada effectively appoints its own director like the US. This is particularly significant given that Canada has only a 4 percent voting power share.

⁴¹ IFC Voting powers as of November 1, 2008, [online].

⁴² Member countries' shares of total capital for the Islamic Development Bank, [online].

⁴³ Full list of voting rights for Plan International: Australia 4, Belgium 3, Canada 17, Denmark 1, Finland 5, France 4, Germany 30, Ireland 1, Japan 8, Korea 1, Netherlands 22, Norway 14, Spain 4, Sweden 8, UK 18, and US 10 per correspondence from Plan International, 19 November 2008.

⁴⁴ Examples include Danone, LVMH and Saint Gobain.

⁴⁵ Deminor Rating, *Application of the one share – one vote principle in Europe*, London: Association of British Insurers, 2005, p.19, [online]. Other French companies grant double voting rights after longer thresholds, such as Christian Dior after three years and Pernod Ricard after ten.

reinforce their voting power.⁴⁶ Holders of these shares may also utilise legal loopholes which allow them to loan, rather than sell, their shares, thus enabling additional voting rights to be up for sale to the highest bidder rather than encouraging either long term views or rewarding loyalty.

The European Commission (EC) has begun to address these concerns. It undertook a study in 2006 to determine whether a directive should be issued supporting the 'one share, one vote' principle. The working group recommended enhancing transparency with regard to multiple voting rights to curb potential abuses, but the European Commission did not issue any directives requiring adherence to the principle.⁴⁷ Following the publication of the Report, new legal requirements were put into place to ensure transparency of double voting rights in France.⁴⁸ These requirements mandate the registration of the names of shareholders and a monthly publication of voting rights (if they vary from the last publication).⁴⁹ This legislation is an attempt to create an institutional framework that retains the double voting system while addressing EC concerns of potential abuse.⁵⁰

Getting issues onto the agenda: challenges within BHP Billiton, Deutsche Post World Net, Royal Dutch Shell and Unilever

Assessed corporations demonstrate a wide variation in shareholder thresholds for placing items on the agenda of the Annual General Meeting (AGM). Shareholders holding one percent of shares are unable to add items to the agenda of AGMs at BHP Billiton, CEMEX, Deutsche Post World Net, Royal Dutch Shell, or Unilever.⁵¹ These variations are primarily due to differences in minimum legally required thresholds in the countries in which the companies are listed. As Table 9 indicates, in Australia, Germany and the United Kingdom, the threshold to add items to the agenda is five percent and in France the threshold of five percent decreases with the level of capital of the corporation; only in the Netherlands and the United

States is it set at one percent. Under Mexican corporate law, the threshold is set at 10 percent.⁵²

Being able to add items to the agenda of an AGM is an important mechanism for shareholders to raise an issue of concern with a company. While allowing each individual shareholder to add items is not practical, setting the threshold at five percent or higher of all votes or share capital limits the influence of minority stakeholders and reduces the diversity of voice in corporate decision making.

Privatisation and expansion to the international arena: accountability challenges (EDF)

Examination of the governance structure of EDF highlights the dual accountability challenges of a company simultaneously undergoing privatisation and international expansion. EDF, the former state run national electricity provider in France, was formally privatised in 2004 and publicly listed in November 2005. At the same time, over the past several years, EDF has made several high profile acquisitions outside of France, including British Energy in 2008. Problematically, while the company has become more international, its governance structure has remained nationally focused. This poses an accountability challenge as increasing numbers of key stakeholders and beneficiaries are not French citizens.

Since privatisation, EDF has a tripartite Board of Directors structure that remains dominated by the French government: the French government appoints one third of Directors, employee representatives (drawn from French labour unions)⁵³ occupy another third of seats and shareholders elect the remaining third of Directors. Given that the French government continues to own approximately 85 percent of EDF shares,⁵⁴ this structure results in an over representation of French government interests at the expense of other shareholders. In addition, the employee representatives are drawn from the French unions, and exclude EDF employees in other countries.

⁴⁶ Ibid.

⁴⁷ Report Working Group AMF, "Improving the exercise of shareholder voting rights at general meetings in France," 2000, p.32, [online].

⁴⁸ Institutional Shareholder Services with Shearman & Stirling LLP and the European Centre for Corporate Governance, "Proportionality between ownership and control in EU listed companies: external study commissioned by the European, Report on the Proportionality Principle in the European Union, 18 May 2007, [online].

⁴⁹ Pernod Ricard, "The advantages of French double voting rights versus those of the one share – one vote principle", [online].

⁵⁰ Ibid.

⁵¹ In the cases of Royal Dutch Shell and Unilever, shareholders in the Dutch portions of the two conglomerates are able to add agenda items at the 1 percent threshold level while those in the UK cannot.

⁵² Ley General de Sociedades Mercantiles, [online].

⁵³ Taplan, Mark. "How Many Shareholders Should it Take to Call a Meeting?" *Law and Bills Digest Group*, February 2002, [online].

⁵⁴ Haider, Syed. "Empowering the Minority Shareholders," *Business Recorder*, 2005. [online]

Table 9: Legal thresholds for adding items onto the agenda of Annual General Meetings (AGMs) of publicly traded companies

Country	Minimum requirements to add agenda items
Australia (BHP Billiton)	Shareholders with at least five percent of the votes that may be cast at a general meeting or at least 100 members entitled to vote at the General meeting ⁵⁵
France (Carrefour, EDF)	Shareholders with five percent minimum of share capital (which decreases with the level of capital) ⁵⁶
Germany (DeutschePost World Net)	Shareholders with five percent minimum of share capital or nominal amount of €500,000. ⁵⁷
Mexico (CEMEX)	Shareholders with ten percent of share capital ⁵⁸
Netherlands (Royal Dutch Shell, Unilever)	Shareholders with one percent of share capital ⁵⁹
USA (Goldman Sachs, Halliburton)	Shareholders with one percent of total voting powers
UK (Royal Dutch Shell, Unilever)	Shareholders with five percent of the voting power or 100 or more shareholders whose paid up capital average at least £100

Privately held corporations: transparency and governance challenges (Cargill)

As the world's largest trader in grains, Cargill's activities affect millions. Yet, as one of the world's largest privately held corporations, Cargill is not legally required to disclose information on its governance structures or operations, and in practice, provides little such information in the public sphere. Cargill engaged in the research process for the *Global Accountability Report*, and we were therefore provided with sufficient information during the course of research to score Cargill on its internal governance. However, this is information that the average stakeholder would not receive.⁶⁰ Given the company's dominant position within the global food supply system, basic information about its governance, who makes decisions, when and how is essential. Cargill may be a privately traded company, but it has an unquestionable public impact. In order for key stakeholders, including agricultural production communities and grain product consumers, to hold Cargill to

account for its activities and commitments, Cargill needs to provide the public with sufficient information about its activities and decisions.

The Swiss cooptation system: advantages and risks (ICRC, IOC)

Both the ICRC and the IOC are governed via the Swiss cooptation system. This system involves a self selecting, self perpetuating membership, in the case of the ICRC of 15 to 25 individuals and in the case of the IOC of up to 115 individuals. Cooptation attempts to exclude any kind of external influence, and prevent governments from influencing decisions. In theory, this exclusivity preserves the authenticity of its neutrality and independence.⁶¹ For example, in the case of the IOC, whose work in selecting host cities for the Olympic Games is highly political, the cooptation system reduces the potential for political influence that having country representatives on the IOC might bring.

⁵⁵ Ibid.

⁵⁶ Ley del Mercado de Valores, 2006-2007, [online].

⁵⁷ Dutch Civil Code, Burgerlijk Wetboek 2 (BW2), Artikel 114a | BW2, Boek 2, Titel 4, Afdeling 4, 1992.

⁵⁸ Loi 83-675 (as of 06/07/08), Chapter II Articles 14 – 15, [online].

⁵⁹ "British Energy on brink of deal with EDF after improved offer." *Times Online*, September 2006, [online].

⁶⁰ Weinberg, Neil with Brandon Copple, "Going Against The Grain," *Forbes.com*, 25 November 2002, [online].

⁶¹ ICRC. *The ICRC, the League and the Report on the Re-Appraisal of the Role of the Red Cross*. Geneva, 1979, p.53

However the cooptation system raises questions of accountability for organisations such as the ICRC and the IOC that have such global reach and impact. This structure can lead to a more insular view and the potential for bias and groupthink, which can weaken accountability to external stakeholders. This is of particular concern given the protection mandate of the ICRC and the goals of the Olympic Movement to promote sport at a global level.

The cooptation structure is also non-representative and insular by design; gaining access to decision making structures is therefore difficult for external stakeholders and may, in the case of the IOC, account for some of the recent history of corruption.⁶² The ICRC's structure is yet more closed with its membership consisting of only 15 to 25 Swiss nationals. Some argue that this limited membership base undermines its legitimacy in the eyes of non-Western governments and communities impacted by the ICRC's work.⁶³

Decentralised and consensus governance (APEC)

APEC has both an informal and a decentralised governance structure. From its establishment in 1989, APEC members chose to keep the Secretariat in Singapore small and weak to avoid creating a strong bureaucracy that could be leveraged against individual country interests by other APEC members.⁶⁴ APEC decisions and activities are, for the most part, to be made at specialised forum meetings convened by the Secretariat which address economic and trade reforms; activities are then implemented at the national level, a highly decentralised approach to regional cooperation. Decentralised decision making raises challenges for accountability as it makes identifying who is making decisions and why more difficult for both internal and external stakeholders to determine. While the decentralised approach has enabled the specialised forums, which address various aspects of economic and trade policy in the region, to be innovative in their areas,⁶⁵ it has inhibited the development of clear and consistent accountability mechanisms.

Further complicating the situation, the governance of APEC is based largely on consensus. Although this at first appears to be a highly equitable structure, in practice, weaker and poorer countries within APEC often lack the power within the

organisation to elect not to follow the lead of the more powerful member countries. Their weakness is then exacerbated by the decentralised decision making structures, which make gathering information about APEC activities more difficult and resource intensive. In addition, requiring consensus can produce paralysis when any powerful member rejects an initiative.⁶⁶

More formalised and centralised structures in the future seem unlikely given the delicate balance that has been struck to allow for the participation of, for example, both China and Taiwan. Although APEC has not reached the point of holding separate 'green room' meetings between only its most powerful members (seen in the case of the World Trade Organisations), this sort of parallel informal decision making structure could easily evolve within APEC. As long as most decision making processes remain opaque and informal, weaker members or external stakeholders will struggle to understand or influence APEC processes.

6.2 External Stakeholder Engagement

Overview

INGOs top stakeholder engagement

As has been the case in previous Global Accountability Reports, this year's assessed INGOs outscored the IGO and corporate sectors, with an average score of 71 percent for external stakeholder engagement. Standard setters IFOAM and FLO led the pack. These overall high scores reflect the emphasis that many INGOs attach to participatory approaches as a means of empowering disadvantaged groups and addressing issues of social justice.

Uneven IGO performance among peer organisations

Within the IGO sector there were sharp differences in external stakeholder engagement capabilities within each of the sub-sectors. While the two UN agencies involved in service delivery, UNICEF and UNHCR, scored well, the UN agency responsible for nuclear safety and non-proliferation, the IAEA, demonstrated less developed capabilities. Within the migration field, the UNHCR outscored the IOM by more than 20 percentage points. Among the MDBs, the EBRD and IFC scored notably better than the AfDB and EIB. These findings indicate strong potential for peer learning within the sector.

⁶² The host city selection process for the 2002 Winter Olympic Games in Salt Lake City, for example, resulted in the expulsion of ten members of the IOC.

⁶³ Tansley, D.D. *Final Report: An Agenda for the Red Cross*, Geneva, 1975, quoted in Armstrong, J.D. "The International Red Cross Committee and Political Prisoners", *International Organisation*, Vol. 39, No. 4, Autumn 1985, p.641.

⁶⁴ APEC International Assessment Network, *Remaking APEC as an Institution*, The Third APIAN Policy Report, August 2002, p.5.

⁶⁵ *Ibid.*

⁶⁶ *Ibid.*

Corporations fall short

The corporate sector average for external stakeholder engagement capabilities was only 36 percent. Only BHP Billiton achieved a score above 70 percent indicating it is has basic capabilities in place. These findings reflect the corporate tendency to approach external stakeholder engagement on an ad hoc basis, having management systems in place, but without making policy commitments that they could be held accountable to by external stakeholders.

Social and environmental standard setters are top performers (IFOAM, FLO)

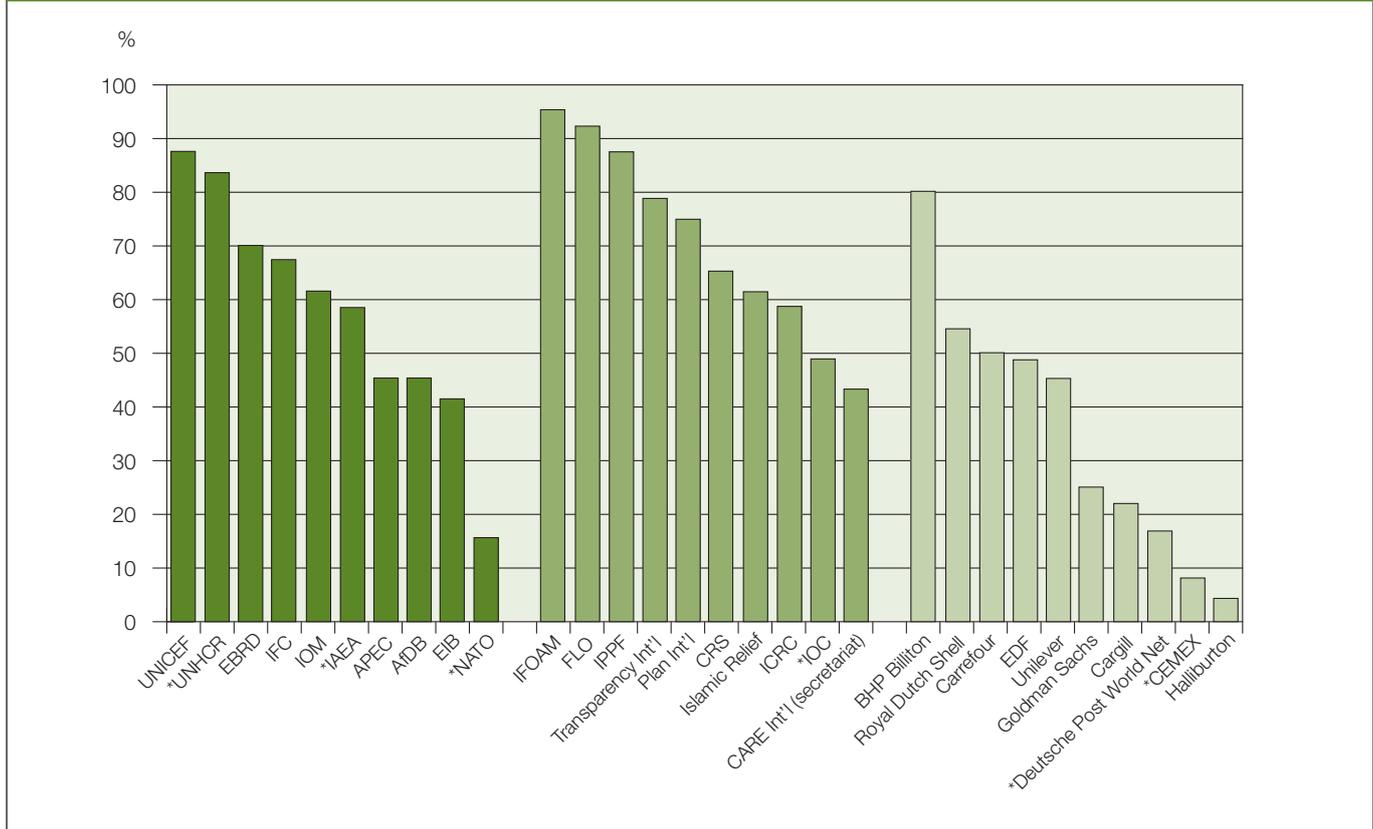
As was the case in the 2007 Global Accountability Report with the International Accounting Standards Board (IASB) and the International Organization for Standardization (ISO), the standard setters assessed this year, IFOAM and FLO have the best developed external stakeholder engagement capabilities in both their sector and across the 30 organisations with scores of 95 and 92 percent respectively. Their high scores are unsurprising, given their field of activity. As standard setters, both are involved in developing positions on normative issues, specifically fair trade and organic agriculture. In order for the standards to be legitimate and credible in the eyes of the end

Box 10: Good practice principles for external stakeholder engagement

- ✓ Clearly identify the activities and level (operational, policy, strategy) at which stakeholders can expect to be engaged
- ✓ Communicate in a timely manner the purpose of any engagement and the scope for stakeholder influence
- ✓ Disclose the outcomes of engagement, unless requested not to by stakeholders
- ✓ Change policy or practice as a result of engagement or else provide an explanation to stakeholders why the input was not taken on board

users, it is crucial that they be developed through an open and consultative process. Principles of stakeholder engagement and transparency are therefore embedded within both organisations' standards development processes. For further information on how IFOAM engages stakeholders in the process of standards development, see Good Practice Case Study 2.

Graph 5: Organisational scores on external stakeholder engagement capabilities



Additionally, IFOAM and FLO's high scores can be explained by their ISEAL Alliance membership. This association of international social and environmental standard setters defines and promotes best practice for the design and implementation of social and environmental standards systems. As ISEAL Alliance members, both IFOAM and FLO comply with the *ISEAL Code of Good Practice*⁶⁷ which, among other issues highlights the importance of standards being developed in an open and consultative fashion.

Most assessed INGOs and IGOs have stakeholder engagement policies

Half of all assessed organisations have documents guiding how and when they engage with external stakeholders. In both the INGO and IGO sectors a majority of organisations – ten INGOs and eight IGOs – have such policies. In the corporate sector however, only BHP Billiton does; the remaining companies rely on vague commitments.

Table 10: Organisations that have a policy on stakeholder engagement and their policy scores

Organisation	Policy score (%)
IFOAM	100
FLO	93
UNICEF	86
*UNHCR	86
IPPF	86
EBRD	76
CRS	72
Plan Int'l	72
BHP Billiton	72
Islamic Relief	72
Transparency Int'l	62
CARE Int'l (Secretariat)	59
*IAEA	59
AfDB	52
ICRC	48
IOM	45
IOC	45
IFC	34
APEC	31

As standards setters, both IFOAM and FLO have strong engagement policies guiding when and how stakeholders should be involved in the revision and development of standards. As Table 10 indicates, out of the 30 organisations, they rank first and second, respectively, for the quality of their policies. IFOAM's *Policy and Procedures on Revision of IFOAM Norms* stands out, meeting all good practice principles. FLO's *Standard Operating Procedures: Development of Fairtrade Standards*, is of a similarly high quality, although it fails to provide a sufficiently clear commitment on how stakeholders will be able to influence the final outcome of a consultation.

IPPF, UNICEF and UNHCR's stakeholder engagement policies are also of good quality meeting many good practice principles. *Setting Standards for Youth Participation* establishes the standards that IPPF expects of Member Associations on youth participation in programming and governance. UNICEF has a *Guidance Note on Promoting Participation of Children and Young People* as part of its *Programme Policy and Procedures Manual* that provides guidance on how to involve children in programming. UNHCR has a number of documents around its Community Development approach which guide engagement with the communities and individuals with which it works. For further information on UNCHR's community development approach see Good Practice Case Study 3.

BHP Billiton's *Community Planning and Engagement Guidelines*, the only stakeholder engagement policy among this year's assessed corporations, merits consideration. It provides guidance at the operational level around when and how communities should be engaged from exploration through development, operation and project/mine closure. While there is room for improvement in these guidelines, given the dearth of such policies in the corporate sector, it represents an important starting point from which other corporations, particularly those with direct community level impact, could learn.

Stakeholders are not guaranteed necessary feedback

While all of the assessed organisations recognise stakeholder engagement as beneficial to what they do – all for example, make a commitment to engage stakeholders in activities – few commit to consistently providing feedback after a consultation as to how their inputs have influenced decision making and if they have not, explaining why. Only six of the assessed organisations make this commitment; FLO, IFOAM, IPPF, Plan International, UNHCR and UNICEF.

⁶⁷ ISEAL Code of Good Practice for Setting Social and Environmental Standards, available at www.isealliance.org/code.

From our experience, this stage in the engagement cycle is most often neglected by organisations and clear policy commitments are needed. If stakeholders are going to take the time to engage in a consultation process, they need to be informed of how their inputs were used in order to assess the value of future participation. Without this feedback, stakeholders may give up on an organisation, presuming their inputs were not taken on board because the organisation was not interested in really listening to them. Once dialogue breaks down, it can be difficult for organisations to re-establish productive relationships with stakeholders. Of course, during large scale consultations it will not be possible to respond to every issue raised, but points can be grouped and responses made to general themes. Both IFOAM and FLO, for example, take this approach when engaging stakeholders in the revision and development of standards. The IOC takes a similar approach in aggregating submissions for the Olympic Congresses.

Stakeholder engagement and private sector funding institutions (EBRD, EIB, IFC)

Among the assessed organisations, the EBRD, the EIB and the IFC are all heavily involved in private sector lending. The IFC only funds private sectors clients while the EBRD was established to foster private sector development in Central and Eastern Europe. MDBs that lend heavily to the private sector require unique approaches to stakeholder engagement as capabilities need to be built both at the institutional and client/operational level. At the institutional level, policies need to be in place guiding the engagement of external stakeholders in the development and revision of organisational policies and strategies. At the client/operational level, policies need to guide those receiving funding on when and how to engage stakeholders at the project level.

Of the organisations operating in this way, only the EBRD has policies at both levels. At the institutional level, its *Public*

Good Practice Case Study 2: IFOAM explains how it involves external stakeholders in the development of global standards on organic agriculture

The IFOAM *Basic Standards for Organic Production (Basic Standards)* is an international agreement by the organic movement on what constitutes organic agriculture.

IFOAM has consistently consulted members when reviewing its *Basic Standards*. It considers consultation vital to ensuring the standards accurately reflect the situation of organic agriculture globally. It also allows organisational consensus to be developed before a final decision is taken.

Recently, IFOAM has utilised communication technology to incorporate the views of a greater share of members into the review process. Since 2005, rather than being made in the General Assembly, decisions about standards have been made following a full membership vote via the Internet. As a result, decision making has been made accessible to all members, as opposed to only those who can attend the General Assembly in person. While expanding the reach of the vote, IFOAM has also found that the new system has reduced the level of constructive debate and discussions that would take place in the forum of the General Assembly. To reinstate this element of debate, IFOAM is exploring ways to incorporate web-based discussions, such as 'Webinars', into the standards development process.

As interest in organic agriculture has increased globally, so IFOAM has broadened the consultation process around the *Basic Standards*. Since 2004 IFOAM now involves a much wider range of stakeholders in the development and revision of standards including governments, civil society and international organisations. To support this wider consultation it has also developed a policy that stipulates when and how stakeholders should be notified and invited to comment on revision drafts of the standards.

Increasing the inclusiveness in the standards development process has helped IFOAM expand its international networks, create new dialogues, develop more appropriate standards and strengthen its legitimacy as a truly global standard setting body.

For more information go to: www.ifoam.org

Good Practice Case Study 3: UNHCR's emphasis on community involvement in decision making

UNHCR's *Community Development Policy* (2001) advocates incorporating vulnerable individuals into the decision making process as the best means to provide protection. The rationale is that enabling those at risk to identify solutions is likely to ensure the most effective implementation of resources. *A Community-Based Approach in UNHCR Operations* (2008) provides in-depth case studies and suggestions about the best ways to implement these approaches in practice. The *UNHCR Tool for Participatory Assessment in Operations* (2006) is intended to be applied in tandem with the 2008 guidelines, and provides practical steps to ensure that individuals are provided with the opportunity to voice their concerns and suggestions throughout UNHCR operations.

For more information go to: www.unhcr.org

Information Policy states when and how NGOs and other external stakeholders are to be engaged in the development and revision of Country Strategies, Sectoral Strategies and key internal management policies such as the *Environmental and Social Policy*. At the operational level, the *Environment and Social Policy* sets the standards that clients are to follow as recipients of EBRD funding. This includes a *Performance Requirement* on engagement with stakeholders. The IFC, on the other hand, has *Performance Standards* that indicate how and when clients should engage external stakeholders in project development and implementation, but lacks a similar policy at the institutional level. The EIB has no policies at either level.⁶⁸

The necessity of having policies guiding engagement at the institutional level is nowhere more clear than in the case of the IFC. The global influence of the IFC comes from its ability to set standards on social and environmental issues as much as its role as a global financier. The IFC is the leading environmental and social standard-setter for international project finance and other major financial institutions are increasingly accepting its

standards as a mark of acceptable environmental and social protections and procedures.⁶⁹ As such, the process of developing and revising the IFC's standards requires a consistent and structured process of stakeholder engagement given the broad impact the standards have on the lives of millions of people in developing countries. In the absence of a policy at the institutional level that clearly states when and how external stakeholders can expect to provide input, there will always be scope for discretionary practice and the exclusion of important voices from the process.

Box 11: Ways of involving external stakeholders in high level decision making: observer and consultative status

IAEA: Since 1959, the IAEA has granted 'consultative status' to NGOs whose focus is directly related to that of the Agency and who agree to undertake to support its work and promote knowledge of its principle and activities. Such status allows them to attend and receive privileges in relation to meetings of the General Conference and the Board of Governors, such as access to meeting agendas and to submit requests for oral statements.

IOM: The IOM grants 'observer status' to NGOs enabling them to engage with governing level decision making.

UNHCR: Since 1997, NGOs have been able to apply for 'observer status' with UNHCR's Executive Committee (ExCom). Such status allows NGOs to attend both the plenary sessions of the ExCom and meetings of the Standing Committee. They can also make one joint NGO statement per agenda item.

UNICEF: NGOs are accredited with 'consultative status' through the ECOSOC. This status gives NGOs the opportunity to interact with UNICEF's Secretariat as well as the right to present their views to the Executive Board, by participating in meetings and submitting oral and written statements.

⁶⁸ While the EIB loan approval process requires "stakeholder concerns [to] be carefully considered as early as possible in the assessment process", by clients, there is no elaboration of how this should take place. Likewise, vague commitments to engage civil society in activities at the institutional level are made in the *Public Disclosure Policy*, but no specific guidance is given. (EIB Statement of Environmental and Social Principles and Standards p.17).

⁶⁹ Rankin et al. "IFC raises the bar on environmental health and safety," *International Mining*, Vol. 8, April 2008. [online].

See also Herz, S. "The Role and Responsibilities of International Financial Institutions with Respect to Human Rights and Their Relevance to the Private-Sector," *Bank Information Center*, Washington DC, February 2007.

Widespread involvement of external stakeholders in governance: strengths and weaknesses of different approaches

Over two thirds of all the assessed organisations—eight IGOs, seven INGOs and six corporations—have institutionalised external stakeholder involvement in decision making at the governing, executive and/or senior management levels. These mechanisms include advisory bodies, observer/consultative

status and representation on the governing body. Each has advantages and limitations with regards to strengthening accountability.

Advisory bodies: expert groups and stakeholder panels

As Table 11 indicates, the most common used mechanism among assessed organisations for involving external stakeholders in decision making at the senior management and

Good Practice Case Study 4: Fairtrade Labelling Organizations International (FLO) explains how the producers of Fairtrade products are now co-owners of the organisation

Recent developments in FLO's membership structure have increased the level of participation of a key stakeholder group, the producers of Fairtrade certified products, in the organisation and strengthened the extent to which their interest are represented in decision making.

Until recently, only Labelling Initiatives such as TransFair and Fairtrade Foundation, were formal members of FLO. A vote in November 2007 by the General Assembly, however, led to the adoption of a new constitution that extended membership status to networks of Fairtrade certified producers. These are recognised as the representatives of farmers and workers in the developing world. The Producer Networks, CLAC (Coordinadora Latinoamericana y del Caribe de Comercio Justo), AFN (African Fairtrade Network) and NAP (Network of Asian Producers) now have their own Producer Network Assembly alongside the Labelling Initiatives Assembly and the General Assembly, where they discuss issues of relevance to them, and are allocated four places on the Board of Directors (with Latin America, Africa and Asia having at least one seat each).

The inclusion of producers as voting members of the organisation represents an important step towards FLO becoming a truly multi-stakeholder organisation. Moreover, it is important that producers are co-owners of FLO as its very purpose is to improve their situation and therefore, it needs to know their priorities. By involving producers in the governance structure in this way, FLO is better placed to respond to their needs and set standards that support their interests.

For more information go to: www.fairtrade.net

Box 12: Ways of involving external stakeholders in high level decision making: representation on governance bodies

IFOAM: A number of committees oversee IFOAM's Organic Guarantee System; the Criteria Committee (CC), the Standards Committee (SC) and the Norms Management Committee (NMC). Each are constituted to reflect stakeholder representation, expertise and the balance of interests.

FLO: Producers – the beneficiaries of FLO's work – are represented at the Annual General Assembly, the Producer Network Assembly and through four seats of the Board. Labelling Initiatives are represented in a similar way through the General Assembly, the Labelling Initiatives Assembly and with five seats on the Board of Directors. Stakeholders external to FLO also have two seats on the board, they are elected based on their qualifications and experience. Each of these stakeholder groups are also represented on the FLO Standards Committee which oversees the Fairtrade Standards development and revision process.

IOC: Members of several external stakeholder groups have been incorporated both in the governing body itself (the IOC Session) and in advisory roles. Approximately 25% of the IOC Session are members of international sporting federations, members of National Olympic Committees or former Olympic athletes.

IPPF: IPPF's Act and Regulations stipulates that the Governing Council must have at least one person under 25 and at least 50 percent must be women. At the regional level these criteria are replicated with all Regional Councils having at least 50 percent women and 20 percent youth representation.

Table 11: Assessed organisations with expert and stakeholder advisory bodies

Organisation	Name of mechanism	Date est.	Frequency	Size and selection criteria	Role
APEC	APEC Study Centres Consortium	1993	Yearly	Academic experts from 100 partner universities in 19 member economies	Develops studies and research in APEC-related issues and advises APEC Directors on the organisations' policies
APEC	Business Advisory Council	1995	4 times a year	63 business people from the private sector, 3 from each of the 21 member economies appointed by their respective leaders.	Advises the leaders (heads of state) on key business policy issues
APEC	Women Leaders Network	1996	Yearly	60 to 200 women in leadership representing their respective member economies	Advises APEC officials on gender matters in informal meetings running parallel to the annual APEC Leaders' Meeting
BHP Billiton	Forum on Corporate Responsibility	2000	Twice a year	9 leaders of key NGOs, academia, community opinion leaders and 7 BHP Billiton's senior level staff appointed by BHP Billiton.	Advises the CEO, senior management and some VPs on sustainable development
Carrefour	Annual Stakeholder Consultation	2003	Yearly	35 key stakeholders from ratings agencies, funds managers, environmental and social NGOs, consumer organisations, unions, national and international bodies selected by Carrefour	Advises members of the Management Board, Group managers and Carrefour's CEO on sustainability issues
EBRD	Environmental Advisory Council	1991	Twice a year	10 external experts from NGOs, private sector, academic and research institutions selected by the EBRD	Advises EBRD's Board on the organisation's environmental and social policies
EDF	EDF Scientific Advisory Board	1987	Yearly	10 eminent scientific experts appointed by EDF	Provides the EDF Board with insights to help direct decision making on middle and long range research priorities
EDF	Sustainable Development Panel	2004	Twice a year	13 NGO representatives, academics and EDF senior level staff	Advises the EDF Board on issues relating to environmental and sustainable development
Goldman Sachs	Advisory panel	Data not available	Data not available	Individuals selected from different regions and sectors by Goldman Sachs	Advises on business strategy in their respective area or sector of expertise

Table 11: Assessed organisations with expert and stakeholder advisory bodies

Organisation	Name of mechanism	Date est.	Frequency	Size and selection criteria	Role
ICRC	Group of International Advisors	1984	Twice a year	12 experts with confirmed international experience selected by the ICRC. The group is established for 4 years at a time. Since 1984 there have been 6 groups	Provides confidential advice to ICRC leadership on activities and policy decisions, specifically providing advice on ways to increase respect for international humanitarian law in times of conflict
IFC	World Bank Group Extractive Industries International Advisory Group	2005	Twice a year	14 experts from government, industry, civil society, academia and financial sector selected by the IFC	Advises the IFC's Oil, Gas Mining and Chemicals Department, senior management and staff on best practices in the extractive industries
IFC	Labor Advisory Group	2007	Yearly	7 individuals with background in labour rights related areas convened by the Director of the Environment and Social Development Department of IFC	Advises IFC's Environment and Social Development Department staff and senior management on performance standards and other labour rights issues
IOM	Business Advisory Board	2005	Twice a year	17 business leaders representing a cross-section of industries and interests worldwide who are appointed by IOM	Advises the Director General and the Board on key issues of migration management
IPPF	International Medical Advisory Panel	1982	Twice a year	IPPF's Governing Council, representatives from the World Health Organization (WHO) and the United Nations Population Fund select approximately 8 medical experts from all parts of the world, a system of rotational membership ensures varied experience and expertise	Provides advice to the Governing Council on best practices regarding sexual and reproductive health care and family planning
TI	Advisory Council	1993	Ad hoc meetings	TI's Board of Directors selects 35 individuals with extensive experience in the areas of TI's work from a range of different areas and sectors	Advises the Board of directors and supports the organisation's work
Unilever	Unilever Sustainable Development Group	1998	Twice a year	5 external experts in corporate responsibility and sustainability selected by a member of the Unilever Executive	Advises Unilever executives on environmental and social sustainability issues and on corporate responsibility
Unilever	Sustainable Agriculture Advisory Board	2000	Yearly	10 external experts from NGOs and research institutes selected by Unilever	Advises Unilever on its overall approach to sustainable agriculture as well as to standards setting for Unilever's key crops

Good Practice Case Study 5: BHP Billiton explains its Forum on Corporate Responsibility

BHP Billiton's Forum on Corporate Responsibility (FCR) is a space in which the company's senior management meets with civil society to engage in constructive dialogue around sustainability issues. It was established in 1999 following public scrutiny of BHP Billiton's handling of the social and environmental issues related to Ok Tedi copper mine in Papua New Guinea. The FCR was designed to bring company senior executives and NGOs together to openly discuss the situation and try and identify mutually agreeable solutions.

Now, as in those early days, FCR provides its members with the opportunity to provide advice and challenge the thinking and views of the company's management. The understanding and trust that has developed among participants enables open and constructive dialogue and debate on complex issues. The Forum is not a decision making group. BHP Billiton is not bound by the advice of the Forum, and the Forum does not necessarily endorse the decisions made by the company.

The Forum has become increasingly global over the years, with current members based in Australia, Brazil, UK/India and South Africa. In addition to the CEO and senior management, there are now eight external representatives from international social and environmental NGOs. All are key opinion leaders in their field with expertise and experience in a broad range of sustainability issues.

Under the chairmanship of the CEO, the Forum convenes for two full day meetings each year to discuss an agenda that is developed collaboratively by the members. Meetings often incorporate visits to operating sites to give external members a deeper insight into sustainability issues on the ground.

The value of the Forum has been to provide members with mutual appreciation of each other's views and perspectives. In addition, for BHP Billiton, it keeps executives informed about emerging sustainability issues, provides a platform to test proposed positions and ensures societal expectations are better understood and considered in the decision making process. In 2008, for example, the Forum contributed to the development of the company's policy on climate change, biodiversity and business conduct, as well as provided input on programs and projects in Indonesia, the Philippines, Suriname and Cambodia.

For more information go to: www.bhpbilliton.com

governing body levels are advisory bodies, with 12 organisations using them- four IGOs, three INGOs and five corporations.

Advisory bodies tend to fall along a continuum between expert groups selected solely for their technical knowledge and stakeholder panels selected for their representative capacity. Expert groups consist of external experts who provide guidance and input on a specific issue or area of strategic importance to an organisation. Examples include the EBRD's *Environmental Advisory Council*, which inputs into the institution's environmental policies, IPPF's *International Medical Panel*, which advises the IPPF Council on developments in medicine that might impact on sexual and reproductive health, EDF's *Scientific Advisory Board* which advises on research priorities, and IOM's *Business Advisory Board* which provides input into issues of migration management from a business perspective.

Stakeholder panels are similar to expert groups in that they offer decision makers a source of external advice and opinion. However, they go further in terms of strengthening accountability

by reflecting the views and opinions of representatives of an organisation's key stakeholders rather than just experts. Only Carrefour, BHP Billiton and EDF have mechanisms that resemble stakeholder panels. In each case, the companies engage representatives from NGOs in conversation and discussion on issues of sustainability and the companies' reporting. Yet, a key limitation of stakeholder panels as an accountability mechanism is that panel members are selected by organisations themselves through an opaque process that normally lacks established criteria for selection. To create a mechanism that contributes more to accountability, organisations should have a clear and transparent application and selection process for panel members. For further information on BHP Billiton's stakeholder panel see Good Practice Case Study 5.

Observer and consultative status for meetings of the governing body

Granting observer and consultative status is the favoured

approach for institutionalising stakeholder engagement among the UN agencies (UNICEF, UNHCR, the IAEA) as well as the IOM. This approach enables stakeholders such as NGOs, once granted consultative status, to attend governing body meetings, circulate position statements and make interventions upon request. In the case of the IAEA, for example, consultative NGOs can, among other things, receive the provisional agendas of the General Conference, send observers whenever the General Conference or Board of Governors has public meetings,

be invited by the Director General to other meetings convened by the agency, and consult with members of the secretariat. While accreditation and observer status provide NGOs with the opportunity to engage with the governing body of an institution, the type of participation that it allows is very passive. NGOs are allowed to observe discussion, circulate opinions and interject when invited to do so. While these measures go some way to strengthen the transparency of decision making, they are a long way from providing NGOs with a real influence over the process.

Good Practice Case Study 6: IPPF explains how its primary clients, women and youth, are represented in its governance structures at all levels

Women and young people have always represented the primary clients of IPPF's 152 national Member Associations. In the last decade, as part of a series of governance reforms, the Federation has taken steps to ensure they are able to fully participate in the decision making of their own Member Associations and at the highest levels of IPPF.

The IPPF's foremost decision making body, the Governing Council, is made up of five people elected from each of the IPPF's six regions. In the early 1990s, the Governing Council did not have a single young person (below 25 years) as a member and less than one third of its members were women.

In 1997, the IPPF established a Governance Task Force in order to address this situation. Soon after, the constitution of the IPPF was changed to ensure that at international, regional and national levels of the Federation, the membership of all governing committees would be at least 50 percent women. The Task Force also secured agreement that at least 20 percent of the Governing Council be composed of young people under the age of 25 years (at least one per region).

Involving women and young people in the organisation's governance was an important step for IPPF to take as it significantly strengthened the legitimacy of its work on sexual and reproductive health and rights; rather than working for the intended clients, IPPF was working with them and this was reflected at all levels of the organisation's governance structures.

Involving young people in the IPPF's governance ten years ago was a radical step and agreement had to be secured in stages. The six young people on the Governing Council in 2001 took the lead in drafting an IPPF policy on the involvement of young people. The policy related to all aspects of the Federation's work and strongly urged 20 percent youth representation on all regional and national governing boards. In 2006, the Governing Councils in each of the six regions agreed to this and revised their regional constitutions accordingly. Youth involvement within Member Associations continues to grow and in 2007, 42 percent of the 152 national IPPF Member Associations had at least 20 percent young people on their governing boards. Progress in Member Associations is monitored each year through the IPPF's annual survey of 30 global indicators.

The next big challenge is to ensure that young people living with HIV and other vulnerable and marginalised young people are also represented in the IPPF's decision making. The developments outlined above have changed the culture of the IPPF profoundly. The middle-aged male medical doctors, once predominant in the IPPF's governance, have been joined by women and young activists who are helping to advocate and develop policies that directly contribute to the sexual and reproductive health movement in their own country and globally.

For more information go to: www.ippf.org

Representation on decision making bodies

In terms of accountability, involving stakeholders in decision making is the most progressive form of stakeholder engagement. This type of approach has been adopted by four of the assessed organisations – IFOAM, FLO, the IOC and IPPF. As indicated in Box 12, the specifics of each organisational arrangement differ substantially. FLO, for example, gives for each of its two key stakeholder groups, labelling initiatives and producers, five and four seats on the Board respectively. IFOAM involves stakeholders directly in Committees that oversee its Basic Standards. The IOC has built stakeholders into the governing body. The IPPF has mandated that a percentage of its key stakeholders, women and youth, are present at all levels of governance, from national to regional to international (for further details on how IPPF and FLO involve external stakeholders in governance see Good Practice Case Studies 4 and 6).

Evaluation

the process through which an organisation monitors and reviews its progress against goals and objectives; feeds learning from this back into the organisation, and reports on the progress

Evaluation capabilities unpacked

Evaluation capabilities are assessed by analysing:

1. Whether an organisation makes a commitment to evaluate and has in place policy(ies), underpinned by good practice principles, which guide evaluation practice; and
2. Whether an organisation has in place management systems to ensure both compliance with these commitments and the dissemination of lessons learned.

For the corporate sector, the focus in the evaluation dimension is split evenly between environmental and social impact (e.g. labour standards in the supply chain, community relations). The scoring for each of these areas is then divided equally between policies and systems.

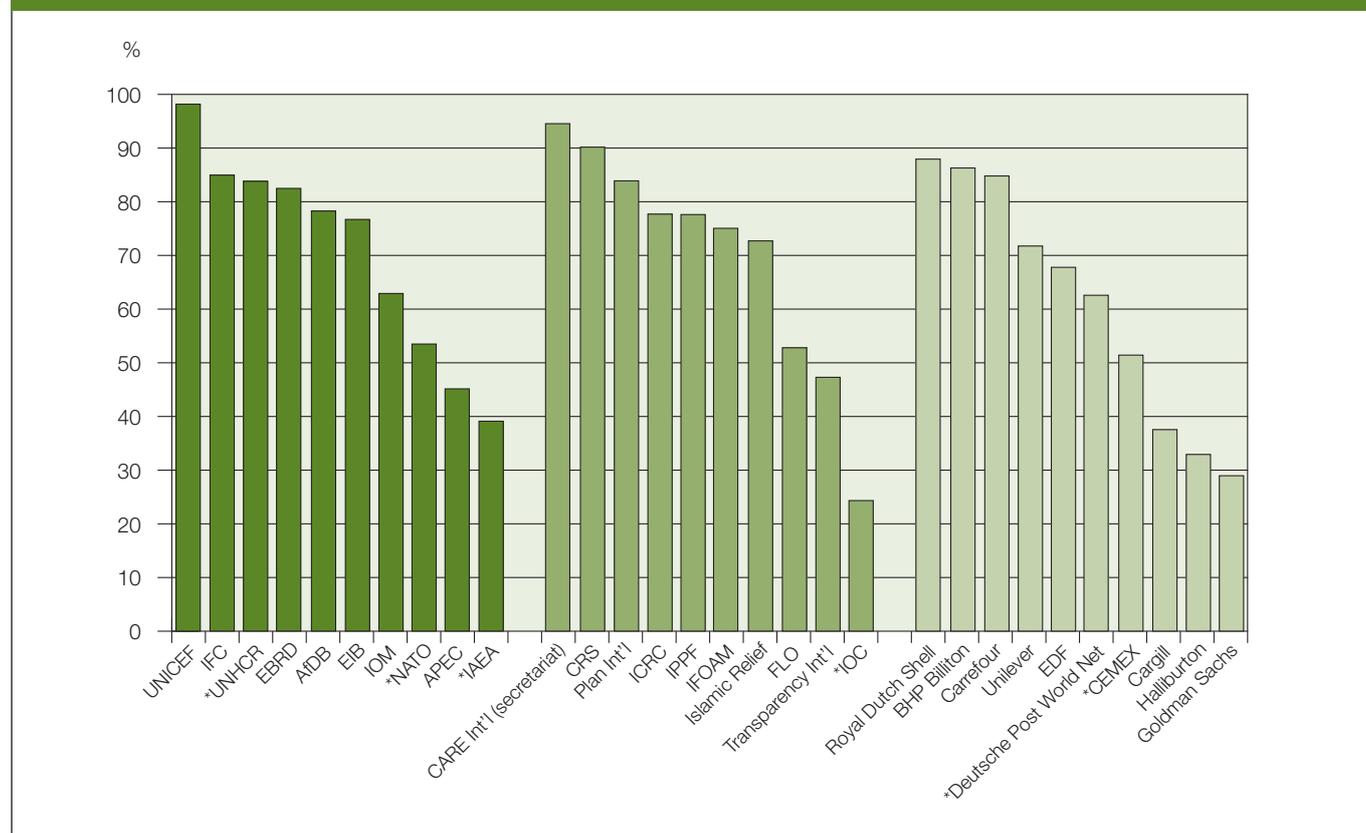
Strong evaluation capabilities help foster consistently high quality evaluations that generate learning and strengthen accountability.

7 Evaluation

Main findings

- Evaluation is the highest scoring dimension for both the IGO and corporate sectors, with average scores of 70 percent and 61 percent respectively. The INGO sector average is also high at 69 percent and evaluation is the sector's second highest average score after participation (83 percent).
- 17 of the 30 assessed organisations score over 70 percent for their evaluation capabilities. Ten of these exceed 80 percent – four IGOs, three INGOs and three corporations.
- Although all but two of the assessed INGOs have evaluation policies, only three – CARE International (Secretariat), IFOAM and Plan International – make a commitment to being open and transparent about their evaluation results. This is in sharp contrast to the corporate sector where nine out of ten report on the evaluation of their environmental impact.
- Less than half of the IGOs and corporations commit to engaging stakeholders in the evaluation of activities that affect them. Only two corporations, BHP Billiton and Royal Dutch Shell, make such a commitment for both environmental and social impact evaluation. Among the IGOs, only APEC, UNHCR and UNICEF make such a commitment.
- Of the 30 assessed organisations, only the IOC does not have any form of document guiding how and when it evaluates its activities.⁷⁰
- While the corporate sector scores an average of 61 percent for its overall evaluation capabilities, this masks a substantial gap between strong average environmental evaluation capabilities scores at 77 percent and weak average social evaluation capabilities scores at 45 percent.
- Of the 30 organisations, only two INGOs – CARE International (Secretariat) and CRS – and one IGO – UNICEF – have evaluation policies that are widely accessible to external stakeholders both in multiple formats and languages. Likewise, in the corporate sector only BHP Billiton and Carrefour make both their social and environmental policies accessible to the public.

Graph 6: Organisational scores on evaluation capabilities



⁷⁰ As a non-engaging organisation, the IOC's assessment is based on publicly available information only. The IOC may have an internal policy as is implied in the existence of Olympic Games Impact Reports and the IOC Study Commission, but this information was not publicly available at the time of research.

Overview

Evaluation capabilities are well developed among IGOs and INGOs

Evaluation is the dimension in which IGOs have the most developed capabilities, scoring an average of 70 percent. INGOs have nearly equally well developed evaluation capabilities, scoring an average of 69 percent. Although similar in most areas, more than twice as many INGOs as IGOs (eight versus three) commit to engaging external stakeholders in evaluations of activities that impact them. At the same time, nearly twice as many IGOs as INGOs commit to being open and transparent about evaluation results.

Strong evaluation capabilities exist among organisations involved in service delivery and poverty alleviation

Organisations working in service delivery and poverty alleviation top the IGO and INGO sectors for evaluation capabilities. Four IGOs working in this area score over 80 percent—UNICEF, the IFC, UNHCR, the EBRD, the AfDB— while three INGOs score similarly highly— CARE International (Secretariat), CRS and Plan International (see Table 12). This suggests good practice principles of evaluation are widely accepted in these fields of work, irrespective of sector. One explanation for this finding is that INGOs and IGOs working in these areas face ongoing public and government pressure to demonstrate effectiveness in order to justify funding. Strong evaluation capabilities enable organisations to make the case for future resources.

Extractive industries top corporate evaluation capabilities (BHP Billiton, Royal Dutch Shell)

Among the assessed corporations, the two companies with the most developed capabilities for environmental and social impact evaluation are BHP Billiton and Royal Dutch Shell. This is unsurprising given both operate in the extractive industries, which has direct and tangible impact on the environment and local communities.

Years of civil society advocacy combined with well documented cases of adverse impacts on society and the environment have resulted in the development of robust approaches to social and environmental impact evaluation. Among other assessed corporations, only Carrefour achieves a similarly high score.

Lack of global attention and weak evaluation capabilities go hand-in-hand (APEC, IAEA, IOM, NATO)

Among assessed IGOs, there is a clear divide in evaluation capabilities between UNHCR, UNICEF and the four MDBs on the one hand, and APEC, IAEA and NATO on the other. A drop

Table 12: Evaluation capabilities scores and organisations working in poverty alleviation and direct service delivery

Organisation	Capabilities Score (%)
UNICEF	98
CARE Int'l (Secretariat)	94
CRS	90
Royal Dutch Shell	88
BHP Billiton	86
IFC	84
Carrefour	84
*UNHCR	83
Plan Int'l	83
EBRD	82
AfDB	78
ICRC	78
EIB	76
IFOAM	76
Islamic Relief	72
Unilever	71
IPPF	68
EDF	68
IOM	63
*Deutsche Post World Net	62
*NATO	53
FLO	52
*CEMEX	51
Transparency Int'l	47
APEC	45
*IAEA	39
*IOC	38
Cargill	38
Halliburton	33
Goldman Sachs	29

 Organisations which provide direct service delivery and/or work in poverty alleviation

of 23 percentage points separates the two clusters (see Graph 6). While the top six IGO performers have been subject to considerable external pressures to demonstrate results and justify funding by both civil society and governments, APEC, the IAEA, and NATO have escaped the same level of pressure and scrutiny. For the IAEA and NATO, this lack of attention is partly due to the secrecy and technical expertise required for their work. In the case of APEC, the informality of its structure may be a contributing factor.

Sitting in the middle of these two groups is IOM. Its position in the ranking can be explained by a number of factors. First, while it has received some attention from civil society and donor governments, it has not generated the same degree of interest as other IGOs such as the IFC or UNHCR. Second and perhaps most significantly, IOM has radically changed over the past ten years. In 1998, the IOM had 67 member states, 1,100 staff, and an annual expenditure of US \$242 million; in 2008, it has 125 member states, 5,600 staff and its 2007 annual expenditure was US \$783.8 million.⁷¹ Because IOM has grown so much in the past ten years, its policies and management systems, and indeed civil society and donor government attention, may have not kept pace with its enhanced international standing. An additional contributing factor might also be that unlike most IGOs, IOM outsources most of its evaluation activities for lack of internal capacity.⁷²

Organisations whose operations are removed from its impact have weak evaluation policies

In the INGO sector, similar to the IGO sector, there are two distinct clusters of organisations with a significant gap separating them. At the upper end of the sector are seven

Box 13: Good practice principles for evaluation

- ✓ Engage external stakeholders in the evaluation of activities that impact them
- ✓ Use evaluation results to inform future decision making
- ✓ Be open and transparent about evaluation results
- ✓ Evaluate performance in relation to issue specific policies (e.g. environmental and social impact) and goals
- ✓ Evaluate performance in relation to a strategic plan, internal administrative and management policies, and operations (IGOs and INGOs)

Box 14: Interpreting companies' social and environmental impact evaluation scores

Evaluation dimension scores for the corporate sector are split evenly between environmental and social impact evaluation capabilities scores. Thus, an organisation such as Unilever which scores 84 percent for environmental impact evaluation and 57 percent for social impact evaluation would earn an overall participation score of 71 percent, the average of the two scores. The overall evaluation graph for this organisation would show a dimension score of 71 percent, consisting of 42 percentage points for environmental impact evaluation and 28 for social impact evaluation.

organisations that all score above 70 percent; at the other end are FLO, Transparency International and the IOC, all of which fail to reach 50 percent. While each of these organisations is of course very different, they share a common trait that helps explain their low scores: all are engaged in operations that are removed from where the impact of their work is felt.

FLO, for example, seeks to improve the position of disadvantaged producers and workers in developing countries by setting international standards on fair trade. Transparency International conducts high level advocacy and builds coalitions to reduce corruption. For both, capturing and evaluating impact is difficult given the complex set of external forces that can affect the outcome of their activities at community level and the long timeframe needed to bring about lasting change. Likewise, the IOC's impact in selecting host cities is so wide spread and long term that it is difficult to separate from the long term urban development of potential and actual host cities. While the methodological challenges associated with measuring impact provide an explanation for why these organisations have weak evaluation capabilities, they are not an excuse.

Interestingly, this is an area where all three organisations are making efforts. FLO has recently created a new post with responsibility for coordinating organisation wide monitoring and evaluation. Transparency International is in the process of developing a monitoring, evaluation and planning framework. The IOC has also begun to address the need to enhance its evaluation capabilities through Olympic Games Impact Reports.⁷³

⁷¹ IOM Organizational structure webpage, [online].

⁷² Interview with IOM Evaluation Department, 22 July 2008.

⁷³ Neither the framework for Olympic Games Impact Reports nor any Olympic Games Impact Reports are publicly available on the IOC website.

Imbalances between environmental and social impact evaluation in the corporate sector

There is a marked difference among assessed corporations between their capabilities for evaluating environmental and social impact (see Table 13).⁷⁴ Although the average score for the sector for environmental impact evaluation capabilities is 77 percent, it is only 45 percent for social impact. All assessed companies have environmental impact evaluation policies, while only half have similar documents guiding their social impact evaluation — BHP Billiton, Carrefour, CEMEX, Royal Dutch Shell and Unilever. This finding mirrors the findings of the *2007 Global Accountability Report*, in which twice as many corporations had environmental as social impact policies.⁷⁵

There are several explanations for this disparity. First, environmental impact data often must be gathered to comply with national reporting requirements. Thus, there is little additional cost in reporting it more widely and much to be gained by presenting data that highlights areas of strength and improving performance.

Second, while there are clearly established and widely accepted approaches to environmental reporting, there is much less agreement on what social impact evaluation reporting should include.

Finally, social impact assessments tend to involve more complex methodological challenges and require greater investment of resources. While the evaluation of water, energy or fuel usage, carbon dioxide emissions, and land and soil degradation can be

Table 13: Corporate environmental and social impact evaluation capabilities

Company	Environmental Capabilities (%)	Social Capabilities (%)
Royal Dutch Shell	88	88
BHP Billiton	86	86
Carrefour	84	84
Unilever	84	58
EDF	96	42
*Deutsche Post World Net	90	32
*CEMEX	52	52
Cargill	64	12
Halliburton	66	0
Goldman Sachs	56	2

relatively easily quantified and measured, community social impact assessment requires greater efforts to build a methodological framework that is both sufficiently rigorous and sufficiently flexible for different operating contexts. While there are some general assessments available for monitoring and assessing social impact,⁷⁶ the corporate sector could benefit from more careful examination of the social impact evaluation frameworks used by the most successful IGOs and NGOs. Carrefour is one of the few companies that has, in the face of these challenges, begun to develop a robust system of measuring and tracking its social impact. Carrefour works in partnership with FIDH to monitor compliance with basic human rights principles in its supply chain and reports on the number of these audits in its Key Performance Indicators (for additional information on Carrefour’s approach, see Good Practice Case Study 7).

Realising quality assurance and accountability in INGOs (IPPF, Islamic Relief, CARE International)

In global organisations that have multiple members, span numerous countries and run hundreds of different programmes and projects under their name, ensuring basic standards of quality in service delivery is crucial to the reputation and effectiveness of the organisation. How an organisation

Box 15: Why are companies stronger in environmental than social impact evaluation?

- Environmental data is often gathered for regulatory reporting and compliance.
- There are fewer established methodologies for rigorous and robust social impact assessment.
- There is a longer history of public and shareholder concern with environmental impacts.
- Social impact assessment often requires more human and financial resources than environmental impact evaluation.

⁷⁴ In our assessment of social impact evaluation we did not include policies or systems that cover health, safety, or internal employment practices; we did examine impact on workers in the supply chain.

⁷⁵ See *Global Accountability Report*, 2007.

⁷⁶ Business in the Community and The Corporate Citizenship Company, *More than making money: measuring the difference your company makes to society*, 2006.

Good Practice Case Study 7: Carrefour group and FIDH cooperation: working together to monitor social manufacturing conditions in the supply chain

To ensure its suppliers respect basic human rights such as freedom of association and decent working conditions, Carrefour began working in 1997 with the International Federation of Human Rights (FIDH). In 2000, this cooperation gave rise to a *Social Charter* detailing the standards Carrefour expects of suppliers and a supporting audit system to monitor and ensure compliance. Although the FIDH has not taken part in the audits since 2005, it retains the right to conduct random spot checks at Group suppliers under INFANS, a framework for joint work agreed upon by the two organisations, and has remained engaged in Carrefour's Social Charter and audit process.

The audit system operates on two levels; an internal control is conducted by the Carrefour Quality Department and integrated into the commercial process, and an external control is conducted by professional audit agencies. Re-audits are performed enabling Carrefour to track suppliers and ensure improvement. As of the end of 2007, Carrefour has performed 2069 social audits, of which 368 were re-audits.

Recognising that audits alone are not enough to ensure working conditions improve in supplier factories, Carrefour and the FIDH organised a 2004 pilot project in Bangladesh in partnership with a local NGO, Karmojibi Nari, to establish a training program and distribute information for supplier employees and managers to inform them about basic labour rights. To follow up on this pilot project, Carrefour and FIDH launched a 2006-9 'fundamental rights at work' training program for workers, mid-level management, and top-level management covering Carrefour supply chain factories in Bangladesh.

To go further, in 2006 Carrefour took part in the creation of the Global Social Compliance Programme (GSCP), part of the CIES (the Food Business Forum). This programme, which brings together retailers and manufacturers, aims to promote the harmonization of social audit standards and the sharing of best practices. The FIDH and the UNI (Union Network International) are included in the GSCP Advisory Committee, along with other organisations. This approach reflects Carrefour's belief that social commitments should not be a source of competition between companies but an opportunity for harmonisation and sharing of best practices.

For more information go to: www.carrefour.com/cdc/responsible-commerce/

approaches the issue and evaluates its programs depends on how it is structured. Below are three different approaches taken by INGOs that have identified accountability as a core component of quality and develop the assurance systems to support its realisation.

IPPF has a relatively centralised structure and has developed an accreditation system to ensure compliance across all members with a set of basic standards, *IPPF Standards and Responsibilities of Membership*. These reflect the basic values and beliefs of IPPF, and include issues such as governance, programme quality and advocacy. Under this system, IPPF members undertake self-assessment, followed by external review and support from the headquarters for those that do not achieve accreditation in the first instance. This support facilitates raising quality without penalising resource-poor members who may require support. For more information on IPPF's approach, see Good Practice Case Study 8.

Islamic Relief has established the IR Quality Management System (IRQMS), a systematic effort to ensure that offices and partners provide services consistent with agreed ethics and standards. It sets seventeen 'Quality Areas' that include monitoring and evaluation, complaints and suggestions, management and governance. The IRQMS tool assists field offices in working towards achieving the standards without dictating a timeframe or priority order for their implementation. This system helps ensure quality standards are consistently met across the organisation with less centralised guidance than is the case for IPPF. For more information on Islamic Relief's approach, see Good Practice Case Study 9.

As a network of affiliated organisations, CARE International's *Programme Principles* offer insight into how quality standards can be addressed in a loose coalition or network. Although all CARE programmes are expected to comply with the Principles the International Secretariat does not follow up on member

compliance. In developing the Principles CARE International's programme working group brought together perspective from across the membership to develop a common vision of quality and accountability to which stakeholder can hold them to account. For more information on CARE International's approach, see Good Practice Case Study 10.

Evaluation and private sector lenders (AfDB, EBRD, EIB, Goldman Sachs, IFC)

Private sector lenders and financial services providers, such as the AfDB, the EBRD, the EIB Goldman Sachs and the IFC while at least one step removed from project implementation and affected communities, bear a special responsibility for ensuring responsible behaviour by their clients. With their financial power, these organisations impact communities without community

members even necessarily being aware of their involvement since the face of operations is the client. Given this distance it is crucial they set minimum standards that they expect clients to meet, evaluate compliance with these standards, and report on findings.

Problematically, few private sector lenders place sufficient emphasis on this type of follow up and reporting. While initial evaluations are required, the tracking of client's performance often occurs only through desk based studies. Furthermore, the loan officers who are responsible for this follow-up are incentivised to make positive assessments of clients, as poor performance in their portfolio could result in a negative individual performance appraisal.⁷⁷

Good Practice Case Study 8: IPPF explains its accreditation system

IPPF's accreditation system was designed to ensure that its 152 Member Associations all comply with the membership standards, constitution, management, governance, programmes and services set by the IPPF's foremost decision making body, the Governing Council. The Governing Council, which consists of representatives of the IPPF Member Associations, introduced the accreditation system in 2003 because it wanted reassurance that these standards and systems were understood and complied with.

Between 2003 and 2007, every full member of the IPPF was reviewed. An accreditation review begins with a self-assessment carried out by the Member Association. This is followed by an on-site visit to the Association, where a small team of volunteers and secretariat staff, together with the Member Association's governing board and management personnel, review and identify what needs to be done to comply with the Federation's standards.

For most of the IPPF's Member Associations, the reviews resulted in several months of follow-up work in order to receive the certificate of accreditation. For others, very few adjustments needed to be made, and for eleven Associations, 100 percent compliance was confirmed at the time of the review visit. On two occasions, the IPPF Governing Council had to take the decision to expel a Member Association for not complying with one or more standards.

In 2007, the IPPF carried out an independent evaluation of the accreditation system to identify where improvements could be made. In light of the findings, the membership standards have been streamlined (from 65 to 49) and the IPPF Governing Council approved an improved review process in May 2008. The new system is organised around 10 principles, which ask Member Associations to be: "Open and democratic"; "well governed"; "strategic and progressive"; "transparent and accountable"; "well managed"; "financially healthy"; "a good employer"; "committed to results"; "committed to quality" and "a leading SRHR organization". The new round of accreditation reviews will start in 2009.

For more information go to: www.ippf.org

⁷⁷ Interview with external expert, 14 November 2008.

Good Practice Case Study 9: Islamic Relief explains how it is using its Quality Management System to improving beneficiary accountability

Islamic Relief recently incorporated all of its service delivery and organisational standards into a single quality management system (IRQMS). The IRQMS covers seventeen 'Quality Areas' that include monitoring and evaluation, complaints and suggestions, management and governance. Field offices and programmes assess themselves against the standards and develop action plans for improvement. The Performance Improvement Unit also conducts regular assessments of field offices compliance.

Integrated into the IRQMS is an accountability framework that is specifically designed to improve accountability to Islamic Relief's beneficiaries. It is based on five main areas; standards, transparency, participation, performance management and complaints.

The integration of beneficiary accountability into the IRQMS and the appraisal of programmes and offices against it has revealed a range of strengths and weaknesses across the organisation. In 2008, for example, a programme evaluation of work in the Somali region and field office appraisal found a high degree of stakeholder involvement in the assessment, analysis, delivery and monitoring of both the shorter term feeding programme and the longer term livelihoods and water and sanitation projects. There was good understanding of management by results and measuring performance using adequate monitoring systems, which included elements of participatory monitoring and feedback. The appraisal also revealed, however, a lack of information being made available publicly on the organisation and programme and an informal complaints system that fell below Islamic Relief's standard. Furthermore, because formal training had not been conducted on the accountability framework, staff at some levels had a limited understanding of how the components worked together and the tools that could be used to put them into practice.

The accountability framework, which underpins the IRQMS, has brought about changes in the way in which Islamic Relief staff understands accountability; moving from a one dimensional, performance based perspective to a multidimensional understanding that includes all five areas of the accountability framework. The integration of principles into standards and the assessments of practice based on these standards has helped Islamic Relief translate accountability principles into meaningful processes and generate nuanced understandings of what accountability means within its field offices.

The IFC is a case in point. Through its performance standards the IFC set minimum standards that client are required to meet in order to receive IFC funding⁷⁸. Currently, IFC loan officers are responsible for annual assessments of client compliance with these standards within their portfolios. However, only a fraction of these assessments are independently audited by the IFC's Independent Evaluation Group (IEGI). Furthermore, the IEGI does not report the results of these audits on a project-by-project basis, instead aggregating them into thematic and country level audit reports. This type of reporting limits their usefulness in holding individual companies to account as the results for individual projects are not made publicly available.

Goldman Sachs publicly commits to integrating social and environmental standards in investment activities and may recommend to its clients to do so. However unlike the MDBs it does not set specific environmental or social requirements or report on client performance in this area. Furthermore, because Goldman Sachs provides financial services to clients who may either undertake operations or perform additional financial transactions, its work is often further removed than that of the MDBs from the operations that have direct impact on communities. As a result, its impact on the environment and society are more difficult to capture and evaluate than those of direct lenders. Nevertheless, like the MDBs, the extent to which

⁷⁸ IFC Performance Standards: 1. Social and Environmental Assessment and Management Systems; 2. Labour and Working Conditions; 3. Pollution Prevention and Abatement; 4. Community Health, Safety and Security; 5. Land Acquisition and Involuntary Resettlement; 6. Biodiversity Conservation and Sustainable Natural Resource Management; 7. Indigenous Peoples; 8. Cultural Heritage.

Good Practice Case Study 10: CARE International (Secretariat) explains how accountability is central to its Programme Principles

CARE International's Programming Principles are the first major joint effort by the confederation towards improving its quality and accountability. The Programming Principles were developed in 2004 as one of the key characteristics of CARE's Rights-Based Approach and were designed to focus individual CARE members on supporting people to achieve the minimum conditions for living with dignity (i.e. achieving their human rights) by exposing the roots of vulnerability and marginalisation.

The Principles were developed by CARE International's Programme Working Group, with senior programme staff from each of the 12 members. This group facilitated an extensive consultation process involving headquarters and field-based staff, which culminated in six core principles; "Promote empowerment", "Work in partnership with others", "Ensure accountability and promote responsibility", "Oppose discrimination", "Oppose violence", and "Seek sustainable results".

CARE International recently participated in a peer review of its accountability to disaster affected populations. As part of the review process, the implementation of the Programming Principles, especially Principle 3 (Ensure Accountability and Promote Responsibility) was analysed. The review team found that the Programming Principles were well known at both country and headquarters levels, with staff expressing strong commitment to their implementation. At the same time, the review highlighted that the Programme Principles had yet to be completely operationalised throughout CARE's programming. Notably, staff seemed to be unsure of how to apply the Programming Principles in a working environment where reporting to multiple donors using competing reporting frameworks takes up valuable time and resources. It was also noted that donor's preoccupation with deliverables, rather than process, made the realisation of the Principles, and accountability to disaster affected populations in particular, more challenging as it limited opportunities for learning and reflection.

For more information go to: www.care-international.org

Goldman Sachs' can impact on the environmental and society through its activities necessitates building evaluation capabilities in these areas.

Partnership reflection: an NGO sector approach to external stakeholder engagement that corporations should consider (CRS)

CRS' approach to working with local communities involves building long term partnerships, primarily with local Catholic dioceses. Its annual partnership reflection process, outlined in Good Practice Case Study 11, is part of the ongoing dialogue between CRS and its partners. This process is a regular learning event that offers both CRS and its partners the opportunity for constructive criticism to improve and strengthen their partnership. This approach is a model that could easily be applied to corporate-NGO partnerships and multi-stakeholder initiatives as well. Engaging in structured dialogue about the quality of partnerships will help foster not only better relationships, but enhanced accountability.

Good Practice Case Study 11: CRS explains how it uses the partnership reflection process to assesses the quality of relationships with partners

CRS approaches development, emergency relief and social change through partnerships, primarily with local Catholic churches. The form partnership has taken has changed over time. In the 1970's and 1980's, CRS moved from partnership based on the transfer of CRS-administered resources and the implementation of CRS-designed development interventions, to a 'counterpart' model where CRS and its partners had similar functions and characteristics. By the 1990's, CRS embraced a 'partner' model, joining with partners on projects of common interest, with a greater degree of autonomy on the part of partners.

In the late 1990s, CRS shifted from delivering services with and through partners, to supporting partners as they delivered services and worked for change. Finally, CRS determined that it could only build credible partnerships with a greater commitment to its Catholic identity, and in 2000 developed partnership principles based on Catholic social teaching. These include among other things participation of communities, autonomy and mutuality, responsibility for decision making (at the closest level possible to affected communities), equitability, transparency and a shared vision.

To discuss the principles with partners and reflect on how they are being put into practice, CRS developed the Partnership Reflection process. This process provides a regular opportunity at Country Program level to assess the quality of the relationship between both parties based on CRS' partnership principles and to generate a local view of partnership excellence. While there is no global standard for partnership excellence, there is an illustrative list of partnership indicators used by CRS and partners in the joint assessment of their partnership. The reflection process leads to an action plan for improvement. Since 2003, CRS country programs regularly conduct a partnership reflection with their Church partners as well as with non-Church partners. The partnership reflection often feeds into a strategic planning process that includes a partnership development plan.

During Malawi's recent reflection, CRS and the Church reviewed each organisation's principles, values, operating structures, funding sources and communication channels. They assessed strengths and possible improvements, resulting in three actions: 1) revise and sign the Memorandum of Understanding governing CRS' presence in Malawi; 2) agree to a common set of partnership principles; and, 3) strengthen the systems and structures of CRS and the Church in order to better support partnership. By the end of the year, the task force presented a new MOU, including mutual partnership principles, for approval. CRS and the Church established new committees and channels to improve communication.

CRS is in the process of updating the Partnership Reflection process. The update acknowledges that CRS' principles are not the only basis of a partnership and will assess the quality of the partnership based on both organisations' understanding and beliefs of partnerships. It will also provide a greater range of tools to assess the strengths and challenges of the partnership and to develop action plans.

For more information go to: www.crs.org

Complaints and response

mechanisms through which an organisation enables stakeholders to make complaints against its decisions and actions, and ensures these are properly reviewed and acted upon

Complaints and response handling capabilities unpacked

Complaint and response handling is divided into two components, capabilities for handling internal complaints from staff and capabilities for handling external complaints from affected communities and the general public. Scoring is split equally between them. In both instances capabilities are assessed by analysing:

1. Whether organisations make a commitment to handling complaints and have in place written documents, underpinned by good practice principles, that guides their practice in the area.
2. Whether organisations have the systems in place to ensure these commitments are turned into practice.

In both instances, assessed complaints procedures are in relation to non-compliance with organisational policies (e.g. codes of ethics, environmental policies, information disclosure policies, etc.).

Strong complaint and response handling capabilities foster an environment in which internal and external complainants feel safe coming forward with concerns without fear of retaliation.

8 Complaints and response handling

Main findings

- Across the three sectors, complaint and response is one of the most consistently underdeveloped dimensions of accountability with IGOs and INGOs scoring an average of 45 percent, and corporations 40 percent.
- The average scores for complaints and response capabilities are low primarily because of weak policies and systems for handling external complaints. Of the 30 assessed organisations, only five – AfDB, EBRD, IFC, Plan International and Transparency International – score above 50 percent for external complaint handling capabilities. Only Transparency International achieved a score over 70 percent.
- While two thirds of assessed organisations (21) have internal complaints policies, their quality varies significantly. Under one third of those policies (six) score above 70 percent – AfDB, UNHCR, IPPF, Islamic Relief, Plan International and

Transparency International. Many organisations are failing to create a safe environment for staff to make complaints in confidence and without fear of retaliation.

8.1 Internal complaints handling

Overview

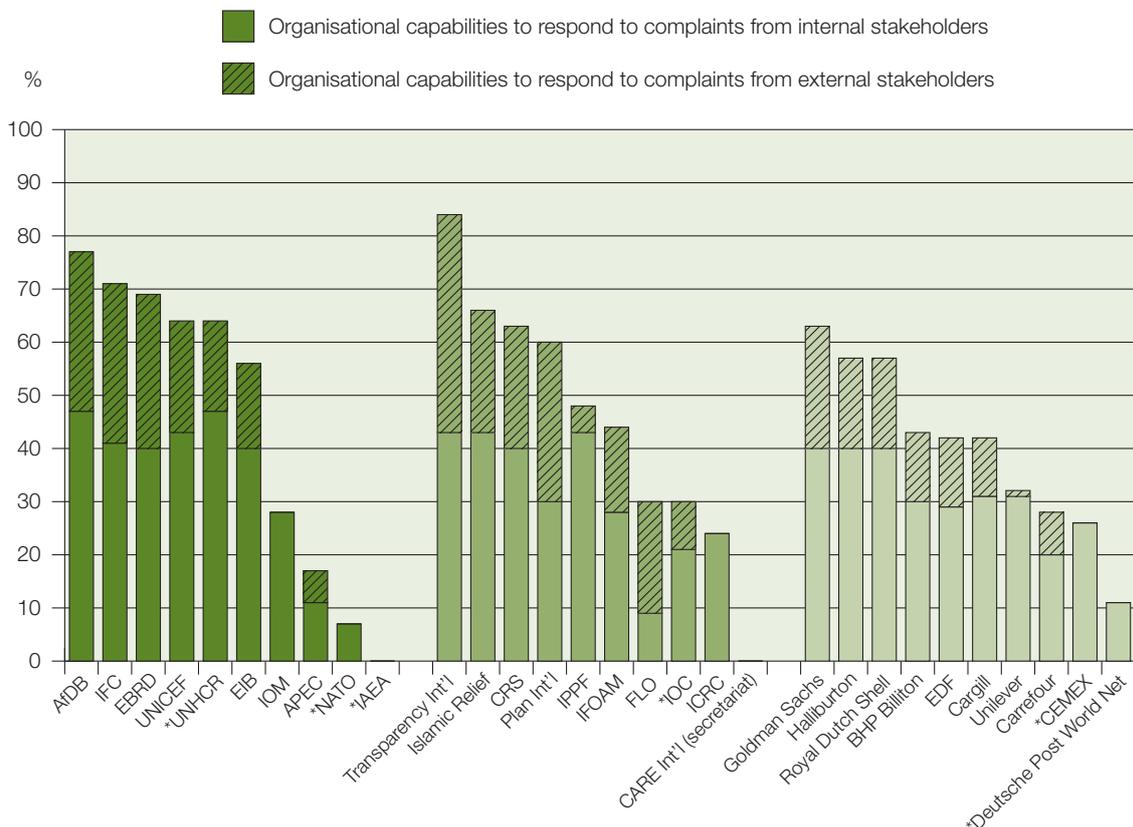
Internal complaints capabilities similar across all sectors

The overall sector averages for internal complaints and response capabilities show very little cross sector variation; IGOs average 60 percent, INGOs 56 percent and corporations 59 percent. Encouragingly, all but two organisations, CARE International (Secretariat) and the IAEA, have some form of policy or procedures in place for handling complaints from internal stakeholders.

High performing organisations

Of the 30 assessed organisations, thirteen score above 70 percent for internal complaint handling capabilities. Six are IGOs, four are INGOs and three are corporations. Top performers are the AfDB and UNHCR both with 93 percent.

Graph 7: Organisational scores on complaints and response capabilities



Interestingly, among this year's highest scoring organisations, as Table 14 indicates, all of the MDBs and UN agencies except the IAEA are represented. These high scores are a reflection of the pressures that have been placed on both sets of actors to strengthen whistleblower protections following high profile scandals such as the UN Iraqi Oil for Food scandal. Additionally, even without such scandals, these organisations operate in environments where corruption is prevalent and there has been considerable pressure placed on them by donors and politicians to ensure good stewardship of public money intended for relief and development assistance. A similar explanation applies to the high scores earned by IPPF and Islamic Relief, both involved in development work.

Leadership has taken responsibility for internal complaints handling, but staff training is still lacking

While nearly all of the assessed organisations have designated a senior manager responsible for handling internal complaints, just over half (16) fail to provide any training to staff on how to handle internal complaints in accordance with good practice principles. Building internal staff capacity to handle and respond to complaints is crucial to ensuring complainants are treated consistently regardless of who they turn to in the organisation.

Putting whistleblowers at risk: exceptions to confidentiality, incomplete independence of process and lack of complete protection from retaliation

Of the 30 assessed organisations, none has an internal complaints policy that meets all good practice principles. Problematically, few make a watertight commit to maintain the confidentiality of complainants. Given the potential personal, professional and financial risks of whistleblowing, this guarantee is essential to encouraging those who suspect wrongdoing to come forward.

While over half of all organisations make a commitment to maintaining complainant confidentiality, they often undermine the principle through caveates. For example, UNICEF states that confidentiality will be maintained "to the maximum extent possible"⁷⁹ and EBRD states that it will protect anonymity "as far as possible".⁸⁰ In both cases, the possibility that confidentiality cannot be maintained means there is the potential the complainant might be exposed. While some investigations may be impossible to take forward without at least indirectly revealing a whistleblower's identity, it is crucial that whistleblowers retain

the right to refuse this breach of confidentiality in all circumstances.⁸¹ Only ten organisations commit to confidentiality and state that if the complainant's identity needs to be revealed it will only be done with his/her explicit permission.

Table 14: Organisations' scores for internal complaints handling capabilities

Organisation	Capabilities Score (%)
AfDB	93
*UNHCR	93
UNICEF	86
Transparency Int'l	86
Islamic Relief	86
IPPF	86
IFC	83
EBRD	79
EIB	79
CRS	79
Goldman Sachs	79
Halliburton	79
Royal Dutch Shell	79
Unilever	63
Cargill	61
Plan Int'l	60
BHP Billiton	59
EDF	59
IFOAM	56
IOM	56
*CEMEX	53
ICRC	49
*IOC	41
Carrefour	39
APEC	22
*Deutsche Post World Net	22
FLO	18
*NATO	13
*IAEA	0
CARE Int'l (secretariat)	0

⁷⁹ UNICEF Whistleblower Protection Policy, 2007 p.3.

⁸⁰ EBRD Whistleblower Protection web page, [online].

⁸¹ Exception can and should be made in cases of urgent public safety.

Box 16: Good practice principles for internal complaints handling

- ✓ Maintain confidentiality of complainants
- ✓ Guarantee non-retaliation
- ✓ Provide a clear description of how complaints can be made and how they will be investigated
- ✓ Ensure independence of those assessing, investigating and responding to complaints
- ✓ Reverse negative consequences of retaliation
- ✓ Take mandatory disciplinary action against anyone who retaliates against a complainant

Another area where internal complaints policies fall down is in ensuring independence of the process. An independent complaints handling process is one in which those assessing, investigating or responding to the complaint are independent of the subject of the complaint and the complainant, and in which complaints which might reflect poorly on executive leadership are reported directly to the Board or one of its committees. While 13 organisations commit to ensuring the independence of those assessing and investigating complaints, close scrutiny reveals arrangements that could undermine this principle. In a number of cases, for example, such as the IOC the head of the organisation has the final say on whether and how any internal investigation progresses. This lack of independence is problematic, particularly in high profile cases during which heads of organisations are likely to be more concerned with protecting the interests of the organisation than those of the whistleblower. In addition, heads of organisations may also be tacitly or directly implicated in complaints. To ensure complete independence of the process, channels need to exist that allow a complaint, if necessary, to be taken directly to Board level.

Of the 13 organisations that commit to independence in their internal complaints mechanisms, only six receive full marks for this good practice principle. Among them are Goldman Sachs and CEMEX which both allow complaints to be sent directly to Board audit committees, and Islamic Relief, which requires all complaints be logged with the Board of Trustees.

A further good practice principle that most organisations fail to meet is reversing all negative consequences suffered by victims of proven whistleblower retaliation. Only UNHCR and Plan International commit to this protection. Furthermore, only eight organisations require mandatory discipline for anyone found to have retaliated against a proven whistleblower. This good practice principle sends a signal to staff that retaliation will not

be tolerated. The AfDB, for example, makes it a policy to publicise the names of people that have retaliated against whistleblowers. For further information on the AfDB *Whistleblower Policy*, see Good Practice Case Study 12.

Challenges to establishing whistleblower mechanisms: France and Germany

Of the assessed corporations, neither Carrefour, EDF nor Deutsche Post World Net has well developed complaints handling capabilities (see Table 14). Their weak scores highlight the challenges that surround establishing whistleblowing procedures in countries where public opinion, labour unions and/or the law do not necessarily support them.

Carrefour, for example, has established ethics hotlines in several countries, yet lacks a company-wide policy on reporting complaints and has no policy in place at its group headquarters in France. EDF has established a company wide ethics hotline, but it lacks key good practice principles such as maintaining the confidentiality of complainants and ensuring non-retaliation. In the case of Deutsche Post World Net, while the company makes reference to a whistleblowing hotline on its website, no information about this hotline is made public.

Unlike United States corporate law, which sets out requirements for companies to establish whistleblower procedures through the Sarbanes-Oxley Act (2002), neither German nor French corporate law requires whistleblower procedures. Furthermore, unlike the United Kingdom's *Combined Code on Corporate Governance* (2003) or the Netherlands' *Tabaksblat Code* (2005) neither French nor German corporate governance codes even encourage the

Box 17: Interpreting the scores for complaints and response mechanisms

Complaint and response handling dimension scores are split evenly between internal and external complaints handling capabilities scores. Thus, an organisation such as Islamic Relief which scores 86 percent for internal complaints handling capabilities and 46 percent for external complaints handling capabilities would earn an overall complaint and response handling score of 66 percent, the average of the two scores. The overall participation graph for this organisation would show a dimension score of 66 percent, consisting of 43 percentage points for internal complaints handling and 23 for external complaints handling.

establishment of such policies and procedures.⁸² Attempts have been made to introduce whistleblower policies in France; for example the French Banking Commission developed a whistleblower procedure in 2006, though its adoption and implementation remain purely voluntary.

In addition, in France and Germany, and continental Europe more broadly, labour unions have often opposed anonymous whistleblowing mechanisms citing concerns over workers potentially being dismissed without being able to confront their accusers and therefore refute their claims. In Germany for example, Wal-Mart attempted to implement a whistleblower

mechanism, but failed to consult with the local works council (labour union) before implementation. In 2005, a German court subsequently ruled that such a policy could only come into effect with the express consent of the relevant works council.⁸³

Data protection concerns have led to an additional hurdle to establishing whistleblowing policies in France. Specifically, the French National Commission on Data Protection and Liberties (CNIL) has come into conflict with requirements of the Sarbanes-Oxley Act for US companies and their overseas subsidiaries.⁸⁴ In a 2005 case regarding anonymous whistleblowing hotlines developed by McDonalds and CEAC/Exide Technologies, CNIL,

Good Practice Case Study 12: The AfDB explains the importance of consulting widely in developing whistleblower protections

The AfDB's *Whistleblowing and Complaints Handling Policy* provides an avenue for raising concerns about allegations of fraud, corruption and other misconduct within both the Bank and the programmes and projects it finances, and reassures whistleblowers of protection from retaliation.

The Policy applies to all current and former bank personnel, contractors, consultants, government officials, officials in executing and implementation units (professional bodies and NGOs), officials in other sister IFIs, or any other entity or person. The whistleblower's identity is protected unless the person authorises disclosure. Bank personnel are guaranteed full employment protection for whistleblowing, including (i) re-instatement to same level; (ii) back pay and benefits with likely advancements and salary increments; (iii) compensatory damages, adjudication expenses or transfer to another office in the Bank.

In developing the Policy it was important to consult widely both internally and externally so as to gain broad based trust and support for the Policy. A number of improvements were made as a result of the Policy being posted for public comment. The most significant was around the standard of proof for making a successful retaliation case.

To make an initial case for retaliation (a *prima facie* case), three conditions now must be present: that unfavourable or discriminatory personnel action was taken after the complaint was filed or while the complaint was about to be filed; that the person allegedly retaliating knew about the filing of the complaint; and that the timeframe within which these events occurred would lead a reasonable person to conclude that the act was taken to retaliate for the whistleblowing. Once a *prima facie* case has been made, the burden of proof shifts to the AfDB to prove by clear and convincing evidence that the action taken by the Bank against the whistleblower was for separate and legitimate reasons, and not for reprisal or retaliation. The Integrity and Anti-Corruption Division of the Bank then opens a new and separate case from the whistleblower's original complaint and management is invited to defend its case by providing clear and convincing evidence.

Another significant change was the approval of publicising the final outcome of any investigation that confirms an instance of reprisal or retaliation. Making known the identities of parties who have been found to retaliate against whistleblowers is meant to be a powerful deterrent.

For more information, please visit: www.afdb.org

⁸² Hassink et al., "A Content Analysis of Whistleblowing Policies of Leading European Companies," *Journal Of Business Ethics*, 75, 2007 pp 24-44

⁸³ IBID

⁸⁴ "Whistleblowing Policies in France", Allen & Overy website, 2006 [online]

Box 18: Good practice principles for external complaints handling

- ✓ Maintain confidentiality of external complainants
- ✓ Guarantee non-retaliation
- ✓ Provide a clear description of how external complaints can be made and how they will be investigated
- ✓ Ensure independence of those assessing, investigating, and responding to external complaints
- ✓ Put in place an appeals process for external complaints unsatisfied with the outcome of an investigation

which had jurisdiction over the case, determined that the hotlines violated the French Data Protection Law. Specifically, information gathered through such hotlines violated French law since the subject of the data was not informed of its collection. CNIL then went further, explaining that a hotline might encourage anonymous and malicious allegations. As a result of this ruling, companies have been discouraged from implementing whistleblowing policies in France, despite subsequent clarifications from CNIL in 2005 that there are ways to address data protection concerns.⁸⁵

Following the CNIL recommendations in 2005, the EU Article 29 Data Protection Working Group issued pan-European guidelines in 2006.⁸⁶ In addition, in 2007 German regulators issued guidelines for implementing whistleblower hotlines that comply with data protection laws. Each of these documents offers guidance to companies wanting to implement whistleblowing procedures, and the protections they can afford complainants. In the German guidelines, while anonymous reporting is allowed, it is still not encouraged. Thus the combination of unclear legal frameworks, weak government support, and potentially hostile unions have clearly played a role in discouraging companies from establishing whistleblowing policies in France, Germany and continental Europe more broadly.

8.2 External complaints handling

Overview

Transparency International is far ahead of all other organisations

Of the 30 assessed organisations, only Transparency International exceeds the minimum quality threshold of

70 percent for its external complaints handling capabilities. It is head and shoulders above both its peers and other global organisations in this year's sample with a score of 80 percent (for further information on Transparency International's external complaints handling mechanism, see Good Practice Case Study 13). The next ranking organisations are the AfDB, the IFC and Plan International, all with scores of 60 percent. The first company in the overall ranking – Goldman Sachs – is in eighth

Table 15: Organisational scores for external complaints handling capabilities

Organisation	Capabilities Score (%)
Transparency International	82
AfDB	60
IFC	60
Plan International	60
EBRD	58
Islamic Relief	46
CRS	46
Goldman Sachs	45
UNICEF	42
FLO	41
Halliburton	34
Royal Dutch Shell	34
*UNHCR	34
EIB	32
IFOAM	32
BHP Billiton	27
EDF	26
Cargill	21
*IOC	17
Carrefour	16
APEC	12
IPPF	9
Unilever	1
IOM	0
*NATO	0
*IAEA	0
ICRC	0
CARE Int'l (Secretariat)	0
*CEMEX	0
*Deutsche Post World Net	0

⁸⁵ ibid

See also, "France's Whistleblowing Program Authorized," IpFrontline.com website, [online].

⁸⁶ Aguilar, Melissa Klein. "Finally: German Whistleblower Guidelines Released, " in Compliance Review, 1 May 2007, [online].

Good Practice Case Study 13: Transparency International (Secretariat) explains its complaints mechanism for internal and external stakeholders

TI-S' approach to dealing with internal and external complaints is based on a three level structure consisting of an Ethics Advisor, an Ethics Council and a Board Ethics Committee.

The TI-S Ethics Advisor deals with all internal and external complaints regarding the *TI-Secretariat Code of Conduct*, a document detailing the basic standards of conduct expected of Secretariat staff. S/he is also responsible for training and informing employees at the secretariat about the ethical documents and policies in place. S/he is elected by the non-executive staff of TI-S, then proposed to the Managing Director, and appointed by the Board of Directors upon recommendation by the Managing Director.

The TI-S Ethics Council can be called upon by the Ethics Advisor, and also deals with issues or cases in which the Ethics Advisor is involved. The Ethics Council is composed of a member of senior management, an elected representative of the non-executive staff, as well as a third member selected by the other two members on a case by case basis. The Ethics Advisor and Ethics Council cooperate on staff training and the evaluation of the *Code of Conduct*.

The Board Ethics Committee is responsible for providing advice on all formal ethics documents, as well as any ethics questions and requests to the management of the movement, both from within the Secretariat and any of TI's National Chapters. It also oversees the work of the Ethics Advisor and the Ethics Council and serves as a third instance of appeal for TI-S related cases.

Integrating volunteers worldwide, a growing network of National Chapters and a secretariat, and managing the diversity of requests means TI has a complex task. Ethical behaviour needs to be handled at all levels of the movement, and to involve all levels of management to be sustainable. The three layered approach allows issues to be addressed quickly and at the appropriate level without overburdening the organs. The mechanism developed allows a balanced division of roles and responsibilities, facilitating filing complaints to the appropriate body. Matters of ethics can be addressed throughout the organisational structure, from the intern up to the Board Chair.

For more information go to: www.transparency.org/about_us/organisation#ethics

position with 45 percent. Problematically, a total of seven organisations have no publicly available procedures for handling and receiving complaints from external stakeholders.

External complaints handling capabilities are weak across all sectors

The overall average score for external complaints handling capabilities is only 28 percent. This reflects low average scores across all sectors with IGOs scoring 30 percent, INGOs 33 percent and the corporate sector 20 percent (see Table 15). These findings replicate those from the 2006 and 2007 *Global Accountability Reports* in which no sectors averaged over 30 percent in external complaints handling capabilities.

External complaints handling is clearly a major gap in the accountability of global organisations and an area where improvements are urgently needed. In the absence of

procedures to make complaints there are few other established means for external stakeholders to raise grievances directly with the organisation; complainants must resort to public pressure and legal redress. These 'last resort complaints mechanisms' are not in the interests of either party given the time, resources and reputational risk associated with such confrontational approaches.

Existing external complaints policies meet few good practice principles

Interestingly, despite the low overall scores for external complaints capabilities, a total of 16 organisations have policies on how complaints from external stakeholders will be handled. However, few of these policies meet good practice principles. Notably, of the organisations that have a policy, only six make a commitment to non-retaliation. This is in contrast to internal complaints handling where 19 organisations guarantee this

⁸⁷ CRS Whistleblower Policy 2007, p.1

protection. Non-retaliation for both internal and external stakeholders is crucial to creating a safe environment in which complainants feel that they can come forward with their concerns. This is particularly important when external stakeholders are dependent on an organisation for essential services. They need to feel confident that service provision will not be jeopardised if they come forward with a complaint.

Limited scope of external complaints procedures

Among a number of organisations the scope of the external complaints procedures is limited to reporting financial misconduct and high level ethics concerns. While it is important for external stakeholders to be able raise such complaints, typically they are not the only (or primary) concerns of the average external stakeholder. CRS, for example, has an ethics hotline which “all members of the CRS community” are encouraged to use to “report suspected financial and accounting misconduct and/or fraudulent activity”.⁸⁷ Likewise, IPPF has a Fraud Reporting mechanism that can be accessed by external stakeholders to report misuse of funds. Yet the dominant activity of both organisations is service provision. Procedures that enable external stakeholders, particularly the recipients of services, to raise issues with the quality of the service provided are also needed.

MDBs lead the field in addressing community complaints handling

Of the four assessed MDBs – the AfDB, the EBRD, the EIB and the IFC – all have external complaints mechanisms designed specifically for project affected communities to raise concerns regarding non-compliance with organisational policies. The AfDB’s Internal Review Mechanism (IRM), the EBRD’s Independent Resource Mechanism (IRM), and the IFC’s Compliance Advisor Ombudsman (CAO), all meet many of the same good practice principles. The EIB’s *Complaints Mechanism Policy* has notable weaknesses.

As indicated in Table 16, each of the MDB mechanisms accepts complaints regarding non-compliance with operational policies and procedures.⁸⁸ None however, can respond directly to complaints regarding organisational policies. The EBRD and IFC mechanisms can examine organisational policies, but only in reference to a specific project complaint.

Box 19: The IOC Ethics Commission

The IOC Ethics Commission was established in response to allegations of corruption in the city selection process in the run-up to the 2002 Salt Lake City Winter Olympics. The Commission has developed the *Code of Ethics* which applies not only to the IOC, but to all organisations involved in the Olympic Games – cities which seek to or do organise the Games (Organising Committees), National Olympic Committees, Games participants during the Games including athletes, coaches and judges, and IOC members and the IOC administration.

The Ethics Commission is composed of nine members, including a maximum of four IOC members. It has the power to recommend warnings and sanctions after investigation, but does not have final decision making authority. However, its recommendations are made publicly available once the IOC Executive Board has made a final decision, a good accountability practice. To date the IOC Ethics Commission has provided 25 such reports – 17 cases investigating 10 IOC members, three concerning members of international sporting federations, one concerning a National Olympic Committee, one concerning a member of a National Olympic Committee and three concerning other individuals.

While the existence of the IOC Ethics Commission is good practice, it has several key limitations. First, it provides no protections such as confidentiality and non-retaliation, for staff or others who may wish to bring forward allegations. Second, the Ethics Commission lacks independence. The IOC President appoints all members subject to Executive Board ratification and has sole authority to review cases before referring them to the Ethics Commission, which cannot initiate investigations on its own. Third, the Commission is composed of nearly half IOC members, a conflict of interest in a group whose primary function is to investigate and sanction IOC members. Fourth, the IOC Ethics Commission lacks any capacity to provide remedies to injured parties as a result of IOC or IOC member failures to comply with the *Code of Ethics*. Finally, the IOC Ethics Commission does not provide a clear reporting channel for complaints to be made.

For more information, see www.olympic.org

⁸⁸ The EIB’s Complaints Mechanism Policy can accept a narrow group of complaints regarding organisational policy, but only if those complaints involve breaches of: international, European Union, or national legislation; the European Ombudsman’s Code of Good Administrative Behaviour; or human rights. Complaints regarding such key organisational policies as the EIB’s investment mandate, credit policy guidelines, and participation in financing operations are excluded. Because of these important omissions, the EIB has not been assessed as having an external complaints mechanism that can accept policy-related complaints.

Table 16: Key good practice principles among Multilateral Development Banks' external complaints procedures

Good practice principles	AfDB	EBRD	EIB	IFC
Commits to maintaining the confidentiality of complainants	●	●	●	●
Commits to non-retaliation against complainants	○	○	○	○
Accepts complaints on non-compliance with organisational policy	●	●	●	●
Accepts complaints in relation to organisational policies	○	◐	○	◐
Commits to full independence of the investigative process	◐	◐	◐	●
Provides an independent appeals mechanism	○	○	●	○
Has problem-solving function	●	●	●	●
Policy accessible through multiple mediums	●	●	○	●
Policy accessible in multiple languages (number of available languages)	● (5)	● (3)	○	● (7)
● Organisations meet the principle ◐ Organisations partially meet principle ○ Organisations do not meet the principle				

All four assessed MDBs also include a mediation and problem-solving function although few details about this function are made publicly available in the case of the EIB. Rather than issuing rulings on whether the banks are in compliance with their own policies, these functions seek to resolve conflict and find solutions. Arguably, problem solving functions bring accountability to affected communities more to the centre of the mechanism.⁸⁹ Compliance with internal policies and procedures is important, particularly the environmental and social standards that are designed to mitigate against potential harm to local communities. Yet in many instances, the ruling on whether or not a policy or procedure has been followed may vindicate a complainant's concerns without resolving the original issue.

Ensuring independence of the complaints handling process enhances its legitimacy. From submitting a complaint, through investigation, to providing a response, anyone involved with the subject of the complaint or the complainant, should be excluded from the process. Importantly, the outcome of an investigation should also be reported directly to the Board, rather than exclusively to line management.

Of the four assessed MDBs, only the IFC's CAO ensures independence at each stage of the process. In the case of the AfDB, although the Director of the Compliance Review and Mediation Unit reports directly to the Board, there is no means to exclude the Director from the investigation. In the cases of both the EBRD and the EIB, the head of the complaints mechanism reports to the President, but not to the Board. Interestingly, however, of the four assessed MDBs, only the EIB offers an independent mechanism to appeal the outcome of a complaint, the European Ombudsman. However, the need to reference multiple documents, including an MOU between the EIB and the European Ombudsman, to determine if and how non-European Union citizens and residents can access the European Ombudsman's services creates unnecessary confusion.

Finally, while all four MDB external complaints mechanisms commit to maintaining confidentiality of complainants, none commit to non-retaliation. In environments where project-affected communities may be dependent on the project for their livelihood or essential services, this protection is essential if complainants are to feel safe coming forward.

⁸⁹ Suzuki, Eisuke and Nanwani, Suresh, "Responsibility of International Organisations: The Accountability Mechanisms Of Multilateral Development Banks," *Michigan Journal of International Law*, Fall 2005.

Good Practice Case Study 14: How UNHCR handles complaints by asylum seekers regarding refugee status determination (RSD)

As the only global organisation that has the authority to grant refugee status, and thus determine whether asylum seekers fall within the criteria for international refugee protection, the UNHCR has potentially profound impacts on the life and security of the people it serves.

It is crucial, therefore, that the process of determining refugee status is consistently fair, transparent, meets the highest standards of integrity and conforms to international law. To ensure this compliance UNHCR has established *Procedural Standards for RSD under UNHCR Mandate*, which sets minimum standards for all UNHCR offices when undertaking RSD.

These *Standards* require every UNHCR office to have a complaints mechanism procedures to allow asylum seekers to raise concerns regarding the process of RSD. These procedures address complaints about the service provided in UNHCR RSD, any instances of staff misconduct or procedural unfairness including the quality, availability and conduct of interpreters, and denial of access to UNHCR staff or premises.

Offices are also required to have in place procedures to appeal decisions regarding RSD. Every rejected applicant has the right to appeal a negative RSD decision, and the appeal should be determined by an Eligibility Officer other than the officer who first heard the asylum request. Rejected applicants must also be given information regarding the reasons for rejection, to allow them to decide whether an appeal is appropriate. Assistance with pursuing the relevant procedures in the appeals process should be available from trained UNHCR staff to any applicants wishing to make an appeal. When implemented consistently these procedures provide an important mechanism for asylum seekers to appeal decisions regarding RSD and hold UNHCR to account.

For more information go to: www.unhcr.org

Policies designed to handle complaints from affected communities among non-MDBs

Among the non-MDBs, three organisations – BHP Billiton, Islamic Relief and UNHCR – also have procedures in place designed specifically for affected communities. As part of its *Health, Safety, Environment and Community (HSEC) Management Standards*, BHP Billiton, for example, mandates that each site establish procedures for handling complaints and concerns regarding its operations. While there is no stipulation of the exact form the mechanism should take, the policy indicates the key principles that should guide any mechanism. Islamic Relief, as part of its *Accountability Framework and Quality*

Management System, indicates that all country offices should have complaints procedures in place for beneficiaries. Islamic Relief also has a complaints policy at the international level. UNHCR has a dual complaints function at field office level regarding both procedure and outcome of Refugee Status Determination. For further information on this mechanism, see Good Practice Case Study 14.

These three cases suggest that it is possible for organisations from all sectors can develop external complaints mechanisms that provide their most vulnerable stakeholders with appropriate recourse mechanisms.

9 Next Steps for the *Global Accountability Report*

Now in its third year, the *Global Accountability Report* has become a powerful tool for highlighting accountability gaps, encouraging the sharing of good practice and advancing reform within organisations and wider sectors. However, through the assessment of 90 global organisations and our ongoing monitoring and involvement in the area of global accountability, we have seen debates and practices evolve in a number of different ways that we feel has implications for the *Global Accountability Report*.

Firstly, as was indicated in Section 2 a growing number of organisations from across sectors are implementing accountability reforms and an increasing number of self-regulatory initiatives are emerging that seek to strengthen accountability at sector level. As one would expect in an environment of such change, practices in accountability are evolving, new ideas are emerging and what is deemed best practice is shifting.

Secondly, there are emerging powerful actors in global governance. The driving force behind including INGOs and corporations in the *Global Accountability Report* in the first place was to highlight the increasing power of non-state actors to shape and set the global public agenda. Yet we are now seeing a wider dispersion of power to actors which do not necessarily fit into the IGO, INGO, and corporate categorisations. Multi-stakeholder fora, such as the World Economic Forum or the Global Fund to Fight AIDS, Malaria and Tuberculosis bring together actors from all sectors for discussions, recommendations and decisions making on global public policy.

Thirdly, powerful private and national actors need their accountability examined. Private donors today play a major role in shaping public policy as seen with the Bill & Melinda Gates Foundation, the Ford Foundation and the Rockefeller Foundation. Development agencies such as DFID (UK) or USAID; have a profound impact on developing country public policy priorities. State owned enterprises and investors such as Gazprom, Petronas, Petrochina; and sovereign wealth funds such as those from Norway, Saudi Arabia, and Malaysia wield substantial financial power. As institutions that exert influence over people's lives, these institutions need to have adequate accountability capabilities in place.

To ensure the *Global Accountability Report* remains a relevant and critical tool for strengthening the accountability of global actors, we want it to adapt with these changes in global governance. Therefore, ahead of the next *Global Accountability Report*, we plan to run a series of consultations with assessed organisations and stakeholders in civil society, parliaments, governments, global organisations and research institutes to review the indicators and methodology used in the *Global Accountability Report*. In these exchanges we will seek feedback and critique of the assessment so that we can evaluate both the indicator framework and the way we conduct the research.

The aim of this process will be twofold:

1. Further develop the research framework to enable us to include new types of powerful actors in global governance that do not fit the current IGO, INGO, and corporate categorisations.
2. Refine the indicators to make sure we are measuring what matters most for organisational accountability and are capturing evolving best practices in accountability.

We looking forward to these exchanges with our critics, supporters and other interested parties to realise the full potential of the *Global Accountability Report* and strengthen its impact as an catalyst for cross sector accountability reform.

Appendix 1: Methodology

The Global Accountability Framework

The One World Trust's *Global Accountability Framework* was published in 2005 after five years of multi-stakeholder dialogue on what accountability means at the global level. It provides the theoretical framework that underpins the methodology for *Global Accountability Report*.⁹⁰

This analysis and dialogue resulted in the following definition of 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 and prioritise their responses to different stakeholder groups according to organisational missions and criteria such as influence, responsibility and representation.

The Framework identifies four dimensions of accountability transparency, participation, evaluation and complaints and response.

Data collection and engagement

Research was conducted between May and September 2008

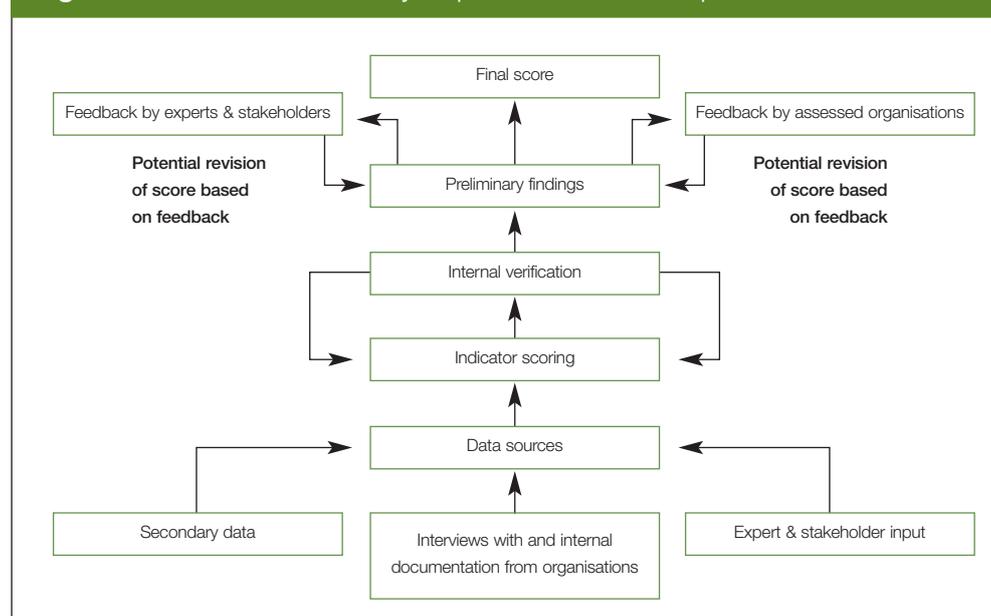
and indicators were scored based on a review of publicly available data, internal documents and interviews with assessed organisations, experts and stakeholders. After the internal review, preliminary findings were sent to the assessed organisations and external experts for feedback. In some cases the comments received at this stage resulted in changes to the scores. The research process is highlighted in Figure 3. Assessed organisations were contacted early in the process, invited to engage in the assessment and asked to participate in interviews and provide internal documents. Of the 30 assessed organisations, 24 or 80 percent agreed to participate, although the level of engagement varied between organisations. This represents an increase from the 67 percent of assessed organisations that participated in the research in 2006.

The organisations that chose not to engage in the research have been scored using publicly available information, interviews with independent experts and stakeholders of the organisations. In these instances, some scores may not necessarily reflect the complete state of their accountability capabilities. These organisations may have structures and policies in place to support accountability but have not publicly disclosed this information. This is in itself problematic, given the fundamental importance of transparency in enabling affected communities and the wider public to know how to hold an organisation to account. In some cases, the lack of transparency of organisations, including because of non-engagement, can

lead to lower scores in indicators. The resulting score variations may affect average sector scores. We therefore recommend caution in the interpretation of average figures.

Organisations that did not formally or in practical terms engage with the process are identified in all the graphs and tables with an asterisk (*) next to their name. As with engaging organisations, these organisations were provided with an opportunity to provide comments and feedback on the preliminary findings.

Figure 3: Global Accountability Report data collection process



⁹⁰ For more details see *Pathways to Accountability: The Global Accountability Framework*, London: One World Trust, 2005; and *Power without accountability?*, London: One World Trust, 2003.

Scoring

Each of the four dimensions contributes 25 percent to the total score. Within each dimension, policies and systems contribute equally, at 50 percent each, to the dimension score.

The participation and complaints and response dimensions are divided into two sub-areas: external stakeholder engagement and equitable member control for participation, and internal and external mechanisms for complaints and response. The evaluation dimension is sub-divided into environmental and social impact assessments for corporations only. In all three cases, the scoring is evenly divided between the two sub-divisions.

Indicator scoring is either scaled for quality indicators or binary (present or absent) for indicators. Indicators that measure the existence of policies or other organisational documents guiding performance are scaled on the basis of the type of document(s) and the level of enforcement implied. Binary scoring was employed for assessing the presence of good practice principles that underline commitments and systems. Some indicators are double weighted for their strong contribution to organisational accountability.⁹¹ While any set rules for scoring may appear limiting in some cases, we are flexible in how scores are assigned to accommodate the different sectors and the individuality of organisations.

Changes to the indicators in 2008

Due to stakeholder feedback, we have made several minor adjustments to our indicators for 2008. First, indicator 1.2e in the transparency dimension, which addresses the importance of having an appeals mechanism for information request that have been denied, has been modified to include a requirement that these appeals mechanisms be independent of the normal line management of an organisation. Secondly, in the complaints and response section, we have re-examined how we score indicators 4.2a and 4.2d for both internal and external complaints. In indicator 4.2a, which addresses commitments to maintain confidentiality of complaints, we have required organisations to commit to obtaining the permission of the complainant before breaking confidentiality. In indicator 4.2d, which addresses the commitments to independence of those assessing, investigating and responding to complaints, we have required organisations to commit to the inclusion of staff outside of normal line management in at least one stage of the process. Normally, for indicators 1.2e and 4.2d we have specifically sought channels that, when needed, allow complaints to go directly to the Board of Directors. Because of these changes, scores from 2008 are not strictly comparable to those from previous years.

A full list of indicators and a more detailed paper explaining the methodology is available on the One World Trust website.

⁹¹ For more detailed information on scoring, a methodology paper for the *Global Accountability Reports* is available on the One World Trust's website.

Appendix 2: Ongoing accountability reforms in the assessed organisations

AfDB

- The Cooperation with *Civil Society Organisations: Policy and Guidelines* is being rewritten.
- The *Independent Review Mechanism Policy* is under review.

APEC

- As a signatory to ISO 9001:2000 Quality Management Certification, APEC is currently implementing quality management systems throughout its organisational policies and procedures.

BHP Billiton

- The HSEC Management Standards are currently being reviewed and streamlined to make them more concise.

Care International (Secretariat)

- A staff representation mechanism is to be established at the secretariat level that will allow for confidential reporting of complaints.
- As of November 2008, an annual stakeholder conference will be held to provide a means of engaging external stakeholder in senior level decision making.

Cargill

- By May 2009, additional training will be made available to staff on external stakeholder engagement.

Carrefour

- There are plans to expand ethics hotlines in countries other than Argentina, Brazil, China, Colombia, Indonesia and Turkey; however this depends on negotiations with the unions.

EBRD

- The EBRD is currently redrafting its independent recourse mechanism.
- The Environment and Sustainability Department is developing a training programme for staff relating to the implementation of the new *Public Information Policy* (2008).

EIB

- EIB is reviewing its *Public Disclosure Policy* for 2009
- The guidelines on the activities and processes in which external stakeholders can expect to be engaged are also currently being drafted, and a Civil Society Homepage will be

launched on the EIB website to facilitate engagement with external stakeholders.

- A review of existing provisions regarding the protection of whistleblowers is currently being conducted.

FLO

- An information management system is currently being developed to better capture organisational learning.

IFC

- The Development Effectiveness Unit is currently in the process of producing a tracking system to monitor the organisation's development impact.

IOM

- IOM is currently drafting a new document, the *Policy on Reporting Irregular Practices, Wrongdoing and Misconduct*. This will consolidate and clarify existing policy on internal complaints handling.

IPPF

- Training on the revised accreditation system provided to Secretariat staff and volunteers will now cover all aspects of the membership standards and standards relating to transparency and openness.

Transparency International

- TI is developing a monitoring evaluation and planning system (TIME). In April 2007, training was provided to senior management and middle management on evaluation practices. Similar hands on training will be provided to all other staff in 2009.

UNICEF

- A partnership strategy to guide UNICEF's engagement with NGOs at the headquarters level is currently being developed.
- UNICEF is in the process of developing an information disclosure policy.
- A web-based interactive portal for NGOs to hold guidelines, templates, handbooks and interactive discussions is currently under construction.

Unilever

- During 2008, Unilever is developing an assurance process to monitor its human rights impact.

Appendix 3: Accountability initiative in which assessed organisations participate

Brief description of initiative	Assessed organisations the initiative applies to
The Active Learning Network for Accountability and Performance in Humanitarian Action (ALNAP)	
Membership network aimed at improving the quality and accountability of humanitarian action among NGOs	CARE International (Secretariat), CRS, ICRC, UNHCR, UNICEF
Agenda 21	
Plan of action to guide environmental sustainability of organisations from the United Nations System, governments and major groups	IOC
The Carbon Disclosure Project	
Framework for private and public sector organisations to manage and reduce carbon emissions and climate change impacts	Carrefour, CEMEX, Goldman Sachs, Halliburton
Code of Conduct for the International Red Cross/Red Crescent Movement and NGOs in Disaster Relief	
Self-policing code that seeks to include beneficiaries in the management of relief aid	ICRC, IOC, UNICEF, UNHCR
Code of Good Practice for NGOs in Responding to HIV/AIDS	
Key principles to guide the work of NGOs responding to HIV/AIDS	CARE International (Secretariat), IPPF
Disasters Emergency Committee Accountability Framework	
Framework for managing cost effective national appeals in humanitarian response	CARE International (Secretariat), Islamic Relief
Dow Jones Sustainability Index	
An index tracking the environmental and social sustainability of financial products of companies	Goldman Sachs, Unilever
Emergency Capacity Building Project (ECB)	
Self-regulatory initiative among NGOs addressing staff capacity, accountability, impact measurement, risk reduction and the use of information and technology in emergencies	CARE International (Secretariat), CRS
Equator Principles	
Principles for determining, assessing and managing social and environmental risk in the finance sector	Goldman Sachs
Extractive Industries Transparency Initiative	
Global standard for companies to publish what they pay and for governments to disclose what they receive	AfDB, BHP Billiton, EBRD, EIB, IFC, Shell, Transparency International
International Council on Mining and Metals (The Global Mining Initiative)	
Framework encouraging a responsible approach to mining and use of metals to companies operating in this sector	BHP Billiton

Brief description of initiative	Assessed organisations the initiative applies to
Global Reporting Initiative (GRI)	
Framework for corporations to enhance reporting on economic, environmental and social impact; does not require certification or enforcement	BHP Billiton, CEMEX, Deutsche Post World Net, EDF, EIB, Halliburton, Royal Dutch Shell, Transparency International, Unilever
Global Leadership Network (GLN)	
Internal planning and assessment framework to help companies align social, environmental and economic performance with core business strategy	Cargill, CEMEX
Humanitarian Accountability Partnership International	
Certifiable standard to measure humanitarian accountability and quality management	CARE International (Secretariat), UNHCR
ICFO international standards	
Standards of good governance and management for NGOs that raise funds from the public for charitable or public benefit purposes	Plan International
ILO's Declaration on Fundamental Principles and Rights at Work	
International commitment by governments, employers and workers organisations to uphold basic human values	Carrefour, EDF, IFC, Shell, Unilever
INGO Accountability Charter	
Principles for INGOs concentrating on governance, management, transparency and stakeholder engagement	Transparency International, Plan International
InterAction's Private Voluntary Organization (PVO) Standards	
Set of principles defining the financial, operational and ethical code of conduct of member organisations and their programs	CARE International (Secretariat), CRS
International Financial Institutions Principles and Guidelines for Investigations	
A set of principles to be used as guidance in the conduct of investigations in conjunction with the policies, rules and regulations of each member organisation	AfDB, EBRD, EIB, IFC
ISEAL Code of Good Practice for Setting Social and Environmental Standards	
Identifies the key principles that standard-setting organisations should meet in developing social and environmental standards	FLO International, IFOAM
ISO 14001	
A certified environmental management system	Cargill, Deutsche Post World Net, EDF
ISO 26000	
Update of ISO 14001, to be launched in 2010	CEMEX
ISO 9001:2000 Quality Management Certification	
Third party certified standards seeking compliance of environmental laws and regulations	APEC, Cargill, Deutsche Post World Net (Germany), Unilever

Brief description of initiative	Assessed organisations the initiative applies to
Logistics and Transportation Corporate Citizenship Initiative	
Eight voluntary Corporate Citizenship principles committing companies to upholding human rights, labour standards and environmental protection	Deutsche Post World Net
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	Applicable to corporations operating in OECD countries
People in Aid Code of Good Practice	
Code for international development agencies that supports good practice and shared knowledge	CARE International, ICRC, Islamic Relief, Plan International, UNHCR
Roundtable on Sustainable Palm Oil (RSPO)	
Initiative to promote sustainable palm production	Cargill, Carrefour, EDF, IFC, Unilever
Round Table on Responsible Soy (RTRS)	
Initiative to promote sustainable soy production	Cargill, Carrefour, Shell, Unilever
The SPHERE Project	
Collaboration of NGOs engaged in humanitarian work, committing to ensuring accountability and transparency	Care International (Secretariat), ICRC, Plan International, UNHCR
UN Convention on the Rights of the Child	
International convention advocating the protection of childrens' rights	UNHCR, UNICEF
UN Declaration on Human Rights	
Set of voluntary principles governing human rights and the right to freedom, justice and peace	BHP Billiton, Carrefour, Shell, UNICEF, UNHCR
UN Evaluation Group	
Working group set up to serve as a inter-agency platform for best practice sharing on evaluation	IAEA, IOM, UNICEF, UNHCR
UN Global Compact	
Principles for companies to uphold human rights values, labour standards, environment protection and anti-corruption measures	BHP Billiton, Carrefour, CEMEX, Deutsche Post World Net, EDF, Shell, Unilever
Voluntary Principles on Security and Human Rights	
Voluntary principles for companies to uphold human rights and ensure security	BHP Billiton, Shell
World Bank Operational Directive on Involuntary Resettlement	
Policy aimed at ensuring that populations displaced by a project receive benefits from it	BHP Billiton
World Business Council for Sustainable Development	
Global association to provide a forum for discussing and sharing knowledge and experience about business and sustainable development	BHP Billiton, CEMEX, EDF, IFC, Shell, Unilever

Appendix 4: Complete scores for all assessed organisations

Organisations	Transparency	Participation			Evaluation			Complaints and Response			Overall	
		External Stakeholder	Equitable Member	Overall	Environmental	Social	Overall	Internal	External	Overall	Accountability Capabilities	Ranking
IGOs												
EBRD	65	70	60	65	-	-	82	79	58	69	70	2
IFC	76	67	25	46	-	-	84	83	60	71	69	3=
UNICEF	26	87	90	89	-	-	98	86	42	64	69	3=
EIB	76	41	70	56	-	-	76	79	32	56	66	9=
*UNHCR	29	83	90	87	-	-	83	93	34	64	65	11=
AfDB	43	46	50	48	-	-	78	93	60	77	61	14
IOM	27	61	90	75	-	-	63	56	0	28	48	21
APEC	60	46	90	68	-	-	45	22	12	17	47	22
*NATO	25	16	100	58	-	-	53	13	0	7	36	28
*IAEA	24	59	80	70	-	-	39	0	0	0	33	29
<i>IGO sector averages</i>	<i>45</i>	<i>58</i>	<i>75</i>	<i>66</i>	<i>-</i>	<i>-</i>	<i>70</i>	<i>60</i>	<i>30</i>	<i>45</i>	<i>57</i>	<i>-</i>
INGOs												
IFOAM	66	95	100	98	-	-	76	56	32	44	71	1
Transparency International	53	79	100	90	-	-	47	86	82	84	68	6=
Plan International	51	75	90	82	-	-	83	60	60	60	69	3=
CRS	38	65	100	82	-	-	90	79	46	63	68	6=
Islamic Relief	54	61	100	81	-	-	72	86	46	66	68	6=
IPPF	27	88	100	94	-	-	78	86	9	48	62	13
FLO International	54	92	90	91	-	-	52	18	41	29	56	15=
ICRC	40	59	100	80	-	-	78	49	0	24	56	15=
CARE International	15	43	100	71	-	-	94	0	0	0	45	23
*IOC	15	49	75	62	-	-	24	41	17	29	32	30
<i>INGO sector averages</i>	<i>41</i>	<i>71</i>	<i>96</i>	<i>83</i>	<i>-</i>	<i>-</i>	<i>69</i>	<i>56</i>	<i>33</i>	<i>45</i>	<i>60</i>	<i>-</i>
TNCs												
BHP Billiton	52	80	83	82	86	86	86	59	27	43	66	9=
Royal Dutch Shell	46	54	83	69	88	88	88	79	34	57	65	11=
Carrefour	35	50	83	67	84	84	84	39	16	28	53	17
EDF	32	49	67	58	96	41	68	59	26	42	50	18=
Unilever	33	46	83	65	84	57	71	63	1	32	50	18=
Goldman Sachs	44	25	100	63	56	2	29	79	45	62	49	20
Cargill	44	22	83	53	64	13	38	61	21	41	44	24
*Deutsche Post World Net	44	17	83	50	91	32	62	22	0	11	42	25
Halliburton	18	4	83	44	67	0	33	79	34	57	38	26
*Cemex	18	8	100	54	51	51	51	53	0	26	37	27
<i>TNC sector averages</i>	<i>36</i>	<i>36</i>	<i>85</i>	<i>60</i>	<i>77</i>	<i>45</i>	<i>61</i>	<i>59</i>	<i>20</i>	<i>40</i>	<i>49</i>	<i>-</i>
Cross-Sector Averages	41	55	85	70	77	45	67	59	28	43	55	

* Denotes organisations that did not engage with the research process = denotes tied ranking

Appendix 5: List of organisations assessed in the 2006 and 2007 Global Accountability Reports

Sector	2006	2007
IGO	<ul style="list-style-type: none"> ● Bank for International Settlements ● Food and Agriculture Organization ● Global Environment Facility ● International Labour Organization ● International Monetary Fund ● Organisation for Economic Cooperation and Development ● World Health Organization ● World Intellectual Property Organization ● International Bank for Reconstruction and Development ● World Trade Organization 	<ul style="list-style-type: none"> ● African Union ● Asian Development Bank ● Council of Europe ● Inter-American Development Bank ● Interpol ● Islamic Development Bank ● Organization for Security and Co-operation in Europe ● United Nations Development Programme ● United Nations Environment Programme ● World Food Programme
INGO	<ul style="list-style-type: none"> ● ActionAid International ● Amnesty International ● Human Life International ● International Chamber of Commerce ● International Confederation of Free Trade Unions ● International Federation of Red Cross and Red Crescent Societies ● The Nature Conservancy ● Oxfam International ● World Vision International ● WWF International 	<ul style="list-style-type: none"> ● Aga Khan Foundation ● Christian Aid ● FIFA ● Greenpeace International ● Human Rights Watch ● International Accounting Standards Board ● International Organization for Standardization ● International Save the Children Alliance ● MERCY Malaysia ● Médecins Sans Frontières International
TNC	<ul style="list-style-type: none"> ● Anglo American plc ● Dow Chemical Company ● Exxon Mobil Corporation ● Microsoft Corporation ● Nestlé ● News Corporation ● Pfizer Inc ● RWE ● Toyota ● Wal-Mart Stores Inc 	<ul style="list-style-type: none"> ● The Coca-Cola Company ● DynCorp International ● General Electric Company ● GlaxoSmithKline ● Google ● HSBC Holdings ● Petrobras ● PricewaterhouseCoopers International Limited ● Suez ● TATA Group

Acronyms

ACFID	Australian Council for International Development
ADB	Asian Development Bank
AfDB	African Development Bank
AGM	Annual General Meeting
ALNAP	Active Learning Network for Accountability and Performance in Humanitarian Action
APEC	Asia Pacific Economic Cooperation
AU	African Union
BIS	Bank for International Settlements
CCIC	Canadian Council for International Cooperation
CEO	Chief Executive Officer
CI	CARE International (Secretariat)
CNIL	Commission Nationale de l'Informatique et des Libertés
CRS	Catholic Relief Services
CSO	Civil Society Organisation
CSR	Corporate social responsibility
DPWN	Deutsche Post World Net
EBRD	European Bank for Reconstruction and Development
ECB	Emergency Capacity Building Project
EHS	Environment, Health and Safety
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
EU	European Union
FAO	Food and Agriculture Organization
FIDH	Fédération Internationale des ligues des Droits de l'Homme
FLO	Fairtrade Labelling Organisations International
GAP	Government Accountability Project
GEF	Global Environment Facility
GRI	Global Reporting Initiative
GSK	Glaxo Smith Kline
HAP	Humanitarian Accountability Partnership International
IAEA	International Atomic Energy Agency
IASB	International Accounting Standards Board
ICANN	Internet Corporation for Assigned Names and Numbers
ICRC	International Committee of the Red Cross and Red Crescent Societies
IDB	Inter-American Development Bank
IDP	Information Disclosure Policy
IFC	International Finance Corporation of the World Bank Group
IFI	International Financial Institution
IFOAM	International Federation of Organic Agriculture Movements
IFRC	International Federation of Red Cross and Red Crescent Societies
IGO	Intergovernmental Organisation
ILO	International Labour Organisation
IMF	International Monetary Fund
INGO	International Non-Governmental Organisation

IOC	International Olympic Committee
IOM	International Organization for Migration
IPPF	International Planned Parenthood Federation
IRQMS	Islamic Relief Quality Management System
IsDB	Islamic Development Bank
ISEAL	International Social and Environmental Labelling Alliance
ISO	International Organisation for Standardization
MDB	Multilateral Development Bank
MIGA	Multilateral Investment Guarantee Agency
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organisation
NOC	National Olympic Committee
OECD	Organisation for Economic Cooperation and Development
PVO	Private Voluntary Organisation
RWE	Rheinisch-Westfälisches Elektrizitätswerk
TI	Transparency International
TI-S	Transparency International (Secretariat)
TNC	Transnational Corporation
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNHCR	United Nations Office of the High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WB-IBRD	World Bank – International Bank for Reconstruction and Development
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organisation

Definition of terms

Civil society organisation: Civil society is a space where citizens collectively assemble to share concerns and mobilise around particular issues and affairs. Civil society organisations include faith-based associations, labour movements, local community groups and non-governmental organisations (NGOs).

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 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).

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

International non-governmental organisations (INGOs): NGOs with operations in more than one country. Within the context of the Global Accountability Report, other transnational civil society associations 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.

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.⁹²

Stakeholders: 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).

⁹² Edwards, M. (2000), NGO Rights and Responsibilities: A New Deal for Global Governance, Foreign Policy Centre, London, p7-8.

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“Transparency and accountability are fundamental to how we do business at IFC. I believe that independent evaluation drives best practice, innovation, and builds public trust. The Global Accountability Report is an important tool that helps organisations re-examine their effectiveness and accountability to stakeholders. We can all learn from this process.” *Lars Thunell, Executive Vice President and CEO, International Finance Corporation*

“We have learned that reaching out and involving our stakeholders early in decision-making helps us run our operations better and maintain our license to operate, especially on the more difficult projects that our industry is naturally being driven to. We welcome the latest Global Accountability Report and the work of the One World Trust in promoting accountability not only for companies but, importantly for a wide range of other organisations as well.” *Roxanne Decyk, Director Corporate Affairs, Royal Dutch Shell plc*

“Thank you One World Trust! The accountability assessment provided all of us at IPPF with a good opportunity to look at areas of our work that we do not often sit down to reflect on in a structured manner. It was a useful learning experience that helped point out areas where we need to improve and we are already addressing these.” *Dr Garry Dearden, Director, Organizational Effectiveness and Governance, International Planned Parenthood Foundation*

“As a global company, Cargill is committed to conducting our business around the world with the highest levels of integrity, accountability and responsibility. The Global Accountability Report is an informative benchmarking tool for large organisations such as ours who strive for continued improvement and progress.” *Bonnie Raquet, Corporate Vice President, Corporate Affairs, Cargill*

“We at IOM are always looking for ways to improve and we welcome independent assessments of our work. As the report itself says, IOM has grown so much in the past 10 years, our policies and management systems have not kept pace. We are working to remedy this and the analysis, suggestions and examples of good practice in the Global Accountability Report will be invaluable as we move ahead.” *Ambassador William Lacy Swing, Director General, International Organization for Migration*

“Catholic Relief Services welcomed the opportunity to participate in the 2008 Global Accountability Report. It is our goal to maximize our transparency and accountability to our partners, the people we serve, and our donors. The assessment process confirmed practices that are working and has enabled us to identify areas where we can enhance our efforts.” *Annemarie Reilly, Chief of Staff, Catholic Relief Services*

“I welcome this Report. For the AfDB, issues of accountability and transparency are central not only to our work in Africa, but also to how we manage ourselves. Independent assessments such as the Global Accountability Report provide a valuable perspective. We shall certainly take it into consideration as we continue efforts to improve our performance and our responsibility to all our stakeholders: the people we serve in Africa as well as our immediate shareholders.” *Donald Kaberuka, President, African Development Bank*

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