The Global Accountability Report 1 2003

Power without accountability?

Hetty Kovach, Caroline Neligan and Simon Burall

one world trust

Contents

Acknowledgments. ii
List of acronyms and definition of terms iii
Executive Summary: Power without accountability? iv
Chapter 1: Global accountability matters 1
Chapter 2: What is accountability? 3
Chapter 3: Measuring accountability 5
Chapter 4: Organisation profiles. 8
Inter-Governmental organisations 8
Introduction. 8
Bank for International Settlements 9
Organisation for Economic Co-operation and Development 10
United Nations High Commissioner for Refugees 12
World Bank 13
World Trade Organisation 14
Transnational Corporations 15
Introduction 15
Aventis. 16
GlaxoSmithKline 17
Microsoft 18
Nestlé 19
Rio Tinto 19
Shell 20
International Non-Governmental Organisations 21
Introduction 21
Amnesty International 22
CARE International 23
International Chamber of Commerce 24
International Confederation of Free Trade Unions 25
International Federation of Red Cross and Red Crescent Societies 26
Oxfam International. 27
World Wide Fund for Nature 28
Chapter 5: Conclusion 29
Conclusions: Member control 29
Conclusions: Access to information 31
Access and member control combined: Top and bottom in the study 33
Good practice in accountability 34
Next steps 34
Appendices 35
Appendix i: Explanation of indicators and weighting. 35
Appendix ii: Index of organisations 39
Appendix iii: Global Accountability Project background 40
Appendix iv: Comment from the Bank for International Settlements 41
Bibliography 0 Cs 0196nbs4Bibliography

Graph 3: Access to online information scores v
Graph 4: IGO member control and access to information scores combined. 8
Graph 5: IGO member control of organisation scores. 8
Graph 6: IGO access to online information scores 9
Graph 7: TNC member control and access to information scores combined. 16
Graph 8: TNC member control of organisation scores 16
Graph 9: TNC access to online information scores. 16
Graph 10: NGO member control and access to information scores combined 22
Graph 11: NGO member control of organisation scores 22
Graph 12: NGO access to online information scores 22

© The One World Trust 2002/2003

All material contained in this report is subject to copyright protection, and reproduction in whole or in part, whether mechanical or electronic, is expressly forbidden, without the prior consent of The One World Trust.

Acknowledgments

The organisation responsible for carrying out the Global Accountability Project (GAP) is the One World Trust (OWT), created as a registered UK Charity (210180) in 1951.

One World Trust Trustees

President: Lord [Peter] Archer of Sandwell

Chair: Dr. Wendi Momen JP

Secretary: Ted Wheatley

Hon Treasurer: Richard Worn

Eirwen Harbottle

Christopher Layton

Peter Luff

Prof. John Roberts

The Rt. Hon. Dr Gavin Strang MP

Baroness [Janet] Whitaker

Charter 99 Independent Panel Members

To guarantee the accountability and transparency of GAP, the One World Trust has brought together a group of experts, drawn from NGOs, universities and international institutions. They are responsible for ensuring that fair standards have been applied in assessing the accountability of the organisations surveyed. Their diverse backgrounds and direct experiences within international organisations have contributed to the impartiality and objectiveness of GAP.

Panel Chair: Dr Martyn Bond – Federal Trust for Education and Research

Tom Bigg – International Institution for Environment and Development

Clare Crawford – Landmine Action

Dr Marlies Glasius – London School of Economics

Sir Richard Jolly – Institute of Development Studies

Naeem Khalid – School of Oriental and African Studies

Prof. Douglas Lewis – Sheffield University

Professor Christopher Lord – University of Leeds

Augustine Omara

Dr Katarina Sehm Patomaki – Network Institute for Global Democratization

Dr Ngaire Woods – University College, Oxford

Organisational affiliations are for identification purposes only.

Charter 99 Advisory Committee

GAP has also benefited from the contribution of a small advisory committee which offers advice on policies and direction. Some of its members were involved in the initial drafting of Charter 99 and others are specialists chosen for their experience and/or interest in this field.

Chair: Titus Alexander

Anthony Barnett

Peter Luff

Simon Maxwell

Jeremy Pope

Patsy Robertson

Andrew Simms

Maria Adebowale

Belinda Calaguas

GAP Team Members

The GAP Team within the One World Trust was responsible for co-ordinating the project, in collecting and collating the information about the target organisations, and assessing the accountability and transparency of the target institutions.

Director: Simon Burall

Project Manager: Hetty Kovach

Research Officer: Caroline Neligan

Publications Officer: Michele Tagliavini

Volunteer: David Smith

GAP Funders

We would have been unable to carry out this project without the donations from a large number of Charter 99 supporters, trusts and foundations: The Polden-Puckham Charitable Foundation, Tearfund, United Nations Association Trust, CAFOD, Save the Children, Allan and Nesta Ferguson Charitable Settlement and The Ford Foundation.

Final Thanks

Without the enthusiasm and commitment of Titus Alexander, Pam Mason, Bruce Ritchie, and David Smith this report would not have been possible. A number of other volunteers have given their time and energy; Enrico Borghetto, Louis Carraz, Charlene Ching, Joan Colbert, Paul Curtis, Birgit Fassbender, Simon James, Krupa Kothari, David Luff, Dizery Salim and Faridah Simba. The GAP team would also like to thank a number of other people for their helpful advice at various stages of the project: David Burall, Alex MacGillivray, Minu Hemmati and Lesley Smith. All errors and opinions remain the responsibility of the report's authors.

List of acronyms, definitions and terms

List of acronyms

AGM	Annual General Meeting
AI	Amnesty International
BIS	Bank for International Settlements
EU	European Union
G10	The Group of Ten
GAP	Global Accountability Project
GSK	GlaxoSmithKline
IBRD	International Bank for Reconstruction and Development
ICC	International Chamber of Commerce
ICFTU	International Confederation of Free Trade Unions
IFRC	International Federation of Red Cross and Red Crescent Societies
IGO	Inter-Governmental Organisation
IMF	International Monetary Fund
MAI	Multilateral Agreement on Investment
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
OI	Oxfam International
OWT	One World Trust
TNC	Transnational Corporation
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
WTO	World Trade Organisation
WWF	World Wide Fund for Nature

Definition of Terms

The following terms are used throughout this report.

Governing articles: The legal contract between members that sets out the objects of the organisation and how it is to be governed. Called variously by different organisations the Articles of Association, the Constitution or the Statutes

Governing body: The governing body has the ultimate authority in the organisation. It has the powers to amend the governing articles and sets the overall direction of the organisation. It nearly always consists of all members and typically elects or appoints the executive and oversees its actions. Other powers vary case by case.

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

Member: A person or other organisation that, by joining the organisation, agrees to abide by its governing articles. The members jointly 'own' the organisation and normally constitute its governing body. The NGOs in this study are often federations or confederations of national bodies and these national bodies are thus defined as the members.

"Better governance means greater participation, coupled with accountability."

Kofi Annan, 2000

The One World Trust's Global Accountability Report is the first of its kind to compare the accountability of inter-governmental organisations (IGOs), transnational corporations (TNCs) and international non-governmental organisations (NGOs). Eighteen of the world's most powerful organisations are assessed in this pilot report. Scores are provided for their performance in two aspects of accountability: member control of governance structures and access to information. The results show wide differences within and between the three groups, clearly indicating leaders in the field and those that fall behind.

Why does accountability matter?

300 IGOs, 60,000 TNCs and 40,000 international NGOs help shape the world we live in. The decisions they make affect all of our lives in many different ways: from determining global financial standards to deciding the fate of the world's refugees. Individuals and communities who are affected by these organisations' actions should be able to hold them to account. However, few mechanisms have been identified at the global level to enable these stakeholders to exert such a right. The result is a growing sense of disenfranchisement and even a tendency amongst some groups to resort to violent methods in order to be heard. These organisations need to become more transparent and accountable to their stakeholders, both those internal and external to the organisation, to enable wider participation in decision-making. This will increase their legitimacy and lead to more effective decision-making.

Measuring accountability

Demands for accountability are often made, but are rarely accompanied with an explanation of what is meant or how it can be achieved. At the heart of this report is a unique framework which explains what accountability means and identifies eight core organisational dimensions crucial to fostering greater accountability. This pilot focuses on two of the dimensions in detail - member control and access to information – scoring organisation's performance within these dimension and providing recommendations on how to increase accountability.

Governance: member control

All the organisations in this study have members and the control that these members are able to exert over the governance of an organisation has a crucial impact on its accountability. Who an organisation's members are varies; in the case of IGOs it is nation states, for TNCs it is shareholders and for international NGOs it is their national member offices or affiliates.

A clear conclusion emerging from this study is that only a minority of members actually exert real control over many of the organisations examined. IGOs, are far more susceptible to this than international NGOs, with the World Bank and the Bank of International Settlements (BIS) exhibiting institutionalised minority member dominance. However, even in the case of the World Trade Organisation (WTO), which works on a one-member one-vote basis, a small minority of members still exerts control through informal decision-making processes.

International NGOs, on the whole, avoid this problem. Of particular interest within this group are the mechanisms they employ to ensure that a minority of members cannot control the executive. The International Federation of Red Cross and Red Crescent Societies (IFRC) and the International Confederation of Free Trade Unions (ICFTU) employ formulas to ensure geographic representation of the membership as a whole. Only the International Chamber of Commerce (ICC), within the international NGO group, fails to use a mechanism to ensure that a minority of members does not dominate.

TNCs also suffer from a form of minority control as a result of the rise in the number of large institutional investors. Although these investors

Access to information and member control combined: top and bottom in the study

The IFRC is the only organisation in this study to have scored well in both member control and access to information, coming top overall. Despite being one of the largest international NGOs in our study, the IFRC ensures good member control of the organisation and prevents a minority of members dominating. It also provides clear and extensive information on its website.

The Bank of International Settlements (BIS) has the lowest combined score of all organisations. Close inspection reveals a complicated and unrepresentative set of competing jurisdictions at the heart of the BIS's governance. Like many other leading international organisations, a minority of members dominate the formal governance of the organisation. However, its formal governance only relates to its banking activities and not its financial standard setting activities, which are governed by a separate body called the Group of Ten (G10). The G10 is made-up of a few privileged BIS members, located within the BIS but not ultimately accountable to it and its fifty members. The result is a blurring of authority between the responsibilities of the BIS and G10, creating an accountability gap.

Good practice in accountability

This report is the pilot of an on-going study into the accountability of global organisations. By highlighting differences in transparency and member control, this report aims to encourage all international organisations to raise their standards of accountability. The questions below describe some of the key ways organisations can do so within the two dimensions studied.

As more decisions are taken at the global level, and as more actors join those already on the global stage, the type of analysis provided by this report will become increasingly necessary to enable people to assess competing claims for accountability and legitimacy.

Governance: member control – good practice

- Are all members fairly represented on the governing body?
- Do all members have the power to add items to the agenda of governing body meetings?
- Do all members have the power to nominate, elect and dismiss individuals on the executive?
-

> "Better governance means greater participation, coupled with accountability."
>
> *Kofi Annan, 2000*

Kofi Annan's words come from his report to the leaders of the world attending the Millennium Summit at the UN in 2000. The usual targets of words such as these, when issued by western nations or organisations such as the World Bank, are the governments of developing countries. The Secretary-General had an altogether different aim in mind: the UN and other international organisations.

Annan is right to turn the spotlight from national governments to the system of international decision-making. There are over 300 inter-governmental organisations (IGOs) operating today (UIA, 2002). The impact they have on the way people live their lives is enormous. And IGOs are not the only actors on the global stage which have an impact. There are currently more than 60,000 transnational corporations (TNCs) (UNCTAD, 2001) and 40,000 international non-governmental organisations (NGOs) (Anheier *et a*l, 2001).

All three types of global organisations have the power to affect the lives of millions of people throughout the world. The decision by an IGO to implement a particular programme can mean the difference between a young mother and child receiving medical care or not. The decision taken by a TNC to open up an operation in a particular location can directly affect the livelihoods of whole communities. A report published by an international NGO which is picked up by the world media can influence the international debate on the treatment of HIV/AIDS in sub-Saharan Africa, potentially affecting the healthcare of millions.

The traditional accountability mechanisms that are said to hold these three different types of organisations to account are often weak and fail to empower those most affected by an organisation's decisions. IGOs are supposed to gain much of their accountability from their memberships, as these are largely democratic nation states. Yet few within the electorate will know the name of their nation's representative at a given IGO, let alone what decisions are being taken on their behalf. For the electorates of developing countries affected by the decisions of IGOs, the accountability gap is even larger because these states often have very little power to influence an IGO's decisions due to lack of votes, limited representation or capacity to participate.

State regulation and consumer choice are the mechanisms by which TNCs are said to be held to account. However, because the headquarters of TNCs are often in a different jurisdiction to their operations, states can find it difficult to regulate their activities effectively. Consumer choice is also an imperfect accountability mechanism because it relies on the consumer having easy access to the information they require to make an informed purchase. It also requires the presence of real choice within the market place; something which is often not the case. Finally, those most affected by a TNC's actions are often not the same people who have the power to make consumer decisions.

The majority of resources for the work of international NGOs come from donors in the north and it is to them that international NGOs are most clearly accountable. Robust reporting mechanisms operate to ensure that money donated is spent as expected and that objectives agreed by the international NGO and northern donor are met. However, this is rarely made public; even with transparent reporting, this focus on donors has the potential to skew the priorities of NGOs and, in the end, reduce their accountability to the people they affect: the beneficiaries of their activities.

The people and communities affected by all three groups of organisation are making ever-louder claims for increased power to hold them to account. Where individuals and communities feel that their needs are not being met, and no effective accountability mechanisms are present, dissatisfaction is often expressed through protest. Whether or not these protests are violent, they indicate that political structures have broken down. This report aims to identify different mechanisms which global organisations can use to ensure that they are accountable for their actions.

Where accountability mechanisms are effective, people are more likely to feel that their needs are being taken into account. Greater transparency of decision-making can assist this as it will help to build trust in political processes. This trust is increased if feedback loops

Organisations assessed in the first Global Accountability Report

Inter-Governmental Organisations
Bank for International Settlements (BIS)
Organisation for Economic Co-operation and Development (OECD)
World Bank
World Trade Organisation (WTO)
United Nations High Commissioner for Refugees (UNHCR)

Transnational Companies
Aventis
GlaxoSmithKline (GSK)
Microsoft
Nestlé
Rio Tinto
Shell

International Non-Governmental Organisations
Amnesty International (AI)
CARE International
International Chamber of Commerce (ICC)
International Confederation of Free Trade Unions (ICFTU)
International Federation of Red Cross and Red Crescent Societies (IFRC)
Oxfam International (OI)
World Wide Fund for Nature (WWF)

An accountability profile for each organisation is provided. The profile assesses each organisation against two specific aspects of accountability: the degree to which their members have control over the organisation and the extent to which they provide information to the public online. Assessment is carried out through the use of a series of indicators; scores are provided for all of the organisations in both of the dimensions. Key conclusions are drawn between and within the groups with the aim of raising accountability standards of all global organisations. Though this study is based on only two aspects of accountability, making it only a partial examination of the accountability of each organisation, it was possible to draw very clear conclusions about differences both within and between groups. Further phases of the project will build on this and look at additional aspects of accountability.

Chapter 2 begins by exploring what accountability means. The question of to whom organisations should be accountable, and how they can become more accountable, is addressed. It introduces the model of organisational accountability used for this report, which identifies eight key dimensions of accountability. Chapter 3 examines in detail the two dimensions of accountability that form the focus of this report. It highlights the methodology and its limitations. Chapter 4 provides the eighteen organisational profiles. They have been divided by organisation type, and include a cover sheet identifying the group and the impact of individual organisations within the group. Chapter 5 provides the key conclusions drawn from the study, both within and between the groups. Finally, the chapter identifies potential ways forward.

It should be noted that although all the organisations assessed were invited to participate in the survey, some have played no active role and their inclusion does not in any way suggest that they agree with the conclusions found within this report.

> “Accountability is one of those terms about which there is a widespread sense of what it means, but difficulty in coming to any agreement about its definition….”
>
> *Raynard, 2000*

‘Accountability’ has joined ‘Democracy’, ‘Sustainability’ and ‘Globalisation’ in the fashionable lexicon of policy-makers. However, like so many buzzwords, accountability is often ill defined and raises more questions than it answers. At its simplest, accountability refers to a process by which individuals or organisations are answerable for their actions and the consequences that follow from them. What is often disputed, however, is the issue of who is entitled to hold these individuals or organisations to account, and the mechanisms that should be used in order to do so.

Traditional approaches to accountability

Traditional approaches to accountability have a very narrow notion of accountability giving only those with formal authority over an individual or organisation the right to hold them to account. The most obvious place where formal accountability is exerted is during elections, when politicians are c

The division of the dimensions into the internal and external halves of the framework is not always completely clear-cut; some of the dimensions are important to both sets of stakeholders. For example, evaluation processes are found in the internal half of the framework, but also enable external stakeholders to assess an organisation's progress against its objectives. Access to information, found on the external side, is also required by internal stakeholders to enable them to play their governance role effectively.

Limitations of accountability and ways to minimise them

The GAP model is based on the assumption that accountability is good for an organisation and the wider world in which it operates. However, accountability is not a panacea. It can evoke tensions within an organisation, and if ill thought out and badly applied it could actually lead to worse outcomes.

One of the clear tensions is that an organisation or decision-maker may find it impossible to please all of its stakeholders. Some stakeholders will feel their needs are best met by one decision, while another set of stakeholders will strongly favour the opposite. Unless decision-makers have mechanisms for assessing such competing demands they risk making their decision on the basis of who shouts loudest, or even taking no decision at all. Efficient decision-making requires clear mechanisms for resolving differences and enabling the difficult decisions to be made in spite of opposition from some of the stakeholders. The presence of a range of accountability structures, which work effectively together, will allow political leadership to flourish by drawing its legitimacy, in part, from the way it takes its decisions as well as the outcome itself.

As the drive for greater accountability increases, there is a real danger that it becomes overly bureaucratic. This can slow decision-making to such an extent that any advantages gained by involving more people in the decision-making cycle are lost. At its worst this has the potential to prevent decision-making from happening at all. The mechanisms identified in this model are meant to illustrate ways of strengthening accountability without causing it to become too bureaucratic.

Accountability can be expensive, but lack of accountability often costs much more. An organisation's budget and its power to impose its decisions are key factors that determine appropriate accountability mechanisms. For example, a small community organisation working on health issues will have a tiny budget and very limited power when compared to the World Health Organisation.

Despite its limitations, accountability is crucial if people are going to be able to exercise their right to have a say in decisions that affect their lives. It can, if handled appropriately, also lead to more effective decisions by involving more people and encourage them to feel greater ownership of the process.

The model used to make the assessments found within this report brings together all of the elements of accountability into one place. It is also the first to attempt to assess the accountability of three of the largest groups of global organisation impacting on individuals and communities around the world. If applied with a heavy hand it could hinder progress but, if applied sensitively as it is hoped has been done in this report, it will help to illuminate good practice, highlight accountability gaps and promote realistic reforms to bring global organisations closer to the people they affect.

Two key dimensions of organisational accountability, member control and access to information, are assessed in this report. Indicators have been developed in order to measure the performance of the eighteen organisations against these dimensions. The indicators, at this stage in the project, are only able to measure formal mechanisms and processes within an organisation. Research is ongoing into developing indicators that capture the important informal processes that impact upon organisations' accountability.

The fact that this report is based on two of the eight dimensions in the index inevitably means that it presents a partial picture of the accountability of the organisations in this study. These two dimensions were chosen for the pilot because they were identified as being necessary, if not sufficient, for ensuring that an organisation is accountable. As the project progresses it will focus on a greater

- For TNCs the indicators assess the availability of a product description, operational information and social and environmental information in the form of annual reports;
- For rule making IGOs (BIS, OECD, WTO) the indicators assess the availability of a description of the laws and standards developed, working papers on negotiations leading up to a new or revised rule, and an evaluation of the uptake of rules by members and non-member countries;
- For international NGOs and IGOs providing services (IFRC, CARE International, World Bank, UNHCR and OI) the indicators assess the availability of project descriptions, targets and objectives and evaluation material;
- For international NGOs undertaking advocacy (AI, ICC, ICFTU and OI) the indicators assess the availability of descriptions of advocacy campaigns, targets, objectives and evaluations.

- Generally, the international NGOs in this study do not provide information disclosure policies on their websites. The profiles only note incidences where an information policy is provided.
- The presence of a national website in the national language/s in addition to the secretariat or headquarters website was explored particularly where this main website was provided in only one language. Further analysis is needed to determine how extensively these national websites provide general information about the organisation.

Warning flags: the Yellow Cards

The indicators were developed to enable organisations from all three groups to be judged equally against the same framework. However, with three such disparate groups there are areas where the activities or structures of some of the organisations are not captured by the indicators. These areas are often unique to an organisation but nevertheless impact on accountability. To enable these aspects of accountability to be captured, yellow and green cards have been given to organisations where appropriate.

Yellow cards indicate an accountability gap present in organisations in the study. Green cards indicate organisations in the study that are developing particular mechanisms for greater accountability, which are not found in other organisations in the study. In total, five yellow cards and four green cards have been given.

Bank for International Settlements (BIS)

The BIS is a bank for central banks and the world's leading forum for establishing new international monetary and financial standards.

Established in 1930, the BIS was originally set up to channel German war reparations to other European states. Its founding members, the central banks or monetary authorities from Belgium, France, Germany, Great Britain, Italy and the United States, reflected its role as an instrument of European monetary management. However, over time, its membership and mandate have expanded significantly making it one of the most influential organisations in the world of global economics and finance today.

Over 120 central banks from around the world deposit a total US$130 billion at the BIS. This represents around 7% of the world's foreign exchange reserves. The BIS's own funds (capital and reserves) stand at US$7.1 billion (BIS 2002). The BIS also provides credit facilities for central banks by giving short-term advances. Since 1994, it has taken on the role as collateral agent in connection with the re-scheduling of the external debts of Brazil, Peru and the Côte d'Ivoire.

In addition to its banking functions, the BIS provides a forum for central banks to set new international standards and codes to promote greater global financial and monetary stability. Recent events such as the Asian Crisis in 1998/99 have demonstrated the need for greater international co-operation and regulation in managing the huge flow of international financial activity. Many of the standards and codes produced, such as the 'Core Principles for Effective Banking Supervision' (BCBS, 1997) and 'the Basel Capital Accords (BCBS, 1988), though not imposed, have been adopted by numerous countries beyond the membership of the BIS. This demonstrates the bank's substantial soft-law-making powers. Gordon Brown, the UK Chancellor of the Exchequer, recently characterised the financial standards and codes emerging from the BIS, as *"not incidental to the financial architecture for the new global economy: they are the financial architecture for the new global economy" (HM Treasury, 2001)*

The secretariat of the BIS is in Basel, Switzerland.

Organisational structure

under the BIS's name and not the G10's. This results in a blurring of rights and responsibilities and produces unclear lines of accountability.

Yellow Card

A second yellow card has been raised because, in addition to the blurring of accountability highlighted in the previous yellow card, decisions are taken by a small number of countries. Although the G10 countries only meet to set their own financial and monetary standards, these standards often become the global norm, which are adopted by a far wider group of countries because of the G10's financial leverage. For example, the guidelines for the Basel Capital Accords (BCBS, 1988) were laid out by the governors of central banks of the G10 in 1974. They have now been adopted by most countries around the world.

The G10 has started to recognise its global impact and is actively undertaking consultations with non-members to ensure the effectiveness of new standards, as exemplified in its consultations on a New Basel Accord (BCBS, 1999). A yellow card has been raised because, despite making positive moves to open up consultation to non-members, decision-making power still ultimately rests in the hands of a limited number of countries.

Access to online information Score: 51

The BIS comes at the bottom of the IGO group in access to online information.

The BIS's website covers both its formal and informal activities, publishing G10 documents alongside its own research. As a result, this section looks at both the BIS and G10 activities.

In terms of the BIS's banking activities, little information is provided due to concerns about confidentiality. Standards produced by the G10's committees on financial and monetary matters are clearly marked and readily available. However, committee working papers for developing new standards and revising old ones are not always available across all the committees. It appears that they are only accessible to the public if a committee is openly consulting on a standard. For the majority of the committees it is therefore hard to see what they are currently working on until the standard is actually produced.

The BIS has a limited public information disclosure policy focusing entirely on its archives and not on current information. It also fails to define the criteria for non-disclosure of information. This runs contrary to the findings of the Working Group on Accountability and Transparency (WGAT), composed nearly entirely of BIS members, including the BIS secretariat itself. This group notes that International Financial Institutions should, *"establish, publicly announce and periodically revisit an explicit, well-articulated definition of the areas in which confidentiality should apply and the criteria for applying it" (Group of 22, 1998).*

The BIS provides limited information regarding its governance. Its governing articles, which are available online, focus entirely on the formal banking arm of the BIS. A 'Profile' (BIS, 2002) available online does give a descriptive overview of the organisation and sheds some light on its governance. However, it fails to outline the relationship between the BIS and the G10 in detail. The BIS also does not provide a breakdown of the voting rights of each member of the organisation.

The BIS's decision-making is not transparent at either the formal or informal level. The agenda, draft papers and minutes of governing and executive body meetings are not available online. However, press releases occasionally give an insight into major resolutions taken. The G10's meetings, on the other hand, are undertaken in total secrecy, as private "off-the record" meetings, with no minutes recorded nor press releases provided.

The BIS's annual report is very clear although only a small section on the BIS's activities over the year is included.

The website of the BIS is only in English. However, nearly all documents in English are also available in French, German and Italian.

Key documents of organisation used for this profile:

BIS, (1930) Statutes of the Bank for International Settlements (Amended on 8th January 2001).

BIS, (2001) 71st Annual Report: 1 April 2000 – 31 March 2001.

BIS (2002) BIS Profile.

Organisation of Economic Co-operation and Development (OECD)

The OECD brings experts and governments together to research and formulate policies in areas as diverse as trade, health, education and employment. The outcome is a mixture of legally binding decisions and non-binding recommendations for its member governments, labelled the 'OECD Acts'.

The OECD grew out of the Organisation for European Economic Co-operation (OEEC), which was established to administer American and Canadian aid under the Marshall Plan for the reconstruction of Europe after World War II. Since it took over from the OEEC in 1961, the OECD has grown from 18 to 30 member countries.

All member countries are liberal democracies, working together, "to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability" (OECD, 1960). Membership is by invitation only. A member must be willing and able to adopt most of the 160 OECD Acts. In particular, all members must ratify the Code of Liberalisation of Capital Movements and the Code of Liberalisation of Current Invisible Operations, which promote free trade. The OECD has substantial influence within its member countries and beyond, with OECD recommendations often becoming global norms and being adopted by non-member countries.

The OECD is funded by member countries' contributions, based on the relative size of their economies, ranging from contributions of 1% to 25% by the USA.

The OECD is based in Paris, France and approximately 1850 staff are employed. In 2001, the OECD expenditure was US$315million.

Organisational structure

The OECD is composed of 30 member countries. It has a rather unusual governing structure, in that its governing and executive functions are both located within the same body, the OECD Council. The Council meets once a year at an annual ministerial level council meeting. This is where it performs its governing body functions.

In its other guise, as the executive body, the Council meets regularly to give general guidance to the organisation. Member countries are

The UNHCR has two crucial functions. First, it has been entrusted with an important legal role, which it terms ‘protection’. The UNHCR is responsible for promoting and monitoring compliance with the UN Convention on the Status of Refugees (1951) and its subsequent protocol (1967). The Convention defines the legal and social rights refugees should receive from states. The 143 states that have signed the convention undertake to co-operate with the UNHCR in the exercise of its functions and allow the UNHCR to have supervisory powers to monitor its implementation.

The UNHCR also plays an important assistance role. The agency coordinates the provision and delivery of basic needs like shelter, food, water, sanitation and medical care to refugees. This operational work is carried s0qst assistance r

capable of causing social and economic changes within the countries to which it lends.

Established after World War II, the Bank was set up through the capital backing of the United States and other economically powerful countries to aid European reconstruction. These countries borrowed from international capital markets at a low rate and lent to the poorer member countries that would normally either be excluded altogether or face huge borrowing costs (Griffith-Jones, 2001). Described as a 'finance co-operative' (Kapur, 1999) the Bank now focuses on the developing world and has a total of 184 member countries co-financing and governing the institution.

The Bank was mandated to assist war torn and impoverished countries by lending money for reconstruction and development projects; typically roads, dams, power plants and ports. However, since the advent of 'adjustment' lending in the 1980s, the Bank has provided loans for broader structural reforms within countries. These include strengthening the rule of law, to banking and financial sector reforms. The Bank has also opened its door to a host of social issues, including education for girls in Islamic countries and the fight against HIV/AIDS. The result is a significant expansion in the mandate of the Bank opening it up to accusations of 'mission creep' (Einhorn, 2001).

The headquarters of the Bank are in Washington D.C., USA, and it has approximately 8000 members of staff.

Organisational structure

The World Bank is composed of 184 member countries. Its governing body is the Board of Governors, all members are represented on it. The Bank's executive body is the Board of Executive Directors, containing member representatives. The World Bank also has a Development Committee, which is a joint committee of the World Bank and IMF and advises the governing bodies of the two institutions on critical development issues and financial resources. This is not, however, covered in the following assessment.

The World Bank's governance structures mirror those of corporations, with all member countries holding shares in the Bank. The number of shares each country is able to hold is based on an IMF formula (relating to the mixture of reserves, international trade volumes and national income). This is designed to reflect countries' relative economic strength. The number of votes held by a member is related to the number of shares it holds.

Member control Score: 50

The World Bank is ranked joint third in the group, with the UNHCR, for this dimension.

At first glance, the World Bank appears to provide good member control of the organisation. All member countries are able to add items to the agenda of governing body meetings and all members are represented on the executive.

However, closer inspection reveals that a minority of members dominate decision-making. 11 of the World Bank's 184 member countries (the UK, USA, Germany, France, Japan, Italy, China, India, Canada, Saudi Arabia and the Russian Federation) control just over 50% of the votes. One member, the USA, has the power to veto changes to the governing articles, holding over 16% of the votes, more than any other member. Finally, significant inequality in the way members are represented on the executive, means that eight member countries have direct representation on the executive, whilst all other members have to group together on a regional basis and share representatives. At its most extreme, this results in forty-six of the African nations sharing only two representatives. This permanent inequality of voice between members at the executive level of the organisation mirrors the unequal voting rights within the organisation.

It is argued that the dominance of a minority of members within the Bank's governance is acceptable because these countries are the main financial contributors to the Bank and therefore should have more power. However, this argument fails to recognise the important financial contribution that borrowing countries make to the bank when repaying their loans. The Bank's increasing equity, in the case of the IBRD particularly, is *"partly through additions to paid-in capital, but largely through additions to reserves out of substantial net income, which originates in the profits of loans made to developing countries" (Kapur, 1999, cited in Griffith-Jones, 2001).*

Under the present system those most impacted upon by the Bank's decisions, borrowing member countries, are effectively marginalised from having a real input into its decision-making. Other Multilateral Development Banks have avoided the problem of non-borrowing country dominance, with governing articles that stipulate an equal split between borrowing and non-borrowing members. The statutes of the Inter-American Development Bank, for example, ensure that those most affected by its decisions have more of a say *(Birdsall, 2000).*

On the whole, information provision about Environmental Assessment is good. Not all lending is assessed, but where it is the information appears to be published online. The introduction of Integrated Safeguard Data Sheets also allows stakeholders to track socially and environmentally contentious areas of a given project and is a welcome, user-friendly development by the Bank.

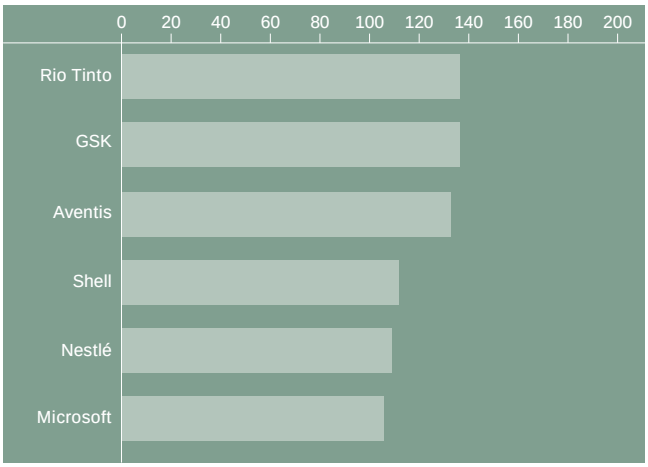
The Bank's *Public Information Disclosure Policy (World Bank, 2002b)* is one of the best amongst the IGOs studied in this report. It was revised in 2000 following a seven-month public consultation with civil society, industry and governments. A full list of current document types disclosed and not disclosed is given, enabling an understanding of the function of documents within the decision-making process. This is invaluable given the complexity of the organisation. The policy also provides an adequate definition of non-disclosure.

The World Bank has excellent information on its governance. Its governing articles are readily available and are accompanied with a comprehensive description of the functions of key decision-making bodies. A voting breakdown of the World Bank's member countries also clearly indicates where power lies within the institution.

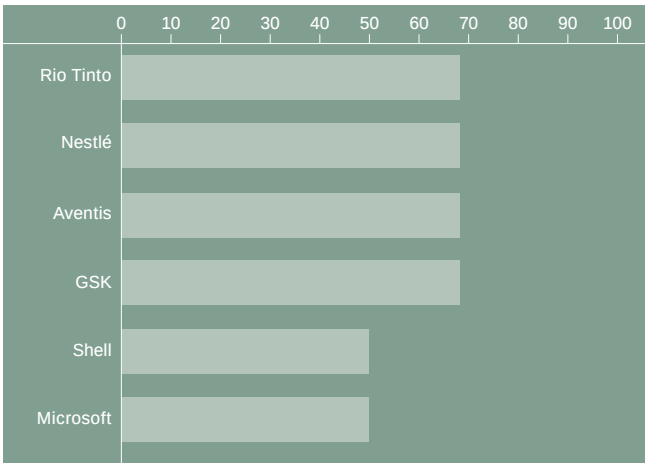
The World Bank is less transparent in terms of access to its decision-making. The Bank releases a summary of key decisions taken at it governing body meetings, but no agenda, draft papers or minutes are available. For its executive body, only summaries of key decisions are published as press releases. Some civil society groups have accused the Bank of double standards in having such closed decision-making noting that, *"…it is contradictory for the Board [the World Bank's board of executive directors] to require and encourage borrowing countries to govern in the sunshine when it continues to labour in the dark" (BIC, 2001).*

It should be noted that the Bank has recently published a bi-annual work programme overview for the executive board, and a monthly calendar showing the times of meetings and their general content, which is a positive step.

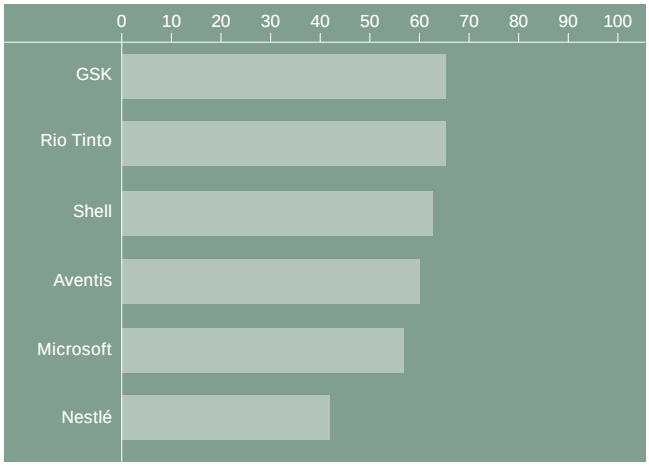
The World Bank publishes its annual report online and it contains fully



Graph 7: TNC member control and access to information scores combined



Graph 8: TNC member control of organisation scores



Graph 9: TNC access to online information scores

a TNC's product or social and environmental record can refuse to purchase their goods. Such boycotts have a long history and have resulted in companies changing their behaviour. But boycotts suffer from two limitations. Firstly, the people who are most directly, and negatively, affected by the activities of a TNC are often not the same people who are able to exert their consumer power. Secondly, such boycotts rely on considerable consumer awareness and a real choice in products if they are to be successful.

The TNCs included in this study were chosen because they are some of the largest in the world and because they operate in the range of sectors that have come under particular criticism highlighted above. The TNCs selected for this study are: Aventis, GlaxoSmithKline (GSK), Microsoft, Nestlé, Rio Tinto and Shell.

Aventis

Aventis was formed in 1999 by the merger of Hoechst AG and Rhone-Poulenc S.A. The company's headquarters are in Strasbourg, France, with other major sites in the USA, France, Germany and Japan. These countries also represent Aventis' major markets.

The number of employees was almost 68,000 in 2001 and its expenditure for the same year was US$18,950 million. The company's core business is prescription drugs, vaccines and animal health.

Organisational Structure

Aventis has a dual board structure. The Management Board takes the role of the executive body and the shareholder AGM is the governing body of the organisation. The Supervisory Board essentially plays an intermediary role between the shareholders and the Management Board. The Nomination and Compensation, and the Finance and Audit Committees are part of the Supervisory Board.

Member control Score: 70

Aventis scores well in this dimension coming first along with Rio Tinto, Nestlé and GSK.

Shareholders are able to both nominate and elect members to the Supervisory Board. In practice the Nominations Committee, which is composed solely of non-executive directors, makes the majority of the nominations. The Supervisory Board, as is usual in companies with this dual board structure, makes appointments to the Management Board.

A minority of shareholders cannot dominate the company, nor can such a minority change its governing articles. No evidence of preference shares with special voting rights was found. In addition, Aventis declares all share ownership over 5% of the total stock. This makes it clear that the largest individual shareholding is 14% of the company's stock.

Access to online information Score: 60

Aventis is ranked fourth out of the six TNCs assessed for this dimension.

Information about its activities is limited. Product information is primarily promotional and there is little operational data. The company

fails to indicate, even in general terms, how many factories are owned and where they are located in the world.

Social and environmental reports are available and recently published 'issue papers' (2002d) set out Aventis' stance on some of the key ethical issues affecting the company. These include stem cell research, biodiversity and animal testing. Aventis could be more explicit about some of the problems it has faced in the past. For example, about the controversy relating to its Starlink corn, a GM corn normally reserved for cattle feed that was found in the yellow corn used in the production of taco shells, chips and other US food products. Aventis has now divested its holding in Aventis Cropscience, the producer of Starlink, but little is said about its experience and the reasons for reaching this decision on its website.

Information about corporate governance is patchy. This makes it very difficult for stakeholders to see where responsibility lies. Like most of the TNCs in this report, Aventis does not have its governing articles available online. However, a brief description of its structure is provided and the company is the only one in the group to provide online information about its top ten institutional shareholders.

Aventis posts all important documents (papers, agenda and minutes) from the AGM on its website.

Aventis is also the only TNC to provide the entire website in more than one language (English, French and German) making the information accessible to a wider audience.

Key documents of organisation used for this profile:

Aventis (2002a) By-Laws.

Aventis (2002b) Annual Report 2001.

Aventis (2002c) 2001 Progress Report: From Environmental, Health and Safety Toward Sustainable Healthcare.

Aventis (2002d) Issue Papers.

Aventis (2002e) Corporate Governance.

Aventis (2002f) Organisational Structure.

GlaxoSmithKline (GSK)

GSK was formed in 2000 by the merger of Glaxo Wellcome and SmithKline Beecham.

It is based in the UK and has 104 manufacturing sites in 40 countries. The company employs over 100,000 people and its expenditure in 2001 was US$29.5 billion.

GSK produces over 1,200 brands and also undertakes work on vaccines and holds the patent for AZT; the anti-retroviral component of the AIDS drug Combivir. It covers four major therapeutic areas, anti-infectives, central nervous system, respiratory and gastro-intestinal/metabolic. GSK also produces a growing number of products to fight cancer. Its products make-up an estimated 7% of the world pharmaceuticals market.

Organisational structure

GSK's governance structure is relatively simple compared to some of

was on the website is not a substitute for lengthier minutes.

GSK does not have its main website in any language other than English, but it does provide local websites in language of origin.

Key documents of organisation used for this profile:

GSK (2000a), Memorandum of Association.

GSK (2000b), Articles of Association.

GSK (2001a) Annual Report 2001.

GSK (2001b) Society and Environment Review 2001.

GSK (2002) Developing World Challenges: Access to Medicines GSK Approach.

A minority of shareholders cannot dominate Nestlé's general meetings because there is a cap on voting share of 3% (Nestlé 2000c). A minority, for this same reason, cannot change the company's governing articles.

Access to online information Score: 40

Nestlé comes at the bottom of the TNC group for this dimension.

Operational information is weak, with Nestlé failing to identify the location of its 460 factories in an accessible manner. However, social and environmental information is prominent on the website and reports are readily available. The organisation confronts the issues that directly affect it. One example is the baby milk case where the company provides an in-depth analysis of the World Health Organisation's rules and tackles the claims that it has broken these in its marketing of baby milk products *(Nestlé, 1996)*.

Nestlé's governance structure has proved difficult to unravel, in part due to its lack of clear documentation online. Information is limited with very little beyond the names of individuals on the Management Board and Executive Board. There is no sense of the functions and responsibilities of these two bodies or whether other bodies exist at

what key decisions were taken or the minutes of the meeting.

Rio Tinto is weak in the area of information provision in different languages. Documents are only available in English on the main website although local websites (centred on subsidiaries or operations) are in the language of origin.

Key Documents of Organisation Used for this Profile:

Rio Tinto (2001a) Memorandum and Articles of Association of Rio Tinto plc.

Rio Tinto (2001b) 2000 Social and Environmental Report.

Rio Tinto (2001c) Human Rights Guidance.

Rio Tinto (2002) 2001 Annual Report and Financial Statements.

RTZ – CRA (1995) Dual Listed Companies Structure.

Shell

The Royal Dutch Shell group of companies was formed in 1907 by the merger of Shell Transport and Trading Company Limited and the Royal Dutch Petroleum Company.

The head office of Royal Dutch, as its name would suggest, is in the Netherlands while that of Shell Transport is in the UK. It is the third biggest petroleum company in the world with an expenditure of US$157 billion in 2001. It employs approximately 90,000 people.

In addition to oil, the group also makes chemicals, transports natural gas, trades gas and electricity, and develops renewable energy sources. The company operates in more than 140 countries in the world. It has about 50 refineries worldwide and sells fuel through more than 56,000 service stations.

Organisational structure

With two companies, Shell's governance structure is amongst the most complex in this study. Royal Dutch and Shell Transport share the interest in the Shell Group 60:40 respectively. They are publicly listed but do not carry out any operational work. Each company has its own AGM which acts as the formal governing body for that company only. The two AGMs, although separate, are where decisions regarding the governance of the group as a whole are taken place.

The structure of the two companies

Royal Dutch has a dual board structure with the Supervisory Board overseeing the work of the Board of Management. This Board of Management plays the role of the executive body within Royal Dutch. Royal Dutch has 1500 Priority Shares controlled either directly or indirectly by the Supervisory and Management Boards. It is these priority shares that, as discussed below, blur the distinction between the shareholder and executive power.

Shell Transport, in common with most of the companies in this survey, has one Board of Directors and holds an AGM as its governing body.

Conferences of the three boards are held regularly during the year to oversee the work of the group as a whole. The two companies have also appointed joint committees to undertake various board functions. These are the Group Remuneration and Succession Review Committee, the Group Audit Committee and the Social Responsibility Committee. All contain an equal number of directors from each company.

Member control Score: 50

Shell is at the bottom of the group, with Microsoft, when assessed against this dimension.

The formal mechanisms for enabling shareholder influence at general meetings are good. Shareholders with over 1% of the total share stock can call meetings and add items to the agendas of all general meetings. This is lower than the 5% threshold specified in UK corporate law and helps to make Shell a little more accountable to its shareholders. Shell appears to be the only company in the survey to have this lower threshold.

It is the effect of the Priority Shares that leads to the low score for Shell. These shares give the directors of Royal Dutch powers that undermine the normal powers of other shareholders. Of most interest to this study is the fact that priority shareholders can block any amendments to the governing articles. Although the priority shares only relate to Royal Dutch their effect is inevitably felt across the group.

Access to online information Score: 62

Shell is ranked third in the TNC group when assessed on this dimension.

Information about its activities is extremely good with an overall description of its core activities accompanied by individual product data. Interactive maps indicate where it operates by activity. However, this information is not always accessible from the main website. For example, under exploration and production activities, there is no way of finding out where the company operates through its main website. This information can only be found by going through local country sites, which makes it time consuming and more difficult to relate to the work of the group as a whole.

Social and environmental information is readily accessible on the website and it is given the greatest prominence within the TNC group. This reflects Shell's attempts to mainstream the issues into its core activities. Reports and management 'primers' tackle the ethical issues that directly affect Shell.

Despite its governing articles not being available on the website, Shell's complicated governance structure is described. A description of the functions and powers of the key decision-making bodies are easily accessed and information about priority shares is provided.

Prior to meetings involving shareholders, Shell uses its website to disseminate relevant information such as the agenda and papers for decisions to be taken. Unfortunately, the company does not appear to follow this information up after the meeting by providing any form of minutes stating which resolutions were passed.

Information about the main Shell website is only available in English. However local sites are in the language of origin.

Key documents of organisation used for this profile:

Shell (1998) Management and Human Rights Primer.

Shell (2001) People, Planet and Profit, the Shell Report 2001.

Shell (2002a) Annual Report for "Shell" Transport and Trading Company 2001.

Shell (2002b) Annual Report for Royal Dutch Petroleum Company 2001.

Shell (2002c) Management letter to Shareholders of Royal Dutch Petroleum Company.

Shell (2002d) Management letter to Shareholders of the "Shell" Transport and Trading Company, plc.

International Non-Governmental Organisations (NGOs)

Introduction

International NGOs are not-for-profit organisations with national offices in more than one country. They have evolved largely out of national NGOs and are structured as federations or confederations granting national offices varying degrees of autonomy. The typical notion of an NGO is of an organisation that provides welfare services to disadvantaged groups. However, NGOs can also be advocacy groups who represent, for example, business interests or trade union rights at international conferences.

Over the last decade there has been a significant increase in the number of NGOs. This rise has been described as a *"veritable associational revolution ... that may constitute as significant a social and political development of the latter twentieth century as the rise of the nation states was of the nineteenth century" (Salamon, 1993).*

The proliferation of these organisations, both at the national and international level, is the result of two processes. Firstly, technological changes, such as the internet, have made it easier for disparate groups to communicate and come together. Secondly, there has been a substantial increase in the development funds channelled through NGOs by national governments from around the world (OECD, 1997). NGOs have often been seen as the *"preferred channel for service provision in deliberate substitution for the state" (Edwards & Hulme, 2002).* This is due in part to some governments having tried to minimise their own role in the economy.

International NGOs involved in advocacy have significant access to policy makers during international negotiations. Corporate lobby groups have been criticised for this but it is not something for which development and humanitarian groups are immune either. International NGOs can find themselves speaking on behalf of people and communities who have no voice in the global policy-making arena. Although the more responsible NGOs do not claim to represent communities in the south, there are no formal mechanisms to ensure that the poorest communities have their points of view heard at the global level.

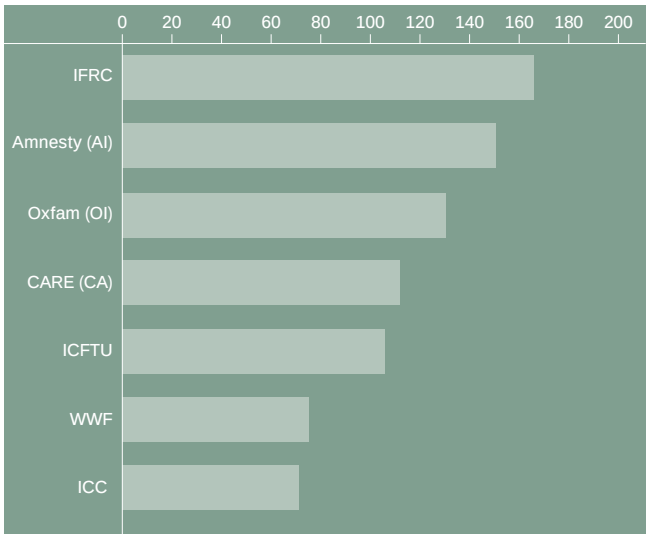
Widespread criticism of the humanitarian relief sector's response to the Rwandan genocide in 1994 has prompted it to look more closely at issues of accountability and transparency. International NGOs have also come under considerable criticism in the past for being dominated by the concerns of their northern memberships and placing greater emphasis on environmental concerns rather than the needs of the poorest in the societies in which they work.

Beyond donor accountability, the mechanisms holding international NGOs to account are very limited. Market forces exert little pressure on NGOs because they often operate in areas where the market itself has failed to provide. The consumers of these services are often the most vulnerable in society and are unable to make meaningful consumer choices. International NGOs can also take on the functions of the state where it has failed; but they are unelected and not beholden to any constituency.

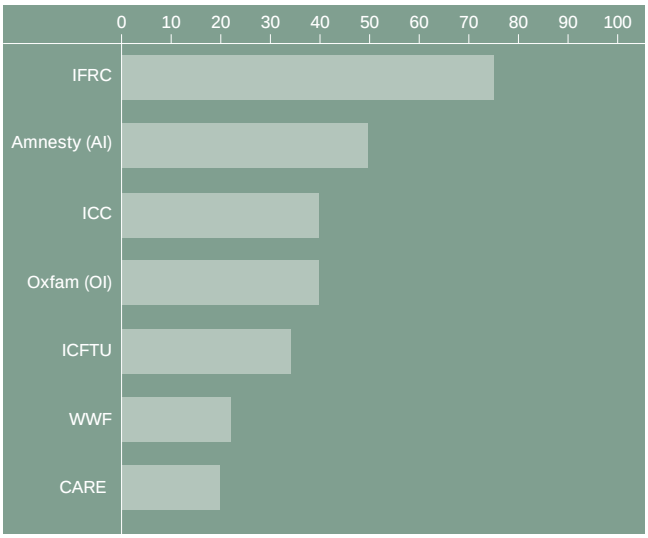
Moreover, the decision-making bodies of many international NGOs are composed entirely of members from the north. Whilst many of these organisations have sophisticated networks of southern offices or partners, there is generally little representation of these southern constituencies on either the governing or executive bodies.

Ultimately, the accountability of the majority of international NGOs has largely rested on their 'moral authority'; the principle that they aim to do good. This is increasingly untenable and many are finding new ways to e

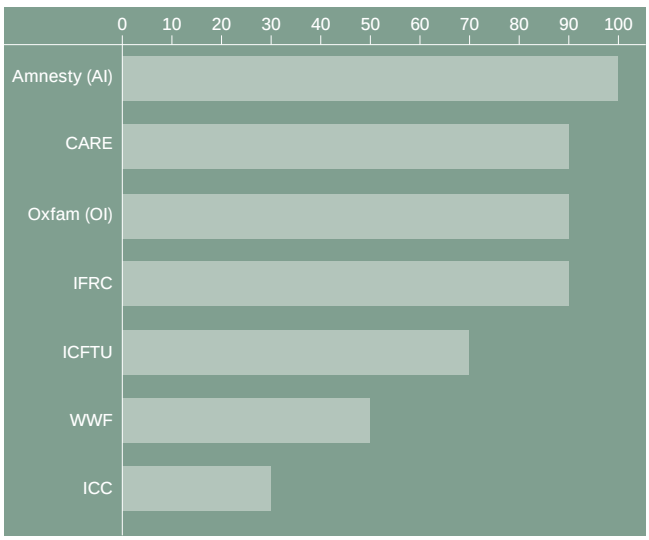
e 0 TD-01nd trNGOs e thU002 Tities have thIthe,,,.lhe,,,.l<%j%j%j%j%j%j%j%j%j%



Graph 10: NGO member control and access to information scores combined



Graph 12: NGO access to online information scores



Graph 11: NGO member control of organisation scores

Amnesty International (AI)

Amnesty International (AI) is a worldwide campaigning movement working to promote the internationally recognised human rights enshrined in the Universal Declaration of Human Rights.

Founded in 1961, the organisation began by highlighting the plight of political prisoners around the world. Overtime, AI has expanded its remit to cover all aspects of human rights; economic, political, social, civil and cultural. Its activities include campaigning against the torture and ill-treatment of women, children, ethnic minorities, lesbians, gays, bisexual and transgender people, campaigning for an International Criminal Court and working to produce guidelines for corporations to act responsibly and not aid human rights abuses.

AI does not receive funding from governments and is financed entirely by its members, the public and organisations such as trusts, foundations and ethical companies.

AI now has more than a million supporters in over 140 countries and territories. The secretariat in London, UK, employs 350 staff and 100 volunteers.

Organisational structure

AI has a federal structure consisting of 57 sections (national offices). These 57 sections are taken to be AI's members within this report. Its governing body is the International Council, which meets at intervals of less than two years and takes strategic policy decisions. Each section (containing more than twenty individual supporters) is entitled to representation and votes on the governing body. AI's executive body is the International Executive Committee. The majority of the individuals on the executive are member representatives. It is composed of nine individuals: one elected by the staff of the international secretariat (though not representing staff on the executive) and the other eight elected by members.

The ICC also fails to provide any mechanisms to ensure that a minority of members do not dominate the executive. The statutes explicitly state that personal qualities should form the basis of election for candidates to the executive body above geographic representation. This is unlike most other international NGOs in this study which ensure that a minority of members are unable to dominate representation on the executive.

Amendments to the governing articles require a three quarters majority at the World Council.

Access to online information Score: 40

The ICC ranks in the middle of the group in terms of access to information.

All advocacy statements are available online and are easily accessible and well laid out. Statements are ordered around the events to which they refer. This makes it easy to see the organisation's stance. The ICC policy committees also provide information about the organisation's policy objectives for the year; supporting documentation gives background information about the issues addressed. However, there is very little evaluation material made available about lobbying activities.

The ICC has a clear section on its governance. It gives a succinct description of the key decision-making bodies including its policy committees. Its governing articles are also available online.

The ICC's decision-making processes are not transparent. The organisation fails to provide the agendas, drafts or minutes of the governing and executive bodies to the public.

The ICC's annual report is online. It provides excellent information about the ICC's activities over the year, but fails to provide any financial information about the organisation.

The website is mostly in English, with a few documents available in French. There do not appear to be local sites for the national chambers.

Key documents of organisation used for this profile:

ICC (2001a) Constitution of ICC.

ICC (2001b) Annual Report 2001.

International Confederation of Free Trade Unions (ICFTU)

The ICFTU represents 157 million workers in 148 countries and territories around the world. Set up in 1949, the ICFTU campaigns for workers' rights and social justice, using its voice to lobby governments, companies and IGOs.

The ICFTU has three major regional organisations; APRO for Asia and the Pacific, AFRO for Africa, and ORIT for the Americas. It also has links to the European Trade Union Confederation and Global Union Federations. It cooperates closely with the International Labour Organisation (ILO) and has consultative status with specialised agencies such as the UNESCO and the Food and Agriculture Organisation (FAO).

Recent campaigns include a worldwide campaign to stop child labour and work to stimulate HIV/AIDS prevention and fight discrimination. Other campaigns include pressuring pharmaceutical multinationals to lower the price of medication and lobbying the WTO to review its intellectual property agreements.

The ICFTU also works to institutionalise a global process for dealing with workers' rights. It envisages a global decision-making arena where business, union representatives and governments meet to agree solutions. But without such an arena yet in existence, the ICFTU must work through other bodies such as the United Nations to pursue its agenda.

The ICFTU is financed exclusively by members' contributions. Its secretariat is based in Brussels, Belgium.

Organisational structure

The ICFTU is a confederation consisting of 225 affiliated organisations, which are taken as its members within this report. The governing body of the ICFTU is called the Congress. All members are represented and given voting rights on it. The Executive Board of the ICFTU consists of 53 individuals who are all member representatives.

Member control Score: 70

The ICFTU comes fifth in the group of seven international NGOs in terms of member control.

All members have the right to add items to the agenda of governing bodies meetings. Moreover, all can nominate and elect the majority of individuals to the Executive Board. However, the statutes do not make reference to the ability of members to dismiss individuals on the executive; a core aspect of accountability.

Votes are distributed to each affiliate organisation on the basis of the number of individual members it has. Information about the breakdown of voting rights per member was not available, making 7(br)oup-0.smaking

Committee nominates one candidate for election to the executive body. These mechanisms, built into the ICFTU's governing articles, ensure diversity at all levels of decision-making.

Access to online information Score: 33

The ICFTU is ranked fifth out of the seven international NGOs for this dimension.

It has good information about its activities and clearly states its campaign objectives and activities. Policy statements indicating the ICFTU's views on an array of trade union issues are easily accessible. However, there is no evaluation material available online to enable assessment of their work.

Information about the ICFTU's governing structure is not easily accessible online. A description of its governance can only be obtained through its governing articles, which is a long and technical document.

The IFRC's governing structure is fully explained and accompanied by governing articles and rules of procedure.

The IFRC is one of only two international NGOs that provide a summary of its governing body meetings. All other documentation relating to decision-making remains closed to the public.

The IFRC annual report is extensive and explains the organisation's activities over the year. Financial information is clear and includes an audited financial statement alongside a breakdown of funding information by project, region and government.

The entire website is available in French and Spanish.

Key documents of organisation used for this profile:

IFRC (1999a) Constitution.

IFRC (1999b) Rules of Procedure.

IFRC (2002a) Annual Report 2001.

IFRC, (2002b) Mission Statement.

IFRC, (2002c) Strategy 2010.

Oxfam International (OI)

OI was founded in the UK in 1942 to address the need for relief in World War II. These efforts were primarily focused on Europe but soon the remit of the organisation was expanded. OI and its 12 affiliate organisations now work in over 100 countries.

OI has three primary objectives. The first is to work with poor people and people affected by humanitarian disasters, the second to change international policies and practices by undertaking research and lobbying, and the third to raise public awareness of key global issues through popular campaigning, alliance building and media work. Partnerships with nearly 3,000 local organisations in 100 countries further extend OI's reach.

OI's funding comes from a variety of sources. There is a strong network of volunteers who run shops, and assist in campaigning and fund-raising with the general public. Funding is also solicited from the British government and the European Union under co-funding and disaster relief schemes. UN agencies fund specific emergency projects.

The secretariat of OI is based in Oxford, UK.

Organisational structure

OI is a confederation of 12 affiliate organisations. These affiliate organisations are taken as its members within this report. Oxfam's International Board, is its governing body. All members are represented and given voting rights on it. It is composed of the Chair of the Board of each Oxfam member (or a specified board member) and the Executive Director of each Oxfam member. OI's executive body is the Council of Executive Directors. It is composed of the Executive Directors of each member organisation.

Member control Score: 90

OI has scored well on this section coming joint second in the group.

All members are able to add items to the agenda of the governing body and, since the executive is composed of all members equally, there is no nomination or election process required. The statutes do not state whether members are able to dismiss individuals on the executive.

A minority of members does not dominate the organisation. Members have equal votes at the governing body. In reality, decisions are mostly taken by consensus rather than by vote. Amendments to governing articles usually require unanimity. Where this is not possible, two votes can block such a decision.

Access to online information Score: 40

OI comes in the middle of the group when its access to information is assessed.

The organisation provides good information about its advocacy work with policy briefings readily available. Project information on the other hand is difficult to access and limited. In order to enable a reader to access programme work, a map on the OI site directs you to the relevant national organisation responsible for the programme where information is available in the language of origin. An exploration of Oxfam GB's programme work suggests that this information is extremely limited with broad regional objectives identified, but specific project activities not clearly stated nor targets given. The Oxfam GB site also contains no evaluation material. This prevents an assessment of the organisation's progress against its objectives.

OI's governing articles are not available online. This makes it difficult to understand the structure of the organisation. However, a brief description of the key governing bodies is available and other international decision-making bodies are identified.

OI's decision-making processes are not transparent; agendas, draft papers and minutes for both the governing and executive board are not published online.

The OI annual report was satisfactory. It contained a description of the organisation's annual activities and a financial statement. However there is no audited report and the financial statement did not contain aggregate information for all of OI's affiliate organisations.

Information is only available in English on the main website; however national organisation's websites are available in the language of origin.

Key documents of organisation used for this profile:

Oxfam International (2000) Annual Report 2000.

Oxfam International (2001a) Stichting Oxfam International Constitution.

Oxfam International (2001b) Stichting Oxfam International Code of Conduct.

Oxfam (2002) How We Work: The Oxfam Approach.

World Wide Fund for Nature (WWF)

The WWF is one of the largest conservation organisations in the world. The WWF was formed in 1961 by a group of organisations and individuals that had come together as a result of a series of articles in

The WWF has programmes in the following six main areas: climate change, forests for life, living waters, endangered seas, species protection and toxic pollution. It undertakes project work on the ground and lobbies both nationally and internationally on these issues.

The WWF has its international secretariat in Switzerland. In 2001 the organisation employed around 3,000 people worldwide and had an expenditure of $351m.

Organisational structure

The WWF has 27 national offices and 5 associate organisations around the world. The national organisations are taken as its members within this report. The WWF has an unusual governance structure. Although the WWF holds an annual conference at which all members are represented, the conference has no formal decision-making powers. It has therefore not been taken to be the governing body in this report.

The Board of Trustees, which in other organisations would have the function of an executive committee, is the formal governing body of the WWF. It meets only twice a year and this body has the ultimate responsibility for the organisation and holds powers such as the ability to amend the organisation's statutes. The WWF executive body is its Executive Committee; it is composed of member representatives drawn from the governing body.

Member control Score: 50

The WWF comes second to the bottom of the NGO group for this dimension.

The governance structure of the WWF limits the ability of its members to control the organisation. An annual conference provides an informal mechanism for all members to have their voices heard by the organisation, but because it lacks any decision-making power it is not an effective tool for all members to hold the organisation to account.

Unlike the other international NGOs in this study the WWF does not give all members representation or voting rights on its governing body at any one time. The three national organisations contributing the most to the international organisation have an automatic place on the governing body. To determine the remaining places, the organisation has grouped the national organisations by region. Each region elects members to sit on the board for two or three years, depending on the region. This ensures that the members present are geographically and financially representative of the membership as a whole. Importantly, the WWF also gives the ability to add items onto the agenda of governing body meetings to members not represented on the governing body. Any two members may request that an item be discussed.

The WWF has decided to reduce the number of members represented on the governing body in order to improve the efficiency of decision-making. This attempt to improve the balance between having too many members on the board and ensuring efficiency should not mask the fact that the WWF's governance structure means that not all members have a vote on the main governing body.

However, a minority of members is not able to dominate decision-making within the organisation. Voting on the governing body is by one member, one vote. In addition, the quorum has been carefully set so that the three richest national organisations are not able to dominate decision-making. Three-quarters of the governing body must also agree to a change in the organisation's statutes, preventing a minority of members from taking control of the organisation.

Green Card

The WWF receives a green card, as it is one of only two international NGOs in this study to give non-members representation and voting rights on its governing and executive bodies. External input strengthens objectivity and increases the base of skills. Public members are entitled to one vote each. The WWF does not, however, provide information on the way it selects these non-members.

Access to online information Score: 24

The WWF comes second to bottom of this group when assessed for its access to online information.

The WWF provides clear information about its six 'priority' or programme areas. It gives each a separate section of the website and provides clear summaries at the start of each section. Only two of the six priority areas provide the reader with clear measurable targets. The targets for the other areas are either vague or non-existent. There is no systematic posting of evaluations for the different priority areas and those that are posted relate to individual projects rather than the priority areas.

The WWF provides clear statements of its advocacy positions within the press release section of its website.

The WWF provides limited information about its governance structure. Its statutes are not available online and there appears to be no attempt to explain how its board of trustees is chosen or who they represent. The only explanation of the organisation's mandate is found in the frequently asked questions section and this is of limited value.

The WWF is not transparent about its decision-making. It fails to provide the agenda, draft papers or minutes of either its governing and executive body meetings online.

The organisation's annual report is very thorough, providing clear summaries of its main areas of work and detailed financial information.

The site has a section for providing press releases in Spanish and French. Over half of its national organisations provide their information in the local language.

Key documents of organisation used for this profile:

WWF (1993) Statutes of World Wide Fund for Nature.

WWF (1999) By-Laws of World Wide Fund for Nature.

WWF (2001) Annual Report 2001.

transparent. Secondly, individual shareholders are often unable to add items to the agenda of governing body meetings due to inadequate regulation. And finally, the rise of nomination committees, following corporate good governance guidelines and not statutory regulations, is ensuring greater objectivity in the composition of executive boards.

This study covers TNCs with both single and dual board structures, thus incorporating European and Anglo-Saxon models of governance respectively. These different models do not appear to affect the ability of shareholders to call companies to account.

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

In the past, the issue of minority control of a company has been focused on a single individual or organisation with large shareholdings. Regulations on disclosure of such large shareholdings vary; but Shell and Microsoft are the only TNCs in this study not to disclose individual shareholders with holdings of over 5%.

However, this fails to explore a new form of minority control occurring within TNCs: the institutional investor. Institutional investors represent thousands of single shareholders and as such are not considered under the minority control debate, regardless of the fact that they are amassing these shares into one bloc vote, giving them considerable power. *"Today, over 70 – 80% of the shares in listed companies are registered in the names, not of individuals, but of financial institutions" (Company Law Review Steering Group, 1999).*

This has considerable implications for shareholders' rights. First, institutional shareholders tend to exercise their membership rights in a different way to individual shareholders. Typically they do not attend AGMs, but are consulted by the company individually and in private. Often far more information is conveyed than is given to individual shareholders. *"Well before the AGM the institutions are able to take an informed view on the matters to be decided; they lodge their proxy forms with the companies, so that in the vast majority of cases the outcome of the meetings is determined in advance" (Company Law Review Steering Group, 1999).*

To some extent this privileged access mirrors the domination of IGOs by a minority. It is currently difficult to find out information about who these investors are. As a first step, stronger regulation is required to ensure that TNCs disclose large institutional shareholdings. Aventis, Rio Tinto and GSK currently do this voluntarily. In addition, greater disclosure of the content of meetings between the company and these investors must be made to individual shareholders in order to ensure greater transparency in decision-making.

Inadequate regulation to enable shareholders to add items to the agenda

nomination committee.

Only CARE International and OI represent all national member organisations directly on the executive. The dilemma is reduced for them because they are small confederations each made up of twelve members. This means that all members can be given direct representation without the executive becoming cumbersome.

A minority does not dominate decision-making

Information is difficult to gather. However, it appears that a minority of members does not dominate decision-making in any of the international NGOs studied. Four of the international NGOs distribute votes equally among their members; CARE International, OI, the IFRC and the WWF. AI, the ICC and the ICFTU distribute votes in relation to size and financial contribution of members. However, a lack of transparency with the ICFTU and the ICC over the distribution of votes to members has made it difficult to tell whether a minority of members actually holds a majority of votes. Only AI provided us with this information and this revealed that a minority does not dominate.

For all of the international NGOs, however, changes to the governing articles must be decided by a supermajority preventing a small cabal of members blocking change. Representation on the executive, as discussed above, is also not dominated by a minority of members.

One governing body without full member representationall members can be given direct

Importantly, the website also provides an opportunity for individual shareholders to be able to gain access to the same information given to institutional investors (Company Law Review Steering Group 1999). As mentioned earlier, institutional investors are currently given privileged access to information due to their power and are often able to pre-determine the results of AGMs at the expense of individual shareholders.

Language provision

Only Aventis provides its website in a second language. All the other TNCs provide national sites with information in local languages. This study was unable to assess how comprehensive these sites are.

International NGO access to information

International NGOs are often key advocates of greater transparency within TNCs and IGOs. This study reveals that their own transparency is often limited in important areas. As a group they provide less information about their activities than the other groups in this study, and evaluation material is often not disclosed. The amount of information disclosed online about their governance also varies and decision-making is frequently not transparent. Finally, not all international NGOs publish annual reports online, and those that are published vary substantially in terms of the amount of financial information provided.

Evaluations not available

International NGOs all provide basic descriptions of their activities. However, there is generally limited disclosure of evaluation material relating to their activities. Publication of evaluations of activities is important to enable stakeholders to assess the effectiveness of international NGOs' work. Much work is being undertaken by international NGOs to establish guidelines that enable effective evaluation but this is not currently published online. Only the IFRC systematically provides evaluation material online. CARE International, OI and the WWF provide material on an ad-hoc basis, while AI, the ICC and the ICFTU have none at all. The last three are all advocacy NGOs and face even greater problems in assessing the effectiveness of their campaigns due to the nature of their work. However, more could be done, as they must certainly undertake internal evaluations of projects.

Governance is not transparent

The degree of information available online about the governance of the NGOs in this study varies widely despite the majority of them putting their governing articles online. The IFRC, AI and the ICC provide good descriptions of governance structures. However, both Oxfam International and the WWF provide only brief descriptions of key decision-making bodies. CARE International gives no description of its governance and even fails to identify the individuals on its executive body.

As a group, international NGOs make limited disclosure of documentation from their governing bodies. Only the ICFTU and the IFRC disclose such documents. They provide summaries of their governing body meetings. However, none of the international NGOs provide any documents relating to their executive bodies. In the case of some international NGOs, AI for example, security issues mean that disclosure may be difficult. However, to not have any information about what decisions are being taken and by which members reveals an accountability gap which should be plugged.

The case of the missing annual report

Three of the international NGOs stand out from the other groups because of their lack of consistency in publishing annual reports and the varying contents of those that are published. Three of the international NGOs do not provide an annual report online: CARE International, AI (which publishes only to its members) and the ICFTU (which publishes a report every four years). The failure to provide this important document makes scrutiny of an international NGO's finances much more difficult.

The quality of financial information provided by those international NGOs that do produce an annual report varies substantially. The ICC's annual report, for example, does not contain any financial information. Only the IFRC makes its audited account available in its annual report while OI does not provide the aggregated accounts for the whole organisation.

Of concern is the use of the term

directly answerable for their activities without using an IGO as a shield.

The IFRC, on the other hand, must be highlighted as the only organisation in this study to have scored well in both the governance and the access to information sections coming top overall with all three groups. Despite being one of the largest international NGOs in this study, the IFRC ensures that all its members are represented and given votes at its governing body. Votes are distributed on the basis of one member one vote thus avoiding minority control of the organisation. Mechanisms also exist to ensure geographical diversity on the executive body.

Information provided by the IFRC on its website is clear and extensive. It is the only international NGO to have a fully audited annual report online and is also the only international NGO to provide detailed project objectives and evaluations on its website ensuring its external stakeholders have access to a significant amount of crucial information.

Next steps

With the publication of this report, the project begins its next phase. This will begin with an evaluation of the work carried out so far and a consultation with partners and other interested groups to determine the primary focus for the next phase.

A primary aim of this pilot study was to assess the accountability framework and indicators developed by the One World Trust, and to evaluate how well it could be applied to three very different groups of international organisations.

TNCs provided a challenge to the framework for two reasons. First, regardless of the rigour with which they are applied, the regulatory frameworks under which TNCs generally operate define their governance structures and financial reporting requirements. This is less the case for the other two groups. Second, members do not have the same significance for TNCs as they do for IGOs and international NGOs, and this difference in structure affected the indicators used for the groups as a whole. The use of the yellow cards within the profiles is an acknowledgement that, as a result of these differences, the framework was unable to capture all of the complexities of the member control dimension in particular.

This caveat aside, differences between and within the three groups were clearly identified and the study has identified good practice within each group. It has provided indications for ways in which all of the organisations in the study could improve their accountability. The framework provides a solid basis for moving forwards to developing a useful tool for assessing the accountability of global organisations.

The pilot study, based almost exclusively on internet research, necessarily focused on assessing the processes and structures used by international organisations for governance. It did not assess the outcome of the decision-making. The next phase of the project will aim to involve directly organisations from communities affected by the decisions of the organisations being studied. This will enable a better understanding of how well the different elements of the accountability framework operate together.

The issue of the lack of accountability within global decision-making is well-founded. This has been amply demonstrated by the level of interest received by the OWT as the project has developed. Although the issue is highly complex, the GAP framework is performing a vital function in highlighting the key features that, if present, would allow an organisation to meaningfully claim that it is becoming more accountable. The framework will continue to play a role in reinforcing the need for organisations to increase their accountability in order to maintain the trust of those they govern. As more decisions are taken at the global level, and as more actors join those already on the global stage, this type of analysis will become increasingly necessary to enable people to assess competing claims for accountability and legitimacy.

Good practice in accountability

Different organisations find different ways to increase their accountability. Most of the organisations in this study are moving forwards in some areas but falling back in others. The list below can be used by organisations to examine their own decision-making structures and transparency to help them to determine ways to reform:

Governance: member control – good practice

- Are all members fairly represented on the governing body?
- Do all members have the power to add items to the agenda of governing body meetings?
- Do all members have the power to nominate, elect and dismiss individuals on the executive?
- Are there mechanisms in place to ensure equitable representation of all members on the executive (where the executive body is composed of member delegates)?
- Are amendments to the governing articles subject to at least a two-thirds majority?
- Does a majority of members (75% or more) hold a majority of the votes?

Access to online information – good practice

- Is a description of the objectives, targets and activities available?
- Are evaluations of main activities available?
- Can the public identify all key members of the organisation?
- Is there a public record of the number of votes each member holds?
- Is a meaningful description of key decision-making bodies available to the public?
- Are individuals on the executive body publicly identified?
- Are the agendas, draft papers and minutes of both governing and executive body meetings available to the public?
- Is there an information disclosure policy available which clearly states the types of documents the organisation does and does not disclose, stating the reasons for non-disclosure?
- Are annual reports publicly available and do they contain externally audited financial information?
- Is the above information available in the languages of those with a stake in the organisations?

Appendix i: Explanation of indicators and weighting

The table below outlines the indicators used and the relative weight given to each indicator. Most of the indicators have been weighted equally; however, those indicators judged to contribute more to an organisations accountability were double-weighted. The reasons for this are explained in the table. Each of the dimensions is scored out of 100.

NO	Indicator	Explanation	Weighting
Member control of organisation	All members given representation at governing body level		1
	Members able to add items to agenda of governing body	Note that the proposal of a resolution is equivalent to adding an agenda item	1
	Candidates for the executive body are nominated by a majority of members.	A group of members who do not sit on the executive body must be able to nominate candidates for the majority of vacancies that occur, and there must be nothing (such as cost) that inhibits them from so doing.	1
	Candidates for executive body are elected by a majority of members	Either the majority of contested vacancies must be filled by an election in which all members may vote, or each member is entitled to one or more reps on the executive body.	1
	All members able to dismiss individuals on the executive	A group of members who do not sit on the executive body must be able to initiate a process that leads to the dismissal of an individual member of the Executive, and the question be decided by a vote of all members.	1
Ability of minority of members to dominate decision-making within organisation	Majority of members hold majority of votes	The majority of the members should hold the majority of the votes within an organisation. If 15% of the members or less hold the majority of the votes, this indicator has been scored 0. *This indicator has been given double weight. The power of all members to control an organisation is dramatically reduced if a minority hold the majority of votes.*	2
	Majority of members able to change governing articles	It should not be possible for a minority of the members (15% or less) to block changes to the governing articles. If this is the case, then the organisation scores 0 for this indicator.	1
	Where the executive is composed of member	If 15% or less of the members dominate the seats	2

Dimension 2: access to information online (i.e. on the organisation's website)

NO	Indicator	Explanation (where needed)	Maximum Score
Access to information on organisation's activities online	Information available about organisation's activities	To gain full marks: A TNC should describe its products, operations and how it addresses social and environmental issues. An NGO should describe its position on all issues on which it undertakes advocacy, and where it provides aid it should describe this by project, detailing location, type of aid, objectives, targets and evaluation material. An IGO should describe its key activities clearly. Where the organisation undertakes projects, objectives, targets and evaluations should be described. Where the organisation provides a mechanism for negotiation between members, both the structures and the individual negotiations, including working papers and resolutions, should be described. *Each of the three sub-indicators has been given double weight. Clear information on the activities of an organisation is vital for all stakeholders.*	6 (graded)
	Availability of information online in more than one language	To gain full marks, all the material on the site must be available in more than one language. Local sites in appropriate languages merit 1/3 of the marks. Where there are just a few documents in more than one language this scores 1/3 of the marks. *This indicator has been given double weight. Global organisations must provide information in more than one language.*	6 (graded)
Public information disclosure policy/ statement online	Public information, disclosure policy/ statement available	Available on organisation's website	1
	Disclosure policy/statement covers current information (beyond archives)	The policy should relate to current materials and not just those that have been archived.	1
	Disclosure policy/statement lists type of information/ document available and not available to the public	1/2 marks given if the types of information available are listed and a further 1/2 marks given if the types of information not to be disclosed are listed.	1 (graded)
	Disclosure policy/statement available online defines criteria for non-disclosure of documents/information		1
Access to online information on organisation's governance	Governing articles or equivalent available	*This indicator has been given double weight. It is important to establish who is ultimately responsible for organisations actions*	2
	Identification of members available	IGOs should identify which countries are members. NGOs should identify national and section offices and any other bodies that are formally members. TNCs should identify the shareholders with a holding of over 5%.	1
	Identification of individuals on the executive board available	Members of the executive body should be identified on the organisation's website. This could be done in the Annual Report	1
	Information available about governance of organisation other than in the governing articles	Governing articles are generally technical documents. Organisations should provide a non-technical description of their governing structure. To score full marks: 1 The basis on which members with special rights are granted these rights should be explained 2 IGOs and international NGOs should explain the powers and responsibilities of the governing body, the executive body and any other bodies that play a significant part in policy formulation. Frequency of meetings should also be given. TNCs should explain clearly: 1 Any unusual structures such as split boards or shared management boards 2 The functions and composition of the different boards if there is more than one board 3 The arrangements for shareholder nominations for directors and proposal of resolutions by shareholders 4 Listing and explanation of all joint ventures, majority-owned subsidiaries and off balance sheet entities *Each of the three sub-indicators has been given a double weight. Stakeholders need to understand how decisions are made within an organisation and who is responsible for them.*	6 (graded)

NO	Indicator	Explanation (where needed)	Maximum Score
	Voting breakdown if applicable	NGOs and IGOs should quote the percentage of votes held by each member and the basis for this allocation. TNCs should explain the voting rights of any special shares	1
Annual Report	Annual Report available online	The document labelled as the annual report should contain the information required to enable members and stakeholders to judge the performance of the organisation during the year. *This indicator has been given a double weight.*	2
	Annual Report contains description of organisation's activities over year	To get full marks, the description should allow the reader to judge how far the mandate has been carried out, and whether this mandate has been exceeded	1 (graded)
	Annual Report contains financial statement	To get full marks, the financial report should be of the standard expected of that type of organisation and should normally contain: An appropriate breakdown of expenditure; a balance sheet; and: for NGOs and IGOs a breakdown of income by source. For TNCs, a breakdown of total revenue by trading and other	1 (graded)
	Annual Report contains signed audit report	This is so that the reader knows the accounts contained in the report have been audited and that the report is the official report	1
Access to decision making online	Internet access to agenda of governing body within the year	It should be noted that an agenda might not necessarily be called an agenda. For example, the calling notice of an AGM, together with a list of resolutions constitutes an agenda. *This indicator has been given double weight. All organisations should make the agendas of their governing body meetings public to enable external stakeholders to influence debate earlier on in the decision-making cycle. Governing body meetings are also less*	2

Appendix ii Index of organisations

Intergovernmental Organisations

BIS

Bank for International Settlements
Centralbahnplatz 2
CH-4002 Basel
Switzerland

Telephone +41 61 280 8080
Website www.bis.org

UNHCR

United Nations High Commissioner
for Refugees
Case Postale 2500
CH-1211 Genève
2 Dépôt
Switzerland

Telephone +41 22 739 8111
Website www.unhcr.ch

OECD

Organization for Economic
Co-operation and Development
2, rue André Pascal
F-75775 Paris
Cedex 16
France

Telephone +33 1.45.24.82.00
Website www.oecd.org

The World Bank

The World Bank
1818 H Street, N.W.
Washington, DC 20433
U.S.A.

Telephone +1 202 473-1000
Website www.worldbank.org

WTO

World Trade Organisation
Centre William Rappard
Rue de Lausanne 154
CH-1211
Geneva 21
Switzerland

Telephone +41 22 739 51 11
Website www.wto.org

Transnational Corporations

Aventis

Espace-Européen de l'Entrepise
16 avenue de l'Europe
F-67300 Schiltigheim
France

Telephone +33 388 991246
Website www.aventis.com

GlaxoSmithKline plc

Glaxo Wellcome House
Berkeley Avenue
Greenford
Middlesex UB6 0NN
UK

Telephone +44 (0)20 8966 8401
Website www.gsk.com

Microsoft Inc

1 Microsoft Way,
Redmond, WA 98052
USA

Telephone 425-882-8080
Website microsoft.com

Nestlé S.A.

Avenue Nestlé 55
1800 Vevey
Switzerland

Telephone +21 924 21 11
Website www.nestle.com

Rio Tinto plc

6 St James's Square
London SW1Y 4LD
UK

Telephone +44 (0)20 7930 2399
Website www.riotinto.com

Rio Tinto Limited

55 Collins Street
Melbourne 3001
Australia

Telephone +61 (0) 3 9283 3333
Website www.riotinto.com

Shell

Shell Internationale Petroleum Mij B.V.
PO Box 162 2501 AN The Hague

Telephone +31 70 3779111

Shell International Petroleum Co Ltd
Shell Centre, London, SE1 7NA

Telephone +44 020 7934 123
Website www.shell.com

Non-governmental Organisations

Amnesty International

99-119 Rosebery Avenue
London
EC1R 4RE
UK

Telephone +44 20 7814 6200
Website www.amnesty.org

CARE International UK

Boulevard du Regent 58
Box 10 B-1000 Brussels
Belgium

Telephone +32 (2) 502 4033
Website www.care-international.org

International Chamber of Commerce – Main Office

1846 S. Jersey Way
Denver Colorado 80224
USA

Telephone (303) 691-0404
Website www.icc.org

International Confederation of Free Trade Unions

5 Boulevard du Roi Albert II, Bte 1
1210 Brussels
Belgium

Telephone +32 (0)2 224 0211
Website www.icftu.org

International Federation of Red Cross and Red Crescent Societies

PO Box 372
CH-1211 Geneva 19
Switzerland

Telephone +41 22 730 4222
Website www.ifrc.org

Oxfam International

Oxfam International Secretariat
Suite 20, 266 Banbury Road
Oxford OX2 7DL
UK

Telephone + 44 1865 31 39 39
Website www.oxfaminternational.org

World Wide Fund for Nature

WWF International
Avenue du Mont-Blanc
1196 Gland
Switzerland

Telephone +41 22 364 91 11
Website www.panda.org

Organisation background: Charter 99

The Global Accountability Project (GAP) developed out of Charter 99, the Charter for Global Democracy which was launched by the One World Trust on UN day, October 24th 1999. The Charter was sent to the leaders of the world attending the Millennium Summit. At its core, the Charter called on the leaders to set in train a process that would lead to greater transparency, accountability and democracy within international decision-making. It made the case for a reformed and democratised UN at the centre of global governance, which would ensure coherence and accountability within international decision-making.

Within a year Charter 99 had been signed by people in 120 countries. The work of the Trust and the supporters of the Charter ensured that a regular review of the Millennium Development Goals would take place. At the end of the Summit it became clear that more work was needed to push the issue of accountability further up the agendas of global decision makers. But, as this report has made clear, the case for accountability is difficult to make in the abstract because the concept means very different things to different people. As with 'sustainable development' and 'democracy', the term 'accountability' can both aid discussion and cloud debate.

GAP was developed out of a desire to understand what the term means in relation to international organisations. The Trust decided to characterise what an accountable international organisation would look like and assess the accountability of a range of institutions, highlight good practice and exposing unaccountable decision-making.

The development of GAP

The first step towards developing the GAP framework and indicators was to consult with supporters and other interested networks on the aspects of accountability that they identified as being of specific concern. The consultation asked two questions:

The first question asked participants to list the organisations they felt had the most impact on the lives of individuals and communities around the world. The answers received made it clear that

Following receipt of the first draft of the report, the BIS requested that we insert the following statement into their profile. Though a number of changes to this draft have been made it was felt appropriate to include this statement in the final report.

"The report confirms our view, expressed in our initial letter to you (20 August 2001 and 27 February 2002), that, given its special structure and range of activities, it is misleading to consider the BIS in the same framework as other international institutions.

Two distinct areas of activity exist within the BIS. First, the Bank assists central banks in pursuing their cooperative efforts. Second, it provides financial services to central banks. Only in the latter area does the BIS have some executive responsibilities.

With regards to the first main function, the Bank provides logistical and secretariat services to a large number of inter-central bank committees that have chos inenter

Anheier, H. Glasius, M., & Kaldor, M. (eds.) (2001) *Global Civil Society 2001.* Oxford, Oxford University Press.

Annan, K (2000) *We the Peoples; the role of the United Nations in the 21st Century.* New York, United Nations Publications.

Baums, T. & Wolfgang, J. (2000) *General Meetings in Listed Companies – New Challenges and Opportunities.* Stockholm, OECD.

BCBS, (1988) *International Convergence Of Capital Measurement and Capital Standards.* Basel Committee Publications No. 4.

BCBS, (1997). *Core Principles for Effective Banking Supervision. September 1997.* Basel Committee Publications No. 30.

BCBS (1999a) *A New Capital Adequacy Framework. Consultative paper issued by the Basel Committee on Banking Supervision.* Basel Committee Publication No. 50, June.

BIC (2001) *The Ongoing Struggle for World Bank Transparency: The Outcome of the Information Disclosure Policy Review.* Washington D.C., BIC.

BIC (2002) *Development Bank Transparency: Issues and Opportunities for 2002-2003 Promoting the Public's Right to Know.* Washington D.C, BIC.

Birdsall, N. (2000) *The World Bank of the Future: Victim, Villain, Global Credit Union?* Policy Outlook, Washington D.C., Carnegie Endowment.

Caddy, J. & Vergex, C. (2001) *Citizens as Partners: Information, Consultation and Public Participation in Policy-Making.* Paris, OECD.

Committee on Corporate Governance (2000) *The Combined Code Principles of Good Governance and Code of Best Practice.* London, Financial Services Agency.

Companies Act (1985) UK, Stationary Office Limited.

Company Law Review Steering Group (1999) *Modern Company Law for a Competitive Economy: Company General Meetings and Shareholder Communication.* London, DTI.

Corporate Europe Observatory (1999), *Putting the Business Horse before the Government Cart.* Corporate Europe Observatory.

DTI (2002) *Business and Society: Corporate Social Responsibility Report.* London, DTI.

Edwards & Hulme (2002) *NGO Performance and Accountability: Introduction and Overview.* In Edwards, M. & Fowler, A. (eds.) (2002) *The Earthscan Reader on NGO Management*. London, Earthscan Publications.

Einhorn, J. (2001) *The World Bank's Mission Creep* Foreign Affairs Sept/Oct Vol 80, No.5.

Freeman, R. (1984) *Strategic Management: A Stakeholders Approach.* Boston, Pitman.

Griffith-Jones, S. (2001) *Governance of the World Bank. Report prepared for* DfID. UK.

Group of 22 (1988) *Report of the Working Group on Transparency and Accountability.* Washington D.C., Group of 22.

Held, D., McGrew, A., Goldblatt, D. & Perraton, J. (1999) *Global Transformations.* Cambridge UK, Polity Press.

HM Treasury (2001) H*M Treasury Press Release 126/01, 16 November 2001:Text of the speech given by Chancellor of the Exchequer Gordon Brown to the Federal Reserve Bank, New York.* London, HM Treasury.

Holman, C. A. et al. (2001) *The Europa Directory of International Organisations 2001.* London, Europa Publications.

IMPACS (1997) *Access to Information in the Context of Trade Negotiations: Definitions & Debates.*

About the Trust

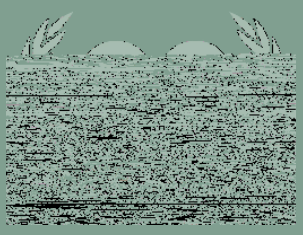
The One World Trust was formed in 1951 by an all-party group based in the UK Parliament. The Trust supports and promotes work to establish democratic and accountable world governance through reform of the United Nations, global institutions and international law. The Trust achieves these aims through education and research projects.

The current debate about globalisation focuses on the benefits, or limitations, of greater trade liberalisation and economic integration. The debate in the media, within civil society and even in parliaments is presented as a choice between welcoming and deepening economic globalisation or resisting it in pursuit of more local forms of production and trade.

Economic globalisation is not matched by political globalisation. Students, teachers and decision-makers are not provided with the basic information they need to understand how economic globalisation can be harnessed and democratically controlled. They need to understand how the institutions of global governance work and which reform proposals are practical. The lack of information about political structures and channels of accountability disempowers citizens, damages national democracy and reduces the chances of developing rational democratic global governance.

The Trust is building on its fifty years of experience in researching and providing educational and briefing materials about reform of global governance. This experience, and our close connection to the all-party group and UK Parliament, places us in a good position to provide accurate information to educate tomorrow's world citizens and brief today's decision-makers on how promoting global democracy will revitalise national democracy.

More information about all of the Trust's programmes, aims and objectives can be obtained from www.oneworldtrust.org



one world trust

Houses of Parliament London SW1A 0AA owt@parliament.uk Registered Charity Nº 210180

Designed by Wayne Summers and produced by Front Room Marketing © One World Trust 2002/2003