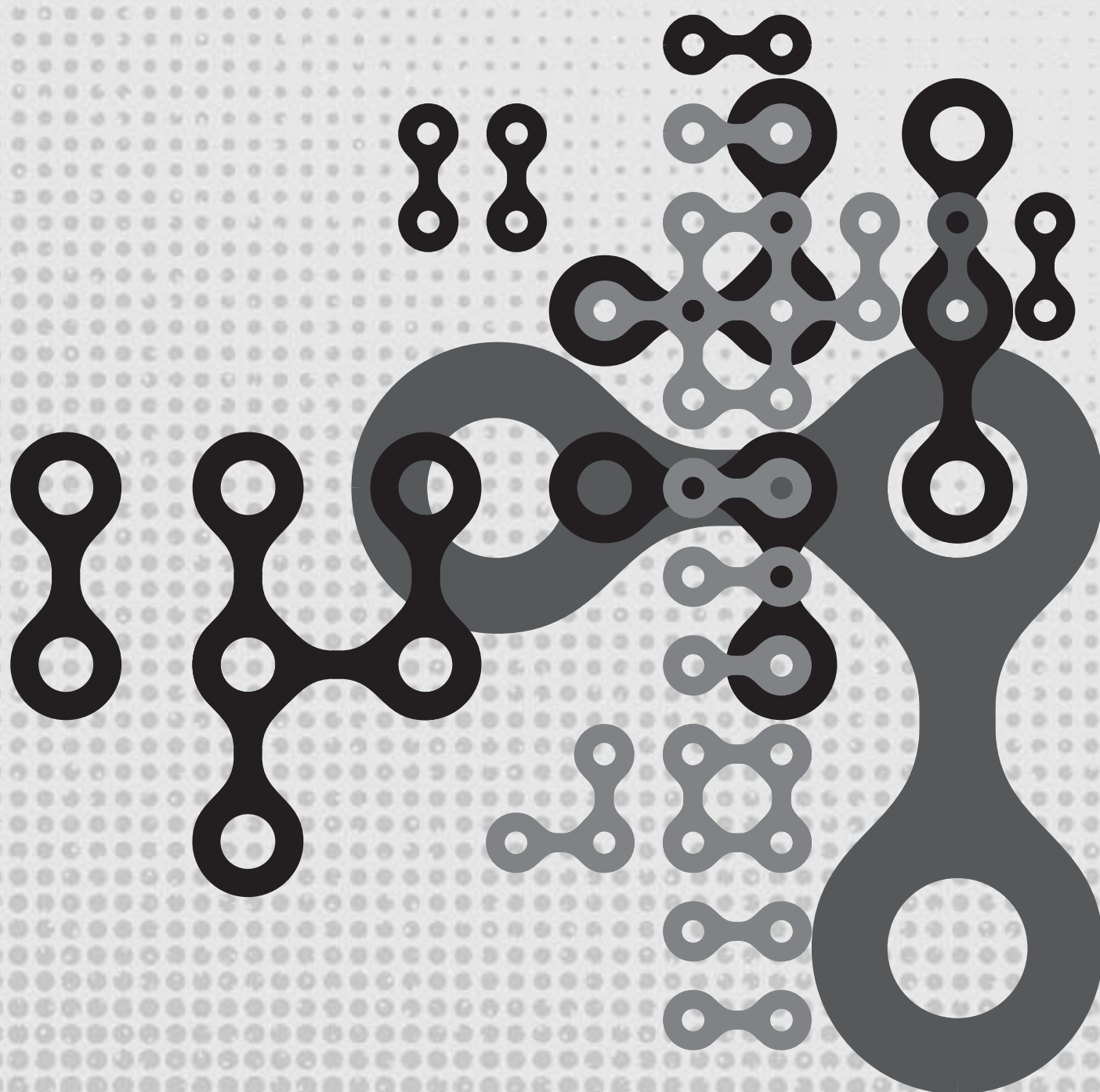




one world trust

2007 Global Accountability Report

Robert Lloyd, Jeffrey Oatham and Michael Hammer



The One World Trust works to make global governance more accountable. With its **Global Accountability Project (GAP)** the One World Trust aims in particular to generate wider commitment amongst global organisations to establish and adhere to common principles and values of accountability in the relationship with the people they affect; and to strengthen the capacity of civil society to engage in global policy and decision making processes.

The **2007 Global Accountability Report** is the fourth major report published by the Trust as part of this project. Like its predecessors, the 2003 Report *Power without Accountability?*, the 2005 *Pathways to Accountability: the Global Accountability Framework*, and the 2006 *Global Accountability Report: Holding Power to Account*, this year's Report seeks to deepen the understanding of accountability issues at the global level and encourage cross sector learning. As in 2006, the 2007 Report assesses 30 global organisations from the intergovernmental, non-governmental, and corporate sectors.

The indicators used in the 2007 Global Accountability Report are based on the principles in the **Global Accountability Framework**, which were developed over five years of empirical research and engagement with a cross-section of transnational actors and their respective stakeholder groups. The Framework highlights emerging principles of accountability good practice that are applicable across a wide range of organisations. For more information on the Global Accountability Framework see the One World Trust's 2005 report: *Pathways to Accountability*, by Monica Blagescu, Lucy de Las Casas, and Robert Lloyd, which can be downloaded free of charge from the One World Trust website.

The **One World Trust** promotes education and research into changes required in global governance to achieve the eradication of poverty, injustice, environmental degradation and war. We develop recommendations on practical ways to make powerful organisations more accountable to the people they affect now and in the future, and how the rule of law can be applied to all. We educate political leaders, decision makers and opinion-formers about the findings of our research. The vision of the One World Trust is of a world where all people are able to live in sustainable peace and security, and have equal access to opportunity and participation.



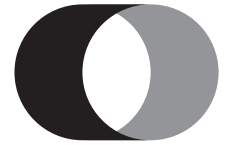
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ISBN 978-0-9504434-9-2

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Acknowledgments

This report was written by Robert Lloyd, Projects Manager – Global Accountability, Jeffrey Oatham, Programme Officer – Global Accountability, and Michael Hammer, Executive Director. The research process was supported by Consultant Kathrin Dombrowski and Research Assistants Nora Honkaniemi, Emily Robinson, Deepti Sastry, and Nisha Susan. Leticia Labre, Projects Manager for Communications and Development led on advocacy and partnerships for the dissemination of the Report with support from Anuya Upadhyay. Brendan Whitty, Programme Officer – Global Accountability copy edited the report. One World Trust staff Claire Wren, Christopher Parsons and Brendan Brosnan provided further enabling support to the project team during the research and production of the Report.

Our thanks go to representatives of the assessed organisations who actively engaged in this initiative and to the following individuals who provided direct comments to draft sections of this publication: Monica Blagescu, Marlies Glasius, Christopher Lord, Peter Newell, Jan Aart Scholte, and Deborah Seamark. The following experts provided input in the data collection process: Doug Brooks, Simon Burall, Edward Clay, Jon Entine, Winton Higgins, Alex MacGillivray, Toby Mendel, Kinda Mohamadieh, Susan Park, Ziad Abdel Samad, James Sheptycki, Jonathan Strand, John Sugden, and Thomas Winderl. These individuals provided invaluable feedback; faults in the publication are the responsibility of the One World Trust only.

This report and the work of the One World Trust in this area would not have been possible without the continuing support from the Ford Foundation. We would also like to thank the Civil Society Team at the World Bank who facilitated access to the Bank's global video conferencing network to support the wide discussion of the findings.

The following institutions have partnered with us to

disseminate the Report in their respective countries: Asian Institute of Management Policy Center, Philippines; Arab NGO Network for Development, Lebanon; Bank Information Center, US; Corporate Governance and Financial Reporting Centre, National University of Singapore, Singapore; Development Assistance Research Associates, Spain; Environment et Développement du Tiers Monde (Enda-tm), Senegal; Fundação Getúlio Vargas, Brazil; Global Public Policy Institute, Germany; Iniciativa Ciudadana para la Promoción de la Cultura del Diálogo, A.C., Instituto Federal de Acceso a la Información Pública, Mexico; Institut Français des Relations Internationales (IFRI), France; The Energy and Resources Institute, India and Renner Institut, Austria.

The **Independent Advisory Panel** includes Mr Titus Alexander – Scarman Trust, Mr Tom Bigg – International Institute for Environment and Development, Dr Martyn Bond – London Press Club, Ms Clare Crawford – Landmine Action, Dr Marlies Glasius – London School of Economics and Political Science, Dr Minu Hemmati – Independent Consultant, Ms Rajeswari Kanniah – Consumers International, Mr Naeem Khalid – School of Oriental and African Studies, Professor Douglas Lewis – Sheffield University, Professor Christopher Lord – University of Leeds, Professor Peter Newell (Panel Chair) – University of East Anglia, Mr Augustine Omara – Westminster Diocese Refugee Service, Mr Jeremy Pope – TIRI, the governance-access-learning network, Ms Tahmina Rahman – Independent Consultant, Ms Patsy Robertson – Independent Media Consultant, Mr John Samuel – Action Aid Asia Regional Office, Professor Jan Aart Scholte – University of Warwick, Ms Deborah Seamark – csrnetwork, Dr Katarina Sehm Patomaki – Network Institute for Global Democratization, Ms Hellen Wangusa – African Women's Economic Policy Network, Dr Ngaire Woods – University College, Oxford. Please note that organisational affiliations are given for identification purposes only.

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Foreword

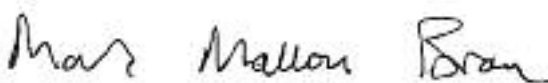
Challenges such as poverty, the environment, public health, financial stability and security have moved beyond the control of individual nations. Thus, international actors have come to play an increasingly important role in global governance. Finding solutions to the problems we all collectively face is only possible if these actors, be they international organisations, international NGOs or multinational corporations, work together along with national governments in a way that takes their stakeholders into account. Solutions to global challenges will fail unless the international actors most equipped to deal with them are accountable to the people they affect.

Enhancing accountability across sectors however, needs to begin with a common understanding of the principles that underpin such reform. The strength of the Global Accountability Reports is in providing a common frame of reference for dialogue between international organisations and their stakeholders. I congratulate the One World Trust for this important work.

The Report also shows that leadership is key to reform. My own experience in international organisations confirms this. Yet our global institutions, starting with their leadership, are often ill-suited to the task of framing solutions that can win wide support. We have recently seen this at the World Bank where the cost of backroom fixes versus competitive selection with respect to senior appointments is now jeopardizing the institution itself. When leadership is not trusted, reform becomes next to impossible, and the institutions become mired in political gridlock.

The world cannot afford this. Never in history has the global community been more integrated and less governed. Politicians and citizens are reaching for solutions to international issues such as climate change and terrorism, and the existing global institutional framework is unable to deliver them.

In the Global Accountability Reports, organisations have a road-map for improving their ability to effectively deliver solutions to global challenges. Highlighting areas of focus and good practice, the Report is not just a practical tool for the managers leading reform but also a means for extending the principles of democracy to the global level.



Lord Malloch-Brown

Minister for Africa, Asia and the UN
UK Foreign and Commonwealth Office

Executive summary

What is the Global Accountability Report?

The Global Accountability Report is an annual assessment of the capabilities of 30 of the world's most powerful global organisations from the intergovernmental, non-governmental, and corporate sectors to be accountable to civil society, affected communities, and the wider public. The Report uses the four dimensions of the Global Accountability Framework – transparency, participation, evaluation, and complaint and response mechanisms – as the basis of the assessment. Over time, the Report will reassess organisations to track changes in accountability and highlight progress.

The aim of the Report is to broaden understanding of and commitment to common principles of accountability among transnational actors from all sectors. It seeks to highlight accountability gaps, encourage the sharing of good practice within and across sectors, and advance accountability reform.

Why global accountability matters

Transnational actors from across the intergovernmental, non-governmental, and corporate sectors play an increasingly important role in global governance. They set financial standards, deliver multilateral aid, provide essential services, and coordinate responses to disease. As such, their decisions and actions can have a profound affect on people's daily lives.

But how do we hold these organisations to account for their actions? Current state based accountability is inadequate. Representatives of many developing countries lack an effective voice in the decision making process of IGOs and struggle to protect their citizens' interests. Furthermore, the legitimacy of political leaders and representatives is at times questionable and citizens actively search for other ways to make their voices heard and realise their interests. Equally, globalisation is eroding the ability of states to hold large transnational companies to account for activities that affect citizens within their jurisdictions. New tools and mechanisms are therefore needed at the local, national, and global level to make transnational actors more accountable and transparent to affected individuals and communities.

The task of creating a more accountable and responsive system of global governance could not be greater. Accountability is not a theoretical pursuit; it's about holding power to account and enabling people to input into the

decisions affecting them in their daily lives. Unless we are able to find ways of creating broad, informed participation of all relevant stakeholders in global decision making processes, our responses to global challenges, such as climate change, environmental degradation, systematic human rights abuses, armed conflict, and poverty, will fail.

Measuring accountability

At the heart of this Report is a framework based on good accountability practice principles that defines accountability as the processes through which an organisation makes a commitment to respond to and balance the needs of stakeholders in its decision making processes and activities, and delivers against that commitment.

The Report applies the Global Accountability Framework's four dimensions of accountability – transparency, participation, evaluation, and complaint and response – to examine the capabilities of transnational actors to be accountable. Within each dimension, an organisation's capabilities are measured by assessing the existence of key accountability values and principles in policy commitments and supporting management systems.

While our research has identified common principles of accountability which transcend sectors, any assessment needs to provide room for variation and innovation in how accountability principles manifest themselves. Such manifestations can depend on individual organisational history, culture, mission, and ways of working. The Report, therefore, takes a principle based approach to assessing accountability capabilities. This provides greater flexibility in what is measured and allows for difference and originality to be captured.

Inevitably, variation between policy commitments made by an organisation and what happens in practice on the ground may occur. The study therefore does not claim to offer a full and definitive assessment of an organisation's accountability.

Main findings

Table 1 lists the overall accountability capabilities (total average of an organisation's scores across the four dimensions) of each assessed organisation grouped according to sector. The ten organisations highlighted in green are 'high performers.' These are organisations that score over 50 percent in at least three dimensions and, as such, have the most consistently developed accountability policies and management systems.

There are also some high performers in this year's Report that score over 50 percent in all four dimensions – ADB, Christian Aid, UNDP, and UNEP. A few also exceed 80 percent in the overall accountability score. These organisations are leading their sectors. While they should be commended, they should not be complacent because room for improvement remains. Furthermore, being accountable is not an end state. Accountability requires constant vigilance to ensure policy commitments are being translated into practice and principles are embedded in the culture of the organisation.

While there will always be leaders and those that lag, the gaps that exist between the top and the bottom organisations, both within and between sectors, are cause for concern. Global governance is a collaborative process that involves the efforts of multiple actors in developing and implementing solutions to social, economic, political, and environmental challenges. If these solutions are to be effective, legitimate, and sustainable, *all* actors involved in the process need to be accountable and responsive to the people they affect. Those who lag behind are as much a part of the process of global governance as leaders and need to enhance their accountability capabilities.


Average sector scores across the dimensions indicate that each sector leads on at least one dimension. IGOs score highest for transparency and evaluation, INGOs are highest in participation (both equitable member control and external stakeholder engagement), and TNCs come top in complaint and response. This is the same scoring pattern across sectors and dimensions as the 2006 Global Accountability Report, and reinforces our message that with each sector leading at least one dimension of accountability, there is scope for cross sectoral learning. No sector is all good or all bad.

Transparency

Top scorers per sector: ADB, Christian Aid, and GSK

- Across the three sectors, transparency capabilities are one of the least developed dimensions of accountability with IGOs scoring 56 percent, INGOs 43 percent, and TNCs only 30 percent.
- Of the assessed organisations, 28 make a public commitment to transparency, but only 11 have a transparency policy guiding what, when, and how information should be made publicly available. Seven of these organisations are IGOs, three are INGOs, and only one is a TNC.
- Of organisations with a transparency policy, five commit to disclosing all information other than that which falls within

Table 1: Overall accountability capabilities scores

IGOs	Score %	Rank
UNDP	88	1
ADB	81	2
UNEP	74	3
WFP	70	4
IDB	68	5
Council of Europe	59	6
IsDB	53	7
*African Union	40	8
*OSCE	30	9
*Interpol	22	10
INGOs	Score %	Rank
Christian Aid	81	1
IASB	69	2
Int'l Save the Children Alliance	61	3
Aga Khan Foundation	54	4
Human Rights Watch	52	5
ISO	52	5
*MSF International	51	7
MERCY Malaysia	48	8
Greenpeace International	42	9
FIFA	37	10
TNCs	Score %	Rank
GE	65	1
GSK	59	2
TATA Group	57	3
The Coca-Cola Company	56	4
*Petrobras	53	5
Suez	47	6
HSBC Holding	41	7
DynCorp International	36	8
*PwC Int'l Limited	18	9
*Google	17	10
* Denotes organisations that did not formally or in practical terms engage with the research process		
 Highlights organisations that scored above 50 percent in at least three of the four dimensions.		

a narrowly defined set of conditions for non-disclosure (e.g. contractual and staff issues). This is a crucial principle of transparency good practice and indicates an organisation's commitment to a rights based approach to access to information.

Participation

Top scorers per sector: UNDP, IASB, and GSK

- INGOs score highest in participation with 72 percent. IGOs are second with 63 percent and TNCs third with 51 percent. On average, assessed INGOs have the most equitable member control and most developed capabilities for engaging external stakeholders in decision making.
- None of the assessed TNCs have external stakeholder engagement capabilities that score over 50 percent. While companies tend to have the management systems in place to support stakeholder engagement, few have policies or guidelines that commit to good practice principles and ensure consistency in approach.
- Almost half of all the assessed organisations have institutionalised the involvement of external stakeholders into decision making at the governing, executive and/or senior management levels.

Evaluation

Top scorers per sector: IDB, IASB, and TATA Group

- Across IGOs and INGOs, evaluation capabilities are well developed with each sector scoring 68 percent and 62 percent, respectively. TNCs are lagging behind in this dimension with a social and environmental evaluation capabilities score of 49 percent.
- Of the 30 assessed organisations, 17 make no commitment to disclose publicly the results of evaluations. The distribution of these organisations across the three sectors indicates that this good practice principle is least developed among the assessed INGOs where only two organisations make a commitment to it.
- Assessed TNCs have significantly higher capabilities for evaluating their environmental impact than their social impact. This difference reduces the sector's overall evaluation capabilities.

Complaint and response mechanisms

Top scorers per sector: ADB, Christian Aid, and Petrobras

- Complaint and response mechanisms are low for each of the three sectors with TNCs scoring 50 percent, IGOs 48 percent, and INGOs 42 percent.
- These scores are low because of weak policies and systems for handling external complaints. Of the 30 assessed organisations, only five – ADB, Christian Aid, IDB, Petrobras, and UNEP – score above 50 percent for external complaint handling capabilities and no sector achieves an average score above 30 percent.
- Across sectors, internal complaints policies, such as whistleblower policies, are of a consistently high quality with many meeting all good practice principles. Internal complaint handling systems are also well developed with 20 out of 30 organisations scoring above 70 percent.

The role of leadership in accountability reform

Leadership is vital for accountability reform to be successful. While the 2007 Report's indicators assess the existence of leadership on accountability within an organisation, they do not capture the role that Boards or senior management have played in initiating and driving accountability reform. At the end of the Report, we explore this issue through case studies on four of this year's highest scoring assessed organisations: Christian Aid, GE, IASB, and UNDP. While in each of these organisations leadership has approached accountability reform differently, a number of common elements have been drawn out: create a sense of urgency, identify a vision and communicate it, support the capacities of others, and build coalitions of support. While this section does not offer a definitive statement on the role of leadership in accountability across this year's assessed organisations, we hope it will generate discussion and provide useful information for those advocating greater accountability within their own organisations.

1 Why global accountability matters

We are all more connected than ever before. Toys made in China are bought in the US; on the internet we can read the opinions of those in Frankfurt as easily as those in Rio.

Globalisation has brought social and economic opportunities and political freedoms to many. Yet alongside these benefits come challenges. The collapse of high risk lending practices in the sub-prime mortgage market in the US led to the savings of thousands in the Northern Rock Bank in the UK being put in jeopardy. Global travel meant that SARS easily spread from rural China to Toronto in 2003 and subsequently wiped off \$1.5 from Canada's GDP.¹

Responding to these challenges requires coordination and cooperation. States alone lack the expertise and capacity to address the multiplicity and magnitude of the problems we face. The world needs organisations with the capacity to coordinate and act across national boundaries. Intergovernmental organisations (IGOs) such as the Asian Development Bank (ADB), the United Nations Development Programme (UNDP), and the World Food Programme (WFP) play a crucial role in this. But over the past decade non-state transnational actors such as international non-governmental organisations (INGOs) and transnational corporations (TNCs) have also emerged as important actors in global governance. Driven by their individual missions and purposes, they monitor compliance with international agreements, influence policy, participate in the setting of norms and standards, build global infrastructure, and provide essential services.

A selection of organisations assessed in this year's Global Accountability Report illustrates their emerging and varied role in global governance. Suez provides water to millions of people in the Middle East, North Africa, China, and South East Asia. DynCorp International is involved in the post war reconstruction in Iraq and Afghanistan. INGOs such as Greenpeace International or Human Rights Watch influence and set standards on human rights, social, and environmental issues, which affect the way firms and governments conduct business and implement policy and laws. Christian Aid, Médecins sans Frontières (MSF) International, and MERCY Malaysia, meanwhile, are involved in the delivery of services in humanitarian emergencies such as in Darfur and longer term reconstruction

efforts in Aceh. Whether these transnational actors are organised as private businesses or rooted in civil society, they occupy the space left open by states in policy development, governance, and service provision and as such have a profound impact on people's daily lives.

As the scope, power, and public influence of transnational actors from all sectors has increased, so too have questions of their legitimacy and accountability. The existing state based system of accountability, including formal democratic representation, is struggling to provide affected citizens with a voice in the processes and decisions that affect them at the global level. Representatives of many developing countries lack an effective voice in the decision making process of IGOs and struggle to protect their citizens' interests. Furthermore, the legitimacy of political leaders and representatives is at times questionable and citizens actively search for other ways to make their voices heard and their interests realised. Equally, globalisation is eroding the ability of states to hold large transnational companies to account for activities that affect citizens within their jurisdictions.

Clearly the state plays an important role in developing and enforcing national regulations and international legal frameworks that enable the global community to hold transnational actors to account. But in parallel to state based accountability, new tools and mechanisms are needed at the local, national, and global level to make transnational actors more accountable and transparent to the individuals and communities they affect.

Innovations are already emerging. Codes of conduct like the INGO Accountability Charter, the Equator Principles, the United Nations Global Compact, and the Global Reporting Initiative; multi stakeholder initiatives such as the Extractive Industries Transparency Initiative or the Ethical Trading Initiative; and certification schemes such as the Humanitarian Accountability Partnership International and the Forest Stewardship Council are all tools of accountability, setting new standards against which stakeholders can hold powerful transnational actors to account.

The task of creating a more accountable and responsive system of global governance could not be greater. Accountability is not a theoretical pursuit: it's about holding power to account and enabling people to input into the decisions affecting them. Unless we are able to find ways of creating broad, informed

¹ Darby, P.M., 'The Economic Impact of SARS,' The Conference Board of Canada, 2003 [online].

participation of all relevant stakeholders in global decision making processes, our responses to crucial global challenges, such as climate change and poverty, will fail.

As individuals and communities around the world are affected in similar ways by powerful organisations, the Global Accountability Report argues for a set of common principles of accountability for all transnational actors. The Report reveals what individual organisations are doing to make themselves more accountable to the people they affect, what still needs to be done, and highlights good practice across sectors. In doing so the Report provides a unique annual snapshot of accountability at the global level.

2 The conceptual framework – The Global Accountability Framework

The One World Trust's Global Accountability Framework, published in 2005, was developed through five years of multistakeholder dialogue where representatives from across the intergovernmental, non-governmental, and corporate sectors were brought together to examine the concept of accountability, discuss what it means at the global level, and identify common accountability principles for transnational actors.²

As a result of this analysis and dialogue, the One World Trust has come to define accountability as:

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

This definition emphasises the need for organisations to balance their response to accountability claims and prioritise between different stakeholder groups according to organisational missions and criteria such as influence, responsibility, and representation.

The Framework identifies four dimensions of accountability that are key to transnational actors being able to manage and balance the needs and interests of internal and external stakeholders:

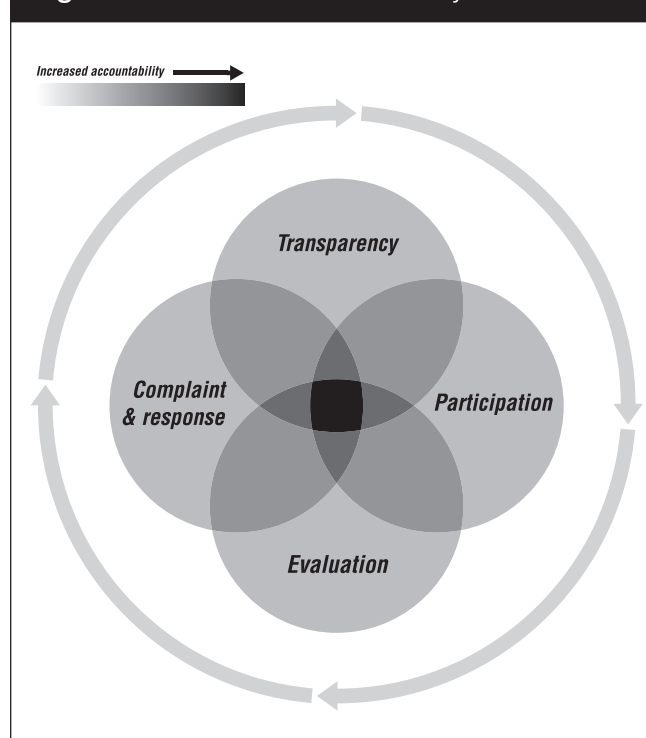
Transparency is the provision of accessible and timely information to stakeholders and the opening up of organisational procedures, structures, and processes to their assessments. Doing so enables stakeholders to monitor an organisation's activities and hold it to account for its commitments, actions, and decisions.

Participation is the active engagement of both internal and external stakeholders in the decisions and activities that affect them. At a minimum, participation must include the ability to influence decision making, not just seek approval or acceptance of a decision or activity.

Evaluation is the process through which an organisation monitors and reviews its progress against goals and objectives, feeds learning from this into future planning, and reports on the results of the process. Evaluation ensures that an organisation learns from and is accountable for its performance.

Complaint and response mechanisms are channels developed by organisations that enable stakeholders to file complaints on issues of non-compliance or against decisions and actions, and that ensure such complaints are properly reviewed and acted upon. Transparency, participation, and evaluation processes are used to minimise the need for complaint mechanisms. Complaint and response mechanisms are accountability processes of last resort.

Figure 1: The Global Accountability Framework



² For more details see Blagescu, M. et al., *Pathways to Accountability: The Global Accountability Framework*, London: One World Trust, 2005; and Kovach, H. et al., *Power without accountability?*, London: One World Trust, 2003.

3 Measuring accountability:

The Global Accountability Report is an annual assessment of the capabilities of 30 of the world's most powerful global organisations from the intergovernmental, non-governmental, and corporate sectors to be accountable to civil society, affected communities, and the wider public. The Report uses the four dimensions of the Global Accountability Framework – transparency, participation, evaluation, and complaint and response mechanisms – as the basis of the assessment. Each year the Report looks at a new set of 30 organisations (ten from each sector) and overtime will reassess organisations to track changes in accountability and highlight progress.

The aim of the assessment is to contribute to wider understanding and commitment to common principles of accountability among transnational actors. It also seeks to highlight accountability gaps, encourage the sharing of good practice, and advance accountability reform with organisations and their wider sectors.

The Report assesses an organisation's accountability capabilities. It does this by examining the degree to which the headquarters / international secretariat have established the policies and systems that foster consistent and coherent accountability to the stakeholders they affect and to the wider public. It provides a quantitative insight into how accountability values and principles are becoming embedded in the way transnational actors operate and gives a unique perspective on the emerging picture of accountability at the global level.

A number of rating systems exist in each sector that measure different aspects of organisational accountability. An overview of these is provided in the 2006 Global Accountability Report. Each initiative focuses on a different aspect of accountability whether sector or issue specific, output, or process focused. Where the Global Accountability Report adds value is in providing a measure of accountability that cuts across sectors and provides a common framework and language for transnational actors that operate in the same global public sphere. This Framework can form a basis for strengthened dialogue, learning and trust between them.

3.1 Parameters of the Report

Our work to date has found that there are good practice principles of accountability that transcend all sectors. Yet there can, and should, be room for variation and innovation in how accountability principles manifest themselves depending on the history, mission, and ways of working of individual organisations.

Text Box 1: Why measure the accountability of transnational actors?

- Highlights emerging good practices in accountability at the global level
- Identifies accountability gaps within specific transnational actors, their sectors, and global governance and helps focus reform efforts
- Provides empirical grounding to the accountability debate

Questions addressing to whom and for what an organisation is accountable are contextual. The Report, therefore, uses a principles based approach to provide the space for this difference. Assessing capabilities based on principles rather than standards provides greater flexibility in what is being measured and allows for difference and originality in organisational structure and policy formulation.

An organisation's accountability capabilities are measured by assessing the existence of accountability values and principles in the policies and management systems at the headquarters / international secretariat level. The presence and quality of accountability policies and systems at this level is taken to reflect an already existing organisation-wide commitment to the issue, or as an indication that the headquarters / international secretariat recognises that these stated values and principles should be applied throughout the organisation as a matter of good practice. Equipped with relevant accountability policies and systems, an organisation has the internal capabilities to implement these principles and values across the wider organisation, network, federation, or group to ensure it is accountable to affected communities and the public at large.

Inevitably, variation between the commitments made by an organisation and what happens in practice may occur. Depending on the type of organisation and its governance arrangements, such differences can be a reflection of a decentralised structure or inadequate communication and management practices. The study therefore does not claim to offer a full and definitive assessment of an assessed organisation's accountability.

3.2 Accountability to whom?

All of the organisations assessed in the Report have multiple internal and external stakeholders to whom they need to be accountable. The Report does not assess each of these in equal measure, but focuses on a select range of stakeholders based on the major imbalances that exist within transnational actors'

accountability systems. These are identified in Table 2. We recognise that each sector and organisation will have a more diverse range of stakeholders than those featured here and thus might be accountable in ways not captured in the report. However, accountability within transnational actors is often most lacking to the stakeholders identified in Table 2 and it is there where greater efforts are needed.³

3.3 Organisational capabilities unpacked

In each of the four dimensions, indicators are grouped into two categories: policy and systems. Together, these two groups of indicators reflect an organisation's *capabilities* to enable, support, and foster accountability practice.

Policy

We consider policies to be written documents/policies through which an organisation makes a commitment to the values and principles of transparency, participatory decision making, evaluation and learning, and complaints handling. The presence of organisational documents/policies on key areas of accountability fosters a consistent approach and identifies the commitments that stakeholders can hold the organisation to account for.

In analysing policies, we assess both their existence and their quality. An organisation, for example, may make a general commitment to being transparent in its code of ethics, or in its statement of organisational values. Alternatively, it may have a specific transparency policy that provides details both to staff and external stakeholders on how, when, and what information

will be made available. While a general commitment to transparency is important, having a specific document that guides an organisation's approach to disclosure reflects a deeper understanding of the issues and will result in more consistent and coherent implementation. As a result, written policy documents are given more weight than general, vaguer commitments. The quality indicators assess the breadth and depth of this commitment and if it meets good practice principles. These vary across the four dimensions and are identified in text boxes in the main analysis section of the Report at the beginning of each dimension.

Systems

We consider systems to be the management strategies and resources through which an organisation encourages, enables, and supports the implementation of the commitments made in policy or supports the issue more broadly. Indicators in this category capture three cross cutting issues: leadership, training, and accessibility.

Leadership refers to the commitment that exists at the highest level within an organisation to ensure effective implementation of key accountability principles. For accountability reforms to have traction, it is essential for a senior manager or Board member to have the responsibility to oversee implementation of relevant policies that foster accountability. In the absence of a policy, a senior manager or Board member should have oversight of the accountability dimension more broadly. A detailed analysis of the role of leadership in accountability reforms is explored in Section 8.

Training enhances the capacity of staff to fulfil their responsibilities and enables them to comply with organisational policies. Providing training on the implementation of accountability related areas shows the organisation's commitment to invest resources and build the capacity of staff to become more accountable. Training is also important to ensure that accountability values and principles become embedded in an organisation's culture.

Accessibility relates to the need for organisations to make accountability related policies or positions available to external stakeholders through appropriate mediums and in relevant languages. A core element of accountability is meeting stated commitments. Informing external stakeholders of these commitments is therefore essential to enable them to hold organisations to account. Policies and other relevant documents

Table 2: Internal and external stakeholders focused on in the Report

Sector	Internal stakeholders	External stakeholders
IGOs	Member states and staff	Relevant civil society wider public
INGOs	National organisations (sections, affiliates etc.) and staff	Affected communities, partners, and the wider public
TNCs	Shareholders and staff	Relevant civil society organisations, affected communities, and the wider public

³ For a detailed discussion of gaps in transnational actors' accountability systems and explanation of why the above stakeholders were chosen, see *2006 Global Accountability Report: Holding Power to Account*, London: One World Trust, 2006.

need to be disseminated through different media and in different formats (online, print, workshops, etc.) as well as translated to broaden accessibility to stakeholders.

Across all dimensions, all systems indicators capture similar information apart from one, which focuses on a dimension specific issue. They are listed below:

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

3.4 Good practice case studies

Throughout the report there are a number of good practice case studies. These provide details on mechanisms or tools of accountability from this year's assessed organisations that we have identified as being particularly innovative. Organisations themselves were asked to write the case studies and to provide details on the challenges and benefits they have experienced as a result of implementing these initiatives.

3.5 Organisations assessed in the 2007 Global Accountability Report

Organisations are selected for inclusion in the Global Accountability Reports based on both objective and subjective criteria. The initial filter used is based on an analysis of an organisation's reach and impact. Potential organisations are split into sectors and quantitative criteria are considered including the number of members/employees, the number of countries of operations, and the budget or operating income. Also taken into consideration is the number of public policy issues that the organisation impacts upon. After the initial filter, a subjective choice is made by the project team in consultation with members of the Independent Advisory Panel. We aim to have a range of organisations from different sectors and activities. Selected organisations reflect the diversity of actors within their group. This is a good approach for capturing wider trends in the accountability of transnational actors.

Text Box 2: The link between self-regulation and accountability

As part of transnational actors' efforts to strengthen their accountability, many become signatories to or members of self-regulatory mechanisms such as codes of conduct, certification schemes, or multistakeholder initiatives. These play an important role in defining common principles and standards for actors working in the same sector (extractive industries, humanitarian relief, etc.). For a full list of the initiatives of which this year's assessed organisations are a part, see Appendix 2.

For the 2007 Global Accountability Report, in addition to the above criteria, we sought to include organisations that had emerged from the developing world and emerging economies – The Aga Khan Foundation, MERCY Malaysia, Petrobras, and the TATA Group – are regional in scope – ADB, the African Union (AU), the Council of Europe, the Inter-American Development Bank (IDB), the Islamic Development Bank (IsDB), and the Organization for Security and Co-operation in Europe (OSCE) – as well as some involved in standard setting – the International Accounting Standards Board (IASB) and International Organization for Standardization (ISO). We felt that organisations in each of these categories play an important role in global governance and were interested in investigating the extent to which principles and values of accountability were taking hold within these arenas and if there were any lessons or examples of good practice that could be drawn from them. Table 3 lists the organisations included in this year report along with a short description of the activities in which they are involved.

Table 3: List of assessed organisations

Intergovernmental organisations	International non-governmental organisations	Transnational corporations
African Union (AU) Regional IGO promoting economic, political and social solidarity in Africa	Aga Khan Foundation International development NGO promoting social development, primarily in Asia and Africa	The Coca-Cola Company TNC engaged in the manufacture and sale of beverages
Asian Development Bank (ADB) Multilateral development bank promoting economic and social progress in Asia	Christian Aid International development NGO working towards ending poverty and injustice in the developing world	DynCorp International TNC providing training, logistical and operational support to military and civilian government institutions
Council of Europe Regional IGO promoting common democratic principles across European nations	FIFA International association established to ensure the promotion and improvement of football	The General Electric Company (GE) TNC working to develop and deliver products and services in the fields of lighting and electricity
Inter-American Development Bank (IDB) Multilateral development bank funding economic and social development projects in Latin America	Greenpeace International International NGO campaigning to change environmental attitudes and behaviour and protect the environment	GlaxoSmithKline (GSK) Transnational pharmaceutical company developing and manufacturing healthcare products
Interpol⁴ International police organisation aimed at combating international crime	Human Rights Watch International NGO promoting the protection of human rights worldwide	Google TNC specialising in Internet search and online advertising
Islamic Development Bank (IsDB) Multilateral development bank funding economic and social development in Islamic countries and Muslim communities	International Accounting Standards Board (IASB) International non-governmental standard setter developing a single set of enforceable global accounting standards	HSBC Holdings Transnational bank providing banking and financial services
Organization for Security Co-operation in Europe (OSCE) Regional IGO providing politico-military, economic and environmental security to European nations	International Organization for Standardization (ISO) International network coordinating the development and setting of international standards	Petrobras TNC specialising in oil exploration and production
United Nations Development Programme (UNDP) UN's global development network	International Save the Children Alliance International development NGO working to provide lasting solutions to children's lives	PricewaterhouseCoopers International Limited (PwCIL) Transnational auditing and consultancy firm
United Nations Environment Programme (UNEP) UN agency formed to foster environmental leadership in member countries	MERCY Malaysia International NGO providing humanitarian relief worldwide	Suez TNC designing solutions for the management and provision of energy, water, sanitation and waste utilities
World Food Program (WFP) UN agency aimed at fighting global hunger	Médecins Sans Frontières (MSF) International International NGO providing emergency medical assistance worldwide	TATA Group TNC producing goods and delivering services ranging from automobiles to tea and communications

⁴ Interpol's status is not founded on a formal treaty and it has been identified as an IGO and an NGO on different occasions. Yet because of its function as an international vehicle for crime prevention that relies on cooperation between governments observers such as Paul Reuter argue that it is an intergovernmental organisation regardless of whether or not it was established without a treaty. Cited in Sheptycki, J, 'The Accountability of Transnational Policing Institutions: The strange case of Interpol', *Canadian Journal of Law and Society*, Vol 19, No 1, 2004, pp107-134.

4 Methodology

4.1 Data collection and engagement

Research was conducted between May and September 2007 and indicators were scored based on publicly available data, internal documents, and interviews with assessed organisations, experts and stakeholders. Data was gathered from various sources, reviewed internally, and then scored. The preliminary findings were verified internally by the project team, and sent to the assessed organisations and external experts for feedback. In some cases the comments received at this stage resulted in changes to the scores. The research process is highlighted in Figure 2. A list of key primary documents used in the study is available on the One World Trust website.

Assessed organisations were contacted early in the process, invited to engage in the assessment, and asked to participate in interviews and provide internal documents. Of the 30 assessed organisations, 23 agreed to participate, although the level of engagement varied with some dedicating more time and resources to the study than others. This constitutes a 10 percent increase compared to last year.

For the organisations that chose not to engage in the research, the indicators have been scored using publicly available information, interviews with independent experts, and stakeholders of the organisations. In these instances, some

scores may not necessarily reflect the complete state of their accountability capabilities. These organisations may have structures and policies in place to support accountability but are not publicly disclosing this information. This itself is problematic, given the primacy of transparency to an accountable organisation and the need for affected communities and the wider public to know how accountability is being addressed. In some cases, the lack of transparency of organisations, including because of non-engagement, can lead to lower scores in indicators. The resulting score variations may affect average scores by sector. We therefore recommend caution in the interpretation of average figures.

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

4.2 Scoring

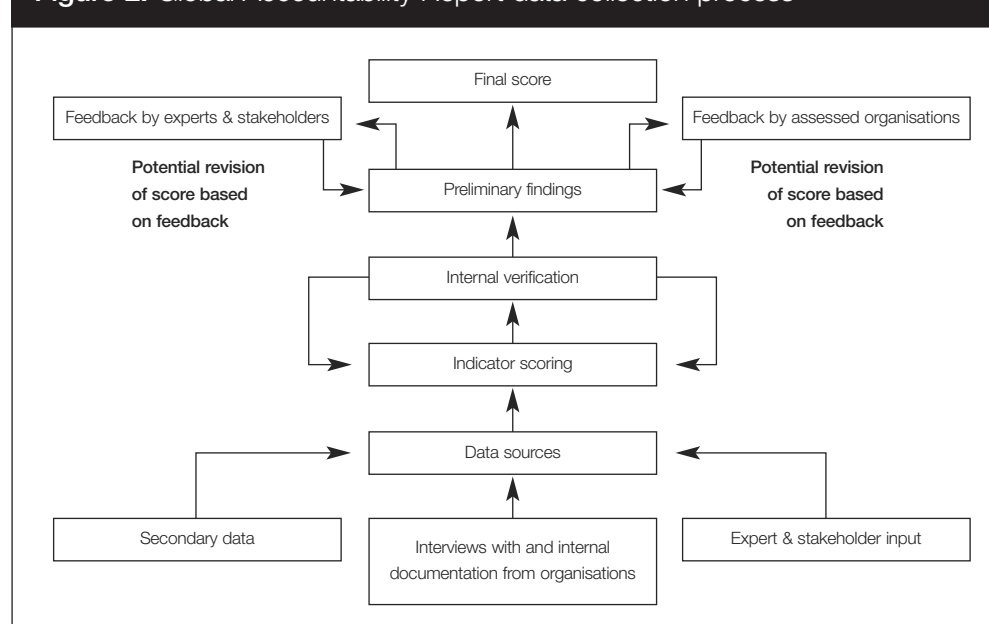
Each dimension contributes to the total score of up to 100 percent with equal weight. In each dimension policies and systems are also equally weighted with each scoring up to 50 percent.

Indicator scoring is either scaled or binary (present or absent).

Indicators that measure the existence of policies or other organisational documents guiding performance are scaled on the basis of the type of document(s) and the level of enforcement implied.

Binary scoring was employed for assessing the presence of good practice principles that underline commitments and systems. Some indicators are double weighted for their strong contribution to organisational accountability.⁵ While any set rules for scoring may appear limiting in some cases, we are flexible in how scores are

Figure 2: Global Accountability Report data collection process



⁵ For more detailed information on scoring, a methodology paper for the Global Accountability Reports is available on the One World Trust's website.

assigned to accommodate the different sectors and the individuality of organisations. In some cases, for example, we give half point scores for commitments made in draft documents.

The participation dimension differs from the other three in that it includes an additional section focusing on equitable member control of decision making. Thus, the dimension assesses policies and systems for engaging internal stakeholders as well as external stakeholders. Both contribute equally to the dimension's total score. In each section policies and systems account for 25 percent each.

The complaint and response dimension is equally weighted between policies and systems for handling complaints from internal and external stakeholders. In a change from last year, TNC's evaluation capabilities (policies and systems) are now equally split between environmental and social impact evaluation. We chose to split the scoring to more accurately capture the commitments companies make in each of these areas.

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

5 High level findings

This section presents the high level findings from the 2007 Global Accountability Report. It highlights the highest performers, shows the overall accountability capabilities scores of the 30 assessed organisations according to sector, and also presents the high level cross-sector findings.

Leading the pack: this year's highest performers

A 'high performer' is an organisation that scores above 50 percent in at least three of the four dimensions. These are organisations that have *consistently* developed accountability capabilities. The reason for using this threshold is that although each dimension is important in itself, to be accountable an organisation needs to have developed capabilities across all four. For example, an organisation might have well developed evaluation capabilities and be effective at integrating lessons learnt into future decision making, but if it then lacks the capabilities to be open and transparent about its performance in relation to stated goals and objectives, its accountability will be lacking.

Using this threshold, a total of ten of this year's assessed organisations emerge as high performers. These are highlighted in Table 4.

Whereas in the 2006 Report no high performing organisation scored above 50 percent in all four dimensions, this year there are four organisations that manage this: ADB, Christian Aid, UNDP, and UNEP. Each organisation scores above 70 percent in the four dimensions, apart from UNEP, which scores above 70 percent in three, and 63 percent in transparency.

Overall accountability capabilities

The ranking of assessed organisations according to their overall accountability capabilities score (the total average of an organisation's score across the four dimensions) and grouped by sector is presented in Graph 1. The placing of an organisation in this graph correlates with the organisations identified as high performers, with one exception. Within the

TNC sector, the TATA Group is positioned above The Coca Cola Company in the overall accountability capabilities ranking, but has not been identified as a high performer. This is a result of the TATA Group scoring very high for its social and environmental evaluation capabilities (95 percent), which inflates its overall accountability score, but having scores across the other three dimensions below 50 percent.

Based on overall accountability capabilities, the top performers in each of the three sectors are: UNDP, Christian Aid, and GE.

High scorers still have work to do

Among this year's assessed organisations there are some very high scores. Four organisations score above 70 percent in all four dimensions. Three of these – ADB, Christian Aid, and UNDP – also score above 80 percent for their overall accountability capabilities. While these organisations should be commended, they cannot be complacent. There remain areas in each of these organisations where they can further embed good practice principles of accountability.

Furthermore, being accountable is not an end state. Having strong accountability capabilities creates an organisation that is more adept at engaging with and being responsive to its stakeholders, but it does not guarantee accountability in practice. Constant vigilance is necessary to make sure policy commitments are being followed and that the principles of accountability are rooted in the culture and all working relations of the organisation.

Those that lag behind need to raise their game

While there will always be leaders and those that lag, the gaps that exist between the top and the bottom organisations, both within and between sectors in the 2007 Global Accountability Report, are causes for concern. Global governance is a collaborative process that involves the efforts of multiple actors in developing and implementing solutions to social, economic, political and environmental challenges. If these solutions are to be effective, legitimate and sustainable, *all* actors involved in the

Table 4: High performers – organisations that score more than 50% across three of the four dimensions

	Transparency	Participation	Evaluation	Complaints & Response
IGOs	ADB, IDB, UNDP, UNEP	ADB, UNDP, UNEP, WFP	ADB, IDB, UNDP, UNEP, WFP	ADB, IDB, UNDP, UNEP, WFP
INGOs	Christian Aid, IASB	Christian Aid, IASB	Christian Aid, IASB	Christian Aid
TNCs		The Coca Cola Company, GE, GSK	The Coca Cola Company, GE, GSK	The Coca Cola Company, GE, GSK

process need to be accountable and responsive to the people they affect.

Yet, those who lag behind are as much a part of the process of global governance as leaders and they need to enhance their accountability capabilities. Fortunately, as the Global Accountability Reports are starting to show, there are a number of examples of good practice within and across sectors from which these organisations can learn.

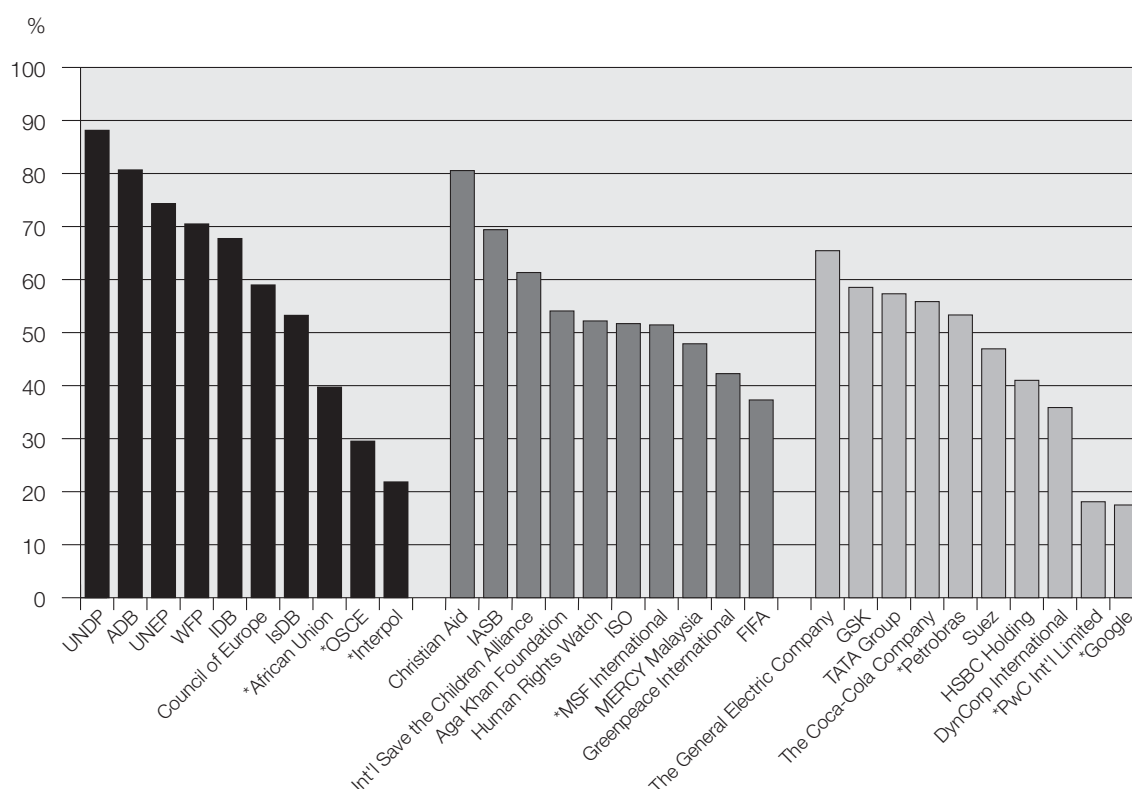
Cross sector findings

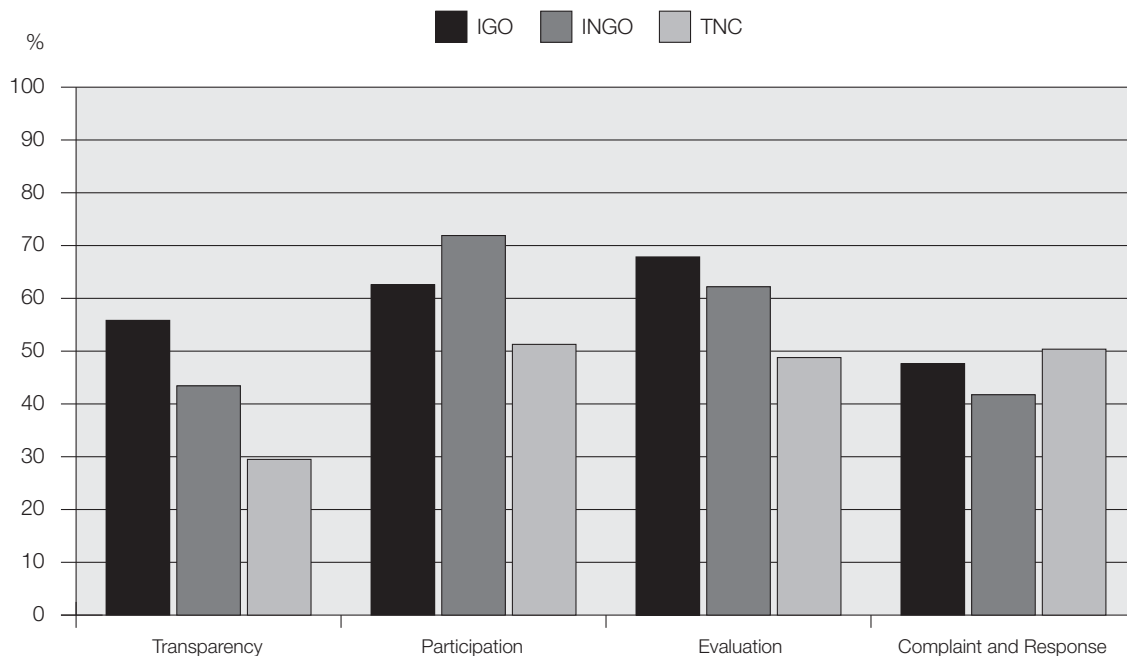
Each sector leads a dimension

Graph 2 presents the average sector score for all four dimensions. It indicates that each of the three sectors lead on at least one dimension: IGOs score highest for transparency and evaluation; INGOs are highest in participation (both equitable member control and external stakeholder engagement); and TNCs are top in complaint and response. This is the same scoring pattern across sectors and dimensions as the 2006 Global Accountability Report, and reinforces our message that with each sector scoring highest on at least one dimension, there is scope for cross sectoral learning. No sector is all good or all bad.

These patterns can be explained by a number of pressures specific to each of the sectors. For example, the high scores for evaluation capabilities earned by IGOs are a reflection of the strong pressure that member states have placed on them to demonstrate that they are using public money effectively and can show impact. As public bodies, IGOs have also come under pressure to meet national standards of public disclosure. As a consequence, a growing number have developed formal information disclosure policies and have strong transparency capabilities. INGOs' high scores for participation reflects the strong history of stakeholder engagement in the sector and the belief that it provides an important means of challenging social injustices and delivering effective services to disadvantaged groups. In the case of the standard setters which are included in the INGO sector this year, stakeholder engagement is similarly embedded but for different reasons. Standards, whether financial or environmental, are inherently normative and therefore require wide consultation to ensure their credibility among users. Consequently, principles of stakeholder engagement are well developed among INGOs involved in standard setting. Assessed TNCs' high scores in complaint and response is on the one hand a result of the Sarbanes Oxley Act, which mandates internal complaints procedures for all companies registered on the US

Graph 1: Organisational scores on overall accountability capabilities



Graph 2: Average scores on accountability dimensions by sector

stock exchange. On the other hand, it also reflects the fact that a company's competitiveness relies on customer responsiveness, so they are accustomed to listening to complaints.

Lowest sectors across dimensions

Graph 2 also indicates that across the four dimensions assessed TNCs rank last in three – transparency, participation, and evaluation – while INGOs place last in complaint and response. There are a number of reasons for this.

The low transparency capabilities score for TNCs is a reflection of their underdeveloped policies in this area. Companies have well developed capabilities to ensure openness with shareholders and institutional investors, but these same capabilities are not developed in relation to transparency on public impact issues. While there has been a shift towards more openness as companies have sought to regain public trust through more honest and open reporting, few are willing to commit to disclosing more than they have to.

While environmental impact evaluation is well established among TNCs, social impact evaluation is less so. This reduces the TNCs' overall evaluation capabilities. Social issues are more contextual and thus difficult to measure. Accordingly, systems for monitoring social impacts are less developed. Also, there is a clearer motive for companies to respond to their environmental

impacts since their licence to operate is usually dependent on respecting environmental regulations.

TNCs' low score for participation is a result of weak stakeholder engagement capabilities. While many companies are conducting stakeholder engagements, most do so on an *ad hoc* basis; none have guidelines or policies that commit the company to good practice. This undermines the consistency in approach and provides stakeholder with no basis for accountability if practices fall below a certain standard.

The assessed INGOs' low score for complaints and response reflects the absence of formal procedures for handling complaints from the public and affected communities. Staff might be addressing these on an *ad hoc* basis, but few organisations have formal systems in place to handle them. INGOs have traditionally believed their strong participation and evaluation capabilities have reduced the need for formal complaint mechanisms. While engaging stakeholders and conducting evaluations on an ongoing basis should reduce the number of complaints received, they do not negate the need for a mechanism that provides affected communities with a safe confidential channel to make complaints.

Main analysis

Transparency

6.1 Transparency

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

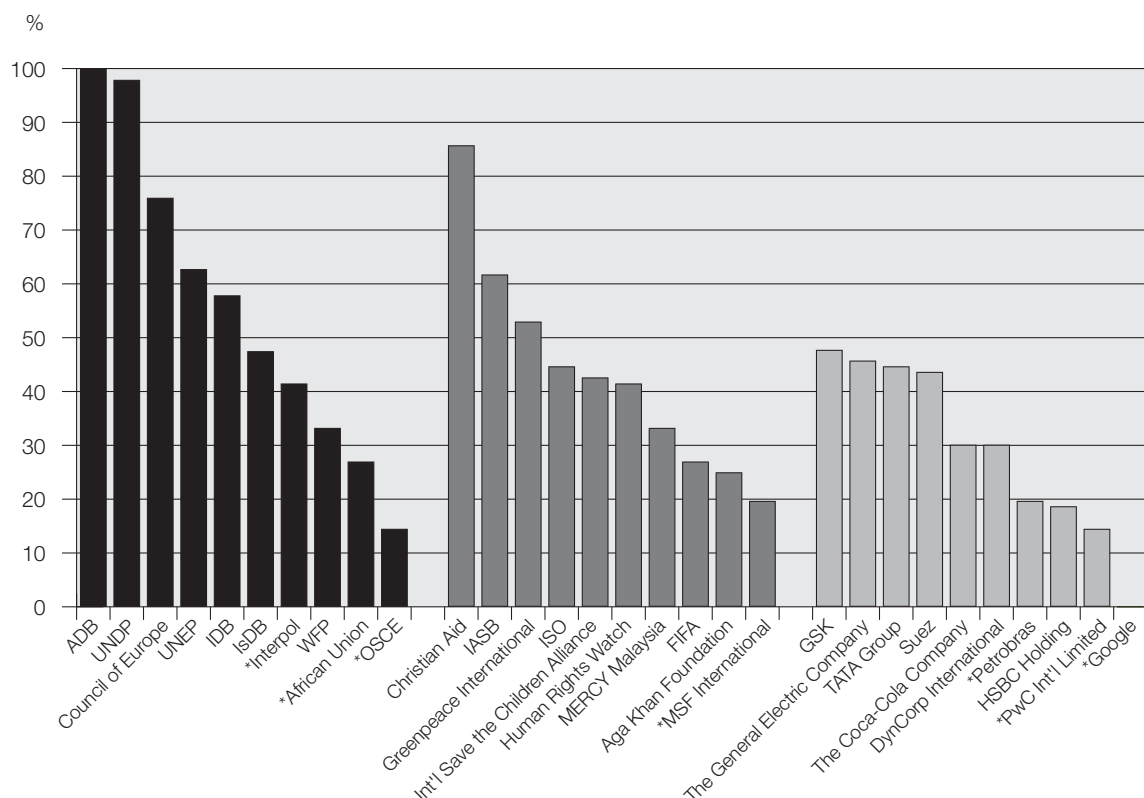
Main cross sector findings

- Across the three sectors, transparency capabilities are one of the least developed dimensions of accountability with IGOs scoring 56 percent, INGOs 43 percent, and TNCs only 30 percent.
- Of the assessed organisations, 28 make a public commitment to transparency, but only 11 have a transparency policy guiding what, when, and how

information should be made publicly available. Seven of these organisations are IGOs, three are INGOs, and only one is a TNC (see Table 5).

- Of organisations with a transparency policy, five commit to disclosing all information, other than that which falls within a narrowly defined set of conditions for non-disclosure (e.g. contractual and staff issues). This is a crucial principle of transparency good practice and indicates an organisation's commitment to a rights based approach to access to information.
- Of the 30 organisations, only four – ADB, Greenpeace International, UNDP, and UNEP – have appeal mechanisms for external stakeholders to use when their information requests are denied.
- Across the three sectors, less than half the organisations (12) provide training to staff on how to comply with stated transparency commitments. Training embeds principles of transparency and openness into the organisation because it provides staff with awareness and capacity, the presence of which, through time, will lead to a change in the organisation's culture.

Graph 3: Organisational scores on transparency capabilities



6.1.1 IGOs' transparency capabilities

Transparency policies are commonplace among the assessed IGOs

All IGOs make a commitment to transparency, but seven have a policy guiding the disclosure of information – ADB, Council of Europe, IDB, Interpol, IsDB, UNDP, and UNEP. These policies are generally of a high quality with ADB, UNDP, and UNEP meeting all current good practice principles and the Council of Europe fulfilling two of the four principles. This is in sharp contrast to last year's assessed IGOs where only the Global Environmental Facility's (GEF) met any good practice principles, while five had a transparency policy.

As Table 5 indicates, out of the three sectors, the number and quality of transparency policies is highest among IGOs. This reflects a growing trend within international public bodies towards the adoption of more structured approaches to information disclosure. This is in response to campaigning over the past ten years by NGOs and parliamentarians to ensure international organisations meet the same standards of transparency as national level public institutions. The launching of a Transparency Charter for International Financial Institutions (IFIs) in 2006 by the Global Transparency Initiative is an example of such civil society advocacy. Drawing from international law

Text Box 3: Good practice principles for transparency

- ✓ Respond to all information requests within a certain timeframe and justify denials
- ✓ Identify a narrowly defined set of conditions for non disclosure of information
- ✓ Have in place an appeals process for denied information requests

and best practices adopted by democratic states, the Charter identifies the standards to which IFI access to information policies should comply.⁶

While UNEP's transparency policy – UNEP Administrative Note: Policy and Procedures related to Public Availability of Documentary Information on GEF Operations – is of a high quality, it only covers operations undertaken in conjunction with GEF.⁷ Consequently, the policy receives a reduced score. Similarly, Interpol has a transparency policy, but it only relates to the disclosure of personal information held by the organisation and the rights of individuals to request it. This too received reduced points.

Table 5: Organisations with a transparency policy and the good practice principles to which they commit

Organisation	Transparency policy score (%)	Transparency good practice principles			
		Respond to all info requests and justify denials	Timeframe for responding to info requests	Narrow conditions for non-disclosure	Appeals mechanism
ADB	100	✓	✓	✓	✓
UNDP	100	✓	✓	✓	✓
UNEP	88	✓	✓	✓	✓
Christian Aid	84	✓	✓	✓	X
Greenpeace Int'l	56	✓	✓	X	✓
Council of Europe	52	✓	✓	X	X
IASB	36	X	X	✓	X
IDB	20	X	X	X	X
IsDB	20	X	X	X	X
*Interpol	8	X	X	X	X
GSK	8	X	X	X	X

✓ Organisation makes a commitment X Organisation does not make a commitment

⁶ GTI, 'Transparency Charter for International Financial Institutions: Claiming the Right to Know', 2006, [online].

⁷ UNEP is an implementing agency of GEF and as such manages a number of its projects.

Good Practice Case Study 1: The UNDP explains its Public Information and Oversight Panel

The UNDP created the Information Disclosure Policy (IDP) in 1997 to make organisational information on programme and operational activities publicly available in the absence of a compelling reason for confidentiality. A key component of the policy is the independent Public Information and Documentation Oversight Panel (Oversight Panel), which reviews the UNDP's performance in implementing the IDP, advises on policy amendments, and reviews appeals of denied requests for information.

The IDP entitles stakeholders to a response from the UNDP to an information request within 30 calendar days. If a requestor does not receive a response or is denied the information, recourse is available through the UNDP's Legal Support Office (LSO) and then the Oversight Panel. The LSO establishes whether the relevant UNDP unit is correctly applying the Policy and decides whether they should disclose the information. The Oversight Panel is available to stakeholders to appeal LSO decisions. Consisting of three UNDP staff members, two external civil society members, and an observer from the Administrator's office, the Oversight Panel provides an additional avenue for stakeholders to ensure their requests for information are appropriately addressed.

In practice, the Oversight Panel has been engaged far less frequently than expected. In the last two years, only four cases have come to the attention of the unit that deals with the IDP and of these, only one was appealed to the Oversight Panel.

To read the UNDP's IDP see: <http://www.undp.org/>

A big gap exists between top and bottom IGOs for transparency capabilities

While there are IGOs that score well in transparency capabilities, this should not disguise the fact that there remains considerable room for improvement within the IGO sector. The discrepancy in scores between top and bottom organisations highlighted in Graph 3, suggests that while transparency norms might have embedded themselves within some IGOs, there are others where they have not yet fully taken hold.

Interpol, IsDB, and WFP for example all score below 50 percent, while the African Union and the OSCE score under 30 percent.

If you have a transparency policy make sure people know about it

The purpose of a transparency policy should be to both provide internal guidance to staff on what information needs to be made public when and how, and to communicate to external stakeholders what information they have a right to access. For the policy to achieve the latter, it needs to be widely disseminated and accessible to key stakeholder groups. Neither IsDB nor UNEP post their transparency policies on line or disseminate them to external stakeholder through any other medium. The lack of accessibility of both policies to stakeholders curtails their impact on organisational transparency.

ADB and UNDP are leading the IGO sector

Both the ADB and UNDP have well developed transparency capabilities with scores of 100 percent and 98 percent, respectively. Both have transparency policies that meet all current good practice principles (see Table 5) and robust transparency systems to support compliance (see Good Practice Case Studies 1 and 2 for more information on both of these organisations' approaches to information disclosure).

While each organisation should receive recognition for its efforts, recent events in the UNDP do suggest caution. In 2006 an information request was made to the UNDP for the Communication Strategy for the 2004 Arab Human Development Report. After two years and the first ever appeal to the Oversight Panel, the UNDP's appeal mechanism for information requests, the request was denied. Many NGOs saw the justification for non-disclosure as being weak on substance. As such, they have argued that the decision lacked legitimacy and undermined the commitment made in the UNDP's Public Information and Documentation Disclosure Policy to the presumption of disclosure.⁸

6.1.2 INGOs' transparency capabilities

Among assessed INGO, three have transparency policies. While nine INGOs make a commitment to transparency, only three – Christian Aid, Greenpeace International, and IASB – have transparency policies. Each policy meets some good practice principles. Both Christian Aid and Greenpeace International, for example, meet three of four principles, including the

⁸ Article 19, 'UNDP Disclosure Policy Gutted', 26 October, 2006 [online].

Good Practice Case Study 2: The ADB explains its Public Communications Policy and Information and Disclosure Unit

The ADB's Public Communications Policy, which has been in effect since September 2005, guides the public dissemination of information within the ADB. It both commits the institution to making information proactively available and to responding to *ad hoc* information requests. It significantly expands information disclosure at the ADB by committing to the presumption of disclosure and identifying a narrow set of conditions for non-disclosure.

The Policy requires that each request is acknowledged within 1-2 days and the ADB completes each request within an average of 7 days. Many requests pertain to the ADB documents that were issued before the Policy went into effect, so the ADB revisits these with a presumption in favour of disclosure and denies less than 7 percent (mostly because the documents contain commercially sensitive information). The ADB lists on its website all requests received and denied.

To meet the challenges of implementing the Policy, the Public Information and Disclosure Unit (InfoUnit) trains and supports staff to handle queries and reorients ADB clients to the new disclosure requirements. An internal disclosure management IT system has also been developed to improve policy compliance. The system enables staff to estimate document completion dates and monitor project processing deadlines, such as the start of an appraisal mission or the date on which the Board of Directors is expected to consider a loan. The IT system sends email alerts to staff before disclosure deadlines.

To support staff in their interaction with member country governments, the InfoUnit prepares informational materials including the timing for disclosure of operational documents, overviews of the policy and key changes from past practice, and the legitimate exceptions that may be used for withholding information. The InfoUnit also raises awareness of the Policy by making materials available in several national languages and by conducting seminars with stakeholders in ADB member countries, both to educate government officials regarding their responsibility to disclose, and to advise NGOs and others about their right to access the information ADB holds.

To read the ADB's Public Communications Strategy see: <http://www.adb.org/>

commitments to respond to all information requests and provide a timeframe for responding. The IASB and Christian Aid identify narrowly defined conditions for non-disclosure, a key element of creating an open organisation (see Good Practice Case Study 3 for more on Christian Aid's Open Information Policy). Greenpeace International is the only INGO that has a mechanism that enables stakeholders to appeal the organisation's decision not to disclose information by referring the complaint to the Executive Director.

Two INGOs lack a 'contact us' function

In today's computerised world, web-based communications are widespread and represent a common means by which the general public engage with transnational actors. To facilitate this communication, organisations must provide stakeholders with the means to contact them electronically. Both MSF International and the Aga Khan Foundation fail to provide such an online function. Individual MSF national organisations have 'contact us' functions, but no similar function exists at the international office. The Aga Khan Foundation has an email address for the

international office, but it is buried in an annual report rather than easily accessible on the main webpage.

6.1.3 TNCs' transparency capabilities

Weak transparency commitments: the need for a fundamental shift in how companies approach information disclosure

While all of the assessed TNCs, with the exception of Google, make a general commitment to being open and transparent in corporate documents, only GSK has a formal policy for disclosing information (see Table 5). Even GSK's policy, though, only focuses on clinical trial results, an area where disclosure is legally required. Out of the nine companies that have a policy on or make a commitment to transparency, none meet any good practice principles.

The vagueness of TNCs' commitments to transparency underlines the fact that information is a tightly guarded secret within the corporate sector. Companies closely control the type

Good Practice Case Study 3: Christian Aid explains its Open Information Policy

As part of its strategic goal of strengthening accountability and transparency, Christian Aid adopted an open information policy in July 2007. The policy sets out the organisation's position on sharing information with key stakeholders, especially its British and Irish sponsoring churches and supporters. Starting from the principle that Christian Aid should enable all key stakeholders to understand its purpose, achievements, and challenges, the Policy identifies six main areas of information that are being made accessible either on the organisation's website or on request: background information; governance and management; organisational policies, strategies and plans; performance and feedback; and finances.

While committed to openness, the policy does not propose that every detail of Christian Aid's operations be disclosed or that confidential information is divulged. The personal details of supporters, donors, partners or staff remain confidential as are intellectual property, legal issues, and any information that could compromise the organisation's ability to raise funds or threaten the safety of people with whom it works. The cost of dissemination is another necessary consideration. While Christian Aid retains the right to say how much or how little information it is able to provide in response to queries, people have the right to appeal these decisions.

The organisation's commitment to a formal policy of openness is helping to engage staff, management and the board on issues of transparency and accountability. Debates have been prompted on a number of issues, including who Christian Aid's key stakeholders are and how the organisation relates to them, how to balance the needs of being open and transparent with the financial costs of sharing information across diverse stakeholder groups, countries and languages, and how transparent Christian Aid needs to be in its relationships with international partners, and through them, local beneficiaries.

Developing the policy and engaging in debates on transparency has resulted in staff becoming more aware of what corporate information they need actively to share with the public. It has also prompted work to develop specific guidance on what information its staff needs to be sharing with the organisation's international partners

Overall, Christian Aid believes the policy will help the organisation become more open about the realities and impact of its work and better engage stakeholders, particularly supporters, with the issues it works on, the difference it makes and the challenges involved. In turn, it believes this deeper understanding will generate greater commitment to its work.

To read Christian Aid's Open Information Policy see: <http://www.christianaid.org.uk/>

and amount of information released publicly through corporate reporting and press releases. There has been a shift towards more openness over the past ten years as companies have sought to regain public trust through more honest and open reporting. However, a fundamental shift is required in how companies approach transparency before they can claim robust transparent capabilities.

Where IGOs and INGOs have progressed to view access to information as a stakeholder's right, TNCs continue to see information disclosure as something that ought to be limited. There will always be certain information that should be kept confidential: contracts, internal staff issues, proprietary information, details of product development, information that would place employees in harm etc. But outside of these narrowly defined conditions, companies should be much more

open to the information they are willing to provide to stakeholders.

While taking a rights based approach to transparency will be foreign to most corporations, the long term benefits would be considerable. The greater level of openness associated with this approach would strengthen the public's trust in companies and would in turn generate more informed, and thus effective, engagement with stakeholders.

Transparency through an Ombudsman

Petrobras' Ombudsman Office is a potential example of how companies might start moving towards a more rights based view of transparency. The Ombudsman is an independent body that reports to the Board of Directors and is responsible for responding to public complaints and information requests and

increasing the transparency of the company more broadly. The Office is mandated to protect and promote the rights of stakeholders in their interaction with the company and, in doing so, is tasked with ensuring their right to information (see p57 for more information on Petrobras' Ombudsman).

No general contact us function at Google

Ironically, Google is the only company not to provide details that enable stakeholders to contact the company via its website. While Google provides a postal address and phone number on its corporate website and details exist for specific types of information enquires – for example, investor relations, media, and privacy concerns – there is no general email address or message platform to engage in dialogue with the company on boarder issues.

Main analysis

Participation

6.2 Participation

This section presents the main findings in relation to the assessed organisations' capabilities for fostering equitable member control and the consistent and coherent engagement of external stakeholders in decision making and activities. It does so by analysing (1) how organisations are controlled by their members (member states, national chapter / affiliates and shareholders); and (2) organisations' capabilities for engaging external stakeholders in decision making processes and activities. This includes whether they have in place organisational document(s), underpinned by good practice principles that guide engagement with stakeholders; systems to ensure compliance with these policies and commitments; and whether they have created institutionalised spaces where external stakeholders can feed into decision making at the governing, executive and/or senior management levels.

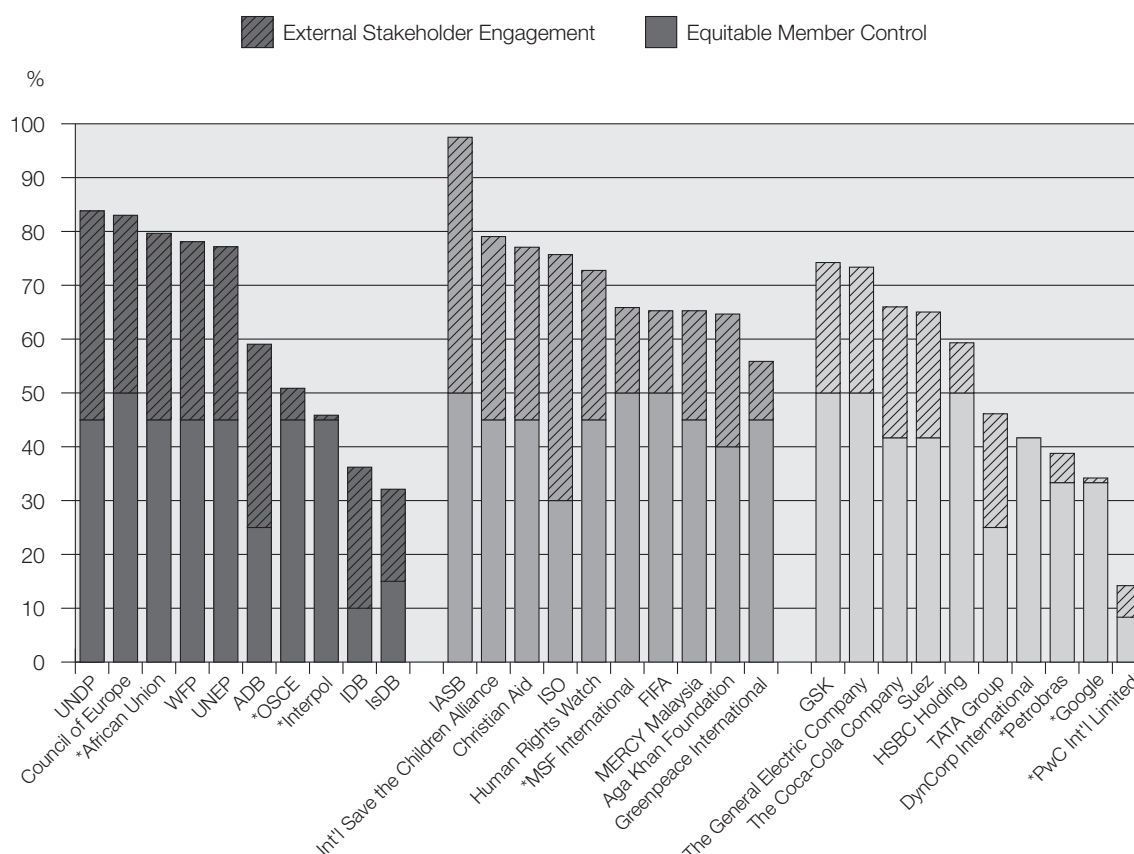
Main cross sector findings

- INGOs score highest in participation with 72 percent. IGOs are second with 63 percent and TNCs third with 51 percent.

This shows that on average, assessed INGOs have the most equitable member control and most developed capabilities for engaging external stakeholder in decision making.

- While INGOs have the highest average score for external stakeholder engagement capabilities, IGOs have the greatest number of organisations scoring above 50 percent (seven compared to INGO's five). This indicates that while certain INGOs – notably IASB and ISO – are doing very well in this area, it is in fact the IGOs that have the most consistently developed capabilities for engaging external stakeholders (see Graph 6).
- None of the assessed TNCs have external stakeholder engagement capabilities that score over 50 percent (see Graph 6). While companies tend to have the management systems in place to support stakeholder engagement, few have policies or guidelines that commit to good practice principles and ensure consistency in approach. This represents a significant gap in their accountability capabilities.
- Almost half of all the assessed organisations – six INGOs, four IGOs, and four TNCs – have institutionalised the involvement of external stakeholders into decision making at

Graph 4: Organisational scores on participation capabilities



the governing, executive and/or senior management levels.

- Of the three sectors, INGOs have the most equitable member control, followed by TNCs, and IGOs. The IGOs' low score is a result of the multilateral development banks (ADB, IDB, and IsDB) that have governance structures that allow their most powerful members to have disproportionate influence over decision making. These organisations bring the IGO sector average down.

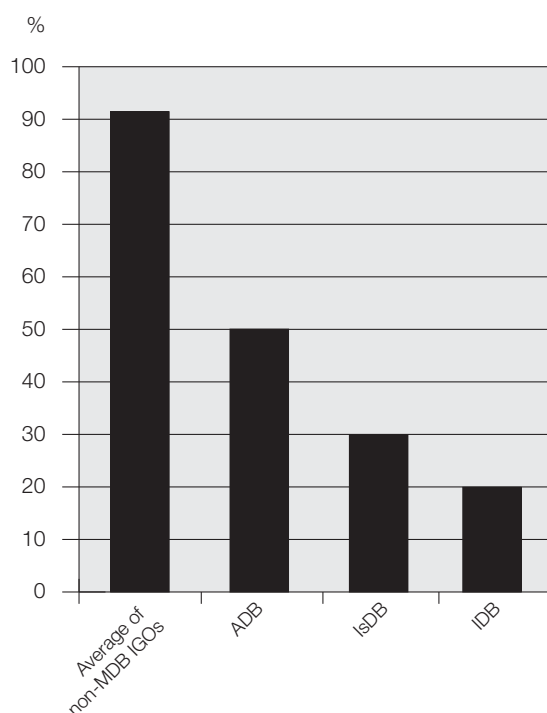
MEMBER CONTROL

6.2.1 IGOs' equitable member control

Bringing the sector down: inequitable member control within the multilateral development banks

While overall IGOs rank last out of the three sectors for equitable member control, a different picture emerges when we drill down to the level of the scores for individual organisations. As Graph 5 highlights, the average score for member control with 91 percent is significantly higher for IGOs when we exclude the multilateral development banks – ADB, IDB, and IsDB. With them in the sample, the score drops to 74 percent. This reflects the fact that MDBs have governance structures that provide powerful member countries with disproportionate influence over the decision making process through greater voting power, the

Graph 5: Average non-MDB IGO member control compared to MDBs



Text Box 4: Good practice principles for equitable member control (IGOs, INGOs)

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

ability to block changes to the governing articles and direct representation on the executive body. In this way the MDBs are at odds with the other IGOs in the sector.

The MDBs differ from the other assessed IGOs in that member country voting power is based on their shareholdings in the organisation. The more a country contributes, the greater its influence in decision making. Within the IDB and IsDB this results in the US and Saudi Arabia respectively having a voting share that enables them to block changes to the Articles of Association. The threshold for amending the governing articles in the ADB has been set at 25 percent so no single member can block changes. Changes, however, could be made with the agreement of the two largest shareholders (see Table 6).

The inequity of member control within the MDBs also manifests itself in the composition of the executive boards. In all three institutions the majority of member countries are grouped into constituencies and represented by an Executive Director. Yet the most powerful member countries have direct representation. In the IDB, for example, the US has its own representative on the Board of Executive Directors by virtue of being the largest shareholder. Canada also has its own seat by virtue of being the only state in its constituency. In the ADB China, Japan, and the US are all considered single constituencies and thus get to elect their own Executive Director. India, although representing a constituency, has a voting share that entitles it to its own seat on the Board of Directors. In the IsDB seven seats on the Board of Executive Directors are reserved for the member countries with the greatest shareholding, while the remaining 48 countries are divided between the other seven seats.

The IDB has gone some way to try to redress the inequity that comes from economically weighted voting systems by balancing the collective voting power of borrowing and non-borrowing members. The IDB's Articles of Agreement ensure that borrowing member countries collectively hold at least 50.005 percent of the voting power thereby increasing that group of countries' ability to protect their collective interests. The ADB lacks similar provisions. Based on a distinction between regional and non-regional members the ADB regional members have a majority of the vote (65.040 percent to 34.960 percent). However, the more important distinction is between borrowing and non-borrowing member countries, where the voting percentage is approximately 45 percent and 55 percent, respectively.⁹

Governance measures that provide borrowing members with at least half the voting power enable them to have an increased amount of control in decision making. Without introducing alternative voting mechanisms such as double majority or reducing the inequity in the distribution of weighted votes, however, borrowing countries alone will be unable to make decisions requiring higher majorities such as changes in the governing articles.¹⁰

Only two IGOs enable members to dismiss individuals on the Executive

Of the ten IGOs, only the ADB and the Council of Europe have provisions that allow members to initiate a process of dismissal of

individuals on the executive. In the absence of such mechanisms the only way an executive board member can be dismissed is through a process initiated by their national constituency. Other than this, executive board members remain in position until their term ends. This undermines the accountability of the Executive Board to the rest of the members.

6.2.2 INGOs' equitable member control

Dominant members within INGO governance structures

While INGOs on average score the highest of the three sectors for equitable member control with 89 percent, a number of assessed INGOs have provisions in their governing articles that augment the influence of some members in the decision making process.

In Christian Aid and International Save the Children Alliance, for example, certain members have direct representation on the executive boards, while others need to be elected. In Christian Aid, Churches Together in Britain and Ireland has a permanent seat on the Board of Trustees, while all other sponsoring churches need to be elected. Similarly, in the International Save the Children Alliance all members that contribute five percent of the aggregate total membership contributions get automatic representation on the Alliance Board while all the others seats are filled through election.

Table 6: Key components of inequitable member control among the MDBs

	Countries with most voting power	Countries that can alone block changes to governing articles	Countries able to elect/appoint themselves to executive body ¹¹
ADB	Japan (12.756%) United States (12.756%)	None	China, India, Japan, United States
IDB	United States (30.007%) Argentina (10.752%) Brazil (10.752%)	United States	Canada, ¹² United States
IsDB	Saudi Arabia (25.25%)	Saudi Arabia	Egypt, Iran, Kuwait, Libya, Saudi Arabia, Turkey, UAE

⁹ WaterAid, *Asian Development Bank Primer*, March 2006, p11.

¹⁰ Chowla, P., et. al., 'Bridging the democratic deficit: double majority decision making and the IMF', *One World Trust and Bretton Woods Project*, 2007.

¹¹ This is where either procedures or voting power enable some member countries to appoint their own representatives on to the executive body. Other countries are grouped into constituencies and are represented by one of the constituency members. Most organisations allow each constituency to choose how they select their representatives.

¹² At the IDB the US appoints its own representatives under the power prescribed in the governing document that the largest shareholding member country appoints its own director. Canada *elects* its director but does so as a constituency of one country. Thus, Canada effectively appoints its own director like the US.

In Greenpeace International, equitable member control is undercut by members having different voting rights. While a 'one member one vote' principle applies for all ordinary business, for decisions on the authorisation of expenditure, voting is conducted based on a member's contribution to international expenditure.

6.2.3 TNCs' equitable shareholder control

Undermining shareholder accountability: Google, Suez and the one share one vote rule

While Google and Suez rank fairly well among the assessed TNCs for shareholder control, their accountability to shareholders is undermined by exceptions to the one share one vote principle.

Google uses a dual share class structure with Class B Common Stock and Class A Common Stock. Company founders and the CEO hold Class B shares, which get ten votes per share. All other shareholders get Class A shares, which receive the normal one vote per share. As a result, both the CEO and the co-founders control 66.2 percent of all the votes, although they together own just 31.3 percent of the stock.¹³

Suez undermines equitable shareholder control through the use of double voting rights. These are given to all fully paid-up shares held for at least two years and provide the holder with twice the number of votes. The Association of British Insurers has noted that use of double voting rights is the most common form of exception to the one share, one vote principle in France – the country in which Suez is based. This system was originally implemented to reward loyal shareholders. In practice however, it is mainly to the benefit of strategic shareholders who use the double voting right system to reinforce their voting power.¹⁴

The hidden power of private equity in DynCorp International

Although DynCorp International scores well for shareholder control, there is a provision in its Certificate of Incorporation that provides a single shareholder with disproportionate influence over corporate decision making.

DynCorp International's Certificate of Incorporation includes a clause that states that a single shareholder, Veritas Capital Management (the private equity firm that purchased DynCorp in 2004) can unilaterally block changes to the company's

Text Box 5: Good practice principles for equitable shareholder control (TNCs)

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

Certificate of Incorporation and the Bylaws. The document stipulates that a 50 percent majority is required to make amendments when Veritas owns at least 50 percent of the stock, and in case that Veritas' ownership rate drops below 50 percent, an 80 percent majority is required for the same decision. The Certificate also states that a similar requirement is needed to remove a Director from the Board. These rules effectively provide Veritas with a veto over any changes to the governing documents or changes on the Board with which it does not agree.

Opaque governance structures: The TATA Group and PwC International Limited

The TATA Group and PwC International Limited (PwCIL) are both structured differently to most corporate entities. Problematically, neither organisation provides sufficient public information to illustrate how they function. Based on the publicly available information that exists on their governance structures, it is not possible to answer basic questions such as how individuals are elected to key decision making bodies or how decisions are made. This lack of transparency undermines accountability to internal members and external stakeholders alike.

The TATA Group manages and coordinates the corporate affairs of the TATA companies, but it is not a legal entity. The Group Executive Office (GEO) and the Group Corporate Centre (GCC) are the informal bodies, which make decisions at the Group level. The former defines and reviews the business activities of the TATA Group and is involved in implementing programmes in corporate governance, human resources, and the environment. The latter guides the future strategy and direction of the TATA Group. Both are comprised of CEOs of TATA companies, but

¹³ E.Week.com, 'Stock Voting Rights Plan Hits Brick Wall at Google', 11 May, 2006 [online].

¹⁴ Deminor Rating, *Application of the one share – one vote principle in Europe*, London: Association of British Insurers, 2005, p19 [online].

how these individuals are selected, to whom they are accountable, and how these bodies function remains unclear.

PwC International Limited's governance is similarly opaque. PwCIL is an international partnership made up of national PwC firms. It is a UK based limited liability company and has a Board of Partners, which provides governance across PwC firms worldwide. It also evaluates the PwCIL brand, identifies broad business opportunities, and sets standards and policies for member firms. Beyond this, though, very little information is publicly available that describes the exact nature of PwCIL and the Board of Partners, including how Board members are selected, the roles and responsibilities of the Board, and direct lines of accountability between partners (PwC's internal members) and governing bodies.

EXTERNAL STAKEHOLDER ENGAGEMENT

6.2.4 IGOs' external stakeholder engagement capabilities

Consistent capabilities for engaging with civil society

As Graph 6 indicates, the scores for external stakeholder engagement capabilities are consistently quite high across the ten IGOs. A total of seven IGOs score above 50 percent. Although IGOs rank second behind INGOs for overall capabilities in stakeholder engagement, IGOs' capabilities for engaging with external stakeholders, particularly civil society are actually the most consistently developed across the three sectors.

Also evident from Graph 6, is that Interpol, OSCE and to a lesser extent the IsDB are lagging behind their peers in building capabilities for engaging with civil society. For Interpol and OSCE this is partly to do with the subject and sensitivity of their operations. Interpol is involved in crime prevention while the OSCE

Text Box 6: Good practice principles for external stakeholder engagement

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

is involved in strengthening security in Europe. Both are generally closed and secretive areas traditionally dominated by states and not open to civil society involvement. The low score of the IsDB, on the other hand, is partly down to the limited attention it has received from civil society and thus the limited pressure that has existed to develop the capabilities to support engagement.

Over half the IGOs have civil society engagement policies

Of the ten IGOs, all make a general commitment to engage with civil society organisations at some level of their activities. Seven out of ten however, have organisation wide documents that guide interaction with civil society.

The quality of these documents is good with six out of the seven organisations scoring over 50 percent and two scoring over 70 percent (see Table 7). All documents for example, identify what activities and at what level (operational, policy or strategy) civil society organisations can engage with the organisation. Also, the majority commit to communicating clearly the purpose of the engagements and the scope for civil society's influence over the final decision. The good practice principle to which the majority of organisations fail to commit, however, is committing to change policy or practice based on stakeholders' comments and concerns, or providing an explanation as to why the comments were not taken on board. Only the ADB scores on this indicator.

The ADB has a high quality document guiding engagement with civil society called Strengthening Participation for Development Results: A Staff Guide to Consultation and Participation. This was developed in 2006 in response to calls from the ADB Management and Board Members to provide updated guidance on what constitutes adequate consultation, and how staff

Table 7: IGOs that have a civil society engagement policy and their policy scores

Organisation	Policy score (%)
ADB	86
WFP	72
*African Union	59
Council of Europe	59
UNDP	59
UNEP	59
IDB	45

should integrate participatory practices into ADB-assisted activities. It was also a response to recommendations of the ADB's own independent Operations Evaluation Department to develop operational guidelines for participatory development. The Guide provides tools to make consultation and other forms of participation more accessible and effective for staff and helps them fulfil obligations and strategic objectives to consult with civil society and other stakeholders.¹⁵

A different level of engagement: providing civil society with a seat at the table

Out of the ten IGOs, only the African Union, Council of Europe, UNDP, and UNEP have institutionalised civil society engagement at the governing, executive and/or senior management levels. This represents less than half the assessed IGOs and highlights a gap in many IGOs' stakeholder engagement capabilities.

Text Box 7: Three examples of how IGOs have institutionalised civil society engagement in high level decision making

African Union

The African Union is developing the Economic, Social and Cultural Council (ECOSOCC) to institutionalise African civil society's engagement in decision making. When established, ECOSOCC will comprise 150 CSOs from member states, the region, and African Diaspora and will advise the AU on policy and programmes. ECOSOCC's key organs will be a General Assembly, Standing Committee, Sectoral Clusters Committees and Credential Committees. To facilitate the development of these organs, CSOs, with the support of the African Citizen's Directorate – a unit within the AU commission – met in 2003 to form an Interim General Assembly, which elected an Interim Standing Committee. The committee is overseeing the election of national representatives to the General Assembly. Yet, the ECOSOCC has already run into some difficulties around the eligibility criteria for CSO participation. Currently, participating CSOs must have at least 50 percent of their resources coming from member contributions. As a result, many organisations, especially critical voices such as human rights NGOs, will not be able to participate.¹⁶

Council of Europe

The Council of Europe Conference of INGOs is a forum where INGOs meet annually to identify priority areas for civil society's engagement with the Council of Europe. Participation in the Conference enables organisations to assist in the defining of Council of Europe policies, programmes, and actions. To support and implement the activities and decisions of the Conference as well as facilitate two-way dialogue, an NGO Liaison Committee of 36 INGOs elected by the Conference serves as a permanent structural link between NGOs and the Council of Europe. This is supported by a part-time secretariat. INGO groupings have also been established, to create issue specific dialogue between Council of Europe representatives and NGOs on topics such as culture, social policy, and human rights.

UNEP

Civil society engagement has been institutionalised in UNEP in two ways. First, accredited NGOs can circulate written statements on items of the Governing Council (GC) agenda to member countries, attend plenary and committee meetings as observers, and make oral statements at the invitation of the Chairman. Second, UNEP has a Global Civil Society Forum (GCSF) that meets before the GC. The GCSF is built through six regional consultation meetings (one per UNEP region) that engage civil society in substantive dialogue on the environmental issues on the GC agenda and feeds these into the GC through regional statements. Each regional meeting also elects its representatives at the GCSF. To support civil society's engagement with the GCSF and to strengthen its overall influence with UNEP, a Global Steering Committee has been established to provide strategic guidance to CSOs and foster common positions on issues.

¹⁵ For more information on this initiative see the ADB case study on the One World Trust website.

¹⁶ Kane, I & Mbelle, N. *Towards a People Driven African Union: Current Obstacles and New Opportunities*, AfriMAP, AFRODAD, Oxfam, January 2007.

Good Practice Case Study 4: The UNDP explains its Civil Society Advisory Committee

Collaboration with civil society is an officially declared policy and mandate of UNDP. As part of this in 2000 the Civil Society Advisory Committee to the Administration was created in response to a perceived need for formal mechanisms of dialogue between civil society representatives and UNDP Leadership and to bring the organisation in line with the inclusive forms of governance it advocates for others at both national and global levels.

It was conceived as a mechanism for systematic consultation between representatives of civil society, senior management, the Office of the Administrator, Resident Representatives and Coordinators and as a forum where civil society could provide advice and input into operational and policy issues.

The advisory committee is comprised of 15 CSO representatives with expertise in the UNDP's substantive areas – governance, human rights, poverty reduction, conflict prevention and peace building, environment, and gender. Gender balance and representation from the global south were also key factors that guided the committee's composition.

The advisory committee has been a strong advocate for inclusive and participatory approaches, a consistent focus on human rights and gender, and for community voices in decision making. It has been instrumental in providing the UNDP with advice and strategic guidance, supporting and monitoring implementation of key policy and advocacy efforts, and piloting strategic initiatives. For example, the committee has advised the UNDP on: policies of engagement with civil society, the private sector, indigenous peoples, the public information and disclosure policy, and the risks and benefits of partnership with the private sector, in particular multinational corporations.

Most of all, the advisory committee plays an important role in providing a space for civil society representatives to engage in frank and unscripted exchange with UNDP staff and senior management on policy choices and strategic direction.

For more information on the UNDP's CSAC see: <http://www.undp.org>

Of the four mechanisms that exist, each is quite different in function and form. This diversity has been drawn out in Text Box 7, which details how the engagement mechanisms of the African Union, Council of Europe, and UNEP work. It is also explored in the Good Practice Case Study 4, where UNDP explains its Civil Society Advisory Panel.

Institutionalised civil society engagement is an important component of an IGO's engagement capabilities because it creates a permanent space where civil society can challenge and contest policies, programmes, and decisions. In this way, it represents a movement beyond ad hoc engagements and towards providing civil society with a more consistent voice in organisational decision making.

Over half the IGOs have executive oversight of civil society engagement

Across the assessed IGOs eight have a senior executive who oversees engagement with civil society and provides leadership on the issue at the highest levels with the organisation. How this oversight manifests itself varies by organisation. Four of the eight organisations – ADB, AU, Council of Europe and WFP – have

established an NGO Unit that serves as a focal point for civil society. NGO units generally sit within larger directorates with the unit head responsible for implementation, and responsibility for oversight with the directorate heads. In the Council of Europe for example, the NGOs and Civil Society Unit sits within the Directorate General of Democracy and Political Affairs, while in the WFP the NGO Unit sits within the Division for External Relations and the head of the Unit reports directly to the Division Head.

In the IDB where there is no NGO unit, responsibility for oversight of civil society engagement and compliance with the organisation's engagement policy, the Strategy for Promoting Civil Society Participation in Bank Activities, lies with the Vice President for Sectors and Knowledge. Responsibility for implementation of the Strategy on the other hand, lies with the Interdepartmental Working Group on Participation and Civil Society. This group is also responsible for encouraging and supporting, standardised engagement practice throughout the IDB.

The OSCE and Interpol are the only organisations that do not have an identifiable senior executive who oversees engagement with civil society. There is also no evidence on their websites to

suggest any institutional unit exists which serves as a focal point for civil society engagement.

The need to train staff in good engagement practice

A total of five IGOs – AU, Council of Europe, Interpol, OSCE, and UNEP – fail to provide training to staff on how to engage with civil society and other external stakeholders. This represents an important gap in their stakeholder engagement management systems. Training programmes increase the awareness among staff of tools, approaches, and good practice in consultation and dialogue, as well as informing them of organisational commitments.

6.2.5 INGOs' external stakeholder engagement capabilities

Standard setters setting the standard on stakeholder engagement

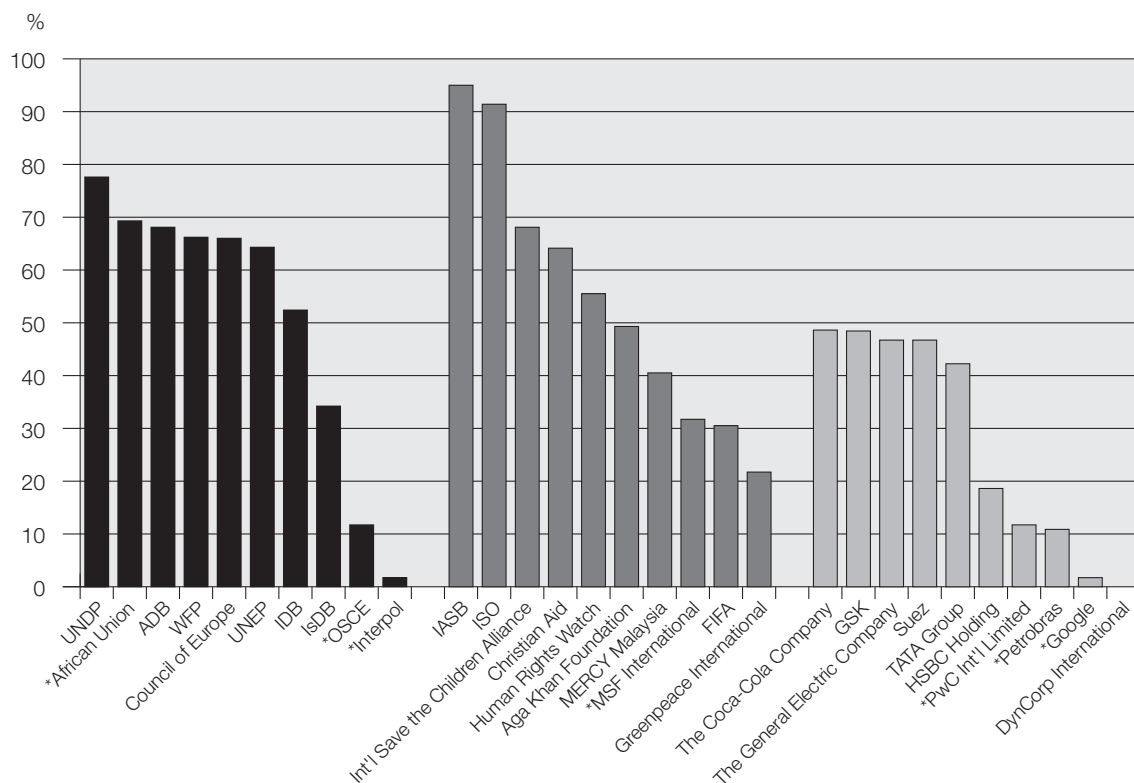
The IASB and ISO have the best developed external stakeholder engagement capabilities both in the INGO sector and across the

30 organisations, with scores of 95 percent and 91 percent, respectively. Their high scores can be explained by looking at the type of activity they are involved in. Standards, be they for financial reporting or environmental management systems, are tools for rationalising and improving individual organisations and social-economic systems. As such they are inherently normative.¹⁷ To ensure the standard setter and the instruments it develops are credible and legitimate in the eyes of the potential users, it is therefore crucial that the standard development process is open and consultative. Consequently, the principles of stakeholder engagement are well embedded within both the IASB and ISO's policies and procedures.

Few INGOs have stakeholder engagement policies, but of those that do the quality is high

All the assessed INGOs make a commitment to engage external stakeholders in their activities, but only four – Aga Khan Foundation, IASB, the International Save the Children Alliance, and ISO – have organisation wide documents, policies or guidelines, which guide their interaction with stakeholders.

Graph 6: Organisational scores on external stakeholder engagement capabilities



¹⁷ Tamm, H., 'ISO Expands its Business into Social Responsibility', in Garsten and Boström (eds) *Organizing Transnational Accountability*, Cheltenham: Edward Elgar, 2006.

Good Practice Case Study 5: The IASB explains how its due process creates consistency in stakeholder engagement

The IASB's foremost objective is to develop a single set of high quality, understandable, and enforceable global accounting standards. As such, the IASB is aware of its public impact and recognises the need for stakeholders' participation in the development of standards.

To ensure that stakeholders are engaged in the IASB's activities in a consistent way, the organisation has adopted a due process which maps out the stages of the development of standards, identifies which information the IASB will disclose, and how and when stakeholders can contribute. If the IASB decides to omit a stage, it must give a public explanation.

Crucial to sustaining the engagement of stakeholders is assuring them that they have been listened to and their concerns considered. To ensure this, the IASB is mandated to publish with each draft standard and each completed standard a 'basis for conclusions' – a document that identifies the reasons why the IASB reached the conclusions it did, including the reasons for accepting or rejecting the comments of stakeholders. External stakeholder engagement has now been strengthened by the IASB's agreement to publish with major new standards a 'feedback statement' that summarises in plain English the basis for its decisions and why stakeholders' comments were or were not taken on board. Aimed at a non-technical audience, this statement is intended to enhance communication with a wider community outside the standard setting world.

In creating a true consultative process, the IASB seeks to ensure that the comments it obtains represent all views, not just those of the vocal few. It has therefore made participation in the development of standards as easy and accessible as possible, and has invested resources in raising awareness among stakeholders on how to become involved.

The due process benefits the IASB in two ways. Externally, by demonstrating that standards are developed in an open public consultative process, it enhances the legitimacy of the standards. Internally, it imposes discipline on the organisation by improving the consistency of and opportunities for stakeholders' participation. The IASB's hope is that wider recognition and understanding of its due process will sustain participation in the long term.

For more information on the IASB's due process see: <http://www.iasb.org>

Christian Aid has a document, but it is focused specifically on guiding interaction with its international partners. The quality of these documents is high with each reflecting at least three of five good practice principles.

The documents that stand out are: the International Save the Children Alliance's Practice Standards for Child Participation, which identify the standards for participation that Save the Children commit to when engaging with children (see Good Practice Case Study 6 for further details); the IASB's Due Process Handbook and the ISO's Directives which both detail how and when stakeholders should be engaged in each organisation's standard development processes. These documents are of a very high quality, with the Practice Standards and the Directives meeting four out of five good practice principles and the Due Process Handbook meeting all good practice principles (see Good Practice Case Study 5 for more on the Due Process Handbook).

A particularly interesting element of the IASB's Due Process Handbook is its commitment to using 'feedback statements' as accompaniments to Board decisions, to inform stakeholder of how their comments were taken on board in the final decision, and if not to provide justification. This feedback to stakeholder is crucial to any good quality engagement process, but is often neglected by organisations.

All INGOs provide executive oversight of external stakeholder engagement

Each of the ten assessed INGOs has executive level oversight of external stakeholder engagement. This indicates that while policies still need developing, a commitment to and leadership on stakeholder engagement exists at the highest level among INGOs.

How executive oversight is exercised in the assessed INGOs depends on the organisational structure. In IASB, for example, overall responsibility for engagement lies with the Board of

Good Practice Case Study 6: The International Save the Children Alliance explains its Practice Standards in Children's Participation

To ensure consistency and efficiency in our work on child participation, and to promote the best interest of the child, the International Save the Children Alliance developed the Practice Standards in Children's Participation.

The Practice Standards describe the level of performance that children and others can expect of Save the Children's practice in children's participation. They apply to all of the organisation's participation work and represent the key quality areas and the level to be achieved; as such they represent expectations of the ways in which staff will behave and operate. They provide a basis for accountability, transparency and challenge (if practice falls below a certain standard) on how to plan for further improvement of the work.

The standards include a commitment to provide children with feedback and follow-up to their participation; a commitment that staff and managers involved in children's participation are trained and supported to do their jobs to a high standard; and that staff are committed to ethical and meaningful participatory practice and to the primacy of children's best interests.

The standards are designed to be relevant and achievable in different country contexts and circumstances in which Save the Children's work, and should therefore be adapted to fit local conditions.

For more information on the Practice Standards see:
<http://www.savethechildren.net>

Trustees. On a more practical level the Board's Procedures Committee ensures diverse stakeholder representation on working groups and reviews the procedures for engaging them in the development of new financial standards. On a functional level the Director of Operations is responsible for ensuring that the process of stakeholder engagement is followed while the Director of Communication facilitates engagement by developing communication plans to reach out to different stakeholder groups. Leadership on external stakeholder engagement in the IASB therefore, exists at the very top of the organisation with responsibility cascaded down.

The International Save the Children Alliance, on the other hand, has a decentralised structure where programmatic responsibility lies with national members, and the Secretariat plays largely a coordinating and facilitative role. Given this structure, the principle locus for stakeholder engagement – specifically child participation – and for overseeing it, lies with national members. Yet structures have still been developed at the international level to guide the practice of child participation and to encourage the sharing of good practice between national members. The Professional Exchange Network – Children Participation, which developed the standards of Child Participation mentioned above, coordinates work across members on child participation and encourages standardised practice on this issue. It is composed of representatives of national members that lead on child participation issues within their respective organisations. While this is not formal oversight, given the Network has no authority over members, it still reflects the principle of oversight, in that it creates leadership on the issue at the international level.

6.2.6 TNCs' external stakeholder engagement capabilities

TNCs and external stakeholder engagement: room for improvement

TNCs overall participation capabilities score 51 percent, the sector's highest score across each of the four dimensions. Yet, this combined average score (external and internal capabilities), conceals the fact that their average external stakeholder engagement capabilities score is 28 percent, which places them far behind the INGOs at 55 percent and IGOs at 51 percent.

Lack of structured engagement: few TNCs have guidelines or policies guiding external stakeholder engagement

A key factor in explaining the assessed companies' low external stakeholder engagement capabilities is the lack of guidelines or policies guiding engagement.

While eight of the assessed companies make a commitment to engage stakeholders, only two – The Coca-Cola Company and HSBC Holdings – have a specific external stakeholder engagement policy. Neither of these policies, however, reflects any good practice principles. Both are concerned with identifying the company's key stakeholders and specific mechanisms to engage them (e.g. surveys, face-to-face consultations, workshops, public meetings) rather than identifying the key principles to which the company commits and for which stakeholders can hold them accountable.

Good Practice Case Study 7: The Coca-Cola Company explains how external perspectives help build success

In 2002, in an effort to help guide the corporation's decisions and business practices The Coca-Cola Company formed two separate advisory boards, the Environmental Advisory Board (EAB) and the International Advisory Board (IAB). Both boards are comprised of experienced external opinion leaders with differing backgrounds and expertise, chosen for their ability to bring new, diverse perspectives to the Company.

The boards assist the Company in thinking about current and emerging trends, and its impact on the planet in a more holistic view. They have provided the Company with a means of formalising stakeholder engagement, while keeping it accountable in its practices.

The EAB comprises eight representatives from government bodies, NGOs and academia, with a mandate to provide candid counsel to management on current and emerging environmental issues, views of external stakeholders, and environmental policies, programs and performance. The EAB was designed to help shift the environmental strategy of The Coca-Cola Company and the Coca-Cola bottling system to a more proactive engagement approach, making both active partners in addressing and working to solve environmental issues. The EAB has played a crucial role in engaging with The Coca-Cola Company on broad global issues, offering strategic counsel and practical advice that has helped shape some of its current environmental programs.

Bringing together some of the leading figures in business, government, non-profit and academia, the IAB was designed to help the Company understand world-wide cultural, economic and political dynamics. The IAB is focused on a broad range of topics affecting global business, from United States-European relations to the HIV/AIDS pandemic. The IAB also advises on long-term strategic issues and provides input on corporate governance and other areas affecting the Company's reputation.

For more information on the EAB and IAB see: <http://www.coca-cola.com>

While many companies might argue that setting standards is not appropriate as each stakeholder engagement is different, experience from other sectors suggests otherwise.

Identifying the key principles of a high quality engagement, ensuring relevant staff are aware of them and making sure they are followed is key to ensuring consistency, and vital for organisations to sustain the engagement of external stakeholders over time. Furthermore, it provides stakeholders with a basis for accountability if practices fall below a certain standard.

Institutionalising stakeholder engagement: the rise of stakeholder panels and advisory councils

A recent trend in the corporate sector has been the institutionalisation of stakeholder engagement in corporate decision making through the use of stakeholder panels and advisory councils.¹⁸ These bodies bring together groups of externals to advise the Board, Directors, and senior management on social and environmental issues, political trends, or to review and input into CSR reports. Their composition can vary as they

are sometimes made up of individuals representing stakeholder groups, and other times they are composed of individuals chosen purely on their expertise.

Of the ten companies, four – The Coca-Cola Company, GSK, GE and Suez – have used an advisory panel and/or a stakeholder panel to institutionalise stakeholder engagement in their decision making. GSK, for example, has an environment, health and safety (EHS) stakeholder panel with representatives of consumers, suppliers, regulators, public interest groups, investors, and four senior EHS employees. GE has two advisory groups: the Stakeholder Report Review Panel and the Ecomagination Advisory Council. The former is made up of five external stakeholders that comment and review GE's citizenship report. The latter comprises leaders in energy and environment and advises the company on technology research and investments. Suez has the Environmental Foresight Advisory Committee that comprises 35 external experts who assist the company in analysing the expectations of water and waste

¹⁸ Forstater et al. *Critical Friends: the emerging role of stakeholder panels in corporate governance, reporting and assurance*, AccountAbility and Utopias, London, 2007.

service users, as well as major economic, socio-political, technical and regulatory developments that may influence the business.¹⁹ The Coca-Cola Company has two advisory boards: the International Advisory Board and the Environmental Advisory Board (see Good Practice Case Study 7 for more information).

A recent AccountAbility and Utopies study identified advisory panels as having a number of positive impacts on companies, including helping them to learn about their changing operating environments, informing high level decision making, and strengthening the corporate responsibility team's leverage to push for change within companies.²⁰

With the use of such mechanisms, however, come challenges. For example, a number of stakeholders we spoke to in the course of our research identified the lack of transparency around the selection of experts or stakeholders to these panels as a concern. They felt that this brought into question the legitimacy of the panels and the ability of participants to represent stakeholder views. Similarly, there were questions around the extent to which management took on board the suggestions of the panels and thus the impact they actually have on decision making. One way around the latter might be for the panel to disclose the minutes of its meetings with management. This way, the public could see what was being suggested and compare that with the decisions being made.

¹⁹ For more information on this initiative see the Suez case study on the One World Trust website.

²⁰ Ibid.

Main analysis

Evaluation

6.3 Evaluation

This section presents the main findings in relation to the assessed organisations' capabilities for fostering high quality evaluations that generate learning and strengthen accountability. It does so by analysing (1) whether organisations make a commitment to evaluate and have in place written document(s), underpinned by good practice principles, which guide evaluation practice at both policy and operational levels; and (2) whether organisations have in place systems to ensure both compliance with these policies and the dissemination of lessons learnt. For TNCs, the focus in the evaluation dimension is on social (e.g. labour standards, community relations) and environmental impact. The assessment of policies and systems is split evenly between them.

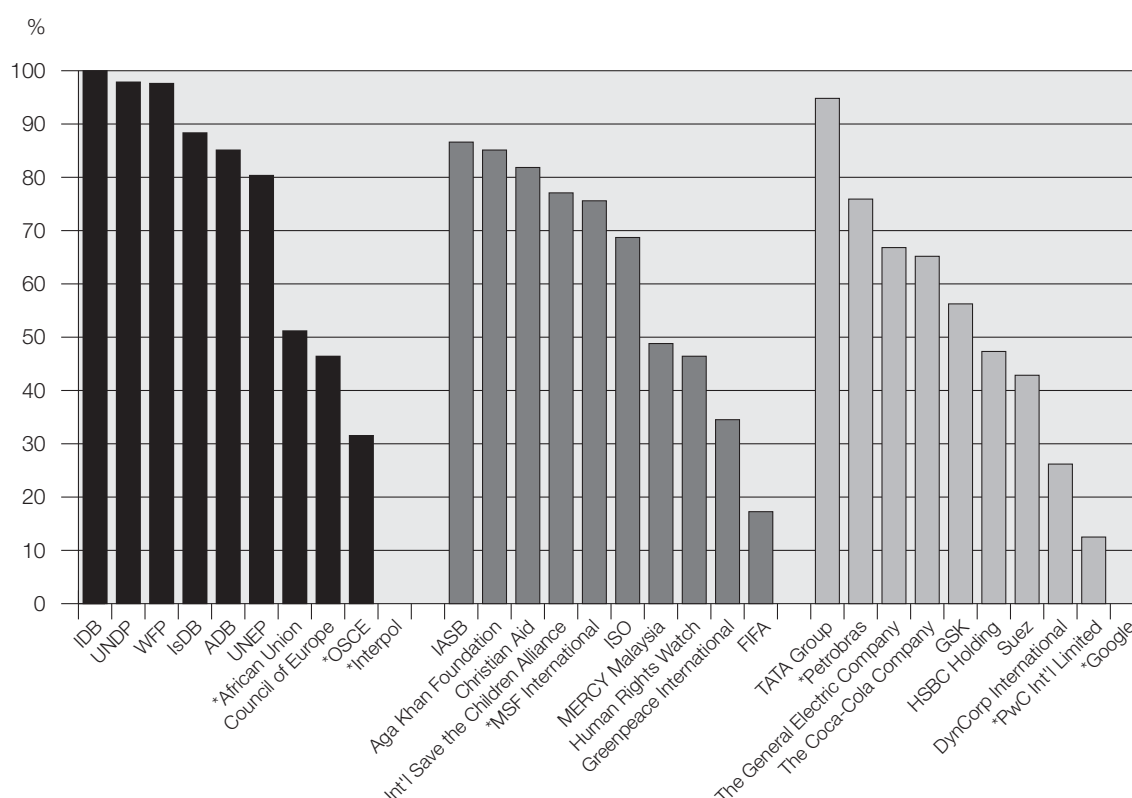
Main cross sector findings

- Across IGOs and INGOs, evaluation capabilities are well developed with each sector scoring 68 percent and 62 percent, respectively. TNCs lag behind in this dimension with

a social and environmental evaluation capabilities score of 49 percent.

- Of the 30 assessed organisations 18 organisations score over 50 percent for their evaluation capabilities. Thirteen of these exceed 70 percent: six IGOs, five INGOs, and two TNCs.
- Of the 30 assessed organisations, 17 make no commitment to disclose publicly the results of evaluations. The distribution of these organisations across the three sectors indicates that this key good practice principle is least developed among the assessed INGOs, where only two organisations make a commitment to it.
- Less than half of all companies commit to engaging stakeholders in the evaluation of activities that affect them. While four companies – The Coca-Cola Company, GSK, HSBC Holdings, and TATA Group – commit to engaging stakeholders in environmental evaluations, only two – HSBC Holdings and TATA Group – do so for social evaluations as well.
- Only 15 of the 27 organisations with evaluation policies or guidelines disseminate them to stakeholders through more than one medium.

Graph 7: Organisational scores on evaluation capabilities



6.3.1 IGOs' evaluation capabilities

Evaluation capabilities are the IGO sectors' strongest dimension

Evaluation is the dimension in which IGOs have the most developed capabilities. Across the three sectors, they rank first with a score of 68 percent. There is also a high consistency in organisational scores, with six organisations scoring over 80 percent – the ADB, IDB, IsDB, UNDP, UNEP, and WFP – and the AU scoring over 50 percent (see Graph 7). This suggests that principles of evaluation are both accepted and embedded within many IGO policies and systems.

Over half of the IGOs have evaluation policies

Of the ten assessed IGOs six – ADB, AU, IDB, IsDB, UNDP, and WFP – have policies guiding evaluation practice at operational and policy levels, while two – the Council of Europe and UNEP – have draft evaluation policies that are awaiting board authorisation. The OSCE has an audit function that has evaluation in its mandate, but in reality its principle focus is financial and budgetary assessments rather than operational evaluations.

The quality of the evaluation policies is very high with the ADB, IDB, IsDB's, UNDP, UNEP, and WFP each meeting at least three out of four good practice principles, including the commitment to be open and transparent with evaluation results and using evaluation results to inform future decision making.

Why is there a gap between UN agencies, MDBs and the rest?

Both the UN programmes and MDBs have well developed evaluation capabilities with all six scoring 80 percent or above. A drop of 29 percent between this cluster of IGOs and the next, however, suggests that the UN programmes and MDBs have felt pressures to develop evaluation policies and systems that the remaining four IGOs – AU, Council of Europe, Interpol and OSCE – have not.

The high scores among UN programmes reflect the pressures from within and outside the UN system to provide evidence of effectiveness and greater accountability for results and impact. In 2004 the UN General Assembly passed a resolution calling for the linking of evaluation to performance in achieving development goals and encouraging the UN development system to strengthen its evaluation capabilities.²¹ To support the different UN programmes and Funds in this, the UN Evaluation

Text Box 8: Good practice principles for evaluation

- ✓ Engage external stakeholders in the evaluation of activities that impact them
- ✓ Use evaluation results to inform future decision making
- ✓ Be open and transparent about evaluation results
- ✓ Evaluate performance in relation to strategic plan, internal administrative and management policies, issues specific policies, and operations

Group (UNEG) developed system wide Standards for Evaluation in 2005 that provide a set of basic principles that UN agencies should seek to integrate into their own policies and systems. These included guidelines on the institutional framework of evaluation, the management of evaluations, and key good evaluation practice principles. These system wide standards have played an important role in creating consistently high evaluation capabilities across the assessed UN programmes.

Within the MDBs the pressures to provide evidence of impact and to develop robust evaluation capabilities has been similarly intense. Civil society, parliamentarians, and donors have been instrumental in pushing the ADB and IDB to strengthen their evaluation capabilities and to establish evaluation offices independent of management in order to provide an independent voice on the organisations' effectiveness.

The AU, Council of Europe, Interpol, and OSCE have not received the same public attention and thus have escaped the same level of pressure as the UN and the MDBs to provide evidence of their effectiveness. This might go some way to explaining why they are lagging behind in their evaluation capabilities. Furthermore, while building on the foundations of 40 years of experience in its predecessor OAU, the African Union itself remains a young organisation (established only in 2001) and as such its accountability processes may still be developing.

6.3.2 INGOs' evaluation capabilities

Over half of the INGOs have evaluation policies, but their scope varies

All the assessed INGOs make a commitment to evaluation and a number of organisations have specific policies or guidelines on the issue. The scope of these documents varies. The Aga Khan

²¹ UN General Assembly resolution, United Nations, 22 December 2004, A/RES/59/250.

Foundation, Christian Aid, and MSF International, for example, have documents that guide the evaluation at both the policy and operational level. Others such as Human Rights Watch, IASB, International Save the Children Alliance, and ISO have documents that only relate to the evaluation of operations and programmes. It is good practice to have documents that cover both.

While the scope of these policies varies, their quality is consistently high. IASB's policy, for example, meets all good practice principles, while the Aga Khan Foundation, ISO, and the International Save the Children Alliance meet three out of four. A strong feature of the INGOs evaluation documents is a commitment to engage external stakeholders in the evaluation process for issues affecting them; eight out of the ten commit to this.

Only two INGOs commit to being open with evaluation results

Out of the ten assessed INGOs, only the Aga Khan Foundation and the IASB commit to being open and transparent with their evaluation results. The lack of commitment in this area reflects the tensions that exist within INGOs between wanting to be open, but not wanting to disclose information that highlights unsuccessful performance or mistakes. But, being open about mistakes, setbacks, and less successful performance is an important indicator of an organisation's willingness to learn. Openness in evaluations shows an organisation is reflecting on past activities, trying to understand what worked and what did not. It also informs stakeholders of the complexities and challenges an organisation faces, thereby helping to build understanding and trust.

Good Practice Case Study 8: The Aga Khan Foundation explains its Organisational Strengthening Initiative

The Aga Khan Foundation (AKF) created the Organisational Strengthening Initiative in 2005 with the aim of increasing the capacity and performance of AKF and establishing a culture of continuous improvement. Driving the initiative's creation was the significant growth and expansion in the organisation's programmes and operations and the consequent need to develop and adapt management structures, challenging and constantly changing environments such as Afghanistan, and variations in the levels of capacity and performance across the organisation.

Under the initiative each AKF office is supported in undertaking a participatory organisational development process that involves identifying the office's key roles in contributing to the organisation's overall mission, conducting a comprehensive assessment of the office's capacities in internal management, programme planning, and implementation, resource mobilisation and external stakeholder engagement by drawing on the views of external and internal stakeholders, and developing, implementing, monitoring and evaluating an action plan to strengthen the priority areas defined through the assessment.

The organisational strengthening process has proved to have some immediate benefits and outputs for each office including:

- A holistic and realistic picture of an offices' operations, structures, systems, programmes, external relations and performance in the context of its working environment;
- Valuable feedback on the perceptions and expectations of external stakeholders enabling the further improvement of relationships;
- Increased staff awareness of AKF policies and practices;
- An agreed action plan to address the priority areas for capacity development, and a system for monitoring and evaluating its impact;
- Greater staff understanding of the principles and practice of organisational evaluation using an evidence based approach.

The longer term results and impact vary from office to office according to their specific needs and objectives, but issues that are currently being addressed are: the establishment of monitoring and evaluations systems and the training of staff in monitoring and evaluation techniques, clarifying roles and responsibilities and working relationships with external stakeholders, and establishing learning mechanisms and activities at both international and local levels.

For more information on the Initiative see: <http://www.akdn.org/agency/akf.html>

The Asian Tsunami Crisis is a case in point. The large sums of money that flowed through INGOs to disaster affected areas put the INGO sector under intensive scrutiny. When reports came in that organisations were making mistakes on the ground, INGOs was rightly met with criticism.²² But these criticisms were made worse by the fact that the INGO sector has failed to educate the public in the past on the difficulties and complexities of working in disaster situations.

Three INGOs fail to provide staff with evaluation training

Of the ten assessed INGOs, only FIFA, Greenpeace International, and Human Rights Watch fail to provide training to staff on evaluation practice. Without training, staff will have different levels of proficiency in evaluation tools and methods, and there will not be a common awareness of good practice principles. As a consequence, the practice of evaluation will vary within the organisation.

Dissemination

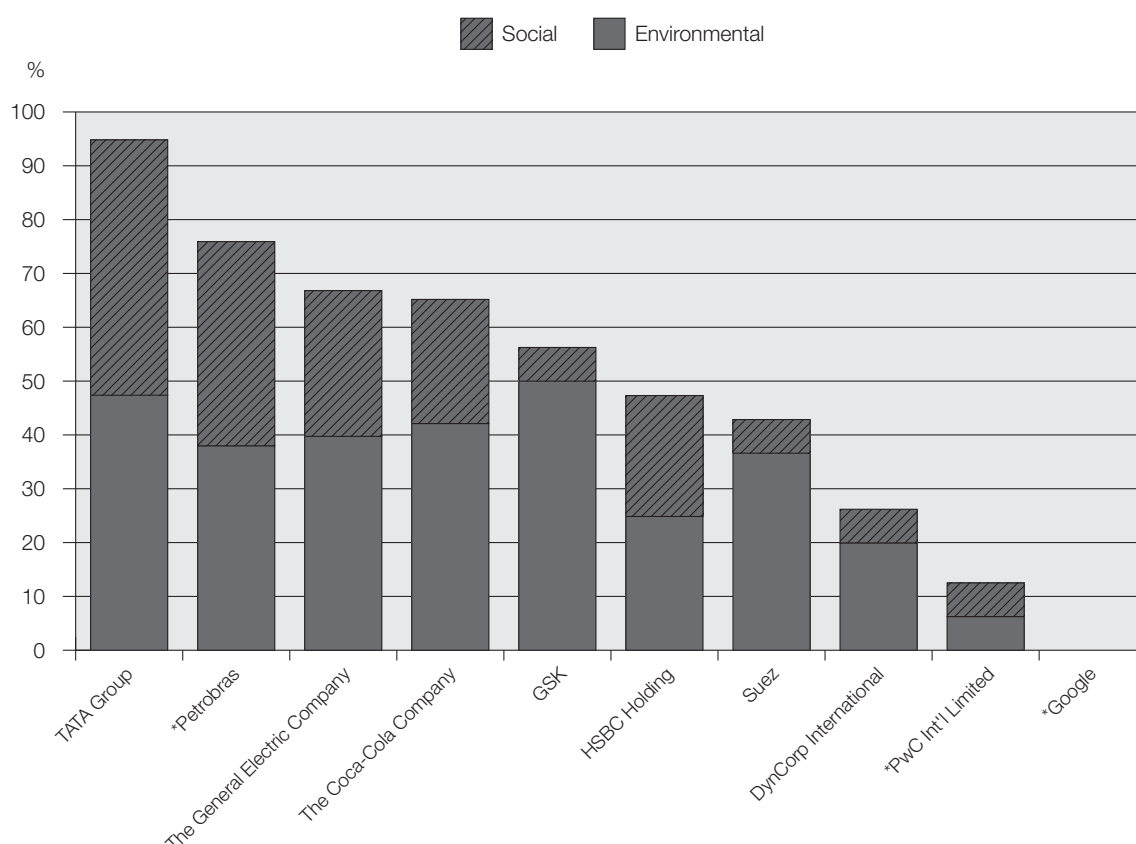
The accessibility of INGOs' evaluation policies is poor, with the Aga Khan Foundation, FIFA, Greenpeace International, Human Rights Watch, and MSF International all failing to disseminate their evaluation commitments through more than one medium. These same organisations plus Christian Aid, IASB, and the International Save the Children Alliance also do not translate the policies into more than one language. Both limitations may lead to key stakeholder groups facing barriers to accessing both policies and results of evaluations.

6.3.3 TNCs' social and environmental impact evaluation capabilities

TNC evaluation capabilities: the social impact gap

As Graph 8 indicates, there is a marked difference among the assessed TNCs between their capabilities for evaluating environmental impact and social impact.²³ While the average

Graph 8: TNCs' scores on social and environmental impact evaluation capabilities



²² Telford, J. et. al. *Joint evaluation of the international response to the Indian Ocean tsunami: Synthesis Report*. Tsunami Evaluation Coalition, London: 2006; Casey, M., "Failure of Tsunami Reconstruction Leaves Humanitarian Agencies Under Fire," Associated Press, 25 September, 2006.

²³ In our assessment of social impact evaluation we did not include policies or systems that cover health and safety.

score for the TNC sector for environmental impact evaluation capabilities is 60 percent, it is only 37 percent for social impact evaluation capabilities.

This difference is partly down to social impact assessment involving more complex methodological challenges. While the evaluation of carbon dioxide output or electricity, waste, or water usage can be easily quantified and measured, the impact a company has on the lives of local communities is more contextual and requires greater efforts to build a methodological framework that the organisation can use across the board. While few good general measurements exist for assessing and tracking social impact,²⁴ progress could be made by drawing on the many research techniques created in the development sector.

The TATA Group is one of the few companies that, in the face of these challenges, has attempted to develop a robust system of measuring and tracking its social impact. Through the TATA Sustainable Development Index, the TATA Group has quantified and tracks the impact that each of its companies has on communities (see Good Practice Case Study 9).

Petrobras' approach on the other hand, has been to integrate social impact into its Health, Safety and Environmental management system. Through this the company is committed to assessing the social, environment, and economic impacts of any new projects on communities in order to prevent or minimise the undesirable effects of such projects. This social assessment is continued throughout the lifecycle of the activity.²⁵

Good Practice Case Study 9: The TATA Group explains its TATA Index for Sustainable Human Development

The TATA Index for Sustainable Human Development was created by the TATA Council for Community Initiatives (TCCI) in collaboration with the UNDP, India in 1997 and later revised in 2000. The aim was threefold: to attempt to map and measure the social development endeavours of the TATA Group of companies; to develop credible indicators in areas less tangible and easily measurable than economic and environmental impact; and to examine the extent to which corporate India can contribute towards India's overall ranking in the UN Human Development Index.

Formulated to provide a quantitative guide to the achievements and failures of companies under the TATA umbrella, the Index evaluates the individual TATA companies on their aims and impacts on communities. For example, companies are scored on the basis of their efficacy in altering livelihoods and lifestyles – seeking to measure how communities move from dealing with survival concerns to the incorporation of good governance and learning within affected communities.

The evaluation is conducted through an analysis of 3 dimensions: systems, people, and programmes. Each dimension is scored on a range of issues ranging from the role played by leadership, to the impacts that projects have had on the ground. Although the results are quantitative, TATA stress that the numerical value is simply a guide rather than a definitive answer to the company's impact on social development.

There have been four visible outcomes of the Index: widespread awareness in India of the role that companies can play in social and environmental development; benefits to communities as a result of the iterative nature of project formulation and development given the requirements of the Index; and an understanding within the Group of the important role played by TATA in communities in India.

For more information on the Index see: <http://www.tata.com/>

²⁴ Business in the Community and The Corporate Citizenship Company, *More than making money: measuring the difference your company makes to society*, 2006.

²⁵ Petrobras, *Health, Safety and Environmental Policies*, 2007 [online].

Eight to four: the imbalance between environmental and social impact evaluation policies

While seven companies – The Coca-Cola Company, GE, GSK, HSBC Holdings, Petrobras, Suez, and TATA Group – have policies or guidelines for evaluating their environmental impact, only four – GE, HSBC Holding, Petrobras, and TATA – have similar documents guiding their social impact evaluation. The Coca-Cola Company has documents guiding environmental evaluation, but it only makes a commitment to evaluate its social impact.

The quality of these policies is mixed. Of the companies that have documents guiding the evaluation of environmental impacts, all commit to at least two good practice principles. Most common is a commitment to be open with the results of the evaluations, which only HSBC and The Coca-Cola Company fail to make. Both GSK and the TATA Group fulfil all good practice principles. Of the companies that have social impact

evaluation policies, HSBC meets two good practice principles, and Petrobras meets three. The TATA Group meets all four.

A lack of stakeholder engagement in social and environmental impact evaluations

Of the ten assessed companies only four – The Coca-Cola Company, GSK, HSBC Holdings and the TATA Group – make a commitment to incorporate the views of stakeholders in the evaluation of their environmental impact. Only two – Petrobras and TATA Group – make this commitment in relation to the evaluation of their social impact.

Viewing environmental impact in a different way: GE and Ecomagination

As opposed to evaluating environmental impact with the aim of identifying outputs and putting in measures to reduce them, GE has integrated environmental concerns into its core business strategy developing a new range of energy efficient products

Table 8: Companies with board level committees addressing social and/or environmental issues

Organisation	Committee name	Committee responsibility
The Coca-Cola Company	Public Issues and Diversity Review	Reviews policy and practice relating to significant public issues including company progress towards diversity goals, compliance with equal opportunities commitments, and legal obligations
GE	Public Responsibilities Committee	Reviews and oversees GE's citizenship performance, including EHS and the GE Foundation, positions on corporate responsibility, and public issues
GSK	Corporate Responsibility Committee	Reviews external issues that have the potential for serious impact against GSK's business and oversight of reputation management. Also oversees donations and community support
HSBC Holding	Corporate Responsibility Committee	Oversees corporate responsibility and sustainability policies, principally environmental, social, and ethical matters for advising the Board and company
Petrobras	Environment Committee	Advises Board on environmental strategies; oversees management of environmental risks and work safety issues; reviews environmental and health policies; establishes measurable environmental targets; and reviews and approves environmental audit program
Suez	Ethics, Environment and Sustainable Development Committee	Oversees compliance with individual and collective values on which the Group bases its actions and rules of conduct (values include environmental preservation and improvement, and sustainable development)

under the name 'Ecomagination.' In this way the company has shifted from viewing environmental issues as a risk, and started to view it as opportunity (see Good Practice Case Study 10 for more details).

Leadership on social and environmental issues

Of the assessed TNCs, eight companies have senior executive oversight of environmental issues, while five have a senior executive overseeing social issues. Six companies have a committee of the Board of Directors that provides oversight of social and/or environmental issues. These companies are listed in Table 9. The scope of these committees varies: some are focused specifically on social and environmental issues, while others related to broader external relations. While not listed in the table, the TATA Group has developed its own form of executive oversight of social and environmental issues through the TATA Council for Community Initiatives. This is an agency within the TATA Group that coordinates community initiatives across the Group and supports individual companies in integrating corporate responsibility in their operations. It is headed by a member of the TATA Group Corporate Centre, which is one of two decision making bodies within the TATA Group.

Good Practice Case Study 10: GE explains the integration of environmental concerns into Ecomagination products

GE's Ecomagination strategy aims to increase revenues for GE by producing products that have lower environmental impacts. To ensure products reflect the company's commitments to this, GE employs a rigorous qualification process to effectively certify new products based on two criteria:

1. Improve customers' operating performance or value for money
2. Significantly and measurably improve clients' environmental performance

Using these as a foundation, GE has created a process to evaluate individual product performance. The outcome of this is captured in the Ecomagination Product Review (EPR) scorecard, which quantifies the product's environmental impacts and benefits relative to other products. To ensure the accuracy of the scorecard, GE works with GreenOrder, a sustainability strategy and marketing firm, to provide independent, quantitative environmental analysis, and verification of GE's product claims.

For more information on GE's Ecomagination see:
www.ge.com

Main analysis

Complaint and
response

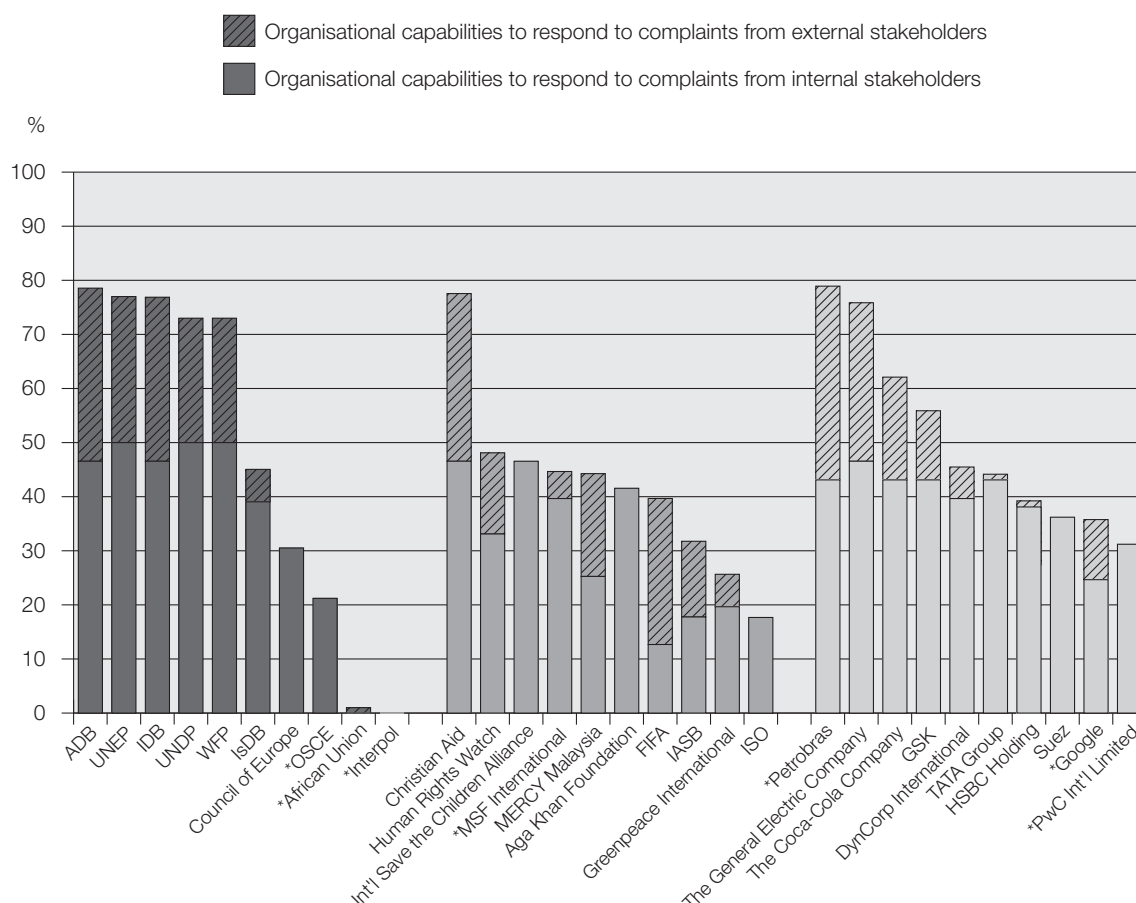
6.4 Complaint and response mechanisms

This section presents the main findings in relation to the assessed organisations' capabilities for handling complaints from staff, partners, affected communities, and the public at large on issues of non-compliance with organisational policies (e.g. codes of ethics, environmental policies, information disclosure policies, etc.) and to providing them with a response. It does so by analysing (1) whether organisations make a commitment to handling complaints and have in place written documents, underpinned by principles of good practice, that guides their practice in the area; and (2) whether organisations have the systems in place to ensure these commitments are turned into practice. The findings distinguish between mechanisms that handle internal stakeholders' complaints from mechanisms that handle external stakeholders' complaints.

Main cross sector findings

- Across the three sectors, complaint and response is one of the least developed dimensions of accountability with TNCs scoring 50 percent, IGOs 48 percent, and INGOs 42 percent.
- The average scores for complaints and response capabilities are low because of weak policies and systems for handling external complaints. Of the 30 assessed organisations, only five – ADB, Christian Aid, IDB, Petrobras, and UNEP – score above 50 percent for external complaint handling capabilities. No sector achieved an average score above 30 percent.
- Across sectors, the quality of internal complaints policies, such as whistleblower policies, are consistently high with many meeting all good practice principles (see Table 10). Internal complaints handling systems are also well developed with 20 out of 30 organisations scoring above 70 percent.

Graph 9: Organisational scores on complaint and response capabilities



- Despite the high overall quality of internal complaint policies, only four out of the 30 assessed organisations – ISDB, UNDP, UNEP, and WFP – make a commitment to reversing the negative effects of retaliation suffered by a complainant. Less than half (13 out of 30) of the organisations commit to taking mandatory disciplinary action against anyone who retaliates against a complainants. These are essential good practice principles and are key to creating a safe environment for staff to report issues of non-compliance without fear of retaliation.

6.4.1 IGOs' complaint handling capabilities

Setting the standard for internal complaint protections: UN whistleblower policies

As Table 9 highlights, three IGOs score 100 percent for internal complaint handling capabilities. All are UN agencies: UNDP, UNEP, and WFP. These high scores are a reflection of the significant pressures that have been placed on the UN systems to strengthen whistleblower protections following the high profile Iraq 'Oil-for-Food' and Congo 'Sex-for-Food' scandals. These instances were compounded by internal complaints from staff arguing that those who had come forward with reports of wrongdoing in the past had been punished because safeguards were not enforced. In response to this, the UN set a new standard for whistleblower protection²⁶ in 2005, through the UN Secretary General Bulletin ST/SGB/2005/21 (the SG Bulletin).

Table 9: IGO internal complaint capabilities scores

Organisation	%
UNDP	100
UNEP	100
WFP	100
ADB	93
IDB	93
ISDB	78
Council of Europe	61
*OSCE	42
*AU	0
*Interpol	0

Text Box 9: Good practice principles for internal complaint handling

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

Of the three UN agencies assessed, only UNEP uses the SG Bulletin as its own. The WFP and UNDP draw on its provisions, but opted to develop their own policies. While largely consistent with the SG Bulletin, the WFP's Whistleblower Protection Policy is modified in several areas for direct applicability and effective implementation. For example, complaints under the Policy are currently made to the WFP's Inspector General as the organisation is in the process of establishing an Ethics Office. Similarly, the UNDP's whistleblower policy, the UNDP Legal Framework for Addressing Non-Compliance with UN Standards of Conduct draws on the SG Bulletin, but with minor variations. Each of the three UN agencies' whistleblower policies meets all current good practice principles for internal complaints handling (see Table 10).

While the UNDP has a high quality policy, the organisation's practice of handling complaints has come under strong criticism recently. Two high profile cases have emerged of UNDP personnel in West Africa and North Korea who claim to have reported malpractice and consequently lost their jobs. UNDP disputes the claims. The West Africa case is currently before the UN Joint Appeals Board, where UNDP will be bound by any ruling. The North Korea case has been taken up by a broader Independent Investigative Review (IIR) of UNDP operations in North Korea. The IIR is expected to produce a final report in early 2008. UNDP along with the other UN Funds and Programmes are in the process of harmonizing whistleblower protection policies into a common UN ethics system. The UNDP is also consolidating its existing protections under a new UNDP Ethics Office. Therefore, while the UNDP policy is of a high

²⁶ Lederer, E.M., 'Associated Press – Secretary-General Signs New Whistleblower Protection Policy, Which Watchdog Group Praises', *Government Accountability Project*, 20 December 2005 [online].

quality, ongoing efforts will likely be required to ensure good practice principles protecting complainants are integrated throughout operations and embedded within the organizational culture to ensure consistent treatment of complainants across the organization.

MDB and UN external complaint procedures

Six of the assessed IGOs have procedures in place for handling complaints from external stakeholders – ADB, IDB, IsDB, UNDP, UNEP, and WFP. Three of these score over 50 percent – ADB, IDB, and UNEP. This is in contrast to last year, where of the ten IGOs assessed only the World Bank had formal procedures.

The scope and form of the external complaints procedures varies between the MDBs and the UN agencies. Among the MDBs the trend in recent years has been towards establishing external complaint mechanisms for project affected communities to raise concerns about issues of non-compliance. Mechanisms to this effect exist both in the ADB and IDB. In the IsDB the Integrity Unit has the responsibility for responding to external complaints, but no mechanism exists.

The IDB's external complaints mechanism is the Independent Investigation Mechanism, which is similar to the World Bank Inspection Panel in that it focuses on compliance with

Good Practice Case Study 11: The WFP explains its Whistleblower Protection Policy

In July 2003, the UN World Food Programme (WFP) completed a review of the working methods and operational arrangements for its internal oversight function, including consideration of best practices in the public and private sectors. An outcome of this review was the WFP's Whistleblower Protection Policy (the Policy). The Policy established clear reporting procedures that employees and others external to the WFP can use to raise concerns (such as fraud and corruption) regarding the activities of the WFP or its staff. All reporting exists within a clearly defined framework of protection from retaliation.

In developing this mechanism, the WFP benefited from discussions in the international community of the treatment and protection of whistleblowers. For example, during the 5th Conference of International Investigators conducted in 2004, the WFP joined a newly established working group to examine the legal framework, definitions and procedures across various institutions for responding to and protecting whistleblowers. The working group's report emphasised the role of internal oversight services within the institutions as well as formal mechanisms for the protection of whistleblowers. Following this, in December 2005, the United Nations took steps to establish an Ethics Office and published the Secretariat Whistleblower Protection Policy.

Against this background, and complementing the WFP's Hotline for reporting concerns and allegations, the WFP published its Whistleblower Protection Policy in November 2006 with the stated objective to enhance "protection against retaliation for individuals who report misconduct, provide information in good faith on wrongdoing by one or more employees, or cooperate with a duly authorised audit, inspection, investigation or evaluation."

A number of steps have been taken to widely communicate the new Policy. Most effective has been an informational brochure explaining the Policy in simple terms, emphasising both the reporting procedures and protections afforded. It was published in five languages and distributed to the WFP's global workforce through payroll mechanisms. This effectively supplemented the normal intranet distribution and reiterated to staff the significance of the Policy.

An immediate benefit of the initiative has been increased staff confidence that their concerns will be appropriately addressed in a forum that is safe from retaliation. Within a month of issuance, the first complaint was received under the new Policy, and a number of matters are currently under review. Staff members have specifically invoked the Policy when raising legitimate concerns of possible misconduct, with the expectation and knowledge that they will be afforded protections under the Policy. As a result, institutional transparency and accountability have been enhanced through this initiative.

To read the WFP's Whistleblower Policy see: <http://www.wfp.org/english/>

operational policies and procedures. The ADB's Accountability Mechanism not only has a compliance element but also has a problem-solving function called the consultation phase. The Mechanism's consultation phase is innovative as it focuses on resolving conflict and solving problems rather than issuing a ruling on whether or not the ADB is in compliance. In this way, the consultation phase arguably brings accountability to affected communities more to the centre of the Mechanism.²⁷

Compliance with internal policies and procedures is important because these detail the standards to which any project needs to conform and helps to prevent negative impacts from ever occurring. Yet in many instances, the ruling on whether or not a policy or procedure has been followed, may not actually resolve a complainant's original issue (for more information see Good Practice Case Study 12).

While the specifics of both the ADB's and IDB's policies vary, they are consistent in quality. Both policies meet three out of five

good practice principles and commit to confidentiality, independence, and clearly identify both how a complaint can be made and the stages of investigation to be involved.

Within the assessed UN agencies, the trend in external complaint mechanisms is towards enabling external stakeholders to use the same channels available to internal stakeholders to report issues of non-compliance, mismanagement, and fraud. Both the WFP and UNDP, for example, have a hotline open to external and internal stakeholder to raise complaints. Drawing on the SG Bulletin, UNEP allows external complaints, as with internal ones, to be made through the UN Office of Internal Oversight Services (IOS) or the Assistant Secretary General for Human Resources. UNEP's functions commit to both confidentiality and non-retaliation.

While the UN procedures are good practice in that they provide channels for external complaints, they do not foster the same degree of accountability to affected communities as the MDBs'

Good Practice Case Study 12: The ADB explains its Accountability Mechanism

To provide project-affected people a forum to voice and resolve their problems, the ADB created the Accountability Mechanism in 2003. This replaced the Inspection Panel, which was cumbersome and not widely used. The current Mechanism comprises two phases, a *consultation phase* and a *compliance review phase*.

Flexible, results-oriented, and independent of the ADB's operational departments, the consultation phase aims to solve project-affected people's problems. The mechanism enables persons materially and adversely affected by an ADB-supported project to submit complaints to the Office of the Special Project Facilitator (OSPF). If the complaint is eligible, the OSPF reviews and assesses the complaint and uses methods such as consultative dialogue and mediation to bring the stakeholders together to settle their differences and resolve problems.

In case that the complaint is not eligible for the consultation phase, or a settlement cannot be reached, the complainants may submit their complaint – at several points in the process – to the Compliance Review Panel (CRP). The compliance review phase is focused on violations of the ADB's operational policies and procedures and can recommend remedial actions to bring projects back into compliance with established policies and procedures. The CRP comprises three independent members and reports to the ADB's Board of Directors.

In eight years of existence, the previous Inspection Panel received eight requests for inspection, of which only two were deemed eligible. In contrast, the Accountability Mechanism, which has operated for less than four years, has received a total of 12 complaints, five of which have been declared eligible. This increase can be largely attributed to the more accessible nature of the Mechanism and greater awareness-raising and outreach activities in ADB's developing member countries.

For more information on the ADB's Accountability Mechanism see: <http://www.adb.org/>

²⁷ Suzuki, E and Nanwani, S., 'Responsibility of International Organisations: The Accountability Mechanisms Of Multilateral Development Banks', *Michigan Journal of International Law*, Fall 2005.

complaint mechanisms. Technically, a community affected by a UNDP, UNEP, or WFP project or activity could use the hotline or the IOS to make a complaint. In reality, however, the UN mechanisms were not designed for impacted related complaints, but for complaints related to fraud, corruption, and mismanagement.

The need for consistent protection for internal and external complainants

As explained above, the ADB and IDB have procedures for handling complaints from internal and external stakeholders. However, a lack of consistency exists between the protections offered to the different types of stakeholders. While the organisations guarantee non-retaliation for internals, no such commitment exists for externals. A guarantee of non-retaliation is vital because it ensures complainants, internal or external, will not suffer as a result of making a complaint.

6.4.2 INGOs' complaint handling capabilities

Protections for staff: the missing link in some INGO's internal complaint procedures

All of the ten assessed INGOs have policies and systems in place for handling internal complaints, but their scope, in terms of which internal stakeholder they cover, varies. Surprisingly, a number of organisations including FIFA, IASB and ISO have internal complaints procedures for members, but not their own staff. As a result, their internal complaints policy scores are low (see Table 10).

The IASB has procedures for handling complaints in relation to non-compliance with the Due Process. Theoretically, staff could use this as a channel to raise concerns, but no underlying protection such as non-retaliation or confidentiality are assured and there is no mention in the procedures that the process can be used to raise wider issues of fraud or mismanagement.

Likewise in the ISO, procedures for national bodies (a key internal stakeholder group) exist to lodge complaints in relation to non-compliance with the ISO Directives, but no channels or protection exist for ISO staff to raise concerns.

The FIFA Disciplinary Code sets out procedures for FIFA officials²⁸ to make complaints in relation to non-compliance with the Code of Ethics. But FIFA staff are not covered by this. FIFA claim that

Table 10: Organisational scores for internal complaint policies

Organisations by sector	Policy score (%)
IGOs	
UNDP	100
UNEP	100
WFP	100
ADB	86
IDB	86
IsDB	86
Council of Europe	62
*OSCE	44
*Interpol	0
*African Union	0
INGOs	
Int'l Save the Children Alliance	86
Christian Aid	86
Aga Khan Foundation	86
Human Rights Watch	72
Greenpeace International	58
*MSF International	58
MERCY Malaysia	31
IASB	31
ISO	20
FIFA	20
TNCs	
GE	86
The Coca-Cola Company	72
TATA Group	72
HSBC Holding	72
GSK	72
*Petrobras	72
DynCorp International	59
*Google	59
Suez	45
*PwC Int'l Limited	45

²⁸ The FIFA Disciplinary Code covers football associations, clubs, officials, players, match officials, licensed match and players' agents, spectators, and anyone with FIFA authorisation.

any potential complainant would be protected under Swiss law, but our research identified no existing whistleblower protection.

While the IASB, ISO, and FIFA are not service providers, nor do they have on the ground operations or significant staff bodies, it is nonetheless vital to have safe and confidential channels for staff to lodge complaints to foster organisational accountability.

Key good practice principles missing from INGO internal complaint policies

While the overall quality of INGOs internal complaints policies is quite high, with over half of assessed organisations' policy scores above 50 percent (see Table 10), there are a number of good practice principles that have yet to embed themselves within the sector. All assessed INGOs for example, fail to commit to reversing the negative effects suffered by victims of proven retaliation and only four – the Aga Khan Foundation, Christian Aid, Greenpeace International, and the International Save the Children Alliance – commit to taking mandatory disciplinary action against anyone found to have retaliated against a complainant. Both these provisions are vital to creating an environment where staff feel safe in coming forward and raising concerns without fear of retaliation, and as such represent important areas for improvement.

Over half the INGOs have external complaint policies, but their quality varies

External complaint procedures are where the INGO sector's accountability capabilities are least developed. While a total of six have policies on handling complaints from external stakeholders – Christian Aid, FIFA, Greenpeace International, Human Rights Watch, IASB, and MERCY Malaysia – their quality varies.

Christian Aid and FIFA are the only organisations to score above 50 percent for their overall external complaints capabilities. FIFA's external complaints policy (the Disciplinary Code) for example, scores 68 percent and covers a range of stakeholders including football associations, clubs, players, and players' agents. This meets a number of good practice principles including a commitment to confidentiality and a clear identification of how a complaint can be made and will be investigated. Christian Aid, in contrast, has a complaints procedure that identifies how members of the public can submit complaints in relation to Christian Aid's activities. The policy that guides these procedures is of a high quality scoring 84 percent, and meets four out of five good practice principles (see Good Practice Case Study 13 for more information on Christian Aid's complaints procedures for supporters and members of the public).

Text Box 10: Good practice principles for external complaint handling

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

Greenpeace International has a draft external complaint policy, but its scope is narrowly defined. It only permits complaints against staff who have exhibited "bad manners or disrespectful language." Likewise, Human Rights Watch has a Whistleblower Policy that allows external stakeholders to submit complaints and receive protection to non-retaliation, but it is limited to financial matters, specifically financial statement disclosures, accounting, and auditing matters.

As already mentioned, the IASB has a Procedures Committee that has in its mandate the investigation of complaints on instances of non-compliance with the Due Process, but no formal procedures exist for guiding such investigations.

Complaint handling and HAP-I certification

MERCY Malaysia is a signatory to the Humanitarian Accountability Partnership – International (HAP-I) and is preparing for certification against the HAP 2007 Standards in Humanitarian Accountability and Quality Management. In preparation for the compliance verification process, it is in the process of reviewing and strengthening its accountability policies and procedures and as part of this is establishing internal and external complaint mechanisms. Because these policies and procedures are still in development they only received half points in the assessment. When MERCY Malaysia is assessed again in the future, we expect that its complaint handling capabilities for both internal and external stakeholder will be significantly strengthened.

Christian Aid is also a member of HAP-I and is in the process of developing complaints procedures for its partners. In July 2007, the organisation underwent a Baseline Analysis of its head office procedures against the HAP standards. Christian Aid is not currently going for certification, but it will review this in 2009.

Good Practice Case Study 13: Christian Aid explains its supporter and public complaints handling

To ensure complaints from supporters and the public are handled effectively within Christian Aid, a formal complaints handling procedure has been established. The organisation guarantees to: acknowledge all complaints within one working day and send a response within four working days; investigate complaints independently; treat complainants with respect; and hold all complaints in confidence. While care is taken to ensure a complaint is successfully resolved, dissatisfied complainants can also appeal to senior managers.

To provide an overview of the volume and types of complaints received, monthly feedback reports are produced and circulated to all directors and relevant managers. The reports omit any sensitive information including complainant identities. Feedback reports provide senior managers with a regular overview of supporter concerns, enabling them to gauge levels of supporter satisfaction on specific issues.

Christian Aid believes supporter and public feedback strengthens accountability and improves how the organisation works. By having complaints procedures the organisation can develop better relations with supporters and the public and gain insights into their concerns, interests and expectations. This can feed into decisions on issues such as campaign positions or policy formulation as well as on fundraising communications or methods. Such procedures can also deepen supporters' and the public's understanding of the rationale underlying the organisation's decisions and positions.

For more information on the supporter and public complaints handling mechanism see:
<http://www.christianaid.org.uk/>

Appeals mechanisms for external complaints

An appeals mechanism is a key good practice principle of any external complaint procedure. It enables complainants unsatisfied with the outcome of an investigation to appeal the decision. Christian Aid, Greenpeace International, and FIFA are the only three out of the 30 assessed organisations to have

such a mechanism. In Christian Aid, the complaints procedures states that if a member of the public is unhappy with the outcome of an investigation they can appeal to a senior manager. In Greenpeace International, appeals can be made to the Executive Director. In FIFA, an Appeals Committee exists for appeals from the Disciplinary Committee and for some cases, decisions from the Appeals Committee can be further appealed to the Court of Arbitration for Sport.

The need to make external complaints mechanisms accessible The overall quality of external complaints handling systems is poor among INGOs, with no organisation scoring over 40 percent. Notably, only FIFA disseminates information on its external complaints mechanism, and only Christian Aid, ISO, and FIFA makes information on the mechanism available in more than one language.

6.4.32 TNCs' complaint handling capabilities

All TNCs have procedures for handling internal complaints

TNC's internal complaint handling capabilities are consistently high with only Google scoring below 50 percent. As Table 11 shows, eight companies score above 70 percent including The Coca-Cola Company, DynCorp International, GE, GSK, HSBC Holdings, Petrobras, TATA Group, and Suez. The high scores among companies in this area can be attributed to the fact that internal complaints handling has become a regulated area of accountability for companies through the Sarbanes Oxley Act

Table 11: TNC internal complaint capabilities scores

Organisation	%
GE	93
The Coca-Cola Company	86
GSK	86
*Petrobras	86
TATA Group	86
DynCorp International	79
HSBC Holding	76
Suez	72
*PwC Int'l Limited	62
*Google	49

(SOX). This act mandates that all companies registered on a US stock exchange – which includes all assessed companies except PwCIL, Suez, and the TATA Group – have procedures in place for handling complaints relating to accounting and auditing matters and to have whistleblower protections in place.

Internal complaints policies are of a high quality, but key good practice principles missing

As Table 10 highlights the score for company's internal complaints policies is consistently high with only PwC International Limited and Suez failing to score above 50 percent. Each company has an internal complaints policy and over half – The Coca-Cola Company, GE, GSK, HSBC Holdings, Petrobras, and TATA Group – fulfil at least four out of six good practice principles, including a commitment to confidentiality and non-retaliation.

Similar to INGOs, no assessed TNC commits to reversing the consequences of retaliation suffered by a complainant and only four – DynCorp International, GE, Google, and GSK – commit to taking mandatory disciplinary action against anyone who retaliates against a whistleblower.

Diversity of mechanisms for handling external complaints

While internal complaint procedures are well established among the assessed companies, there remains significant room for improvement in external stakeholder procedures. Only four companies have formal procedures for handling external complaints – The Coca-Cola Company, GE, Google, GSK, and Petrobras – while two others make a commitment to handling them, but have no policy or systems underpinning this. Out of these companies, only GE and Petrobras have external complaints handling capabilities that score above 50 percent.

Both The Coca-Cola Company and GSK have hotlines which external stakeholder can use to report compliance issues. GSK's Integrity Hotline is accessible to "interested outside parties" while The Coca-Cola Company's EthicsPoint is open for partners, suppliers, customers, and consumers to report ethics/compliance issues or report violations. Only the EthicsPoint meets any good practice principles, making a commitment to confidentiality.

GE, on the other hand, uses a different system that enables external stakeholders to lodge complaints directly to the Board of Directors. Anyone who has a concern about GE's policies or conduct can make their complaint directly to the audit

Good Practice Case Study 14: Petrobras explains its General Ombudsman Office

The General Ombudsman Office was originally created in May 2002 to advise the President of the company before becoming an independent entity within Petrobras reporting to the Administration Council (the Board of Directors) in 2005. The Office commits to the principles of confidentiality, independence, neutrality, and impartiality.

The Ombudsman was created to ensure all Petrobras' stakeholders have the opportunity to express themselves freely within the context of the company's rules and procedures and relevant legal obligations. It receives opinions, suggestions, criticisms, and complaints from all stakeholders and is driven by the need to protect their rights in relation to their interaction with Petrobras. In doing so the Ombudsman acts to strengthen transparency in the operations and management of Petrobras' businesses. It is also the formal channel through which to report ethical transgressions as well as the official reporting channel to communicate irregularities and fraud relating to accounting activities, internal controls or audit, and compliance with the Sarbanes-Oxley Act.

In two years of operation, the Ombudsman has benefited Petrobras in two key ways. First, it has strengthened the company's relationship with internal and external stakeholders by providing them with a channel to engage with the company and request information. Second, it has provided management with a channel through which to hear stakeholder concerns and make necessary adjustments to internal practices. Considering this, the body has played an important role in making the company more transparent and socially responsible.

To more information on Petrobras' Ombudsman see:
<http://www2.petrobras.com.br>

committee of the board and the non-management directors. This is done under a commitment to both confidentiality and non-retaliation. The status of any outstanding concerns addressed to the board is reported to the presiding director and the Chair of the Audit committee on a quarterly basis.

Google provides external stakeholders with a channel to file complaints in relation to privacy issues. Through its daily operations, Google collects a wealth of personal information on its users.²⁹ The ability to collect and store such information has meant Google has come under criticism for infringing people's right to privacy. In response, the company developed a privacy policy as well as procedures for individuals to lodge complaints about compliance. While it is good practice that Google has such a policy, the policy itself meets no good practice principles and in a recent study by Privacy International it was rated last among other popular Internet based companies' privacy policies for its quality.³⁰

Petrobras' external complaint procedures are particularly innovative. The company has established an Ombudsman's Office that provides a direct channel for the public and internal stakeholders to communicate with the company and submit complaints, concerns, or suggestions. To assure independence the Ombudsman Office reports directly to the Board of Directors. The reporting system incorporates numerous good practice principles such as confidentiality, non-retaliation, and independence. While the Ombudsman does not have the power to sanction, it can investigate, audit, and make suggestions to the Board on recourse (for more information on the Ombudsman see the Good Practice Case Study 14).

²⁹ For example, Google logs all search results entered through the Google Toolbar and identifies users with a unique cookie that allows the company to track the user's web movement.

³⁰ Privacy International, *A Race to the Bottom: Privacy Ranking of Internet Service Companies*, London, 2007 [online]; BBC, 'Google ranked 'worst' on privacy', 11 June 2007 [online].

7 Conclusion

The Global Accountability Report is an annual assessment of the capabilities of 30 of the world's most powerful global organisations from the intergovernmental, non-governmental, and corporate sectors to be accountable to civil society, affected communities, and the wider public. It provides a measure of accountability that cuts across sectors and provides a common framework and language for transnational actors that operate in the same global public sphere. Its purpose is to promote greater accountability at the global level, achieve organisational change and improve the effectiveness of global decision making. In doing so it aims to help foster a more effective and legitimate system of global governance.

The 2007 Report documents the degree to which the headquarters / international secretariat of the assessed organisations has the capabilities to enable accountability and responsiveness to both the individuals and communities they affect and the wider public. In doing so, it offers a unique quantitative insight into how accountability principles are embedded in the organisational policies and systems of transnational actors. More importantly, the Report provides a practical tool for identifying opportunities for improvement in accountability both within transnational actors and their boarder sectors.

The need to create a more accountable system of global governance could not be greater. Unless we develop ways of involving all relevant stakeholders in global decisions making, our response to global challenges will fail. This task requires that all transnational actors from across the intergovernmental, non-governmental and corporate sectors be accountable and responsive to those they affect.

As the 2007 Report highlights, a mixed picture of accountability exists at the global level. Some transnational actors are well along the path to strengthened accountability; others are only just starting. Both groups, however, still have work to do.

While high scorers should be congratulated for leading their sectors, they cannot be complacent. Accountability is not an end state. Strong accountability capabilities create an environment in which accountability can be exercised in a consistent and coherent way. To make sure accountability happens in practice, though, there needs to be constant vigilance that policy commitments are translated into action and accountability principles and values are embedded within the culture of the organisation.

Those at the bottom also need to raise their game. Global governance is a collaborative process that involves the efforts of multiple actors in developing and implementing solutions to social, economic, political, and environmental challenges. Those that are lagging behind are as much a part of the system of global governance as high performers. These organisations need to learn from their peers and draw from the range of new tools and mechanisms for accountability that are emerging among transnational actors.

8 The role of leadership in accountability reform

The 2007 Global Accountability Report recognises the importance of senior management and the Board in leading organisational accountability. Across each of the four dimensions we assess whether organisations have established executive level oversight of accountability related policies, or, in the absence of a policy, the issue area. Yet, while these indicators help to identify the ongoing leadership that exists within a transnational actor on accountability, they do not tell us how leadership has been effective in originally driving accountability reform.

The importance of leadership in reform has been visible and present in the qualitative data generated by our research for a long time. From the work we did to develop the Global Accountability Framework, to the wider research we conduct in the field of accountability, it has become clear that unless there is support from those at the top of an organisation for improvement in accountability, change is difficult to bring about. The more significant the change, the higher the hurdles.

Accountability reform, as with any organisational change, can generate resistance because of fears that the reform will undermine privileges or disrupt established ways of working. For example, having to consult with civil society before developing a policy might add time to an IGO's policy development process and might be resisted by staff unaccustomed to participatory decision making. Alternatively, an NGO fundraising director might resist the idea that they need to produce accounts that are not only understandable to their Northern donors, but also to beneficiaries in the communities that they work with in the South. Leadership is needed to promote reform in the face of these obstacles and to motivate the actions needed to change behaviours in a significant way.

Recognising this, we approached organisations assessed in the 2007 Global Accountability Report to discuss the role that the board, executive directors, and senior executives played in accountability reform. We did so with the intent of trying to better understand how and why their role was important.

To explore this issue we decided to look at four case studies: Christian Aid, GE, UNDP, and IASB. We chose these organisations because each was a high performer in this year's

Report and had undertaken efforts to strengthen their accountability. In addition, the scale and nature of the reforms they had put in place were diverse: changes within GE, UNDP, and to a lesser extent Christian Aid, required significant alterations to the organisational strategy and structures. The IASB presents a case of more incremental reform.

The purpose of the case studies is to provide a snapshot of what leadership for accountability reform can mean in practice, and highlight the strategies leaders use to generate momentum for reform. The case studies provide insights into only a small sample of organisations, so we do not claim to present a definitive assessment of the role of leadership in accountability reform across all of this year's 30 assessed organisations. Yet as this analysis has been conducted in the spirit of enquiry, we hope that what is presented here will stimulate debate in this important area of accountability reform.

Christian Aid

In 2005, Christian Aid began an internal review of its key accountability policies, systems, and procedures in relation to its key stakeholder groups. The organisation began this work after a strategic review that identified accountability and transparency as key strategic issues and core to its values. Although Christian Aid faced no immediate pressure to address these issues, it recognised them as critical for sustaining trust and confidence in its work.³¹ As a result, Christian Aid set itself the goal of becoming "an open, transparent and learning organisation, accountable for its actions and able to meet high standards of public and stakeholder reporting" by 2010.³²

To create cross organisational commitment to accountability, with collective leadership on delivering this goal, Christian Aid established an accountability working group comprised of senior staff from its fundraising, international programmes, finance, media, policy, and communications teams. It includes the Director of Finance and, chairing the group, the Director of Corporate Affairs. A dedicated Accountability Manager was appointed with responsibility for seeing through the group's workplan. Each group member has the responsibility for delivering on specific actions and moving the accountability agenda forward within their respective departments.

The group's workplan identifies the priority reforms needed to strengthen accountability to the organisation's key stakeholder groups. The plan, developed by the group, resulted from

³¹ Interview with Christian Aid, August 2007.

³² Turning Hope into Action 2005-2010, Christian Aid's corporate strategic framework.

consultation across the organisation. The group sought to generate discussion internally about the meaning and practice of accountability in Christian Aid's different spheres of activity. In this way, while the reforms have been guided from the top, their formulation has been bottom up.

The group has seen its leadership role shift as the reform process has evolved. The initial workplan has evolved into a 'framework for action' within which specific accountability reforms could evolve. This shift has come about through a realisation that, as the Accountability Manager put it, "change happens when key individuals personally commit to run with it." Providing leadership on accountability has therefore "been a process of lighting fires and encouraging and supporting staff to keep them burning." As such, the group's role evolved from one in which it was primarily directing and initiating change based on a workplan, to one in which it is enabling others to identify how they can contribute to the overall strategic goal and take forward the accountability agenda within their own spheres of activity.

Key to the group's ability to support reform has been the sustained backing received from the organisation's directorate. It has also been vital to have the guidance of Martin Kyndt, the Director of Corporate Affairs, whose responsibilities include ensuring delivery of Christian Aid's accountability objectives. His "tenacious leadership and strong commitment" has been integral to keeping the issue of accountability on the organisation's agenda. As Christian Aid's Accountability Manager noted, "strengthening accountability is never going to be number one priority within an organisation, unless you have a scandal. It will always play second fiddle to operational priorities. In the face of this, he's managed to keep it on the agenda." The Director has also played an important role as accountability champion, reinforcing the organisation's commitment to the issue in public addresses, both internally with staff and Christian Aid's board, and externally within the sector.

The General Electric Company

In 2005, GE launched a radical new growth strategy called Ecomagination, which sought to propel the company to the forefront of corporate sustainability while growing revenues from sales of cleaner, more efficient products. With environmental issues moving up the political agenda and consumers demanding more environmentally sustainable products, GE saw the need to change how they approached their environmental impact.

A key driver of this new strategy has been GE's CEO, Jeff Immelt. Upon taking up his post in 2001 he communicated a new vision to the company calling for GE to take a proactive approach to protecting the environment. He argued that GE was operating in a rapidly changing environment where domestic oil and natural gas supplies were diminishing, water and other natural resources were becoming depleted, global warming was increasing, and consumers were demanding product efficiency. To remain competitive, the company required a radical change in technology and products. Rather than be defensive to this changing reality, Immelt believed GE needed to take a leadership role in reducing outputs and developing environmental friendly products that reduce emissions.

After outlining this strategy to customers and gaining important business based feedback, GE senior management undertook over 100 one-on-one interviews with environmental NGOs and academics to further refine the strategy.

Clarity of vision and conviction helped steer the strategy and ensured buy-in from a broad range of GE stakeholders: from employees on the shop floor to the Board of Directors to some of GE's largest customers. Immelt knew that steering the business towards greater sustainability, and assuming a leadership role on the issue, was not only good for the environment but that it was also good for business and would lead to the high growth business areas he envisioned for the company. His consistency of message also helped: GE should invest in environmentally friendly products for the benefit of its customers, but also address its own carbon footprint in order to show true leadership.³³ As such he was instrumental in establishing the US Climate Action Partnership, a coalition of companies and NGOs urging the U.S. government to enact legislation to reduce greenhouse emission.

Once there was buy-in for the new business strategy within GE, the program moved forward quickly among the businesses. Jeff Immelt led from the top with his ecomagination team, setting the appropriate targets, goals and processes needed to realise the strategy, while overseeing their integration into GE's core business procedures. Once these targets were set, the businesses and employees had the clear direction necessary to make it a success.

The role that leadership has played in the emergence and subsequent success of this initiative has been crucial.

³³ Interview with GE, August 2007.

Ecomagination is something that Jeff Immelt has personally driven since he became CEO, and his leadership has been an important factor in its success. He continues to be involved in key aspects of its operations. For example, he chairs the Imagination Breakthroughs Committee, which seek out the most innovative ideas within GE and provides corporate funding for them. He tracks this monthly and decides when to release corporate funds in support of the best ideas.

The United Nations Development Programme

Throughout the 1990s the UNDP was a struggling intergovernmental actor within the development arena. The organisation's comparative advantage in social and human development was being eroded by the World Bank and this was affecting its ability to deliver on development goals and leading to a decline in its core funding.³⁴

To address this situation, UNDP embarked on a process of reform starting in the late 1990s, which has seen the organisation reduce its number of core activities, strengthen its management systems, improve its relations with civil society, and enhance its accountability for results and impact through the introduction of a results based management framework. While the reform process is still underway, the leadership provided by Mark Malloch Brown as UNDP Administrator between mid-1999 and 2005 was key in generating the initial momentum for change.

With resources that were rapidly decreasing, Mark Malloch Brown entered the organisation and argued that if UNDP failed to show how its expenditure translated into impact on the ground, funding would dry up and the organisation would lose relevance. Having this message communicated from the top created a sense of urgency within the organisation.³⁵

In conjunction with this, he also projected a clear vision for how the organisation should move forward. He did this in the Administrator's Business Plan 2000-2003 where he stated that "...real transformation at the UNDP will be achieved primarily through changes in leadership style, accountability, culture, performance...rather than through changes in structures... Creating a culture of accountability for results is at the heart of recreating UNDP as a sufficiently funded organisation where all available resources are put to best possible use for development

results in program countries."³⁶ Through this vision he was able to build support for his reform agenda among senior executives.

In the beginning of the process Mark Malloch Brown established the Transition Team as a key vehicle to take forward the reform initiative. This group comprised five key members of staff tasked with identifying medium term business goals and benchmarks across every aspect of the organisation. The Business Plan 2000-2003 was the formal outcome of the team's work.

Importantly, in projecting his vision for change, Mark Malloch Brown also created the space for others to push for reform. He was not the first person to argue for reform in UNDP. Senior staff such as the Head of the Management Bureau and the Bureau for Resource Management had been calling for similar reforms prior to his arrival. However, their efforts had failed to gain traction without leadership from the top. Mark Malloch Brown's support for them enabled these individuals to drive forward reform within their own spheres of activity. To create a sustainable dynamic for change he also included a number of them on the Transition Team.

Following Mark Malloch Brown's tenure at the UNDP, reforms have matured and solidified, and systems have become formalised to support and sustain them. An important aspect to this has been continued commitment from the current UNDP leadership to strengthening the accountability and effectiveness of the organisation. This is reflected in the recent development of a formal overarching accountability framework in 2006 that identifies the key principles and mechanisms of accountability in the UNDP and guides the organisations approach to the issue.

The role of leadership was and continues to be integral to UNDP reform. Mark Malloch Brown was an important catalyst that built support for the reform agenda by linking it to a clear vision and presenting a clear argument for the need for change. He in turn sustained the momentum by supporting and creating the space for others to step up as champions of reform.

The International Accounting Standards Board

The IASB is a relatively young organisation, having replaced the International Accounting Standards Committee only in 2001. It is a non-governmental accounting standard-setter committed to developing a single set of high quality, understandable, and

³⁴ Carter et al (20094) UNDP/DFID Institutional Review Strategy Paper, Centre for International Development and Training, University of Wolverhampton.

³⁵ Interview with UNDP, August 2007.

³⁶ 2000-2003 Administrator's Business Plan, p4 and p17.

enforceable global accounting standards. Building on practices of national accounting standard setters, principles of transparency, public consultation and due process were embedded in the IASB statutes from its inception. Yet, as the organisation has evolved it has found that operating as a non-governmental standard setter in an international context creates unique challenges that require it to go beyond nationally accepted standards of transparency and accountability.³⁷ The IASB has therefore undertaken a number of on going reforms to strengthen its accountability to key stakeholders.

These reforms have been supported and guided by the Trustees of the International Accounting Standards Committee Foundation (the governing body of the IASB). The Trustees have shown steady commitment to accountability, while maintaining the independence of the standard setting process, as a core value of the organisation and have taken various initiatives to reinforce this. For example, the Trustees identified the IASB's 'consultative arrangements' as a major issue for their 2004 Constitution Review and in 2006 established the Trustees' Procedures Committee to oversee compliance with commitments to stakeholder participation and transparency in the process for developing standards.

These initiatives communicated, both internally and to external stakeholders, that consultation, transparency, and accountability were crucial principles for preserving and enhancing the independence of the IASB and would be overseen at the highest levels within the organisation. The importance given to the issue has been further strengthened by individual Trustees playing a visible role, in partnership with the Chairman of the IASB, meeting stakeholders and feeding input back into the organisation.³⁸

The leadership on accountability provided by both the Trustees and the IASB has set a tone within the organisation. It has encouraged innovation and experimentation with new mechanisms and tools aimed at strengthening the organisation's accountability. The Chairman of the IASB expressed the essence of this evolutionary process in an address to the European Parliament "...the [IASB] has come a long way quickly. We are making continual improvements on the basis of experience and with the benefits of listening carefully to

comments and suggestions made to us."³⁹ Recent innovations include the post-implementation reviews that are scheduled to be made two years after a new financial reporting standard has become mandatory and has been fully implemented; a commitment to make all decisions in public meetings; the public broadcasting of Trustees, IASB, and other committee meetings over the Internet; and the introduction of feedback statements.

Principles of consultation and accountability have been embedded in the IASB's statutes right from the beginning. As such, accountability reform has been a process of enhancing the original governing arrangements. Reform has been an "evolutionary process" involving changes to existing processes to address the challenges associated with operating in an international context. The Trustees have played an important role in emphasising the crucial role that accountability plays for the IASB and encouraging and supporting innovation.

Key lessons

All organisations that approach accountability reform must take into account their specific organisational context and devise individual ways to efficiently facilitate and bring about change. Yet, the four case studies highlight several common strands to leadership in accountability reform.

Creating urgency for accountability reform

In the UNDP and GE the initial impetus for accountability reform came about through leaders perceiving changes in the organisation's external environment and relating this to either a current or potential future decline in performance. They then communicated this message internally. In doing this they created a sense of urgency suggesting that without the necessary reforms the organisation would suffer. In the case of UNDP, Mark Malloch Brown argued that funding would continue to decline if there was not a greater focus on accountability for results.

In GE, Jeff Immelt argued that the realities of a carbon constrained world necessitated a reduction in emissions to remain competitive and that greater accountability for environmental impact would be a competitive advantage. Yet this urgency was not about striking fear into the hearts of employees but about positively galvanising them into action.⁴⁰

³⁷ IASB Press Release (2004) IASB Enhances Its Deliberative Procedures.

³⁸ Interview with IASB, August 2007; Trustee update on governance and oversight, INSIGHT, Q3, 2007.

³⁹ International Accounting Standards Board (2007), IASB Chairman Addresses European Parliament, IASB [online].

⁴⁰ Kotter echoes this arguing that "... urgency ... does not imply ever present panic, anxiety or fear. It means a state in which complacency is absent". Kotter, J.P. (1996) *Leading Change*, Harvard Business School Press.

In the IASB, accountability was not an issue of which staff needed convincing, yet it needed to be made part of an ongoing reform process. This was led by the Trustees. In the case of Christian Aid, the urgency for reform seems to have been less prevalent. While accountability reform was identified as a long term risk, reform has not been linked to an immediate potential decline in performance or resources. Consequently, it has been essential for the Director of Corporate Affairs to actively keep the issue high on the organisation's agenda.

Identifying a vision for accountability and communicating it

Another important component of leadership that came out in the case studies is the need for a vision, a clear sense for where the organisation should be going and what it should strive to attain.

In the case of the UNDP, Mark Malloch Brown identified that the problem for the organisation was its inability to show what impact it was having and link that to expenditure. The vision he projected was therefore one of a sufficiently funded organisation that adopted a culture of accountability for results and where all available resources were to be put to best possible use in achieving specific development aims.

For GE, Jeff Immelt projected the vision of a company that would lead the business world in reducing carbon emissions, develop environmentally friendly products, and lobby the governmental for action in this area.

Christian Aid identified the vision of "an open, transparent, and learning organisation, accountable for its actions and able to meet high standards of public and stakeholder reporting" in its Strategic Plan. The organisation used this as a reference point for guiding the accountability working group's work.

At the IASB, Trustees have consistently emphasised accountability as a central value of the organisation that is crucial to the organisations' success as a standard setter.

Supporting others to drive forward accountability reform

A leader can identify a vision and create a sense of urgency for accountability reform, but change also requires that others support the reform agenda within their own spheres of activity. This was clear from Christian Aid, IASB, and the UNDP where leadership played an important role in opening up spaces for others to drive accountability reforms.

In the case of Christian Aid, the accountability working group exercises their collective leadership by supporting the activities of different teams in identifying and contributing to the overall strategic objective of strengthening accountability and transparency.

In the UNDP, Mark Malloch Brown opened up the space for others that had been calling for change in the past, enabling them to drive the agenda within their own areas. He nurtured this by including them on the body that led on the initial reform process.

In the IASB, similarly, the Board of Trustees committed themselves to accountability and improvement, and in turn created the space within the organisation for others to innovate and experiment with reforms.

At GE, Jeff Immelt's approach to change was slightly different. He relied on incentives and rewards to encourage change by identifying the most innovative ideas and enabling the originators to develop them further with corporate resources.

Building institutional vehicles and coalitions of support for accountability reform

Similar to leaders providing the space for others to take forward reforms, the case studies show that creating institutional vehicles that lead on reform can help create a collective leadership for change.

In the case of the UNDP and Christian Aid, bodies were established to lead the reform process. In the case of the UNDP it was the Transformation Team, while in Christian Aid it was the accountability working group. In both organisations, the groups played a role in building wider support for the accountability reforms and creating a form of collective leadership. These groups were on the one hand consciously created vehicles to promote the reforms, but on the other, they functioned as spaces in which those convinced of the need for change could develop ideas.

At GE, the traditions of top down structures of management made a 'task force' approach less necessary and Immelt led this personally. At the IASB accountability has been built into the organisation's ways of working from the beginning so a task force to move forward change hasn't been necessary. The Trustees, however, provide an ongoing collective leadership on accountability within the organisation monitoring compliance with accountability commitments and encouraging further reform.

Conclusion

Each of the organisations reviewed in this section have undergone, or are in the process of, accountability reform. The role leadership has played in driving and guiding these changes has been crucial.

While leadership on accountability reform has been approached differently in each of the organisations, common elements exist. Those leading reform need to create a sense of urgency that greater accountability is needed and that a failure to address this issue poses a risk to the organisation. Coupled with this they also need to identify what the organisation should be aiming for: what a more accountable and responsive organisation would look like. In this way, leadership needs to inspire change with a vision of greater accountability.

While reform needs to be driven from the top, leadership also needs to nurture and support the capacities of others to move forward and embed accountability within their own spheres of activities. An accountable organisation is one in which the values and principles of accountability are embedded within the organisational culture; this requires creating ownership of the reform agenda at all levels. Linked to this, accountability reform will often involve change in practices across different parts of an organisation. Those leading on accountability reform, therefore, need to create cross departmental support for the reform agenda.

While what is presented here offers no blueprint for reform, it does identify the common elements of leadership strategies that have worked in four organisations. In this way, it offers both food for thought and potential ways forward for those advocating for accountability within their own organisations.

Appendix 1: Ongoing accountability reforms in the assessed organisations

Christian Aid

- **Requests for information:** Christian Aid is developing procedures so that people can appeal if their request for information is turned down.
- **External stakeholder engagement policy:** The board-approved document *Principles of Partnership* is currently under review. The policy will elaborate on criteria for selection of partners and related issues.
- **External complaints mechanism:** Christian Aid is currently working on a partner complaints mechanism to be implemented by the end of the next financial year.

Council of Europe

- **Evaluation policy:** The Council of Europe is currently in the process of developing an evaluation policy, which will make formal and explicit commitments to conduct evaluations.
- **Policy on complaints and responses:** The Council of Europe has a Draft policy on awareness and prevention of fraud. The Draft policy covers the method that the organisation will adopt to investigate a complaint and also makes a commitment to independence of investigations.

FIFA

- **Monitoring and evaluation system:** FIFA is in the process of developing a monitoring and evaluation system within the strategic alliance it has with streetfootballworld. The system would enable the Football for Hope movement to measure more accurately the success of its programmes.

The General Electric Company

- **External stakeholder engagement policy:** GE is currently in the process of developing a company wide approach to external stakeholder engagement called Materiality. GE is working in collaboration with AccountAbility and Business for Social Responsibility to develop the Materiality framework.

Greenpeace International

- **Accountability policies:** Greenpeace International's Information Disclosure Policy, Whistleblower Policy, and External Complaints Policy have been approved by its Works Council and is expected to be adopted by the Board in December 2007.
- **Training of staff on policies:** some accountability issues are currently not included in staff training, such as the information disclosure and the whistleblower policy. Topics have been agreed to be included in the next rounds of training and issues will be briefly covered in induction programmes for new staff. An overview of what training will happen should be concluded by the end of 2007.

Islamic Development Bank

- **Complaint and response policy:** The IsDB does not have an internal whistleblower policy but has recently approved and formally adopted a policy titled Integrity Guidelines and Procedures. The bank is in the process of establishing an Integrity Unit within the Internal Audit Office to put into operation the above policy.

MERCY Malaysia

- **Accountability policies and systems:** MERCY Malaysia, in preparation for certification against the HAP 2007 Standards in Humanitarian Accountability and Quality Management, is developing and strengthening its accountability policies, procedures, and systems. It is developing a stakeholder engagement policy which identifies its key stakeholders and how it will engage with them. It is developing reporting policies and procedures which will identify what and how information will be shared with stakeholders as part of general communications and project work. It is also putting in place internal and external complaints handling procedures and the management systems to support them.

UNEP

- **Evaluation policy:** The Evaluation and Oversight Unit of UNEP recently prepared a draft evaluation policy, which is in the process of being approved by Senior Management at the organisation.

Appendix 2: Other accountability initiatives

Brief description of initiative	Assessed organisations the initiative applies to
The Business Leaders Initiative on Human Rights	
Corporate commitment to tailor the commitments of the Universal Declaration of Human Rights to suit businesses	GE
The Climate Group	
Consortium of companies and governments aimed at sharing best practice and providing leadership towards creating a low carbon economy	Google HSBC Holdings
Code of Conduct for the International Red Cross/Red Crescent Movement and NGOs in Disaster Relief	
Self-policing code that seeks to include beneficiaries in the management of relief aid	Int'l Save the Children Alliance, Christian Aid
Equator Principles	
Principles providing a benchmark for determining, assessing and managing social and environmental risk in the finance sector	HSBC Holdings
Global Reporting Initiative (GRI)	
A framework for corporations to enhance reporting on economic, environmental and social impact; does not require certification or enforcement	The Coca-Cola Company, GE, GSK, HSBC Holdings, Petrobras, PwCIL, Suez, TATA Group*
HAP Certification	
A certifiable standard which measures humanitarian accountability and quality management	Christian Aid, MERCY Malaysia
ILO's Declaration on Fundamental Principles and Rights at Work	
International commitment by governments, employers and workers organisations to uphold basic human values	GE
INGO Accountability Charter	
Principles for INGOs concentrating on governance, management, transparency, and stakeholder engagement; no certification required	Greenpeace International Int'l Save the Children Alliance
International Core Labour Standards	
Voluntary guidelines, (binding only on member countries of the ADB), promoting the need for decent work and labour standards	ADB, GSK
International Peace Operations Association	
Guidelines governing ethical standards set and enforced by International Peace Operations Association member companies	DynCorp International

* The TATA Group itself is not a member but many TATA companies use GRI for sustainability reporting. Also, the TATA Group's TCCI assists TATA companies in addressing the GRI issues.

Brief description of initiative	Assessed organisations the initiative applies to
ISO 14001	
Third party certified standards seeking compliance of environmental laws and regulations	The Coca-Cola Corporation, GE, GSK, Petrobras, Suez, TATA Group**
OECD Guidelines for Multinational Enterprises	
Voluntary recommendations to TNCs in all major areas of business ethics, including information disclosure and environment; reinforced with complaints-based compliance	GSK
The SPHERE Project	
Collaboration of NGOs engaged in humanitarian work, committing to ensuring accountability and transparency	Int'l Save the Children Alliance, MERCY Malaysia, Christian Aid
Standards of Conduct for the International Civil Service International Civil Service Commission (2001)	
Code of conduct for international civil servants covering personal behaviour and commitment; enforceable by organisation	UN Organisations
Uniform Guidelines for Investigations	
Voluntary guidelines setting out common basic principles for conducting investigations	ADB, AU, Council of Europe
UN Convention on the Rights of the Child	
International convention advocating the protection of children's rights	Int'l Save the Children Alliance
UN Global Compact	
Principles, enforced through annual reporting, for companies to support values in human rights, labour standards, environment and anti-corruption	The Coca-Cola Company, GE, GSK, HSBC Holdings, Petrobras, Suez, TATA Group***
UN Principles on Responsible Investment	
Voluntary principles outlining the environmental, social and corporate governance issues relating to investments	HSBC Holdings
Voluntary Principles on Security and Human Rights	
Voluntary principles for companies to uphold human rights and ensure security	GE

** The TATA Group itself is not a member but individual companies within the group have received ISO 14001 certification.

*** The TATA Group itself is not a member but TCCI assists 35 TATA companies with UN Global Compact.

Appendix 3: Accountability scores for assessed organisations

Organisation	Transparency	Participation	Evaluation	Complaint and Response	Overall Accountability Capabilities	Overall Ranking
IGOs						
UNDP	98	84	98	73	88	1
ADB	100	59	85	79	81	2
UNEP	63	77	80	77	74	3
WFP	33	78	98	73	70	4
IDB	58	36	100	77	68	5
Council of Europe	76	83	46	31	59	6
IsDB	48	32	88	45	53	7
*African Union	27	80	51	1	40	8
*OSCE	15	51	32	21	30	9
*Interpol	42	46	0	0	22	10
Sector average	56	63	68	48		
INGOs						
Christian Aid	86	77	82	78	81	1
IASB	62	98	87	32	69	2
Int'l Save the Children Alliance	43	79	77	47	61	3
Aga Khan Foundation	25	65	85	42	54	4
Human Rights Watch	42	73	46	48	52	5
ISO	45	76	69	18	52	5
*MSF International	20	66	76	45	51	7
MERCY Malaysia	33	65	49	44	48	8
Greenpeace International	53	56	35	26	42	9
FIFA	27	65	17	40	37	10
Sector average	43	72	62	42		
TNCs						
The General Electric Company	46	73	67	76	65	1
GSK	48	74	56	56	59	2
TATA Group	45	46	95	44	57	3
The Coca-Cola Company	30	66	65	62	56	4
*Petrobras	20	39	76	79	53	5
Suez	44	65	43	36	47	6
HSBC Holdings	19	59	47	39	41	7
DynCorp International	30	42	26	45	36	8
*PwCIL	15	14	13	31	18	9
*Google	0	34	0	36	17	10
Sector average	29	51	49	50		

* Denotes organisations that did not formally or in practical terms engage with the research process

 Highlights organisations that scored above 50 percent in at least three of the dimensions

Acronyms and reference terms

ADB	Asian Development Bank
AGM	Annual General Meeting
AKF	The Aga Khan Foundation
AU	African Union
CEO	Chief Executive Officer
EHS	Environment, Health and Safety
FIFA	Fédération Internationale de Football Association
GAP	Global Accountability Project
GE	The General Electric Company
GEF	Global Environment Facility
GRI	Global Reporting Initiative
GSK	GlaxoSmithKline plc
HAP-I	Humanitarian Accountability Partnership-International
IASB	International Accounting Standards Board
IDB	Inter-American Development Bank
IDP	Information Disclosure Policy
IFI	International Financial Institution
IGO	Inter-governmental Organisation
IMF	International Monetary Fund
INGO	International Non-Governmental Organisation
IsDB	Islam Development Bank
ISO	International Organisation for Standardization
LSO	Legal Support Office (in the UNDP)
MSF	Médecins Sans Frontières International
NGO	Non-Governmental Organisation
OSCE	Organization for Security Co-operation in Europe
PwCIL	PricewaterhouseCoopers International Limited
TCCI	TATA Council for Community Initiatives
TNC	Transnational Corporation
UAE	United Arab Emirates
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WFP	World Food Programme

Definition of terms

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

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

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

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

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

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

Nongovernmental organisations (NGOs): a subset of civic organisations defined by the fact that they are formally registered with government, they receive a significant proportion of their income from voluntary contributions, and are governed by a board of trustees.⁴¹

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

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

⁴¹ Edwards, M. (2000), *NGO Rights and Responsibilities: A New Deal for Global Governance*, Foreign Policy Centre, London, p7-8.

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ISBN 978-0-9504434-9-2

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