The Global Accountability Report 1 2003

Power without accountability?

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Acknowledgments

List of acronyms, definitions and terms

List of acronyms

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

Definition of Terms

The following terms are used throughout this report.

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

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

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

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

Executive summary: Power without accountability?

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

Kofi Annan, 2000

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

Why does accountability matter?

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

Measuring accountability

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

Governance: member control

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

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

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

TNCs also suffer from a form of minority control as a result of the rise in the number of large institutional investors. Although these investors represent numerous shareholders, they can act as a bloc vote and can often monopolise decision-making at the expense of individual shareholders through control of a majority of votes and access to greater information prior to governing body meetings.

Access to information

Another important aspect of accountability is the transparency of an organisation. Access to relevant, timely information about what an organisation is doing is vital to ensure that both internal and external stakeholders are able to hold an organisation to account. This pilot has focused on access to online information, using it as a proxy for an organisation's overall transparency. The study reveals two clear conclusions. First, that international NGOs provide less online information about their activities than IGOs and TNCs, and second that all of the groups limit access to information about their decision-making processes.

With the exception of the IFRC, international NGOs come close to the bottom in the access to information dimension. What is surprising is that they often fail to provide information that is likely to be of significant use to stakeholders, for example, how they are spending their money and how well they have been achieving their aims. Less than half of the NGOs within this study publish an annual report online and only the IFRC, Oxfam International (OI) and World Wide Fund for Nature (WWF) provide financial information within their annual reports. The provision of evaluation material about the projects and programmes of international NGOs is also inconsistent.

The second clear conclusion across all the groups is that access to information about decision-making is limited. Only a handful of the organisations provide the agenda, draft papers or minutes of either their executive or governing body meetings. Despite legitimate requirements for confidentiality, there is a large amount of information that could be made available to stakeholders and the wider public.

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

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

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

Good practice in accountability

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

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

Governance: member control – good practice

• Are all members fairly represented on the governing body?

• Do all members have the power to add items to the agenda of governing body meetings?

• Do all members have the power to nominate, elect and dismiss individuals on the executive?

• Are there mechanisms in place to ensure equitable representation of all members on the executive (where the executive body is composed of member delegates)?

• Are amendments to the governing articles subject to at least a two-thirds majority?

• Does a majority of members (75% or more) hold a majority of the votes?

Access to online information – good practice

• Is a description of the objectives, targets and activities available?

• Are evaluations of main activities available?

• Can the public identify all key members of the organisation?

• Is there a public record of the number of votes each member holds?

• Is a meaningful description of key decision-making bodies available to the public?

• Are individuals on the executive body publicly identified?

• Are the agendas, draft papers and minutes of both governing and executive body meetings available to the public?

• Is there an information disclosure policy available which clearly states the types of documents the organisation does and does not disclose, stating the reasons for non-disclosure?

• Are annual reports publicly available and do they contain externally audited financial information?

• Is the above information available in the languages of those with a stake in the organisations?

Graph 1: Member control and access to information scores combined
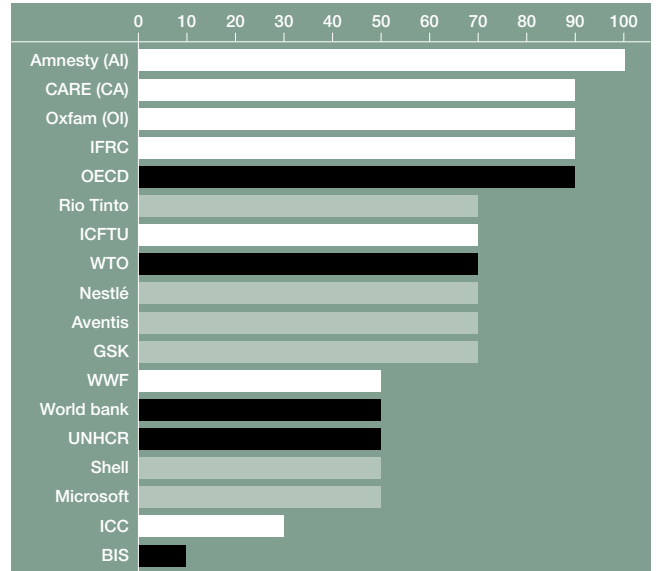
Graph 2: Member control of organisation scores

Key

TNCs
IGOs
NGOs

All graph data © 2002/2003 One World Trust
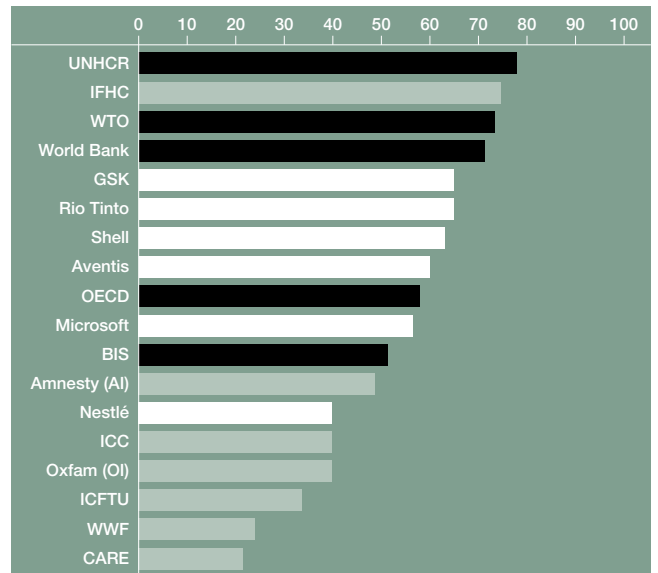
Graph 3: Access to online information scores

Chapter 1 Introduction: global accountability matters

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

Kofi Annan, 2000

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

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

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

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

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

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

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

Where accountability mechanisms are effective, people are more likely to feel that their needs are being taken into account. Greater transparency of decision-making can assist this as it will help to build trust in political processes. This trust is increased if feedback loops are built into the decision-making processes so that decision-makers can learn from communities affected by their decisions and, in particular, learn from their mistakes in order not to repeat them.

Accountability mechanisms which enable greater involvement by the people who are most affected by the decisions results in greater ownership. A sense of ownership tends to lead to more relevant decision-making and better implementation. Robust and well-designed accountability mechanisms act as a check against abuses of power. In the end accountability boils down to two things. To justice; people's right to have a say in decisions that affect their lives. And to efficiency; the involvement of people in the decisions that affect them leads to better decisions being made in the longer term

This pilot report is part of on-going research into the issue of global accountability. Central to it is an assessment of the accountability of eighteen global organisations. The organisations include IGOS, TNCs and international NGOs (see following table).

Organisations assessed in the first Global Accountability Report

Inter-Governmental Organisations

Bank for International Settlements (BIS)

Organisation for Economic Co-operation
and Development (OECD)

World Bank

World Trade Organisation (WTO)

United Nations High Commissioner for Refugees (UNHCR)

Transnational Companies

Aventis

GlaxoSmithKline (GSK)

Microsoft

Nestlé

Rio Tinto

Shell

International Non-Governmental Organisations

Amnesty International (AI)

CARE International

International Chamber of Commerce (ICC)

International Confederation of Free Trade Unions (ICFTU)

International Federation of Red Cross
and Red Crescent Societies (IFRC)

Oxfam International (OI)

World Wide Fund for Nature (WWF)

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

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

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

Chapter 2 What is accountability?

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

Raynard, 2000

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

Traditional approaches to accountability

Traditional approaches to accountability have a very narrow notion of accountability giving only those with formal authority over an individual or organisation the right to hold them to account. The most obvious place where formal accountability is exerted is during elections, when politicians are directly answerable to their electorate. Likewise, a shareholder of a company is able to call the directors to account for the company's performance during the year; holding shares entitles the shareholder to exert some authority within the company.

Within this traditional view of accountability, holding an individual or organisation to account requires clearly defined roles and responsibilities, regular reporting and monitoring of behaviour against these roles, and the ability to impose sanctions for breaches in these roles and responsibilities. Accountability is largely seen as an end-stage process where judgement is passed on results or actions already taken. Elections exemplify this type of process and illustrate the fact that participation and engagement between the accounter and the accountee can be intermittent.

A stakeholder approach to accountability

This traditional approach to accountability has been challenged by the stakeholder conception of accountability. Stakeholder accountability expands the traditional approach by adopting a far more open and participative conception of accountability. The right to hold an organisation or individual to account is granted to *"any group or individuals who can affect or is affected by … an organisation."* (Freeman, 1984). This approach recognises that the impact of an organisation's or individual's actions is often diffuse and therefore responsibility should be too.

Stakeholder accountability is also far more participative and pro-active. Accountability is not just seen as an end-stage process, but something that is ongoing and dynamic. Stakeholders are encouraged to be involved at all stages of an organisation's decision-making in order to ensure that the organisation is responsible for its actions.

The GAP Model of Accountability

The Global Accountability Project's (GAP) model of accountability draws on this stakeholder approach to provide a clear framework that identifies the key dimensions affecting an organisation's accountability.

The model focuses on the core components of organisational accountability in order to assess any type of organisation regardless of different mandates, structures and regulatory environments. The model identifies eight 'dimensions'. The dimensions refer to the structures or processes which can facilitate accountability. The following table sets out this framework and the eight dimensions.

The GAP accountability framework

Internal Stakeholder Accountability	External Stakeholder Accountability
Dimension 1 **Member control** *Reflected by how an organisation is governed and the degree of control members have over its actions*	**Dimension 5** **External stakeholder consultation** *Reflected by how an organisation involves external stakeholders in its decision-making processes*
Dimension 2 **Appointment of senior staff** *Reflected by the procedures for recruiting and retaining senior staff within an organisation*	**Dimension 6** **Complaints mechanisms** *Reflected by how an organisation enables those most affected by its decisions to register their complaints about its actions and the follow-up mechanisms in place to ensure that these complaints are acted upon*
Dimension 3 **Compliance mechanisms** *Applies only to IGOs and is reflected by the power an organisation has to enforce its decisions on member states*	**Dimension 7** **Corporate social responsibility** *Reflected by how an organisation manages, evaluates and reports on its social and environmental impact*
Dimension 4 **Evaluation processes** *Reflected by what aspects of an organisation's work are evaluated, how this is done and reported to the public*	**Dimension 8** **Access to information** *Reflected by the degree of information provided by it to the public*

Internal and External stakeholders

The GAP model identifies two distinct sets of people who can hold an organisation to account. The first set is an organisation's internal stakeholders. The second set is its external stakeholders. The dimensions have been split into two groups on the basis of how they contribute to these different sets of stakeholders.

Internal Stakeholders include an organisation's staff, its shareholders, its member countries, national organisations and, in the case of international NGOs, supporters. These stakeholders are part of the organisation and operate (in part or whole) within the organisation.

External Stakeholders are individuals or groups who are affected by an organisation's decisions and activities but who are not formally part of the organisation. Organisations have a multitude of external stakeholders. Some groups of stakeholders are easy to identify and remain as stakeholders of an organisation for a long period of time. Other groups are more fluid and change depending on the work being undertaken.

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

Limitations of accountability and ways to minimise them

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

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

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

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

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

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

Chapter 3 Measuring accountability

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

The fact that this report is based on two of the eight dimensions in the index inevitably means that it presents a partial picture of the accountability of the organisations in this study. These two dimensions were chosen for the pilot because they were identified as being necessary, if not sufficient, for ensuring that an organisation is accountable. As the project progresses it will focus on a greater number of dimensions from the GAP model in order to build-up a fuller picture and allow more conclusions to be drawn. The fact that this pilot study has identified some clear differences both within and between groups illustrates, in the opinion of the report's authors, the value of even this partial approach.

The dimensions and their indicators are briefly described below along with the scoring system used. A full list of all the indicators for each of the dimensions being studied is found in *Appendix i.*

Measuring member control

All the organisations in the study are membership-based and the control that these members are able to exert over the governance of an organisation has a crucial impact on its accountability. Members form a particular subset of an organisation's internal stakeholders. The members of an organisation jointly 'own' the organisation and it is this legal bond that requires organisations to be accountable to them for its actions.

The organisations within the study have different types of members. These types are identified below.

Type of organisation	Type of member
IGO	Member states
TNC	Shareholders
NGO	**National organisations** (sections, affiliates, groups or committees)

Members tend to exercise their authority over an organisation through control of two key decision-making bodies: the governing body and the executive body. An organisation's governing body is its highest decision-making body. A governing body should bring together all members and is normally a large and rather inefficient decision-making instrument, meeting infrequently and only taking key policy decisions which set the overall direction of the organisation. The GAP indicators assess whether all members are given representation on the governing body and what ability members have to add items to the agenda of governing body meetings, a crucial mechanism of accountability.

Governing bodies delegate most of their decision-making power to an executive body. An executive body acts on behalf of the organisation's governing body by implementing and monitoring decisions on a more regular basis. The executive is normally smaller in size and can, in practical terms, have far more power than the governing body. The indicators measure the ability of members to nominate, elect and dismiss individuals from the executive in order to maintain control over this body.

In addition, indicators have been selected to assess whether a minority of members (15% or less) dominate decision-making. There are multiple ways in which members can dominate. The indicators assess the distribution of votes, the control of changes to the governing articles (the legal document defining the mandate, members and key decision-making bodies within an organisation) and member representation on the executive.

The issue of voting is one of the most difficult aspects of the accountability agenda in this dimension. Different organisations distribute votes amongst members on the basis of different factors, for example, the financial contribution that members make to the organisation. A difference in the number of votes held by members does not in itself pose a problem for accountability and it is not within the scope of this report to assess different forms of voting distribution. However, what this report does assess is whether differences in power extend to giving a minority of members the majority of decision-making power. When the decisions affect all members this can lead to unaccountable decision-making.

Another difficult aspect of accountability in this dimension is the issue of organisations who have limited memberships, but which often take decisions that have a direct impact on specific individuals, states or organisations beyond their membership. The indicators do not capture this complexity, but this issue is raised through the use of 'yellow cards' (see page 7), where it is felt appropriate. What is important is that the report does not regard limited membership as negative, but does raise the point that organisations that take decisions, which quite clearly impact upon a wider constituency, should enable participation of external stakeholders in these decisions in a consistent and transparent manner.

Measuring access to information online

Access to information is a key facet of organisational accountability. Without relevant and timely information about what an organisation is doing neither internal nor external stakeholders can hold an organisation to account. This study has focused on the degree of information provision online. Access to online information acts as a useful proxy indicator by allowing broader conclusions about an organisation's openness to be made. Below is an outline of the types of information assessed on each organisation's website.

1 **Information On Activities:** All of the organisations undertake activities ranging from service delivery and the formation and implementation of international law, to the advocacy of a policy position on the international stage.

- For TNCs the indicators assess the availability of a product description, operational information and social and environmental information in the form of annual reports;

- For rule making IGOs (BIS, OECD, WTO) the indicators assess the availability of a description of the laws and standards developed, working papers on negotiations leading up to a new or revised rule, and an evaluation of the uptake of rules by members and non-member countries;

- For international NGOs and IGOs providing services (IFRC, CARE International, World Bank, UNHCR and OI) the indicators assess the availability of project descriptions, targets and objectives and evaluation material;

- For international NGOs undertaking advocacy (AI, ICC, ICFTU and OI) the indicators assess the availability of descriptions of advocacy campaigns, targets, objectives and evaluations.

2 **Information On Governance:** In order to make an organisation accountable for its activities, stakeholders must be able to determine who is responsible for the activities. The indicators assess whether an organisation's governing articles are available online. They are often highly technical and do not make for easy reading. An assessment of the presence of a layperson's guide to an organisation's governance structure is therefore made.

An assessment is also made of whether the names and voting rights of an organisation's members are available online (in the case of TNCs this is a single shareholder owning above 5% of shares and institutional investors representing over 10% of shares) and whether individuals on the executive body are identified. Finally, the provision of agendas, draft papers, minutes and/or summaries of both governing and executive body meetings are assessed to judge how much access is given to an organisation's decision-making processes.

3 **Public Information Disclosure Policy:** An organisation's public information disclosure policy sets out the limits of its public disclosure of documentation. An information disclosure policy has been assessed on four levels. First, whether it exists, second, whether it applies to both archives and current information, third, whether it lists the types of documents that are, and are not, available and fourth, whether the criteria for non-disclosure are adequately explained. This final indicator is crucial to avoid an organisation withholding information on an ad-hoc basis.

4 **Annual Reports:** An organisation's annual report provides stakeholders with a good summary of its key activities and financial situation over the year. It should provide an easily accessible overview of the organisation. The indicators explore the existence of an annual report online, the degree of information about activities contained within it, the existence of a financial statement and an independent auditors report.

5 **Language Provision:** All of the organisations being assessed are international, working across different countries and impacting upon different national constituencies. These indicators assess whether the main website can be converted into a different language, whether the organisation has national sites in different languages or whether documents on the main website are translated into at least one other language.

Difficulties were inevitably encountered in researching this dimension. Organisations updated their websites and added new information, which occasionally affected the research that had previously been conducted. To give as fair a picture as possible therefore a 'photograph' of the organisations' websites was taken. Changes made after August 2002 will not have been taken into account in this report

Scoring the indicators

All the indicators assessed have been scored on the basis of whether a particular attribute or item is present (1) or absent (0).

Five of the indicators within the Access to Information dimension have been graded on the basis of content present. Grading was carried-out on the following basis:

Graded indicators
- 0/3 – none of the expected documents present;
- 1/3 – a few of the expected documents present;
- 2/3 – most of the expected documents present;
- 3/3 (full mark) – all of the expected documents present.

The marks for each organisation were totalled and weighted to give a final score out of 100 for each dimension. The majority of indicators were weighted equally, but those indicators which were judged to contribute more to organisational accountability were double-weighted. The weights given to each indicator can be found in *Appendix i*.

Special cases
For a very small number of the indicators, specific factors were taken into account when carrying out the scoring. These points are explained below:

- The TNCs in this study are subject to regulations that stipulate the right of shareholders to introduce specific items to the agenda of governing body meetings. However, the thresholds that are set for accessing this procedure are so high in most countries that many shareholders are, in reality, excluded (*Wymeersch, 2001*). For example, UK company law states that only shareholders representing at least 5% of the voting rights, or 100 shareholders with shares on which at least £100 on average has been paid, are entitled to add an item to the agenda *(Companies Act, 1985: Section 376).* Unless a company explicitly states that its threshold is lower it has therefore been marked down for the indicator relating to whether members can add items to the agenda of governing body meetings.

- Given that the provision of a fully audited annual report is required by company law, the TNC profiles do not make explicit reference to the provision of these documents on a company's website.

- Generally, the international NGOs in this study do not provide information disclosure policies on their websites. The profiles only note incidences where an information policy is provided.

- The presence of a national website in the national language/s in addition to the secretariat or headquarters website was explored particularly where this main website was provided in only one language. Further analysis is needed to determine how extensively these national websites provide general information about the organisation.

Warning flags: the Yellow Cards

The indicators were developed to enable organisations from all three groups to be judged equally against the same framework. However, with three such disparate groups there are areas where the activities or structures of some of the organisations are not captured by the indicators. These areas are often unique to an organisation but never-the-less impact on accountability. To enable these aspects of accountability to be captured, yellow and green cards have been given to organisations where appropriate.

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

Chapter 4 Organisation profiles

Inter-Governmental Organisations (IGOs)

Introduction

Inter-governmental organisations (IGOs) are defined by the Yearbook of International Organisations as, *"being based on a formal instrument of agreement between the governments of nation states; including three or more nation states as parties to the agreement; possessing a permanent secretariat performing an on-going task"* *(UIA, 2002).*

The number of international organisations is growing and there are currently over 300 IGOs and 5,500 multilateral organisations (UIA, 2002). This rise in the number of IGOs is a direct response to globalisation and the need for the global community to contain and ameliorate problems that fall outside the scope of individual nations.

IGOs perform a wide range of useful functions. Most people are unaware of many of these functions. In recent years, criticisms of their role have increased as they have become more important and powerful across a wide range of issues. Some are criticised for having mandates relating to one area, normally trade, to the exclusion of other areas, such as the environment or human rights. Others are criticised for exceeding their original mandates and working in areas far outside those for which they were originally created. Negotiations at IGOs can occur in near secrecy even when the outcomes are expected to have a huge impact on individuals and communities from the member states. Some of the organisations are unable to affect international law directly but exert considerable power either through their access to resources or because they draw their membership from the richer countries of the world. These IGOs can set standards which, though not imposed, none-the-less end up being adopted by countries outside their memberships because they become the de facto global standard in that area. Other IGOs have the mandate to create and enforce international laws and hence have considerable power to impose their will on the nations of the world.

IGOs take their membership from nation states, which appoint individuals to represent them at the decision-making bodies of these organisations. Given that the majority of these representatives are appointed by democratically elected national governments, it follows that they, and the decision-making structures of IGOs, should be subject to the same scrutiny and democratic mechanisms that exist nationally for the governments of these member countries. In reality this is not the case, as citizens tend to be disconnected from their representative at the IGO.

Compounding the lack of connection between citizens and their representative is the fact that some nation states are effectively prevented, by a variety of mechanisms, from playing a full part in the decisions taken at IGOs. The most obvious mechanism is giving some nations more power than others, either by giving some a permanent seat at the executive, or by enabling some to veto any decision taken by the other members. Lack of resources to participate provides another way in which countries can be excluded.

The following IGOs were included in this study because they have a significant influence and represent a cross-section of the sector: the Bank for International Settlements (BIS), the Organisation for

Economic Co-operation and Development (OECD), the World Bank, the World Trade Organisation (WTO), and the United Nations High Commissioner for Refugees (UNHCR).
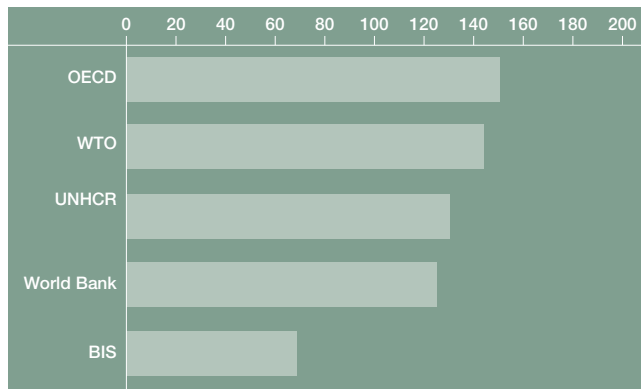
Graph 4: IGO member control and access to information scores combined
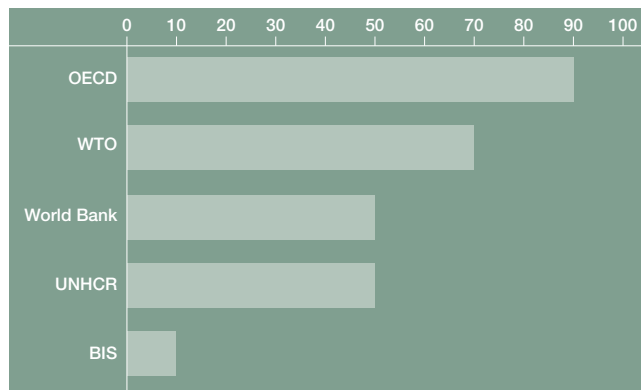
Graph 5: IGO member control of organisation scores
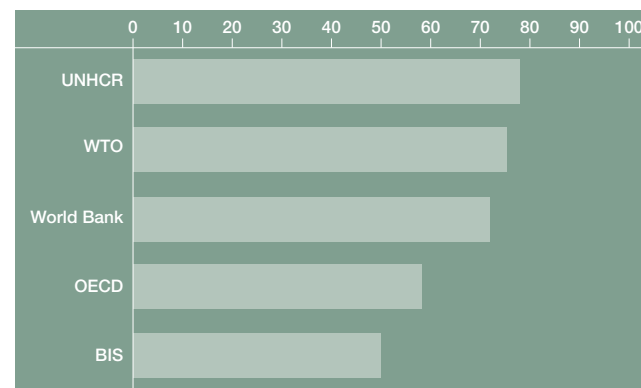
Graph 6: IGO access to online information scores

Bank for International Settlements (BIS)

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

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

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

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

The secretariat of the BIS is in Basel, Switzerland.

Organisational structure

The BIS has a complex organisational structure. Its statutes cover the governance of the banking arm of the BIS and do not extend to the governance of its standard setting work.

The members of the BIS are the central banks or national supervisory authorities from fifty countries. Its governing body is its AGM, which is open to all members and attended by the chairs of national central banks. The BIS's executive body is its Board of Directors and is composed entirely of members.

Decisions are voted on and votes are distributed on the basis of the number of shares held by each member. These are not, however, exclusively tied to shareholding rights.

This formal governing structure does not cover the BIS's role as an international standard setter. Much of the standard setting work associated with the BIS is not governed by it, but by a separate group called the Group of Ten (G10). The G10 is in fact made-up of eleven central banks: those of Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, UK and the USA. Established in 1962, this group is responsible for three main committees, which are located within the BIS secretariat: the Basel Committee on Banking Supervision (BCBS), the Committee on Payment and Settlement Systems (CPSS) and the Committee on the Global Financial System (CGFS).

The G10 and its committees are not accountable to the BIS and its fifty members, and constitute an autonomous entity. The BIS provides a secretariat for the G10 giving logistical and administrative support.

The assessment of the member control of the BIS focuses on the formal governance structures relating to its banking functions and raises the issue of the governance of its standard setting work in the yellow cards below.

Member control Score: 10

The BIS comes at the bottom of the IGO group by a large margin. This is because a minority of members dominate its governance.

The founding six members of the BIS hold the majority of votes, dominate representation on the executive and control key changes to the governing articles. In the case of the executive, a maximum of twenty-one member representatives are entitled to sit on it at any one time. The six founding members are entitled to two seats each, giving them a permanent majority. The additional nine places are open to other member representatives on a rotating basis, but are subject to appointment by the founding members.

Amendments to the governing articles of the BIS appear, at first sight, to be subject to a two-thirds majority of the governing body, which contains all members. However, closer inspection reveals that certain changes to the articles, including the composition of the executive, are subject first to a 2/3 majority by the executive itself (BIS, 1930 Art 58), controlled, as stated above, by the founding members.

Despite all members being able to attend governing body meetings, they don't appear to be able to add items to the agenda of these meetings. Nor, as has also been illustrated above, are they all entitled to nominate, elect and dismiss the majority of individuals on the executive. Both of these key mechanisms enable good member control of an organisation.

Yellow card

A yellow card has been raised over the uneasy governance relationship between the BIS and the G10. There is an incongruity between the official relationship of the organisations and their day-to-day relations. Officially they are legally separate entities whose only link is through the secretariat provided for the G10 by the BIS. However, the BIS's Board of Directors contains the same individuals that make-up the G10. Moreover, the G10 governing body meetings directly follow the BIS's Board of Directors meetings. All outcomes from the G10, such as standards and accords, are reported

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

Yellow Card

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

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

Access to online information Score: 51

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

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

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

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

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

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

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

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

Key documents of organisation used for this profile:

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

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

BIS (2002) BIS Profile.

Organisation of Economic Co-operation and Development (OECD)

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

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

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

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

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

Organisational structure

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

In its other guise, as the executive body, the Council meets regularly to give general guidance to the organisation. Member countries are represented not by their ministers, but by the OECD Ambassadors (member country civil servants permanently located at OECD). All member countries are represented at both the governing and executive bodies.

A series of committees or working groups, ordered around key policy topics, enable member countries to discuss policy proposals in more depth. An executive committee, which is open to all members, filters the work of the committee up to the main governing bodies. The OECD secretariat provides research for the committees, using a series of subject-focused directorates that mirror the committees.

Member control Score: 90

The OECD has the best results in terms of member control. This is because it gives good overall power to its members and avoids minority domination.

All members are given equal representation at both the governing and executive level. This means that adding items to the agenda of meetings and the nomination, election and dismissal of members from the executive are not problematic. This equality is mirrored at the committee level, with the majority of committees composed of all or nearly all members. This also enables the lower level decision-making that feeds up to the governing body to be in the control of all members.

Decisions are taken by consensus and changes to the organisation's governing articles have to be agreed by all, avoiding a minority of members dominating decision-making within the OECD.

Yellow Card

A yellow card has been raised because countries can be excluded from decisions which have a significant impact upon them. Recognising that it has an influence beyond its membership, the OECD has taken steps to alter the situation by conferring "non-member" status on 70 countries. Non-members are entitled to observe governing body meetings and are sometimes given equal decision-making rights in some working groups, for example the 'Working Group on the Declaration on International Investment and Multinational Enterprise'. Although it is deemed by some to be a positive move which has increased access to decision-making at the OECD, it is clear that arrangements for 'non-members' are ad-hoc and can still exclude these countries from important decisions.

Access to online information Score: 58

The OECD is second to the bottom of the group on access to online information. Only the BIS has scored lower.

Information on the OECD's policy activities is good. A comprehensive database is available online outlining all the OECD's acts (both binding and non-binding). Other documents are readily available and all publications can be browsed free of charge online. Evaluation materials about the extent to which member countries abide by the OECD Acts are easily obtainable and comprehensive. However, supporting information leading up to an act is patchy. The availability of working papers on new acts varies between committees, and largely depends on whether the committee is publicly consulting on a new act or not.

The OECD is the only IGO not to have an information disclosure policy available online. This is surprising given that a recent OECD report about member countries highlights that good access to information, *"requires citizens to know and understand their rights,"* noting that, *"Objectives for, and limits to, information should be well defined from the outset." (Caddy & Vergex, 2001).*

The OECD provides clear information on its governance; its governing articles and a comprehensive description of key governing bodies are on the website. The mandates of committees are provided and, where there is not full member representation within a committee, the composition is given. However, in terms of actual decision-making, the OECD is not so transparent. Although its governing body is open to the public - the agenda, draft papers and a summary of key decisions made are all available - its executive body works in total privacy.

The OECD publishes its annual report online, but it does not contain any financial information. This is because the accounts are usually only approved in the 3rd or 4th quarter of the year, whilst the annual report is released in the 1st quarter to enable it to be digested prior to the annual ministerial conference. The accounts should be available in a separate document online *(OECD, 2002)*. Accounts from previous years could not be found online during this study, and it is yet to be seen whether this year's accounts will be published.

The OECD is one of only two IGOs that translates its entire website into more than one language, in this case French.

Key documents of organisation used for this profile:

OECD (1960) Convention on the Organisation for Economic Co-operation and Development.

OECD (2002a) Annual Report 2002.

OECD (2002b) The OECD.

United Nations High Commissioner for Refugees (UNHCR)

The UNHCR is the world's leading humanitarian agency for refugees and internally displaced people. Established in 1950 by the UN General Assembly, the agency currently operates in 114 countries, covering some of the world's worst conflict areas.

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

The UNHCR also plays an important assistance role. The agency coordinates the provision and delivery of basic needs like shelter, food, water, sanitation and medical care to refugees. This operational work is carried out through a number of partnerships with NGOs and other inter-governmental organisations.

The agency is funded principally from governments but also from inter-governmental organisations, corporations and individuals.

The UNHCR headquarters are in Geneva, Switzerland where it employs approximately 5000 staff. Its expenditure in 2001 was $996m.

Organisational structure

The UNHCR is part of the UN and has a complex governance structure. Effectively it has two governing bodies: the UN General Assembly, which is able to issue direct policy directives and the UNHCR Executive Committee, which operates as a subsidiary organ of the General Assembly and meets annually to focus exclusively on the governance of UNHCR. This report focuses on the latter, the UNHCR's Executive Committee, taking this to be its governing body. The Executive Committee consists of 61 member countries (all of whom are member countries of the UN). These countries are considered by this study to be the UNHCR's members.

The UNHCR's executive body is its Executive Office. The Executive Office oversees the day-to-day management of the organisation. It is composed of three individuals - the High Commissioner for Refugees, the Deputy High Commissioner and the Assistant High Commissioner.

Member control Score: 50

The UNHCR comes joint third, with the World Bank, for this dimension. This is due in part to the complexity of its governance structures and the unaccountable appointment of its executive.

Unlike for other inter-governmental organisations, the individuals on the executive body are appointed in their own right and not as representatives of any of the members. This in itself does not pose an accountability problem. The problem lies in the fact that the power to nominate and elect individuals on the executive is not held with members. These powers are held exclusively by the UN General-Secretary. The result is an executive body that, in key ways, is not controlled by its members.

This weakness overshadows the fact that all members are represented at the governing body and that a minority of members is unable to dominate decision-making, as votes are distributed on the basis of one member one vote. In reality, decisions are mostly taken on the basis of consensus. Information is not available on either how

amendments are made to the governing articles, or on member countries' ability to add items to the agenda of governing body meetings.

Access to online information Score: 78

The UNHCR has excellent access to online information and is ranked top of the IGO group.

Information on the UNHCR's project and advocacy activities is comprehensive. Full descriptions are provided, containing objectives, activities and funding, management and operational information. Evaluation material is also readily available and is extensive, covering achievements and constraints. An annual document called the 'Global Appeal' (UNHCR, 2002a) outlines strategies for the year ahead giving an insight into the organisation's future plans.

The only weak spot is the UNHCR's public information disclosure policy, which is only applicable to its archives and does not list the types of information or documents disclosed. The policy does, however, contain a very detailed definition of the criteria the UNHCR uses for non-disclosure, in line with the controversial work it undertakes in protecting individuals and groups of refugees.

Information on the way the organisation is governed is excellent; the UNHCR devotes a lot of space to explaining the history, functions and composition of its key decision-making bodies. It is the only IGO to provide the agendas, draft papers and minutes of its governing body online. All are easily accessible through the use of document codes and are available in more than one language. However, transparency within the executive body is weak. The agenda, draft and minutes are not accessible.

The UNHCR's annual report is well written and informative, containing a full financial statement, a signed audit report and in-depth funding information, with a breakdown of funding by country and project.

The UNHCR's website is only available in English, with a few documents also available in French (but the annual report, for example, could not be found in French). National sites are available in the language of origin.

Key documents of organisation used for this profile:

UNHCR (1998) Enhancement of the Evaluation Function of UNHCR.

UNHCR (2000) UNHCR's Organisational Oversight and Performance Review Framework.

UNHCR (2001) Global Report 2001.

UNHCR (2002a) Global Appeal 2002.

UNHCR (2002b) UNHCR Statute of the office of UNHCR.

World Bank

The World Bank is the largest and, arguably, the most influential public development institution in the world, lending US$19.5 billion to its client countries in 2000 (World Bank, 2001a). The economic clout of the Bank, coupled with its ever-expanding mandate and the multitude of reform conditions it attaches to its loans, makes it

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

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

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

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

Organisational structure

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

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

Member control Score: 50

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

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

However, closer inspection reveals that a minority of members dominate decision-making. 11 of the World Bank's 184 member

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

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

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

Access to online information Score: 71

The World Bank has very good access to online information, coming third in the group.

Information on the World Bank's lending activities is good. A project database is available covering all the World Bank lending (projects, sectoral and structural lending). Basic information is provided including location, amount lent and specific objectives. However, conditions attached to lending are not always readily available despite this being a highly contentious issue amongst civil society groups.

The availability of evaluation material is also patchy. While Project Appraisal documents (exclusively for project based lending) are readily available, Program Documents (the sectoral and adjustment lending evaluation equivalent) are less accessible. In fact, the only Program Documents which are available are those relating to Poverty Reduction Support Credits. For all other adjustment lending, the Program Documents are only available after the borrower concerned has given its consent. Giving the power of disclosure to its borrowing countries has caused concern that the Bank is *"essentially abdicating responsibility for its own transparency" (BIC, 2001).*

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

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

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

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

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

The World Bank publishes its annual report online and it contains fully audited accounts and good information on its activities.

The World Bank website is available in Russian and Spanish, but not all of its documentation is available in these languages. It also has sixteen country web sites in languages other than English.

Key documents of organisation used for this profile:

IBRD (1989) Articles of Agreements.

IDA (1960) Articles of Agreements.

World Bank (2001) The World Bank Annual Report 2001: Year in Review.

World Bank (2002a) Memorandum To The Executive Directors, Executive Directors' Work Program Overview, January – December.

World Bank (2002b) The World Bank Policy On Disclosure of Information.

World Bank (2002c) Organisational Chart of the World Bank.

World Trade Organisation (WTO)

The WTO administers the rules of trade between nations. It is big business. In 2001, trade in goods and services between nations accounted for US$6 trillion (WTO, 2002a).

The WTO is the successor to the General Agreement on Tariffs and Trade (GATT) and was established on 1 January 1995 following the Uruguay Round negotiations. Prior to 1995, multilateral trade rules were decided through a series of ad-hoc round tables, which brought governments around the world together to negotiate non-legally binding agreements. However, after the Uruguay Round, it was decided that a permanent institution was needed to implement these agreements.

The WTO provides a forum for member countries to negotiate permanent and legally binding trade laws which are ratified by each member country's parliament. Equally important, however, is its role in monitoring and ensuring member country compliance with existing WTO agreements. The presence of a dispute settlement mechanism makes the WTO stand out amongst other IGOs as one of the very few organisations with the power to enforce compliance. Signatories to the WTO agreements can be penalised for failing to abide by the agreements through trade sanctions.

The WTO's remit covers a wide area from agricultural subsidises, to the labelling of genetically modified foods and patent laws on life-saving drugs.

The secretariat of the WTO is in Geneva, Switzerland, and it has a staff of 550. The organisation's expenditure for 2001 was US$97 million.

Organisational structure

The WTO has 144 member countries. Its governing body is the Ministerial Conference, which meets at least once every two years. The Ministerial Conference takes the final decisions on trade agreements and is the highest decision-making body of the organisation. The WTO's executive body is the General Council, which meets in two guises: the Trade Policy Review Body and the Disputes Settlement Body. These bodies analyse members' trade policies and settle disputes respectively. Below these are a series of councils and committees, which report to the General Council about specific trade subjects covered by the agreements.

The formal committees are open to all member nations with the exception of the Disputes Panels and the Appellate Body, which consist of experts.

Decisions are taken by consensus so each member has equal decision-making power.

Member control Score: 70

The WTO comes second in the IGO group for this dimension.

Despite the fact that the WTO's governance structure provides mechanisms for the representation of all members at the governing body level, the reality is that some members lack the capacity to engage meaningfully in decision-making. Formally, all members are given representation on the governing body. However, 25 of the

smaller developing country members do not even have an office in Geneva, making it difficult for them to attend these meetings.

In addition, the existence of informal decision-making structures reduces the ability for all members to have a say in the decisions made by the organisation. Although officially all members can add items to the agenda of governing body meetings, there is evidence that much of the agenda is set behind closed doors in private meetings. These meetings, known as 'Green Room' meetings, are rarely publicly announced in advance. Attendance is subject to invitation by the Director General and developing countries are routinely excluded (Woods and Narlikar, 2001). It seems that this can even be the case when issues directly affecting a particular nation are discussed. This was illustrated by Jamaica's proposal on Annex 7 of the Subsidies Agreement being discussed at a 'Green Room' without Jamaica being invited to the meeting (Sharma, 2001).

The presence of these informal realities overshadows the fact that all members are represented at the executive and that decision-making is based on consensus, seemingly preventing a minority of members dominating decision-making. Amendments to the governing articles require consensus.

Access to online information Score: 73

The WTO comes second in the group for this dimension.

Information on the WTO's trade activities is excellent. The WTO provides access to the legal texts of its agreements by topic, alongside a full, non-technical description of the law. This is very important given the technical nature of much of the work it covers. The public are able to review the extent to which members have implemented the agreements and view the process and documentation surrounding any decisions taken by the disputes panel. The information available from the committees is standardised. Each committee produces an annual report of its work for the General Council outlining its activities.

The WTO's information disclosure policy clearly defines the criteria for the disclosure and non-disclosure of documents. In addition, document codes contained within the policy help to identify the information contained in a number of documents. How these documents fit into the decision-making processes is also specified. Codes also make accessing documents more efficient.

It is easy to obtain a clear overview of the WTO's governing structure at both the formal and informal levels. Its governing articles are easily accessible, with a full description of key bodies and their functions, including the committee system. The WTO also has good access to documents relating to decision-making. Although the agenda, draft papers and minutes of the governing body decisions are not available, the WTO does provide extensive summaries of governing body meetings, including statements made. The executive body is the most transparent of all of the IGOs in this study, with draft papers, minutes and summaries readily available.

The annual report contains a comprehensive financial statement but not an audited report.

The WTO is only one of two IGOs that publishes its entire website in more than one language, in this case French and Spanish.

Key documents of organisation used for this profile:

WTO (1994) Agreement Establishing the World Trade Organisation.

WTO (2002a) Annual Report 2002.

WTO (2002b) Budget 2002.

WTO (2002c) Documents Online: Frequently Asked Questions about WTO official documentation.

WTO (2002d) Organisation Chart.

Transnational Corporations (TNCs)

Introduction

A transnational corporation (TNC) is a profit-making organisation, which has its production, distribution and research operations in more than one country. There are more than 60,000 TNCs in the world today with more than 800,000 affiliates *(UNCTAD, 2001)*. In 2001 total sales of the top 20 TNCs (ranked by foreign assets) was over US$1600 billion *(UNCTAD, 2001)*. Between them, these 20 TNCs employ over five million people worldwide *(UNCTAD, 2001)* and have sophisticated production networks stretching across the globe.

These corporations play a powerful role in the global economy with a far-reaching impact on people's lives. While many see their influence as positive in terms of investment, job-creation, technology transfer and the provision of goods and services there is also widespread criticism of some of their activities. Some TNCs are accused of having a near monopoly and abusing their market position. Others, which push the boundaries of new technology, have been severely criticised for the way they have developed and tested products. In recent years, drugs companies have been criticised in relation to developing countries access to potentially life-saving drugs. The extractive industries, both mining and oil, meet considerable criticism for alleged human rights abuses and negative environmental effects of their operations.

The dynamics of globalisation are eroding the two most powerful accountability mechanisms that exist to harness TNCs' powers; market regulation and consumer choice.

National governments can influence a company's behaviour through the regulation of markets within their territories. However, even in countries with comparatively strong frameworks, regulation can fail. Moreover, given that TNCs operate in many countries, the power of national governments to hold them to account has been significantly reduced. This means that TNCs have been largely left to regulate themselves, particularly in countries with weak regulatory environments. The result has been a plethora of voluntary initiatives and standards such as the Global Compact, the OECD's Guidelines on Corporate Good Governance and the Global Reporting Initiative.

Another key accountability mechanism is consumer choice. This is a potentially powerful mechanism. Consumers who are not happy with
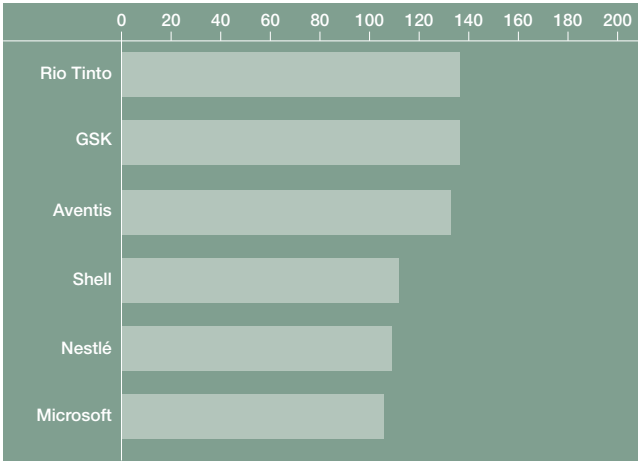
Graph 7: TNC member control and access to information scores combined

Graph 8: TNC member control of organisation scores
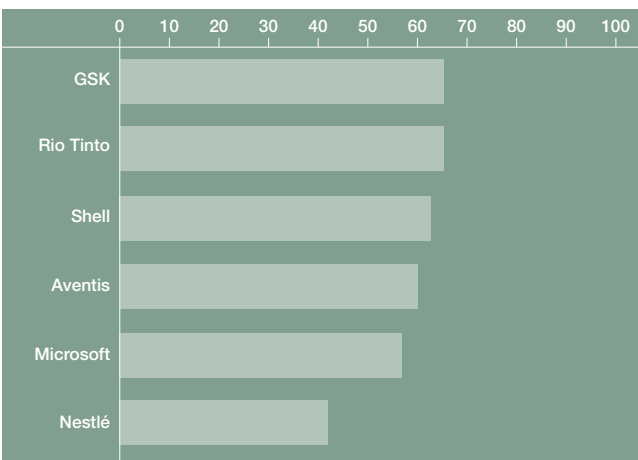
Graph 9: TNC access to online information scores

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

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

Aventis

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

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

Organisational Structure

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

Member control Score: 70

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

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

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

Access to online information Score: 60

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

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

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

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

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

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

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

Key documents of organisation used for this profile:

Aventis (2002a) By-Laws.

Aventis (2002b) Annual Report 2001.

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

Aventis (2002d) Issue Papers.

Aventis (2002e) Corporate Governance.

Aventis (2002f) Organisational Structure.

GlaxoSmithKline (GSK)

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

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

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

Organisational structure

GSK's governance structure is relatively simple compared to some of the TNCs in this group. Its shareholder AGM is the formal meeting where decisions regarding the governance of the organisation take

place. The Board of Directors has executive responsibility for the organisation and is elected at the AGM. The Board has five committees including the Audit Committee, the Remuneration and Nominations Committee, and the Corporate Social Responsibility Committee.

Member control Score: 70

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

Shareholders are given the power to nominate and elect individuals to the executive board. In addition, they have the formal power to dismiss board members. In reality the majority of nominations are made by the Remuneration and Nominations Committee which is composed solely of non-executive directors.

Even though UK law does not require it, GSK provides a breakdown in its annual report of share holdings over 3% of total stock. A minority of shareholders can neither dominate the company nor change its governing articles.

Yellow Card

The shareholder AGM is the main governing body of the organisation, as such it is important that shareholders are able to attend and transact all of the business of the organisation. This yellow card has been raised because the governing articles of GSK give the directors powers to exclude or eject shareholders from meetings.

Access to online information Score: 64

GSK is at the top of the TNC group, together with Rio Tinto, for this dimension.

Information about activities is comprehensive and includes information such as the compliance status of their drugs in relation to governmental regulatory bodies. Operational data, however, is patchy. Despite informing the reader of the number of sites per region, GSK fails to state the exact location of these sites. This information is important as Burma, for example, is one of the areas GSK covers.

Social and environmental responsibility is given a high profile on the site with social and environmental annual reports readily available. There is an extensive description of the issues affecting the company and it provides policy papers on issues as diverse as animal testing and preferential pricing for developing countries. However, GSK does not tackle the issue of intellectual property, which it considers to be 'misleading and counter-productive'(GSK, 2002).

GSK, like most TNCs, does not provide its governing articles online. However, it clearly outlines the functions of its key decision-making bodies including details of its Audit, Finance, and Remuneration and Nomination committees. It also provides an explanation of further internal controls created in order to enhance accountability.

In general, the information GSK provides on its website for its AGM is good, although minutes from the last AGM could not be found. The summary of votes cast for resolutions made at the meeting which

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

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

Key documents of organisation used for this profile:

GSK (2000a), Memorandum of Association.

GSK (2000b), Articles of Association.

GSK (2001a) Annual Report 2001.

GSK (2001b) Society and Environment Review 2001.

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

Microsoft

Microsoft was founded in 1975 with the vision of a computer on every desk in every home.

Its head office is in Redmond, USA and it has subsidiary offices in over 60 countries. The company's expenditure for 2001 was US$16,953 million and it employs 50,000 people.

Microsoft is the leader in software, services and internet technologies dominating the global market for personal and business computer software. The company owns, or has significant investments in an estimated 150–160 companies in the computer and telecommunications industry.

Organisational structure

Microsoft's governance structure is relatively simple compared to some of the TNCs in this group. Its shareholder AGM is the formal governing body for the organisation. The Board of Directors, with executive responsibility for the organisation, is appointed at the AGM. The Board has four committees: the Audit, Compensation, Finance, and Governance and Nominating Committees.

Member control Score: 50

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

The Nomination Committee makes nominations to Microsoft's Board. This committee is composed solely of non-executive directors. The AGM votes on these nominations in the usual way.

The company does not report whether any shareholders own more than 3% of the total stock. It has therefore been impossible to confirm whether a minority of shareholders can dominate decision-making. State law makes it clear that a majority of shareholders must agree changes to the governing articles.

Access to online information Score: 57

Microsoft is second to the bottom of the TNC group for this dimension.

Product information is extensive although largely promotional. However the provision of operational data is limited. There is little information beyond the name of the countries where the company's factories and offices can be found. Social and environmental information is also limited with no reports available online. Issues

highlighted as important to the company include access to information technology in the developing world, environmental recycling and diversity of staff. The anti-trust case brought by the US Government against Microsoft features prominently on the website with information as to the status of the case and supporting documentation.

Information about governance is good. The company is the only TNC to provide its governing articles online and it also includes its by-laws. There is an extensive corporate governance section which includes descriptions of the key governing bodies within the organisation.

Microsoft provides online access to the agenda and papers for the AGM. It provides a direct transcript of the meeting itself, but no record was found of which resolutions were passed.

Microsoft does not make the main website available in any language other than English. However local sites are in the language of origin.

Key documents of organisation used for this profile:

Microsoft (2000) Amended and Restated Articles of Incorporation of Microsoft Corporation.

Microsoft (2002a) Bylaws of Microsoft Corporation.

Microsoft (2002b) Annual Report 2002.

Nestlé

Nestlé was formed in 1905 by a merger between the original Nestlé Company and the Anglo-Swiss Condensed Milk Company.

The company's headquarters are in Switzerland and it has nearly 470 factories around the world. The company employs nearly 300,000 people worldwide and had an annual expenditure of US$50.2 billion in 2001.

Nestlé is the world's largest food company. It produces 8,000 products ranging from coffee, water, dairy products, cereals and instant foods to pet care, cosmetics and pharmaceutical products.

Organisational structure

The company has a dual board structure. The Executive Board has responsibility for the day-to-day running of the company and its shareholder AGM is where decisions regarding the governance of the organisation are taken.

The Management Board essentially plays an intermediary role between the Executive Board and shareholders. The Management Board contains a number of important committees including the Audit Committee, the Remuneration Committee and the Committee of the Board, where the power to nominate members onto the Executive Board resides.

Member control Score: 70

Nestlé scores well for this dimension coming top along with Rio Tinto, GSK and Aventis.

Shareholders are able to both nominate and elect members to the Management Board. In practice the Nomination Committee makes the majority of the nominations. The Management Board, as is usual in companies with this dual board structure, makes appointments to the executive board.

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

Access to online information Score: 40

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

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

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

Within this study, Nestlé provides the most limited online access to documentation about its AGM. No agenda, papers or minutes for the last AGM could be found on its site after an extensive search.

Nestlé has some documents on its main website available in different languages and has local websites in local languages.

Key documents of organisation used for this profile:

Nestlé (1996), Infant Formula Charter.

Nestlé (2000) Corporate Governance Principles.

Nestlé (2000b) Environment Progress Report 2000.

Nestlé (2002c) 135th Annual report of Nestlé S.A., Cham and Vevey.

Rio Tinto

The Rio Tinto Company was founded in 1873. The two constituent companies of Rio Tinto Company, Rio Tinto plc and Rio Tinto Ltd, were themselves formed as the result of a series of company mergers in 1962. The two companies were restructured in 1995 to form a single business organisation with the same board of directors, an integrated management and a combined portfolio.

The group's headquarters are in the UK. There is also an office in Australia, which acts as the representative office for the region and provides support to Australian based operations. It has operations in 20 countries worldwide and on all continents except Antarctica. In 2001, the group employed 34,399 people and had an annual expenditure of US$10 billion.

The group focuses on large scale, long life and cost competitive mining operations. Its portfolio falls into six product groups: Aluminium, Copper, Diamonds and Gold, Energy, Industrial Mining and Iron Ore.

Organisational structure

Rio Tinto has one of the more complex governance structures in this study. Its two constituent companies, Rio Tinto plc and Rio Tinto Limited, act under a unified Executive Board. Rio Tinto Ltd is based in Australia and Rio Tinto plc in the UK. The AGM of one company closely follows the other; the votes from both guide the overall direction of the organisation. Essentially, the two AGMs act as one governing body through the use of the 'Special Voting Share' that is described below.

The Executive Board has four committees: Audit, Remuneration, Nominations, and Social and Environmental Accountability.

Member control Score: 70

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

The company's governing articles allow shareholders to nominate and elect candidates to the Executive Board and to dismiss individuals from this body. In practice the Nomination Committee makes the majority of the nominations. This committee is made up of a majority of non-executive directors.

There appear to be no issues surrounding preference shares and a minority is neither able to dominate general meetings nor change the governing articles. The Rio Tinto Company holds the 'Special Voting Share' which is used to reflect the views of the AGM of the first constituent company at the general meeting of the second constituent company. Using a relatively complex formula it is possible to ensure that the shareholders of Rio Tinto plc do not dominate those of Rio Tinto Ltd or visa versa. This is an innovative solution to a complex corporate structure.

> **Green Card**
> *Rio has put in place, and paid for, a mechanism to ensure that the non-executive directors are able to access the advice they need to play their roles effectively. Rio Tinto is the only company to explicitly state this.*

Access to online information Score: 64

Rio Tinto comes first with GSK for this dimension.

Information about its activities is comprehensive and easy to access. It has a single page noting the companies it owns, the percentage of their shares that it owns and the products produced. An interactive map allows visitors to access its mining operations around the world, showing their exact locations and providing descriptions of the objectives and status of operations. Social and environmental information is extensive and clearly laid out, reports and thorough discussions of the issues directly affecting the company are provided.

Rio Tinto's corporate structures are fully explained in its annual report and the structures are described in detail on its website as well. The company does not provide the governing articles for the two companies online.

Rio Tinto uses its website to provide the agenda and papers before the AGM. The company does not provide any documentation stating

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

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

Key Documents of Organisation Used for this Profile:

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

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

Rio Tinto (2001c) Human Rights Guidance.

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

RTZ – CRA (1995) Dual Listed Companies Structure.

Shell

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

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

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

Organisational structure

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

The structure of the two companies

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

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

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

Member control Score: 50

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

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

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

Access to online information Score: 62

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

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

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

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

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

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

Key documents of organisation used for this profile:

Shell (1998) Management and Human Rights Primer.

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

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

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

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

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

International Non-Governmental Organisations (NGOs)

Introduction

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

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

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

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

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

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

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

Ultimately, the accountability of the majority of international NGOs has largely rested on their 'moral authority'; the principle that they aim to do good. This is increasingly untenable and many are finding new ways to develop further accountability mechanisms to bring them closer to their beneficiaries. The effectiveness of these mechanisms will be researched in future stages of the GAP study focusing on, in particular, evaluation processes, social and environmental responsibility and external stakeholder consultation methods.

The international NGOs selected for this study include organisations from the development, human rights and advocacy fields: Amnesty International (AI), CARE International, International Chamber of Commerce (ICC), International Confederation of Free Trade Unions (ICFTU), International Federation of Red Cross and Red Crescent Societies (IFRC), Oxfam International (OI) and World Wide Fund for Nature (WWF).
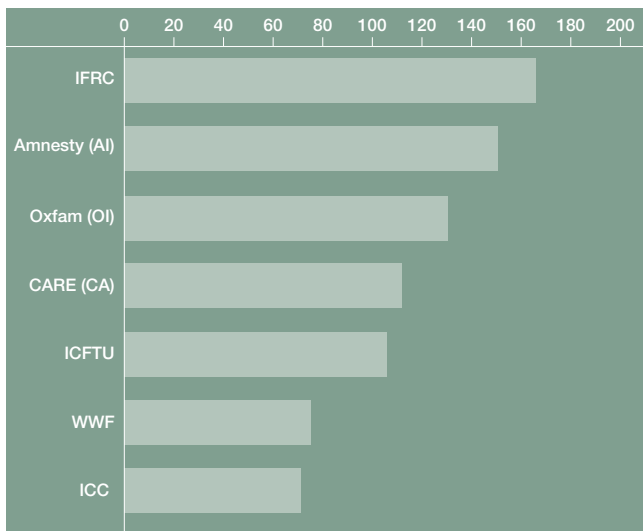
Graph 10: NGO member control and access to information scores combined
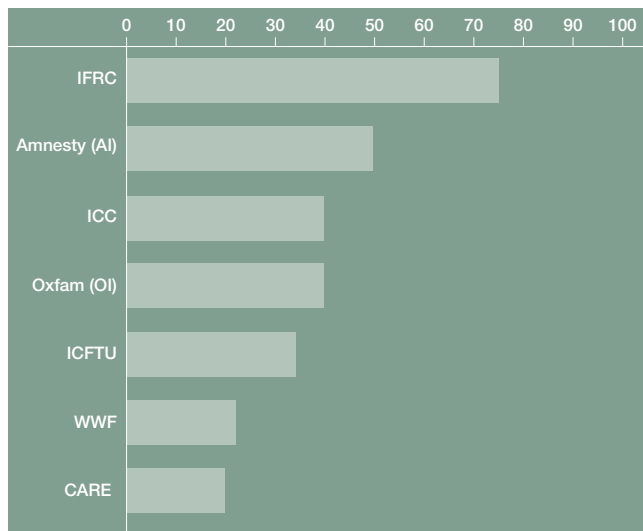
Graph 12: NGO access to online information scores
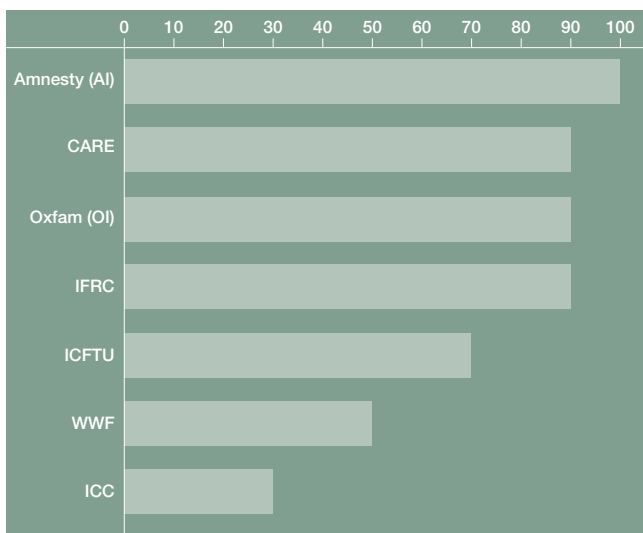
Graph 11: NGO member control of organisation scores

Amnesty International (AI)

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

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

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

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

Organisational structure

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

Member control Score: 100

AI has gained the highest score of the NGO group for this dimension. This is because members have good overall control of the organisation and a minority of members does not dominate its governance.

AI's members are all able to add items to the agenda of governing body meetings. At the executive, all are able to nominate, elect and dismiss individuals.

Votes within the organisation are distributed on the basis of the number of individual supporters each member represents. A breakdown of the distribution of votes within the organisation by member reveals that despite developed country sections having a larger voting share they do not hold over 50% of the voting rights at the governing body.

So that a minority of members does not dominate decision making at the executive, AI ensures that no more than one representative from each member sits on the executive at any one time. Finally, changes to the governing articles require a majority of not less than two thirds within the International Council, again ensuring that all members have control.

Yellow Card

Unlike other NGOs within this study, AI has no mechanism to ensure that the make-up of the executive is geographically representative of the organisation as a whole.

Access to online information Score: 48

AI provides adequate access to information online and is ranked second in the group.

AI has extensive information about its campaign work, stating the objectives of each campaign and outlining its responsibilities in a 'What Amnesty Will Do' section that provides clear lines of responsibility. However, it fails to provide any campaign evaluation material online to enable assessment of objectives reached. It should be noted that there are security issues linked to AI's work which may prevent full disclosure of its activities and outcomes.

AI's governing structure is clearly laid out on the website and is based on their governing articles which are easy to read in language which is not overtly technical. Key decision-making bodies are identified with a full description of their functions and composition. However, despite explaining that the organisation's national sections are given votes on the basis of the number of supporters, AI's website fails to provide a breakdown of voting rights for each section. This makes it very difficult to find out if one section holds more power than another in terms of the organisation's governance.

The agenda, draft papers or minutes of its governing and executive body meetings are not available online. As mentioned above, the security issues implicit in AI's work may prevent full public disclosure of decisions made at the governing level.

AI does not have an annual report available online. A report is made available to its membership, but not to the general public.

Confusingly however, on the website a document labelled as the 'Annual Report' (2002) is accessible. This document has only a very limited section on AI's activities, and principally documents human rights abuses around the world. This is informative, but does not focus on the organisation and its activities, which is an important function of an annual report. The report identified online as an annual report also has limited financial information and presents only the budget (not expenditure) for the AI secretariat, and no information about the expenditure of its sections. There is also limited information about the organisation's funders.

AI's website is accessible in French, English and Arabic.

Key documents of organisation used for this Profile:

Amnesty International (2001) The Statutes of Amnesty International.

Amnesty International (2002) Amnesty International Report 2002.

CARE International

CARE International is one of the largest private international humanitarian organisations in the world. It was established in the USA in 1946 to respond to the needs of people in Europe after World War II. Originally known as the Co-operative for American Remittances to Europe, the organisation began sending food packages and basic supplies in the form of CARE packages. As Europe began to recover after the war CARE extended its work to include developing countries.

CARE International currently operates in 63 countries throughout Asia, Africa, Latin America, the Middle East and Europe and reaches around 30 million of the world's poorest people. It provides emergency relief and long-term development aid.

CARE International's funding comes from a variety of sources including members, inter-governmental organisations, the European Union and various governments.

CARE International has around 10,000 staff around the world. Its secretariat is in Belgium.

Organisational structure

CARE International is a confederation of twelve national organisations. These national organisations are taken by this study to be its members. CARE International's governing body is the General Assembly; all members are given equal representation on it. The executive body of CARE is the Board of Directors. It is made up of one representative from each national member and up to four individuals who are external to the membership.

Member control Score: 90

CARE International has scored well on this section, coming second with OI and IFRC.

All members are able to add items to the agenda of governing body meetings. A Nominations Committee, drawn from and elected by members of the governing body, nominates individuals for election onto the executive. However, election is left in the hands of the

members. It is unclear from the statutes what power members have to dismiss individuals on the executive.

A minority of members does not dominate decision-making within CARE International. Votes are distributed equally. Each member organisation has two votes: one per representative. All CARE International members are represented equally on the executive and all members have to agree to changes to CARE's governing articles.

Green Card

CARE receives a green card as it is one of only two NGOs to put external individuals onto its governing and executive bodies. External input strengthens objectivity and increases the base of skills. Public members are entitled to one vote each. The election of public members to the executive is subject to nomination committee guidelines and the statutes state that CARE Board members, "should come from a broad spectrum of society, with appropriate expertise" (CARE, 2001b), which encourages diversity. It is not possible, however, to see if these external members are selected to ensure a diverse geographic representation.

Access to online information Score: 21

CARE International provides limited access to online information and comes at the bottom of the group.

Information about CARE's programmes is inconsistent and not easily accessible. Information about programmes is only available via the national websites, and even there the information is patchy. An exploration of CARE UK's site, for example, revealed that not all projects are identified and information varies with some project objectives and targets detailed while others are only briefly described. This is mirrored in information about evaluation. A limited selection of project evaluations is available online but these are generally not comprehensive.

Information about the governing structure of CARE International is limited. While it names its national member organisations, it is one of only two NGO in the group not to name the members of its executive board online (the other is ICFTU). The organisation's governing articles are not available and there is no description of key decision-making bodies elsewhere on the site.

It does not make the agenda, minutes or draft papers of its governing or executive bodies available to the public.

CARE International does not have an annual report available online. Information on the website is only available in English, however, national websites are available in language of origin.

Key documents of organisation used for this profile:

CARE International (2001a) CARE International Statutes.

CARE International (2001b) CARE International Code: Roles and Responsibilities.

CARE International UK, (2002) Annual Report 2001.

International Chamber Of Commerce (ICC)

The ICC is the world's largest corporate lobby group. Founded in 1919 to promote an open international trade and investment system it now represents 7,500 companies and associations in over 140 countries.

The ICC activities cover a broad spectrum: arbitration and dispute resolution, making the case for open trade and the market economy system, business self-regulation, fighting corruption, and combating commercial crime.

The ICC was recognised as one of the UN's official business dialogue partners in 1946, and was granted consultative status at the highest level. Other ICC-UN partnerships are with the Commission on Sustainable Development (CSD), created in 1992 to monitor and follow up the Rio Agreements.

The ICC has a long-standing and close relationship to the WTO having campaigned heavily for its creation in 1995 in line with its call for binding international rules to protect the interests of corporate investors. The ICC also has unparalleled access to G7 summits. Every year, the host government of the G7 summit confers with the ICC presidency on the eve of the event. This consultation has proved to be a highly effective means of channelling business recommendations to the summit leaders.

The ICC receives its funding from the companies it represents, and from publication revenue and administrative commercial arbitration. The organisation has a secretariat based in Paris, France.

Organisational structure

The ICC is a federation made up of 83 national committees. These national committees are considered to be its members within this report. The ICC's governing body is the World Council; all members are represented and have voting rights. The ICC's executive is called the Executive Board and is composed of ex-officio individuals from the ICC and member representatives.

Member control Score: 30

The ICC comes at the bottom of the international NGO group in this member control section. This is largely because of the unaccountable way in which individuals are nominated to the executive board and its failure to provide mechanisms to prevent a minority of members dominating the executive.

The ICC's governing articles do not state whether members are able to add items to the agenda of the governing body. However, what is clear is that members are not able to nominate individuals onto the executive body. This process is solely in the hands of the ICC's President and is based on his recommendations alone. Election of the individuals is, however, still ultimately in the hands of members. Finally, there is no information within the statutes about whether or not members are able to dismiss individuals from the executive.

Votes are distributed on the basis of the financial contributions made by members. The number of votes per member is unclear, thus making it difficult to determine whether or not a minority of members hold a majority of votes.

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

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

Access to online information Score: 40

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

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

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

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

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

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

Key documents of organisation used for this profile:

ICC (2001a) Constitution of ICC.

ICC (2001b) Annual Report 2001.

International Confederation of Free Trade Unions (ICFTU)

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

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

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

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

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

Organisational structure

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

Member control Score: 70

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

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

Votes are distributed to each affiliate organisation on the basis of the number of individual members it has. Information about the breakdown of voting rights per member was not available, making it difficult to determine whether a minority of affiliate organisations holds the majority of the votes.

The ICFTU has excellent mechanisms in place to ensure the proper representation of members on the executive body. The governing articles explain that of the 53 member representatives elected to the executive, 47 should be nominated on the basis of their origin (by continent) to ensure adequate geographical representation of members on the executive.

Amendments to the constitution require a two thirds majority at the Congress.

Green Card

This green card has been given because the ICFTU is the only international NGO within this study to ensure gender and youth representation at both governing and executive level. Its governing articles state that affiliate organisations over a certain size must ensure that half of their representatives at the governing body are female. At the executive level, the Women's Committee nominates five candidates and the Youth

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

Access to online information Score: 33

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

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

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

As with the other international NGOs in this study where power is not distributed on the basis of one member one vote, the ICFTU does not provide a breakdown of the number of votes held by each of its national organisations. This makes it difficult to ascertain how power is distributed within the organisation. Moreover, the ICFTU is one of only two international NGOs in this study not to identify the members of its executive committee online.

The ICFTU is one of only two international NGOs to provide a summary of the key decisions taken at its governing body online. However, agendas, draft papers and minutes are not available to the public.

The ICFTU does not produce an annual report. Information regarding the ICFTU's activities and financial information is only produced every four years. This document is posted on the organisation's website.

The ICFTU website is available in Spanish, English and French.

Key documents of organisation used for this profile:

> ICFTU (2000) Constitution.
>
> ICFTU (2002) Annual Survey of Violations of Trade Union Rights 2002.

International Federation of the Red Cross and Red Crescent Societies (IFRC)

The IFRC was founded in Paris in 1919 in response to the devastation caused by World War I. There are now 178 member Red Cross and Red Crescent Societies. It has a presence in almost every country in the world.

The Secretariat, based in Geneva, co-ordinates and mobilises relief assistance for international emergencies, promotes co-operation between the national societies and represents these societies in the international field. Over 60 delegations are also strategically located around the world to support IFRC activities. This significant representation of the IFRC across the world is matched by the Federation's involvement in all areas where disaster has occurred.

Given its mission, *"to improve the lives of vulnerable people by mobilising the power of humanity" (IFRC, 2002b)*, the IFRC seeks to

help victims of natural disasters, poverty, refugees and victims of health emergencies. As well as providing emergency relief, the IFRC undertakes development work.

The fulfilment of this extensive mandate is aided by a variety of partnerships with UN agencies, donor governments, universities, research institutions and the private sector.

Its Fundamental Principles, included in the statutes of the movement, inform the Federation's thinking and policies.

Organisational structure

The IFRC is a federation made up of 178 national societies. These national societies are taken to be its members within this report. The IFRC's governing body is its General Assembly. All members are represented and given voting rights on it. The IFRC's executive body is the Governing Board and it is composed of twenty member representatives alongside the President, four elected Vice-Presidents, the ex-officio President and the chairman of the Finance Commission.

The IFRC holds international organisation status with the United Nations. This is recognised by most governments.

Member control Score: 90

The IFRC has scored well on this section coming joint second.

Members are able to add items to the agenda, and nominate and elect the majority of candidates to the executive body. However, like many of the other international NGOs in this study, there is no provision within the governing articles for members to be able dismiss individuals on the executive.

The IFRC ensures that a minority of members does not dominate the organisation. Votes are distributed on the basis of one member one vote. The IFRC also has a mechanism to ensure that no region or country dominates the executive through over-representation. Finally, an amendment to the governing articles is subject to a three quarters majority of the General Assembly.

Access to online information Score: 74

The IFRC has the best access to online information of the group.

Information about the IFRC's activities is comprehensive. All projects are described with clear objectives, detailed activities and targets provided. Evaluation information is good with an array of documentation including quarterly updates and annual evaluations for each project made available. Most evaluations include impact assessments, targets met and lessons learned. Country strategy papers, which discuss the IFRC's intended activities for the future, are also available.

The IFRC is the only international NGO to have a public information disclosure statement. It contains a clear description of the criteria for non-disclosure of documents. However, the statement is limited to the archives and does not include a list of the documents available to the public. Given the large number of documents on the IFRC website, a list of the functions of the key documents and how they relate to decision-making would be helpful.

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

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

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

The entire website is available in French and Spanish.

Key documents of organisation used for this profile:

> IFRC (1999a) Constitution.
>
> IFRC (1999b) Rules of Procedure.
>
> IFRC (2002a) Annual Report 2001.
>
> IFRC, (2002b) Mission Statement.
>
> IFRC, (2002c) Strategy 2010.

Oxfam International (OI)

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

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

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

The secretariat of OI is based in Oxford, UK.

Organisational structure

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

Member control Score: 90

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

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

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

Access to online information Score: 40

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

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

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

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

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

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

Key documents of organisation used for this profile:

> Oxfam International (2000) Annual Report 2000.
>
> Oxfam International (2001a) Stichting Oxfam International Constitution.
>
> Oxfam International (2001b) Stichting Oxfam International Code of Conduct.
>
> Oxfam (2002) How We Work: The Oxfam Approach.

World Wide Fund for Nature (WWF)

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

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

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

Organisational structure

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

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

Member control Score: 50

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

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

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

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

means that not all members have a vote on the main governing body.

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

Green Card

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

Access to online information Score: 24

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

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

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

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

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

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

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

Key documents of organisation used for this profile:

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

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

WWF (2001) Annual Report 2001.

Chapter 5 Conclusions

This chapter highlights the key conclusions of this pilot study in terms of member control and access to information within the organisations assessed. In order to provide meaningful contextual analysis of the results, the conclusions are made for each of the three different types of organisations assessed. The chapter goes on to explore which organisation scored the highest when combining scores for both member control and access to information and which organisation scored the lowest. Finally, it briefly explores the next steps for the Global Accountability Project.

Conclusions: member control

IGO member control

Two conclusions emerge from this study. First, despite differing organisational structures, nearly all the IGOs face problems ensuring both an efficient and representative executive. The second conclusion, related in part to the first, is the dominance of decision-making by a minority of member states. As is to be expected, it is the same minority that dominates nearly all the IGOs; the external power of member states influences internal power structures within IGOs, regardless of formal structures.

Inadequate mechanisms exist to ensure both efficiency and representation

With the exception of the UNHCR, all the IGOs in this study have an executive body drawn exclusively from their members. On the surface, this arrangement appears to strengthen member control of the executive. However, in reality it poses problems. A tension emerges between the drive for efficiency within decision-making, which lends itself to small executives, and the need for representation of all members, which lends itself to large and cumbersome executives. IGOs appear not to have been able to successfully resolve this tension, failing to employ mechanisms such as rotating membership or geographical formulas, which enable all members to be represented over time on small and efficient executive bodies.

Where the executive body is limited in size to ensure efficient decision-making the executive often does not represent all members fairly but favours a minority. For example, the statutes of the BIS give a handful of members permanent representation on the board and the World Bank's statutes entitle eight members to their own representative, leaving all other members to group together and share representatives.

On the other hand, where IGOs give each member direct representation, the executive body often becomes very large, resulting in cumbersome decision-making. The need for efficient decision-making takes precedence and encourages the development of informal decision making within small groups of members. This is the case for the WTO, where small groups of members often meet informally to take decisions. The absence of formal mechanisms to ensure that all members are given a chance to participate in these meetings, results in an unrepresentative minority of members dominating decision-making.

The exceptions to this rule are the OECD and the BIS's G10. Both have a relatively small number of members. They are therefore able to give direct representation on the executive board to all members without it being so large as to make it inefficient. This picture of representative decision-making is partial, because both organisations have a big impact on countries outside their memberships. The OECD goes so far as to give the countries it identifies as 'non-members' voting rights within some of its committees. But this ad-hoc mechanism for involving a broader group of countries only highlights the unrepresentative nature of the OECD's executive. The BIS's G10 consults with countries outside its membership, but does not give them formal decision-making power. Yet again this is largely an ad-hoc arrangement.

Formal structures of equality do not prevent domination of decision-making by powerful states

This study highlights the well known problem that the same small number of powerful states, the USA, UK, France and Germany in particular, dominate decision-making in most IGOs regardless of the organisational structures that suggest decision-making is based on equality.

Within the BIS and the World Bank these states are given greater power than other members by the organisation's statutes. First, this power is given through the number of votes held. At the World Bank, eleven member countries out of the 184 control just over 50% of the votes. At the BIS, six members out of fifty control over 50% of the votes. Second, power is given through the over-representation of these states at the executive level. Finally, it is given by preventing other states from changing the organisation's statutes. In the case of the World Bank, the USA alone holds the veto over any changes. At the BIS the six founding members control key changes. This is a potent tool, as an organisation's statutes lay down the structure and powers of members. Any challenge to the privileged position of some members would have to be via changes to the articles, an unlikely scenario.

However, even within organisations where all members have equal votes and equal representation, the same states dominate informally. The case of the WTO highlighted above, demonstrates this well.

The case of an uncontrolled executive body

Of all the IGOs studied, the UNHCR is unique because its executive body is not made up of member representatives, but of individuals external to the organisation, much like that of a TNC. However, unlike a TNC, members are not given the power to nominate, elect or dismiss individuals from the executive. One individual, the UN General Secretary, holds the power to nominate and select the High Commissioner and the other members of the executive body. No codes govern how the General Secretary selects individuals for the executive. For example, there is no nominations committee or pre-established job specifications as recommended for TNCs. The Secretary-General's powers have been compared to those of a king selecting his courtiers (Steele 2001). This illustrates a need for urgent reform in the way the UN appoints the heads of its agencies.

TNC member control

This study reveals three key conclusions for this group. Firstly, changes to the pattern of shareholding over the last decade have given rise to a new form of dominant minority influence – the institutional investor. New regulation or other mechanisms are required to make this new form of member control within TNCs more

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

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

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

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

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

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

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

Inadequate regulation to enable shareholders to add items to the agenda

All jurisdictions covered by this study give shareholders the right to introduce specific items to the agenda of governing body meetings. However, this rarely happens because the thresholds for accessing this procedure are too high in most countries (Wymeersch, 2001). Moreover, distribution of the shareholder's resolution is often at their own cost. It is therefore no wonder that few shareholders add items to the agendas of AGMs.

The UK-based Pensions and Investment Research Consultations

(PIRC) recently noted that *"shareholder resolutions is the single most important reform which would lead to more meaningful AGMs"*, stating that, *"Unlike other institutions with quasi-democratic structures, there is little or no member influence on the issues to be debated. This contributes to sterile and formulaic events" (PIRC, 2000).*

Within this study, only one TNC has actively lowered the threshold to below 5%. Shell's statutes note that shareholders with over 1% of total share stock can add items. The results have been positive. In 1997, a group of shareholders put forward a resolution for full disclosure of environmental performance against set targets, relevant environmental impact data and auditing mechanisms. Shell's next Health, Safety and Environmental report included more information about these aspects of the company's activities in response.

International NGO member control

Most international NGOs started life as national organisations. In order to accommodate organisational growth they have adopted federal or con-federal governance structures. As new national organisations are formed, they are given membership status.

It is clear that the majority of international NGOs in this study have opted for small and efficient executives accompanied, on the whole, by strong mechanisms for fair member representation. This appears to avoid the domination by a minority of members.

This positive finding is reinforced by the finding that international NGOs do not appear to give a minority of members more votes or greater powers to change the governing articles. Finally, a practice is emerging for inviting non-members onto the executive board of international NGOs. This is of particular interest as it can inject a degree of external perspective and objectivity to their governance structures.

Adequate mechanisms exist to ensure efficiency and representation at the executive

The governance structures of international NGOs mirror those of most IGOs as they all have an executive body composed of member representatives. They therefore face the same tensions as IGOs as they try to ensure efficiency and representation. However, unlike IGOs, most have resolved this dilemma successfully by appointing small executives and employing mechanisms to ensure fair representation.

Five of the seven international NGOs in this study have opted for a smaller executive than their governing body and all but one of these ensure that a minority of members is not over-represented. The ICC is the exception. Its statutes explicitly state that personal qualities should come before geography when selecting member representatives for the executive. This means that there is the potential for a national member organisation to be over-represented at this level.

In contrast, AI's statutes stipulate that a member is entitled to only one representative on the board. In the case that two are elected, the one with the largest number of votes will be accepted. Both the IFRC and the ICFTU employ formulas to ensure geographical representation of the whole membership on the board. The ICFTU goes even further to ensure gender and youth representation with a Women's and Youth

nomination committee.

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

A minority does not dominate decision-making

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

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

One governing body without full member representation

The WWF is the only organisation from any group within this study that has a governing body, the board of trustees, without full member representation. The reasons for this are explicitly to solve the tension that has pervaded all of the governing structures in this study: the tension between efficiency and representation.

The WWF members vote within regional groups to make appointments to the governing body. This helps to ensure that the members on the governing body are geographically and financially representative of the membership as whole. In the end though, this does not completely plug the accountability gap. The governing body is charged with setting the overall agenda for the organisation and deals with such crucial issues as amendment of the governing articles. Arguably, all members should be represented at this level and other methods found to increase the efficiency of decision-making.

Putting the external perspective into governance

Two of the international NGOs in this study, CARE International and the WWF, invite non-members to sit on their executive boards. This is a welcome initiative that ensures external input into decision-making and highlights an interesting way forward for all international NGOs to establish further accountability mechanisms within their governance structures.

Conclusions: access to information

IGO access to information

The results reveal that, contrary to popular opinion, IGOs are relatively transparent, particularly when compared to the other organisations in this study. Online information about activities is comprehensive, as is the documentation relating to how governing bodies operate.

Provision of documentation relating to governing body meetings is not so good. However, even in this respect, IGOs do better than the TNCs and international NGOs in this study. All the IGOs have annual reports and they are the only group to have a majority of organisations with information disclosure policies.

Good information on activities but limited disclosure of evaluations and working papers

All of the IGOs in this study are good at providing information about their activities. The UNHCR and the World Bank, service-providing IGOs, both provide clear descriptions of their programmes. They also outline their objectives and targets. However, the World Bank is less consistent in the provision of evaluation material, often abdicating responsibility for publication onto borrowing countries *(BIC, 2001)*.

The WTO, the BIS and the OECD, all rule-making IGOs, give access to the rules they have produced. The WTO is especially good here, providing a description for non-specialists of what are highly technical trade laws. However, both the BIS and the OECD fail to standardise the release of working papers for new or revised standards and laws. Access to working papers is crucially important as it enables stakeholders to have input prior to decisions being finalised. It appears that working papers are made available only when a given committee is consulting on a draft rule. This is not the case with the WTO. Its comprehensive information disclosure policy (lacking for the BIS and the OECD) ensures that information released at the committee level is standardised.

Limited access to information about decision-making

Most of the IGOs within this report actively promote the need for greater transparency with other actors. However, none apply this principle to the need for greater transparency within their own decision-making bodies. The BIS calls for greater disclosure within International Financial Institutions and banks *(Group of 22, 1998)*; the World Bank is constantly calling for good governance within developing countries, stressing transparency as a core component of this *(World Bank, 2001b)*, and the OECD demands greater transparency from its member countries *(Caddy & Vergex, 2001)*.

However, only the UNHCR provides the agenda, draft papers and minutes of its governing body meetings. Of the rest, all except the BIS's G10 provide a summary of decisions taken at the governing body. This is all the more surprising given the fact that the majority of members within the IGOs studied are democratic governments, taking decisions on behalf of their electorates.

At the executive body level disclosure is even weaker. None of the organisations publish the agendas of meetings. The World Bank has recently taken a small step in the right direction by releasing a bimonthly calendar for its executive meetings. This gives a general outline of what will be debated and when. Only the WTO provides draft papers and minutes for its executive meetings, although the BIS and the World Bank do at least provide summaries of key executive decisions.

However, the release of summaries is inadequate. It puts a large degree of power into the hands of the organisation, which is at liberty to decide what is important and what is not. Many IGOs argue that

such privacy is required in order not to jeopardise government negotiations. However, after considerable public pressure, the OECD has published the minutes of all committee level and governing body level meetings online relating to the controversial Multilateral Agreement for Investments (MAI). Member representatives' names have been removed from the discussion. Normally the public would not be privy to such a discussion for 20 years. This practice could lead to greater transparency within IGO decision-making, although ideally governments should be identified in order for the public to know who is responsible for actions taken. This would enable national democratic mechanisms to exert some accountability.

Comprehensive information disclosure policies are related to public pressure

It appears that good information disclosure policies are often related to the amount of external pressure that has been applied to an organisation. The World Bank and the WTO, for example, have both been targeted by protesters and have consequently produced useful information disclosure statements. Both include comprehensive lists of the types of documents that are available and not available. They have good definitions of the criteria used for non-disclosure. The World Bank even undertook a public consultation over recent revisions to its information disclosure policy in order to ask its stakeholders what information they require.

Others, like the BIS and the UNHCR, have received far less attention and, arguably as a result, have disclosure policies relating only to their archives. The OECD stands out as the only IGO to have no disclosure policy at all. This is even more surprising given the disclosures it has made about the MAI negotiations cited above. The pressure the organisation felt over this area has not been enough for it to adopt a comprehensive policy.

Language provision

The World Bank, the WTO and the OECD translate their entire websites into at least one other language. The BIS has comprehensive provision of documents in different languages, and the UNHCR has national sites and limited documentation available in different languages.

TNC access to information

This study reveals that, despite TNCs being the most regulated type of organisation within this study, information provision varies considerably. This suggests that regulation on this issue is at the very best minimal. Corporations inevitably provide good information about their products. They are less good about providing operational information such as the location of factories.

All but Microsoft produce annual social and environmental reports. Most publish position papers on the issues directly affecting them. Information concerning their governance varies and decision-making is opaque at the executive level, probably as a result of commercial confidentiality considerations. However, access is improving within governing body meetings as companies use the internet to distribute agendas and papers to increasingly dispersed shareholders.

Limited information provision about operations

Aventis, GSK and Nestlé provide limited information about where their factories are located. This makes it hard to ascertain on which countries and communities they impact directly. Rio Tinto and Shell stand out here with good information provision on operational information. Both websites have maps highlighting where they work and provide good information about the history and current extent of their operations in individual countries. Shell's, however, is harder to access, because the maps direct the user to local sites which are often in local languages. This makes it hard to gain an overview of their work across different countries.

Position papers on social and environmental issues can be useful

Nearly all TNCs provide position papers on the social or environmental issues that directly affect them. Shell has 'primers' on the human rights issues relating to their work in countries with poor human rights records. GSK provides papers on issues as diverse as developing countries' access to drugs and animal testing. All can be useful accountability tools as they give stakeholders something against which to judge an organisation's actions.

Complex governance structures demand greater transparency

Information provision relating to governance varies. TNCs are governed in increasingly complex ways. The regulation on the need to disclose information pertaining to the structures does not appear sufficient to cover this complexity. Only Microsoft, with one of the simplest governance structures in this group, puts its governing articles online. Companies registered in the UK place their governing articles at Companies House where the public must pay for access to them. Most provide good descriptions of their key decision-making bodies on their website. Nestlé is the exception as the only information it provides is the names of the people sitting on its two executive bodies. Others like Rio Tinto, Shell and GSK give an in-depth explanation of their decision-making bodies, related committees and governance structures.

Of equal importance is the need for the disclosure of large shareholdings. This is important because the information enables stakeholders to see how power is distributed within organisations. In this study, only Aventis, Rio Tinto and GSK provide information on individual shareholders holding over 5%. More important still is disclosure of institutional investors holding large blocs of votes. Only Aventis and Rio Tinto give this information. Greater regulation needs to be put in place to ensure that it is mandatory for companies to disclose this type of information.

Changes over access to information around AGMs

None of the TNCs in this study provide access to decisions taken at the executive level. This is largely because of the need for commercial confidentiality. However, greater disclosure is occurring within AGMs. Nearly all of the organisations, except for Nestlé, provide access to agendas, draft papers and summaries of outcomes of AGMs. This is probably driven by a desire to release information to increasingly geographically dispersed shareholders. Nestlé stands out here with no apparent use of its website for release of these documents.

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

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

International NGO access to information

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

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

Governance is not transparent
The degree of information available online about the governance of the NGOs in this study varies widely despite the majority of them putting their governing articles online. The IFRC, AI and the ICC provide good descriptions of governance structures. However, both Oxfam International and the WWF provide only brief descriptions of key decision-making bodies. CARE International gives no description of its governance and even fails to identify the individuals on its executive body.

As a group, international NGOs make limited disclosure of documentation from their governing bodies. Only the ICFTU and the IFRC disclose such documents. They provide summaries of their governing body meetings. However, none of the international NGOs provide any documents relating to their executive bodies. In the case of some international NGOs, AI for example, security issues mean

that disclosure may be difficult. However, to not have any information about what decisions are being taken and by which members reveals an accountability gap which should be plugged.

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

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

Of concern is the use of the term 'annual report' itself by some international NGOs. For example, AI publishes a report labelled as such, but it documents human rights abuses around the world in a given year. Confusingly, it includes a section on AI's activities but fails to provide financial information. This makes the document a halfway house between an externally-orientated document on the state of affairs in their given field and an internally focused document on the achievements and financial situation of the organisation.

Language provision
AI, the ICFTU and the IFRC all have their website available in more than one language. Only the ICC uses one language for its site; the rest have national sites, the majority of which are in the language of origin. It was not possible to assess the degree of information about the whole organisation on these national sites.

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

The Bank for International Settlements has the lowest combined score of all organisations. Close inspection reveals a complicated and unrepresentative set of competing jurisdictions at the heart of the BIS's governance. Like many other leading international organisations, power within its formal governance structures is held by a few industrialised countries. However, its formal structures only relate to its banking activities and not its financial standard setting role.

The web of financial standard setting bodies that operate out of the BIS are not governed by it, but by a separate governing body called the Group of Ten (G10). The G10, composed of a few of the BIS members, is located within the BIS and publishes all its work on the BIS website, yet it is not ultimately accountable to the organisation or its fifty members. This blurring of authority between the responsibilities of the BIS and the G10 widens the accountability gap. Clear demarcation of the BIS's responsibilities is required. Potent global agenda-setting groups like the G10 should either come under the jurisdiction of a mandated IGO, in this case the BIS, or should be

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

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

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

Next steps

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

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

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

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

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

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

Good practice in accountability

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

Governance: member control – good practice

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

Access to online information – good practice

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

Appendix i: Explanation of indicators and weighting

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

Dimension 1: Member control

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

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

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

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

Appendix ii Index of organisations

Intergovernmental Organisations

BIS
Bank for International Settlements
Centralbahnplatz 2
CH-4002 Basel
Switzerland
Telephone +41 61 280 8080
Website www.bis.org

UNHCR
United Nations High Commissioner
for Refugees
Case Postale 2500
CH-1211 Genève
2 Dépôt
Switzerland
Telephone +41 22 739 8111
Website www.unhcr.ch

OECD
Organization for Economic
Co-operation and Development
2, rue André Pascal
F-75775 Paris
Cedex 16
France
Telephone +33 1.45.24.82.00
Website www.oecd.org

The World Bank
The World Bank
1818 H Street, N.W.
Washington, DC 20433
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Appendix iii Global Accountability Project background

Organisation background: Charter 99

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

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

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

The development of GAP

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

The first question asked participants to list the organisations they felt had the most impact on the lives of individuals and communities around the world. The answers received made it clear that participants were not only deeply concerned about the lack of accountability of inter-governmental organisations (IGOs), the initial focus of GAP, but also in the accountability gap for transnational corporations (TNCs) and international non-governmental organisations (NGOs). The mandate of GAP was consequently widened to enable the assessment of these two groups of organisations as well.

Organisations were selected on the grounds that they were amongst the largest within their group and that, between them, they reflected the diversity of organisations within that group. The organisations themselves were not invited to participate in the survey at this point, and some have played no active role in the project. A full list of the organisations chosen is found in appendix ii.

The second question concerned the aspects of an international organisation's structure that caused the accountability gaps. The answers received were combined with further research from academic literature in order to develop a draft framework and indicators.

The draft framework was sent to each organisation. A number sent back comments highlighting areas where these draft indicators could not be applied to their governance structures. The Trust used this consultation to develop a final draft of the framework and indicators.

The indicators were then turned into a questionnaire that was sent to the organisations. The results from the questionnaires, and interviews with personnel of some of the organisations, were combined with the Trust's research. In addition, all the organisations have had the opportunity to comment on the first draft of this report – any opinions and errors remain the responsibility of the report's authors.

Appendix iv Comment from the Bank for International Settlements

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

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

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

With regards to the first main function, the Bank provides logistical and secretariat services to a large number of inter-central bank committees that have chosen to conduct their cooperative efforts at the BIS. These committees have full charge of their own agendas and work programmes, and participants in the meetings are fully involved in deciding their agenda. This capacity is not affected by whether or not they are represented on the BIS Board of Directors. While at present many of the committees have a G10 membership, several groupings with different compositions currently exists or have existed in the past.

Most of the co-operation pursued by the committees is focused on the exchange of information on monetary and financial matters relevant to the central banks. In the relatively few case in which committees reach agreements on standards, the agreements are in the form of proposals which subsequently require adoption in the national jurisdictions of the committee members before they can be implemented. In this respect, standards formulated by the committees are never imposed. Similarly, the G10 Governors cannot be seen as the governing or executive body approving the new standards. Rather, they are the body which the committees submit regular progress reports of their activities. If the proposed standards are expected to be adopted also by non-members of the committee (for example in the case the Basel Committee on Banking Supervision) a full consultative process with outsiders is undertaken.

The BIS is also a bank and in this capacity has a Board of Directors and executive management. As is not unusual in a corporation with share capital, the Board of Directors of the BIS is composed of representatives of the largest shareholders, who have between them subscribed some two-thirds of the Bank's capital. Decisions taken by the Board of Directors are largely confined to administrative and financial matters, such as approving the Bank's internal budget, and setting guidelines for banking activities. Confidentiality considerations naturally constrain what can be disclosed of the items discussed by the Board. From time to time, the Board takes decisions of wider significance (for example inviting additional central banks to subscribe to shares in the BIS) and these are published immediately in the form of a press communiqué.

Bank for International Settlements
October 2002

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About the Trust

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

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

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

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

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

one world trust