

Power without accountability?

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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.

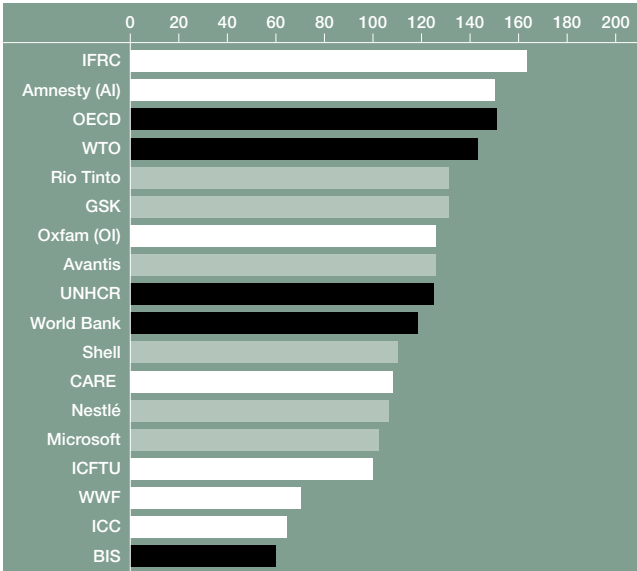
As more decisions are taken at the global level, and as more actors join those already on the global stage, the type of analysis provided by this report will become increasingly necessary to enable people to assess competing claims for accountability and legitimacy.

Governance: member control – good practice

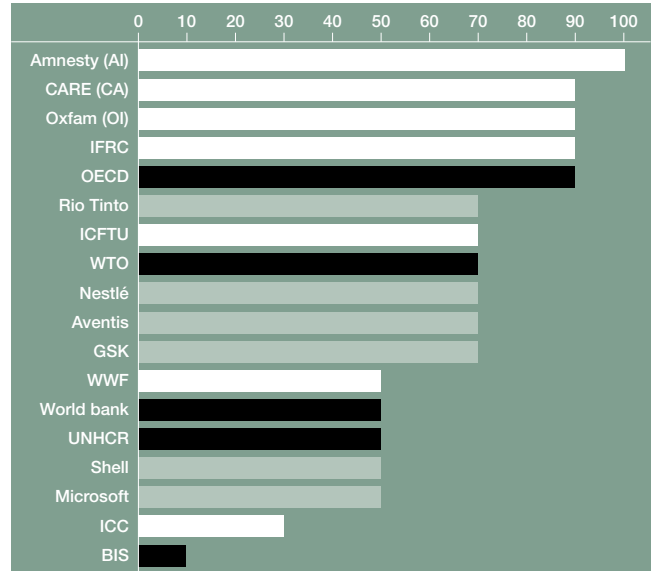
- Are all members fairly represented on the governing body?
- Do all members have the power to add items to the agenda of governing body meetings?
- Do all members have the power to nominate, elect and dismiss individuals on the executive?
- Are there mechanisms in place to ensure equitable representation 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

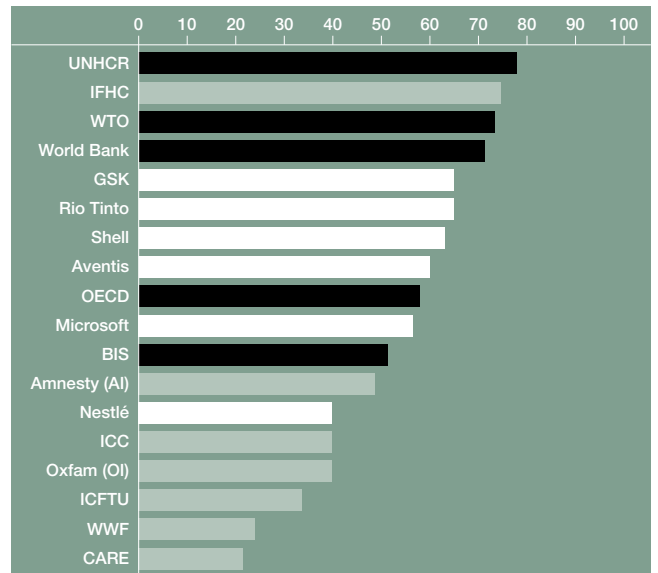
- Is a description of the objectives, targets and activities available?
- Are evaluations of main activities available?
- Can the public identify all key members of the organisation?
- Is there a public record of the number of votes each member holds?
- Is a meaningful description of key decision-making 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



Graph 3: Access to online information scores

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