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IR/PS CSR Case #08-04

One World Trust: Global Accountability Report

By: Katrina B. Fernandez

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GRADUATE SCHOOL OF INTERNATIONAL RELATIONS AND PACIFIC STUDIES

UNIVERSITY OF CALIFORNIA, SAN DIEGO

Prepared for Professor Peter Gourevitch

Edited by Kristen Parks

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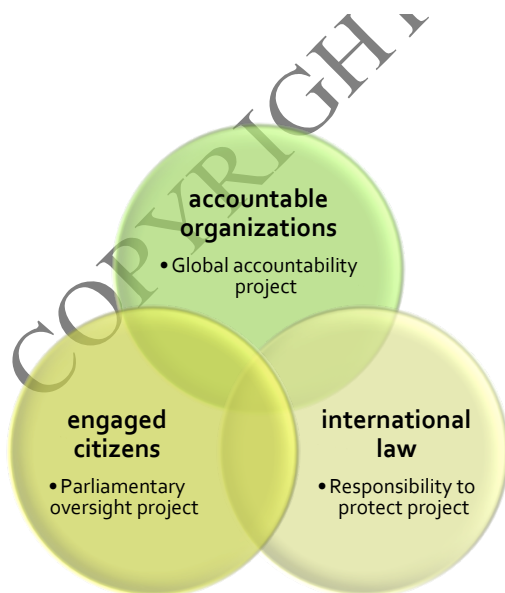
Introduction

In 1951 a group of British Parliamentarians established the All-Party Parliamentary Group for World Government (APPGWG). The nonpartisan organization was a response to growing post WWII concerns about keeping the world's newest financial, governing and monitoring institutions democratic, accountable and transparent.

In the year of its inception APPGWG created the One World Trust (OWT), an independent trust dedicated to educating the public about the [non] compliance of international organizations and institutions dedicated to maintaining global governance. The major focuses of the OWT were research and advocacy. Today the mission remains the same:

- ◆ *Promote education and research to achieve the eradication of poverty, injustice, environmental degradation and war.*
- ◆ *Develop recommendations to make governments and powerful organizations more accountable.*
- ◆ *Educate political leaders, decision makers and opinion-formers about the findings of our research.¹*

Three sectors of One World Trust



The OWT divides its projects into 3 major categories illustrated in the figure to the left. (1) The **accountable organizations** category includes the Global Accountability Report and the Accountability Principles for Research Institute. (2) **International law** includes

¹ www.oneworldtrust.org

the Responsibility to protect project aimed at investigating systematic human rights abuses as well as self-regulation initiatives. (3) And finally the **engaged citizens** category consists of a Parliamentary oversight project that monitors and encourages reform of democratic institutions.² This case study will be focused exclusively on the accountable organizations sector of the OWT and more specifically, the Global Accountability Report that monitors the accountability of International Nongovernmental Organizations (INGOs), Intergovernmental Organizations (IGOs) and Transnational Corporations (TNCs).

Global Accountability Report

The Global Accountability Report (GAR) was born out of OWT's Global Accountability Project. In 2003 a pilot report was done which evaluated 18 organizations. Three years later, in 2006 the first full report on 30 major international organizations was released. The GAR has now become an annual tri-sector report which compares the accountability of ten INGOs, ten IGOs and ten TNCs using four overarching criteria that are evaluated based on the policies an organization has established and the systems in place to ensure the policies are enforced. The four criteria are as follows:

(1) Transparency

This section looks at how accessible information about an organization is to all of its stakeholders. The GAR defines two kinds of stakeholders in an organization, internal and external. An internal stakeholder is different for each type of organization but in general refers to the staff. An external stakeholder is someone who is affected by the actions of

² www.oneworldtrust.org

the organization; the pool is generally very broad and can include any member of the general public. The following chart gives a more detailed breakdown of stakeholders by sector.

| Sector | Internal Stakeholders | External Stakeholders |
|--------|---|---|
| IGOs | Member states and Staff | Relevant civil society organisations and the wider public |
| INGOs | National organisations (sections, affiliates etc) and Staff | Affected communities and the wider public |
| TNCs | Shareholders and Staff | Relevant civil society organisations, affected communities and the wider public |

(2) Participation

The GAR defines participation as the active involvement of both internal and external stakeholders in an organization, specifically looking at their ability to influence decision-making. Beyond transparency an organization must also make itself open to the demands of both its staff and its users in order to call itself accountable.

(3) Evaluation

Evaluation criteria refer to an organization having a formal method of self-evaluation in place that monitors performance and establishes learning criteria for future planning.

(4) Complaint and response mechanisms

These are mechanisms in place for the organization to deal with both internal and external problems. Much of an organization’s score in this category is based on how quickly they respond to complaints and the level of effectiveness of the response.

³ Blagescu, M., & Lloyd, R., (2007). 2006 Global Accountability Report. One World Trust.

Scoring

The GAR uses two scoring methods for each of the four criteria mentioned above. The binary system simply gives the organization one point if a policy or system is in place and zero points if it is not. The dimensions that are deemed more pertinent for defining accountability are scored using a weighted system that increases their importance in the assessment process. The GAR also scales the scoring for some of the weighted questions (i.e. an organization can earn partial points for being at different stages of establishing policies or systems to deal with a certain criteria).

Example:

- ◆ 0 points: No organizational document
- ◆ 0.25 point: A vague commitment
- ◆ 1 point: A strong commitment but limited in reach
- ◆ 1.25 point: A strong commitment

The scorecard below⁴ gives an example of a scaled, weighted question about transparency. In this instance the organization can earn a quarter of a point for claiming to have a transparency policy (without any actual written documentation), half a point for

| Transparency Capabilities | | |
|-----------------------------|---|---------------|
| Indicator | Explanation | Weighting |
| <i>Transparency Policy*</i> | | |
| 1.1 | The organisation has a specific policy that guides its disclosure of information <i>This indicator has been scaled based on the following criteria:</i> Organisation has no policy and makes no claim to have a policy [0 point] Organisation claims it has a transparency policy or makes commitment to transparency in other organisational documents [0.25 point] Organisation has an information disclosure policy that excludes some stakeholder groups [0.5 point] Organisation has an information disclosure policy that applies to all stakeholder groups [1.25 point] | 1.25 (scaled) |

a policy that is not available to all stakeholders, and the full 1.25 points for an all inclusive information disclosure policy.

⁴ One World Trust, (2008), Global Accountability Report Indicators. One World Trust.

It seems that by awarding points when a policy or system is not physically in place is an attempt by the GAR to measure intent as well as actual practice. Theoretically this seems like a good idea because intent is a precursor to actions that uphold accountability, however it is also easy to feign intent for the purposes of inflating one's score. It would be interesting to know how the GAR triangulates claims of policy, perhaps through internal or external stakeholder interviews.

It is also important to note that while the goal of this report is to compare organizations across all three sectors using the same criteria, indicators for the evaluation category are slightly different for TNCs.⁵ The GAR splits the measure of evaluation between a TNCs evaluation of environmental and social impact. For example, question 3.1 of the TNC version asks whether an organization has a specific written policy that guides the evaluation of social and/or environmental impact. The point breakdown for this question is 0.625 points for social and 0.625 points for environment. The same question for NGOs and INGOs simply asks about written policy that guides evaluation practices; there is no specification of environmental or social impacts. This is a curious difference because there is an underlying assumption that NGOs and INGOs are not participating in activities that could adversely affect society or the environment.

50% of each criteria score is based on an organizations policies and 50% is based on its systems. The overall score that an organization earns from the GAR is an accumulation of all four criteria scores that are weighted evenly at 25% each. However, giving each category equal weight in the final grade seems counter intuitive. Should transparency hold the same weight in evaluating accountability as complaint and

⁵ Appendix B

response mechanisms? What if the organization is completely transparent but takes a day or two longer than usual to respond to complaints about their website, should these to categories have the same bearing on accountability, or does the low score given in the complaint and response category undermine the score given for transparency?

Another issue to consider is that of cross-sector comparison. The OWT rationalizes its tri-sector approach by saying:

[TNCs, INGOs and IGOs] are powerful organizations with a wide reach and influence; they all come under scrutiny from governments, the public and each other; and as a result need to better share the challenges that they encounter when responding to calls for increased accountability. The Global Accountability Index does not attempt to provide an in-depth analysis of the state of accountability in each of the assessed organizations. Rather the Index focuses on the key principles of accountability that are applicable across the three sectors and that highlight broad lessons and trends.⁶

While comparing INGOs, IGOs and TNCs is a novel idea, and probably a step in the right direction toward a uniform system of global governance, one must ask whether the scoring criteria should hold the same weight across all three sectors? While transparency should be the ultimate goal for all organizations, will the lack of it in TNCs have a deeper, more negative impact on society than the lack of transparency in INGOS? That is a difficult decision to make, and perhaps the criteria used by the GAR is not refined enough to make that assessment, but these are all points to keep in mind when evaluation what the report findings mean.

⁶ http://www.oneworldtrust.org/index.php?option=com_content&view=article&id=79&Itemid=66

Data Collection⁷

Two types of data are collected as part of the evaluation process. (1) Internal data is comes directly from the organization in the form of publicly available information or internal stakeholder interviews. This data is important in understanding the structure of an organization as well as which policies and systems are already in place. However, because the information comes from within the organization, there is a high probability that it will have a positive bias so the GAR triangulates the gathered internal data with external data. (2) External data is gathered from interviews with experts on a particular organization and professional publications about their practices. This information complements the internal data in that it explores the effectiveness of the policies and systems already in place.

Compiling all the data for the GAR is a five-month, four phase process that consists of desk-based research interviews, internal review, and feedback. (1) In the first, desk-based phase, reviewers gather all publically available information available about the organization that can be accessed without having to contact the organization itself. Through this process, reviewers start to get an idea of the “gaps” in transparency that could potentially be answered through internal interviews with the organization. (2) In the second phase of data collection, reviewers do just that – interview the internal stakeholders of an organization as well as external experts to fill in gaps and confirm information about the organization. (3) The third phase of data collection consists of an internal review. At this point in the process organizations have already been scored and these scores are all looked at together by GAR staff to ensure consistency in

⁷ One World Trust, (2008). Methodology for the 2007 Global Accountability Report. One World Trust.

measurement and scoring methods. (4) Finally the preliminary reports are sent back out to organizations and experts for feedback. This is an opportunity for an organization to clarify or defend any points that may not have been clearly articulated during the interviews.

Selection and cooperation

The GAR has several filters for selecting the organizations to be assessed including size, number of countries of operation, and number of public policy issues the organization impacts. The general rule for GAR organization selection seems to be international organizations with a broad reach and deep impact on a global level. Beyond this generic definition, the selection process by the Independent Advisory Panel seems to be relatively subjective. There are no concise prerequisites for selection written anywhere on the website, in the reports or in the publically available information for download online. This may be because the organization is still in the process of creating those criteria; however not having the information available shows a lack of transparency on the part of the GAR. By keeping this list private, or not having one, the GAR frees itself to assess any organization it wants to without question as to whether that organization fits the predefined criteria. Not having a master list of organizations from which to randomize selection each year can easily be misconstrued as an attempt to pick and choose organizations whose assessment will somehow be in the interest of the GAR.

Once an organization is selected for assessment it is sometimes the case that they chose not to participate in the evaluation process. This essentially means that the organization is not willing to make itself of its resources available to the GAR for. The

GAR will still evaluate organizations that refuse to participate in the reporting process. Those that do not participate are evaluated using publically available information as well as input from experts in the industry. In the final report the nonparticipating organization's lack of cooperation is indicated with an asterisk next to their name (see chart below). This policy can be seen as effective in that organizations cannot evade the evaluation process simply because they refuse to comply with the evaluators. At the same time nonparticipating organizations may be biasing the sector findings in the final report.

For example, in 2006 out of the 10 organizations that chose not to cooperate with the GAR, 4 were TNCs, 4 were INGOs and 2 were IGOs. As can be seen on the graph below, taken from the 2006 report, those 10 organizations ranked among the lowest in transparency. Consequently, in overall accountability for 2006 IGOs (the group with the least non-participants) scored the highest. There is no way of knowing if the correlation between these two events is significant, but it would make sense that refusing to work with the GAR to explain the policies and systems of an organization would result in less understanding of the organization and thusly, lower scores.



Nonparticipation rates for the three reports are as follows:

- ◆ 2006, 10 out of 30 = 33%
- ◆ 2007, 7 out of 30 = 23%
- ◆ 2008, 6 out of 30 = 20%

Nonparticipation rates seem to be declining each year, which could be an indication of the growing presence of the report in the international community, and perhaps an indication of the weight that a score from the GAR carries. It is difficult to make assumptions about how the GAR is received internationally because there is no literature available on the effectiveness of the report. Because the GAR is only three years old, it has not completed a full cycle of reporting in that no organization has been reviewed twice. Once a full cycle is completed, the effects of the GAR review will become more susceptible to judgment. . In the meantime, however, we have no way of knowing

whether this report is having any impact on the organizations it reviews, or the public who support them.

Funding

The fact that the GAR seems to have no outcome measure is particularly troublesome. The usual stipulations of project-based grants, which call for measure(s) of success proving wise use of funds, seem to be missing in this case.

From the 2006-2007 annual report for the OWT, we note that £303,46 of the OWT's £373,213 budget come from charitable grants that have restrictions for use, meaning they are earmarked for certain projects. It is not clear from the report however which organizations were giving grants to the OWT. Previously, the OWT would publish an Accounts Report (in addition to the Annual Report) that provided a significantly more detailed account of fund allocation. Unfortunately the Accounts Report was discontinued after the end of 2005. Thus there was no report available that detailing the sources and precise allocations of GAR funding. Tracking this information down was a more difficult process, and as a result the OWT appears less transparent than in previous years.

GAR funding information had to be found in the acknowledgements on the report itself, and even then there was only mention of a foundation without further details. Thus it would appear that the sole funder of the GAR is the Ford Foundation. The Ford Foundation website⁸ shows that there was a grant for \$600,000 (roughly £405,000) awarded to the OWT for the 2006 and 2007 fiscal years and \$700,000 (roughly £470,000) awarded for the 2008 and 2009 fiscal years. Both grants said that they were for specific

⁸ <http://www.fordfound.org/grants/inquiry/global/2/en>

use on the GAR. The fact that the funding for this report is coming from the Ford Foundation does not bring into question its credibility. The Ford Foundation is a well known granting foundation that would have a much to lose in terms of credibility if it were biasing the projects it funded. However, what is questionable is that the GAR does not seem to be reporting back to the Ford Foundation on the effectiveness of the report in order to receive subsequent funding. The only measure of effectiveness the GAR offers is that of growing popularity. The 2007 GAR report boasts:

By early February 2007 the 2006 Report had been downloaded from our website more than 7000 times. In both years the hardcopy edition of the Report went into reprint to meet requests for copies from researchers, practitioners and assessed organizations for training and learning purposes. This is mirrored by wide referencing of our work in the research and policy community.⁹

However, popularity of the report cannot be assumed to translate into effectiveness and without a formal measure of change in the assessed organizations, the GAR cannot say much about what the report is doing. It would seem that the GAR should have a method of following up with assessed clients to monitor whether this fairly expensive report is actually motivating a shift in organization behavior toward accountability. Without this outcome measure, it is difficult to know how the GAR is still able to get funding from the Ford Foundation that is traditionally very selective in its funding choices and seems to be very adamant about only funding effective programs. One paragraph from the Ford Foundation grant page reads:

Our mission is broad, and we carefully target how our grants can be used most effectively. Once the foundation decides to work in a substantive or geographic area, our program staff consults with practitioners, researchers, policymakers and others to identify initiatives that might

⁹ Hammer, M., Oatham, J., & Lloyd, R., (2008), 2007 Global Accountability Report. One World Trust.

*contribute to progress. We explore specific work grantees might undertake, benchmarks for change and costs.*¹⁰

While this all sounds very good on paper, we must question why there is currently no follow up by the Ford Foundation with the OWT before awarding another grant. Of course it is possible that there is some sort of effectiveness measure in place, however if this is the case, than why has it not been made available to the public?

Beyond project-based grants, the OWT also raises funds through consulting services aimed at making international organizations more accountable. The 2005 OWT Accounts Report¹¹ shows that these services bring in just under £10,000 per year. Finding this figure in the 2006 and 2007 annual reports is more difficult but in both reports it looks as though very little money is coming from sources other than project-based grants. The OWT claims that there is a self-imposed limit on the amount of consulting services they provide per year in order to assure that most resources are allocated to the projects that are more strongly in line with their mission. The financials of the trust corroborate this claim.

Limiting the amount of consulting the OWT does speak to the credibility of the organization in many ways. Consulting is a highly lucrative business, and there is little doubt that when it comes to criteria for accountability, the OWT is an expert in the field. If they allowed themselves, the trust could bring in a lot more money from consulting, however this would require hiring more consultants and drawing resources away from

¹⁰ <http://www.fordfound.org/grants/inquiry/global/2/en>

¹¹ One World Trust, (2006). Annual Report and Accounts for the Year Ended 31 December 2005. One World Trust.

other OWT projects, which could potentially lead to mission creep. The fact that they have chosen to remain focused on monitoring shows strength of culture within the trust.

Governance

One method of establishing whether or not the GAR is a credible monitoring organization is to identify the people behind it and consider the possible motives they may have for joining the workforce or board of directors of the OWT.

The Executive Director, Michael Hammer, has been with the trust since July of 2006. He is a specialist in African urban and rural land conflicts. Just prior to coming to work for OWT, Hammer worked as an Africa researcher and program director for Amnesty International, one of the organizations evaluated in 2006 by the GAR. Although one of Hammer's responsibilities as Executive Director is to co-author the GAR, it is not likely that he joined the OWT team early enough in 2006 to influence any decisions about Amnesty International's scoring, and if he did, he did not introduce positive bias. Overall Amnesty International ranked 6th out of 10 INGOs in transparency, 4th out of 10 in participation, 6th out of 10 in evaluation and 7th out of 10 in complaint and response mechanisms. Such non-partisan assessments lend credibility to the executive choices made by the trust.

The OWT's governing body is made up of a Board of Trustees who governs with the support of a group of Vice Presidents and International Advisors. The 12 member Board of Trustees is comprised of five politicians, four academics and three private businesspeople. The 13 Vice Presidents provide advice and support to the Trustees and

may at times be asked to advocate on the Trust's behalf.¹² They are ten politicians (current and retired), one activist, and two academics. The group of 20 International advisors to the OWT are overseas advisors (mostly PhDs) for the trust who are contacted for their expertise on a particular project or subject matter. There is little other information available about the International Advisors (other than their names) that is understandable, as they do not have any formal power within the trust. However, because these advisors are asked for counsel in all subject matters, it would be interesting to know more about their values and respective backgrounds.

Four of the five politicians serving on the Board of Trustees are from the UK's Labour party, and currently active members of the parliament. This warrants some attention in assessing the OWT's credibility as the political party affiliation may influence the decision making of the board. Members of the Labour party are seen in other positions of OWT governance as well. Seven of the thirteen OWT Vice Presidents are also representatives of the Labour party in parliament. Historically the Labour party in the UK has been a socialist party that, as the name would imply, champions the rights of workers. In recent years however the Labour party has become increasingly more supportive of free trade and, as we will see later in this paper, this political and economic position may have an influence on the GAR.

To take this same point in another direction, political parties aside, the fact that so many influential members of the OWT are UK politicians may play a role in biasing the GAR's selection and scoring process. By nature, politicians must put country first, and it is difficult to assume that while in the position of OWT Board Member or Vice

¹² http://www.oneworldtrust.org/index.php?option=com_content&view=article&id=58&Itemid=92

President, these politicians are able to switch hats and bush the interests of the UK aside in order to objectively assess the state of global governance. Of course there will be biases not only toward similar forms of government, but also toward organizations that embody economic or social ideals favorable to the UK. An example of this, which will be mentioned later in the paper, is development banks. Economically the UK is a capitalist country that benefits greatly from the work done by development banks all over the world. Usually a bank will give development loans to countries that include certain structural adjustments that reduce barriers to trade and allow for more foreign investment. This is highly beneficial to countries like the UK who are always looking to enter cheaper markets with fewer restrictions.

Transparency

The OWT seems like a very transparent organization, especially with regard to the GAR. Almost everything about the report's intent, scoring criteria, methodology, finances and board members is published and easily accessed online. However, when there is missing information, it is very difficult to get in touch with a knowledgeable representative. There is no actual e-mail address posted on the website, but inquiries can be channeled through an online system connected to the trust. Unfortunately this feature does not work, and has the online form has not been operational for the extent of this case study (at least two months).

The other option for contact is by phone. Phone numbers are clearly posted on the website, however every time I attempted to contact Mr. Robert Lloyd, the GAR project manager, he was out of the office and my calls were not returned.

As was mentioned earlier, one of the four criteria the GAR uses to evaluate accountability is complaint and response mechanisms. However, it does not seem like the OWT would score well in this category. The mechanisms for inquiry and complaint are in place, but the response mechanism is not. This brings into question (1) whether serious complaints about the OWT or the GAR ever reach the trust’s headquarters and (2) if and/or when they are ever addressed. It is particularly important for the OWT to be open to complaints and inquiry after the publication of the GAR as there is always sure to be a reaction of sorts.

Unsatisfied stakeholders

One example of this came after the publication of the GAR 2007 in which the

Accountability scores for assessed organisations

| Organisation | Transparency | Participation | Evaluation | Complaint and Response | Overall Accountability Capabilities | Overall Ranking |
|------------------------|--------------|---------------|------------|------------------------|-------------------------------------|-----------------|
| IGOs | | | | | | |
| UNDP | 98 | 84 | 98 | 73 | 86 | 1 |
| ASIAN DEV, BANK | 100 | 59 | 85 | 79 | 81 | 2 |
| UNEP | 63 | 77 | 80 | 77 | 74 | 3 |
| WFP | 33 | 78 | 98 | 73 | 70 | 4 |
| IDB | 58 | 36 | 100 | 77 | 68 | 5 |
| Council of Europe | 76 | 83 | 46 | 31 | 59 | 6 |
| IsDB | 48 | 32 | 88 | 45 | 53 | 7 |
| * AFRICAN UNION | 27 | 80 | 51 | 1 | 40 | 8 |
| * CSCE | 15 | 51 | 32 | 21 | 30 | 9 |
| * INTERPOL | 42 | 46 | 0 | 0 | 22 | 10 |
| Sector average | 56 | 63 | 68 | 48 | | |

Asian Development Bank (ADB) was given a perfect score in the category of transparency (see chart below)¹³.

¹³ Modified chart taken from: Hammer, M., Oatham, J., & Lloyd, R., (2008), 2007 Global Accountability Report. One World Trust.

The reaction to this score was overwhelmingly negative amongst activist and nonprofit organizations that monitor or deal regularly with the ADB. In a press release by the activist group NGO forum on ADB, Pieter Jansen of Both Ends, a Netherlands-based NGO, was quoted as saying,

One World Trust is misinforming the public with the report by not checking ADB's policies on paper written about accountability with the reality that members of Forum have been facing in daily practice. One World Trust is risking losing its credibility with this report.¹⁴

Similar reactions to this score were seen in several publications all carrying the message that ADB's external stakeholders were not consulted during evaluations -- had they been, the ADB would surely not have scored a 100 in transparency. Upon further research of the NGO forum on ADB, I found that the organization is actually very large, with an established internal system of governance and member organizations in 16 Asian countries as well as partner organizations all over the world. In terms of external stakeholders of the ADB, the NGO forum on ADB seems to represent a lot of them.

This makes the claim that the GAR did not do a thorough job at collecting data very serious, especially given the OWT's mission of keeping the public informed and engaged in the monitoring process. This perfect score in transparency seems unrealistic since one of the largest independent monitoring organizations of the ADB (which would clearly fall into the external stakeholder category of the GAR accountability criteria) was not asked to participate in the evaluation process.

To add insult to injury, there was no public statement made by the OWT regarding this issue. This is either an indication of guilt, or one of arrogance where the

¹⁴ NGO Forum on ADB, (2007). Press Statement: We Distrust "One World Trust's" Findings. NGO Forum on ADB.

OWT is saying that the NGO forum on ADB's claim does not warrant a response. If it is guilt, than hopefully the GAR will take care in subsequent years not to let this happen again. If it is arrogance, than perhaps the GAR is not as true to its mission as it seems on paper and there are other interests being represented.

Incentives

As was mentioned before, an unusually large number of the OWT's governing body is made up of Labour party politicians or representatives. This does not come as a complete surprise as the All Party Parliamentary Group on World Government was started by Labour Parliamentarian Henry Osborne. As mentioned before the OWT was established as a separate entity from the APPG WG in 1951 but remains closely tied to the group. This is clearly reflected in the trust's governing bodies. It was the Labour party who really pushed for the "world government" movement in Parliament by incorporating it first as a specific objective of policy in the Labour Party Election Manifesto in 1960. Seven years later, world government was declared to be a clear objective for all of "her majesty's government"¹⁵: a winning success for Labour and the UK.

It is admirable that global governance is a high priority for the UK Parliament, as it should be for all democratic countries, however it cannot be ignored that the people promoting world governance in the UK are also responsible for upholding the UK's interests on the world stage. Such a partisan perspective conflicts with the credibility of the OWT and its annual accountability report. Tying this back into the conflict over the

¹⁵ One World Trust, (2008). Voices in Parliament; a brief study of a successful All-Party Parliamentary Group. One World Trust.

ADB transparency score, we must ask what the incentive is for the GAR to be completely objective in scoring the ADB vs. the incentives for scoring the bank well.

An objective score would be aligned with the OWT mission of educating the public on the ADB's governance. Those who would benefit are the banks external stakeholders who deal with the bank on a regular basis (in essence, the loan takers). Assuming the ADB makes the appropriate changes according to GAR recommendations, the external stakeholders will reap the benefits of a more accountable bank. In this first scenario, the OWT benefits in knowing that it has upheld its mission. Those who may suffer from an objective grade are the bank itself and foreign investors. Foreign investment into the bank may decrease if it is not deemed accountable.

On the other hand, if the OWT were to make the ADB seem more transparent than it actually is, the cost/benefit structure would be reversed. Now the loan takers would suffer because there would be no incentive for the bank to be more transparent and the bank would benefit from the good grade with increased foreign investment. Other benefactors of an inflated ADB transparency score would be foreign investors and traders, many of whom could be British. The OWT would be left in no better state for having biased the score, although members of its governing body may reap direct benefit as investors or if the investment is good for the UK, indirect benefit as British citizens. The threat in doing this of course is being caught. What cost would the OWT pay if it is shown that they are biased in their accountability reporting? Obviously the trust's credibility as an unbiased monitoring agency would suffer which would in turn significantly reduce the amount of funding available for projects, as no foundation will want to be associated with supporting bias research. Once this is all lost, there would be

little reason to justify continuing (at least the international branch) of the OWT. Thus, the cost of dishonesty is great for the OWT and most likely not worth whatever indirect benefit it may have. Having a high cost associated with credibility speaks favorably for the accountability of the OWT.

Conclusion: Does the GAR satisfy the knowledge condition?

In conclusion, the OWT has room for improvement in their GAR reporting methods and in the transparency of the trust, but overall they are perceived as a very accountable monitoring organization. Their incentive for deceit is low, the cost of being wrong is high, and ultimately the OWT does a fair job of satisfying the “knowledge condition” criteria described by Arthur Lupia and Matthew McCubbins.¹⁶ The chart in Appendix A details the necessary steps for satisfying the knowledge condition. The steps which the OWT has followed are highlighted in green and are listed below:

- (+ -) Observable costly effort on the part of speaker
- (+ -) Speaker perceived to be trustworthy / unbiased
- (+ -) Speaker perceived to have knowledge/ expertise
- (+ -) Speaker has knowledge / expertise
- (+ -) Speaker is persuasive
- (+ -) External forces motivate speaker to tell truth
- (+ -) Enlightenment
- (+ -) **Knowledge Condition**

In this case, the “speaker” would be the OWT and those trying to achieve the knowledge condition are the public. There is an additional scoring next to each step indicating to

¹⁶ McCubbins, L. & M.D.,(1998). The Democratic Dilemma: Can Citizens Learn What They Need To Know? Cambridge, UK: Cambridge University Press.

what degree the OWT has satisfied the condition. From left to right the three boxes indicate “yes”, “somewhat” and “no.”

The assessment above is intended to determine the OWT's public perception. The following dimensions did not score perfectly because after researching the OWT, there is still doubt as to how certain we are that they are true: (1) whether the public perceives the trust as trustworthy and unbiased, (2) if there are more external forces motivating the OWT to be truthful than untruthful, and (3) how enlightened the public feels as a result of the GAR. Since these three evaluation categories did not earn perfect scores, the OWT's satisfaction of the knowledge condition cannot receive a perfect score. Nonetheless, the reporting performed by the OWT is a vital catalyst for improving transparency and accountability amongst the evolving networks of international governance based organizations. The consistent growth in the OWT's impact is a strong indicator that the GAR serves a relevant function for empowering the public with the knowledge needed to engage in crafting the future of the world's managing institutions.

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Discussion Questions

1. Should organizations still be evaluated if they refuse to cooperate with the GAR?
2. What are the implications for the GAR in not responding to claims of bad evaluation criteria or methods?
3. Can a monitoring organization run by government representatives really be objective?
4. What information would have made this case study better?

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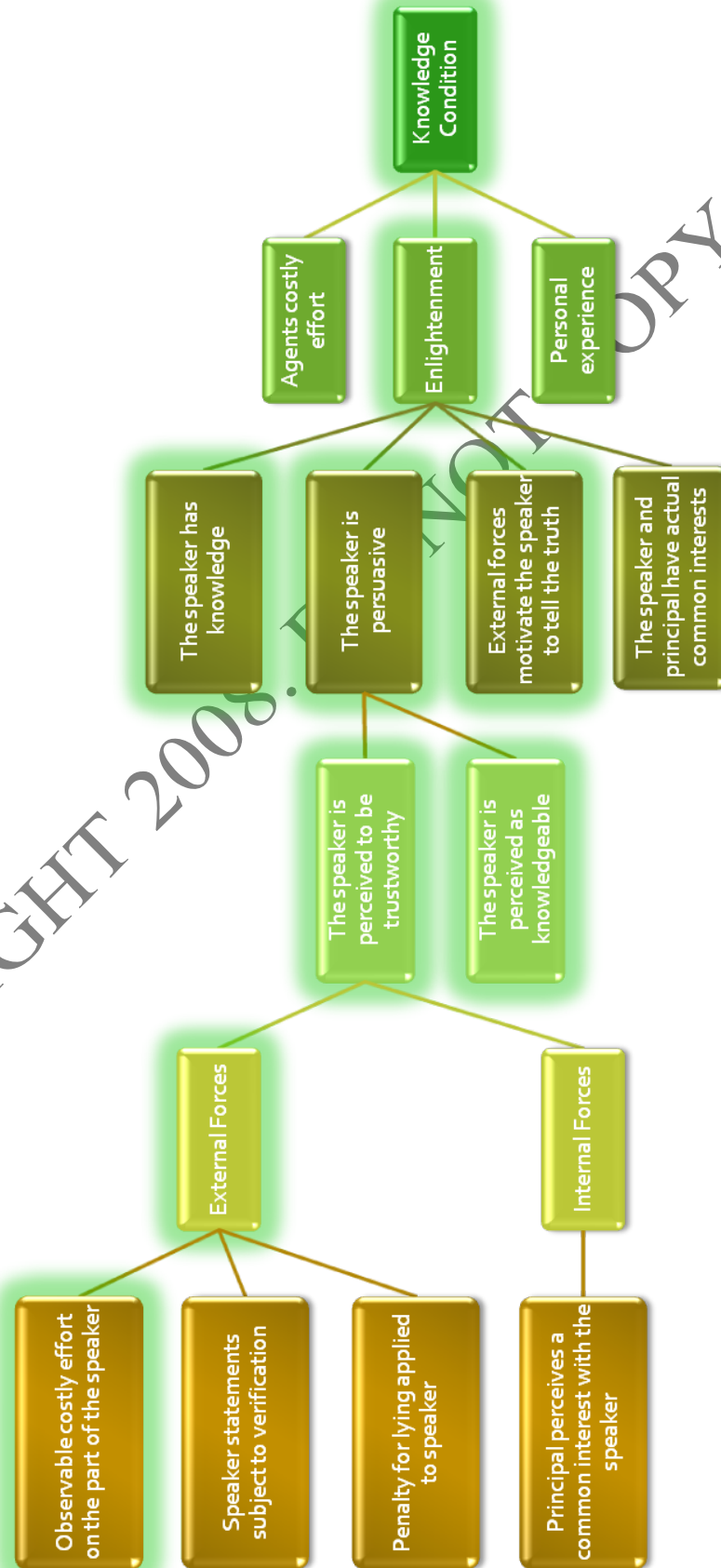
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Appendix A: Satisfying the knowledge condition.

SOURCE: Lupia and McCubbins, *The Democratic*

Dilemma.

Satisfying the knowledge condition



Appendix B: Different measures of evaluation for IGOs, NGOs and TNCs

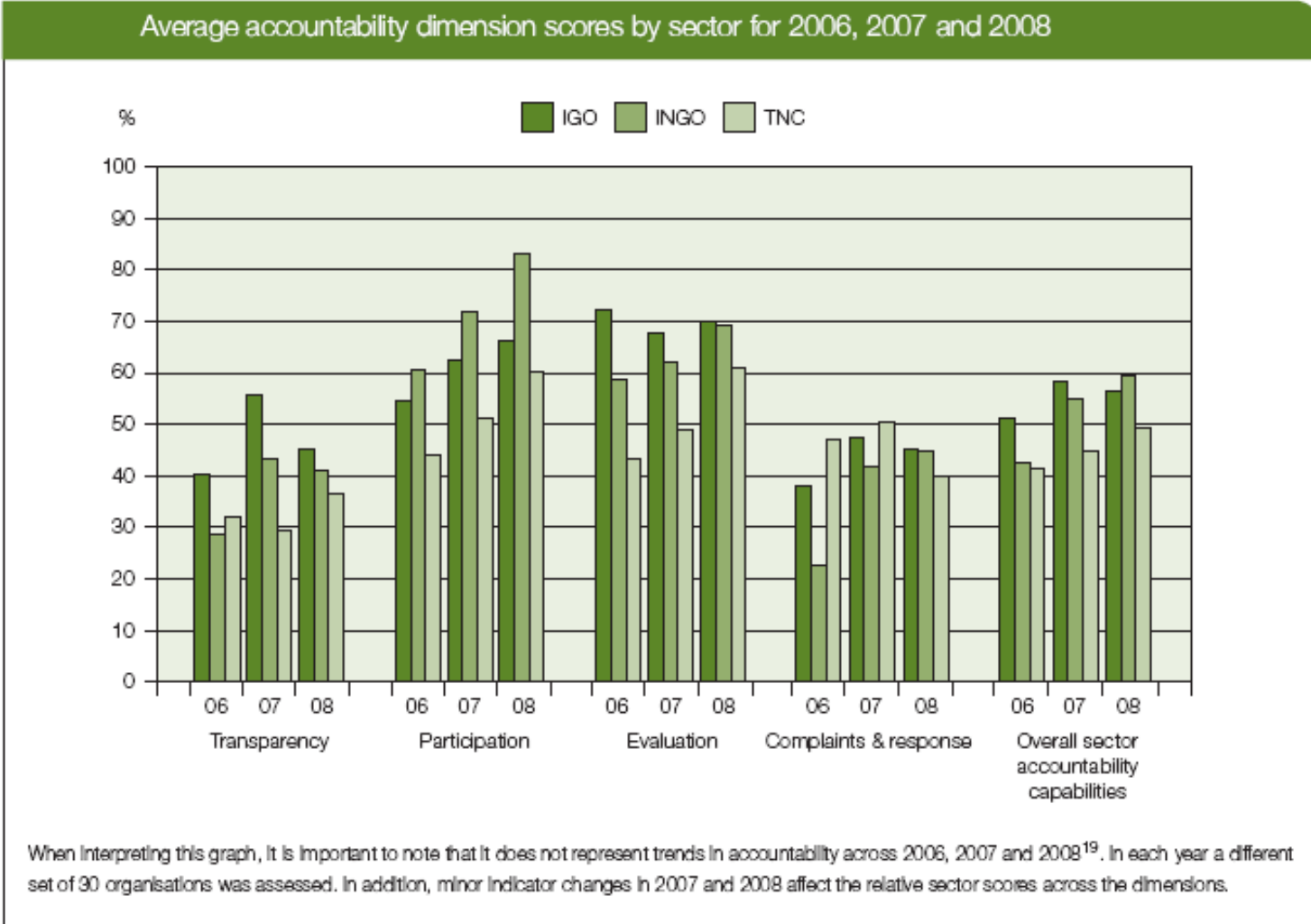
| Evaluation Capabilities | | |
|---|---|---------------|
| Indicator | Explanation | Weighting |
| Evaluation Policy - IGOs and INGOs | | |
| 3.1 | The organisation has a specific policy(ies) that guides evaluation practice: | 1.25 (scaled) |
| | <i>This indicator has been scaled based on the following criteria:</i> | |
| | Organisation has no specific policy and makes no claim to have a policy [0 points] | |
| | Organisation claims it has a policy or makes commitment to evaluate in other organisational policies [0.25 points] | |
| | Organisation has a specialized policy on evaluation at operational levels [0.50 point] | |
| | Organisation has a specialized policy on evaluation at operational and policy levels [1.25 points] | |
| 3.2 | Specific elements; The policy stipulates that: | |
| 3.2a | Commitment to engage external stakeholders in evaluation process | 1 |
| 3.2b | Commitment to use evaluation results to inform future decision making | 1 |
| 3.2c | Commitment to being transparent about evaluation results | 1 |
| 3.2d | Commitment to evaluate performance at different levels within the organisation | 0.25 |
| | The organisation will evaluate performance in relation to the strategic plan | 0.25 |
| | The organisation will evaluate performance in relation to key internal management and administrative policies | 0.25 |
| | The organisation will evaluate performance in relation to issue specific policies | 0.25 |
| | The organisation will evaluate performance in relation to operations | 0.25 |
| Evaluation Systems (same for IGOs and INGOs) | | |
| 3.3 | Leadership assumes responsibility for overseeing compliance with evaluation policy(ies) | 1 |
| 3.4 | Training on evaluation policy(ies) | 1 |
| 3.5 | The policy(ies) are widely accessible to key external stakeholders | 1 |
| 3.5a | Dissemination of evaluation policy(ies) | 1 |
| 3.5b | Translation of evaluation policy(ies) | 0.5 (scaled) |
| | <i>This indicator has been scaled based on the following criteria:</i> | |
| | • in two languages [0.17 point] | |
| | • in three languages [0.33 point] | |
| | • in four or more languages [0.50 point] | |
| 3.6 | Dissemination of lessons learnt from evaluations | 1 |
| | A clear description of mechanisms (such as practice notes, virtual knowledge networks, learning workshops) for disseminating lessons learnt within the organisation is provided | |



| Evaluation Policy - TNCs | | |
|--|--|--|
| These indicators have been split between environmental and social | | |
| 3.1 | The organisation has a specific written policy that guides the evaluation of social and environmental impact | <p><i>This indicator has been scaled based on the following criteria:</i></p> <p>Organisation has no specific policy on evaluating social and/or environmental impact and makes no claim to have such policy [0 points]</p> <p>Organisation claims it has a policy on evaluating social and/or environmental impact or makes commitment to evaluate either one in other organisational documents [0.5 point for environmental] [0.5 point for social]</p> <p>Organisation has specialized policies on evaluating social and/or environmental impact [0.625 point for environmental] [0.625 point for social]</p> |
| 3.2 | Specific elements; The policy stipulates that: | |
| 3.2a | Commitment to engaging external stakeholders in evaluation process | The organisation will engage external stakeholders in the evaluation process of activities that have impacted them [0.5 point for environmental] [0.5 point for social] |
| 3.2b | Commitment to use evaluation results to inform future decision making | The organisation will use the results of evaluation to inform future decision making [0.5 point for environmental] [0.5 point for social] |
| 3.2c | Commitment to being transparent about evaluation results | The organisation will be open and transparent about evaluation results [0.5 point for environmental] [0.5 point for social] |
| 3.2d | Commitment to evaluate performance | The organisation will evaluate its performance in relation to its achievement of environmental goals |
| 3.2e | Commitment to evaluate performance | The organisation will evaluate its performance in relation to its achievement of social goals |
| 3.2f | Commitment to evaluate performance | The organisation will evaluate its environmental impact policies |
| 3.2g | Commitment to evaluate performance | The organisation will evaluate its social impact policies |

| Evaluation Systems for TNCs | | |
|--|---|--|
| These indicators have been split between environmental and social | | |
| 3.3 | Leadership assumes responsibility for overseeing compliance with evaluation policy(ies) | Leadership assumes responsibility for overseeing social and/or environmental evaluation practices and compliance with the policies or other relevant documents related to environmental and social impact evaluation [0.5 point for environmental] [0.5 point for social] |
| 3.4 | Training on evaluation policy(ies) | The person(s) responsible for undertaking evaluation receives adequate training [0.25 point for environmental] [0.25 point for social] |
| 3.5 | The policy(ies) are widely accessible to key external stakeholders | |
| 3.5a | Dissemination of evaluation policy(ies) | through more than one medium [0.25 point for environmental] [0.25 point for social] |
| 3.5b | Translation of evaluation policy(ies) | <p><i>This indicator has been scaled based on the following criteria:</i></p> <ul style="list-style-type: none"> • in two languages [0.08 point for environment] [0.08 point for social] • in three languages [0.17 point for environment] [0.17 point for social] • in four or more languages [0.25 point for environment] [0.25 point for social] |
| This indicator is NOT split between environmental and social | | |
| 3.6 | Dissemination of lessons learnt from evaluations | A clear description of mechanisms (such as practice notes, virtual knowledge networks, learning workshops) for disseminating lessons learnt on social and environmental issues within the organisation is provided |

Appendix C: Accountability scores across 3 years



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