

REFLECTIONS ON ACCOUNTABILITY

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Good afternoon, and a special thanks to Anwar Ibrahim for persuading you all to give up part of your Sunday evening to share some reflections about the state of accountability today. My interest is to talk briefly, listen and discuss somewhat longer, and reflect for a long time to come. On that basis, I will hold the floor for just a short while.

Let me start, as most of us tend to, with a brief rehearsal of the problem as it manifests itself.

DEGENERATING ACCOUNTABILITIES

There is really little doubt that there are more accountability mechanisms about then every before, in fact that ever in our collective histories. More laws, more communities experimenting with democratic processes, and far more transparency about the behavior of our most powerful institutions of the state and economy. But it is curiously and disturbingly also the case that they do not add up to healthier, or even more accountable, societies. We seem to have lost our way in amidst the maelstrom of codes and audit systems, of international agreements and legal pronouncements.

Lets look at a few facts.

A recent survey of political attitudes in Latin America, published by Latinobarómetro, reported that barely more than one half of respondents across Latin America (58%) agreed that 'democracy was the best system of government'. This figure fell to 46% for the continent's largest nation, Brazil, which is of course just emerging from a national Presidential election. Affirmative scores as high as 35%, in the case of Guatemala, were registered in answering the question 'are there circumstances when an authoritarian government can be preferable to a democratic one'.

One would perhaps understand better if this data came from people in parts of Asia who had never experienced democracy, or perhaps those in Europe who have been at for far too long. But no, this shocking data come from a continent that with much struggle has transcended a political history of largely military dictatorship, and has over the last two decades been

experimenting in modern democracy. Clearly experiments that, at least according to the polls, as having failed to deliver.

Governments, in fact, are deeply distrusted across the world. According to a recent poll by GlobeScan, more people trust the (entirely undemocratic) media than their governments, especially in developing countries (a ten-country opinion poll for the BBC, Reuters, and The Media Center). Media is trusted by an average of 61 percent compared to 52 percent for governments across the countries polled. Trust in media was highest in Nigeria (88% vs 34% gov't.) followed by Indonesia (86% vs 71%), India (82% vs 66%), and Russia (58% vs 54%).

But surveys of business behaviour are equally not encouraging. Transparency International's Bribe Payers Index covers perceptions of business from 30 countries. The most results show a considerable propensity for companies of all nationalities to bribe when operating abroad, with even the best (e.g. Switzerland) scoring considerably below the maximum potential, and the worst offenders, Russia, India and China, scoring on average well below half the total possible score.

And even here we need to be careful in celebrating nations scoring more positively. The UK, where I live, is ranked 6th on this Index and 11th out of 163 countries in Transparency International's most recent annual barometer of corruption-free countries (Malaysia comes in at 44th position, interestingly, just above Italy). Yet last Thursday, in what may prove an unfortunate red-letter day for us all, the supposedly-clean UK Government chose to abandon an on-going criminal investigation of alleged corruption in arms deals between BAE Systems and the Saudi Government, citing not a lack of evidence, but the 'national interest'. Such alleged cases may well be more the exception rather than the rule across the British business community (although this single high-profile case concerns arms contracts worth US\$20 billion, a scale not factored into TI's weighting). Furthermore, it may well be that the allegations are simply false. But the critical point here is that the UK Government has chosen to abandon the investigations in favor of pursuing Britain's commercial and political interests, a morally

unacceptable, but entirely 'legal' decision that does not therefore figure on TI's dashboard.

The real lesson here is that in some countries the powerful have got smart, they have created legal pathways to do what was hitherto, and what still elsewhere would be considered corrupt.

THE INNOVATION IMPERATIVE

As you can I see, I am as good as the next person in being able to catalogue shortfalls in accountability. We must do that of course, always resisting the normalization pressures that accompany familiarity, despair and the accompanying sense of inevitability. But such stances can also become a barrier to innovation, and it is this challenge that I would like to turn to briefly.

Accountability is like health, we are quick to sense its absence (i.e. illness) but struggle to describe its presence. We fume over the US's highhandedness in invading Iraq and evading the Kyoto Agreement, and we look with fear at China's shunning of the world's treaties and entreaties on human rights. We despair over the quality, cost, or simple lack of availability of water, the crisis in our hospitals, and the polluting traffic. We are appalled at the archaic rituals taking place in the Vatican's Sistine Chapel in selecting the Christian world's most powerful spiritual leader.

Accountability, or its lack, is almost always the source of outrage, not celebration. As with good health, we barely notice experiences of 'good' accountability. We rarely register when our roads are clean, flat and clear, the police are honest or hospitals make us better. And when we do notice things going well, few of us ask *why* things work when they do, preferring at most a silent eulogy of gratitude. When in those rare occasions our politicians are responsive to our needs, business leaders exhibit care for society and the environment, or scientists discover or invent solutions to age-old problems, we applaud them *as individuals*. We readily discount as absurd the possibility that these experiences show that 'the system works', at least at times.

We are all experts at describing accountability deficits, but hard pressed to describe what it would take to fill the gap. In fact, more often than not, the challenge is as much to unravel historic patterns of accountability as much as it is to add more layers. There is no doubt that the United Nations, one of the twentieth century's greatest accountability innovations, is in urgent need of a serious upgrade. Yet the problem is not so much a lack of accountability, as a toxic blend of the wrong kinds of accountability. The UN was, after all, built on the noble foundations of representation and accountability through nation states (with some small but significant adjustments to secure the voices of those states that won the war out of which the multilateral body emerged). This basis of accountability has, and in many ways still does, serve many of us well. But we now know that it is not good enough in the face of a global commons becoming more inhabited and drawn upon, more fragile and more urgent to manage for the wider good.

Accountability is a human invention, a product of history, not a natural occurrence like a sun-spot or a hurricane. The underlying premise of accountability is perhaps timeless - to hold those with power to impact peoples' lives to account, and crucially to provide a compelling voice to people over the decisions that impact their lives. But every generation offers new insights on accountability, driven by their most pressing challenges and opportunities, often surfaced through the example of extraordinary people facing terrifying circumstances.

THE ACCOUNTABILITY QUIZ

Try the following experiment involving a three stage quiz. Firstly, write down your own list of top ten accountability innovations in the last decade, or perhaps if that is too tough, the last century. Some of them may be obvious and more or less benign, such as the United Nations and the European Community. Others illustrate the failure of accountability innovations, such as Mao's China and the Soviet Union, envisioned to challenge the inequities of domestic feudalism, and yet in both cases also establishing a living hell for hundreds of millions of people. Another candidate might be the

experience of nationalization, the accountability through public ownership that swept through Europe, and was exported throughout Africa and other post-colonial domains. And of course we have the market, for better and worse: by no means a recent invention, but raised during the twentieth century to an exalted position within the hierarchy of accountability mechanisms, increasingly, and unexpectedly mediating between the powerful and those they impact.

Now take the second step. Place a score next to each one marking their state of health and effectiveness, the degree to which they are fit for purpose. Score a ten if they are more or less perfectly fit for purpose, and a zero if they ready for the dustbin of history. A midway five would make them broken but not beyond prepare, and so on. Unless you live in a very different world to mine, your scores are likely to be pretty low, probably averaging around five or even lower. Of course it is great news if your scores are significantly higher than this, the aim is after all not to depress us here. But I would remind you that the score is not intended to measure your degree of optimism or hope, put your cool and calm assessment of the state of our inherited accountability assets. Don't cheat.

It is time for the final and most difficult part of the quiz. Write down what you think will be the most important accountability innovations in the coming years and decades. Let me offer some additional guidance here, since this might be obvious to some, but a little unclear to others. After all, what on earth is an accountability innovation. Let me provide some ready-made examples that might illuminate the challenge. Corruption in natural resource-rich countries, particularly where oil or gas is present, has much to do with the disappearance of tax or royalty revenues passed by the extractive industries to government. In Nigeria, admittedly an extreme case, some estimates of 'vanished revenues' of this kind since the 1960s are as high as US\$400 billion. It's illegal to steal of course, and the public sector's in these countries always have the superstructure of classical accountability mechanisms in place. It's just that they do not work, as we all know. One innovative response to this has been the establishment of the Extractive Industry Transparency Initiative, an international initiative involving

business, civil society organizations and public agencies. The key innovation is that extractive industry companies, in signing up to the EITI, agree to 'publish what they pay' to governments through royalty agreements. There is no traditional enforcement mechanism at play here, since the EITI has neither a formal policing or judiciary function. The experiment at play is that the public disclosure of information about royalty payments will make it far harder for civil servants and politicians to abscond with the money, and will furthermore provide information-based leverage to those with enforcement powers to do their jobs a little better.

Or consider the Mo Ibrahim Prize for Achievement in African Leadership. The initiative, by the mobile phone entrepreneur Mo Ibrahim, plans to rate governance in 53 African countries each year. The award will go to African heads of state who deliver security, health, education and economic development to their constituents. Mr Ibrahim's argument, put simply is that African leaders need a life after office, and providing a pension for life will incentivize them to walk away from illegal opportunities for personal enrichment whilst in office. The contest, launched in London this year, will award winning leaders \$5m over 10 years when they leave office, plus \$200,000 a year for life.

Let me offer one more example, so as to encourage us all to think out of the box. The world's most extensive, e-based, audit system is the on-line marketplace, EBay. It involves millions of individuals who will never, and in the main who do not want to meet, trading almost seamlessly with each other because of the mutual-accountability system that lies at the heart of EBay's trading model. Now, I do not want to suggest that EBay today is tomorrow's mainstream political process. But I would argue that it may often be in such unexpected circumstances that the experimental labs of tomorrow's mainstream accountability innovations are to be found. That is, I want to encourage you to take risks in choosing not only your list of top ten accountability innovations, but where they are likely to be found today.

ACCOUNTABILITY INNOVATIONS

Accountability innovations come and go, almost like waves, overlapping, converging, and collapsing into each other. Today's failing institutions are the living proof of last century's capacity to innovate in accountability. The United Nations and the European Union are today amongst the most criticized international bureaucracies, with some doubt as to their viability in their current forms. Yet they were extraordinarily important twentieth century accountability experiments, marking our early, faltering steps to over-turn the rights of individual sovereign states to determine their own, or our futures in an inter-connected world.

That accountability innovations degenerate and decay should not be surprising. If accountability concerns the civilizing of power, then those with power will seek to evade or crush it. We strive to build values, ideas, norms, standards and the rule of law to stabilize this organic process. But specific accountability mechanisms (even the ones we cherish most), like all living systems, erode over time, and need reinforcing, upgrading and ultimately replacing.

There is no obvious reason to suppose there are exceptions to this historical process.

So what then will be this generation's underlying approach, what can we, or must we abandon, and what can we carry forward from the past.

Today's most important innovations involve open-source, people-centred approaches to bringing power to account. Consider the carefully co-ordinated spectacle of Live 8 on the eve of the G8 Gleneagles Summit. Crass and, perhaps cynical politics at play, but it marks a shift in our understanding of what it takes to build legitimacy and influence. Notice the new generation of structured, civil regulatory mechanisms like the Global Reporting Initiative and the Forest Stewardship Council, governed by a curious blend of commercial, elected and vocal civil actors that oversee the design and stewardship of an emerging new global standards architecture made up of quasi-voluntary standards sitting uneasily with their statutory

cousins. After all, the World Social Forum is, at its best, a carefully nurtured experiment in surfacing, at scale, imminent new forms of political organization without falling foul of the corporatism and loss of energy that has blighted previous attempts to organize globally.

The current accountability wave is a response to the inter-connected, trans-boundary nature of today's issues, impacts and influences. Poverty, climate change, disability rights, demographics, internet control and urban planning can no longer be understood or adequately addressed in isolation, as separate causes. But, like many innovations, it's potential for progressive application does not make the wave inherently benign or even non-commercial. Just as the new wave has proved invaluable for organising civil rights campaigns and mediating processes that cross traditional barriers to consensus building and collective action, so it can be the organisational basis for national and trans-national paramilitary groups. Just as it provides ways of effective organization that avoid the commodatizing effects of the market, so also it can be used to commercial gain. Ebay is, after all, today's largest, highly profitable on-line accountability framework, driven not by the tradition of expert-auditors or regulators, but by peer-to-peer assurance set within a broad framework of collectively evolved rules.

The World Economic Forum is, curiously, a quintessential example of our current accountability wave, as I wrote in my Davos weblog this year...

It brings together the most powerful people and institutions in the world; rock stars, labour leaders, politicians and grassroots Nobel Laureates, each edging forward their individual and collective agendas, visible for a moment in a speech or a news clip, and then engaged with other over champagne dinners and late night coffees; there is no formal 'debating chamber', no parliament, no coherent structure of representation, more than anything, your 'dance card' of meetings reveals your leverage, the more private, the more exclusive, the more jam packed, the more likely you are to be a mover and shaker'.

Of course there are loads of people not at the table, and some that I would rather were not...accountability waves clearly can and do cut both ways. Equally, it is clear that such governance mechanisms have little to do with our conventional understanding of accountability. But in looking at the Davos spectacle, it must be said that many of the world's most powerful NGOs and labour unions are there, as are some of the youth culture's most iconic leaders. Compare this to the UN General Assembly, today's closest attempt at a formal global representative model. Few of us believe for a moment that it offers a credible governance mechanism. This is not because it lacks resources (although it does). And it is not because the UN is full of rather stodgy types making largely pre-prepared statements. The UN has no future in its current form because its basis of accountability no longer gives it the authority, or legitimacy, it needs for its allotted role.

Not surprisingly, those with power and those who confront it share a common suspicion of today's accountability wave. Businesses rail against the ability of civil society organisations to whip up public opinion against them. Governments are challenging the anonymity of e-campaigners, citing security as the core of their concern. Civil rights organisations dismiss non-statutory standards as at best unenforceable, and at worst a deliberate distraction from the need to regulate. Labour unions mobilize to undermine the swarming, media friendly influence of civil society organisations, sensing the challenge they represent to their own legitimacy and influence. China strikes out to block the mobilizing impact of the internet, understanding that this social movement is far more likely to erode inherited power than the more traditional organising style of the labour movement.

WHAT NOT WHETHER

Accountability will be reinvented, of that there is no doubt. The question is in what forms, on whose behalf, and to what effect. The increased interconnectedness of both accountability issues and solutions demands new ways of organizing, mobilizing and, most of all, of learning. There is a need to join up the dots: to raise awareness of the history of accountability and how today's accountability wave can most effectively be mobilised to

shape societal outcomes. There is need to provide an incisive accountability lens on the actions and impacts of those with power; astonishingly, the quality of analysis and public debate in this respect is poor, with little understanding of how accountability works today, let alone how it might be changed for the better. Crucially, there is a need to nurture the outcrop of this generation's accountability wave through the cross-fertilisation of experiences and expertise that have historically remained separated by discipline, method and topic.

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