

OTHER MULTILATERAL **ACCOUNTABILITY STRUGGLES**

Although they have received only sporadic media attention, the major multilateral organizations have all had serious recent problems with performance, accountability, transparency, and corruption issues. Unlike the UN, they have been forced into undertaking quite significant reforms, both in drastic actions to reshape their governance and corruption-fighting processes, and to sanction poor leaders.

These organizations, like the UN, share a common weakness. They are all rather distant from their publics, connected only by diplomatic or governmental bureaucrats rather than any elected officials. However, there is a big difference as well. These other organizations are all being held much more severely to account for their mistakes and poor performance than is the UN.

As with the corporate sector, the other multilateral organization controversies and corrective actions provide useful benchmarks for the dawdling and unaccountable UN in matters of governance, performance, accountability, transparency, oversight, and the rule of law. IO Watch will continue to monitor their often rather startling developments, and to seek out lessons and initiatives that bear on the UN's own severe accountability and oversight problems.

In a dynamic global society, these other international organizations (and NGOs and multinational corporations) are increasingly direct competitors of the UN in global economic and social areas. To the extent that they move forward with management reform and performance emphases and the UN does not, the downward spiral in the UN's role and reputation will only accelerate.

Some initial illustrative quotes and citations are presented below for the World Bank, the International Monetary Fund (IMF), the World Trade Organization (WTO), the European Union (EU), and the International Olympic Committee (IOC).

WORLD BANK

"Calls for fundamental reform of the Bretton Woods sisters -- the [IMF] and the World Bank -- are hardly new ... but the flow of suggestions is constant. ...

Conventionally 'internationalist' administrations... are too inclined to see the IMF and the World Bank as ends in themselves, as signs of enlightenment and virtue, however much a mess they make of things. It is quite right to ask ... whether these bodies need to exist at all, exactly what purpose they are intended to serve, and just how well they are discharging their duties, whatever they may be.

[However, in a new plan] ... the Meltzer Commission [s main idea is briefly that] ... both the Fund and the Bank have been trying to do far too much ...

[Their] bosses ... have duly declared themselves committed to sharpening the focus ... They always say that. Almost certainly, if it means shedding lots of people and seeing their budgets shrink, they don't mean it.

Will [things move in the right direction?] Maybe not. Sadly, the [US] administration may ... find it all too convenient to have a misdirected Fund and Bank do its bidding and then take the brickbats."

"Reforming the Sisters", The Economist, **February 17th, 2001**, pp. 20-21.

"The World Bank is in crisis, struggling to devise a formula for development as critics slam it for incompetence, inefficiency, and irrelevance. Who to blame? Try bank president James Wolfensohn, whose personal failings and misguided policies have muddled the bank's mission and pushed its best staff out the door. But the bank's travails also underscore the hypocrisy of its rich shareholder nations, who speak grandly about reducing poverty but stand by as the world's top development institution falls apart. An exclusive investigative report ... "

lead-in paragraph from Stephen Fidler, "Who's minding the Bank", Foreign Policy, **September/October 2002**, pp. 40-50.

[Note: the article ends with an excellent resource guide to recent commissions and books on the World Bank's performance, and links to relevant Web sites.]

INTERNATIONAL MONETARY FUND (IMF)

"Slammed by antiglobalist protesters, developing-country politicians, and Noble Prize-winning economists, the [IMF] has become Global Scapegoat Number One. But IMF economists are not evil, nor are they invariably wrong. It's time to set the record straight and focus on more pressing economic debates, such as how best to promote global growth and financial stability."

lead-in paragraph from Kenneth Rogoff, "The IMF strikes back," Foreign Policy, **January-February 2003**, pp. 39-46.

Note: the above article is a recent rebuttal, by the IMF's economic counselor, to many criticisms made of the IMF. It ends with an excellent resource guide of books with analyses and critiques of the IMF "from the left, right, center, and outer space"; links to relevant Web sites; and past and present relevant *Foreign Policy* articles.

"The closest thing we have had to a world government over the past two-and-a-half decades is not the United States [although it often so behaves] ... Nor is it the United Nations ...still flailing around trying to assert itself as it stumbles into the 21st century with a structure born of the power politics of 1945.

It is rather a secretive, unelected organization which has been hijacked by fundamentalists who have thereby gained the opportunity to dictate economic and social policy to almost every country in the world. ...

Sounds unlikely, doesn't it. If only that were so. ...

The IMF record in restoring countries to rude financial health is so appalling that were it a private corporation selling its advice on the open market it would long ago have gone bust.

... Most people in the rich world may remain ignorant of the damage being done by the IMF and the World Bank but in all other parts of the world the protest is proliferating [see Note below] ...When the Bretton Woods organizations were half a century old the rallying cry was '50 years is enough.' As we reach the latest anniversary it becomes ever clearer that 60 years has been far too much."

Chris Brazier, "The power and the folly. Unelected, unapproachable, indefensible," New Internationalist 365, **March 2004**, pp. 9-11.

[Note: the article introduces a set of articles, notes, items, and resources, particularly "States of unrest," on the IMF and World Bank, pp. 8-28.]

WORLD TRADE ORGANIZATION (WTO)

"Some poor countries' politicians seemed to revel in the collapse of the [WTO's] ministerial meeting on September 14.

Disappointment is the right reaction. ...

Why did the talks collapse? Who was to blame? And where does the WTO go from here?

.... Cancún's failure ... happened because of intransigence and brinkmanship by both rich and poor countries; because of irresponsible and inflammatory behaviour by NGOs; and because of the deeply flawed decision-making system of the WTO itself.

The WTO ... is a democratic organization that works by consensus, but with no formal procedures to get there. Any one of the organization's 148 members can hold up any aspect of the negotiations. ... Not surprisingly, this lends itself more to grandstanding than to serious negotiations. The worst problem, though, is that the WTO's requirement for consensus makes it virtually impossible for it to be reformed.

If the momentum in trade negotiations moves away from the WTO ... [it] would quietly sink into oblivion as a negotiating forum. Everyone would lose ...

Cancún's collapse does not make any of these outcomes inevitable, but it does make them much more likely. That is why it is such a tragedy."

"The WTO under fire: Why did the world trade talks in Mexico fall apart? And who is to blame?," The Economist, **September 20th, 2003**, pp. 29-31.

EUROPEAN UNION (EU)

"A [report on European Commission failings warned Thursday] ... that the European ideal was at risk of being undermined by a 'culture of moral flexibility and permissiveness' as well as nationalistic reflexes of many officials. ...

[A] first part of [the] report led to the resignation of the entire European Commission in March. In that portion, the experts found considerable evidence of corruption and nepotism. ...

An extract from the [new] report dealt ... with a need for more specific rules of conduct.

The experts also criticized the culture of secretiveness in the Commission and other EU institutions, and urged ... 'a more effective press and information policy.'

'The public has a right to know how public institutions use the power and resources entrusted to them.' they said. Also ... proper mechanisms [are needed] ... to enable whistle-blowers to come forward and obtain protection. In case of criminal behaviour, 'there is an unambiguous duty of any civil servant to report to the appropriate authorities.'

Returning to the theme that brought down the present commission -- the lack of political responsibility -- the experts said that commissioners should be denied the chance to shift responsibility for mistakes onto others."

Barry James, "Ethical laxity undermines EU executive body, panel finds," International Herald Tribune, **July 23, 1999**.

"Allegations of mismanagement and fraud at the Brussels-based [EU] have stirred up a political maelstrom that is rocking ... EU President Romano Prodi. European Parliament members were already fuming over the revelations -- which involve everything from secret slush funds and fictitious contracts to the looting of millions of euros -- but their ire grew when three separate reports on the scandal delivered to the EU Budget Control Committee failed to provide a full accounting of the misdeeds.

The PM's have good reason to be displeased. After all, Prodi pledged 'zero tolerance' for fraud in 1999, when his Commission took power following the collapse of the previous Jacques Santer administration, under charges of financial misconduct and nepotism.

.... European PM's say there's ample evidence that early warnings of the troubles... were ignored at the highest levels. 'They had a killer audit which sat in a box for three years,' says [a PM.]

What to do? To safeguard credibility ... Prodi needs to take the offensive. ...

Second, heads should roll. Political accountability is the only way to send a powerful message to EC members and staff that it's serious about rooting out fraud and corruption."

Gail Edmondson, "Can Brussels police itself? The Eurostat fraud charges underscore the need for transparency at the EU," Business Week International, **October 13, 2003**, p. 30.

"[Mr. Jacques Barrot, the new EU transport commissioner] ... has been in an increasingly untenable position since Thursday, when [an EU parliamentarian] ... disclosed to an astonished assembly that Mr. Barrot was given an eight-month suspended prison sentence in 2000 for his

role in a party-funding scandal. ...

The sentence did not bar him from public office and, because it was erased under a 1995 amnesty, has not created a criminal record. ...

But Mr. Barrot's failure to mention the episode ... has shown an inability to appreciate the need for commissioners to be totally candid ... to earn the trust of an increasingly skeptical European public.

The Commission itself has yet to recover from the mass resignation of a previous Commission in 1999 amid allegations of mismanagement, nepotism, and fraud. Moreover ... the conduct of which Mr. Barrot was found guilty is illegal in many member states.

Applicants for [a US visa] are always asked: 'Have you ever been arrested or convicted for any offence or crime, even though subject to a pardon, amnesty or other similar legal action?' These words should be added to the questionnaires that all future commissioners and high EU officials must answer."

"Barrot must go: Commissioners must put transparency and candour first", Financial Times (UK), **November 23, 2004**.

"The European Union's auditors have [dealt] ... another blow to the Union's reputation for financial management.

The Court of Auditors' report ... questions €21.4 million of spending in 2003 and says that one in five contracts examined was plagued by 'procedural anomalies' and ... the accounts 'do not present a true and fair view of the agency's actual economic and financial situation.'

The picture painted in the [auditors'] report is of organizational chaos, with too many people able to authorize projects ... project managers frequently being changed ... poor record keeping, and money paid out despite invalid or inadequate documents. ...

The auditors found out that the [European Agency for Reconstruction] did not use double-entry book-keeping, in breach of its regulations. ...

The report comes after a fraud scandal, at the Commission's statistical arm, Eurostat. It also follows the Court of Auditors' refusal in November to approve the Commission's central accounts for the 10th year in succession. The Commission has reformed its system for this year, introducing double-entry book-keeping.

The agency ... claims that many of the deficiencies have been rectified over the past year. It has ... hired an internal controller and a procurement overseer."

Andrew Bounds, "EU auditors question Balkans projects", Financial Times (UK), **January 11, 2005**.

"Many Britons ... [regard the European Union as] a cesspool of corruption ... [based on] two big facts ... The first is that in 2002 the EU's chief accountant, Marta Andreasen, declared that its internal financial controls were wide open to fraud -- and was sacked for her pains. The second is that the EU's own Court of Auditors has failed to sign off on its accounts for ten years running.

... [Recently, an internal memo from the EU's former chief internal auditor, Jules Muis,] ... called Mrs. Andreasen, a 'focused and determined professional' ... [and] spoke out strongly against ... the commission's tendency to intimidate dissenters. Privately, a senior commission official now acknowledges that the whole Andreasen affair - which is currently before the courts - has been grossly mishandled and 'terribly damaging' to the Commission. ...

[Blaming] ... the European Union's sleazy image ... [on] national governments is far too comforting ...

The impression of an unaccountable elite playing by its own rules is perpetuated by ... [EU officials' sharp attacks] ... on anyone who rocks the boat. ... Mr. Muis says there is ... 'a reluctance to disturb the carousel of money that keeps going around.'"

"Running away with the money: How corrupt is Brussels?", The Economist, **April 9th, 2005**.

[Note: The article ends by noting that when an Austrian member of the European Parliament "caused a scandal by videotaping MEPs signing for their daily attendance allowance, even on days when they did no work, Parliament reacted swiftly. It proposed a ban on journalists ever filming this sacred ceremony."]

INTERNATIONAL OLYMPIC COMMITTEE (IOC)

"[When Nagano, Japan won the bid to host the 1998 Winter Olympics, [an angry Salt Lake City (USA) contingent was] ... determined not to lose again. Thus were sown the seeds of ... the Olympic movement['s present crisis] ... a maelstrom of embarrassing revelations that have brought into bold relief a culture of unchecked corruption and greed within the [IOC].

Over the next four years, the Salt Lake City group ... gave close to \$400,000 in inappropriate 'material benefits' to 14 IOC members ... [as reported by a commission's findings] released on Sunday.

... At best the IOC has followed a don't ask-don't tell approach. At worst it is guilty of top-to-bottom corruption.

Last week new allegations of bribes and improper solicitations emanated from all corners of the globe. ...

The IOC invites ... suspicions because it is rife with political logrolling and conflicts of interest. ...

Can the IOC cleanse itself? Despite the brave words from Lausanne, ... [Juan Antonio Samaranch's organization answers to no one but itself. ... the remaining 112 members ... have been weaned in an Olympian culture of greed. ... [a successor to Samaranch] could prove to be just as bad. Or worse ..."

E. M. Swift, "Special report: Breaking point: Years of greed, corruption have caught up with the IOC," Sports Illustrated (US), posted **January 27, 1999**.

"Beijing may be the odds-on favorite to host the 2008 [Olympic] Games, but the selection process can be unpredictable - and, often, controversial.

In fact, the IOC is trying to recover from its worst scandal in the past 105 years. In its bid ... Salt Lake City officials gave more than \$1 million in gifts and cash ... Atlanta Olympic representatives considered providing prostitutes and gifts. ... Officials in Sydney admitted offering IOC members from Kenya and Uganda \$35,000 each for their national sports programs

...

[An expert] says that IOC members can be susceptible to the blandishments of contending cities. "These are not people elected from the popular masses,' [he says.] "These are aristocrats with large businesses and other interests. The [selection process] has always been about politics and deals.'

Current bidders say this time will be different. The IOC has passed a 50-point reform program, which includes a ban on all gifts to voters. ..."

Adam Piore, "Who gets the gold? When the pride of nations is at stake, the road to choosing an Olympic city is often ... bumpy," Newsweek International, **February 26, 2001**.

"Q: You said in Moscow that you wanted to create a reform commission in 2002. Hasn't the IOC already reformed itself?

A: We reformed indeed. However, my purpose will be, and I will appoint a commission in September, first to see if the 52 reforms we passed in December 1999 are still valid. You have to look at if they are working well. What is imperfect must be improved. What is working badly must be changed, and what is missing must be implemented, with always the intention to have further reform and more transparency and more accountability. I think every organization must review its workings on a regular basis, and we will do this two years after the reform."

"Q & A: Jacques Rogge: Olympics chief aims to cure sport's 'diseases'," International Herald Tribune, August 9, 2001.

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(Note: informally assembled by IO Watch and subject to considerable expansion as new sources are added)

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