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**DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION
DIRECTORATE B
- POLICY DEPARTMENT -**

**STUDY**

**HUMAN RIGHTS AND DEMOCRACY INDICATORS
DEFINITION AND IMPLICATIONS**

**Contents:**
Indicators are a **tool** for organising, structuring and systematising knowledge in a more rigorous way, but they must be combined with a contextual analysis and used with awareness of the methodological restrictions and ideological presuppositions  inherent in their design and interpretation in order to provide the most objective information possible.

**EN**

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**SUMMARY**

- Indicators are a **tool** for organising, structuring and systematising knowledge in a more rigorous way, but they must be combined with a contextual analysis and used with awareness of the methodological restrictions and ideological presuppositions inherent in their design and interpretation in order to provide the most objective information possible.

- It is vital to take care with the **definition of what the indicator is intended to measure** as both human rights and democracy are concepts whose meanings vary according to different ideologies.

- **Operationality of the indicator** in relation to what it is intended to measure: it is important to identify the best indicator for measuring a particular issue.

- Symbolic power and media impact of measurement: indicators are a **political tool** for attracting attention and putting pressure on a government whose grading shows that it violates human rights and the democratic process.

- Indicators are a **guidance tool,** for developing and putting forward proposals in order to tackle violations identified through indicators (to recommend the application of the 'human rights' clause, for example). On this subject, the EU could recommend a participatory approach from countries affected by human rights clauses. A positive concept of the human rights clause, as defined in the EP report (Agnoletto report) calls for the obligations to be complied with gradually, the important thing being for there to be a real commitment and for genuine efforts to be made to achieve this objective. It would therefore be beneficial to decide on specific measures to be implemented by a specific deadline and to select particular indicators to ensure that they are monitored. The objectives to be achieved and the choice of indicators would be negotiated between the EU and the third country, and the commitments would be revised periodically in order to raise the level required as progress is made. The indicators would therefore be adapted to the state of human rights in each third country concerned and would aim to measure compliance with the commitments negotiated on the basis of the clause by encouraging realistic possibilities for gradual progress.

- Indicators are a tool for **evaluating:** (1) a certain state of human rights and/or democracy as previously defined; (2) the impact of certain decisions (e.g. directives, resolutions, etc.) on human rights and/or democracy; (3) policies specifically implemented to promote human rights and democracy in order to redirect them.

- Indicators are a tool for **comparing** the different policies on the same subject and measuring which produces the best results.

- Above all, the main benefit of indicators is that they are a tool for **comparing internal development** in the same country or in the same subject area over time (providing a diagnosis of the situation to be dealt with and of progress made). However, although comparisons of countries on the basis of results from the same indicator are possible, they are still tricky.

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# 1.    INTRODUCTION

Since the 1990s many studies have been carried out to measure the state of human rights and/or democracy. This research has led to indicators being established and used, commonly known as 'human rights and democracy' indicators. The idea of such measures first of all raises a conceptual question. The first thing that must be done is to define the concepts of 'democracy' and 'human rights'. These concepts must be handled with care because their meanings can be controversial. Although conscious of the importance of such debates, this study does not, however, aim to produce research in that area. Consequently, it does not go into the disputes on this subject and simply advocates a fundamental requirement: vigilance when defining the concepts of democracy and human rights established by an indicator in order to understand what it is measuring. Also, for the sake of convenience, this study makes no distinction between human rights and democracy indicators. However close and complementary they may be[1], these notions nevertheless have different histories and international standards, implying that different tools and methods need to be used to promote them. It is not self-evident that the indicators that measure democracy should always be transferable to measuring human rights (and vice-versa). This question is not always clear-cut, according to the experts.

In any case, this study does not get involved in what should be considered as 'democracy' or 'human rights', or in whether or not they should be evaluated in different ways. It limits itself to setting out the situation of indicators in this area and their specific characteristics, while pointing out that it considers it to be imperative that an indicator should give and explain the theory behind the characteristics it intends to measure.

It also aims to define the concept of indicators applied to measuring human rights and/or democracy in order to prevent bias. The study then looks at the extent to which such indicators can be useful in the missions to protect and promote human rights fostered by the European Parliament (EP).

This study is divided into three parts. First of all there is an introduction to and an analysis of the 'human rights and democracy indicators' tool. Then there is an examination of the different types of indicators most commonly used today. Finally there is an explanation of European policy on these indicators, but most importantly, an analysis of their potential for the European Parliament, particularly through their impact on the implementation of political conditions in the European Union's (EU) external relations.

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[1] Since the end of the Cold War, democracy and human rights have been lumped together in international democratisation programmes with an ever-decreasing degree of distinction in drafts and budgets.

**External Translation**

## 1.1.   Historical background[2]

### 1.1.1.      The emergence of the first human rights and democracy indicators

The first debates emerged from a number of attempts to measure 'freedom' in order to classify countries according to the results obtained. It was the work of human rights researchers (such as Humana[3]) or institutes of political research (such as Freedom House[4]) that started this approach. However, it was only after the Berlin Wall fell in 1989, that more attention was drawn to this exercise. Since 1991, international organisations such as the United Nations Development Programme (UNDP) and the World Bank have also started to use and develop these types of indicators[5]. Therefore, during 1991 and 1992, the question of indicators moved from scientific journals into international discussions. One of the results of these debates was the adoption of a resolution of the United Nations General Assembly in 1991[6], inviting the UNDP to continue its work on creating indicators, particularly on the controversial issue of establishing and including a human freedom indicator in its annual report. These first initiatives did not escape criticism[7], a culture of indicators was not established and the debate became purely intellectual once again.

### 1.1.2.      The revival of human rights indicators

Recently, a new round of international discussions on indicators seems to have been launched. The UNDP questioned the role of human rights indicators in its Global Human Development Report

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[2] See *Human Rights Indicators, country data and methodology 2000*, the Danish Institute for Human Rights, p. 57-61. Document available on the website of the Danish Institute for Human Rights, English version; http://www.humanrights.dk/upload/application/bd50e713/indicator-full.pdf

[3] See Humana C., *World Human Rights Guide,* New-York and Oxford: Facts on File Publications, 1986. See also Humana C. *'World Human Rights Guide. A Comprehensive up-to-date Survey of the Human Rights records of 104 Countries throughout the World'*, Oxford UP, 1992.
Humana applies 40 indicators (40 different criteria drawn from an analysis of the United Nations Charter and international treaties) to measure human freedom (political freedom and individual freedom). One point is given for each right or freedom that is satisfactorily protected, while for each right or freedom violated a zero is given.

[4] Freedom House is an American political science institute whose main objective is to observe democracy in the world. Since 1972 it publishes an annual report featuring two indicators (subdivided into items) measuring the political freedom of a country.

[5] For UNDP see Chapter 1 *'Measuring Human Development and Freedom'* in *Global Human Development Report,* 1991. Document on UNDP website, English version; http://hdr.undp.org/reports/global/1991/en/pdf/hdr_1991_ch1.pdf
For the WB, see *World Development Report*, 1991. Document available on WB website, English version; http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000009265_3981005112648

[6] See United Nations General Assembly Resolution, A/RES/46/218 of 20 December 1991 on the UNDP Global Human Development Report. Document available on United Nations website, English version; http://www.un.org/documents/ga/res/46/a46r218.htm

[7] See in particular Barsh, Russel Lawrence, *'Measuring Human Rights: problems of Methodology and Purpose'* in *Human Rights Quarterly,* 15, 1993, pp. 87-121. See also Gupta et al, *'Creating a Composite for Assessing Country Performance in the Field of Human Rights: Proposal for a New Methodology'* in *Human Rights Quarterly,* 15, 1993, pp. 131-162.

2000[8]. There is also the International Association for Official Statistics, which held a conference on development indicators and human rights in September 2000[9]. This conference continued the discussions and led to a project devised by the OECD, the UN, the European Commission and some European countries: 'Measuring Democracy, Human Rights and Good Governance' (METAGORA)[10].

These initiatives show that there is an emerging consensus on the need for logical evaluation frameworks that include not only economic, social and cultural rights as well as civil and political rights, but also the way that political regimes operate. We do, however, need to remain vigilant regarding this trend and consider whether a single classification is sufficient to incorporate elements that are close together but nevertheless different: development, governance, human rights and democracy. Whether or not such approaches are reliable and successful definitely depends to a large extent on transparency (clarifications of theory and explanations of methodology).

## 1.2.    The concept of human rights and democracy indicators: definition and challenges

### 1.2.1.        The 'indicator' tool: attempts at a definition[11]

This process of constructing an indicator involves:
- precisely defining the conception of the notion to be measured.
- choosing between a qualitative indicator and a calculated indicator; checking that the indicator is valid and can be used to measure the concept defined.
- if the indicator is calculated, categories need to be established; checking that there are links between the reality (of the situation) and the categories established.
- taking particular care with the selection and use of sources.
- defining whether the result should be nominal (an adjective) or numerical (a level).
- choosing a calculation method for incorporating the results from each category.
- taking particular care with the reliability of the result obtained: a method is considered to be reliable if the results are significant, exact and regular and if the other indicators come to the same conclusion.

Although these stages are used to create all indicators, there does not, however, appear to be a general consensus among human rights theorists on what an indicator is.

In practice, for the vast majority of indicators or lists of checks proposed, we do not find measurable indicators, but factors or phenomena that need to be broken down in order to arrive at a result that can, in theory, be systematically measurable. And even in this case, the indicators have to combine empirical data with implicit hypotheses on the meaning of that data.

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[8] See Chapter 5 *'Using indicators for human rights accountability'* in *Global Human Development Report 2000*. Document available on UNDP website, English version;
http://hdr.undp.org/reports/global/2000/en/
[9] See IAOS Conference 2000 *'Statistics, Development and Human Rights'*, 4-8 September 2000, Montreux, Switzerland, the texts of the speeches are available on the IAOS website;
http://www.portal-stat.admin.ch/iaos2000/index.htm
[10] For more information on this project, see http://unstats.un.org/unsd/statcom/doc03/montreux.pdf
[11] See Thede N., *'Human Rights and Statistics – Some Reflections on the No-Man's-Land Between Concept and Indicator'*, International Centre for Human Rights and Democratic Development, Canada, 2000. Document available on the website of the independent organization Rights and Democracy, English version;
http://www.dd-rd.ca/site/publications/index.php?subsection=catalogue&lang=en&id=1317

**External Translation**

Simply trying to define the concept shows how carefully the notion should be handled. Defining the concept also comes down to summarising its main characteristic: it is only a tool and not an end in itself, and is useful for defending and promoting human rights and democracy, strictly insofar as it is used with an awareness of its biases.

### 1.2.2. The current characteristics of human rights and democracy indicators

Initiatives to create indicators are as numerous as they are disparate:
- depending on who is creating them (NGO, businesses, countries, international organisations, etc.);
- depending on what they are supposed to measure (varying in content);
- depending on the function allocated to them (indicator of performance or to identify problems, etc.);
- depending on the methodology (quantitative or qualitative, use of statistics, creating coded and calculated indicators, use of interviews, etc.);
- depending on the quality (varying according to the methodology: transparency, validity of indicators selected, etc.)

In practice, there are therefore several types of indicators in terms of their nature and role. However, the Global Human Development Report 2000 sets out the main dimensions that all human rights measures today should cover[12]:

Checking respect for rights / protection of rights / fulfilment of rights / compliance with the principle of no discrimination / adequate progress / participation of the population / effective remedy.

These universal criteria are now internationally recognised as appropriate for evaluating civil and political rights as well as economic, social and cultural rights, and a certain form of democracy.

### 1.3. The human rights and democracy indicator tool: advantages and disadvantages in practice

### 1.3.1. The problems associated with using indicators

Indicators can be a useful analytical tool, provided, of course, that they are well constructed and suited to the problem being studied. We therefore need to consider under what circumstances statistical indicators of human rights will be valid. According to Nancy Thede[13], particular attention needs to be paid to five main issues:

*How to conceptualise indicators for human rights purposes*

• The subjectivity of human rights per se: developing adequate definitions of concepts in the human rights area. In the same way, there are various accepted concepts of democracy. Behind the

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[12] See Chapter 5 *'Using indicators'* in *Global Human Development Report 2000*, UNDP, p. 102.

[13] See Thede N., *'Human Rights and Statistics – Some Reflections on the No-Man's-Land Between Concept and Indicator'*, International Centre for Human Rights and Democratic Development, Canada, 2000. Document available on the website of the independent organization Rights and Democracy, English version;
http://www.dd-rd.ca/site/publications/index.php?subsection=catalogue&lang=en&id=1317

**External Translation**

indicators there lies a concept of democracy, a definition that needs to be known in order to use the indicators pertinently, knowing what they are measuring.
• The lack of data and its unreliability: problems of data collection - and data collectors - which undermine the reliability and comprehensiveness of the data.
• The indicators have to reduce the complexity of the meaning (or meanings) and the various aspects of a right, only selecting a certain type of its characteristics, of which there are a limited number, for measuring purposes.

*The complex nature of certain rights*

• Many authors[14] underline the fact that human rights, as set out in the international instruments, are inherently subjective, value-based and highly politicised concepts. It is therefore difficult to measure them directly. Indicators compress not only a great deal of information into a single statistic, but also assumptions about what this information means. It is therefore important to be aware of the inherent bias in indicators. Their methodology must be clearly explicit and what they are supposed to measure must be clearly defined. This concern is particularly important when applying the same indicator in very varied social, cultural and political contexts.

*The need for interpretation and contextualisation*

• Indicators cannot, in and of themselves, provide an assessment. They must be interpreted in the light of knowledge and analysis of the context to which they are applied. This is why it is dangerous to use an indicator to draw comparisons between countries. The OECD[15] states that indicators give a signal; they do not provide an analysis. Statistics are a complement to analysis, and not the contrary. Measurement can only be valid if interpreted intelligently in its historical and political context, but also in a theoretical context. And such a theoretical context is normative. Be it with respect to human rights or with respect to democracy, we each ascribe to a particular theory, even if it is implicit, as to what constitutes human rights or democracy.

Analyses that purport to be ideologically neutral are based on implicit theories which are more usefully rendered explicit where their value can be examined and debated.

*The mystification of statistics by their users*

• Once created, the process of fabrication of the statistic becomes invisible and the statistic therefore becomes 'autonomous' from the method that generated it.

Clearly inappropriate statistics are thus often repeatedly and unquestioningly used. Statistics create an 'illusion of precision'[16] that policy makers find attractive. But particular care must be given to ensuring transparency and critical review in the fabrication of quantitative measures in an area as complex and value-laden as human rights and democracy.

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[14] See especially Barsh, *'The Fortunate Unmeasurability of Human Rights'*, a document presented at the conference 'Towards an Indicators System in Human Rights', 16 and 17 September 1999. International Institute for Legal Sociology, Oñati, Spain. See also Klug, F., *'Human Rights as Indicators of Democracy'*, 1993, Human Rights Centre, University of Essex, Great Britain.
[15] Organisation for Economic Cooperation and Development (OECD), *'Indicators for the International Development Goals: A Suggestion for Some Qualitative Indicators'*, 2000, Paris.
[16] See Barsh, *'The Fortunate Unmeasurability of Human Rights'*, document presented at the conference 'Towards an Indicators System in Human Rights', 16 and 17 September 1999. International Institute for Legal Sociology, Oñati, Spain.

**External Translation**

*The Need for Theory to Link Concept to Indicator*

• This work needs to be done in order to ensure manageable use of human rights indicators and not allow ourselves to be biased by unrealistic or prescriptive approaches. According to Thede[17], a relatively small number of indicators need to be used, and those indicators need to be highly significant.

## 1.3.2.    The benefits associated with using indicators[18]

*Building accountability*

• Identifying which actors are having an impact on the realisation of human rights and/or democracy.
• Determining whether the obligations of these actors are being met: distinguishing, in particular for a country, inability from a lack of will to act. For example, if an indicator shows that there is no school in the outlying areas of a country, but at the same time another indicator shows that the defence budget is increasing for no apparent reason, it is possible to conclude that the country in question lacks the will to act.
• Monitoring compliance with the requirement of no discrimination. Dividing the indicators by categories (age, gender, etc.) means that it can be checked whether the realisation of rights that is in progress is benefiting everyone, not just particular categories.
• Fuelling public debate, facilitating discussion with civil society, because the state, NGO or international organisation is obliged to report on its performance.

*Prevention*

• Giving sufficiently early warning on any possible violations and encouraging preventive action.

*Using comparison to improve policies to promote human rights*

• Carrying out studies of the impact of measures undertaken (by a state, an NGO or an international institution): checking the effectiveness of measures adopted, defining the undesirable effects of laws, policies and activities.
• Making comparisons over time: comparing the performances of an actor and discussing the quality of progress.
• Bringing up to date aspects that have so far been neglected or ignored.

*Helping promote human rights*

• Before acting, the first obligation of each human rights actor (state, NGO, international organisation, etc.) is to identify the problems and/or the objectives to be achieved. In this case, the indicators are therefore to be defined by each actor for themselves, according to the circumstances. In order to be efficient, it is important that each one defines its criteria in a way that is relevant to:
   -   Its situation and its action if it wishes to measure its performance
   -   A given situation if it wishes to identify the specific problems.

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[17] See Thede N., '*Human Rights and Statistics – Some Reflections on the No-Man's-Land Between Concept and Indicator*', International Centre for Human Rights and Democratic Development, Canada
[18] See especially Chapter 5 *'Using indicators'* in *Global Human Development Report 2000*, UNDP

**External Translation**

There are a large number of initiatives; here are some examples of major indicators and their implications[19]. These indicators were favoured firstly because they concern a wide range of actors (evaluation of the actions of States, businesses, civil society, etc.) and secondly because they are most frequently used by practitioners.

## 1. General indicators for measuring human rights and democracy

### 1.1 Freedom House: *Freedom in the World* 2005 annual report[20]

Freedom House is an American political science institute with the main objective of observing democracy in the world. Since 1972 Freedom House has published an annual report measuring freedom in the world. This study includes political and economic data for each country, an overview of recent events and a brief analysis of civil and political rights. For on each country or territory there is therefore an analytical report and numerical ratings, determining its level of freedom. Our analysis focuses on this quantitative part that uses indicators.

**Definition of what the indicators established are intended to measure**

Freedom in its broad sense including democracy and human rights. More specifically, the report measures civil freedoms and political rights considered by Freedom House as the most important elements of their concept of freedom.

**Methodology**

The method establishes a ratio of freedom for each country between 1 and 7 (the worst score). This rating is based on two categories (civil liberties and political rights). This results in an overall rating between 'free', 'partially free' and 'not free' status, with indications of the trends (positive ˆ or negative ˇ) compared with the previous year.

The result of the estimate of political rights and civil liberties is obtained using two checklists[21]:
- political rights include 10 questions subdivided into 3 categories
- civil liberties are measured by 15 questions in 4 categories.

The measurement starts by allocating 0 to 4 points per question on each of the lists, with zero being the worst possible score. There is therefore a maximum of 40 points available for political rights and 60 points for civil liberties. We can infer from this that civil liberties are evaluated in greater detail and therefore that Freedom House attaches greater importance to them (this choice is

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[19] See Annex 1 for other major initiatives.

[20] All the information on the Freedom House report *Freedom in the World* (the annual reports themselves, the methodology, etc.) is available on the Freedom House website, English version; http://www.freedomhouse.org/template.cfm?page=15&year=2005

[21] For a copy of the questions defining the measurement of civil liberties and political rights, see Annex 2. These two lists of questions are fundamental because they define the concept of democracy and human rights according to Freedom House, and therefore the content of what will be measured.

**External Translation**

not explained). The points are then added together with no weighting, which implies that each criterion has the same importance. All the rights measured are therefore on an equal level, while the averages hide serious violations of certain fundamental rights. Then, based on the results, brackets are established that correspond to a level of freedom[22]. In short, the results measured for political rights and civil liberties are converted into a ratio expressing the level of freedom. The average is obtained by simply combining these two categories:

(Political rights + civil liberties) divided by 2 = level of freedom

An average of between   1 and 2.5 = free
                        3 and 5.5[23] = partially free
                        5.5 and 7 = not free

Example[24]:

|  | Political rights | Civil liberties | Level of freedom |
|---|---|---|---|
| Germany | 1 | 1 | 1 (= free) |
| Bolivia | 3 | 3 | 3 (= partially free) |
| Belarus | 7 | 6 | 6.5 (= not free) |

Interpretation limits for Belarus, for example:
The 'not free' status attributed by the 2005 report appears to show that there has not been any progress since the previous year (no trend indicator). The fact that there is no access to the points obtained for each questions means that the specific problems cannot be identified, but the result of 6.5 indicates that Belarus is closer to the 'not free' category to the 'partially free' category. These nuances within the same bracket should be taken into consideration.

**Comments[25]**

• The categorisation is not always logical. As Cristina Barrios[26] shows, some questions are omitted, while others are redundant. For example, the 'electoral process' category does not include questions on the training of parties or the type of suffrage, while the right of association is checked through two questions in both political rights and civil liberties.
• The questions often contain subjective adjectives limiting the rigour of the scientific analysis.
• The coding of the answers does not allow the reader to find out which aspects are negative (no identification of the specific problems) for the country evaluated.
• There is no information on how the points are allocated; a specific number does not correspond to a standard response. It is therefore a highly subjective study.

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[22] For a reproduction of the coding used by Freedom House, see Annex 2.
[23] For a result of 5.5, the total points obtained for the questions is taken into account; if it is below 33, the country will be classified in the 'not free' category.
[24] See Freedom in the World 2005 report, available on the Freedom House website, English version; http://www.freedomhouse.org/template.cfm?page=15&year=2005
[25] See Barrios C., *'A description of widely used indices and a guide to interpret them',* The Carter Center, August 2004.
[26] See Barrios C., *'A description of widely used indices and a guide to interpret them',* The Carter Center, August 2004, p. 28.

## 1. 2 UNDP and the Report on Democracy in Latin America 2004[27]

This report on the state of democracy in Latin America (study on 18 countries) is the result of a UNDP project mainly funded by the EU. It establishes an index for electoral democracy analysing the progress of democracy since 1960.

**Definition of what the indicators established are intended to measure.**

Effective democracy, not simply procedural democracy. According to the study, democracy is a system that should have four attributes, defined by characteristics and sub-elements: respect for certain political rights in the selection of the authorities (electoral rights) / respect for certain political rights in the exercise of government functions (constitutional rights) / civil rights (principle of no discrimination, right to physical integrity, right to justice, freedom of the press) / and social rights (social integration, basic needs).

**Methodology**

In order to measure the elements of this definition, more than 200 variables are used. The information comes from a wide variety of sources, mainly states or intergovernmental organisations, but also major NGOs. In addition there is a public opinion poll and around 200 interviews with key figures. There is no figure measuring democracy, as it is a descriptive approach analysing the characteristics of the system analysed and the exercise of civil and political rights.

The report does, however, include an electoral democracy index (EDI) that only measures electoral aspects of democracy and is a good example to develop.
The EDI includes four elements:
- the right to vote for all adults
- clean elections
- free elections
- elected candidates in office

The scale of democracy is between 0 (non-democratic system) and 1. In order to establish the measurements of the indicators, scales are established with a specific corresponding situation for each level, with the lowest result always being the worst:
Scale of 0 to 4 to measure the right to vote / scale of 0 to 2 to measure clean elections[28] / scale of 0 to 4 to measure free elections / scale of 0 to 4 to measure elected public officials.

The result obtained for each indicator is then divided by the maximum number of points per indicator (4). The results are aggregated, giving an EDI with the following formula:

EDI = (right to vote) x (clean elections) x (free elections) x (elected public officials).

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[27] See this report on the UNDP website, English version;
http://democracyreport.undp.org/Downloads/Report_Democracy_in_Latin_America_New.zip. There is a revised version of this report, '*Democracy in Latin America. Towards a Citizens' Democracy*'.
[28] An equivalent rating has been developed for this indicator: a result of 1 is converted to a 3 and a 2 to a 4.

**Comments on the EDI**[29]

• The four indicators selected check not only the legal provisions but also the effectiveness of the electoral process.
• The transparency of the methodology and the visibility of each result per indicator pinpoints the electoral democracy problems in the country studied.
• The multiplying of the indicators implies that if one of the elements obtains a zero, the result of the EDI will be zero. This is a way of ensuring that a minimum of positive elements in each indicator is essential for defining the EDI. This is why any result above zero indicates a degree of democracy.

## 2.  Specific indicators for measuring human rights and democracy

### 2.1  The Global Reporting Initiative (GRI): social reporting indicators for businesses[30]

Started in 1997 by an initiative of the American association CERES (Coalition for Environmentally Responsible Economies), the GRI was, until 2002, a project under the aegis of the United Nations Environment Programme (UNEP). It is now an independent, international and multipartite organisation whose aim is to develop indicators that can be used worldwide, reporting on the performance of businesses on sustainable development. The GRI has subsequently developed a series of guidelines (2002)[31] as a common framework for producing sustainable development reports. Producing such a report is voluntary for the business.

**Definition of what the indicators established are intended to measure**

Respect for sustainable development by businesses through a report in five parts. The last part contains indicators of the performance of the businesses, in which sustainable development is defined by three aspects: economic, environmental and social[32]. We will limit our analysis to the evaluation of the social impact of the business. It should be noted that there is no definition anywhere of what exactly 'social performance of the business' covers.

**Methodology**

The social performance of the business is measured using four categories[33]:
  - 'labour practices and decent work' evaluated using five indicators
  - 'human rights' evaluated by eight indicators
  - 'society' evaluated by four indicators
  - 'product responsibility' evaluated by three indicators

The families of indicators are very vague categories. The indicators may be supplemented by additional indicators, which generally means that they evaluate issues considered to be less

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[29] See Barrios C., *'A description of widely used indices and a guide to interpret them',* The Carter Center, August 2004, p. 20.
[30] For more information on this project, see the GRI website, English version;
http://www.globalreporting.org/guidelines/2002.asp
[31] These guidelines are regularly revised; a new version is to be adopted in 2006.
[32] See Annex 3 for the table of indicators of these three aspects.
[33] See Annex 3 for further information on the human rights indicators.

**External Translation**

important, and subsidiary in terms of the response in the report. This is damaging because the 'society' and 'product responsibility' aspects are not developed very far by their core indicators, while their additional indicators provide more meaningful figures. The indicators are, however, almost exclusively qualitative when evaluating social performance. There is little methodological basis, and the businesses are asked to respond to the criteria by illustrating their behaviour. For the quantitative indicators, the data has to be expressed in an absolute value in order to allow appropriate comparisons with other businesses. Furthermore, ratios are encouraged without requiring any further explanation which, conversely, introduces risks (including a lack of transparency as to what they are measuring).

**Comments**

• Fundamental human rights issues and, more specifically, employment law issues, are ignored, along with payment of staff and working hours.
• The indicators mainly ask for descriptions of positive practices. For example, under 'human rights' and 'labour practices', the indicators ask about how a business contributes to the protection and respect of the basic rights of every human without any criterion to evaluate failures. Therefore, a business may describe programmes that are exceptionally implemented to promote freedom of association and at the same time violate that same right in a different way without it being reported.
• The indicators address not the general policy of the business but specific actions.
• These indicators are more like a marketing operation for the businesses. They call for subjective answers that are not open to any external monitoring.
• These indicators do, however, lead the businesses to provide information on how they operate that would otherwise be unknown and that could be the starting point for discussions among human rights defenders.

2.2 Reporters sans frontières (Reporters Without Borders (RSF)): *Worldwide Press Freedom Index 2005*[34]

RSF is an international organisation whose main aim is to defend freedom of the press in the world. Since 2002, it has annually published a Worldwide Press Freedom Index. The fourth edition covers events that took place between 1 September 2004 and 1 September 2005 in 167 countries worldwide.

**Definition of what the indicators established are intended to measure**

The state of freedom of the press in the world, understood to mean the degree of freedom that journalists and the media in each country have and the methods used by States to respect and ensure the respect of that freedom. It is not in any way an indicator of the quality of the press.

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[34] All the information on the World Press Freedom Index is available on the RSF website, English version; http://www.rsf.org/rubrique.php3?id_rubrique=20. The RSF website does not, however, provide a great deal of explanation of the index. Therefore the information given here is also based on comments sent by the RSF information contact.

**Methodology**

RSF produced a questionnaire with 50 criteria for evaluating the situation of freedom of the press in a given country (using a database of violations of freedom of the press updated daily). This questionnaire takes into account:
- all direct attacks on journalists (murders, imprisonments, assaults, threats, etc.) or against the media (censorship, seizure, searches, pressure, etc.),
- the degree of impunity of the perpetrators of these violations of freedom of the press,
- the legal framework governing the media sector (punishment of press offences, State monopoly in certain areas, existence of a regulatory body, etc.),
- the behaviour of the state in relations to the public media and the international press,
- the main violations of freedom of circulation of information on the Internet.,
- all of these abuses by the state but also by armed militia, clandestine organisations or pressure groups.

This questionnaire was sent to RSF partner organisations (14 associations defending freedom of expression across all five continents), its network of 130 correspondents, journalists, researchers, lawyers and human rights activists. A scale established by RSF then allocated a mark to each questionnaire. In the methodology, each violation of freedom of the press is allocated a number of points. The same event is given the same number of points, whatever its geographical origin. However, there is a weighting system based on the number of journalists or media present in a given country (for example: a censored media in Belarus – a country that only has a handful of independent media – has more impact on pluralism of information than a censored media in India – which has several thousand titles). The University of Paris is involved to ensure more reliable and rigorous processing of the data collected but we do not know in what way. Finally, if several countries are equal, alphabetical order prevails.

**Comments**

• This index has considerable repercussions when it is published, and is very useful for raising the alarm about violations of freedom of the press and the personal situations of journalists whose rights have been violated. However, its methodology raises some questions.
• The RSF report contains a proportion of subjectivity. This is assumed subjectivity by association in the sense that it does not claim to objectively measure the state of freedom of the press (which it considers to be impossible and absurd). Moreover, according to RSF, the absolute value of freedom of press in the world does not exist. Although it is obvious that no freedom can be measured absolutely and that any measurement is by nature subjective, it is nevertheless regrettable that RSF does not explain its choices. This would enable the reader to use the index with a real knowledge of what it means. The RSF index is certainly produced in good faith. However, like any indicator, it conveys presuppositions and an implicit ideology, and it would be more reliable if these were made clear.
- e.g.: the establishment of a scale by RSF: a choice that is obviously subjective in the allocation of the number of points (RSF presumes to decide, according to its own assessment, that the murder of a journalist 'costs' a country 5 points rather than 10 or 2). This type of decision based on the author's assessments is inherent to the very technique of the index and is not to be criticised. It is simply regrettable that these choices are not explained so that the reader can use the index with knowledge of the values underlying the measurement (knowing why, in the mind of the RSF, one criterion is of more importance than another and therefore understanding what the RSF index is intended to measure).

- Transparency is not automatic. However, the scale established for allocating points is public (on request) and RSF replies to any request for additional clarification on the evaluation of the components of the criteria.
- On the other hand, the systematic categorisation ensures that countries are treated equally (the same assessment for similar events, wherever they were perpetrated).
- Little transparency regarding data processing or how the results are calculated (aggregation mechanism to arrive at the final mark?).
- The final mark has no particular meaning. Only the position of a country in comparison with the others has meaning to RSF.

## PART 3 HUMAN RIGHTS AND DEMOCRACY INDICATORS IN EU PRACTICES

1. The benefit of indicators in EU external policy: promoting respect for human rights and democracy through political conditions (human rights clauses, political dialogue and the European Neighbourhood Policy (ENP))

Since 1992 the agreements concluded between the EU and third countries have systematically contained a provision stating that human rights and democratic principles are an 'essential element' of the agreements[35]. This type of provision now binds the EU to more than 120 countries. However, a mechanism is needed to ensure monitoring of the commitments made on the basis of a human rights clause. This monitoring policy could be implemented by the use of indicators in two different ways:

The EU could use general indicators, combined with other elements, to define the state of human rights and democracy in a third country, and draw conclusions/recommendations from it. Selecting these indicators and the objectives to be achieved could be negotiated between the EU and the third country and would be revised periodically in order to raise the level required as progress was made.

Under these circumstances, these indicators could be used by the European Parliament to evaluate fulfilment of commitments made by the parties and exert control over the policy implemented by the European Commission and the Council on the basis of clear benchmarks, as recommended by the Annual Report on Human Rights in the World 2005 (Howitt report).

In addition, the Communication from the Commission on '*The European Union's role in promoting human rights and democratisation in third countries*' adopted on 8 May 2001[36] highlights the importance of such indicators with regard to dialogue:

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[35] The consequence of the 'human rights clause' is that a party to the agreement may take appropriate measures when the other party violates an essential element of the agreement. As human rights and democratic principles are an essential element of the agreement, if they are violated by one of the parties, the other may take measures under the agreement, which means that it may partially or fully suspend the implementation of the agreement.

[36] See the text of this Communication (COM(2001) 252 Final) on the Commission website, English version; http://europa.eu.int/comm/external_relations/human_rights/doc/com01_252_en.pdf. This is the first general strategic document from the Commission on human rights in external relations since 1995. On 25 June 2001 the EU Council adopted conclusions supporting the Communication from the Commission. These conclusions demonstrated the will of the Member States to follow the guidelines set out in the Communication from the Commission when they implement their foreign policies.

**External Translation**

*'Successful dialogues should include the joint establishment of certain goals depending on local circumstances. These are necessary for both the EU and the partner country to measure progress over time [...] Some internationally accepted benchmarks exist, for example as established by the ILO, the UN and the Council of Europe. The Commission will draw on these as appropriate, and where there are new developments in this field, assess their usefulness.*
*However, the EU should avoid the mechanistic use of indicators, or attempt to compare or rank countries' performance. Each situation is different. Trends matter more than snapshots.'* (para. 3.1.2)

In the same way, and more recently, the report on the ENP[37] (rapporteur, Charles Tannock, EPP ED, UK), debated in plenary on 18 January 2006, illustrated the agreement of MEPs on the need to use such indicators in order for the ENP to serve as a tool for consolidating democracy and the rule of law in the neighbouring countries of the EU. MEPs called for priorities to be identified and for clearly defined criteria, and highlighted the need to establish methods for monitoring and for limiting or suspending aid, or even revoking agreements. They consider that if countries violate international or European standards for respecting human rights and democracy, the EU should be able to reduce or suspend its aid, or even suspend its agreements.

Finally there is the Council note '*Guidelines on implementation and evaluation of restrictive measures (sanctions) in the framework of the EU Common Foreign and Security Policy*'[38] of 2 December 2005. This document aims to standardise the practice of applying sanctions and strengthen the method of doing so. The guide proposes a standard wording and common definitions to be used in legal instruments which implement restrictive measures. It does not, however, deal with the issue of the political process leading to the decision to impose or lift these measures[39].

2. The place of indicators in the functions of the Union's Fundamental Rights Agency: to monitor respect for human rights and democracy in the EU.

As the debate currently stands on the functions of the EU Fundamental Rights Agency (the Agency), it should collect, record, analyse and distribute objective, reliable and comparable information and data on fundamental rights. It will also develop methods to improve the quality of the data and to identify trends and establish indicators. In addition, it will accomplish or encourage tasks associated with research and scientific surveys.

It seems obvious that the prime task of the Agency should be to develop indicators in order to standardise evaluations of the same phenomenon among the Member States, in order to then produce a coherent measurement of that phenomenon. The exercise of certain rights differs according to countries, and the rights do not cover the same reality within the Union. New definitions are identical for each country therefore need to be established, for what the Agency intends to measure (for example, social welfare, immigration, electoral participation, etc.) in order to then produce the most appropriate indicator.

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[37] See the text of the report on the EP website, English version; http://www.europarl.eu.int/omk/sipade3?PUBREF=-//EP//NONSGML+REPORT+A6-2005-0399+0+DOC+WORD+V0//EN&L=EN&LEVEL=5&NAV=S&LSTDOC=Y
[38] See document no 15114/05 CFSP 1084 FIN 475 addressed by the Secretariat to the delegations. The first version of the guidelines was adopted by the Council on 8 December 2003 (doc. 15579/03); a revised version was adopted on 16 March 2005 (doc. 6749/05).
[39] Regarding the political aspects, on 14 July 2004 the Council adopted basic principles concerning the use of restrictive measures (sanctions) (doc. 10198/1/04).

Regarding human rights within the EU, various mechanisms already exist to monitor the situation and evaluate respect for human rights by the Member States: the United Nations and Council of Europe mechanisms[40].

With regards to internal monitoring, in 1997 the EU established the European Monitoring Centre for Racism and Xenophobia in order to evaluate the extent of racism in the EU. Then, in December 2000, the EU adopted its own Charter of Fundamental Rights, but it did not include a mechanism for monitoring compliance with the obligations that it created. Finally, since December 2000, the EU Treaty has contained a specific sanction procedure in the event of a Member State of the EU seriously violating human rights or democratic principles. The work of the future Fundamental Rights Agency is most important in this context, as it is based on an evaluation that is now meant to be objective.

At the same time as this development of internal EU mechanisms for evaluation, it should be highlighted that a culture of responsibility has developed within the institutions themselves with respect to human rights and democracy.

The trend is towards assessments of the impact of their own practices. For example, on 27 April 2005, a Communication from the Commission on '*Compliance with the Charter of Fundamental Rights in Commission legislative proposals. Methodology for systematic and rigorous monitoring*'[41] calls for specific impact assessments to be established, which are horizontal within the Commission services. Evaluation of the compliance of the documents produced by European institutions with democratic principles and human rights is an important challenge.

The evaluation will in turn allow performance indicators to be developed that are adapted to each type of activity, ensuring a realistic account of what is working but also of failures and areas for improvement.

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[40] On 8 October 2004 the Council of Europe Parliamentary Assembly adopted Resolution 1407 with the aim of establishing reports on the state of democracy in countries, as defined by 23 criteria. Resolution adopted on the basis of the Severin report (Political Affairs Committee), '*New concepts to evaluate the state of democratic development*' (Doc. 10279).

[41] See the text of this Communication (COM(2005) 172 Final) on the Commission website, English version; http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/com/2005/com2005_0172en01.pdf

**ANNEX 1** **Various initiatives concerning human rights and/or democracy indicators**

It is impossible to give an account of all of the initiatives to establish human rights and democracy indicators, as there are so many. Here we will just mention a few interesting approaches that are commonly used to observe respect for and defence of human rights and/or democracy throughout the world.

Note:
After considering whether or not to establish indicators, Amnesty International and Human Rights Watch preferred not to use this tool in their reports.

- **International Institute for Democracy and Electoral Assistance** (International IDEA)
(Source: http://www.idea.int/democracy/sod.cfm)

Created in 1995, International IDEA, an intergovernmental organisation made up of Member States from every continent, has a mandate to support sustainable development across the world. In 2000, it inaugurated the State of Democracy (SoD) project, financing the creation of a new methodology to evaluate the state of democracy or progress towards democratisation in any country of the world. The concept of democracy is clearly defined and the methodology is transparent. The framework for evaluation, based on historical origins and the recent history of a country, while focusing on the current situation and initiatives to promote democracy, is essentially qualitative. The evaluation is therefore descriptive, and there is no aggregation of the results to facilitate a compared analysis. This assessment is conducted by experts and so far has been conducted in eight countries but is to be extended.

- **University of Maryland**
(Source: http://www.cidcm.umd.edu/inscr/polity)

The University of Maryland has developed a quantitative study on changes in the organisation of states. The Polity IV Project (2002) is the fourth, and latest, edition of the project. The concepts used are clearly explained and the methodology is transparent. It is, however, quite complex, and has been meticulously drawn up: the indicators and the definition criteria are appropriate and allow a systematic and relatively precise analysis. The evaluation gives results on the level of democracy and autocracy over the years, so that the development of a regime can be measured.

- **Transparency International (TI)**
(Source: http://www.transparency.org/policy_and_research/surveys_indices/cpi/2005/methodology)

TI is an international NGO whose aim is to combat corruption. It has created various tools to measure the level of corruption in a State. For example, the *Corruption Perceptions Index* (CPI), created in 1995, is a tool that is re-evaluated annually. It was created to put the problem of corruption on the international political agenda. The CPI classifies more than 150 countries according to their level of corruption, evaluated by experts and opinion polls. This indicator is therefore designed to be an index of the subjective perception that those questioned have of the level of corruption in their country. The methodology is explained but the collection of data means that the measure is by nature subjective (which is recognised by its authors).

- **Escola de Cultura de Pau: the 'Alert' report**
(Source: http://www.pangea.org/unescopau/castellano/programas/alerta.htm )

'Alert 2005: report on conflicts, human rights and peace building'[42] is a study conducted every year by the Alert Unit[43] of the *Escola de Cultura de Pau,* of the Autonomous University of Barcelona. Initiated in 2001[44], the research summarises the state of the world through several indicators grouped into various major areas. In the 'Alert 2005' report, 37 indicators were used, in 10 chapters: armed conflicts, situations of tension and high-risk disputes, peace processes, post-war rehabilitation (international involvement), humanitarian crises, militarization and disarmament, human rights and international humanitarian law, development, gender issues in peace building and finally the behaviour of countries in relation to the international community. The 37 indicators are made public and clearly defined, and the method is transparent. This study does not allow for classification. It presents certain figures (e.g. number of armed conflicts in the world in the period concerned) along with analyses of the state of the world in general. These are observations drawn from reliable sources (internationally recognised NGOs, international organisations, etc.) resulting in a general overview. It is an essentially descriptive report that allows comparisons over time with the data from the previous reports. The advantage is therefore that it strengthens preventive warning mechanisms for certain trends.

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[42] See the '*Alert 2005*' report online on the website of l'*Escola de Cultura de Pau*, English version; http://www.pangea.org/unescopau/img/programas/alerta/alerta/alert05.pdf
[43] The Alert Unit on conflicts, human rights and peace building, which is the basis for the 'Alert' publication, is a team of six people responsible for daily monitoring of these matters. The analyses that they produce are based on weekly (*Semáforo*), quarterly (*Barómetro*) and annual (*Alerta*) publications.
[44] It is interesting, however, to note that from 1998, l'Escola de Cultura de Pau was already publishing an annual report, '*Informe de criterios reguladores de las transferencias de armas',* analyzing the global situation based on the observation of 30 indicators derived from 8 criteria from the Code of Conduct on the arms trade adopted by the EU Council in 1998.

- **Political rights and civil liberties checklist**

(Source: http://www.freedomhouse.org/template.cfm?page=35&year=2005)

## Political rights

A. Electoral Process

1. Is the head of state and/or head of government or other chief authority elected through free and fair elections?
2. Are the legislative representatives elected through free and fair elections?
3. Are there fair electoral laws, equal campaigning opportunities, fair polling, and honest tabulation of ballots?

B. Political Pluralism and Participation

1. Do the people have the right to organize in different political parties or other competitive political groupings of their choice, and is the system open to the rise and fall of these competing parties or groupings?
2. Is there a significant opposition vote, de facto opposition power, and a realistic possibility for the opposition to increase its support or gain power through elections?
3. Are the people's political choices free from domination by the military, foreign powers, totalitarian parties, religious hierarchies, economic oligarchies, or any other powerful group?
4. Do cultural, ethnic, religious, and other minority groups have reasonable self-determination, self-government, autonomy, or participation through informal consensus in the decision-making process?

C. Functioning of Government

1. Do freely elected representatives determine the policies of the government?
2. Is the government free from pervasive corruption?
3. Is the government accountable to the electorate between elections, and does it operate with openness and transparency?

Additional discretionary Political Rights questions

- A. For traditional monarchies that have no parties or electoral process, does the system provide for consultation with the people, encourage discussion of policy, and allow the right to petition the ruler?
- B. Is the government or occupying power deliberately changing the ethnic composition of a country or territory so as to destroy a culture or tip the political balance in favour of another group?

NOTE: For each political rights and civil liberties checklist question, 0 to 4 points are added, depending on the comparative rights and liberties present (0 represents the least, 4 represents the most). However, for additional discretionary question B only, 1 to 4 points are subtracted, when necessary.

## Civil liberties

D. Freedom of Expression and Belief

1. Are there free and independent media and other forms of cultural expression? (Note: in cases where the media are state-controlled but offer pluralistic points of view, the survey gives the system credit.)

2. Are there free religious institutions, and is there free private and public religious expression?
3. Is there academic freedom, and is the educational system free of extensive political indoctrination?
4. Is there open and free private discussion?

E. Associational and Organizational Rights
1. Is there freedom of assembly, demonstration, and open public discussion?
2. Is there freedom of political or quasi-political organization? (Note: this includes political parties, civic organizations, ad hoc issue groups, etc.)
3. Are there free trade unions and peasant organizations or equivalents, and is there effective collective bargaining? Are there free professional and other private organizations?

F. Rule of Law
1. Is there an independent judiciary?
2. Does the rule of law prevail in civil and criminal matters? Are police under direct civilian control?
3. Is there protection from police terror, unjustified imprisonment, exile, or torture, whether by groups that support or oppose the system? Is there freedom from war and insurgencies?
4. Is the population treated equally under the law?

G. Personal Autonomy and Individual Rights
1. Is there personal autonomy? Does the state control travel, choice of residence, or choice of employment? Is there freedom from indoctrination and excessive dependency on the state?
2. Do citizens have the right to own property and establish private businesses? Is private business activity unduly influenced by government officials, the security forces, or organized crime?
3. Are there personal social freedoms, including gender equality, choice of marriage partners, and size of family?
4. Is there equality of opportunity and the absence of economic exploitation?

- **Key to raw points, political rights and civil liberties.**
(Source : http://www.freedomhouse.org/template.cfm?page=35&year=2005)

**Table 1: Political Rights (PR)**

| Total Raw Points | PR Rating |
|---|---|
| 36-40 | 1 |
| 24-29 | 3 |
| 12-17 | 5 |
| 0-5 | 7 |

**Table 2: Civil Liberties (CL)**

| Total Raw Points | CL Rating |
|---|---|
| 53-60 | 1 |
| 35-43 | 3 |
| 17-25 | 5 |
| 0-7 | 7 |

**ANNEX 3** **The GRI: social reporting indicators for businesses**

- **The GRI framework indicators**

(Source: http://www.globalreporting.org/guidelines/2002/gri_2002_guidelines.pdf)

The GRI structures performance indicators according to a hierarchy by category, aspect and indicator. The indicators are grouped according to the three aspects of the conventional definition of sustainable development: economic, environmental and social. In the 2002 edition of the guidelines, the hierarchy adopted is as follows:

|  | Category | Aspect |
|---|---|---|
| **Economic** | Direct Economic Impacts | Customers<br>Suppliers<br>Employees<br>Investors<br>Public sector |
| **Environmental** | Environment | Raw materials<br>Energy<br>Water<br>Biodiversity<br>Emissions, effluents and waste<br>Suppliers<br>Products and services<br>Compliance<br>Transport<br>Overall |
| **Social** | Labour practices and decent work | Employment<br>Labour/management relations<br>Health and safety<br>Training and education<br>Diversity and opportunity |
|  | Human Rights | Strategy and management<br>Non-discrimination<br>Freedom of association and collective bargaining<br>Child labour<br>Forced and compulsory labour<br>Disciplinary practices<br>Security practices<br>Indigenous rights |
|  | Society | Community<br>Bribery and corruption<br>Political contributions<br>Competition and pricing |
|  | Product responsibility | Customer health and safety<br>Products and services<br>Advertising / respect for privacy |

- **The social reporting indicators: the example of the human rights category**

## Human Rights

| Main performance indicators | Additional indicators |
|---|---|
| **Strategy and management** | |
| **HR1**: description of all the procedures and measures taken on human rights | **HR8**: employee training on all aspects of human rights |
| **HR2**: consideration of human rights in investments and the selection of business partners | |
| **HR3**: monitoring of human rights among suppliers and subcontractors | |
| **Non-discrimination** | |
| **HR4**: programmes preventing all forms of discrimination | |
| **Freedom of association** | |
| **HR5**: measures to promote freedom of association | |
| **Child labour** | |
| **HR6**: description of measures implemented to combat child labour | |
| **Forced labour** | |
| **HR7**: description of measures to combat forced and compulsory labour | |
| **Disciplinary practices** | |
| | **HR9**: description of current practices in the business |
| | **HR10**: description of measures in disputes with employees |
| **Security** | |
| | **HR11**: human rights training for security personnel |
| **Indigenous rights** | |
| | **HR12**: description of procedures established to address the needs of indigenous people |
| | **HR13**: description of mechanisms established for disputes |
| | **HR14**: share of revenues redistributed to local communities |

- **Example: extract of Total social responsibility report on its performance regarding human rights for the first indicator (HR1)**

(Source :
http://www.total.com/en/group/corporate_social_responsibility/orientations/key_indicators/gri_human_right_6868.htm)

HR1 Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results.

**External Translation**

- Conducting Business in Sensitive Countries
- Oil and Development

**- Conducting Business in Sensitive Countries**
(Source :
http://www.total.com/en/group/corporate_social_responsibility/ethics_governance/ethics/sensitive_countries_6613.htm)

**'Human rights**
As stated in the Code of Conduct, Total upholds the principles of the 1948 Universal Declaration of Human Rights.

Our support for human rights is unwavering, even in challenging, unstable countries, some of which are racked by internal or external conflict. Sensitive situations require increased vigilance on our part, especially when it comes to ensuring the security of our employees and installations.

Non-interference in political affairs and respect for the sovereignty of our host countries are basic principles wherever we conduct business.

But our political neutrality does not prevent us from expressing our views to local or national authorities on issues that affect our activities or partners. This is especially true regarding human rights in communities near our facilities.

**Security**
Total takes all necessary measures to ensure the safety and security of employees and their families and to reduce the risks to facilities in our host countries. Our measures also apply to contractor employees working at our facilities. The primary focus of our security policy is prevention and anticipation.

In 2004 we exercised special vigilance in the Middle East, Nigeria, Bolivia, Côte d'Ivoire, Venezuela and Indonesia. Security manager positions were created in Nigeria, Indonesia and Qatar, and the Qatar officer is responsible for all our facilities in the Middle East.

Our decentralised system helps us to track the situation closely and improves our ability to anticipate problems.

In addition, we applied specific security measures in four countries unsettled by serious tensions in 2004:
- Bolivia, where conflicts within the community broke out over a major natural gas field we recently discovered.
- Côte d'Ivoire, from which we were forced to evacuate all our employees on November 11 and 12 as a result of serious civil unrest posing a threat to foreign residents; we resumed operations in December.
- Saudi Arabia, after the Al Khobar attack on May 29, 2004.
- Indonesia, after the Australian Embassy in Jakarta was bombed on September 9.

***Voluntary Principles on Security and Human Rights* (VPSHR)**

A guide was distributed to business unit managers in 2004 to facilitate implementation of the Voluntary Principles on Security and Human Rights. Procedures were specified for a number of areas, including risk analysis and relationships with police and security forces in host countries and with private security companies.

A consultant from an NGO identified priority areas for Total to work on, including:
- human rights training for Total employees and the employees of contract security companies,
- hiring of security personnel,
- incident reporting.'

**External Translation**

**- Oil and Development**
(Source:
http://www.total.com/en/group/corporate_social_responsibility/local_development/non_oecd_cou
ntries/oil_development_6661.htm)

'It's not always easy to ensure that oil development projects coexist harmoniously with local activities in an emerging country. The capital-intensive upstream oil industry uses state-of-the-art technologies and generates huge financial flows that can create tension and temptation. When oil facilities move in, they arouse high expectations in local residents—for jobs, for potential markets for local products, and for improved health care, education, basic infrastructure and access to water. Hopes are raised even higher when local communities are disadvantaged and government services fall far short of requirements.

Successful integration into the local community is critical for Total. When we invest in a country, we're there for decades, establishing a wide variety of relationships at all levels. It's in our best interests that residents perceive our presence as beneficial and that our operations integrate seamlessly into the local socioeconomic fabric. The success of this process is driven by a variety of factors, such as jobs and training, the way we work, our attitude toward neighboring communities, our local sourcing and our development programs. Initiatives can vary widely, depending on local circumstances, oil's contribution to the economy and the country's political situation. By working with specialized organizations and dialoguing with NGOs, we are making real progress in analysing situations and developing methods that ensure that our presence contributes to social and economic development.

One helpful way of illustrating our contributions to host countries is to look at our financial flows to non-OECD countries. In Exploration & Production, for example, they can be broken down into three main categories:

- Income and production taxes paid to local, regional and national authorities totalled approximately EUR 5.1 billion in 2004.
- Local purchasing of equipment, goods and services from local businesses totalled around EUR 500 million.
- Societal spending to promote local economic and social development totalled nearly EUR 57 million in 2004.

We spent some EUR 3.9 billion in non-OECD countries in 2004, equivalent to around 45% of our gross capital expenditure.

As an increasing proportion of our operations are located in emerging countries and economies in transition, we pay careful attention to:

**Transparency:** Producing nations decide how public oil revenues are allocated; private companies should not interfere in this area. But while upholding the principle of sovereignty, we believe that financial transparency is critical and are committed to helping states and institutions improve governance. This commitment is reflected in particular in our support for the Extractive Industries Transparency Initiative (EITI).

**Industrial development and employment:** Public authorities, communities and civil society stakeholders expect international companies operating in their country or region to contribute to the development of local and national industry and to create jobs in the host country, thereby helping to gradually diversify economies and paving the way for a seamless transition to the post-oil era. We try to meet this expectation through local purchasing of equipment and services—when

the country or region's manufacturing industry is sufficiently developed—and by implementing training and skills transfer initiatives.

**<u>Putting down roots and improving the social and societal balance:</u>** To ensure that our oil and gas operations are well integrated into their environment, we monitor their impact on local lifestyles and participate in socio-economic development projects, preferably deployed by the communities and their representatives.'