

AN ANALYTICAL FRAMEWORK FOR STRENGTHENING NGO ACCOUNTABILITY

Friday, September 5
Ballroom 1, New World Renaissance Hotel
Makati City, Philippines

SEMINAR PROCEEDINGS

1. WELCOMING REMARKS

Ms. Rory Tolentino, Executive Director, Asia Pacific Philanthropy Consortium (APPC)

Ms. Tolentino welcomed participants to the seminar and thanked APPC's co-sponsors in the event, Sasakawa Peace Foundation and the Hauser Center for Nonprofit Organizations at Harvard University. Participants came from over 12 countries from around Asia and outside the region, and represented NGOs/NPOs, private foundations, nonprofit umbrella organizations, academic institutions, government ministries, and corporate foundations.

2. OPENING REMARKS

Dr. Akinori Seki, Executive Director, Sasakawa Peace Foundation (SPF)

Dr. Seki thanked APPC and Dr. David Brown for the opportunity to share the project on *An Analytical Framework for Strengthening NGO Accountability* with audiences in Asia, and to explore with them the project's application to NGOs in Asia. He then explained SPF's support for the project within the context of its support for nonprofit sector development. He noted that the worldwide trend towards creating effective partnerships between sectors has led not only to increased importance of the nonprofit sector, but also increased demands from society for accountability from nonprofit organizations. Society is demanding to know whether donations and grants are being used appropriately, and whether people are really benefiting from nonprofit activities. It is not easy, however, to establish perfect criteria for accountability that will apply to all organizations in the nonprofit sector.

As a result, SPF supported this project on NGO accountability, transparency, and legitimacy in order to provide a resource for NGO managers and leaders seeking a framework within which their organizations can practice accountability. Originally designed as a comparative study on international NGOs (INGOs) from the US and Japan, the project was initiated in response to the lack of unity in discussions that were taking place on the issue of nonprofit accountability. The project's resulting framework both serves as a resource for the entire nonprofit sector, and recognizes the diversity of organizations within the sector.

Dr. Seki closed by inviting comments and feedback on the project, which would be of great value in SPF's consideration of future strategies in this area.

3. FEATURED PRESENTATION

NGO ACCOUNTABILITY: THE ISSUES AND SOME POSSIBLE SOLUTIONS

Dr. L. David Brown, Associate Director, The Hauser Center for Nonprofit Organizations, Harvard University.

Dr. Brown's presentation was based on the paper, *Strategic Accountability for International NGOs* (Hauser Center for Nonprofit Organizations, Harvard University, June 2003). The presentation slides and paper are attached as separate documents.

Dr. Brown noted that addressing the issues of NGO legitimacy and accountability are not easy, and recognized that the ideas presented in this project need to be massaged according to the context that organizations are working in. He invited notes and comments particularly on issues that don't seem to make sense for NGOs in Asia.

Dr. Brown's presentation included discussions of the following:

- Why the issue of NGO accountability is important now;
- Definitions of Accountability, and how an organization's approach to accountability might change as its activities change;
- Sources of accountability standards;
- Different accountability models and how they are applied in different circumstances;
- How to build accountability systems for NGOs, including detail on the following steps:
 - o Assessing accountabilities;
 - o Constructing accountability systems; and
 - o Using accountability systems to improve performance, learning, and legitimacy;
- And lastly, why NGO Accountability is needed:
 - o To support NGOs' roles in problem-solving;
 - o To foster and consolidate democracy (by increasing pressure for accountability in other sectors, too); and
 - o To boost NGO credibility in global governance.

4. REACTIONS TO THE PAPER AND RESPONSES

A. Dr. Barnett F. Baron, Executive Vice President, The Asia Foundation

Dr. Baron began by noting an additional reason for why accountability is important now—to increase the ability of NGOs to raise money from their own communities. He cited APPC's study, *Investing in Ourselves: Giving and Fund Raising in Asia*, which showed that even in poor countries, people contribute more than anticipated to charitable causes, even though their giving to NGOs is quite limited overall. Nevertheless, the project showed that those NGOs that had established solid relationships with their communities and were viewed as accountable, efficient, and effective were more successful in raising funds locally.

Because the Hauser Center paper refers specifically to accountability of INGOs, Dr. Baron asked whether there are differences in accountability issues between INGOs and NGOs. He then challenged the paper on the following:

- The paper is NGO-centric, giving NGOs the right to prioritize to whom they want to be accountable, which standards to hold themselves to, etc. The reality is, however, that the State defines the conditions within which NGOs work—the State has a legitimate interest in defining public welfare, as well as the terms by which others may address public welfare. Because of this, we need to give the state a voice when we talk about NGO accountability. The challenge of accountability is about shared governance, not defending the rights of civil society.
- If defining the organization's mission and strategy is the starting point for determining accountability, then how do organizations know what the appropriate boundaries are? NGOs need to be careful against creating program logic chains that can be used to justify actions that might not relate directly to their missions.

- The paper conflates the issues of accountability, effectiveness, efficiency, and legitimacy—each of these is a complex issue. More attention is needed on how to define terms such as legitimacy, particularly because the choice of definition may not be just the NGO's.

B. Dr. Juree Vichit-Vadakan, Chair, Center for Philanthropy and Civil Society, The National Institute of Development Administration (Thailand)

Dr. Juree commented that the Hauser Center paper reflects more the world of INGO management, with no reference to local NGOs. The challenge is how this discussion of accountability can be replicated in the local context, especially with regard to grassroots organizations. Dr. Juree showed that this challenge is apparent in several ways:

- In real life, organizations are not so neatly defined, whether in activities, mission, etc. This means that it is difficult to talk about stakeholders in a stable manner, and that accountability is contextual even for the same organization—both time and place affect an organization's approach to accountability. Even INGOs are not so neatly defined in their operations as they, too, mutate and adapt according to local needs and conditions. Thus, an NGO could be applying multiple models of accountability according to the context.
- Accountability as a management system, as presented in the paper, may not be feasible for local NGOs to adopt because of the scarcity of resources, including staff. Also, it is not clear from the paper whether the same framework of accountability can be applicable to NGOs at different levels of maturity.
- In strong states where NGOs voice alternatives to the State view, for NGOs to frame their own standards of accountability is very tricky business—how can their strategies be spelled out clearly so that all constituents, including the State, will buy into them? The paper could address this issue more.

C. Dr. Mark Lyons, Professor, School of Management, University of Technology, Sydney

Dr. Lyons remarked that the Hauser Center paper's assumption about the external context that has made accountability an issue is applicable beyond INGOs to all civil society organizations (CSOs) in many countries. He noted that the legitimacy of CSOs in general is under increasing critique. Governments are reacting to the increased voice of many CSOs, which they see as contributing to falling levels of trust in government and their own legitimacy questions. Some businesses are critical of the way some CSOs have been able to influence the way business is conducted. The public is reacting to very negative publicity concerning a few NPOs, which also raises questions about the rest of the sector. In addition, exaggerated claims by and on behalf of civil society of its importance leads to questions.

Dr. Lyons also challenged the paper on the following points:

- The paper does not address the accountability of member-owned organizations, which are formed to speak on behalf of others. Many organizations engaged in advocacy are actually membership organizations. While they have the right to speak on behalf of a wide population, they face questions about accountability and legitimacy when it is not clear how they canvassed the views of those whom they are supposed to represent.

- The paper does not address how to manage expectations of stakeholders. This can be particularly important with regard to government, a very important stakeholder, and how to negotiate expectations when government is strong and also corrupt.
- The elaborate accountability framework presented in the paper could be embraced by large organizations, but it would be difficult for smaller, local, or regional organizations to justify the cost of doing that kind of work. The time and resource costs of such a framework might not appeal to the supporters of the organization, either. There is a need for simpler ways to think about accountability, to increase the likelihood of their adoption by the greater mass of organizations.

D. Responses by Dr. L. David Brown

Dr. Brown clarified that the organizations addressed in the paper were International Non-Governmental Organizations and that the project was not actually set up to generalize about all NGOs. He agreed that the context for INGOs is different from that for local NGOs. In particular, INGOs must work with several governments, not just one large, corporate state. In response to Dr. Lyons's question about membership advocacy organizations, Dr. Brown noted that these tend to be national organizations, rather than global, and thus were outside the scope of the paper.

On the question of the resources required for implementation of the accountability framework and guidelines, Dr. Brown also agreed that this framework might not be as helpful to small local NGOs that are just trying to survive. The organizations that are more concerned with this type of framework are probably more mature and need to influence more people to scale up their impact. He noted that this was more of an issue for the US NGOs than the Japan NGOs that contributed to the study.

5. OPEN DISCUSSION

Moderator: Mr. Tadashi Yamamoto, President, Japan Center for International Exchange

The following were comments and questions from seminar participants; some answers were provided by the panelists.

- Comment: Questions surrounding the legitimacy of INGOs and the local NGOs they support often relates to questions about their motivations.
- Question: While there is currently no global government, the United Nations, World Trade Organization, etc., might develop into such global government institutions—how will NGOs fit into such a development?
- Question: With the focus on INGOs, the term "international" should be defined. INGOs that rely on governance and resources from one country are not really "international." Some of these organizations address accountability from the perspective of the parent country, where their motives are different from in the local context. The major issue is what steps they take to be accountable to the local communities in which they operate.

Response #1: Dr. Baron commented that we are prisoners of poor vocabulary. "International" means not local, and does not mean that an organization internally is international. He noted that it is very difficult to generalize how accountabilities are prioritized within an organization. The challenge for international organizations, such as The Asia Foundation, is how to have local ownership of resources, agenda, and

implementation, when the organization is also accountable to external sources that do not share the same views about the locally-set agendas and values.

Response #2: Dr. Brown noted that there are commonalities in how wealth and power affect organizations' views of accountability. Nevertheless, INGOs are recognizing that lack of support locally is unsustainable, even though they continue to give more weight to donors (with wealth and power) than local constituents.

- Question: As INGOs evolve from service-delivery to capacity-building activities, how does that affect their accountability?

Response: Dr. Brown responded that it would not be possible for INGOs to do capacity-building work without active participation of those whose capacity is supposed to be built. This shift might actually cause the INGOs to feel greater accountability to their local constituents compared to when they were engaged in service delivery.

- Question: Would it be easier to discuss accountability by dividing it into internal accountability and external accountability? It is difficult to base discussions of "mutual accountability" on the stakeholder model, because in reality stakeholders have different weights.
- Question: NGOs in many countries are doing what government is failing to do, which means that NGOs have absolved government of accountability for these responsibilities. If government is calling on NGOs to do government's job, is there a need to change the partnership paradigm?

Response #1: Dr. Juree agreed that the failed government model motivates more NGO activity, but she did not feel that the concept of government-NGO partnership was flawed. The problem is more that NGOs do the work, while government may take the credit and not provide adequate support to the NGOs.

Response #2: Dr. Brown commented that NGOs' engagement with other sectors might raise the stakes with regard to accountability and legitimacy. Scaling up impacts of NGO activities will require finding ways to mobilize other sectors, because NGOs cannot accomplish as much alone. The accountability and legitimacy issue will require NGOs to look at government and business differently.

Response #3: Mr. Yamamoto commented on the need for greater partnership between INGOs and local NGOs.

6. CLOSING REMARKS

Dr. Iftexhar Zaman, Executive Director, Bangladesh Freedom Foundation; Chair, APPC

Dr. Zaman closed the seminar, which was very productive and helpful for providing an introduction to some issues also to be discussed during APPC's conference, *Governance, Organizational Effectiveness, and the Nonprofit Sector*.

On behalf of the APPC Governing Council, Dr. Zaman expressed gratitude to Sasakawa Peace Foundation and Dr. Seki for sponsoring the seminar; Dr. Brown for the stimulating presentation; Dr. Baron, Dr. Juree, and Dr. Lyons for their reactions; Mr. Yamamoto and Ms. Tolentino for facilitating the discussion; and the participants for attending and raising excellent questions.