

Strategic Accountability for International NGOs

**L. David Brown, Mark H. Moore & James Honan
Hauser Center for Nonprofit Organizations
Harvard University**

June 2003

The authors appreciate the inputs of Professor Tatsuya Watanabe and Professor Takayoshi Amenomori, who coordinated the work of the Japanese team, to the development of this analysis. We also appreciate the contributions of the Japanese and American international development NGO leaders who contributed cases studies and participated in discussions in the two workshops mounted by this program. We also appreciate the support from the Sasakawa Peace Foundation, Grant # S-201-14 and S-202-16 for The Accountability in International NGOs Project.

Strategic Accountability for International NGOs

L. David Brown, Mark H. Moore & James Honan
Hauser Center for Nonprofit Organizations
Harvard University

As international NGOs (INGOs) and other civil society actors have become increasingly visible and influential actors in national and international arenas, questions have been raised about their accountability. Some questions come from those who have contributed resources to support their work and by those targets of their campaigns that seek to blunt their influence. More neutral observers concerned about the growing capacity of INGOs to shape responses to critical issues raise others.¹ As watchdogs of the activities of other sectors, INGOs often seek to hold business, government, and international agencies accountable, so they may be particularly vulnerable to challenges to their own accountability.

This paper is intended to provide insights for INGO leaders to understand the issues of accountability as a matter of strategic choice. It offers a framework for building accountability systems that can enable internal performance measurement and management, foster operational and strategic organizational learning, and strengthen INGO legitimacy as important actors in social innovation and governance. We begin with some background on the issues. Then we focus on assessing INGO accountability, creating effective accountability systems, and using those systems to support performance management, organizational learning, and INGO legitimacy.

1. Background

The concept of accountability has drawn a lot of recent attention in the public and nonprofit fields.² For the purposes of this discussion, INGOs are *accountable* when they are answerable for their performance promises to key stakeholders.³ INGOs may be accountable to donors who provide resources, to regulators responsible for government certifications, to beneficiaries and clients who use their services, to allies who cooperate in projects, to staffs who invest their talents and time in organizational activity, and to members who expect the organization to speak on their behalf. Without accountability to donors, INGOs funding sources may dry up; without accountability to regulators, INGOs may have their charters revoked; without accountability to clients and beneficiaries, INGO services may not be used; without accountability to INGO staffs and allies, their operational capacity may be eroded; without accountability to members and political constituents, INGO credibility with advocacy targets may be undermined.

The concept of accountability has a dubious reputation. Everyone agrees that others should be held accountable; few are eager to be held accountable themselves. It has been argued persuasively that accountability is more associated with punishment than with rewards, and it encourages actors to minimize risks by conforming to financial and procedural rules rather than emphasize innovation or performance.⁴ But we believe that “strategic accountability,” which aligns accountability systems with organizational strategies, offers opportunities for INGOs to strengthen their capacities for internal performance management, for organizational learning from experience, and for building organizational legitimacy and credibility with external as well as internal audiences. So the subject is worth exploring in spite of its association with evaluation and challenge.

1.1 Defining Accountability: Social Ideals, Strategic Choices, or Domain Standards?

There are several views about the definition of INGO accountability. An initial assumption might be that there is a well established and clearly defined view of INGO accountability within a given society. We would call this the *objective social ideal view* of accountability.⁵ It assumes that society has a settled view, defined in legal systems or widely held norms and values, about *to whom* INGOs should be accountable, *for what* they should be accountable, and *how* they should be held accountable.

In practice, however, many different stakeholders make claims on INGOs, and those claims are often quite different and incompatible. Donors want careful accounts and results for which they made the resources available; beneficiaries want services or advocacy campaigns that may differ from donor preferences; allies in capacity building programs or political campaigns expect the INGO to act in conformity with their interests. The wide range and varied interests of stakeholders create “multiple accountabilities” rather than a single, coherent, socially-ratified set of coherent accountability standards for INGOs. The absence of a widely-accepted method for gauging the relative importance of these different accountabilities on moral, legal, or practical grounds makes the construction of a single objective social ideal of accountability for INGOs very difficult. The less history a given society has with civil society actors or with the domain of action in question, the less likely it is that widely acceptable standards for accountability have been developed. In Japan, for example, the relative youth of civil society means there has been less experience or opportunity to develop widely-accepted standards for civil society accountability than there has been in the long history of civil society activity in the United States.

When there is little stakeholder agreement on an objective social ideal for accountability, INGO leaders may have a lot of choices about their accountabilities to different standards and stakeholders, given the nature of the agency’s mission. We call this the *organizational strategic choice view* of accountability. The strategic choice view emphasizes INGO leaders’ decisions to prioritize the claims of various stakeholders in response to the moral, legal, and prudential realities that they perceive to affect the achievement of their organizational missions. Obviously they are not completely free to choose, since there are consequences to any choices they make -- but they do have some latitude in making decisions about which stakeholders come first. INGOs then create accountability systems that are aligned to support accomplishment of their missions and strategies.

Note that there is an ongoing interaction between the objective social ideal and the organizational strategic choice views of accountability. As INGOs make strategic choices and implement programs that affect stakeholders, there may be a gradual development of agreements across organizations and stakeholders about the standards that represent good practice in that domain. Out of the interplay may emerge what we call the *negotiated domain standards view* of accountability. As more organizations work in the same domain and come under the scrutiny of donors, government regulators and media actors, pressures may accumulate within the domain for common standards of practice and accountability. While lack of social consensus about standards and processes may initially compel INGOs to define their own accountability priorities, over time experience with effective performance and pressures from stakeholders may encourage domain participants to negotiate shared standards for the domain.

These views of accountability put different institutional levels at the center of defining accountability: For relatively less organized and well understood domains, organizations making strategic choices are at the center. As a domain becomes more organized and the issues are better

understood, more objective standards may be negotiated across major organizations in the domain. Objective ideals covering the society as a whole may emerge as domain standards are developed and as governments take cognizance of the need for legislated standards. But efforts to regulate domains and whole societies that precede the accumulation of experience may be seen as illegitimate impositions that suppress or distort the potential social roles of INGOs.

1.2 Alternative Forms: Principal-Agent, Contract, and Mutual Accountability

Several different forms of accountability may underpin the relations between INGOs and their stakeholders. The most widely-used conception is *principal-agent accountability*. This model assumes that principals' goals predominate, and it focuses on how to motivate agents to achieve those goals rather than their own. From this perspective, the major challenge in creating accountability systems is to design incentives that will keep the agent faithful to the principal's interests when they are in conflict with the agent's. Principal-agent accountability emphasize agreements that assume the principal's interests are primary, clarify the fiduciary responsibilities of agents, and provide economic and legal incentives to encourage agents to act for the interests of principals.⁶

Some accountability relations are grounded in more symmetrical distributions of power, in which each party makes a specific contract with the others to undertake particular actions. Indeed, many important accountability relationships can be understood as contracts in which one party has agreed with another to perform certain duties in exchange for remuneration or other consideration. We can call this *contract accountability* that enables advancing the interests of both parties in a more equally influential relationship around specific actions and products. Their contracts make legal sanctions available when one party fails to live up to their agreements, and contract negotiations involve the interplay of interests and bargaining strength to create agreements.⁷

A third form of accountability focuses on creating morally and socially binding expectations among mutually influential actors organized around shared values and common causes. In *mutual accountability* the parties have compacts or covenants that bind members through their values, aspirations and social identities rather than economic or legal incentives. The parties to mutual accountability have accepted responsibility for contributing to shared goals, so they have "bought in" to a moral responsibility for keeping their promises.⁸ The sanctions for violating expectations grounded in mutual accountability are more likely to be social and relational rather than economic or legal, and building relationships and trust become critical elements in the construction of shared understanding.⁹

Table 1 summarizes some of the differences among the three form of accountability. Principal-agent and contract forms have been extensively used in the market sector, and are often seen as equally relevant to the state and civil society sectors as well. On the other hand, mutual accountability may be particularly relevant to civil society organizations, for which accountability may be rooted in shared values and relations with networks rather than hierarchies or markets.¹⁰

Table 1. Different Forms of Accountability Relationships

	Principal/Agent	Contractual	Mutual
Status of Parties	Principal Important	Equally Important	Equally Important
Bargaining Relationship	Subordination to Principal	Arms-Length, Assumed Equal	Mutual Respect, Trust, and Influence
Benefit Distribution	Principal Benefits	Both Benefit	Both Benefit
Desired Outcomes	Specific Goals	Specific Outputs	General Results
Transparency	Principal Looks	Both Can Look	Both Can Look
Source of Sanctions	Legal, Economic Third Party Enforces	Legal, Economic Third Party Enforces	Social, Moral Peers, Networks
Scope for Revision	Broad for Principal	Narrow for Both	Broad for Both

The dimensions of Table 1 suggest when different forms of accountability may be appropriate to INGO relations with their stakeholders. When one party has high status and bargaining power and they are clear about the goals to be accomplished, they may want to impose principal-agent accountability. When a donor organization, for example, wants an INGO to deliver a well-understood service, principal agent accountability may be attractive, at least to the donor. When the parties are more equal in status and bargaining strength, the negotiation may produce contractual obligations that obligate both parties to deliver specific outputs or suffer third-party enforcement of accountability. When the parties share commitments to values and general results and have relationships characterized by trust and mutual respect, the less formal and relationship-based form of mutual accountability may enable flexible agreements focused on general results and buttressed by social and moral sanctions from peers rather than the legal and economic sanctions backed by third parties.¹¹

2. Assessing Accountabilities

The focus of this analysis is on organizational strategic choice as a way of defining accountabilities and creating the basis for constructing accountability systems. Strategic choice is particularly relevant for defining INGO accountabilities, since their diverse stakeholders, novel problems, and operations across diverse contexts make it difficult to negotiate shared domain standards or establish shared social ideals. In assessing accountabilities, we suggest that INGO leaders need to focus on four issues: (1) defining organizational mission and strategy, (2) mapping organizational stakeholders, (3) clarifying value creation processes, and (4) prioritizing among stakeholders who might have conflicting accountability claims.

2.1 Defining Organizational Strategies

The strategic choice view puts INGO missions and strategies at the center of assessing and defining their accountabilities. We use the “strategic triangle” to focus attention on three fundamental issues to which INGO strategy must respond: (1) the value the INGO seeks to create, (2) the legitimacy and support it needs to survive, and (3) the operational capacity it requires to accomplish its mission.¹² Effective strategies for carrying out INGO missions need to take account of all these issues simultaneously.

An INGO that defines its strategy as “Use nonformal education and other participatory approaches to foster capacities for self-reliant action by marginalized groups,” for example, must

mobilize resources from donors and establish its legitimacy with government authorities, and it must create operational capacities for informal education with marginalized groups if it is going to create the value of enhanced capacity for self-reliant problem-solving. So the three points of the strategic triangle indicate three sets of stakeholders with potential accountability claims.

If the INGO has not defined and clarified its mission and strategy, it may be difficult to identify key stakeholders and their accountability claims. A common result of failure to clarify strategic commitments and their implications is for INGO accountabilities to be largely defined by stakeholders who make loud accountability demands, such as donors or government regulators. “Upward” and “outward” accountabilities to powerful external stakeholders are often better developed than “downward” and “inward” accountabilities to clients or staff.¹³ Creating active accountability to serve stakeholders with less voice often requires actively constructing accountability systems that insure attention to them.

2.2 Mapping Stakeholders

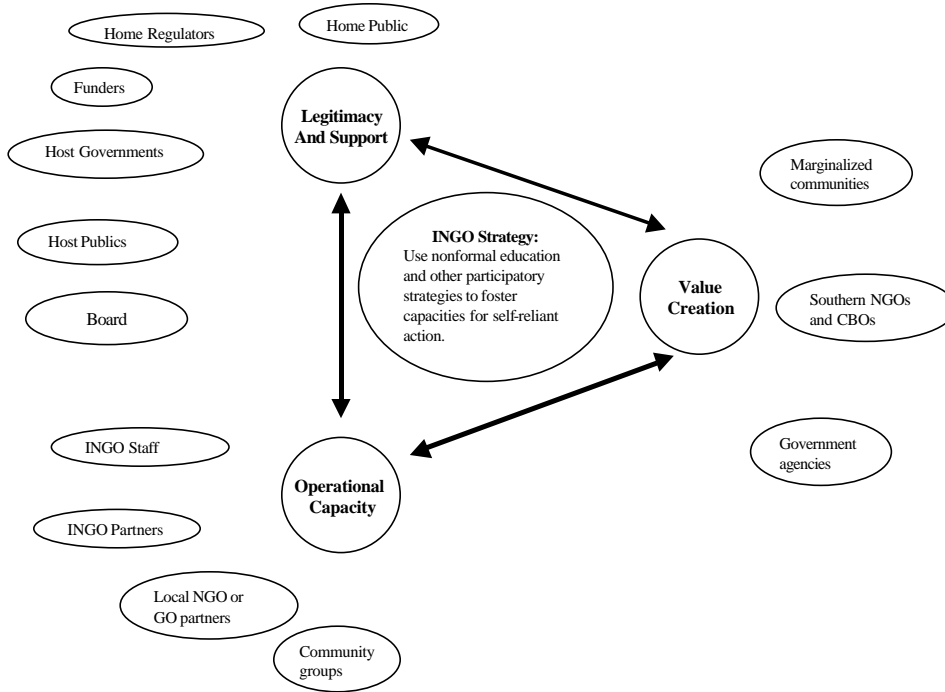
Identifying key stakeholders associated with INGO strategies is central to constructing accountability systems that are aligned to support those strategies. Stakeholder maps can be constructed by asking questions like: Who currently asks for information about INGO performance? Who affects or is affected by that performance?

On the basis of answers to such questions, maps can be constructed that show key stakeholders and their links to strategic issues. Figure 1 provides a map of the stakeholders of a hypothetical capacity-building INGO,¹ organized around the issues of value creation, legitimacy and support, and operational capability. The stakeholders in the value creation aspect of this strategy include marginalized communities, local NGOs and CBOs, and host government agencies concerned with grassroots education. The stakeholders relevant to legitimacy and support question include funders, regulators and general publics in both home and host countries as well as the agency’s Board of Directors. Finally stakeholders in the operational capacity of the agency include agency staff, INGO partners, local NGO and government partners, and community groups who help to co-produce capacity building outcomes.

Different strategies may have quite different implications for defining INGO stakeholders and how accountabilities to them may be met. INGOs that emphasize service delivery, for example, may pay special attention to donors who provide essential resources and regulators of service quality, without whom good services would not be possible. Capacity-building INGOs may accord high priority for accountability to their clients, whose active engagement and cooperation is crucial to the successful co-production of capacity. INGOs involved in advocacy and political influence may place high priority on accountability to constituents, whose loyalty will enhance their credibility and influence with advocacy targets. So different organizational strategies may require the creation of quite different accountability systems.¹⁴

¹ This example has been constructed from the experience of several international development NGOs in the United States and Japan. It is intended as an illustration rather than as an accurate map of any single organization’s stakeholders.

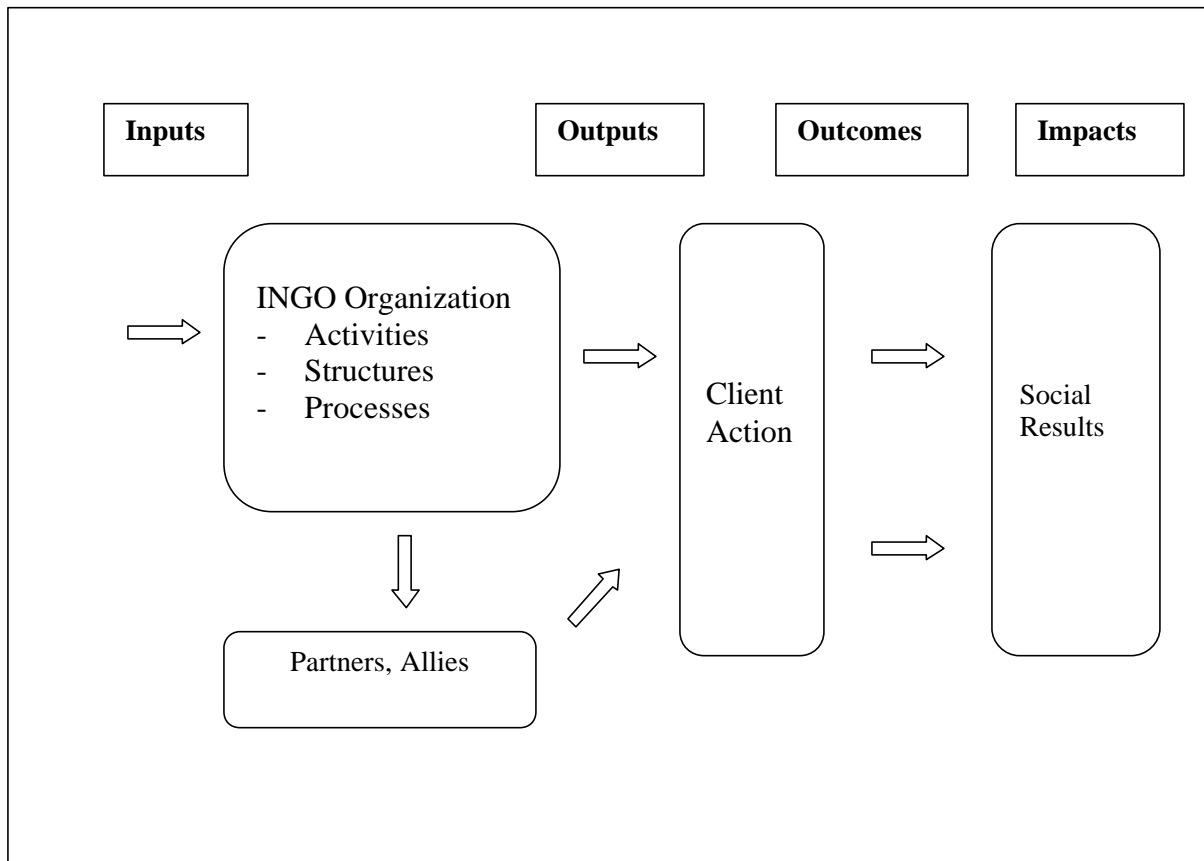
Figure 1: Stakeholders for a Capacity-Building INGO



2.3 Describing the Value Creation Chain

INGO strategies include a more or less explicit theory about how their activities will produce the value that they seek to create. Such “value chains” indicate how inputs are transformed by the INGO’s activities and processes into outputs that influence other actors. The changes in behavior that are outcomes of these outputs contribute to social, economic and political impacts that in some cases amount to sustainable development results. Figure 2 represents such an INGO value chain, indicating the flow of inputs that are transformed by INGO processes into outcomes that affect clients of various kinds to shape impacts over the longer term. It also suggests that for many INGOs, allies or partners are critical elements of the value chain, affecting program outputs and contributing to client outcomes as well as to longer-term impacts.

Figure 2. Value Creation Chain



Different organizational strategies imply different value chains. Service delivery NGOs may use funds and expertise to carry out health program activities to provide health education and preventive services outputs that encourage beneficiaries to adopt practices that improve their health over the long term. Capacity-building INGOs may use funds and information in educational activities that train clients in literacy or group problem-solving that enables them earn larger incomes, gain wider opportunities, and improve their quality of life. Advocacy INGOs may use information and political support for policy analysis and advocacy in campaigns that formulate and implement new government programs. In all three cases, tracing the value chain can help to refine stakeholder maps, identify critical steps in value creation, and measure performance.

Note that the farther away the effect is from internal organizational processes and boundaries (that is, farther to the right in Figure 2), the more challenging it becomes to establish the role that the INGO plays in producing that effect. While information about long-term impacts might be particularly helpful in assessing INGO activities, that information is likely to be unavailable in the short term and ambiguous about the causal impacts of the INGO even when it is available. For many situations, organizations may need a combination of easy-to-get, immediate information about processes and outputs, and less accessible and more ambiguous information about longer-term outcomes and impacts.

2.4 Prioritizing Accountabilities

Once INGO leaders are clear about INGO strategies, their value chains, and stakeholder accountability claims, they can consider setting priorities among those claims that will support and reinforce strategic goals. At least three questions can be asked about each claim:

- Are we accountable on moral grounds to this stakeholder? Are we answerable to this stakeholder because of core values of the society, the domain, or our own organization?
- Are we accountable on legal grounds to this stakeholder? Are we answerable because of laws, regulations, formal policies or “customs having the force of law?”
- Are we accountable on prudential grounds to this stakeholder? Are we answerable because the stakeholder can impose high practical costs for our failure to respond?

INGOs may feel answerable on two or three dimensions to some stakeholders, on only one to others stakeholders, and on none to still others. INGOs might have moral, legal and prudential reasons to deal honestly with allies on whose cooperation their success relies; they might feel moral obligations to deliver good services to beneficiaries who have little legal or practical power to compel accountability. Or they might accept accountability to powerful actors in their domain for prudential reasons even if they do not feel morally or legally responsible to them. Table 2 provides an approach to assessing and summarizing the stakeholder accountabilities described in the stakeholder map for the capacity building INGO in Figure 1. Setting priorities among stakeholders may be particularly important when the costs of responding to their demands are high or when their demands are in conflict.

Note that there is no easy formula for weighting moral, legal and prudential considerations to decide which stakeholders have highest priority. The hypothetical INGO in Table 2 accords high priority to some stakeholders for moral reasons (communities), to others for moral and prudential reasons (NGOs and CBOs in communities, its own staff), and to others for prudential reasons (funders). Another INGO in the same situation might accord somewhat different priorities to these stakeholders, and so construct accountability systems that respond in quite different ways to apparently similar constellations of stakeholders.

Table 2: Prioritizing Accountabilities: Capacity Building INGO

Stakeholder	Moral	Legal	Prudential	Summary
Creating Value				
▪ Communities	High	Low	Medium	High
Comment: INGO feels strong moral obligation to serve marginalized groups				
▪ NGOs & CBOs	High	Low	High	High
Comment: Mission depends on local agencies to expand, sustain improvements				
▪ Southern Governments	Low	Medium	Medium	Medium
Comment				
Support & Authorization				
▪ INGO Board	Medium	High	Medium	Medium
Comment: INGO Board largely in advisory rather than supervisory role				
▪ Home Public	Low	Low	Medium	Low
Comment				
▪ Home Regulators	Low	Medium	Medium	Medium
Comment				
▪ Funders	Medium	Medium	High	High
Comment: Cannot operate with donor funding.				
▪ Host Regulators	Low	Medium	Low	Low
Comment				
▪ Host Publics	Low	Low	Low	Low
Comment				
Operational Capacity				
▪ INGO Staff	High	Medium	High	High
Comment: Continued commitment and talent of staff essential to effectiveness				
▪ INGO Partners	Medium	Medium	Medium	Medium
Comment				
▪ Local NGO/Govt Partners	High	Low	Medium	Medium
Comment				
▪ Community groups	High	Low	Medium	Medium
Comment				

When priority mapping rates many stakeholders as high priority, the INGO risks focusing on response to stakeholders rather than carrying out its mission. In such situations INGOs should examine how accountability choices can be aligned with their missions and strategies. The INGO described in Table 2 places high priority on accountability to marginalized communities, local NGOs and CBOs, funders, and staff, and medium priority on many other stakeholders. These prioritizations can be challenging for several reasons. In some cases, the stakeholders may be interested in different results, and so trying to be equally accountable to all of them puts the INGO in an untenable position. In many cases, stakeholders vary greatly in their capacity to demand accountability from INGOs. Donors and government regulators are often positioned to get information and sanction agency failures to live up to its promises, while marginalized communities and local NGOs and CBOs are usually less able to demand information or sanction failure. Aligning accountability pressures with INGO missions and strategies may require constructing accountability systems that strengthen the voices of stakeholders that might otherwise be ignored.

3. Constructing Accountability Systems

Accountability systems are organizational arrangements for recognizing, negotiating and responding to obligations to various stakeholders. They may be formally and explicitly defined, as in the case of written expectations about how the INGO will be accountable for particular activities to specific stakeholders, or they may be more informally or tacitly organized. Accountability systems may include a variety of mechanisms, including tools (such as disclosures, reports or performance evaluations), processes (such as participation or self-regulation), and combinations of tools and processes (such as social auditing).¹⁵ Initial steps for building accountability systems involve the kind of assessment described in the prior section: Defining INGO missions and strategies, mapping stakeholders, describing value creation chains, and prioritizing stakeholder accountability claims. In addition to these elements, three other tasks are required to construct effective accountability systems: (1) negotiating expectations with key stakeholders, (2) creating performance measurement systems, and (3) communicating results and enabling sanctions.

3.1 Negotiating Expectations

Many INGOs have paid little attention to discussing accountability expectations unless powerful stakeholders (like funders) required commitments (e.g., to specific financial accounting practices). But negotiating expectations early in the relationship has several advantages. INGOs that face accountability claims from diverse stakeholders may reduce the likelihood of misunderstanding and conflict later on by setting realistic expectations early in the relationship. Involving stakeholders in defining indicators of performance and preparing for ambiguous results can shape their participation in joint work, which is particularly important when results are co-produced. Negotiating expectations clarify to all stakeholders the variety of claims on the INGO—even when those expectations are quite vague, as in systems grounded in mutual accountability—and so may reduce unrealistic hopes that the INGO can respond fully to all those expectations.

Negotiating expectations without a clear map of stakeholders and their relations to the INGO's mission can distort the links between mission and accountabilities. Stakeholders often vary considerably in their abilities to negotiate accountability expectations: Donor agencies may have clear standards and considerable capacity to impose them, while clients may have little experience or capacity to protect their interests. It is not surprising that many INGO activities are perceived as “donor-driven,” since donor voices are often the main ones heard in negotiating accountability expectations. Paying explicit attention to a range of stakeholders can reduce the likelihood of donor dominance of accountability systems by default.

Systematic accountability negotiations with all stakeholders is potentially a huge task. As in the assessment of priorities, negotiations should begin with high priority stakeholders, particularly those whose expectations have not been clearly voiced in the past. Donors often negotiate for results as a matter of course; clients or staff may be less involved in such discussions, even though they are greatly affected by the ways INGOs define and measure accountabilities. Negotiating expectations with stakeholders who perceive themselves to be less powerful or knowledgeable than the INGO can be particularly challenging, and may require special sensitivities or skills from INGO representatives to promote participation and shared decision-making. Not all negotiations end in agreements, of course, but even articulating areas of disagreement about expectations can be the grounds for joint learning and mutual accountability in the future.

The nature of the negotiations will also turn on the form of accountability to be constructed. Thus in principal agent forms of accountability; the process reflects the asymmetries of power among the parties and focuses on the needs and interests of the principal. In contractual accountability negotiations, the parties bargain from relatively equal power bases and seek to establish specific agreements about how and for what they will hold each other accountable. In mutual accountability negotiations, the parties articulate shared values and commitments and build mutual understanding about their responsibilities in the effort to achieve them.¹⁶ The emphasis in principal agent agreements may be in setting the right incentives for agents; the emphasis in contracting may be on negotiating a mutually rewarding agreement; and the emphasis in mutual accountability may be on building trust in each other to invest seriously in achieving shared visions of the future.¹⁷

3.2 Creating Performance Measurement Systems

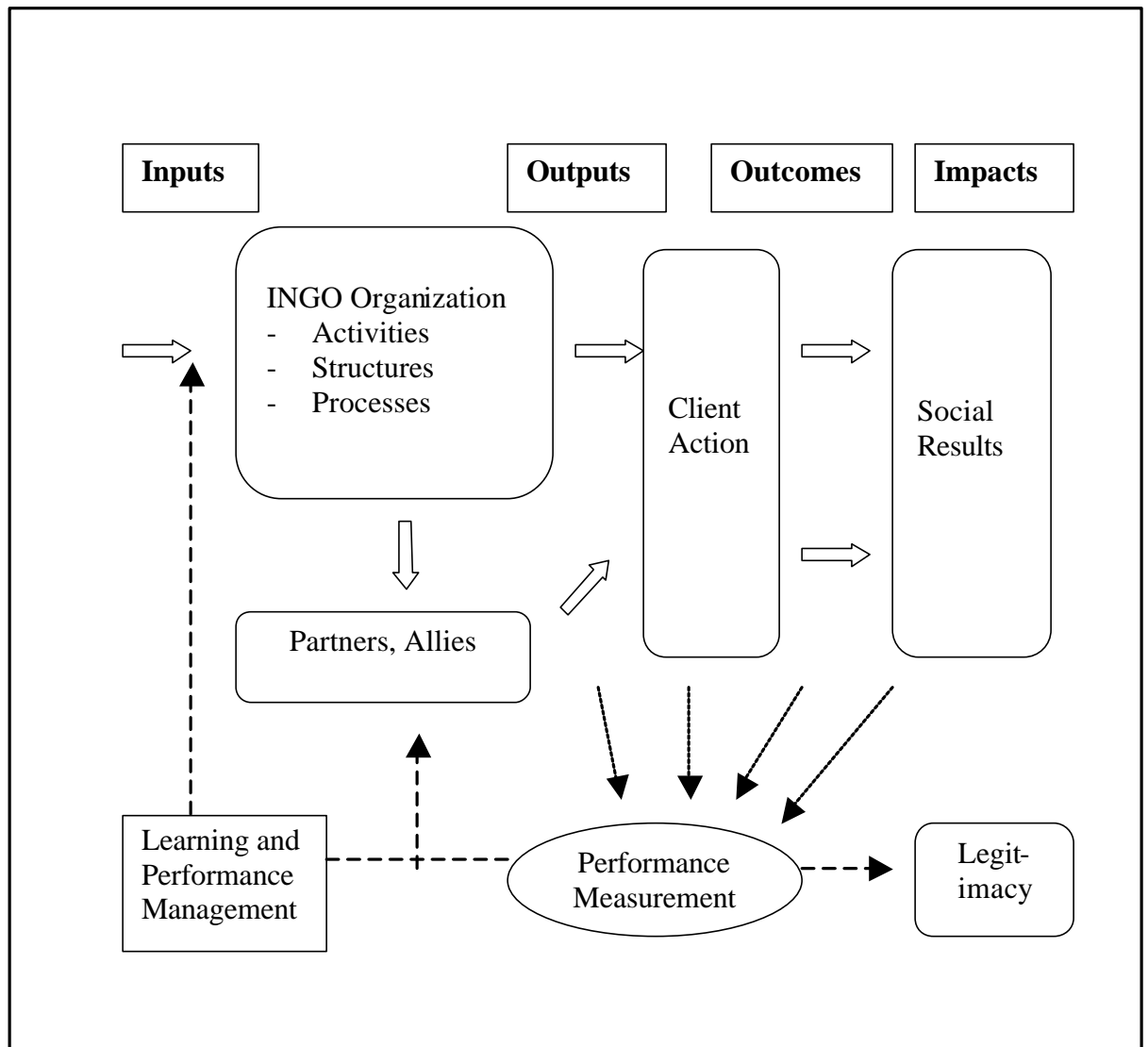
Negotiating expectations for accountability involves decisions about what the INGO will do, and how that performance can be measured. Note that the results of INGO work may be particularly difficult to assess: Outcomes like improved services, enhanced capacity, or policy reform are often difficult to measure in themselves, sufficiently distant in time to be little use for immediate managerial guidance, and subject to a variety of influences other than the INGO. So performance measures for INGOs are often inherently more ambiguous than criteria like profitability for business organizations.

Nonetheless, it is feasible to develop indicators that enable performance measurement and management in INGOs. Figure 3 adds a performance measurement system to the value chain of Figure 2. Dotted arrows into the performance measurement system suggest areas from which performance indicators might be drawn, including organizational processes (program activities, accounting), organizational outputs (people trained, immunizations delivered), client outcomes (changed behaviors, satisfaction), and social impacts or results (improvements in incomes, reductions in child mortality). Dashed arrows out of the measurement system suggest the use of that information for performance management and organizational learning on the left side of the figure and for enhancing legitimacy of the INGO to the right side.

While many analysts have argued for focusing analysis on outcomes and impacts at the right of Figure 3, those results are often sufficiently distant in time and cause from INGO activity to be less useful for managing performance than more organizationally proximate indicators like outputs and processes. Ideally, studies of long-term impacts can strengthen the theoretical connections among elements of the INGOs' value chain to make process, output, and immediate outcomes useful proxies for the intended long-term impacts. Thus INGOs might find from research studies that outputs like literacy skills after a women's literacy program (output) and increased participant use of information (outcomes) are associated over time with impacts like increased incomes and more political influence. This finding would reinforce measuring performance by literacy output indicators as a predictor of longer-term impacts.

The nature of indicators, the data collection methods, and the analysis and interpretation of results for a performance measurement system must be tailored to specific INGO strategies, programs and stakeholders. Negotiating expectations can engage stakeholders in identifying relevant and accessible indicators. There are large literatures on program evaluation, on assessing nonprofit accountability and performance, and on measuring development outcomes.¹⁸ For our purposes, constructing a system that produces performance indicators that are relevant and credible to key stakeholders is centrally important to enhancing accountability to them.

Figure 2: Value Creation Chain and Accountability System



3.3 Communicating Results and Enabling Sanctions.

Accountability systems also require arrangements for communicating the results of performance measurement and recognizing those results in ways that encourage performance improvement. How will stakeholders learn about INGO performance indicators, and what options do they have for sanctioning good and bad performance?

Communications systems provide stakeholders with information about INGO performance, from reports and evaluations of specific programs (often required by donors) to annual reports and audits of the INGO as a whole (sometimes offered to Boards, staff, or home country regulators). Existing systems for communicating performance results are often closely tied to stakeholders who have the political voice and will to demand information about performance. When INGOs become widely visible as consumers of public or voluntary resources, then media attention may make information about their performance widely available. Many relief and development INGOs in the US and Europe, for example, have been the subject of media exposes about controversial uses of taxpayer or charitable donations.

Recognition, rewards and sanctions for INGO performance are not easily available for other stakeholders. Marginalized villagers in developing countries, for example, cannot easily challenge an international NGO, and junior staff may be unwilling to raise questions about the decisions and performance of their organizational superiors. But INGOs can create communications systems to generate and share information about organizational activities with a wide range of stakeholders, from learning conferences with staff and allies to reflect on program delivery to workshops with clients or beneficiaries to assess and improve program performance. NGOs that rely on reputations for supporting marginalized populations may be particularly vulnerable to charges that they do not live up to their own values. INGOs who have “named and shamed” business and government actors for deviations from good policy and practice themselves can be seriously harmed by questions about their credibility and accountability to their disadvantaged constituents. When targets of policy influence campaigns can substantiate charges that INGOs do not in fact speak for grassroots groups they claim to represent, the credibility of the INGOs can be impaired with larger publics as well as those targets.¹⁹

Such risks can also help INGOs resist pressures from powerful stakeholders. When INGOs argue for participatory approaches and accountability to local clients in capacity-building programs, they may be able to reduce donor controls over activities that would otherwise make flexibility in response to local concerns much more difficult. So creating communication and recognition systems that strengthen accountability pressures from otherwise unheard clients and allies may help to balance pressures from powerful constituents that threaten to distort programs away from the local needs and concerns.

4. Using Accountability Systems

Accountability systems constructed to generate information about INGO performance offer a number of opportunities to enhance the organization’s capacity to carry out its mission. We will briefly consider three such opportunities: (1) creating performance management systems to focus and reward the efforts of staff and allies engaged in operational activities, (2) enabling organizational learning from ongoing experience to enhance strategic and operational

effectiveness, and (3) enhancing organizational legitimacy with key internal and external audiences by articulating and living up to mission- and strategy-based standards and expectations.

4.1 Managing Performance

Performance management systems use systematic analysis of value creation chains to construct organizational arrangements that foster better performance. Defining strategic goals, identifying and negotiating stakeholder expectations, and creating performance measurements can be the basis for defining organizational roles and responsibilities, designing structures and tasks, and constructing reward systems to enhance performance of key activities.

Clarifying critical performance measures and accountabilities may have important implications for how the agency should be organized. When the Nature Conservancy recognized that measuring its performance in terms of “bucks and acres” (referring to funds raised and acres under conservation) did not have much to do with its long-term goal of preserving biodiversity, the creation of a new performance measurement system focused on biodiversity preservation changed how it organized and assessed its work.²⁰ The standards for performance of particular roles or departments in an organization can focus attention and resources on accomplishing tasks that are critical to mission accomplishment. As critical tasks and targets are identified, INGO leaders can make sure that relevant staff members understand that they will be assessed, rewarded and promoted on the basis of how well they meet those challenges.

In some cases examining accountabilities and performance measures may lead to fundamental changes in organizational architectures—the interacting combinations of tasks, human resources, formal structures and systems, and informal cultural expectations that shape INGO activity in the service of its mission and strategy.²¹ When an INGO long focused on fostering local self-help projects recognized that its projects were highly vulnerable to globalization and the terms of international trade, it reframed its strategy to add an emphasis on global policy campaigns to even the odds against developing country farmers. But it was soon clear that effective campaigns required task forces composed across regions, levels, and departments that encouraged staff to be responsive and accountable to international allies and coalitions as well as local constituents. So building performance management systems may call for changing organizational architectures as well as individual roles and capacities. The more the INGO recognizes elements that are critical to producing strategic results, the more its leaders can encourage reliable and effective performance of those elements. As INGOs find themselves under pressure to do more with less and to engage in unfamiliar arenas, their ability to create systems that foster and support high performance will become increasingly critical.²²

4.2 Enabling Organizational Learning

Organizational learning is an area of intense interest to for-profit organizations facing highly uncertain environments. Not surprisingly it is also critical for INGOs involved in social change and development.²³ Organizational learning can focus at several levels: Operational learning can enhance the delivery of programs and core activities, while strategic learning can reshape how the organization frames its mission and strategy for long-term impacts.²⁴ The INGO that added global campaigns to its local development projects was responding to organizational learning that indicated that some fundamental causes of poverty in developing countries are rooted in the terms of international trade—and that those problems that cannot be solved by action at the grassroots alone.

Organizational accountability systems can provide both opportunity and motive for organizational learning. Performance measurements provide opportunity by indicating how much program activity in fact leads to the outcomes and impacts predicted by value creation chains. While it is possible to learn from success, it is often particularly useful to learn from errors and failures—and such learning requires that INGOs invest the resources necessary to get and learn from good data.²⁵ When accountability systems engage key stakeholders in discussing past experience and negotiating future expectations, the INGO can benefit from diverse perspectives on its work and impacts.

Investments in organizational learning may be seen as inviting trouble by some INGOs. After all, program assessments have moral, legal, or prudential consequences. Dissatisfied clients may seek other providers of services; dissatisfied partners and staff may leave the INGO or reduce their investment in its programs; dissatisfied donors may withdraw their support and decide against funding future initiatives. So why would INGOs want to create and use accountability systems that might reveal failures to achieve expected results? The increasing interest in assessing and holding INGOs accountable is related to their growing visibility around the world: The “low-profile” choice is less available than it once was. INGOs that construct and use their own performance indicators and accountability systems also have some influence in choosing the standards to which they will be held. If by inaction they leave the choice of standards to others, they may be assessed in terms that are irrelevant to or even contradictory to their missions. Media exposes of child sponsorship organizations, for example, focused on direct services to specific children, an approach widely rejected as ineffective or even harmful by experienced agencies. The subsequent alliance to build shared industry standards grew in part out of their desire to be measured on the grounds of best practice rather than the standards of muck-raking journalists.²⁶

4.3 Strengthening Legitimacy

Accountability systems can also produce ingredients for strengthening INGO legitimacy. As INGOs become more visible and influential with governments, multinational corporations, intergovernmental organizations and other large-scale actors, they are increasingly asked “Why should we listen to you?” and “Who do you represent?” These questions in essence ask about their legitimacy as a voice on the issue. On what basis can the INGO claim justification for being heard?

Many of these questions focus on the “representation” issue, suggesting that “unelected NGOs” do not have a legitimate voice in governance issues.²⁷ The issue of legitimacy is complicated, and cannot be simply resolved here. But it does seem clear that *political legitimacy* based on representativeness of some group is only one of several possible bases for legitimate INGO influence. Other bases include *moral legitimacy* that can be grounded in allegiance to some transcendent value, or *legal legitimacy* that comes out of compliance with legal requirements, or *expert legitimacy* that grows out of technical expertise and past performance.²⁸ One advantage of constructing an accountability system is that it requires INGO leaders to articulate missions and priorities and to be explicit about how they measure success, even in contexts where unequivocal and unambiguous answers are not available.

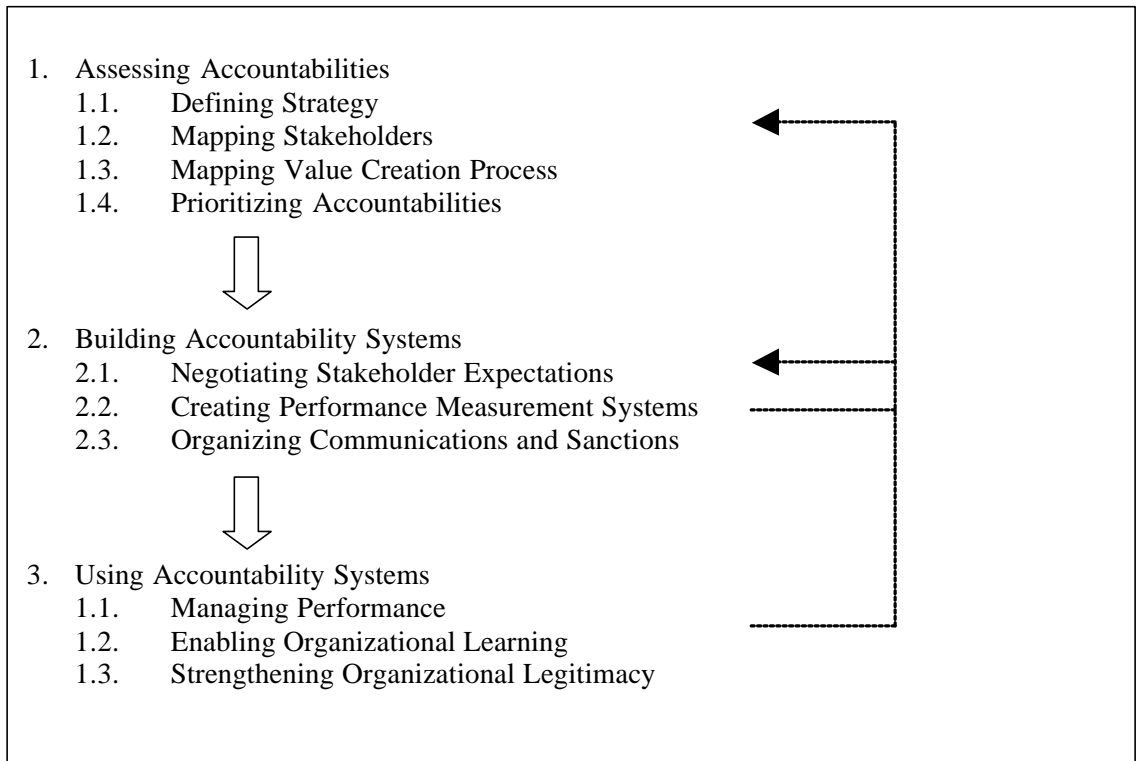
Perhaps more important, work on accountability systems may enable INGO leaders and their organizations to actively embrace accountability implications of their missions and strategies rather than wait for others’ criticisms. Strategic choices about accountabilities enable INGOs to clarify and explain their priorities and why they are appropriate to their missions and strategies. In fields where the histories of practice have begun to identify “best practices” and standards of

effectiveness, INGOs may jointly define domain standards rather than waiting for antagonistic outsiders to hold them accountable to inappropriate tests and measures. Engaging with diverse stakeholders to articulate expectations may also contribute to defining domain expectations. In short, explicit engagements with stakeholders and other INGOs on accountabilities can help INGOs and civil society actors build understanding of the sector and its contributions to societies.

5. Conclusion

Table 3 summarizes the processes we have described for assessing, constructing and using accountability systems. These are not intended to represent a necessary sequence of steps. The dotted lines are intended to suggest feedback loops among the processes by which later steps in this discussion may shape the ongoing definitions of earlier steps. In fact, many accountability systems “just grow” without much explicit attention. But “just growing” accountability systems often creates arrangements that serve some stakeholders at the expense of others, such as making the INGO accountable to wealthy and powerful stakeholders like donors, while ignoring the marginalized populations that the INGO was organized to support. So explicit attention to constructing systems that support and reinforce INGO missions, strategies and values can be well worth the cost.

Table 4. Building Organizational Accountability Systems



Legitimacy is a growing concern for INGOs and other civil society actors in a world where value-based influence is increasingly important. Organizational learning is vital when INGOs seek to catalyze innovation and rapid response to rapid changes in national and global contexts. Performance management is increasingly central as INGOs seek to do more with less, in

circumstances where they are always struggling with problems that dwarf the resources available. All three can benefit from increased attention by INGO leaders to the challenges of understanding their multiple accountabilities and to constructing systems that align those accountabilities with the accomplishment of their missions and strategies.

Endnotes

- ¹ See for examples Edwards, M. (2000). NGO Rights and Responsibilities: A New Deal for Global Governance. London: The Foreign Policy Centre; and Edwards, M., & Hulme, D. (Eds.). (1992). Making a Difference. London: Earthscan; and Jordan, L. and P. V. Tuijl (2000). Political Responsibility in Transnational NGO Advocacy. World Development 28(12): 2051-2065.
- ² See Behn, R. (2001). Rethinking Democratic Accountability. Washington, DC: Brookings Institution; and Cutt, J. and V. Murray (2000). Accountability and Effectiveness Evaluation in Non-profit Organizations. London: Routledge. (e.g., Behn, 2001; Cutt & Murray, 2000).
- ³ See Cutt & Murray, 2000, op cit. and Brown, L. D., & Moore, M. H. (2001). Accountability, Strategy and International Nongovernmental Organizations. Nonprofit and Voluntary Sector Quarterly, 30(3), 569-587 .
- ⁴ Behn, R. 2001, op cit.; and Behn, R. (2003). Rethinking Accountability in Education: How Should Who Hold Whom Accountable for What? International Public Management Journal, 6(1), 43-73.
- ⁵ This section draws heavily on M.H. Moore, L.D. Brown, and J.P. Honan (2003). Strengthening the Accountability of International Non-Governmental Organizations: An Analytic Framework and Implementation Guidelines. Hauser Center for Nonprofit Organizations.
- ⁶ See for example, Jensen, M., & Meckling, W. (1976). Theory of the Firm: Managerial Behavior, Agency Costs, and Capital Structure. Journal of Financial Economics, 3, 305-360..
- ⁷ See Raiffa, H. (1982). The Art and Science of Negotiation. Cambridge: Harvard/Belknap and Lax, D., & Sabenius, J. K. (1986). The Manager As Negotiator: Bargaining for Cooperation and Competitive Gain. New York: Free Press.
- ⁸ See Behn, 2003, op. cit. pp. 61-72; and Ebrahim, A. (2003). Accountability in Practice: Mechanisms for NGOs. World Development, 31(3), 813-829
- ⁹ Brown, L.D. (2002) Multiparty Social Action and Mutual Accountability, Hauser Center for Nonprofit Organizations Working Paper; and Vangen, S., & Huxham, C. (2003). Nurturing Collaborative Relations: Building Trust in Interorganizational Collaboration. Journal of Applied Behavioral Science, 39(1), 5-31.
- ¹⁰ See Goodin, R.E. (2003) Democratic Accountability: The Third Sector and All, Hauser Center Working Paper #19, for a conceptual comparison of the accountabilities of the state, market, and civil society sectors. Explorations of mutual accountability among NGOs can be found in Ashman, D. (2001). Strengthening North-South Partnerships for Sustainable Development. Nonprofit and Voluntary Sector Quarterly, 30(1), 74-98; and InterAction, Africa Liaison Program Initiative. (2001) Washington Week and Forum 2001. Washington, InterAction Division on Development Policy and Practice.
- ¹¹ See Moore, Brown & Honan, op. cit., (2003) for a more detailed analysis of the differences. See L. D. Brown, 2002, op. cit. for comparisons of principal-agent, representative, and mutual forms of accountability.
- ¹² Moore, M. (2000). Managing for Value: Organizational Strategy in For-profit, Nonprofit, and Governmental Organizations. Nonprofit and Voluntary Sector Quarterly, 29(1, Supplement.), 183-204.
- ¹³ See Ebrahim, A. (2003), op. cit.
- ¹⁴ Brown & Moore, 2001, op. cit.
- ¹⁵ See Ebrahim, A. (2003), op. cit.
- ¹⁶ The concept of “responsibility” implies that the parties have agreed on shared goals and accepted an obligation to participate in achieving it. Such goals may be quite generally defined, and so leave a lot of room for creative action in response to shifting conditions, and “buying in” to responsibility can be the basis for major internally-driven efforts to “keep the faith.” See Behn, op. cit., 2003.
- ¹⁷ The trust that is at the heart of mutual accountability-based systems is not always easy to construct, particularly if the parties have histories of misunderstanding or conflict. ~~But there~~ is a lot of evidence that under some circumstances trust can gradually be developed across major gulfs. ~~For example~~ see Browning, L. D., Beyer, J. M., & Shetler, J. C. (1995). Building Cooperation in a Competitive Industry: SEMATECH and the Semiconductor Industry. Academy of Management Journal 38(1), 113-153; and Vangen, S., & Huxham, C. (2003). Nurturing Collaborative Relations: Building Trust in Interorganizational Collaboration. Journal of Applied Behavioral Science, 39(1), 5-31.
- ¹⁸ See for examples of evaluation research, Fetterman, D. M., Kaftarian, S. J., & Wandersman, A. (Eds.). (1996). Empowerment Evaluation: Knowledge and Tools for Self-Assessment and Accountability. Thousand Oaks, CA: Sage; and Wadsworth, Y. (1991). Everyday Evaluation on the Run. Melbourne:

Action Research Issues Association For examples of nonprofit accountability systems, see Cutt, J. & Murray, V. 2001 *op. cit.*; and Ebrahim, 2003, *op. cit.* For work on assessment of development activity, see e.g., Earl, S., Carden, F., & Smutylo, T. (2001). Outcome Mapping: Building Learning and Reflection into Development Programs. Ottawa: International Development and Research Centre; and Estrella, M., & Others, (2000). Learning from Change: Issues and Experiences in Participatory Monitoring and Evaluation. London: Intermediate Technology Publications.

¹⁹ Van Tuijl, P. & Jordan, L. 2000, *op. cit.*; and Fox, J., & Brown, L. D. (1998). The Struggle for Accountability: NGOs, Social Movements, and the World Bank. Cambridge, MA: MIT Press.

²⁰ Sawhill, J. (2001), Mission Impossible: Measuring Success in Nonprofit Organizations, Working paper for the Social Enterprise Center, Harvard School of Business.

²¹ See for example, D.A. Nadler and M.L. Tushman, Designing Organizations that Have Good Fit, in D.A. Nadler, et. al., Organizational Architecture, San Francisco: Jossey-Bass, 1992, 39-56.

²² As INGOs become more visible and the limits of states also become more obvious, INGOs are increasingly asked to carry out more challenging roles, usually with relatively few resources in comparison to the size of the problem. See Lindenberg, M., & Bryant, C. (2001). Going Global: Transforming Relief and Development NGOs. Bloomfield, CT: Kumarian Press.

²³ See Korten, D. C. (1980). Rural Organization and Rural Development: A Learning Process Approach. Public Administration Review, 40, 480-511; Smillie, I., & Hailey, J. (2001). Managing for Change: Leadership, Strategy and Management in Asian NGOs. London: Earthscan; and Uphoff, N., Esman, M., & Krishna, A. (1998). Reasons for Success: Learning from Instructive Experiences in Rural Development. West Hartford, CT: Kumarian Press.

²⁴ See Argyris, C., & Schon, D. (1978). Organizational Learning: A Theory of Action Perspective. Reading, MA: Addison-Wesley Publishing

²⁵ In their study of successful Asian development NGOs, Smillie and Hailey found evidence that effective NGOs did invest significant resources in learning from their experience, and that without such investments little learning took place. See Smillie & Hailey, 2001, *op. cit.*

²⁶ For a description of the issues involved in this effort to set domain standards, see Standards for Child Sponsorship Agencies (A) and (B), Kennedy School of Government Case No C16.02.1664 and 1665, 2002.

²⁷ A June, 2003 international conference sponsored by two conservative foundations, like the American Enterprise Institute, has just announced “NGO Watch” to guard against illegitimate influence by “unelected NGOs,” like Oxfam and Amnesty International.

²⁸ See Edwards, M. (2001, *op. cit.*; and Brown, L. D., Civil Society Legitimacy: A Discussion Guide, in Brown L. D., (Ed.). (2001). Practice-Research Engagement and Civil Society in a Globalizing World. Vancouver, BC: CIVICUS: World Alliance for Citizen Participation and Hauser Center for Nonprofit Organizations.