NGLS

DEVELOPMENT DOSSIER

DEBATING NGO ACCOUNTABILITY

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INTRODUCTION

Read the newspapers or switch on the television, and you will soon hear a story about the bad behaviour of someone in government or business. In a world of accounting scandals and scurrilous politicians, perhaps the only thing we can trust in is that our trust will be breached. The desire for power is often said to be the cause of this social malaise and so, conversely, we may anticipate integrity in those who do not desire such power for themselves, but to help others. Many of us have a natural inclination for trusting those who work for the benefit of others. Yet a higher expectation makes for a harder fall. While bad behaviour is no longer much of a story – hypocrisy is.

The massive relief effort by non-governmental organizations (NGOs) after the 2004 Asian Tsunami was testimony to the skills and power of many NGOs. However, it also heightened concerns about opportunities for the misuse and abuse of humanitarian funds. Within months there were protests in Sri Lanka against corrupt aid distribution (Agence France Presse, 2005), and questions about the will of the government to address this challenge (Perera, 2005). In Indonesia, even the coordinator of an NGO tasked with challenging corruption in the relief effort, was arrested by police for alleged corruption, raising doubts about both NGOs and law enforcement authorities (Deutsche Presse-Agentur, 2005).

In the few years previous to the Tsunami, the media reported an increasing number of scandals involving charitable organizations in the US and around the world (Gibelman and Gelman, 2001). To illustrate, in just a few months major US newspapers such as the *New York Times*, *Washington Post*, and *Wall Street Journal* published over 30 articles about the ethical failures of such organizations. They flagged the sky-high salaries of top executives, and expenses for offices, travel and other perks. They highlighted conflicts of interest,

failures to adhere to an organization's mission, questionable fund-raising practices, and a lack of transparency. They challenged the accountability of those who we thought we could trust (Shiras, 2003). Opinion polls show that around the world the levels of trust in non-profit non-governmental organizations is still higher than in business and government, but is on the decline (WEF, 2003). [1]

Seizing on this suspicious sentiment, in 2003 the American Enterprise Institute (AEI) and the Federalist Society for Law and Public Policy Studies launched a project called "NGOWatch." Rather than focusing on malpractice and scandal, this project seeks to question the role of certain organizations in political life. They set out to examine the "extraordinary growth" of NGOs, which have, they warn, "the potential to undermine the sovereignty of con-stitutional democracies" (AEI, 2003, p1).

The fact that this project uses the acronym "NGO" shows how pop-ular the term has become over the 60 years since it appeared in the UN Charter. NGO is often used to refer to a particular type of orga-nization which is neither governmental nor seeking governmental power, and which is not seeking to make a profit either. NGO is used predominantly to refer to such organizations that work on issues that came to prominence in the West during the 1960s. Hence not-for-profit non-governmental organizations that work on issues such as environmental protection, human rights [2] and international development are often referred to as NGOs. Today "engeeooh" is a common sound in the political patois of the international com-munity. Its appeal reaches beyond this: "NGO" even scores more hits than the country "UAE," in a Google search of these three-letter acronyms – although this is still only a quarter of the hits that "MTV" receives.[3]

The ubiquity of the term indicates the growth of these forms of orga-nization in recent times. Membership of NGOs grew dramatically in the West during the 1990s, an example being the seven major envi-

ronmental groups in the US, whose combined membership grew from 5.3 to 9.5 million between 1980 and 1990 (Cairncross, 1995). This happened at a time when other forms of political participation fell, such as membership of political parties and voter turnout. In parallel with technological, economic and political changes brought by globalization, these groups increased their international networks and activities. Thus the 1990s witnessed a booming number of international NGOs, with around one-quarter of those in existence in 2000 having been created in the previous decade (Anheier et al., 2001). Some have described this as a global associational revolution (Salamon et al., 1999), creating a "globalization from below" (Giddens, 1999, p8).

Such phrases illustrate the belief that the influence of NGOs in the world is on the rise, and they do at times appear able to influence the decision making of governments, intergovernmental organizations (IGOs) and businesses (Keck and Sikkink, 1998; Bendell, 2000). As the World Bank (2005, p3) notes, "as the influence of [NGOs] continues to grow, they are also attracting greater public scrutiny, prompting calls for greater accountability." The extent of this influence is hotly debated, however, as discussed in Chapter 3. The sense that NGOs do have increasing presence and influence at the international level is leading some political analysts and policy makers to question their legitimacy for such a role, and it is in this context that questions of NGO accountability also arise (Van Rooy, 2004).

Defensive reactions from NGOs to accusations of unethical behaviour and a lack of accountability is both typical and understandable. The question of organizational accountability is seen as a bureaucratic hurdle at best, and at worst as a threat to achieving an NGO's aims. Some fear that any toughening of accountability may lead to an overbearing influence from funders and governments, which could then lead to cooptation and a deflection of original purpose (Najam, 2000), or lead to the stymieing of innovation and reducing the diversity of NGOs (Cnaan, 1996).

When NGOs hold their own debates about improving their management, accountability is often seen in limited terms as an administrative duty, with other concepts such as responsibility, values and effectiveness being used to frame a discussion of the positive attributes of NGOs. Although the recent attention to NGO accountability has been promoted by those who appear to want to undermine the objectives of these organizations, or in response to particular scandals, there are important reasons why those who support associational life should actively engage on accountability issues. For one, corrupt or self-interested use of non-governmental not-for-profit forms of organization does exist around the world and threatens to undermine support for voluntary activity. In countries newly independent of the Soviet Union, and in Russia, NGOs are often perceived as covers for organized crime, in Bangladesh and Pakistan NGOs are sometimes seen as fronts for fundamentalist causes, and in Central Asia they can serve as platforms for failed politicians. Consequently, the growth in NGOs should not be assumed to mean a growth in support for or positive contribution by NGOs (Fowler, 2002, p. 5). In addition to addressing these risks to the image of the voluntary sector, a deeper exploration of what accountability means and why it is important actually provides an opportunity to reflect on democracy and rights, and points toward a common progressive agenda.

Although calls for the greater accountability of NGOs have become louder in recent years, the issue has been recognized by many NGOs for decades and a wide range of experience and scholarship exists on some of the problems and solutions. That scholarship has largely focused on two key areas – international development assistance, where questions of an organization's accountability to their intended beneficiaries are considered (Ebrahim, 2003a and b; Edwards and Hulme, 1996; Najam, 1996), and policy advocacy, where questions about freedom of expression and diversity and legitimacy of representation are debated (Clark, 2003; Hudson 2000; Jordan and Van Tuijl, 2000; Scholte, 2003; Van Rooy, 2004).

Although there are a variety of organizations that are neither governmental nor commercial, and that engage in a whole range of activities that influence modern society, this *Dossier* focuses on activities that concern the key constituencies of the United Nations. Thus the accountability challenges arising from NGO involvement in international development assistance and engagement with global governance are discussed. The *Dossier* is therefore mostly concerned with those NGOs that are headquartered in the West, as these lead much international development assistance and have a longer history of engagement with IGOs. The aim of this publication is to help those within the UN system and those NGOs that engage with it to develop an understanding of the current debate, and practice, and reveal some of the myths, as well as pointing towards a more progressive agenda on NGO accountability.

Chapter 1 of this publication considers the concept of accountability and proposes "democratic accountability" as a useful framework for policy making. It is based on an understanding of democracy as multiple mechanisms for self-determination, rather than elections. Chapter 2 turns to the issue of NGO accountability in providing international development assistance, and reveals a wide range of responses to these issues from NGOs themselves, many of which have been running for some years and illustrate how NGOs can and are grappling with this issue on their own terms. The challenge of promoting accountability to the intended beneficiaries of development work by increasing their participation is discussed, as well as issues arising from the upturn in NGO advocacy.

Chapter 3 examines the issue of NGO engagement in global governance, particularly with intergovernmental organizations. The experience and current policy challenges of the United Nations are summarized, including the accountability issues arising from a greater emphasis on engagement and partnership with non-State actors. Chapter 4 presents a selection of new regulations and initiatives on NGO accountability to highlight some of the challenges associated

with trying to promote accountability, if not grounded in democratic accountability.

Chapter 5 discusses the accountability of donors, and then the comparative accountability of other organizations, particularly those organizations which are, like NGOs, non-governmental and not-for-profit, but which are currently left out from most debates about organizational accountability. In Chapter 6 the comparative accountability of corporations and governments is discussed, with the finding that if and when NGOs operate in an unaccountable manner, the damage caused is often less significant than that of other types of organizations. This broader and comparative perspective also leads to the insight that accountability itself is not simply a "good thing" as so often assumed, but it is the accountability of decision making to those affected by such decisions that is important to promote, and the accountability of a specific organization or person is sometimes functional toward this democratic end, but sometimes not.

The *Dossier* demonstrates that there is a lot happening to address accountability deficits, and that these initiatives need to be developed carefully so as not to be counter-productive. There is room for improvement, however, and recommendations are made throughout the text. The *Dossier* therefore provides an introduction to the debate and some recommendations, and is not intended as a comprehensive review of the huge diversity of initiatives, research and tools on NGO accountability around the world.

Box 1: Key Questions to Put to NGOs Seeking Participation in IGO Deliberations

Do NGOs claim to:

- be dependently affected by the issues being discussed (or not being discussed);

- be mandated by those who are;

- have relevant experience of the issues being discussed, or the process of discussion;

- have relevant expertise on the issues;

- express an opinion or come from a group that has not been heard at this deliberation and is relevant to it;

- express a view relevant to ensuring the process of deliberation promotes democratic accountability and fulfilment of human rights?

NGOs should claim at least one of these primary bases for the validity of their voice. In addition, there are secondary issues concerning authenticity and openness, which would enhance the quality and validity of the voice. NGOs should be asked whether they claim to:

- be transparent;

- be honest about the constituencies they serve or seek;

- seek to practice what they preach;

- be open to empathy and inquiry.

Each topic would require exploration by a series of sub-questions that requested substantiation and clarification.

Box II: Types of Voluntary NGO Accountability Mechanisms

Accountability Mechanisms	Definition	Example
Elections	Election of board members by NGO members	World Development Movement (WDM), Friends of the Earth (FOE)
Board Appointments	Appointment of independent board members from key stakeholder groups	World Wide Fund for Nature (WWF)
Monitoring and Evolution	Assessing performance against a set of pre-defined goals for the funded activity	A requirement of most bilateral aid agency funded projects (OECD-DAC)
Standards and Codes of Conduct	Documented statements of how an organization and its staff should operate, adopted by one or a collection of organizations	Human Accountability Project (HAP-I), People In Aid
Certifications	Auditing organizations against, and endorsing them as in conformity with, specific standards or codes	Société Générale de Surveillance (SGS) NGO Certification, Philippine Council for NGO Certification
Ratings	Assessing organizations against a standard or code, and rating their performance, whether requested or not	Global Accountability Project (GAP), Charity Navigator
Reporting	Publishing of performance, sometimes against using a specific standard, to a specific organization or the public	Financial reports are required in most countries, and most large NGOs publish annual reports on progress, for donors or members
Dialogue and Participation	Involvement of affected persons in decision making on, or implementation of, specific projects	ActionAid

Conclusion

This *Dossier* has demonstrated that although many NGOs are not yet actively considering their own accountability, there is a significant amount of initiative and experience that can be drawn upon to ensure NGOs develop their accountability to those they seek to serve. The argument that NGOs are behind business or government in their accountability has been firmly rejected.

There is growing criticism of NGOs, which should not be ignored. The current accountability debates will be damaging if they are driven by politicians or corporate executives who seek to undermine NGOs or accountants and consultants who seek to create markets for their services.

Future work on NGO accountability must be based explicitly on the concept of democratic accountability. Otherwise it could lead to less accountable decision making in society as a whole, by hampering processes of holding corporations and governments accountable. Therefore, unless they address issues of comparative power in society and frame their work in the context of democratic accountability, even those initiatives on NGO accountability which do not seek to hinder NGOs may actually do so.

People working within NGOs and the international community should engage with the concerns of their critics and channel them toward the truly troubling un-accountabilities in society, and help move us beyond a focus on organizational accountability towards one of societal democracy.

What might seem like a coming crisis of legitimacy for NGOs actually provides an opportunity to explore what we most value in their work, and to then identify and articulate those values that are common to it.