

*Mohammad Mohabbat Khan*

## **THE STATE OF NGO ACCOUNTABILITY: TWO CASE STUDIES FROM BANGLADESH**

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### **Abstract**

Non-governmental organizations (NGOs) are a global phenomenon. The size, area of coverage and spending capacity of NGOs have registered significant increase. Consequently, their impact on government, economy and society remains considerable. As a result, holding NGOs accountable for their activities has become critical. For NGOs accountability can be multiple. In reality holding NGOs accountable is not an easy task. Research in this important area has been few. Successful models of some big NGOs in Bangladesh in the areas of micro credit, non-formal education and primary health care are being replicated in other developing countries. NGOs play a dominant role in the polity. also They cover majority of the villages in the country, receive and disburse billions of taka as credit to rural poor and continue to pioneer innovative programmes. In Bangladesh, NGO accountability has both internal and external dimensions. Internal accountability mechanisms include a governing body and an executive committee. A system of downward accountability of the NGOs to the poor has not been developed. Externally, NGOs are accountable to the government and donors. Case studies of two NGOs - BRAC and ASA - confirm that both internal and external mechanisms are in place. At the end of the paper accountability is linked to the concept of governance and the role NGOs can play in the process of operationalizing the key precepts of good governance to help the poor to fight for their rights.

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**Dr. Mohammad Mohabbat Khan** is Professor, Department of Public Administration, currently a Member of the Bangladesh Public Service Commission on deputation. His e-mail is : [mmkhan@bangla.net](mailto:mmkhan@bangla.net)

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## INTRODUCTION

Non-governmental organizations (NGOs) are now a global phenomenon. The impact of NGOs as a consequence has been considerable on polity and development in many societies. Along with size, the area of coverage and the spending capacity of NGOs have also marked significant increase. In OECD countries, 4,000 NGOs exist and together they manage and distribute assistance worth approximately US \$ 3 billion (Clark, 1991). During 1980-1993 the number of registered NGOs in OECD countries almost doubled (Smilie and Helmich, 1993). Their spending during the period nearly doubled, as it ranged between US\$ 2.8 billion dollars to US \$ 5.7 billion dollars (OECD, 1994). There were 176 international NGOs in 1909 and their number shot up to 28,900 by 1993 (Commission on Global Governance 1995). At the same time, the number of NGOs in developing countries has also increased manifold. NGOs are now active in many countries of Asia, Africa, Latin America and the Middle East. In Russia, 65,000 NGOs are now working (*The Economist*, 29 January 2000). In Kenya, 240 NGOs are created every year (*The Economist*, 29 January 2000). By one estimate 2 million NGOs have been operating in the USA (*The Economist*, 29 January 2000). NGOs, national or international, have been involved in providing services in the areas of health, education, credit and relief.

It may be worthwhile to find out why the numbers and scope of activities of NGOs have burgeoned in recent years. Some believe that the rise of NGOs is not an accident; rather it is because of increasing popularity that the NGOs enjoy vis-à-vis the government and official aid agencies (Edwards and Hulme, 1995:4). Others have argued persuasively that, due to the adoption of a 'New Policy Agenda' by developed countries and donor community after the Cold War, the rationale behind development policy and aid transfer has changed significantly (Moore 1993; Robinson, 1994). The two key components of the 'New Policy Agenda' are markets and private

initiative and the emphasis on democratization (Edwards and Hulme, 1995:4; Colclough and Manor, 1991). Markets and private enterprises are considered to be the most efficient vehicles for attaining economic growth and providing maximum service to most people. NGOs are also considered, along with grassroots organizations (GROs), essential means through which the process of democratization can be facilitated in an authoritarian society. NGOs and GROs are critical components of the civil society. It is also argued that a prosperous civil society is an essential counterweight to state power and NGOs play a key role along with other third sector institutions in preventing civil society from being dominated by business or other sectors interests (Edwards, 1994: 72).

There are a number of arguments, which are used to justify the near-inevitability of NGOs, premised primarily on the shrinking role of the state and flexibility and effectiveness of NGOs to reach and serve the poor. NGOs are considered as trendsetters in development and hence the popularity of the term alternative development strategies vis-à-vis NGOs, (Drabek, 1987). Also it is observed that NGOs have generally been able to reach the poor where the government failed (Brown and Korten, 1991). Advantages of NGOs over a public agency are numerous and varied. These are: capacity to reach the poor and work with them in remote areas (Cernea, 1988); capacity to effectively encourage and promote local participation (Wilson, 1983; Kozlowski, 1983); capacity to work quickly and with other relevant agencies in a flexible manner (Begum, 2000); capacity to experiment, innovate and adapt (Begum, 2000); capacity to facilitate local resource mobilization and ensure local development (Brown and Korten, 1991; World Bank, 1995); and advocacy capability (Begum, 2000).

The increasingly widening role of NGOs in many societies also needs to be understood in terms of their relationship with the civil society. Any attempt to discern such a relationship must be preceded

by an understanding of what the terms NGO and civil society mean. NGOs and civil society still lack universally accepted definitions. Voluntarism and autonomy from the state are key common ingredients of both. An NGO is a formal, non-profit, non-partisan private body that comes into being as a result of personal initiative of an individual or a group of individuals to voluntarily undertake development work at grassroots level to better the lives of poor (Khan and Zafarullah, 1987). This definition touches some of the key aspects of an NGO, especially at the formative stage. Another definition, a broader one, refers to NGOs as 'those non-profit and non-governmental organizations that are active in the field of development issues in third world countries such as rural development, alleviation of poverty, nutrition and health, reproductive biology, and education; and global issues such as the environment, human rights, refugees and the population crisis' (Yamamoto, 1995:1).

Yamamoto's definition of an NGO brings it much closer to the term civil society. One development specialist even equates NGOs with civil society. For him civil society are those NGOs that are concerned with influencing state policies and are autonomous from the state and also from political parties (Blair, 1997). So it would appear that for Blair NGOs that are involved only in service delivery, relief or productivity functions are not civil society organizations. Another definition sees civil society as the action of people who have always worked on a voluntary basis, both individually and in groups, in order to improve their communities and societies (Commonwealth Foundation, 1998). This portrayal of civil society is similar to any definition of NGOs. A more useful definition of civil society is that it includes within its fold professional associations, the media, community-based organizations (CBOs), women's forums, research groups, think tanks, student fronts, trade unions, environmentalist and cultural groups that take keen interest in safeguarding peoples' civic

and political rights, in establishing justice and rule of law, in promoting democracy, pluralism, good governance and good health of the society (Rahman, 2000).

However comprehensive the definition may be, it has lot of problems. In many countries professional associations, the media, student fronts, trade unions, and cultural groups are closely aligned with political parties and the government and also receive patronage from the government if they are front organizations of the party in power. So the idea of autonomy and distinctness of the civil society comes under serious scrutiny. An attempt by Stiles (1999) to differentiate between two distinct types of civil society, i.e. conservative (business community) and progressive (mass social movements) does not enable one to see the difference between NGOs and civil society. Maybe, it is appropriate to mention that common characteristics of civil society and NGOs make the separation between the two quite difficult as a gray and thin line exists between them when both entities are on the same ground with shared vision and common goals (Rahman, 2000). Both are considered able to check the arbitrary power of the government, organize citizens and foster a climate where democracy flourishes.

The NGOs, as key components of the civil society are supposed to play an important role in governance especially in facilitating good governance. It is usually argued with conviction that existence of a strong civil society in a developing country can be critical for the institution, restoration and proper functioning of a democratic governance system. Hence the accountability of NGOs in Bangladesh assumes paramount importance in light of the country's history of repeated military takeover, poor performance of successive democratic governments, and dismal score card of both public and private sectors in terms of productivity and service delivery.

The paper attempts to critically analyze the state of accountability of NGOs in Bangladesh. The discussion begins with elaboration of the causes of enormous growth of NGOs in recent decades all over the world. Then the concept of accountability is discussed. The growth of NGOs, their accountability vis-à-vis the government, donors and beneficiaries are examined in detail. The focus then shifts to analyzing the nature of accountability systems of two well-known NGOs. At the end some key questions are raised regarding the nature and dimensions of NGO accountability in relation to good governance.

### **NGOs IN BANGLADESH**

In Bangladesh NGOs have become recognized as among the most effective change agents in the world (World Bank, 1996:1). The successful models in micro credit, non-formal education and primary health care, developed by leading Bangladeshi NGOs like Grameen Bank, BRAC and ASA, are being replicated in other developing countries (World Bank, 1996: 6). No one is sure about the number of NGOs, as registration to such bodies is given by a number of government organizations. An estimate done six years ago showed that 20,000 NGOs registered with a concerned government department (Siddiqui, 1998:299). But the number of foreign-funded NGOs is rather small. A study found in late 1995 that the number of NGOs registered with the NGO Affairs Bureau (NGOAB), an agency of the government, stood at 986 (World Bank, 1996:4). Two major reasons are usually cited for the exceptional growth of NGOs. First is the successive governments' failure to effectively eradicate poverty. Second, the preference of multilateral and development agencies to disburse assistance through NGOs because of their success in reaching and serving the poor.

By any account NGOs play a dominant role in the polity. Dominance of NGOs can be understood if one looks at the extent of

their coverage, financial resources at their disposal and innovativeness of their programs (Table 1). Data collected six years ago indicated that NGOs covered 78% of the villages and about twenty four million people, i.e. one-fifth of the population (HDC, 1999: 134). In 1997 380 NGOs disbursed loan to the tune of Tk. 15.09 billion (one dollar is equivalent to taka 55) of which the share of 20 top NGOs was Tk. 14.1 billion or nearly 95% of the total (Asaduzzaman, 1999:8). From 1990-91 to 1994-95 PKSF, a quasi-public agency established in 1990 by the government to provide funds on softer terms to small NGOs, disbursed Tk. 663m to 113 NGOs (Siddiqui, 1998: 304). Foreign funds are utilized by big NGOs. A 1992 study showed that 30 largest NGOs received 80% of the foreign fund (Siddiqui, 1998: 304). BRAC and Proshika, two of the biggest NGOs, have negotiated aid packages with donor consortia in excess of US\$ 50 million at a time (Hulme and Edwards, 1997: 7). Not only have the activities of NGOs increased manifold over the years they have also pioneered innovative programmes in such areas as poverty alleviation, gender equality, human rights, advocacy, legal aid, environmental protection, disaster management, and land reforms (World Bank, 1996: 5).

### **Accountability**

Accountability has been and continues to be a key concern in politics and administration in any country. Increasing specialization, monopolization of information, wider use of discretion and compulsion to take quick decisions all have resulted in a situation where accountability is not easy to achieve. In common parlance, accountability is holding one answerable or accountable for his/her actions. Accountability can be political and administrative. Political accountability is ensured by voters' verdict in elections. It is the effectiveness with which the governed can exercise influence over the governors. In Westminster system parliament plays a key role in

making the executive accountable through various committees, questions and answers. Administrative accountability refers to devising control mechanisms to keep the bureaucracy under surveillance and check (Khan, 1983: 683). Over the years, to achieve efficiency and facilitate customer-friendly administration, more complex structure has been established which devolves more authority downwards, reduces the number of layers, and which appreciates and encourages a more diverse range of relationships with actors outside the traditional hierarchical set up.

Many believe that traditional linking of accountability with answerability implying limited, direct and mostly formalistic responses to demands is indeed too narrow for clear understanding of what is involved in public accountability. Public accountability can be viewed as the methods and practices whereby users of government and public services and those within public bureaucracies ensure adequate levels of public service (Brautigam, 1991). In any discussion of public accountability the issues of performance and efficiency in the delivery of services naturally emerge. This necessitates one to look at what may be termed micro-level and macro-level accountabilities. Micro-level accountability deals with the availability, reliability, cost and quality of services (Robinson, 1994:40). Macro-level accountability is concerned with how public expenditure decisions are taken, controlled and monitored through accounting systems, external audit and review procedures (Robinson, 1994: 40).

Accountability can also be classified from two other perspectives - formal and informal and functional and strategic. NGO accountability may be formal and informal. Formal accountability takes into account whether agreed objectives in a programme have been met and informal accountability includes ongoing discussions between partners (Edwards and Hulme, 1995:9). Avina (1993) distinguishes between short term and long-term accountability. Edwards and Hulme (1995)



term these as functional and strategic accountability. For an NGO functional accountability means accounting for its resources, resource use and immediate impacts (quite similar to Robinson's macro accountability) and strategic accountability entails its impact on other organizations in the environment outside (Edwards and Hulme, 1995:9). NGOs may also have multiple accountabilities, both downwards and upwards. Downwards may be to their partners, beneficiaries, staff and supporters, while upwards may be to their trustees, donors and host governments (Edwards and Hulme, 1995: 9).

In reality holding NGOs accountable for their activities is not an easy task. Research on NGO evaluation has been few. Moreover, issues have been raised in terms of whether it is at all possible to meaningfully evaluate the performance of NGOs. This is because there is little agreement among researchers and NGO specialists in terms of most appropriate performance standards and evaluative mechanisms. It has also been argued that NGOs are mostly unable to master the variables which affect outcome of their activities i.e. macroeconomic performance, state policy and actions of other agencies (Edwards and Hulme, 1995: 11). As a way out, negotiation among stakeholders in terms of definitions of objectives, interpretations of results and decisions on what response may be appropriate is recommended to ensure accountability (Edwards and Hulme, 1995: 12).

## **NGO ACCOUNTABILITY IN BANGLADESH**

There is a perception among different segments of the population that NGOs, especially the big ones, in Bangladesh are not accountable for their activities. This negative perception has been reinforced by lavish life style of the top executives of big NGOs. In recent years fundamentalist elements have alleged that NGOs are involved in activities that are anti-state and anti-Islam. Huge donor funds at the disposal of big NGOs have also led to government's

attempt to control and monitor their activities. One of the major issues relating to NGOs today is their locus of accountability.

Accountability of NGOs in Bangladesh can be analyzed from internal and external perspectives. Internal accountability includes mechanisms available within a particular NGO and the external accountability covers mechanisms which from outside monitor and evaluate activities of an NGO. Internal accountability can be equated to some extent with downward accountability, as the role of clientele/beneficiary is included in this category beside purely mechanisms available within a particular NGO's organizational set up. External accountability is also termed as upward accountability in the literature and includes government-NGO and donor-NGO relations. In other words, in Bangladesh multiple layers of accountability, though flawed, are noticed.

### **Internal Accountability**

Every NGO, irrespective of its size and range of operation, has a governing body and an executive committee, which its management is accountable to (World Bank, 1996: 58). Many NGOs also have constitutions. Such constitutions contain goals and activities of NGOs and can be used by the sponsors to hold NGOs accountable. But in reality, specially in matters of strategic decisions, NGOs usually do not 'listen' to their clients/beneficiaries rather they are prone to consult with their governing bodies with the assumption that the latter have required skills and qualifications compared to the former. Observing the situation, a prominent NGO specialist comments that NGOs have never developed a countervailing system of downward accountability to the poor (Hashemi, 1995: 107). So participation of beneficiaries in key decisions does not take place. Rather, it is the members of governing bodies with assistance and feedback from top management take key decisions. Consultation with beneficiaries at the grassroots level is important for two reasons.

NGO workers at field level are much more accessible and decisions taken at that level are of rudimentary nature. As Hashemi says, 'beneficiaries are seldom allowed to make decisions on programs or budgets or even to participate in monitoring and evaluation rather their participation is limited to a relatively inconsequential areas of decision making' (1995: 107). It is now increasingly felt that NGOs have become a new 'patron' for the poor (beneficiaries) but not necessarily a partner (World Bank, 1996: 60).

### **External Accountability**

Accountability of NGOs to donors and the government is included in this category. Most NGOs are almost solely dependent on foreign funds. Within a span of four years i.e., 1988-89 to 1992-93, donors increased their funding from 162 NGOs to 986 NGOs; correspondingly the amount allocated to NGOs increased from Tk 280 crore to Tk. 783 crore during that period (Hashemi, 1995: 108). Increasing financial dependence of NGOs on donors has had two consequences. Most of the NGOs have made little attempts to mobilize funds from within. At the same time their agendas have become donor-driven. Both the consequences have critical implications for accountability. NGOs, as part of aid conditionality, have to submit regular audited reports to funding agencies and are subject to donor-selected consultant evaluation of their activities. All these suggest that NGO policies may reflect donor priorities rather than their own clients' needs and aspirations.

Successive governments have attempted to monitor and control activities and funding of NGOs through a number of laws, rules and procedures. The legal framework of NGOs has two parts: laws under which voluntary, non-governmental associations of people are incorporated and given a legal identity, and laws regulating the relationship of such associations with the government (World Bank, 1996: 21). Laws for incorporation include the Societies Registration

Act of 1861, the Trust Act of 1882, Cooperative Societies Act of 1925, and the Companies Act of 1913 as amended in 1994. Development NGOs must register themselves under these laws. The second category of laws, which determines an NGO's relationship with the government, includes the Voluntary Social Welfare Agencies (Regulation and Control) Ordinance of 1961, the Foreign Donations (Voluntary Activities) Regulation Ordinance of 1978 (as amended in 1982), and the Foreign Contributions (Regulation) Ordinance of 1982.

In 1990 the then government established Non-Governmental Organisations Affairs Bureau (NGOAB) under the 1978 ordinance as amended in 1982 to register and regulate all NGOs seeking or receiving foreign funds. For an NGO to register with NGOAB it needs to fulfill certain conditions: obtain clearance from the Ministry of Home Affairs, prepare a five-year plan of action and an individual project proposal, and a promise of outside funding from donor. Reviewing the laws governing incorporation and receipt of foreign funds by NGOs, a World Bank study found several deficiencies. These included: discrepancy between ordinance rules and types of activities, lack of relevance of ordinance to work programmes of NGOs, and differential treatment between private business and NGOs (World Bank, 1996: 24-25). In reality, it has been observed that many NGOs, especially the big ones, very easily bypass the so-called tough government rules and regulations and go merrily in their own ways. Increasing involvement of big NGOs in purely profit making ventures and in partisan politics not only demonstrates the futility of government rules and regulations but at the same time raises a question mark as to the nature of governance in the future in Bangladesh.

Donors control the purse strings of most of the big NGOs they fund heavily. Donors also take active role in protecting and promoting the interests of NGOs. In some cases, donors have

intervened when the government attempted to bring the activities of NGOs under stricter supervision and control. So it goes without saying that donors have a big stake in the future of NGOs. Compared to the government donors are in a much stronger position to monitor, review and evaluate NGO activities and achievements. Experts sometimes do this through consultation and evaluation. To make them accountable, donors must receive half-yearly performance reports, annual activity reports and an audit report from the concerned NGOs.

### **CASE STUDY OF NGO ACCOUNTABILITY**

In this section accountability mechanisms of two biggest NGOs in Bangladesh are analyzed in light of the framework and discussion presented above. The discussion that follows is primarily based on information on The Bangladesh Rural Advancement Committee (BRAC)<sup>2</sup> and The Association for Social Advancement (ASA)<sup>3</sup>.

#### **BRAC**

BRAC was established in 1972 as a relief organization. It has developed as a multifaceted development organization with the goal of poverty reduction and employment of the poor. It has four core programs - rural development program (RDP), education programme (EP), health nutrition and population programme (HNPP) and urban program (UP) - targeting people living below the poverty line (BRAC Annual Report, 2000). It has extensively covered most of the country through its programmes, including 50,000 villages out of a total of 86,000. BRAC has also a number of programmes supporting commercial enterprise like shops, printers, cold storage, hotel, food and dairy project, poultry firms, poultry feed mills, seed processing

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<sup>2</sup> Interview with Dr. Salahuddin Ahmed, Deputy Executive Director of BRAC, on 7 April 2001 at his office.

<sup>3</sup> Interview with M. Shafiqul Haque Chowdhury, Managing Director of ASA, on 24 March 2001 at his office.

plant, sericulture, fish and pawn hatchery, etc. Recently, BRAC has started a university on its own. It has recently opened a commercial bank. The strength of BRAC personnel today stands at 58,892, of which 24,709 are full-time staff and the rest 34,044 are part-time workers.

The top layer of governance structure of BRAC includes a governing body, an executive director, an advisor, three deputy executive directors and five directors. Its budget for the year 2001 was Tk. 796 crore (US\$ 152 million), 21% of which came from donors' contributions. Over the years the percentage of donor contribution to its budget has been decreasing significantly. In 1994 donor contribution stood at 72% of its total budgeted amount.

Accountability mechanism in BRAC is comprehensive and encompasses internal and external domains of the organization. Transparency in its activities is considered a key element in accountability arrangement. BRAC's governing body ensures internal accountability. The board consists of seven members six of whom are outsiders. They are individuals who have made significant contributions in different aspects of national life. The ex-officio member of the board is the founding executive chairman of BRAC. A top official of the organization acts as its member-secretary. The board is chosen or elected by twenty members of the general body. There are some staff members in this body. The board sits three to four times a year. Its principal activities are: approval of projects, audit reports and annual budget. Policy-making is the domain of the board. Account and audit departments, along with a separate monitoring department and a research and evaluation division, play a key role in maintaining financial and programme accountability of the organization.

Accountability to beneficiaries (participants in BRAC's terminology) is ensured by improved services and transparency in its

activities. There is a strong belief within the organization that there is no substitute for excellent service. Involvement of beneficiaries in BRACs programmes is encouraged. BRAC is accountable to both the government and donors. For all projects it is a statutory requirement that prior approval be taken from NGO Affairs Bureau (NGOAB). Also eleven foreign donation (FD) forms need to be filled. There are separate forms for registration, fund release, fund utilization, auditor's report, foreign contribution account, project proposal approval, emergency disaster programme and donation to meet non-development activities. To receive one-time grant both donors and BRAC must fill up two other forms. The government's rationale for imposing such stringent control mechanisms is to ensure that all NGO programmes, including those of BRAC's, are complementary to national plans and policies. The Auditor-General's office also audits selected projects of BRAC.

Because BRAC receives funds from a number of donors, a donor consortium has been set up to coordinate their activities with BRAC. BRAC's accountability is to this consortium. Receipt of funds involves several steps from submission of project proposals to fund disbursement, usually taking one to two years. The process includes negotiation, appraisal, suggestion, adjustment and approval. Once a project is approved, a donor consortium meet takes place every six-months to review its financial, statistical and normative aspects. In the annual meeting the same routine is repeated. Sometimes special reviews take place to audit and monitor status of a funded project. Funded projects are audited both by reputed international auditing firms and government-approved local outside firms. The audited reports are submitted to the donors as well as to NGOAB.

The Research and Evaluation Division (RED) of BRAC regularly holds dissemination meetings. These meetings, organized in divisional cities and attended by journalists, academics, political leaders, local government officials and NGO leaders, are used as

forums to present and discuss at length BRAC's activities. Participants are encouraged to ask questions and senior officials of BRAC are to respond to such queries. The intention is to make cross segments of the population aware of BRAC's activities and thereby ensure transparency in the organization's activities.

## ASA

ASA began its journey in 1978 when seven young men, most of whom employed in two private voluntary organizations i.e. BRAC and CCDB, met in Manikganj, a small town near Dhaka, and decided to form a different kind of organization to serve the poor better (Rutherford, 1995: 4). From its inception to date ASA has moved through three phases (Asaduzzaman, 1999). During the first phase (1978-1984) the emphasis was on awareness-raising and social actions pertaining to the rights of the poor. The second phase (1985-1991) witnessed involvement in more conventional NGO work, i.e. credit, health, irrigation and women development. The present phase exclusively focuses on small credit or micro finance.

ASA's governance structure includes a general body, governing body, four general managers, senior deputy general managers, deputy general managers, assistant general managers, divisional managers, area managers, branch managers and loan officers. Its total number of staff is 5,360.

Accountability mechanisms combine principles of participation and transparency. The general body consists of sixty members. Of these thirty are chosen from among the beneficiaries and the other thirty come from employees of the organization. All policy decisions are to be approved by this body. The general body selects a nine-member board for a three-year term. All trustees are eminent individuals and have made significant contributions in their own areas and not directly involved with ASA's activities. Trustees meet



three to four times a year. The top management is accountable to the trustees. They direct the managing director, approve budget and appoint auditors. An audit sub-committee that includes two members from among the trustees and one from the management operates on a regular basis.

At several layers of ASA, accountability mechanisms have been put in place. These are mostly financial in nature. A monthly statement (receipt and payments and incomes and expenses) is sent from each branch to head office in Dhaka. Area and branch managers regularly visit beneficiaries to discern whether loans have been received and how these have been utilized. Loan officers, the lowest level functionary at the grassroots level, also meet beneficiaries to assess immediate impact of loan on their lives. Senior officials including general managers lead teams to visit project areas several times during the year to examine the performance of officials at field level in light of the guidelines and yearly plan.

ASA submits annual and audited reports to the government. As it has stopped taking foreign donations from 2001, it is not required to comply with many government regulations as is the case with BRAC. ASA claims that it is a subsidy-independent development NGO and operates by generating funds from within, people's (beneficiaries') savings and soft loans from PKSF (Palli Karma Shahayak Foundation). PKSF helps rural poor to gain access to resources. It is a specialized quasi- governmental financial institution that sanctions loans to NGOs at a minimal service charge. ASA sends to PKSF annual report as well as annual audit report. When loans are disbursed PKSF is kept informed of. Informal consultation also takes place between officials of ASA and PKSF to review the progress of ongoing projects.

## CONCLUSION

Accountability of NGOs has been and continues to be a critical concern of many in developing countries. Accountability has been linked to the concept of governance. It is believed that accountability is a key indicator of good governance. This is primarily because the notion of accountability is pivotal for comprehending how policy-making takes place in democratic political environment (Robinson, 1994: 38). Transparency, the rule of law, democracy and human rights, along with accountability, are key components of good governance. All these have implications for NGOs and the environment in which they operate. Transparency and openness assume that citizens have access to the decision-making process and have the right to know how government operates and makes policies. Here the important issue is increasing public participation in policy process. This has an important implication for maintenance integrity in the public domain. Elimination or containment of corruption is neither feasible nor possible without increasing public awareness of and access to policy-making process. Here NGOs can play an important role to 'conscientize, 'educate' citizens about the necessity of increasing public participation in the affairs of the state. The rule of law, from NGO viewpoint, serves 'to protect the rights of citizens in their efforts to enforce accountability from government' (Brautigam, 1991: 27). This is done by limiting the scope of retribution on the part of state actors in response to what might be perceived as unwanted interference in public affairs (Robinson, 1994: 41).

NGOs can help the poor fight for their rights by providing legal and other support services if the rule of law exists. The emphasis on democracy as a desirable form of government is inevitable in light of assumption of increasingly political role by NGOs and other civil society actors. It is now also hoped that NGOs can help to bring about democratic reform by directly influencing the political agenda as well as closely working with other civil society components. This

means that NGOs need to put increasing emphasis on community participation at local and national levels. This type of activity has implication for NGOs as well as they need to generate more resources and be able to collaborate regularly with local government functionaries. Human rights issue has been a key concern in many countries. NGOs can complement the activities of other organizations and agencies to broaden the traditional human rights agenda to include social and economic rights of women and indigenous people.

In Bangladesh NGOs are passing a crucial stage. At the heart of the debate lie the issues of their legitimacy and accountability. Successes of NGOs in reaching the rural poor and empowering them through micro finance are widely known and accepted. Their work in the areas of non-formal education, health education, non-traditional agricultural extension, development of appropriate irrigation technologies, targeting women as beneficiaries, and access to common property resources has significantly contributed to government's three-pronged poverty-alleviation strategy - a faster growth process, human resources development and targeted development for the poor (World Bank, 1996: 10-13).

We have seen earlier in our case study of two NGOs that accountability mechanisms pertaining to the government and donors are in place and operating. But the key problem lies in the accountability of NGOs to their beneficiaries, i.e. the poor. Member or beneficiary participation in policy matters that directly concern the poor is perfunctory. Assessing the opinion and views of the poor and then attempting to accommodate these into policy process is no substitute for their direct participation. Consultation of NGO functionaries with beneficiaries about programmes at the grassroots levels is a useful step but it may not automatically lead to meaningful participation of the rural poor in the entire gamut of the policy process. The issue of representation is of critical importance here. In

the accountability chain the weakest link is that of between the management and the beneficiaries.

On a broader scale, the increasing involvement of NGOs in many important economic, social and political issues has created a situation of uneasiness between the government and some segments of the population on the one hand and the NGOs on the other. It is increasingly felt that NGOs are acting as intermediaries between donors and intended beneficiaries thereby minimizing the role of the government. Conservative sections of the population are also suspicious about the intention of some of the NGOs who are challenging many of the customs and practices ingrained in the religions and culture of the country. Elected local level representatives as well as career civil servants have to constantly compete with NGO operatives at the local levels in terms of cost and efficiency of the services provided to the poor. NGOs with resources, well-paid and trained staff are no match with their governmental counterpart. Hence a feeling of bitterness develops between the two. Local level political institutions remain neglected and parallel power centers develop.

So the critical issue reappears again and again as to whom NGOs are accountable. Many questions pertaining to accountability are yet to be satisfactorily answered. Is it enough for them to be accountable to the government and donors? Are the mechanisms of accountability foolproof? What has been the nature and extent of participation of beneficiaries in the policy process? If so, what has been the impact of such participation on the policies adopted and implemented? Can they be a substitute for elected local government bodies? How do they get their mandate? To what extent can they challenge an elected national government in terms of its mandate and policy priorities? Is it either feasible or possible in this time of shrinking of the state and enhanced role of the market to effectively make them answerable for all their actions? Although many questions relating to NGO

accountability in Bangladesh remain unanswered they continue to play a proactive role in the socio-economic development of the country.

**Table - 1 :BASIC INFORMATION ON TOP NGOs**

Name of NGO	Reference Year	Villages Covered	Staff Member	Year of Establishment
BRAC	1998	42,033	23,978	1972
Grameen	1998	39,045	12,578	1985
ASA	1997-98	14,000	5,175	1978
Proshika	1998	11,530	3,953	1976
Swanirvar	1995-96	7,363	4,840	1975
Caritas	1997-98	4,896	2,387	1972
TMSS	1998	2,475	1,244	1980
RDRS	1998	NA	1,561	1972

Source: Annual Report of Eight NGOs in Ahmed, M. (2000: 419)

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