

NGOs of Bangladesh Funded by Foreign Donations: *Governance Challenges and Way Forward*

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NGOs of Bangladesh Funded by Foreign Donations: Governance Challenges and Way Forward

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Preface

Transparency International Bangladesh (TIB) works with a vision of Bangladesh where government, politics, businesses, civil society and people's lives will be free from the influence of corruption, and all government, private and non-government organisations (NGOs) will run their operations with transparency, accountability and integrity. TIB is committed towards building a strong and effective social movement to prevent corruption and ensure good governance in the country by undertaking research, advocacy and civic engagement initiatives.

This study on “NGOs of Bangladesh Funded by Foreign Donations: Governance Challenges and Way Forward” is aimed at assessing the prevailing governance situation of the NGOs of Bangladesh operating with foreign donations and at recommending the way forward. TIB had earlier in 2007 conducted its first such study on governance challenges of the NGO sector. Therefore, this study gave us some opportunity to assess progress made since. The main purpose is to contribute to more robust and higher standards of governance of NGOs funded by foreign donations.

The findings of the study show that compared to that of TIB's early study of 2007 the foreign donation funded NGOs in Bangladesh have made significant progress towards strengthening their systems and processes for ensuring transparency and accountability. Adoption of necessary policies and guidelines, development of internal control and accountability mechanism, strengthening systems for information disclosure, ensuring accountability towards stakeholders are few examples of the progress. On the other hand, the study also identifies a few areas that the NGOs may focus to achieve higher standards of governance. These include strengthening channels and processes of accountable relations of management to the governing body, effective application of robust disclosure, participatory management, internal accountability and control mechanisms, and ensuring transparency and integrity in recruitment, procurement and payment procedures.

We thank the governing board members, senior management, staff and beneficiaries of the selected NGOs who provided valuable information and insights for this research, without which this study would not have been possible. We are also grateful to the officials of NGO Affairs Bureau for providing the necessary information. Many local level government officials, local and national civil society members, experts, representatives of development partners, auditors, evaluators and researchers contributed to this research as key informants, to whom we remain thankful. We are particularly indebted to the leading national and international NGOs, NGO umbrella bodies and associations whom we were privileged to involve in sharing the draft findings for validation and suggestions on two successive occasions that enriched the findings and analysis presented in this report. With their continued support and involvement TIB plans to undertake series of advocacy and engagement initiatives to implement recommendations of the study.

I congratulate Abu Said Md. Juel Miah, Senior Programme Manager, Nihar Ranjan Roy, Deputy Programme Manager, Md. Mostafa Kamal, Deputy Programme Manager, and Nazmul Huda Mina, Assistant Programme Manager of Research and Policy Division of TIB for conducting the study, and thank other colleagues for their support including feedback in various stages of the study. Prof. Dr. Sumaiya Khair, Advisor Executive Management, and Mohammad Rafiqul Hassan, Director – Research and Policy of TIB supervised the overall research process and provided necessary guidance.

We hope that the relevant authorities and other stakeholders as well as NGOs would find this study useful. Any suggestions and feedback are warmly cordially welcome.

Iftekharuzzaman
Executive Director

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Abbreviations and Glossary

CE	Chief Executive
CHT	Chittagong Hill Tracts
CSO	Civil Society Organisation
DC	Deputy Commissioner
EC	Executive Committee
ED	Executive Director
FGD	Focus Group Discussion
GC	General Committee
GRO	Grassroots Organisation
HR	Human Resources
KII	Key Informant Interview
M&E	Monitoring and Evaluation
NGO	Non-Government Organisation
NGOAB	NGO Affairs Bureau of Bangladesh
NHS	National Household Survey
OECD	Organisation for Economic Cooperation and Development
R2I	Right to Information
TI	Transparency International
TIB	Transparency International Bangladesh
UNO	Upazila Nirbahi Officer (Sub-district Executive Officer)

Chapter I

Introduction

1.1 Background of the study

Non-Government Organisations (NGOs)¹, popularly known as the third sector or development sector or differently termed as, or part of, civil society organisations (CSOs), have outstanding reputation for their participatory, empowering and democratic approaches to development. The development partners and academic world are therefore, interested in, and have tremendous support for, the role of NGOs in accelerating political development in the developing countries by virtue of promoting democratic practices. They anticipate that NGOs channel and process the demands and concerns of diverse interest groups to the state to help ensure legitimacy, accountability and transparency as well as strengthen state's capacity for good governance (Mercer, 2002). From this perspective, NGOs have been playing roles to preach the ideas of good governance in the state mechanisms so that people get fair distribution of resources without any likelihood of deprivation induced by corruption and irregularities.

Bangladesh is known as a country of NGOs, with around 22,000 NGOs estimated to be in operation (Kabeer et. al., 2010), of which 2625 NGOs are registered under the NGO Affairs Bureau (NGOAB) of Bangladesh as of June 2018 (NGOAB, 2018²). Of the NGOs registered under the NGOAB, 259 are international and 2366 are local or national NGOs originated in Bangladesh. However, the advocates of good governance i.e. the NGOs have not been exempted from criticism. The NGOAB has come up with a list of 480 NGOs which have not renewed their registration for a long time and hence their registrations have been cancelled (NGOAB, 2018³). This situation indicates that NGOs having their registrations once upon a time have reached in a state that they are no more likely to mobilise fund to continue their operations.

Literature suggests that there are some concerns over the NGOs working in Bangladesh, which include their incessant reliance on external donor funding, increasing involvement in service provision even by bypassing and undermining state responsibility to the citizens, their failure to make effective use of aid money and to reach the most marginalised sections, etc. Literature also suggests that lack of internal democracy (Kabeer, 2004), accountability and representativeness in the NGOs are also great concerns (Biekart, 1999; Nyamugasira, 1998 in Lister, 2003) of the NGOs operating in Bangladesh.

¹The term 'NGO' is understood here to refer to those organisations that are officially established, run by employed staff (often urban professionals or expatriates), well-supported (by domestic or, as is more often the case, international funding), and that are often relatively large and well-resourced. NGOs may therefore be international organisations or they may be national or regional NGOs. They are seen as different from Grassroots Organisations (GROs) that are usually understood to be smaller, often membership-based organizations, operating without a paid staff but often reliant upon donor or NGO support, which tend to be (but are not always) issue-based and therefore ephemeral, while NGOs are part of civil society, they also strengthen it through their activities, which in turn supports the democratic process (Mercer, 2002).

² <http://www.ngoab.gov.bd/site/page/3de95510-5309-4400-97f5-0a362fd0f4e6/সকল-এনজিওদের-তালিকা> (Accessed on 26th July 2018)

³³ <http://www.ngoab.gov.bd/site/page/6b921a50-8192-4da3-942d-338870990333/বাতিলকৃত-এনজিওদের-তালিকা> (Accessed on 26th July 2018)

Transparency International Bangladesh (TIB) conducted a study on Governance in NGO Sector of Bangladesh in 2007 and found substantial gaps in the internal governance of the NGOs selected under that study. The study indicates the prevalence of severe anomalies in the processes and systems of transparency, accountability and integrity (Table I provides a brief reflection on the report). However, TIB's National Household Surveys conducted bi-annually revealed that the rate of corruption that people directly experience with NGOs is decreasing day by day, from 10.1% in 2010 to 5.0% in 2012 to 3% in 2015 (TIB, 2015)⁵. In spite of this decreasing trend of corruption that people directly experience with NGOs Transparency International's (TI) National Integrity System Assessment Bangladesh 2014 identified that the NGOs working in Bangladesh have serious governance gaps in their internal systems and processes, which should be reflected for solution for greater interest of this highly reputed third sector. That study found that accountability in NGOs is most often compromised to the weak governing boards and the most often the executive directors exercise all kinds of authority, which contributes to the erosion of integrity in the non-profit sector (TI, 2014).

These studies came up with a number of concrete recommendations based on the study findings,

Table I: Major findings of TIB's research on NGO Governance 2007

Indicator	Major findings⁴
Governing body	Family relations with chief executive, irregular meeting, less informed about activities, no visit to NGO activities other than attending meeting
Decision making	Supreme authority of chief executives, making decision without holding meeting, partial sharing of meeting minutes to the staff, less space to hear from staff
Financial transparency	Finance sections cannot make independent decisions, managed audit systems and reports, providing unauthorised financial benefits to executive board, irregular pay to the staff
Human resources	Non-compliance with HR policy, less capacity building initiative for the staff, lack of fair performance appraisal system, improper grievance management system, extra hour work and no compensation, non-responsiveness to sexual harassment allegations
Multiple accountability	No accountability towards beneficiaries, submitting fabricated report to reporting authorities, corruption in winning new project or fund mobilisation
Implementation and monitoring	Improper implementation, improper supervision and monitoring, exaggerated reporting on progress and evaluation
Access to information	Confidentiality in financial and audit information, lack of data consistency, less accessibility to information, lack of updated information in webpage

consultation with relevant stakeholders and it was expected that NGOs working in Bangladesh would well accept the findings and work for the improvement of their internal governance systems and processes based on the recommendations. The current study aims to follow up the improvements taken place over the years in the governance systems and processes of the NGOs working in Bangladesh.

⁴ 20 local and national NGOs had been studied in 2007.

⁵ The overall experience of the selected households is that 67.8% households face corruption in attaining services from different service sectors (National Household Survey 2015, TIB).

1.2 Objectives and research questions

The main objective of this study is to assess existing governance situation of the foreign donation receiving NGO sector of Bangladesh. This study also sheds light on the existing governance challenges and improvement areas of this sector. Through this study a comparison between governance situations assessed in 2007 and 2017 has been made, which has indicated how much improvements have taken place in this sector over the decade. The study also targets to chalk out the ways forward of existing governance challenges of NGOs in order that the NGOs working in Bangladesh can recognise their improvement areas and act on those for the betterment of the sector. To meet the objectives following research questions have been used for this research:

- How do the NGOs of Bangladesh funded by foreign donations practice the main values of governance within their organisations?
- What are the challenges of effective governance for the NGOs funded by foreign donations?
- What are the ways forward to overcome the existing governance challenges of this sector?

1.3 Rationale of the study

This research is crucial from three perspectives. First one is from the practical point of view. As stated in the background, TIB offered a lot of recommendations based on its 2007 study findings, consultation with relevant stakeholders and it was expected that TIB's endeavour would influence the NGOs working in Bangladesh to some extent to improve their internal governance systems and processes. From this perspective, it has been sensed to carry out a follow up study to look into the improvements resulted from TIB's study on NGO governance.

Second one is from the development discourse perspective. The study is necessary from different perspectives reflected in mainstream literature around NGOs' expected roles in promoting pro-poor, empowering, participatory, democratic and rights based approaches to development. Two arguments made by Mercer (2002) can be cited in this regard to demystify NGOs' role in strengthening democratic development, in other word political development or good governance. Firstly, by virtue of their role as autonomous actors, NGOs are said to help people raise their voice and act a watchdog role to put pressure on the state. Secondly, NGOs are said to work with grassroots organisations of the poor and marginalised groups creating space for citizen participation. These arguments suggest that the ideas of good governance are core principles of NGOs and should be followed even in their internal governance before going for preaching to the state and the society. From this perspective, it is crucial to investigate on how much the NGOs practice the values of good governance.

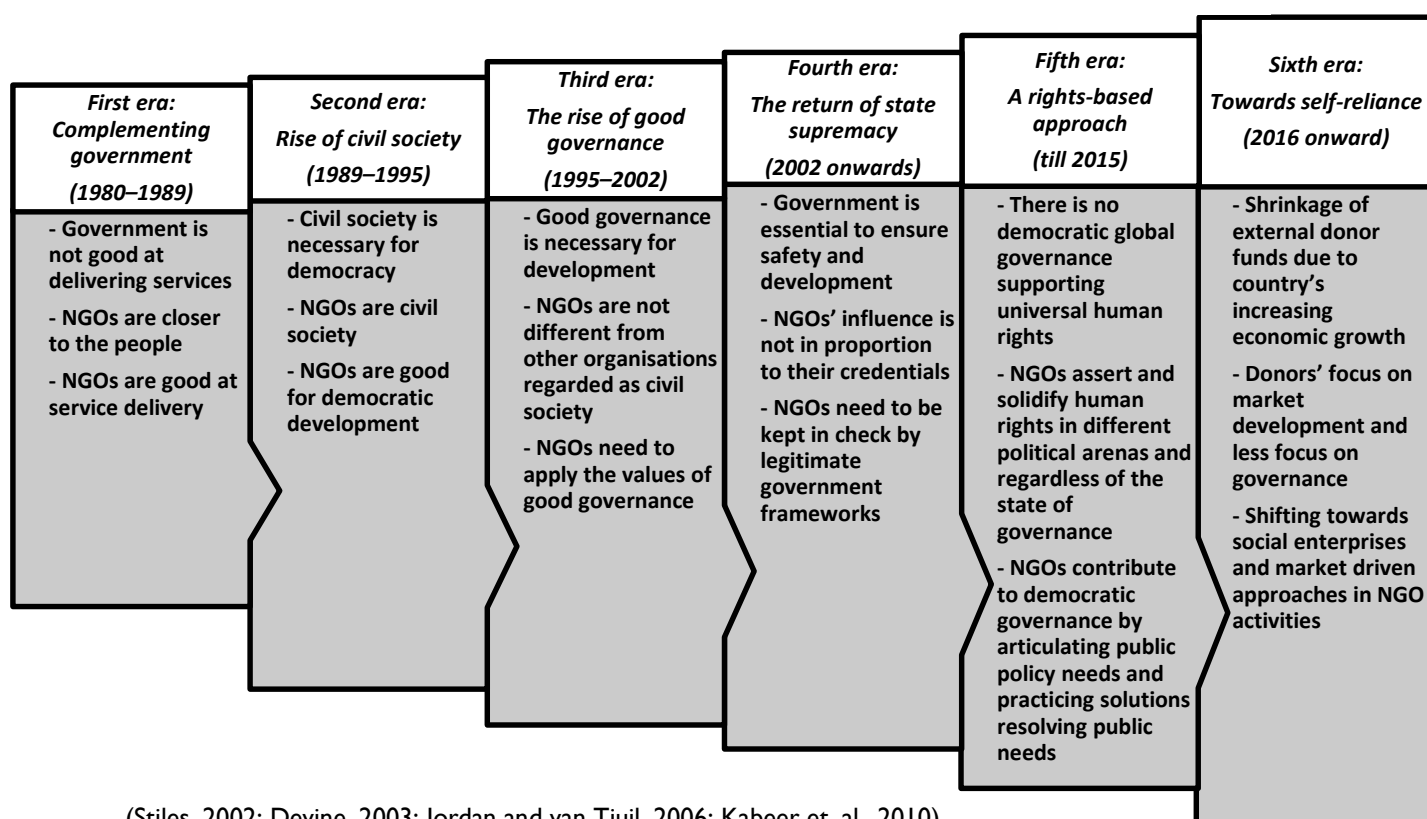
The third one has come from the current context of development needs, capacity of the state alongside the commitments and priorities of the development partners. Currently, the NGOs working in Bangladesh have been experiencing a new shift. The entire development partners have recognised a pick time of the NGOs' contribution in Bangladesh which has already passed as a result of increasing capacity of the state induced by its potential position as middle income country. Development priorities of the donors have also changed since many of the development issues including education, health, women empowerment, water and sanitation, food security, etc. have been addressed in a significant manner over the decades. This has contributed to transforming priorities to other areas such as skill development, market promotion, entrepreneurship development etc. Therefore, the trend of getting external funds on the conventional development agendas has started experiencing a shrinkage. Amid the changing scenario, it has come to the fore that a huge competition is getting to be a reality for winning external funds where the internal governance might appear as one of the key factors in this respect. From this perspective, it is important to reflect on the governance challenges in both internal and external mechanisms of the

NGOs having dependency on foreign donations so that they can chalk out their improvement areas and prove their competitiveness in the changing scenario of this sector.

1.4 Evolution of NGOs and their role in promoting good governance in Bangladesh

The NGOs in Bangladesh grossly began their journey in 1970s after the independence of Bangladesh and they made their tremendous contributions in reconstructing the war devastated newly emerged country. Therefore, their activities mostly focused around relief and rehabilitation and providing direct service delivery to the people having the wants of basic needs. Although this is not similarly applicable that all NGOs can be claimed to have the mandate to promote participatory and democratic practices, but it was found that almost all pioneer NGOs began their journey with the notion of challenging structural causes of poverty and inequality and were strongly influenced by the concept of “conscientisation” and thus applied in the process of organisation and mobilisation of the poor to bring about changes in society (Kabeer et. al., 2010). Started with the spirit of reconstruction of the new independent Bangladesh along with the transformative political notion the NGO sector in Bangladesh later experienced a number of negative shifts, especially in the 1980s (Stiles, 2002). The long enduring military rule in that decade had led to narrowing civil society space and as a result NGOs turned into service delivery agencies. Moreover, the neo-liberal ideas also influenced the NGOs to grow as a private alternative to the state in providing social services to the people. Good flow of official donor funding for this particular purpose also geared up the shift (Devine, 2003).

Figure 1: A brief history of NGO priorities, approaches, and accountability



(Stiles, 2002; Devine, 2003; Jordan and van Tiujl, 2006; Kabeer et. al., 2010)

After the end of cold world in 1990s the whole development world concentrated on deepening democracy by strengthening the role of NGOs and civil society. In Bangladesh, NGOs and civil society also regained the spirit of working on good governance as influenced by the return of long

awaited democracy in 1991 as well as increased official funding on governance issues. However, there is still a big question on how much the NGOs and civil society working in Bangladesh have continued to play their fair and independent role to promote democracy and good governance in Bangladesh. It is important to mention that all NGOs, irrespective of their philosophical approaches and operational strategies, love to claim that they have been able to set better examples in eradicating poverty and contributing to socio-economic development of the country. They also claim that they are better examples of ensuring good organisational governance within their NGOs that they have undertaken by forming governing boards, opening information and maintaining rigorous process to ensure integrity.

1.5 Major NGO activities in Bangladesh

The NGOs operating in Bangladesh are mostly engaged in addressing issues like education, human rights, child and women's rights, microcredit, healthcare and nutrition, climate change and disaster management, vocational training and workshop, empowerment of women, good governance, transparency, and accountability, livelihood and sustainable development, agriculture and food security, water, sanitation and hygiene, renewable energy, legal aid, environmental conservation, land rights, labour rights, social justice, etc.

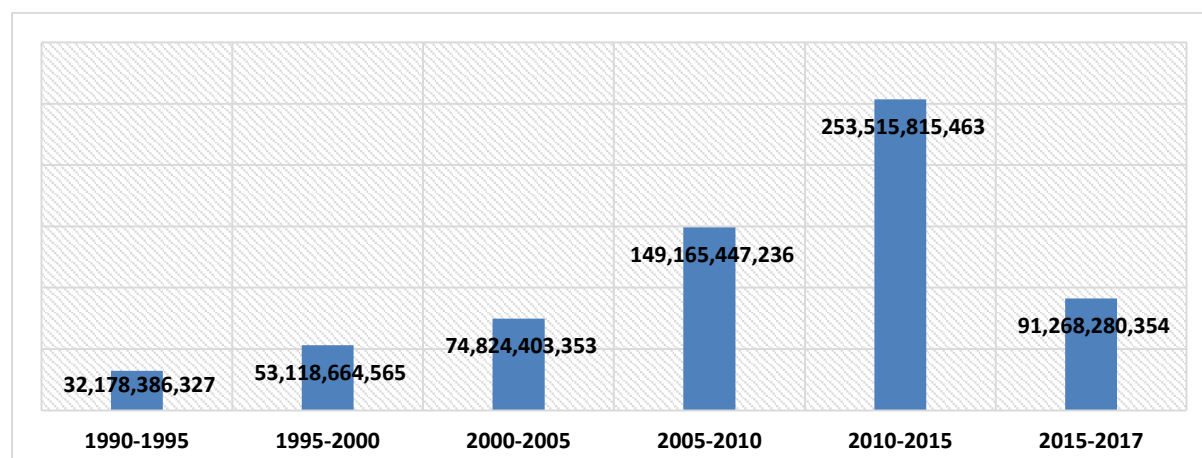
The activities implemented by the NGOs of Bangladesh can be divided into different categories in line with the discussions carried out in different literature. They are as follows:

- **Access to credit for poor and people in remote areas:** The role of NGOs in this arena is widely recognized all over the world. When the traditional banking system did not even consider to reach the poor, the NGOs opened this window for the poor and marginalised people.
- **Empowerment of women:** NGOs working in Bangladesh is the pioneer of making an example of empowering women through different interventions like adult literacy, healthcare, microcredit, etc.
- **Delivery of social services:** As indicated above the Bangladeshi NGOs started with relief and rehabilitation, many of them provided alternative education, health and other services to the poor and marginalised people.
- **Entrepreneurship development and commercial activities:** From the wider expansion of microcredit activity, many NGOs created entrepreneurs and at the same time many NGOs themselves appeared as social entrepreneurs and started commercial activities (Zohir, 2004).

From the broader perspective NGOs are also divided into two broad categories considering their implementation approaches – service delivery and rights based approach. Service delivery oriented NGOs provide alternative services to the people especially to the poor and marginalised people as the proxy duty bearers considering that government alone is not enough to provide services to the people. The NGOs operating through rights based approaches consider that state is the primary duty bearer of providing all services and ensuring rights and entitlements to all citizens irrespective of their characteristics, identities and locations. This approach provides them the spirit to mobilise people and carry out advocacy and campaign. In Bangladesh, most of the NGOs love to express their identity of belonging both approaches. For example, the NGOs which were accessible for this study suggest that 80% of them expressed in a way that they implement their programmes by applying both approaches.

According to the official records of NGOAB, the NGOs working in Bangladesh received a total of 65,428.82 crore Taka during July 1990 – February 2017 for a total of 23,895 projects. Compared to other periods, the NGOs received highest number of funds during 2010-2015 amounting to 25,351.58 crore Taka.

Figure 2: Total foreign donations released by NGOAB during July 1990-February 2017 in BDT



Source: NGOAB⁶

This study has identified that the NGOs those (781⁷ local, national and international NGOs) received foreign donations during 2014 and 2015 have the following programme focuses⁸:

Table 2: Programme focus of the NGOs received foreign donations against their projects during 2014-2015

Type of NGOs	Type of programme focus			
	Governance, rights, social mobilisation	Education, health, social development	Livelihoods, agriculture, food security	Environment, climate change, disaster management
Local (330)	43%	60%	16%	20%
National (275)	49%	72%	14%	18%
International (176)	35%	76%	21%	19%
Overall (781)	44%	68%	17%	19%

Source: NGO Affairs Bureau (calculated from the project list provided by the Bureau)

1.6 Scope of the study

This study does not cover entire governance scenario of foreign donation driven NGO sector of Bangladesh, however, provides an indication about the sector. The scope of the study is limited to:

- Internal governance of the foreign donation recipient NGOs working in Bangladesh, however, this study covers the external factors that affect internal governance of NGOs;
- Selected foreign donation recipient NGOs which are registered under the NGOAB. This research is not likely to cover the entire NGO sector that also includes the NGOs which are registered under other regulatory agencies like Department of Social Service, Joint Stock Companies of Bangladesh, etc.;

⁶ <http://www.ngoab.gov.bd/site/page/2cf5ab46-53a4-4126-a948-fef63a5d0e7a/পরিসংখ্যান> (last accessed on 9th November 2017)

⁷ The list was long and the number of NGOs was more than the total shown here but could not be identified properly in the form the regulatory authority provided to the researchers.

⁸ Identified from the indication stated in the title of the projects for which the NGOs received approval from the NGOAB.

- c. Selected NGOs which received foreign donations and got the approval from the NGOAB during 2014-2015; not all the NGOs that received funds before or after this period;
- d. Selected local, national and international NGOs operating in Bangladesh with support from donor funds; not their donor agencies or government regulatory authorities including the NGOAB. However, this research has looked into the interactions between selected NGOs and regulatory authorities and donors and thus has provided some indications on the intervening factors that affect the governance in foreign donation driven NGOs.

I.7 Ethical considerations

This study has considered following ethical issues in the entire research process:

- a. The name of NGOs selected for the research and respondents has been made confidential as guided by TIB's research policy. This was confirmed to the respondents during data collection.
- b. This study has taken into account the information collected from the existing staff, member of governing board, and senior management team members of the selected NGOs and avoided the information provided by the ex-staff of the selected NGOs. In the same way, this study has not considered overall comments of the external stakeholders of NGOs like local administration and local civil society members for the entire NGO sector but only on the selected NGOs located in their areas. However, the information provided by the national level civil society members, donors, experts, regulatory authority, audit firms, evaluators, researchers and so on have been taken into account.
- c. This study selected the beneficiaries from the lists given by the selected NGOs. The study team visited the beneficiaries not beyond the lists and did not select, visit and collect data on own choice of the study team. The team also considered the information gathered from the beneficiaries which limited the focus only on the concerned NGOs.

I.8 Structure of the report

This report starts with a brief background of the research having the emphasis on role of NGOs in Bangladesh, the first research initiative of TIB on NGO governance, objectives and scope of the research, etc. The second chapter provides the methodological overview of this research. Analysis and discussions on the research findings have been presented in the third chapter. The fourth chapter presents a causal analysis portraying the enabling and disabling factors of good governance in the foreign donation driven NGOs operating in Bangladesh. The last, but not the least, chapter comes up with the conclusions of the study as well as proposes a set of recommendations for the foreign donation driven NGO sector, development partners and regulatory authorities of the Government of Bangladesh.

Chapter 2

Methodology

2.1 Conceptual framework

This study has followed the existing concepts of governance⁹ and legitimacy¹⁰ of NGOs. NGO governance and legitimacy are conceptually complex and depend on a number of elements, which include legal compliance (Edwards, 1999b), properly defined internal authority, uniformity between mission values and practices (Edwards, 1999b; Saxby, 1996); representativeness (Eade, 1997; Hudson, 2000; Pearce, 1997); accountability, including proper governance structures and downward accountability (Edwards, 1997; Fowler, 1997; Pearce, 1997; Saxby, 1997); and performance (Eade, 1997; Fowler, 1997; Pearce, 1997; Saxby 1996) (cited in Lister, 2003). These elements suggest that there are three key aspects that can be applied in a research on NGO governance:

a. Accountability: Transparency International (TI) considers accountability as the concept that individuals, agencies and organisations (public, private and civil society) are held responsible for reporting their activities and executing their powers properly. It also includes the responsibility for money or other entrusted property (TI, 2015). In NGOs, accountability is seen as the process of holding the actors responsible for their actions (Fox and Brown, 1998 in Ebrahim, 2003). The Organisation for Economic Cooperation and Development (OECD) defines accountability as the “obligation to demonstrate that work has been conducted in compliance with agreed rules and standards or to report fairly and accurately on performance results vis-à-vis mandated roles and/or plans. This may require a careful, even legally defensible, demonstration that the work is consistent with the contract terms” (OECD, 2002: p. 15).

b. Representativeness: Legitimacy is related to the issues of representativeness. It can be claimed that legitimacy is there when it is made that right to represent and consent of the represented is taken into account (Pearce, 1997 in Lister, 2003).

c. Performance: Demonstrating achievements of NGOs is the first step of proving performance (Fowler, 1997 in Lister, 2003).

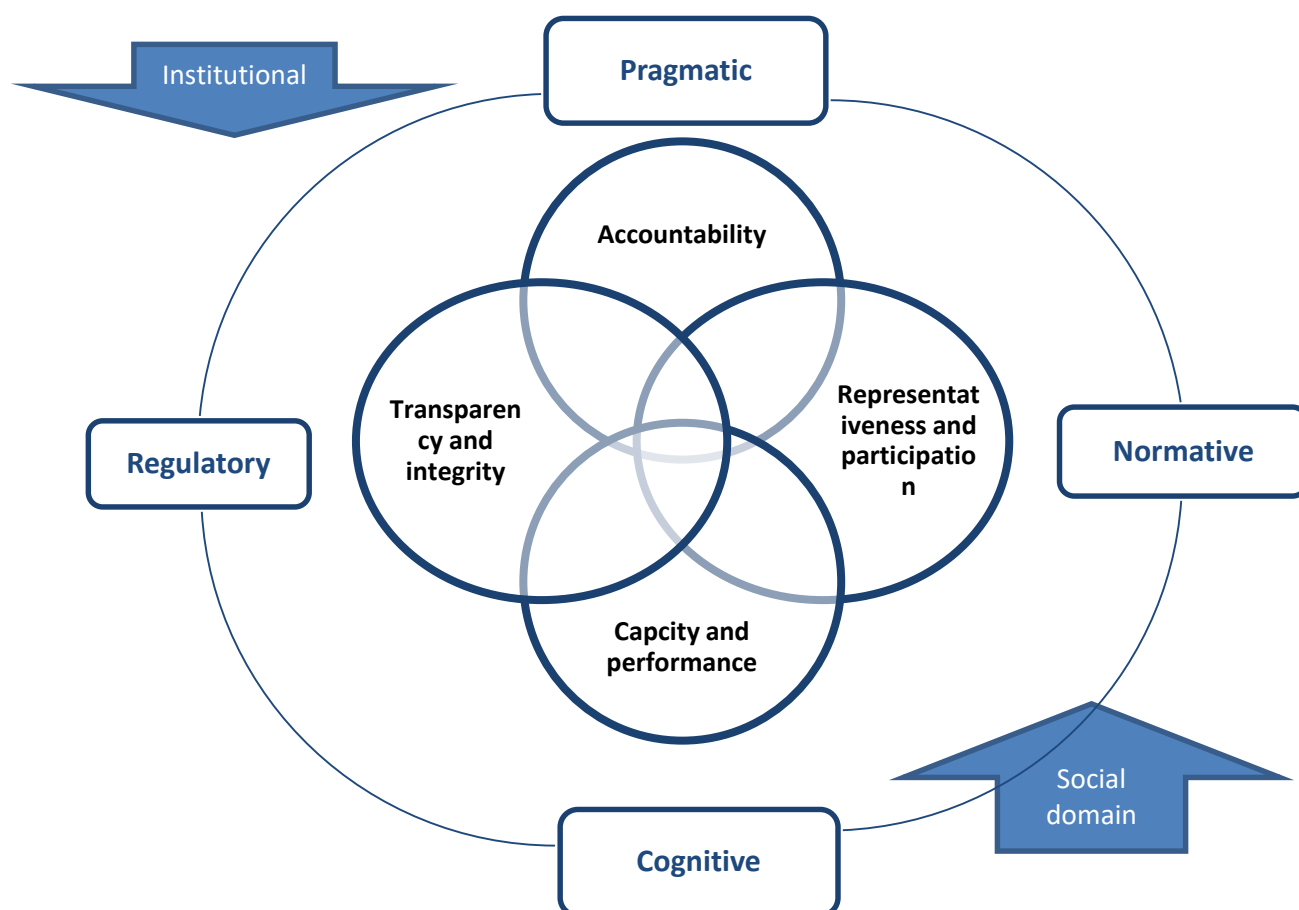
This research has applied a customised form of the NGO governance and legitimacy framework developed by Lister (2003) based on the institutional theory of Scott (1995). Institutional theory suggests that organisations’ environments are heterogeneous. Organisations are related with different types of internal and external stakeholders and constituencies. NGOs as organisations are

⁹The English word “governance” comes from the Latin word meaning “to steer, guide, or direct.” The term generally refers to the way in which power is assumed, conveyed, and exercised within a society or an organization. According to Western political theorists, “good governance” is a sharing of decision-making authority so that power and resources don’t accumulate in the hands of a single individual or group. In non-profit organizations, good governance works in much the same way. An organization exercises good governance when it has an internal system of checks and balances that ensures the public interest is served. Good NGO governance is based on the distinction between organizational entities (management and the governing body) and the distribution of decision-making power between them. This arrangement helps restrain and moderate the control of any one person or group, ensure the organization’s resources are well managed, and safeguard the NGO’s public-service orientation (Wyatt, 2004).

¹⁰ Legitimacy in NGOs is often defined as having an organisation which follows laws, proper procedures, proper justifications in doing and saying something and continue to enjoy working with their mostly reachable constituencies (Edwards, 1999b in Lister, 2003).

operated in an environment where many actors, stakeholders, constituencies and associated institutions are closely involved. In Bangladesh, most of the NGOs depend on external donor funds. Some NGOs operate on their own funds. In most of the cases, stakeholders involved in the operations of NGOs include donor agencies¹¹, government agencies¹², partners/networks¹³, community/beneficiaries¹⁴, and employees¹⁵.

Figure 3: Conceptual framework on NGO governance



(Adapted from Lister, 2003; Jepson, 2005)

In this study, the NGO governance and legitimacy framework has considered four broad aspects as stated above—accountability, representativeness and participation, transparency and integrity, and capacity and performance. These aspects have been demystified through the lenses of four

¹¹ They include bilateral and multilateral donors like DFID, USAID, EU etc. Sometimes, international NGOs work through partnership with local and national NGOs and are treated as donors, though they are not donor agencies but NGOs.

¹² NGO Affairs Bureau and Ministry of Social Welfare are the most applicable public agencies for NGO related activities. Moreover, local government agencies and many line departments working at district and sub-district level and many other departments and ministries of the government are closely involved in the activities of NGOs.

¹³ This is applicable for the international NGOs who work through partnership with local and national NGOs and building civil society networks.

¹⁴ NGOs are popular for their community based approaches. They work directly with community people.

¹⁵ They are important actors of NGOs who implement the interventions of NGOs in communities.

governance and legitimacy assets—regulatory¹⁶, pragmatic¹⁷, normative¹⁸, and cognitive¹⁹. Normative and cognitive legitimacy fall under the social domain as ideally the NGOs work mostly in communities and they require social recognition and support for their intervention in communities (Jepson, 2005). On the other hand, regulatory and pragmatic legitimacy rest on institutional domain since they are mostly related to compliance of rules, regulations, policies, and taking pro-active initiatives to promote organisational profile and branding.

2.2 Selection of NGOs

As indicated in the background that the NGOs working in Bangladesh can grossly be classified into two types—service delivery and rights based or social mobilisation oriented. The service delivery NGOs include those NGOs that provide direct services such as microcredit, informal education, medical support, training and cash support on income generating activities, etc. On the other hand, rights based NGOs implement the activities like awareness raising, advocacy, networking, campaigning, research, social movements, etc. Service delivery NGOs set their goal to provide pathways to the poor to get out of poverty whereas social mobilisation organisations believe that political transformation is crucial to bring about lasting changes in society (Thornton et. al., 2000 in Kabeer et. al., 2010). This study has considered both kinds of NGOs in its selection frame.

The NGOs working in Bangladesh can also be categorised into three types in terms of their origin and coverage of intervention—local, national and international. All these three kinds of NGOs have been selected for this study. Moreover, the NGOs can be divided into some other categories such as geographical locations, programme focus, legal identities, funding sources etc.

This research has taken into account the NGOs which are registered under the NGOAB. As of June 2016 a total of 2471 NGOs were registered under NGO Affairs Bureau²⁰. During 2014-2015, a total of 781 NGOs received funds from the foreign donor agencies as per the database of NGO Affairs Bureau provided to TIB study team based on a formal letter. From the list, a total of 50 NGOs (6.4%) have been selected for this research by applying a systematic random sampling. Based on the size of the funds they received, the NGOs have been divided into three categories – large, medium and small. Then 50 NGOs have been selected proportionately from all categories. During the selection, local, national and international NGOs have also been selected proportionately.

During data collection two local NGOs refused to participate in the study. Moreover, one international NGO in spite of their international affiliation and five local NGOs in spite of their sole operation at local level by having their head offices in divisional or district town they claimed to be national NGOs as their identity. Therefore, the final distribution of selected NGOs shows that (Table 3) in spite of having larger number of local NGOs compared to the national ones, the number of national NGOs has been sampled more than those of local NGOs. Moreover, due to the refusal from two local NGOs, the team had been able to collect data from 48 NGOs.

¹⁶Regulatory legitimacy (based on law, conforming to legal requirements) depends on the compliance of laws and regulations of the state as well as rules of the organization (Lister, 2003).

¹⁷ Pragmatic legitimacy (based on self-interest, conforming to demands) depends on the self-interest and demands of the most immediate audiences (Lister, 2003; Jepson, 2005).

¹⁸Normative legitimacy (based on evaluation, conforming to ideals) requires a kind of conformity between organizational values and wider societal cultural beliefs (Lister, 2003).

¹⁹Cognitive legitimacy (based on cognition, conforming to models) is related to the perception on established models, which are described as ‘taken for granted’ (Lister, 2003).

²⁰ Which is 2554 NGOs as of 17th October 2017 as indicated in the background.

Table 3: Type and number of selected NGOs

Type ²¹ of NGOs received funds in 2014-15	Number of NGOs received funds in 2014-15	Number of NGOs selected for this study
Local	330	17
National	275	24
International	176	09
Total	781	50

Source: Selected NGOs

2.3 Main features of the selected NGOs

The data provided by the selected NGOs show that there is a good combination of NGOs in terms of their year of establishment. Three selected NGOs were established between 1950s and 1960s. 45 NGOs were established after the independence of Bangladesh. Of them, 17 NGOs were established before 1990 and 28 NGOs after 1991.

Table 4: Establishment of selected NGOs

Year of establishment	Local NGO	National NGO	International NGO	Total
1951-1970	0	2	1	3
1971-1990	2	12	3	17
1991-2010	13	10	5	28
Total	15	24	9	48

Source: Selected NGOs

Among the selected NGOs, only five NGOs were found to be explicitly operating their activities through service delivery model and six NGOs having their explicit identity as advocacy and social mobilisation NGOs. However, 77.1% selected NGOs claimed that they operate through both service delivery and social mobilisation approaches.

Table 5: Programme approach of selected NGOs

Programme approach	Number of NGOs	Percentage
Service delivery	5	10.4
Social mobilisation	6	12.5
Both	37	77.1
Total	48	100

Source: Selected NGOs

The area coverage of the selected NGOs show that they altogether work in almost every district and upazila of Bangladesh (see Table 6). If we look at the coverage of selected local NGOs, their intervention covers upazilas ranging from 1 to 109 upazilas. Selected national NGOs cover 6-490 upazilas and the international NGOs cover 2-484 upazilas. Their area coverage demonstrates that

²¹ Type of NGOs might not match in many cases with how the NGOs label themselves. During diving into three levels, the study team has considered the location of head offices in identifying local and national NGOs. International NGOs have been identified as international by their affiliation with international entities. However, during the data collection, it has been found that some local NGOs like to introduce themselves as national NGOs because of their volume of works and area coverage. Alongside, some international NGOs have also introduced themselves as national NGOs as they have reduced functional affiliation with international entities and got further registered as national entity.

the selected NGOs are in different sizes i.e. small, medium and large size of NGOs were covered in the study. If we look at the population coverage of the selected NGOs we see that the selected NGOs cover 8,21,34,677 beneficiaries. If we look at the amount of their budget for 2016, national NGOs had the highest budget (89,323 crore taka) and local NGOs had the lowest budget (6,260 crore taka).

Table 6: Coverage of selected NGOs

Type of NGOs	Upazila coverage	Total upazila coverage	Total coverage of beneficiaries	Total budget in 2016 (Crore Taka)
Local (n ₁ = 15)	1-109	346	3457001	6260.25
National n ₂ = 24)	6-490	3160	46961589	89323.10
International (n ₃ = 9)	2-484	791	31716087	921.96
Total (48)		4297	82134677	90871.18

Source: Selected NGOs

The selected NGOs have different kinds of programmatic interventions including social development, livelihoods, rights and governance, environment, etc. The data the selected NGOs provided indicate that social development, rights and governance and livelihoods are the most prominent programmatic areas of the selected NGOs.

Table 7: Programmatic interventions of selected NGOs

Type of programme	Type of NGOs			
	Local (n ₁ = 15)	National n ₂ = 24)	International (n ₃ = 9)	Total (48) ²²
Governance, rights, social mobilisation	9	21	7	77%
Education, health, social development	12	20	9	85%
Microcredit, food security, livelihoods	7	18	7	67%
Environment, climate change, disaster management	5	14	3	46%

Source: Selected NGOs

2.4 Selection of respondents and methods of data collection

As stated in the conceptual framework, following types of respondents were targeted for this research. They are:

- Donor agencies:** The donor includes both bilateral and multi-lateral donor agencies. They were selected purposively.
- Government:** NGO Affairs Bureau is the main authority for regulating the NGOs receiving foreign donations for their work. Moreover, the relevant government agencies especially the local level administrations which are involved in local level coordination of NGOs were selected purposively for this research.
- NGOs:** As stated above, local, national and international NGOs which are registered under NGOAB and received foreign donations during 2014-2015 were taken as population for this research. Local, national and international NGOs were selected proportionately with good

²² Each NGO provided that they operate multiple programmatic interventions in their working areas.

combination of having both service delivery and social mobilisation activities. NGOs were selected from these categories by applying systematic random sampling. Member of governing boards, senior leadership or management team and the employees from senior, mid and junior levels were the key respondents from the selected NGOs.

- d. **Communities:** Community people having direct experiences of working with the selected NGOs as beneficiaries were selected for this research as respondents. A sub-set of 15 local, national and international NGOs were selected for looking into their community level activities. The sub-set was determined purposively.
- e. **Civil society:** Some civil society members including journalists, academics, researchers, social workers and so on having close experiences of working with NGOs at local and national levels were selected as respondents for this research.
- f. **Independent auditors and evaluators:** Some independent financial auditors and evaluators were selected for this research.

Qualitative methods were used in this research to collect data from the field. However, this research used some quantified figures during the analysis of the field data. Moreover, the study used quantitative sampling procedures in selecting NGOs for this study. This was done to avoid selection bias and thus to ensure representativeness of the NGOs funded by foreign donations. Following methods were applied in this research:

Table 8: Respondent wise research methods and tools

Respondents	Methods	Tools
Government: NGOAB, DCs, UNOs, relevant officials	Key Informant Interview (KII)	Interview Guide and Checklist
Civil society members		
Auditors and evaluators		
Donor agencies		
Employees of selected NGOs	Focus Group Discussion (FGD)	
Direct beneficiaries of selected NGOs		
NGOs: Finance/Audit, HR, M&E, Governing Board, Senior Management	Interview	
Relevant laws, policies, NGO reports, scholarly articles, etc.	Review of literature	
Representatives from national and international NGOs and NGO coordination bodies	Validation meeting	

2.5 Data analysis

Critical analysis of qualitative data by following an analytical framework, built on a conceptual framework as illustrated before, was carried out. The following analytical framework was used in this research:

Table 9: Analytical framework

	Indicators			
	Regulatory	Pragmatic	Normative	Cognitive

Aspects of NGO governance	Transparency and integrity	<ul style="list-style-type: none"> - Open information policy - Compliance to the Right to Information (R2I) Act - Approval of projects - Compliance in procurement, recruitment and payment to staff and vendors 	<ul style="list-style-type: none"> - Open information on fund utilisation - Open beneficiary selection - Proactive disclosure of organisational information 	- Use of right language	- Contextually and culturally appropriate information
	Representativeness and participation	<ul style="list-style-type: none"> - Appropriate governing structure and membership criteria - Appropriate governance policies 	<ul style="list-style-type: none"> - Community participation in need assessment and reflection in planning - Consultation with employees for decision making - Community representation in board 	- Selection of right beneficiaries and issues for right programme	- Use of local experience and knowledge
	Accountability	<ul style="list-style-type: none"> - Donor reporting - Reporting to regulatory authority - Answerability to governing board - Policy and practice for audits 	<ul style="list-style-type: none"> - Answerability to community - Strong M&E system - Strong financial control - Reporting mechanism - Whistle blowers protection 	- Reputation from community	- Consultative and watchdog role of community
	Institutional capacity and performance	<ul style="list-style-type: none"> - Appropriate policies and guidelines - Conformity to employment laws of the land 	<ul style="list-style-type: none"> - Capacity building of staff - Fair appraisal system - Motivational factors for the staff - Inclusiveness and gender sensitivity 	- Effective activity implementation	- Community empowerment

Adapted from Lister, 2003; Jepson, 2005; and Lisa and van Tuijl, 2006)

2.6 Data validation

Draft report of the study was shared with entire research team and higher management at the TIB for feedback. Corroboration of data was checked at different stages—during data collection and after getting feedback from TIB research team and higher management. Moreover, two validation meetings were also organised with the leaders of NGO coordination groups of Bangladesh as well as representatives from different national and international NGOs working in Bangladesh. After getting proper endorsement of research findings and consent from the NGO leaders and representatives for working together on the improvement areas and potential measures from concerned authorities, TIB decided to release the report for the relevant stakeholders and wider audience.

2.7 Timeframe

Task	Apr - Sep'16	Oct'16 - Feb'17	Mar - May'17	Jun – Dec'17	Jan-Aug'18
Concept note development, presentation, finalisation, tools development, presentation and finalisation					
Data collection from the field, data entry/transcription					
Data analysis, report writing, in-house sharing					
Sharing with NGO leaders for validation, finalisation of report and release					

Chapter 3

Analysis and Discussions

3.1 Transparency and integrity

It is complicated to analyse the transparency and integrity situation of NGOs because the findings suggest that it varies from NGO to NGO.

Most of the employees and management of the selected NGOs claimed that whatever and however they do is transparent. However, the beneficiaries, civil society members and concerned government officials argued that NGOs have some improvement areas in ensuring transparency and integrity in their work. Here are a few examples given below about transparency and integrity practices in the selected NGOs of Bangladesh.

Programme information made open by most of the NGOs: It was found that almost all NGOs have some common mechanism to open their programme related information. They share information through different mediums such as webpage, annual report, stakeholder meeting, project inception meeting etc. Among the medium annual report is the common practice of all NGOs for making their information public. A few local NGOs having big funds, and almost all national and international NGOs publish their annual programme report and distribute to different stakeholders including local administration, NGOAB, donors, local civil society members and so on. The NGOs also organise inception meeting at the beginning of a donor funded projects, which are prescribed by the donors in most of the cases. The NGOs also share their programme information in the coordination meeting with local administration.

36 NGOs out of 48 have their active webpages. They use the pages to share their programmes and project activities, annual report, financial audit report, success stories, name of their governing board members, etc.

However, it was found that among these NGOs 19 NGOs do not update their information on regular basis. This is also mention worthy that a number of 12 NGOs do not have their webpages. Among them three NGOs were found to have lack of affordability to develop and run a webpage.

One of the strong points among the local NGOs as well as the national and international NGOs having offices at local level is that they are easily accessible for the people willing to know about

Box 1: Weak visibility and fear of sharing information

- The study team found no sign board and visible works of two local NGOs among the selected ones but they received donor funds during 2014-15. An NGO's office address as mentioned in NGOAB's database was finally traced out but it was located in another NGO's address.
- Two local NGOs refused to provide information to the researchers.
- Two national NGOs and one international NGO were reluctant to provide information and the research team had to contact them several times by applying different modes.

Box 2: Deficiencies in proactive disclosure

Proactive disclosure of information among the local stakeholders is not found in most of the cases. Most of the NGOs (29 out of 48) do not have proactive initiatives to disclose their programme related information to their beneficiaries at community level. Moreover, the NGOs those produce annual report usually publish in English language and do not take initiative to reach out to their beneficiaries and local community people with the information in easy version preferably in Bengali. Although this is not mandatory to practice, only four NGOs out of 48 informed that they share their programme budget and expenditure related information with their beneficiaries.

their programme. In their office premises they stick posters on the wall having different information and messages of their programmes. Anybody who gets in their office premises can easily take some ideas about their programmes by reading the information.

Lack of proactive disclosure of budget and expenditure: Field data show that some NGOs share their funding sources i.e. the name of donors through annual report, webpage, inception meeting but not necessarily the budget size or activity wise expenditures. The NGOs share their budget in the coordination meeting with local administration (UNO²³ and DC²⁴), financial report with donors and audit report with NGOAB. However, a negligible number of the selected NGOs (only four NGOs out of 48 informed that they share their budget and expenditure related information with their beneficiaries) across the levels have any mechanism to share their budget and expenditure with their beneficiaries and community people.

Box 3: Sharing financial statements through newspaper

Although this is not mandatory to practice, there is an example of strong proactive disclosure practice that a few national NGOs (three out of 48) share their audited financial statements, programme coverage and results through national dailies, and even in Bengali version, despite that this is expensive.

A number of local level civil society members confirmed that they never heard that the NGOs working in their areas shared their budget with people. The beneficiaries consulted through this study also confirmed that they never got the opportunity to hear from the implementing agencies about their project budget.

Box 4: Good practices in procurement

Polices and systems in procurement available in most of the selected NGOs but with deficiencies in practice: Field data suggest that most of the selected NGOs follow some established procedures in their procurements. For example, most of the

NGOs (43 NGOs out of 48) across the levels have their fixed purchase committee to ensure integrity in procurement. Some national NGOs and a few local NGOs having wider area coverage have central purchase committee while a few NGOs also form project based committee. However, a few local NGOs do

not maintain any procurement committee. Chief Executives of those organisations take all decisions in respect to the procurement. Some local NGOs and most of the national and international NGOs (total 30 NGOs out of 48) maintain and update vendor list and carry out their procurement through enlisted vendors.

- One international NGO changes it's procurement committee once in every year.
- A national NGO's audit unit produces audit report once in every three months. These audit reports are reviewed by their governing body.
- There exist a few NGOs those practice the declaration of conflict of interest if seen there might be any chance of conflict of interest in the procurement process.
- An ED of a local NGO informed that they even involve their funding agencies in some cases of procurement to avoid local pressures and leakage.
- A few national and international NGOs follow e-tendering system to avoid corruption and external pressure in procurement.

²³ Upazila Nirbahi Officer who holds coordination meeting with the NGOs at upazila (sub-district) level in every month.

²⁴ Deputy Commissioner who also holds coordination meeting with NGOs working in their territory (district) in every month.

Despite having the policies and guidelines in most of the NGOs, it was found in some NGOs that the Chief Executives change the decisions taken by the procurement committees. A local NGO staff informed:

If our Executive Director takes any decision in vendor selection, procurement committee has nothing to do but to follow the instruction.

This allegation was prominently found in most of the local and national NGOs. It was also found that a few NGOs also execute their procurement through local project staff and they do not involve any external vendor. There are also examples of manipulating procurement process by the members of procurement committees or assigned staff. A field level staff of a national NGO informed:

Box 5: Unauthorised dealings in quotation collection

Most of the selected NGOs informed that they collect quotations if the purchasing value exceeds limits defined in policies. It was found from the responses that they collect quotations from their familiar vendors according to their convenience and previous experiences. Some respondents informed that it very often appears that they purchase products from the same vendors in maximum cases. There lies a possibility to have some unauthorised dealings behind the selection of same vendor through quotation collection process because quotation collection does not mean that it opens the competition for participating equally in the procurement process by the vendors. There are allegations in some selected NGOs there are examples of selecting same vendors despite having conflict of interest.

Sometimes our local level regular supplier might provide higher price on two or three items than other vendors. In this situation, we go to the regular one and say that we do not want to select more than one vendor for this procurement. We also inform that other vendors submitted lower price for two or three items. We suggest to lower price so that we can select that vendor. We do this just to reduce the documentation hassle.

Payment through bank account practised in most of the NGOs, however, there exist some malpractices: Field data confirm that almost all the selected NGOs (43 NGOs out of 48) pay salary to their staff through bank account. However, there are a many local NGOs and a few national NGOs that do not make other transactions through bank account. For example, many NGOs do not practice of paying bills to the staff through bank account. However, they informed that they make it when the amount is small and this limit varies in different NGOs. For example, cash payment is valid for the amount less than 5000 Taka in a few NGOs where it is 10000 Taka in some cases. However, a few local NGOs pay cash for salary especially to the community level workers or mobilisers. There are also allegations in few cases especially in the local NGOs that they pay direct cash to the staff (five NGOs out of 48) and maintain two ledgers (two NGOs out of 48). A field level staff of a local NGO informed:

The amount of salary we receive and what they keep in their record are different. It is told during the recruitment that they would not pay the amount which is written in the ledger.

It was found in a few local NGOs and most of the national and international NGOs that they provide payment to the vendors by using account payee cheque. However, many NGOs especially among the local NGOs and a few national NGOs do not practice of making the payment through account payee cheque. Some local and national NGOs justified the cash payment to the vendors by arguing that the local vendors do not accept cheque. They rather prefer cash payment. They also claimed that if the cash payment is not made, the vendors do not show their willingness to

participate in the bidding for procurement. For that reason, a many local and national NGOs follow direct cash payment.

Staff shown in different projects, engaged but provided with no extra allowances:

It was found in a few NGOs that they engage staff in different programmes and projects. However, such staff are not given extra allowances for their extra involvements, though, their salaries are charged from all the projects they are shown for. Some senior management staff of the selected NGOs also justified this practice. For example, a Chief Executive of a local NGO argued:

We do it to save money for the organisation so that we can spend on the staff when they would not have scope to be attached to a project. We also charge payment from every project for the same purpose.

Some of the respondents from stakeholders argued that the extra money which is charged against but not paid to the staff is pilfered by senior management. Moreover, the staff do not feel it easy to absorb the burden of extra duties. A junior staff of an NGO argued:

We are involved in different programmes. We feel the burden when we are forced to serve other programmes alongside our ones.

The field level staff of a few local and national NGOs also mentioned that very often their weekends are taken away for the purpose of staff development training or project orientation, which deprives them of enjoying weekends with families. A field staff of a local NGO also informed:

Very often we work till 8:00 o'clock though office hour is 9:00 am – 5:00 pm. For the extra hours we spend are not compensated by providing extra allowances.

This practice is prevalent in the NGOs having microfinance programme. The staff of this programme irrespective of local and national NGOs informed that they need to spend extra hour to finish everyday calculation of the loans that they deal with.

Recruitment through competitive process on paper but external influences matter in many cases: It was found that most of the local NGOs and almost all national and international NGOs (38 NGOs out of 48) circulate job opening in newspaper or through job portal. However, only a few NGOs mention the amount of salary in the job circular. Most of the NGOs form ad-hoc recruitment committee for viva voce and written test. A few of local and national NGOs informed that in some cases especially for the vital posts, donor representatives²⁵ become part of undertaking the viva voce. It was found that the local NGOs have allegations against the funding agencies on influencing their recruitment that they cannot avoid. It was also alleged that the local NGOs and in few cases local offices of national NGOs entertain external influences in the recruitment especially for the low profile or junior positions. They do it for the sake of maintaining good relations with local influential groups including political leaders. An HR staff of a local NGO informed:

Box 6: Community workers not treated as staff

It was found that many of the selected local and national NGOs do not treat their field level paid contributors as their staff. For example, they do not count the community mobilisers or group facilitators in their staff list when they compare between programme cost versus overhead expenditure. They tend to calculate the costs of community mobilisers as programme cost. It was found that paying direct cash to this type of staff is practiced in most of the local and national NGOs.

²⁵ In many cases local NGOs consider the international or big NGOs funding to them as donors.

We cannot always avoid local political pressure in the recruitment. We have to recruit their recommended candidates but not all those recommended. For example, we have five vacant posts. We may recruit one candidate from the list provided by them.

However, most of the local NGOs informed that they recruit community level positions like community facilitators from the list of the recommended candidates. A few national NGOs informed that they very often receive recommendations from different officials of NGOAB to recruit their candidates. In some cases, they also recruit recommended candidates for the sake of maintaining good relationship with NGOAB. A few NGOs, mostly among the local NGOs, do not publish any job circular. They appoint staff through informal procedure.

Irregularities with beneficiaries by a few local NGOs: A few local NGOs' irregularities with their beneficiaries are prevalent. For example, a local NGO runs two orphanages. At one stage, that NGO reduced facilities for the children to a great extent. The boys in one orphanage protested against it. That NGO ousted all the orphan boys from the orphanage. A few key informants informed that some NGOs are involved in misappropriation of donor funds and thus they deprive their beneficiaries. For example, a local NGO committed huge financial misappropriation while implementing an emergency support project funded by an international NGO. That incident led to termination of partnership. The stakeholders and civil society members alleged that a huge misappropriation of donor money was committed by some local NGOs.

Box 7: Capturing extra benefits and personal gains by using position

In some NGOs as informed mostly by the key informants, EDs take extra benefits and opportunities by using their position. Field data show that ED's attendance in the office is not accounted like other staff. It was alleged that some local NGOs' EDs even live in the capital city though they operate from district or upazila level. It was also informed that an ED of a local NGO lives in abroad due to his dual citizenship but he holds the position and takes regular salaries and other benefits. A few local key informants informed that some local NGOs' chief executives have created huge personal assets by dint of capturing money from the projects run through foreign donations. They also cited some examples which include chief executives' posh life, purchase of flats and cars as personal property, using office facilities even for personal purposes, etc.

Allegations of using project money for bribing and subscribing to local authorities: Most of the local and national NGOs complained that they bribe to some of the NGOAB officials, especially through the administrative staff, for getting their project approval. The NGOs claimed that they are bound to make the bribing to get the approval process easy. Sometimes, this practice takes place through a collusive understanding. In some cases, support staff at the NGOAB make the NGOs pay speed money. On the contrary, some NGOs, especially among the local NGOs, prefer to pay some speed money to avoid hassle in NGOAB. They also provide subscription to the local administrations as claimed from them for the observance of different national and international days. Some respondents informed that NGOs pay the money from the project funds but do not show in the expenditure lists. To bear the expenditure in paying unauthorised money, they maintain their accounts in an unfair means. Some the respondents from independent audit agencies informed:

Generating fake voucher against procurement is a common practice in many of the NGOs.

Some respondents also informed that in some cases, NGO management collects subscriptions from their staff to bear the unauthorised expenditures that they spend for NGOAB and local administration. It is also alleged that programme cost is secretly cut and adjusted carefully and thus quality of programmes is compromised.

Box 8: Corruption in regulatory and coordinating authorities of the government

Most all the selected local and national NGOs informed that they had to bribe for getting their funds released from the NGOAB. An Executive Director of a local NGO argued:

We are bound to bribe. Otherwise, it is difficult to get cooperation from the junior staff of NGOAB.

An Executive Director of another local NGO informed:

We have people in NGOAB who helps us approve our projects. We pay them, so they do not make any problem with us.

An ED of an NGO also informed that they are forced to bribe minimum 500 Taka when they go to NGOAB to even submit their progress report and get them documented. Field data confirm that the range of bribe money that the NGOs pay to the NGOAB officials for the approval of donor funded projects is 5000 – One lac Taka.

The NGOs also experience corruption while dealing with local coordinating authorities of the government. Almost all the selected local and national NGOs informed that district and sub-district level administrations collect money from NGOs as subscriptions for the observance of different national and international days. The subscription ranges from 500 – 10,000 Taka for each of the events they organise. Some NGOs informed that they manage the subscription from their general funds that they mobilise from the project money. Some NGOs keep a budget item in every project they implement in order that managing the unauthorised local demands. In some cases, the subscriptions are spent from ED's pocket. They also informed that they are bound to pay the subscription. Otherwise, it gets difficult to collect testimonial on their performance from the local authority which is required for getting approval from the NGOAB. An ED of a local NGO informed:

We bribe to NGOAB officials. For example, 40000 Taka is bribed for an approval of a four lac Taka project. We are bound to pay otherwise it takes huge time to get the approval.

An ED of an NGO working in the CHTs also alleged that they have to bribe too to the CHT Affairs Ministry officials and local district councils for getting testimonial which is required to get project approval from the NGOAB. By means of that, the NGOs operating in the CHTs become triply victims of corruption.

Most of the selected national NGOs also complained that they have to bribe to junior staff of NGOAB for every single fund release. They informed that NGOAB junior staff often claim that they take the bribe as their signatory officials do not sign off the approval without money. The dealing with NGOAB has become so complicated that almost all NGOs have assigned dedicated staff for NGOAB dealings. Some NGOs also complained that they are also bound to bribe to local administration for getting certification of their performance once in a year.

NGOAB high officials are accused of getting unauthorised opportunities from the NGOs especially during the field visit. Some NGOs informed that some officials prefer to visit tourist areas. A few NGO officials informed that they had to provide vehicle support to the NGOAB officials when they even were visiting their areas on personal tour and as they demanded vehicle support from them. It was also informed that those officials also claimed lodging support in the guest houses of NGOs. It was also alleged that a few NGOAB officials also visit NGOs for the purpose of providing orientation on the NGOAB formats used for getting fund approval. The hidden objective of the orientation in most of the cases remains that they claim honorarium from the NGOs for the orientation. However, a reverse picture was also evident. Field data suggest that a few NGOs offer the NGOAB officials to visit their project locations and if the visit made the NGOs deliberately provide luxury support and entertainment to the NGOAB officials during the visit.

Attributions get unidentified in claiming successes: The selected NGOs have significant footprints

in community development and policy advocacy. They have numerous examples of bringing about positive changes in communities. However, there are huge controversies in counting the numbers and contributions that the NGOs make through their works. As indicated before, there are huge overlapping and a number of NGOs work in same communities and with same beneficiaries. It means that there are possibilities of collective successes. However, a common tendency among the NGOs prevails that they do not give credit to other NGOs having attributions in bringing about successes in the communities having multiple supports from different NGOs.

Moreover, there are tendencies among many of the NGOs to include their previous project beneficiaries into the new project with a hidden objective that it would be easier to show a quick the development in their target beneficiaries. There is also a tendency among many NGOs to overlap project beneficiaries with other NGOs and even with same activities. This tendency is common in the microcredit providing NGOs. The beneficiaries of microcredit programme of several NGOs informed that they take loans from different NGOs at a time and it becomes their only activity to get loan from an NGO in order to repay others.

3.2 Representativeness and participation

The discussions on representativeness and participation refer mostly to the reflection on the involvement of the participants or beneficiaries in the activities of NGOs. Moreover, the involvement of other community people and civil society members also goes with this discussion. Participation ensures representation of people and their needs in the planning and implementation of NGO activities. An NGO can ensure the representation of community issues and needs by ensuring participation of community people. This section provides an assessment on how much the selected NGOs ensure participation and representativeness of the people with whom they work with.

People's participation in planning process not ensured in many cases: NGOs are claimed to be the closest entities of the communities – especially in there where there are needs and for the people living in poverty. However, it was found that a significant number of the selected NGOs (16) assess community needs on their own way, without consultation with concerned community people – more specifically the beneficiaries. Nonetheless, field data suggest that most of the selected NGOs (32 out of 48) claimed that they consult their target communities for the selection of beneficiaries. Field data also indicate that a few local and national NGOs are instructed by their funding agencies to consult with local people before formulating project proposal and for preparing annual plans after the project inception. However, in many cases it was found that the issues that the NGOs work on come mainly from their donors and in some cases from community leaders if they are consulted in the name of community consultation – however, not from the poor and marginalised people who are usually selected for the project benefits. However, a few NGOs claimed to have community involvement during planning phase where they use PRA tools like social map, wellbeing analysis etc. A few local level government authorities argued that some NGOs consult with them for designing project activities. A few local civil society members also informed that some NGOs share their activities with them and seek advices.

Reaching out to wrong beneficiaries in many cases: It was claimed by most of the selected NGOs (32) that they consult community people or local stakeholders before planning their activities or at least chalk out the beneficiaries through survey or consultation with them. It was found in many cases, project field staff create relationship with intermediaries in communities to have enabling and easily accessible environment for minimising potential threat from communities. The intermediaries sometimes influence in beneficiary selection. At one stage the staff find that they have not selected right beneficiaries but they find no way to escape from there but continue their activities with the wrong beneficiaries. Some NGOs rely on people's representatives for beneficiary

selection. The NGOs operating livelihoods programme especially microcredit programme are supposed to provide loans and other services to the people living in poverty and most preferably to those living in extreme poverty. However, it was found in the field in many cases, beneficiaries were selected through personal judgement of the NGO staff. They were found to give preference to the households having capacity to repay instalments without making any disruption and without any extra effort from the NGO. The positive side is that some NGOs select beneficiaries by conducting survey in communities. There also remains example of forming project support committee by NGOs in order to reach out to the right beneficiaries.

Duplication in reaching out to same beneficiaries by different NGOs: It was found in most of the cases that the NGOs working in same areas do not have coordination in selecting beneficiaries. It was found in communities that same beneficiaries are covered by different NGOs even with same programme – in most of the cases microcredit programme – or with different programmes. The beneficiaries seem to take support from different NGOs at a time and they fall in a state that they always keep going on attending workers from different NGOs. It was found that the beneficiaries take microcredit from different NGOs at a time and repaying the instalment by making credit from other NGOs. At the same time, they

become participants of other NGOs that work in the same location with different programmes such as agriculture, livelihoods, education, health, etc. This duplication is clearly shown in the Table 6, which is constructed based on the data provided by the selected NGOs. The Table says, the selected NGOs (N=48) share multiple upazilas and even the beneficiaries at a time. Although the total number of upazila in Bangladesh is 491, the selected NGOs work in 4297 upazilas and with 8.21 crore beneficiaries – it seems to be working with almost half of the population of the country by 48 NGOs.

Box 9: Isn't microfinance for the real poor?

For the microfinance activities, NGOs form groups in communities by maintaining some processes. The group members, basically the women, start saving in group for a certain period of time. Then the field staff ask the group leaders to identify who are regular in saving and having capacity to repay instalment without any disruption. The leaders reform the group with the instruction of the staff. Thus the real poor having less capacity to repay loan get out of the microfinance programme. A beneficiary of group informed, "We had a shop that my husband had been running – for its expansion we needed a loan. So, I became a member of this NGO and took a loan." Another beneficiary added, "We had a plot of land to produce paddy. We felt the need of having another plot. I took a loan to help my husband to fulfil the need." Another beneficiary expressed, "We had a cow and we were doing well with that as we got benefited by selling milk. We then thought that another cow might give us more benefits. So, I took a loan from this NGO." However, the remaining members informed that a many members who had more needs to get loans could not survive until proving their capacity to make savings and potentials for repaying smooth instalment. They got dismembered because of their extreme poverty. That NGO operated microcredit scheme for the ultra-poor. However, the members of the group informed that the NGO did not take such a scheme for those who failed to survive in their team. It was alleged that microcredit staff applied this technique to avoid the difficulty to groom the poor up to generating income and providing instalments smoothly. It was also alleged that they apply this technique as they face tremendous pressure and salary cut in the case of failure to collect instalments.

This is to mention that two international NGOs maintain coordination with other NGOs working in same areas to sit together and check whether they duplicate the beneficiaries. The NGOs that have child sponsorship programme maintain such coordination for avoiding any duplication.

Whose issues and working with whom: Although a good number of NGOs (32 out of 48) claimed that they reach out to the community for consultation especially for beneficiary selection, it was evident that only a few NGOs conduct beneficiary meeting to select community issues. In many cases issues are selected based on what is written in the project documents coming from the funding agencies. A senior staff of a local NGO informed:

Programme and priorities are guided by donors. It is less likely to go for consultation with local community and taking their issues into account.

An ED of an NGO argued:

Donor funded projects are like set menu. Donors tend to fix everything and provide guidelines that need to be followed. There is no scope to take opinion of the beneficiaries and even we cannot do anything beyond what our donors set at the outset.

Box 10: Overlapping beneficiaries with government

A programme staff of another local NGO informed:

Donors tend to provide direction and formats and we just follow them. We cannot fulfil the needs of the community what they raise. In many cases donors even tend to design our work and we just implement them. We do not have much scope to act on our own.

A national NGO in partnership with an international NGO implemented a project on non-formal primary education for the dropout students through some project-based schools. After six to twelve months of the project completion, it was found that no schools sustained. The concerned Upazila Education Officer informed:

There were very minimum dropout students when that NGO started their school in this upazila. When the NGO came to us with a request to provide text book for the students, we inspected the schools and found that the NGO showed some fake number of drop out students. Among the students they showed a significant number of them were the regular students of government primary schools.

However, there are some exceptions – the big national and international NGOs can act on different modes.

The national NGOs having less dependency on donors can design their programme on their own way and they can even bargain with the funding agencies. The international NGOs by dint of their international entity, they follow some set guidelines which they follow in receiving donor funds for implementing their works. However, it was found in many cases that their priorities go mostly with their global agenda and eventually they try to contextualise them with local issues. An international NGO official informed that their country office prepares their country strategy and thematic plan in line with their global vision alongside blends them with local needs. For making their plans contextualise the country demands they consult with community, government officials and donors. However, the international NGOs having dependency on donor funds sometimes need to follow the donor's priorities.

Box 11: Inclusion of powerful people in poor people's group

An international NGO mobilised their beneficiaries under a credit union, which was once upon a time a group of a number of poor people. After turning into credit union, some powerful people including the UP chairman got membership of the union. As a result, powerful members got on the driving seats while the poor members got marginalised from leadership positions.

Who represents in the governing

boards: It is alleged that in most of the cases the governing body is formed with the people who the

chief executives of the NGOs know very well and have good personal relations and even have close family relations. In some cases, especially for the local NGOs members of the governing boards are selected with an intention that they would not disagree with any policy decisions proposed or taken by the chief executives. It is also alleged that such a selection does guarantee that the selected members act their mere roles and always endorse all decisions of the chief executives as and when required from them.

In some NGOs it was found that they have 20-30% women in their governing boards. However, it is not often considered that a member should have relevant knowledge and capacity to contribute to the NGOs as governing board member. It is alleged in most of the local NGOs that the selection of women members is not carried out with an intention that they would be able to contribute to the accountability mechanism of the NGOs. For example, a local NGO's governing board membered a person from an indigenous community and a female school teacher. However, an active governing board member informed about them:

Box 12: Is the representation from communities for governing boards considered?

NGOs' main constituencies are the people living in poverty at the grassroots level. However, only an insignificant number of local and national NGOs (six out of 39 NGOs) informed that they have members in the governing board who had been selected from the community. Most of the NGOs never thought that they could include representative from community as the member of the governing board.

These two members keep silent in most of the meetings.

This is to note that the international NGOs having operations in Bangladesh as country programme do not have any local governing board. So, they do not maintain such accountability mechanism, though it is instructed in the law that an NGO registered under the NGOAB should have two tier of governing bodies that must hold the management of NGOs accountable for their performance.

Governing board members' involvement in NGOs mostly limited to attending meeting: It was found in most of the local and national NGOs that board members' participation in NGO activities is mostly limited to attending meetings, which take place in every quarter of a year. In some cases, it was found that they have participation in some additional activities like day observance, project inception and phase out programmes, etc. It was informed by an NGO that one of its governing board members was involved in proposal development. In some cases, governing board was found active and they provide advices. For example, a governing board member of a local NGO informed:

The NGO formulated its strategic plan in English. We advised them to translate that in Bengali for wider circulation. They followed our suggestion.

Another positive instance was found in a local NGO where the governing board members protested against the NGO's decision to receive a project from the government by bribing 35% of the total project money. Upon the board members' disagreement that NGO stopped receiving the fund.

However, in many cases, decision making process is reverse. The most common practice is that the chief executives of the NGOs make all policy decisions which the governing body members endorse later. A governing body member of a national NGO informed:

ED takes all policy decisions on behalf of the organisation and he generally shares the decisions with governing board members over phone. Over phone...because governing board meetings are not held regularly.

Limited space for the staff to take part in the planning and feedback process: Most of the NGOs informed that they hold staff meeting where the staff have scope to participate in the discussion and raise their issues. However, a number of junior staff of local and national NGOs

informed that they never participated in the planning meetings. For example, a junior project staff of an NGO informed:

Project manager and M&E officer prepare entire project plan without involving other staff of the project.

However, in some NGOs project implementation plan is prepared in consultation and participation with all project staff. A few NGOs' staff informed that they always saw that EDs take all decisions and inform them later through staff meetings. An ED of an NGO claimed that higher management hears from the staff for making some decisions. However, a field level junior staff of that NGO informed that they had no role in the planning process of the project he worked with. What they do is to prepare their individual plan based on the project work plan sent to them from the head office. Some international NGOs having district level field offices for project implementation were found to bear same allegations that field staff are not involved in the planning process of the projects but they are instructed only to implement what are designed and sent from the country office.

Box 13: Do the local NGOs get enough room when they implement projects in partnership with international NGOs?

The international NGOs working through partnership are also alleged of keeping no space for the local partners to participate in the planning process. Rather they get the only chance to get involved in the implementation part. However, some international NGO staff argued that they groom their partners through project implementation since the local NGOs are lagging behind in terms of capacity to design a project.

3.3 Accountability

Accountability enhances performance of an organisation and helps achieve the organisational goal. Accountability in NGOs goes both ways – upward and downward and even internal and external. NGOs are required to ensure accountability towards their funding agencies, government agencies, and their constituencies. As part internal accountability mechanism executive management team of an NGO is accountable to their governing board and ideally to all staff.

Accountability to governing board merely a formality: A few governing body members informed that chief executives of the NGOs are more powerful than the board members. It was found in most of the cases that the EC members provide their opinions on new projects when shared and asked for by the Chair. EDs of the NGOs share the income and expenditure of the organisations in general meetings organised once in a year. They provide advices to the ED but never check whether their advices are taken into account or not. The EC members interviewed for this study shared that they never received any complaints from the staff. Some EC members informed that they do not know about the robustness of M&E mechanism of his/her respective NGOs. It was shared by a senior staff of a local NGO that about 4-5 members among the 11-member EC are active. Rest are not even regular in meetings. An ED of an NGO informed:

EC is not active. So we do not feel that we are anyhow accountable to them. We have an EC which is made from the general committee. We have made the committee as the NGOAB requires but they are not functioning in the real sense. Actually the EC members reside in different districts. So, they neither can attend meetings nor visit any programme. I have to take all decisions on my own. It is very often difficult to let them know the decisions as they live far from here.

Box 14: Accountability relations between executive board and management

In most of the selected local and national NGOs, EDs have been found to be the founder of their respective NGOs who tend to lead the organisations according to their personal choice. In that case the EDs take the opportunity to form the governing boards on their own choice. It, therefore, becomes tricky to ensure accountability of the executive management by their recruited governing board members. However, there are a few NGOs where the founders remain in the governing board and most often as the Chair of the EC. In that case they take the scope to recruit ED for managing the organisation. Then it becomes easier to hold the executive management accountable in a stronger manner. However, it provides scope to the EC chairs to exercise unsanctioned influences in decision making and under the circumstances an ED becomes merely an obedient employee of the organisation who is supervised by the EC chair.

A local civil society member argued:

In some cases, ECs do nothing but endorse what the EDs decide.

A chair of the EC of a local NGO informed:

ED shares budget and activities with us. We have the scope to provide critical feedback. However, we never do that.

A senior staff of a local NGO informed that EC's quarterly meetings do not include everything in details. ED shares some important and selected points with them. The staff further informed:

But details are discussed in the annual EC meetings. We cannot always carry out the recommendations made by the EC. They sometimes think that the money that the NGO receives from donors is huge. Therefore, they sometimes tried to come up with some enlarged wish lists. Actually, maximum EC members are hi-hello type. They do not take part in the meeting actively.

An ED of a local NGO also informed that majority of the EC members do not attend meeting regularly. He mentioned:

Then we fall in problem in collecting signatures to show the attendance.

Some key informant informed that in most cases EC members' role is limited to attending board meetings to approving chief executive's decision. Sometimes they play the signatory role only where necessary, particularly in the financial and administrative matters. It was also found that most of the beneficiaries and field level staffs of the national NGOs have no idea about the members of their NGO's governing board.

Nonetheless, there are some good examples of some NGOs where their EC members participate in programme review meeting. Some NGOs' general committees set two meetings in a year. Some NGOs present factsheet to their ECs. However, in most of the cases EDs hold more power and authority than the ECs and GCs in practice. For example, a staff of an NGO informed:

EC members come to ED to meet him. They have good relations. ED makes all decisions. In some cases, ED talks to the EC members over phone for any big decision.

However, an EC member of a renowned NGO informed that ED always shares everything before making any policy decision. It was also found that some EC members are active and they visit programmatic interventions of their respective NGOs and provide feedback as part of ensuring accountability.

Accountability to donors fulfilled to a great extent: It was found that all selected NGOs are sincere to meet donor's requirements especially in reporting on their projects. They submit progress, monitoring, and financial reports according to their mutual understanding and commitments. Some NGOs even submit quarterly programme and financial reports to their donors. Donors also ask for annual audit report. To ensure accountability of the NGOs, the donor or funding agencies make field visits and provide feedback on the improvement areas. However, there are allegations against some NGOs that they tend to highlight their successes and hide failures or unsuccessful activities. An M&E staff of an NGO informed:

Box 15: Less focus on qualitative monitoring

In many cases, donor agencies set the targets for their partners and provide reporting formats which are quantitative in nature and therefore, cannot capture qualitative results of their projects. A few key informants of donor agencies argued that they deal with so many partners for that reason they do not have time to read the big reports. So, they depend mostly on numbers and figures. Their formats do not require qualitative data which could be useful to capture intangible results of the projects they fund for. This has made the NGOs not to focus on qualitative monitoring in the form of engaging communities in monitoring to track real changes.

M&E team prepares report and ED scrutinises the texts and figures before sending to donors.

This trend is common in most of the NGOs which is done to highlight their strong points in the report but hide the lowlights.

Formal accountability to government increased but ineffective due to serious corruption:

There are some set mechanisms to ensure accountability to the concerned government authority. The NGOs submit yearly report to the UNOs, attend coordination meeting with UNOs and DCs where they share about their activities, budget, number of beneficiaries, etc. For the NGOs based in the CHT, they also submit their report to security intelligence agencies. They also submit audit report after completion of the donor funded projects to the NGOAB. Audit is conducted by the third party audit firms those are enlisted by NGOAB. A field level government official argued that NGOs' accountability has increased over the years as they attend the monthly coordination meetings at the offices of UNOs and DCs. However, this accountability is limited to coordination meeting. Some concerned officials informed that they do not visit the field level activities of NGOs to verify how the NGOs are doing in communities.

NGOs' fund release depends on the testimonial collected from the DC offices. So, the NGOs are somehow accountable to the local administration. A few local authorities also informed that some NGOs have visible work while some have not. However, some government officials argued differently. For example, a district level official involved in local level coordination of NGOs argued:

We are in doubt of how much the NGOs spend from what they receive from donors.

A few NGOs argued that accountability mechanism to NGOAB has been strengthened. Some NGOs informed some changes that they noticed in the quality of services in NGOAB. NGOAB officials spend time to make query and check the proposals and budget what the NGOs submit to them. However, most of the NGOs, especially the local NGOs, criticised that NGOAB officials have made the proposal checking procedure as a tool of harassment and seeking bribe. Many respondents

from NGOs informed that they had to bribe to a few NGOAB officials for smooth approval of their funds. Some NGO officials also informed that NGOAB officials claimed unauthorised support. According to some arguments made by the key informants, this culture of bribery and getting unauthorised supports from the NGOs loosens the accountability obligations of the NGOs.

Accountability to beneficiaries not in practice: It was found that most of the selected NGOs (39 NGOs) could not confirm that they use participatory monitoring techniques for monitoring result of their activities in communities, which are required to engage beneficiaries as the assessors of NGO activities, targets and performance. Therefore, accountability towards people is not in practice in a remarkable manner in the selected NGOs, though the beneficiaries are the main constituencies of the NGOs. However, this is mention worthy that a few NGOs (nine NGOs) informed that they use PRA tools in monitoring their works in communities.

Box 16: Hotline number and service centre

Three NGOs (one national and two international NGOs) maintain hotline numbers in their project locations to hear from their beneficiaries about any complaints. They also maintain service centre to provide solutions to the complaints lodged by the people through hotline.

Weak internal control mechanism in some NGOs: A many of the selected NGOs (12 NGOs) do not have their internal audit team to enhance integrity and internal control. They mostly depend on the internal check of voucher by their accounts team and final approval of the Chief Executives. Almost all of the selected NGOs have their financial policy where there are clauses indicating steps against financial misappropriation. The selected NGOs mentioned a number of cases of their steps against financial misappropriation where they punished the staff involved in misappropriation by giving show cause, warning and even by doing separation from job.

A many NGOs (23 NGOs out of 48), mostly among the national and international NGOs, also mentioned that they have complaint redress mechanism. If they receive any complaint they issue show cause and present to the executive committee. However, a few local and national NGOs informed that they do not have any policy relating to financial integrity. A few local NGOs still maintain manual procedures in accounts management. A finance staff of a local NGO informed:

We perform manually with our accounting system. We sometimes demanded to our donors to provide support to develop a software. However, they discouraged us by saying that we do not have much duration of our project. So, it is difficult to allocate time for software development.

However, a few local NGOs informed that some of their funding agencies (mentioned by a national NGO and international NGO working through partnership) facilitated them to develop their financial policy. However, most of the national and international NGOs have their own internal audit system and maintain strong financial control mechanism. Some international NGOs implementing programmes through partnership informed that they audit their partners on regular basis. A few of them also informed that they took action against misappropriation of funds which even turned into dismissal of partnership.

Monitoring and evaluation mostly quantitative and done mostly by non-M&E staff in many cases: In many of the selected NGOs (23 NGOs), internal accountability mechanism is not strong. They do not have separate M&E unit. In some NGOs, there exists project based M&E staff. Only a few local NGOs are enriched with M&E system for ensuring internal accountability for performing against plans. Furthermore, some local NGOs argued that they do not get qualified M&E staff to work at the local level. An ED of a local NGO argued:

We do not get qualified M&E staff at the local level. We cannot afford high salary. So, qualified staff from the outside do not apply here when we publish job opening.

However, most of the selected national and international NGOs have separate monitoring and evaluation unit except the NGOs which are small in terms of financial and human resources capacity. However, the NGOs having no M&E unit or monitoring and evaluation staff also produce monitoring report. In that case programme or project staff are assigned to prepare the monitoring report according to the prescribed format. Therefore, monitoring reports turn into merely a progress report against the set targets where the qualitative results of a project cannot be captured. A high official of NGOAB commented that NGOs are weak in reporting. In that case he indicated more about local and national NGOs. He also mentioned that most of the NGOs highlight their successes but do not reflect on their failures let alone mention any in their reports.

M&E system was found strong in the big international NGOs. However, it was also found in some international NGOs that they do not give importance to M&E system. They recruit M&E staff in case their donors suggest them to do. For example, a country manager of an international NGO informed that they have an M&E staff for a project only but not for other projects or for the entire organisation. However, this is important to mention that a few international NGOs maintain web based information management system, which helps them to monitor their partners' ongoing project activity.

Complaint mechanism not strong in many cases:

In order to control the criminal offences like sexual harassment in offices almost all of the selected NGOs have black and white anti-sexual harassment policy where it is stated that they have zero tolerance to any form of sexual harassment. Furthermore, there exists complaint management mechanism in 23 NGOs. In some NGOs, there also exists gender committee that addresses complaints on sexual harassment. Some NGOs explained of their complaints management system. It was found in a case that a committee of a local NGO received complaints over phone but not in written. However, the committee did neither inquire into the complaint nor took any measures against the accused person who was the line manager of the complainer. A member of the committee informed that they just changed the line management but did nothing else. A few NGOs informed that they maintain complain box at their office and even at their service providing stations like hospitals so the beneficiaries can place their complaints. They

Box 17: Punishment of the accused or rewarding?

A female staff of a local NGO experienced sexual harassment perpetrated by one of her colleagues. She lodged a complaint to the management. Management did not take any action against the accused staff rather proposed the perpetrator to marry the complainer. Thus they provided scope to the culprit to get an escape from the complaint.

Box 18: How could an internal control loose?

A district level civil society member informed about a local NGO:

The founder of the NGO is the chair of the EC. The ED of that NGO is his brother-in-law. Then the third senior most position is held by his nephew while the fourth is by his grandson and fifth is by his adopted son. All the EC members are either relatives or friends of the chair.

Box 19: Ombudsman in an NGO

One NGO among the selected ones has recruited an Ombudsman. The Ombudsman has comprehensive mandate to investigate any incident of misadministration and misuse of power within the organisation. This organisation has also set complain box in the office. A senior official of this organisation informed that a field office's senior staff tried to hide a gender violation incident but the head office investigated that and found out the real fact. Then the head office dismissed all guilty officials for their ill motives.

also discuss the complaints in their monthly meetings. Then they discuss on the solutions and take necessary measures. The NGOs that maintain complain box for their staff give importance to the written complaints. An NGO staff informed:

If placed, a three-member committee is formed to investigate. Upon the investigation report, punishment is executed.

The NGOs having their operations without internal audit team mostly depend on the external audit report, which they submit to their governing board, NGOAB and donor agencies. All selected NGOs claimed that their financial policy is strong and having zero tolerance principles against financial misappropriation. For example, a staff informed that they terminated an old staff on an allegation of not maintaining procurement policy. Another NGO staff also confirmed that they promote whistle blowing policy and punish any staff if proved accused of financial misappropriation. An ED of a local NGO informed that a field staff was sacked on a one-hour notice due to some discrepancies proved against him. The allegation against that staff was taking signatures from some volunteers without paying them their remuneration. The same organisation has also examples of punishing staff on account of sexual harassment. Another ED of an NGO informed that they sacked a field staff who took bribes from some community people during beneficiary selection.

3.4 Organisational capacity and performance

Organisational capacity enhances performance of an organisation in delivering in line with its vision and mission. Organisational capacity depends on how much an organisation develops and complies with policies and guidelines and how much it invests in creating motivational factors for the employees.

Major policies in place in the selected NGOs: It was found that all the selected NGOs are enriched with some necessary policies and guidelines. The policy and guidelines include financial policy or guidelines, HR policy, gender policy, etc. However, there are some other policies available in a few local NGOs which are big in terms of budget and interventions and almost in all national and international NGOs. The policies include accounts manual, savings and credit manual, money laundering policy, anti-trafficking policy, child protection policy, vehicle policy, procurement policy, health policy, grant management policy, monitoring guidelines, anti-smoking policy, information disclosure policy, etc.

No promotion, increment, benefits for project staff in most of the NGOs: In most of the selected NGOs especially in local and national NGOs project staff are treated separately. Their promotion, increment and benefits depend on the project design and approval of donors. In most of the cases, the projects of the local NGOs do not take into account the benefits of project staff. However, it was found that all selected NGOs provide festival bonus to the project staff. However,

project staff are not entitled to provident fund and gratuity in most of the NGOs. Nonetheless, a very few NGOs provide provident fund and yearly increment to their project staff. Most of the local and national NGOs have no option for insurance facilities for their staff and family members, though it prevails in most of the international NGOs. Moreover, there are discrimination between the office staff and frontline staff. As indicated before, many of the local and national NGOs do not consider their field facilitators as their staff. Rather they are counted under the programme cost.

Systematic performance appraisal followed in many NGOs but gaps exist in many cases: 35 NGOs among the selected ones claimed that they maintain systematic procedure for the performance appraisal of their staff. In

some NGOs, appraisal is done at two stages. Some staff of a few NGOs informed that conducting a real performance appraisal is tricky where a fear works amid the system which allows an assessment to be done by a second assessor. In that situation, the second assessor thinks that it might create misunderstanding with the first assessment if the score given by them separately differs. Therefore, they try to avoid real appraisal if there is a possibility that the assesses do not have much elements to highlight. A few local NGOs use an appraisal format and carry out the process in a systematic manner once in every year. However, a few local NGOs were found to maintain no formal performance appraisal procedure at all. On the other hand, a few local NGOs were found to make the annual appraisal results useful in making decisions on increment, benefits as well taking necessary steps. For example, a staff of a selected NGO informed that show-causes are issues to the staff who attain low scores in the performance appraisal process. An NGO official informed that they follow 360-degree evaluation of their staff that helps them determine the level of increment to be given to the staff. A local NGO's ED informed that they do not have option for promotion, so they do not follow any appraisal process. He commented:

No promotion. So, no appraisal.

Box 20: Does policies reach out to all staff?

It was found in most of the cases that the policies are written in English; not in Bengali – staff do not understand what are written in there. Many staff of the selected NGOs especially of the local NGOs and field staff of national NGOs informed they did not receive any formal orientation about the policies. This is common for the field level staff. So, why did the NGOs formulate all the policies where there was no circulation was a question to the NGOs. The answers they provided are interesting. An ED of a local NGO argued that the policies are formulated mostly for the sake of getting fund as they are donor's requirement. It was found that EC's involvement in policy formulation is limited. An EC member of an NGO opined that policies are guided by donors. Moreover, a few NGOs was found to have initiatives to update policies. In some NGOs, it was found that the field staff do not know about their basic policies.

Box 21: Appraisal scores depend on supervisors' will

It was found that many of the selected NGOs assess their staff's performance through traditional appraisal system, which is fully controlled by a staff's supervisor and higher management. A group of staff of a national NGO informed that their annual performance assessments are regularly conducted by supervisors and their assessment scores depend on the supervisor's personal will. They do not get increment every year on the basis of appraisal result. However, a few national NGOs were found to maintain no performance appraisal system in any form. An ED of a national NGO argued that they could not develop this system because of fund constraints.

It was found that performance appraisal process is strong in most of the selected international NGOs. Most of them maintain the process and standards defined by their international secretariats. The staff of a few international NGOs informed, their human resources units are active in facilitating a fair appraisal process.

Gender sensitivity missing in some NGOs: It was found that a few local and national NGOs do not permit maternity leave with pay. The NGOs having such practices argued that they need to hire short term staff to cover the maternity leave. A senior staff of a local NGO argued:

We cannot afford double payment. We hire someone for maternity cover but cannot provide salary to both of them. Donors are positive about this but they do not keep the scope in project budget.

Moreover, many of the selected NGOs do not have crèche for keeping minor babies of the employees at the office premises. However, an insignificant number of NGOs have child corner and breast feeding corner. It was also found that many of the selected NGOs do not have option of paternity leave. A few local NGOs provide this option. However, the selected international NGOs were found to be providing maternity leave with pay along with paternity leave. Many of them also maintain crèche for the employees having minor child.

There reveals some stereotype understanding in many NGOs where it is thought that some works and positions should be considered for the males. For example, a staff of a local NGO informed:

Our project recruited four staff in last month. This project required tremendous movements in the communities, so, we did not recruit any women.

On the other hand, a few NGOs prefer women staff particularly in doing community mobilisation on the issues of health, education, violence against women, etc. However, a few NGOs have made clear indication in their policies which guarantees that if a female candidate gets one mark less than a male candidate, the viva board would be empowered enough to suggest for recruiting the female candidate. In some cases, it was found that the female staff expressed that they find an enabling environment in their workplace. A female field staff of a local NGO argued:

I get many facilities from here which I did not get in my previous organisation. My previous organisation did not even pay me full salary, which has never happened here.

Gender balance in decision making level not a reality: It was found in the selected NGOs that 57% of their employees are female and the rest 43% are male. In the international NGOs this scenario is very different. Here, 26% employee are female and 74% are male.

Table 10: Sex ratio in the selected NGOs

Type of NGO	Female staff	Male staff
Local	48% (2464)	52% (2679)
National	58% (69236)	42% (50327)
International	26% (574)	74% (1669)
Total	57% (72274)	43% (54675)

Source: Selected NGOs

Female's good number in NGOs gives a vivid picture about women's role in NGO sector. However, this is not the reality in the decision making i.e. at the senior level. A senior staff of an NGO informed:

We have less female staff at the upper layers.

It was found in the most cases that frontline staff working in communities are mostly women. Local and national NGOs mostly work directly in communities by recruiting frontline female staff which helps them show a good number of women employees. On the other hand, most of the international NGOs do not have their direct interventions in the field. Therefore, male-female ratio in the international NGOs appears to be different compared to the local and national NGOs. If we look at the female leadership in the NGOs, we will find that this number does not match with the overall male-female ration in selected NGOs. In the selected NGOs, only 19% of the NGOs have female chief executives. This is to note that this is somewhat a positive scenario considering women's current position in Bangladesh. The percentage of female chief executives is almost same in local and national NGOs but it is lowest in the international NGOs, which is only 11%.

Table 11: Sex ratio of the chief executives

Type of NGO	Female	Male
Local (15)	20% (3)	80% (12)
National (24)	21% (5)	79% (19)
International (9)	11% (1)	89% (8)
Total (48)	19% (9)	81%(39)

Source: Selected NGOs

Incentives and staff development not significantly present: A few local and national NGOs and a many international NGOs have provisions to provide positive incentives to their staff. For example, they provide yearly increment, cost adjustment allowances, recreation leaves, etc. However, the incentives are limited to the regular staff in most of the cases. On the other hand, there are some examples of providing no incentives in spite of seeing that someone deserves for a particular reason. For example, there are allegations that some NGOs involve their staff in different programmes but do not pay extra allowances for extra duties. There are also tendencies of some NGOs to take away weekends and burden extra hours to the staff by engaging them in extra works but do not make any compensatory arrangement. For example, in some cases it was found that some NGOs prefer to organise training on the weekends to save week days. This type of planning deprives staff from enjoying their weekends with families. A field level staff informed:

We very often work till 8:00 o'clock though office hour is 9:00 am – 5:00 pm. For the overtime work we are not given any extra allowance.

In some cases, staff also face difficulties in getting salary on time. A junior staff of a local NGO informed:

Sometimes it gets delayed to get salary for the project staff. Sometimes, payment of salary is delayed for even 4-5 months.

However, most of the national and international NGOs maintain the timetable of salary payment to their staff.

It was found that staff development i.e. capacity building of the staff has become project-oriented in most of the cases. An insignificant number of NGOs were found to organise training for their staff based on the identified improvement areas of the staff suggested through performance appraisal process. In some other cases, NGOs depend mostly on project wise orientations which are mostly designed by donors or funding agencies and specifically for the project staff.

Sustainable solutions unattainable due to short term interventions in most of the cases: A many local and national NGOs argued that short term projects very often fail to create long term results. Some senior staff of a local NGO informed that they work through partnership with a national NGO but there were project based staff and prescribed activities. The core staff failed to learn from the project as the project staff left the organisation after completion of the project and they did not get scope to be involved in the planning and implementation process of the project. On the other hand, it was found in at least 19 NGOs that they design some long term projects under their regular programmes with a view to bringing about sustainable changes in the lives of the poor by implementing their activities in an integrated manner.

Box 22: No external funds, no existence

A few NGO staff informed that they mobilised funds from donors by dint of personal connection. In that case, they did not need to prove their previous experience or proper existence with offices, staff, systems and capacity. For example, two NGOs received project fund till 2016 though it was seen that they could not maintain their visibility in their areas after completion of the projects they implemented. No signboard, office, regular staff, governing board and so on were visibly found during data collection. Both the NGOs had been contacted and it was found that only one person in each of the NGOs is visible who mobilises funds by means of personal connection, maintains so called governing board, hires some staff and implements the projects and closes everything when the funds end.

Chapter 4

Causal Analysis

4.1 Comparison between 2007 and 2017

Table 12 shows a brief comparison between the governance scenario of NGOs captured by two reports of TIB between 2007 and 2017. It indicates that there are still concerns over some areas of governance especially the transparency and integrity, representative and participation, and accountability. This is a matter of great concern that the situation in regard to undue influence on accounts department, absolute authority of chief executives in decision making, partial sharing of board meeting minutes with staff, and irregular meeting of governing boards and meeting-centred involvement with NGOs has remained unchanged even after a decade.

Table 12: Comparison between 2007 and 2017

Indicators	Remarkable Progress	Partial Progress	No Progress
Organisational capacity and performance	Compliance of Human Resources Policy	Initiatives for staff's capacity development	-
	Practice of staff's performance evaluation systems		
	Policy and practice of gender sensitivity		
	Proper implementation of project		
Transparency and integrity	Disclosure of accounts and audit information	Information sharing in communities at expected level	Undue influence to accounts department
		Updated information in the webpages	
		Fair audit system and reporting procedure	
Representativeness and participation	-	Formation of governing boards with the proficient members	Absolute authority of chief executives in decision making
		Well informed governing board members about NGO activities	Partial sharing of board meeting minutes with staff
Accountability	Supervision and monitoring system	Accountability towards community	Irregular meeting of governing boards and meeting-centred involvement with NGOs
	Grievance lodging and redress mechanism	Submission of result-based progress and evaluation report to donors	

4.2 Causes of governance deficits in selected NGOs

It was evident in the selected NGOs that despite having some good practices a many of them have some improvement areas, as discussed in the previous chapter. It was found that following factors resulted in governance deficits in the selected NGOs:

Bureaucratic project approval process and bribery in NGOAB: As indicated earlier that most of the selected NGOs, especially the local and national NGOs, shared their experiences of bribery that they faced in the NGOAB during project approval and fund release process. They indicated that without bribes it takes huge time to get approval of their project. They also informed that in most of the cases junior staff of NGOAB take speed money in the name of a few high officials of NGOAB. An ED of a local NGO mentioned that NGOAB junior officials themselves claim illicit money. He expressed:

Junior staff at the NGOAB are corrupt. They do not work without bribe.

Box 23: Bribery in NGOAB

An ED of a local NGO mentioned that they are bound to bribe at least at three desks of NGOAB. He mentioned:

Sometimes, the peons of NGOAB hide our files and we pay some money to them so that they can pick it out and submit to the higher officials.

He further added that in most of the cases, national and local NGOs are bound to bribe to the staff of NGOAB at different stages of project approval. He added:

It has been an “open secret” that the NGOs bribe to the officials of NGOAB in different forms to avoid delay and harassment. Some officials during their visit to the NGOs also claim illicit benefits from the NGOs.

Some NGO officials also informed that they themselves provide speed money to the NGOAB officials when they see that it is difficult to get the approval on time, without speed money. So, they deliberately bribe to the officials to get the approval process speedy. An ED of a local NGO argued:

NGOAB junior officers kill time when we submit our project for fund approval. They make several unexpected queries.

Gaps in laws and policies: The Foreign Donations (Voluntary Activities) Regulation Act, 2016 includes some clauses to hold the NGOs more accountable. However, there remain a few gaps in this Act, which are as follows:

- Article 6 states about the timeframe for approving emergency support projects; however, there is no timeframe set in the law that defines how long should it take to provide an approval to any development project. This clause is likely to create delay in project approval process.
- According to the sub-article 6.3, NGOs are instructed to submit application directly to the director general of NGOAB where there is no requirement to get any testimonial from the district level authorities. However, the sub-article provides that the NGOs working in the CHTs must consult with the Ministry of CHT Affairs before submitting any application to the NGOAB. This clause is discriminatory for the NGOs operating in the CHTs alongside it is prone to create more delay in project approval process.

- Sub-article 6.4 states that if any ministry raises objection against any project, Prime Minister's Office will be referred for proceeding with next step. This clause is also likely to create delay in project approval and fund release.
- According to the sub-article 10.7 and 10.8, local administrations are assigned for coordinating NGO activities in all districts except the CHTs; the law provides that a designated committee will be formed for coordinating NGO activities in the CHTs but does not spell out the committee formation process²⁶. This clause is also discriminatory for the NGOs operating in the CHTs.
- Article 11 of the Act provides that the constitution of NGOs must include the formation of their executive board and general board. However, it does not provide any direction on whether any country level parallel accountability mechanism is applicable for the international NGOs operating in Bangladesh.
- According to the article 14 of the Act, making "malicious" or "derogatory" statements by any NGO or civil society member against the constitution and constitutional bodies of Bangladesh is a punishable offence. However, this does not provide any clear interpretation on these terms.

Box 24: Major steps towards strengthening good governance in NGO sector

Government of Bangladesh (GoB) has taken some remarkable steps to strengthen good governance in NGO sector particularly for those that receive foreign donations. The steps include:

- Formulation of the Foreign Donation Regulation Act, 2016;
- Drafting the Foreign Donation Regulation Rules;
- Inclusion of NGOs and civil society as institutions under the National Integrity Strategy, 2012;
- Monitoring of action plans of the NGOAB formulated as part of implementing the National Integrity Strategy, 2012;
- Formation of Ethics Committee in the NGOAB;
- Inclusion of NGOs as an entity for information disclosure under the Right to Information Act, 2009;
- Supervision, monitoring and coordination of NGO activities by the district and upazila administrations;
- Cancellation of registrations of the NGOs for failing to renew their registrations;
- Introduction of different formats to track NGO activities and monitoring of activities of the faith based NGOs to control the financing in terrorism;
- Formulation Anti Money Laundering Act, 2012 and its application in ensuring the use of legal sources of foreign donations.

A Rules of this Act has been drafted but has not yet been enacted. This Rules is expected to provide sufficient interpretation of the ambiguous clauses. Moreover, there is no institutional and legal arrangement in place to track and evaluate NGOs' expected role and progress of their promises to act as an institution mentioned in the National Integrity Strategy 2012.

Inadequate coordination, monitoring, evaluation and audit by regulatory authorities and funding agencies: NGOAB is the main regulatory authority to monitor and coordinate NGOs' activities, especially the NGOs receiving direct foreign donations. The respondents from the NGO governance experts opined that NGOAB does not invest sufficient time to ensure transparency and accountability in the NGOs that can contribute by carrying out proper monitoring and coordination. A key informant argued:

²⁶ TIB received an interpretation from the NGO Affairs Bureau (as of 16 September 2018) after the release of the report, which states that the formation of monitoring committee in the CHT has been spelt out in the Prime Minister Office's Circular of 2012, which is still applicable, though not mentioned in the Act of 2016. An amendment has also been made through another circular of 14th June 2018 that has brought that respective Additional Deputy Commissioner will replace the respective Deputy Commissioner to act as member secretary of the committee.

NGOAB has shortages of human resources for ensuring proper monitoring of NGO activities.

He further argued:

NGOs run different types of activities and they are huge in number but NGOAB has a few officials to monitor NGO activities, which is not practical.

A district level government official argued that they are very busy in their regular activities and it is difficult for them to find time for monitoring of NGO activities. He further argued that generally UNOs are assigned to coordinate and monitor local level NGOs. However, a UNO argued that they have time deficiencies to monitor local level activities of NGOs. Therefore, they mostly depend on the the monthly coordination meeting with NGOs working in their respective upazila. The NGO governance experts argued that coordination meetings can help the local administrators to get an overall scenario of NGO activities at local level but not at all the real scenario.

Some NGO staff informed that their funding agencies make regular monitoring and evaluation of their works. The NGOs usually follow the M&E format prescribed by the funding agencies and send M&E report on a regular basis by following prescribed format. Some national NGO staff informed that their donors appoint external auditors and evaluators to audit and evaluate their performance. However, field data suggest that the formats can capture mainly the quantitative information, therefore, it becomes difficult to assess whether the NGOs really can bring about the real changes which could be measured by using qualitative techniques. Respondents from the donor agencies informed that they do not get enough time to scrutinise a big qualitative report, therefore they bank on the quantitative report i.e. the number of achievements; not the quality in the real sense.

Lack of coordination with relevant departments at local level: As indicated in the Box 6, some NGOs have examples of showing beneficiaries who are either the beneficiaries of other NGOs or government programmes or not in a need to be included for services. Some local level government officials informed that some NGOs do not consult with them for planning and identifying right beneficiaries even for required circumstances. They also informed that coordination with upazila and district level administration is not enough to avoid overlapping; NGOs should consult with relevant officials during their planning stage in order to make sure the right selection of beneficiaries and getting support from them. For example, education offices could be consulted for education projects and similarly agriculture extension office for agriculture projects and so on.

Donation dependent project implementation and capacity deficits: Many local and national NGOs implement donor funded programme and project according to donor's prescription. In most of the cases, it becomes tricky to own the prescribed and top down projects by the local partner NGOs since they do not have much scope to design the project on their own and on the basis of community needs. Moreover, it was found that most of the local and national NGOs deploy external consultant to prepare project proposal in line with donors' requirements. Since the consultant or the donors do not remain directly involved in implementation, it is sometimes difficult for the implementing NGOs to contextualise and properly fit the project activities according to the local needs and priorities. This gap creates difficulties in attaining project objectives.

Formation of weak governing board: NGOs are instructed to form an Executive Committee (EC) and a General Committee (GC) to ensure internal accountability of the organisation. It was alleged from the different respondents that the committees are formed by the chief executives of the organisations who engage their friends and even relatives in the committees. A number of board members argued that they were considered to be the member as they had the capacity to contribute more through providing advices. A few local level civil society members argued that ED always prefers to form an executive committee with the members having good relations with him or

her and are not likely to go against the ED. They further argued that the ED always expects someone as the chair who would take care of his/her decisions.

4.3 Consequences of governance deficits

It was found that some NGOs among the selected ones have been able to establish a good reputation in community, civil society, donors and the governments, which is clearly built on their good governance practices. On the contrary, it was also found at the same time that a many NGOs have serious reputational risks among the stakeholders due to their poor governance practices. Here is a brief discussion on the consequences of governance deficits in NGOs:

Credibility and reputational risk: Field data show that a local NGO among the selected ones failed to ensure integrity in procurement during emergency responses. The funding agency of the project withdrew partnership from that NGO. These incidences created serious reputational risk of that NGO. Furthermore, three local NGOs among the selected ones failed to mobilise funds after completion of their donor funded projects and have been about to be stopped due to the gaps in their governance practices.

Programme generates less results: It was found in some NGOs that due to deficiencies in good governance, the NGOs failed to invest proper efforts in project activities, which led to generating less results compared to the expectations. It has been discussed in previous chapter that programme money gets cut as the NGOs spend in some other purposes like managing regulatory authorities. Compromising with recruiting less quality staff and irregularities in procurement impact on programme quality. This creates a scope to generate less results compared to the expectations.

Deprivation of deserving communities: It has also been discussed in previous chapter that some NGOs technically exclude poor beneficiaries or they exclude by not hearing from the deserving beneficiaries but by being influenced by powerful elites. It happens due to the governance deficiencies in the selected NGOs. NGOs are expected to provide support or work with the poor and marginalised. If they do not maintain proper procedure in beneficiary selection and shift focus to the well-off beneficiaries for the sake of avoiding success attaining risks, it will create questions about NGOs' mandate and political agenda of empowering the powerless.

Possibility of imposing undue regulations and control by concerned authorities: NGOs reputational risks instigate the regulatory authority to impose more undue regulations. This is not the reality that all NGOs across the levels have significant governance deficiencies. A few NGOs have unfair governance practices which can be taken under proper measures. However, it is found that when a reputational doubt arises around a particular NGO, it creates negative image on the entire sector. When a regulatory authority takes into account the issues, they think of imposing additional measures, of which many of them might come up as more complicated, undue and unexpected.

Sustainability of NGOs: It was found that NGOs' governance deficiency even creates bad reputation among the funding agencies. The last chapter has discussed that donors discontinued their support to the NGOs having proven record of financial misappropriation. Some NGOs were found to have no funds and thus no activities due to their reputational crisis. The respondents from the donors also informed that they prefer to provide funds to the NGOs having good record in maintaining the values of good governance. Therefore, there is a potential risk of suggesting more measures and scrutiny from the funding agencies in providing funds to the NGOs. It is also obvious that the funding flow to Bangladesh has already started getting a shrink due to increased capacity of Bangladesh and emergence as a lower middle income country. Moreover, in many areas Bangladesh has been able to show significant progress where there is a chance to get less attention from the funding agencies. In the changing scenario, there is a strong possibility that funding agencies change

their priorities and it would be difficult to mobilise funds by the NGOs those have serious deficiencies in maintaining governance principles, systems and procedures.

Table 13 provides a glimpse of the causes and consequences of poor governance in NGOs funded by foreign donations.

Table 13: Causes and consequences of poor governance in selected NGOs

Causes	Consequences	Impacts
<ul style="list-style-type: none"> • Discriminatory and obscure clauses in relevant laws and policies • Irregularities and corruption in project and fund approval process • Formation of weak governing board • Gaps in monitoring, evaluation and audit of NGO activities by regulatory authorities and funding agencies • Coordination gaps among local level stakeholders • Gaps in effective participation of beneficiaries and implementation of projects without local needs assessment • Undue influence of local powerful people • Donation and project based NGO activities • Institutional capacity deficiency 	<ul style="list-style-type: none"> • Delay of project and fund approval by concerned authorities • Use of project money in fund approval and reduction of programme cost • Exercise of absolute authority by the chief executives and deficiencies in accountability • Non-transparent and non-compliant procedures: recruitment, procurement, payment of salary-allowance etc. • Improper programme and beneficiary selection • Overlapping and duplication of NGO activities • Deficiency in taking sufficient measures for ensuring good governance 	<ul style="list-style-type: none"> • Risk of not achieving the expected results from NGO activities • Risk of decreasing reputation and trustworthiness of NGO activities • Potential risk of undue control and interference from the regulatory authorities

Chapter 5

Conclusion and Recommendations

5.1 Conclusion

The NGOs in Bangladesh are widely recognised for their innovation and actions against poverty and injustice and their contribution towards pacing socio-economic development of the people living in poverty. A good number of good practices are evident among the selected NGOs. For example, a many NGOs are guided and accounted by vibrant governing board members having well track record and reputation in civil society. They have strong internal control mechanism siphoned with independent internal audit, M&E system, complaint redress mechanism, clear policies and guidelines, software based accounts management, payment mechanism through account payee cheque and bank transfer, strong procurement committee, fair recruitment process, community consultation for planning and implementation, etc.

However, it is also evident that a many NGOs have serious governance gaps from the viewpoints of transparency, accountability, participation and performance. For example, in most cases especially in the local NGOs and some cases in national NGOs, governing boards do not function well to ensure effective accountability relations between management and the board. The boards are formed to meet the requirements of NGOAB and NGO management is supposed to be accountable to the boards. However, the real scenario says that the chief executives of the NGOs tend to appoint board members from their relatives and friends. So, it becomes tricky to ensure accountability relations between the NGO management and governing board. Reality says, in most cases chief executives make all policy decisions and get them endorsed by the board members – not even by organising meetings but by getting signatures from their residences. Moreover, field data suggest that most of the selected NGOs do not value the representation of community people in the governing board. Community peoples' participation in the planning process, which is most often carried out through needs assessment, is also missing in most of the cases. The selected NGOs mostly depend on donor funds. They participate in the bidding for donor funding by preparing a proposal but by hiring a consultant in most of the cases. When they get the funds they just approach to the community to assist them to implement the project. The community people even the beneficiaries do not have much scope to suggest for addressing their real needs and priorities. Their voices are also hardly heard or they are not engaged in participatory monitoring since the donors now-a-days depend mostly on the figures i.e. quantitative monitoring system.

Field data suggest that NGOs are active in ensuring accountability to the regulatory authorities of the government and their funding agencies. However, many of the selected NGOs are not considerably open to the community and civil society members especially with the information on their real income and expenditures. Although most of the NGOs are rich in terms of formulating necessary policies and guidelines, many of them have deficiencies in taking them under proper compliance. Field data suggest that many of the selected NGOs' procurement committees cannot make decisions or act on decisions independently. Senior management and even the personal interest of the committee members shake their level of integrity. Field data also suggest that there are examples of collecting quotations from same vendors by entertaining personal gain but proving skills to manage proper documentation. In some cases, there are examples of entertaining external and internal influences in recruitment process. There are allegations from staff of some selected NGOs that staff are engaged in different projects but not compensated with extra allowance. Moreover, there are violations of labour laws. For example, there are allegations that in some NGOs female staff are not paid during their maternity leave. Furthermore, there are tendencies

among some NGOs to engage their staff for extra hours and even in weekends, however, they make it without providing any compensations.

Field data also suggest that many of the selected NGOs do not consult with community people during beneficiary selection. They mostly depend on the influential people in society who often tend to create biasness in beneficiary selection. Moreover, some of the selected NGOs overlap beneficiaries and programmes with what the other NGOs cover in same areas. There are also allegations that some of the NGOs deny the attributions made by other NGOs and government in bringing about changes in the lives of the poor. Field data further suggest that the real poor who deserve the most to be addressed are made out through NGOs' tricky selection process. Many of the selected NGOs tend to technically exclude the poorer from their intervention and rather they target and work with comparatively less deserving people in community. They are alleged to do it for their comfortability to show that their interventions are likely to bring tangible changes in communities. This tendency is mostly evident in the microfinance providing NGOs.

Field data suggest that most of the selected NGOs have tendency to make good relations with the regulatory authorities by proving unauthorised money as well as entertaining unauthorised demands made by the officials during field monitoring. The NGOs also give subscriptions to the local administrations which are requested for the observance of national and international days. According to the NGOs, they are involved in doing these unauthorised dealing for their own interest to get smooth approval of funds. However, in most cases they are forced to bribe to the section of NGOAB officials as well as give subscriptions to the local administrations. The later experience is mostly applicable for local NGOs and some small NGOs working at national level.

If we compare the scenario of NGO governance between 2007 and 2017, it is clear that in most of the cases the situations have improved to a great extent. For example, there is a significant progress in the realms of openness of information, internal control, and accountability towards regulatory authorities of the government and funding agencies. Moreover, there are some positive examples evident in most of the NGOs, which are formulation of necessary policies and guidelines, and development of some systems for internal control and accountability. However, still there are huge governance challenges and improvement areas prevalent in the NGO sector. The improvement areas include the strengthening of accountability relations between management and governing board, ensuring internal control and accountability, maintaining transparency and integrity in recruitment, procurement, and the process of providing salaries and benefits etc.

Limitations of relevant policies and laws, deficiencies in quality monitoring, evaluation, audit and coordination of NGO activities, unauthorised dealings by some NGOAB officials, undue influence from local powerful people and administration, formation of weak governing body are some key impediments to strengthening good governance in foreign donation depending NGO sector of Bangladesh. NGOs of Bangladesh have remarkable reputation and achievement especially in the areas of poverty eradication and establishing rights of the poor and marginalised. If the prevailing governance challenges are addressed, there will be created a potential trade-off to strengthen the reputation and credibility of this sector.

5.2 Recommendations

Given the identified governance challenges prevailing in the selected NGOs, TIB proposes the following recommendations for addressing the improvement areas of this sector where the major stakeholders have much role to play.

Recommendations	Responsibility
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1. Engage local communities and beneficiaries in the planning and monitoring of NGO activities especially of the service delivery related projects	NGOs
2. Strengthen internal control mechanism—strong M&E and internal audit systems and application of accountability principles against corruption and irregularities	
3. Stop one-person centric authoritative management system--consult with staff and reflect their opinions in decisions; establish a balanced accountability relation between the executive management and governing board	
4. Formulate and implement code of conduct and inclusive human resources policy	
5. Ensure transparent and competitive process in recruitment, transfer, promotion, skill development, incentives for the staff, etc.	
6. Ensure the formation of functional governing board with the members free from conflict of interest and having strong reputation and acceptance in society as civil society member	
7. Ensure functional accountability of the chief executives towards governing boards	
8. Appoint Ombudsman for minimising gaps between staff and management, grievance management, and holding the senior management accountable	
9. Apply social audit on NGO activities by involving local communities in applicable cases	
10. Take disciplinary action against the corrupt NGO officials	
11. Take actions against corrupt officials of NGOAB involved in corruption, irregularities and harassment of NGOs in the name of providing training, visiting NGO offices, and in the process of NGO registration and project approval	NGO Affairs Bureau
12. Amend the discriminatory and obscure clause of the Foreign Donations Regulation Act, 2016 and formulate rules	
13. Introduce online system to reduce corruption in project approval and fund release process	
14. Minimise overlapping and duplication of NGO activities by strengthening coordination among the NGOs working in same areas	
15. Finalise, approve and implement the draft action plan for NGOs formulated for implementing National Integrity Strategy, 2012.	
16. Allocate funds to the local administrations for day observance in order to reduce undue burden on the NGOs	Concerned Ministry
17. Stop harassment and unauthorised financial burdens imposed by local administrations and relevant intelligence agencies in the process of NGO registration and project approval from NGOAB	

18. Keep a 'governance component' in every project funded by foreign donations and allocate budget for its implementation alongside take initiative to strengthen NGOs' internal governance and capacity	Funding Agencies
19. Stop undue influence in the recruitment process of partner NGOs	

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