

**The Changing Face of NGO Accountability:
A Talk at the International Seminar on Civil Society and Accountability
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Introduction

Accountability has become a hot topic. For our purposes, the surge in interest began with civil society efforts to check corporate power beginning in the 1970s. As a student, lawyer, a political activist, and a development professional I have been wrestling with questions of the unaccountable power of others for over 30 years. Today I find myself having come full circle – back to civil society – to ask if we are adequately accountable for the power that we have as civil society organizations? Do we understand our own accountability in ways that advance our missions?

As an undergraduate in the 1970s I participated in campaigns to pressurize my university to divest from companies profiting from apartheid South Africa. As it worked out, my post-graduate professional life began a few years later in South Africa in what turned out to be (although we did not know it then) the final stage of the struggle against apartheid. As an assistant program officer for the Ford Foundation, I made grants to support democracy and education in apartheid South Africa and in so doing became acutely aware of paradox of power in the world of philanthropy and development. There were many contradictory elements to what it was like to be a funder in the South African liberation struggle:

- The help that we were able to provide was miniscule in relation to the needs.
- We were in any case marginal to the main story, which was a political struggle for the right to vote, for democratic government.
- Our rigorous professional standards and American laws meant that informal groups, banned political parties, and trade unions could never access our support directly.
- Our position as a provider of funding meant that we had an overview of what was going on across the country that most of the main protagonists did not have themselves. In this way our power over money was amplified by our power over knowledge.
- Other foreign donors, especially European donors, made fewer demands on South African grantees.

- Formally, Ford's grant program in South Africa was in violation of the progressive worldwide boycott of South Africa.

If you step back and think about it, this situation in South Africa in the mid 1980s is similar to the situation of donors and NGOs today. We are always operating out of scarcity – with far less money and talent than we need. We tend to be marginal players next to more powerful business and government actors. Given these constraints, given these “facts of life”, why are we talking about NGO accountability?

My answer, and the theme of this talk, is that NGO accountability holds the key to increasing the resources that we command, and to making us more effective in our missions.

I would like to begin by saying what I mean by accountability more generally. There is no settled view about accountability; it is much debated, a ‘contested topic’. Accountability plays out in different organizational settings – government, corporate, NGO. It takes dramatically different shape at the local, national and global levels. It is profoundly affected by political context – particularly the absence or presence of democracy and human rights -- and subject to varying formal and informal regulatory systems, norms, and rules. Some, in fact most, think of accountability in terms of *compliance* with reporting on formal requirements for fund spending on intended purposes.

But the more profound view of accountability, the one adopted by this talk, sees it as a means to influence the use of power – a way of speaking truth to power. By power we mean the differential capacity of various actors to control access to resources, to frame ideologies that justify such differences, and to govern the institutions and structures that reproduce inequitable distribution of such power. While there may always be hierarchies of power, accountability is an essential part of the process of democratization – of creating checks and balances that ensure that the less privileged and powerful can challenge and re-shape the dynamic of social power. I am interested in how accountability can advance the larger human project of creating more democratic, equitable, and just societies. And I treat accountability as a deeply political process.

We tend to acknowledge the value of accountability mainly by its absence. We are outraged when we see instances where power is used unaccountably; and we tend to take good accountability for granted. When our roads are pitted and left in a dangerous condition, when our children's schools lack teachers, toilets or textbooks, we look to see whom to hold to

account. But we rarely pay attention to roads or schools that are in good order – in other words, when those responsible for these services are behaving accountably. This is because when things work right we rarely ask *why* they work. And why should we?

This turns out to be a very important question. The answer is that in order to reform bad accountability and to create more good accountability, we need to take a positive view, not a negative one. **We need to study and learn proactively from failure *and* success. And we need to begin at home, over what we can do ourselves. Rather than being something that we see as essentially negative – a check on the misuse of power – we need to focus on the positive – the means by which we can plan, implement, monitor, assess and learn how to solve our most important problems – such as poverty, disease, war and violent conflict and the consequences of global warming and environmental degradation.**

Going forward, I would like to make six main points. Three points refer to accountability as it is today, and three look ahead to the challenges of evolving better accountability.

Accountability As It Is Today?

Definitions

My first main point flows from the political nature of accountability. As Simon Zadek has written, accountability is about holding “those with power to impact peoples’ lives to account, and crucially to provide a compelling voice to people for the decisions that impact their lives.”¹ Accountability is *the way* to hold power to account, especially by those most affected by such power. It is a process; and the result of a process. It is not an end in itself, although it can be a vitally important interim outcome on a pathway to some defined end. A school improvement project that genuinely holds itself to account to parents and kids can produce an interim outcome of changed attitudes, skills and values in the parents and kids that will contribute to the longer term goal of better schools and better educated people. **It is, moreover, -- and this is the point that I was coming to – a particular kind of process that speaks to the *quality of relationships* between those *effecting* and those *affected by* power.**

¹ Zadek, S. 2006. *Reflections on Accountability*. London: AccountAbility

To stay with our school improvement project, accountability practices -- such as respectful consultation in planning phases and systematic reporting back during implementation -- establish a quality of relationships between the project and the parents and kids that impart to the parents and kids a strengthened capacity to improve *their* school and *their* education. This important point applies to all kinds of organizations that exercise power, and I will return to it repeatedly.

There is an important pre-condition here that we are speaking of contexts that are relatively democratic and tolerant of dissent. I realize that this is often not the case for many of us – as I learned first hand in apartheid South Africa. We can return to the adjustments to the requirements of accountability in undemocratic settings in the question period if that is of interest.

Logical elements

I would like to turn now to look at the logical structure of accountability. There are three well-known logical forms of accountability. Two of these forms fall under what is known as agency theory. One form of agency theory way is *representation*. I elect you to represent me and you are therefore accountable to me for the actions you undertake from your elected position. Another takes the form of a formal contract based on an exchange of value. I – the Principal -- hire you – the Agent -- to perform certain activities and you are accountable to me for those activities. These two forms of accountability are common – not necessarily always beneficially – in the realms of government and commerce. Because government and business dominate our imagination of The Organization, these two forms of accountability have permeated NGO discourse and practice. This has created a major diversion away from more fruitful paths of exploration, since neither of these forms, evolved by organizational species with fundamentally different purposes, structures and goals, essentially “fit” NGOs.

The accountability challenge for NGOs is also accentuated by its difference from other types of civil society organizations. Unlike membership-based organizations such as labour unions or mountaineering societies, NGOs are not accountable to nor do they *represent* their members. We can say that the reason for being for membership organizations is to serve their members. Their accountability runs mainly to their members.

The dominant logic of representation and principal-agent regularly gives rise to familiar but misguided accountability questions thrown at NGOs --“Whom do you represent; On what basis do you have the right to represent”. But since neither the logic of representation or

principal-agent accountability is really applicable NGOs -- they are neither elected representatives, nor some principal's agent – these are the wrong questions to ask. The correct question, “What is the basis of your legitimacy”, brings us to a clearer understanding of what is significant about NGOs from the point of view of accountability.

What defines the accountability of NGOs is their reason for being: to bring about an explicit public benefit. Public benefits run not to the NGO, but to society-at-large, or to some identified group in society whose circumstances are such that the group's enjoyment of this benefit is deemed to benefit society-at-large (e.g., economic empowerment of the poor, enabling disabled people to live more productive lives, healing the sick, educating children).

The basis of legitimacy of NGOs, then, is found in their ability to demonstrate progress on their mission, in particular to those who are meant to benefit from that mission. To whom they must account, and for what, follows from this.

This brings us to the third logical form of accountability, the one that applies to organizations that pursue a social purpose. Sometimes referred to as a stakeholder approach or model, this accountability framework is actually one that argues for an *inclusive and collaborative approach to organizational governance*. It notes that all those who are affected by or who affect your organization should have a voice in its governance. Governance here is understood broadly, reaching beyond the formal structures of governance – by law or organizational governing documents – to softer forms of governance that involve internal and external stakeholders – arising, for instance, through structured dialogues, report backs, surveys, feedback systems, complaints procedures and so on. This model does not emphasise who should be *represented* on a board of trustees (more leakage from the *representative* way of thinking about accountability), but how to inform, engage with, learn from and respond to your stakeholders. This may or may not involve board representation.

Directional arrows are often drawn to describe this way of thinking about accountability. Upward arrows point to donors, whose great power in the system derives from the fact that they provide finance. Downward arrows aim for beneficiaries. Lateral arrows reach out to peers. And inward arrows target staff and mission. This spatial model often leads to the observation that NGOs have a unique challenge managing diverse stakeholder demands and expectations. Given the complexity of stakeholder management that businesses and governments also face, NGO exceptionality is open to question. But even this model is ultimately unsatisfactory since it does not factor in the relative significance or weight of accountability to different stakeholder groups. Although less linear than the representation

and principal-agent models, there is still an implicit assumption that accountability to all stakeholders is equal.

This, then, brings me to my **second main point: That logically speaking, a stakeholder-approach to accountability is the most appropriate for NGO accountability, but that we need to develop the logic further to create a theory to support our efforts to create positive social change.**

A Theory of Change for NGO Accountability

Drawing from these definitions and logical elements it is possible to begin to outline a theory for NGO accountability that explains how an organization's goals are advanced through specific accountability practices. **My third main point attempts a concise statement of a theory of NGO accountability, and in particular, a statement of the accountability outcome that we aim for as NGOs: This outcome is legitimate NGOs effectively contributing to their intended public benefits. The main accountability activities of NGOs involve inclusive and systematic stakeholder dialogue that flows through into public reporting. These public reports include data about activities (e.g., the normal practice of financial accounts and detailing of activities), plus progress toward intended outcomes (e.g., reduced child mortality, improved livelihoods among the poor, enhanced status of and resources controlled by women) plus the views of those who are most affected by the NGOs.**

This last part – the voices of the beneficiaries and other constituents of an NGO – is the one least well recognized (although in my experience few NGOs do a satisfactory job of outcome measurement).² The important underlying assumption from democratic theory is that individuals are the best agents of their own lives. Democracy expresses human agency as that form of government that is “of the people, by the people, and for the people”. NGOs work for public benefit in societies made up of diverse parties that often see themselves as having conflicting interests and priorities. Through systematic stakeholder dialogue and transparent reporting, NGOs enable society to learn from their work. Note that this theory does not require NGOs to reconcile conflicting interests. In many cases, NGO strategies involve advocacy and even confrontation. But even when acting as advocates, the theory argues that NGOs will be most effective when they engage, listen, respond and communicate.

² There is precious little empirical research to back up this point. For one recent extensive empirical study, see the Stanford Project on the Evolution of Nonprofits 2005 study, *Managing Through Challenges: A Profile of San Francisco Bay Area Nonprofits*.

Accountability that makes a difference

System problems require system solutions

This paper now turns to consider how to improve NGO accountability. The current order does not create strong incentives for the changes in organizational behaviour implied by this discussion of guiding principles for NGO accountability. Only the poor and disadvantaged have a strong incentive for system change, and they are the least organized and least powerful actors in the system. Their implicit claim for self-determination – which lies at the very heart of NGO accountability – is drowned out by the more powerful voices around them.

There is no one-size-fits-all solutions, no “silver bullet” that we can apply to give us *the answer*. There is no *disruptive technological innovation* to be found. There is no overarching authority that will bring us all to a posture of listening and learning with those “in need”. At the global level, there is simply no governmental authority. The regulatory regimes of national and provincial governments set a bar far below what meaningful accountability requires. In any case, NGOs sitting in diverse contexts will not and need not conform to a single approach or framework that is imposed on them from above. The many efforts at self-regulation that are now evolving from below in an inclusive way suggest a process that can yield legitimate outcomes.³ But will they take us far enough quickly enough?

What then do we have to work with to conjure accountability improvements? We need to look at the two powerful actors in this story – social investors (including corporations, private foundations, and aid donors) and NGOs – and at their relationships with the other constituents of social change. To do this, first I look at the growing clamour for accountability and consider its nature and sources. Then I look in turn at the donors and the NGOs to try to understand the constraints they face and the opportunities presented by the current moment.

What is behind the clamour for accountability? A significant part is politically motivated – both genuine concern and resentment at the increasing voice and credibility NGOs have gained in public policy over the past few decades. Some of this concern is quite legitimate, since many organizations claim a seat at the policy table without adequately demonstrating their accountability to those whose interests they claim to represent. But the far more significant part of the calls for accountability arise from within our own sector – from our own growing recognition that we are not sufficiently answerable for the outcomes we seek from our interventions.

³ See the annex on accountability initiatives.

The 2004 Asian tsunami is a case in point. The response to this unprecedented natural disaster was a huge outpouring of support from across the world. The humanitarian response was extraordinary: \$14 billion were pledged of which \$8.5 billion came from governments and international financial institutions and \$5.5 billion from donations of the general public.⁴ The United States sent a delegation led by two former presidents to assess the need and guide the American response. One and a half years later, one of those presidents, Bill Clinton, wrote the foreword to a detailed evaluation report that highlighted flawed accountability in the humanitarian response – particularly with regards to responsiveness to the victims.⁵

We have been here before too many times. Staying with humanitarian aid, there have been a series of efforts since the Joint Evaluation of the International Response to the Genocide in Rwanda in 1996 to improve accountability practices. Each brings a part of the solution. We can certainly argue that the analysis and principles for a meaningful solution are well established.⁶ Yet, it is probable that the next major humanitarian disaster will yield the same set of problems and produce similarly unacceptable outcomes. Why don't all these initiatives, and the learning that should have ensued from them, add up to a solution? How can we get to the tipping point on this endemic problem?

One way to answer these questions is to look to how to bring about a situation in which the risks of inaction outweigh the benefits. When and how will the benefits from activism outweigh the benefits of inaction? We turn now to explore this question from the perspectives of the two main actors, donors and NGOs.

The Donor Problem: Supply Side Failure

Given the relative power of institutional donors, they must take the responsibility for failing to enable and support the boundary conditions for effective accountability. When donors set accountability requirements, NGOs follow. Unfortunately, the vast majority of donors have tended to ask for limited types of data from a narrow project monitoring and “accountability to us” perspective. And that is what the majority of NGOs provide.

⁴ Source: Flint, M. & Goyder, H. July 2006. *Funding the Tsunami Response: A synthesis of findings*. London: Tsunami Evaluation Coalition.

⁵ Telford, J. & Cosgrave, J. July 2006. *Joint evaluation of the international response to the Indian Ocean tsunami: Synthesis Report*. London: Tsunami Evaluation Coalition.

⁶ As listed in the annex responses include People in Aid, Action Learning Network for Accountability and Performance in Humanitarian Action (ALNAP), Humanitarian Accountability Project International, Emergency Capacity Building 2.

How can we move beyond this instrumentalist and undemocratic aid model that we have today? **This brings me to the fourth main point of this talk: the business sector is converging with the social sector to create powerful hybrid, entrepreneurial alternatives to the aid paradigm. Pressure from this entrepreneurial, competitive wave is accelerating reforms within official aid and private institutional philanthropy.**

What we see today is the tip of an iceberg that over the next five years could fundamentally transform the public and private dimensions of this new convergence, which we may call “social investing” – that is to say, the application of a range of financial mechanisms – such as grants, loans and equity -- to generate social solutions, and a deeper engagement from corporations to tackle important social problems. We recognise that many within the progressive NGO community are understandably sceptical and suspicious of this trend, unwilling to believe that private corporations can be genuinely interested in social change without an ulterior motive of expanding markets or increasing profits. Nevertheless, these new social investment initiatives are breaking away from traditional monitoring and accountability models and experimenting with new methodologies that command our attention.

The major remaining constraint to this entrepreneurial wave is the absence of effective ways to define success.⁷ In the absence of good results and performance data, factors such as personality (e.g., qualities of leadership, commitment and conviction), persuasion (e.g., proposal writing skills) and politics (e.g., who you know) drive social investment decision-making, and set the prevailing appetite for data such that the few organizations that do produce good impact data are not rewarded for it. Society is the main loser, most particularly the poor whose own perspective on the work of development interventions barely gets a footnote in NGO and donor reporting.

There are many signs to show that we are ready for a breakthrough on the measurement problem.

The innovators and critics in the broad field of development are generating promising solutions that build up from the constituents of a social change process at the grassroots. There is a new generation of tools that will enable donors, NGOs and constituents to plan, learn and report *with* constituents, *in* an ecology of actors, *for* significant and lasting social change. Among other things, the new generation of management tools emphasizes how to

⁷ For a detailed discussion of “the measurement problem”, *see* the ACCESS [now Keystone] Inception Report, at <http://www.keystonereporting.org/about/background>.

operate from an ecosystem perspective, and looks to mapping and managing networks of actors – notably the constituents of a social change process – as much as managing organizations and ‘projects’.⁸ Similarly, Women’s Funds (such the Global Fund for Women, African Women’s Development Fund, Mama Cash, et al) have pioneered the move away from the “attribution” approach to causality to one that maps how interventions *contribute to* change.⁹

The New Face of Competitiveness

While small as a source of funding for NGOs next to government and individual giving, institutional donors punch above their weight. Particularly with the emergence of the mega-foundations such as Bill and Melinda Gates Foundation, there will be a growing emphasis on strategy and social impact measurement. New philanthropy is coming mainly from successful business entrepreneurs and business investors. These individuals are ‘hands on’ by nature, and insist on the demonstration of social impact. They are somewhat appalled at what they see as a history of ‘wasting resources’ by NGOs and governments. Almost as a protection against repeating what they see as the mistakes of the past, there is a risk that they will swing to an opposite extreme through an over-reliance on the quantitative type of measures that underpinned their business success.

We can see this happening already with the rising use of quantitative indicators -- such as micro-loan repayment rates, number of jobs created, inoculations given, or mosquito bed nets paid for. These indicators have some explanatory power, but when relied on exclusively they undermine the processes that actually drive quality, such as accountability to primary constituents (which you will recall was my main point). What is needed is a kind of “balanced scorecard” made up of quantitative and qualitative indicators – all of which are agreed and tracked by core constituents.

We NGOs can help the donors get this right, but before coming to this I want to bring Big Business more fully into the picture. Alongside the new philanthropy wave, the mainstream corporate sector is going through a fundamental transformation in which “corporate social responsibility” (CSR) is moving to centre-stage. What has been a cosmetic activity – more a PR exercise than anything else -- is moving to the heart of strategy. Two recent Harvard Business Review articles both evidence and herald this trend. In the December 2006 issue,

⁸ See, for example, Keystone’s ecosystem and stakeholder mapping tool, at <http://www.keystonereporting.org/tools>. In the arena of humanitarian aid, the Emergency Capacity Building process has released: ECB Project (2007). *Impact Measurement and Accountability in Emergencies, The Good Enough Guide*. Oxfam GB, Oxford

⁹ Sprenger, E. 2006. *Measuring Success: What’s New? What’s Next?* Plenary presentation at the AWID (Association for Women’s Rights in Development) conference “Money and Movements”, Queretaro, Mexico, November 9 – 12, 2006, available at www.awid.org.

business competitiveness guru Michael Porter and Mark Kramer argue that the social value proposition of a business is core to its competitive advantage going forward. They conclude with an implicit challenge to NGOs and governments,

“Addressing social issues by creating shared value will lead to self-sustaining solutions that do not depend on private or government subsidies. When a well-run business applies its vast resources, expertise, and management talent to problems that it understands and in which it has a stake, it can have a greater impact on social good than any other institution or philanthropic organization.”¹⁰

Our old nemesis lays claim to becoming the new torch-bearer of social solutions! Move over you do-gooder NGOs, there is a new kid in Social Change town!

Meanwhile, a February 2007 HBR article takes a more homeopathic approach, arguing that we are going through a three-stage process of convergence between corporate sector and civil society in which stage three sees companies and NGOs entering into “cocreation business relationships”.¹¹ Like Porter and Kramer, the authors here, Jed Bruggmann and CK Prahalad, believe our gravest threats -- inequality, poverty, environmental degradation, health pandemics -- will be solved through applications of the business model, albeit ones “cocreated” with NGOs. Their article includes an impressive list of examples of corporate – NGO partnerships that promise to strengthen both parties and significantly accelerate progress to social impact.

There is a huge upwelling of new resources, new ideas, new talent, new organizational (business) models, an emphasis on entrepreneurship, and most importantly from the perspective of NGO accountability, new attention to measuring social impact. There is the feeling of a seismic shift here, one with real ambition. Ashoka and Youth Venture founder Bill Drayton, who coined the term social entrepreneur and first proposed carbon emissions trading 25 years ago, says we are close to the tipping point in which “everyone is a changemaker”. The Gates have set themselves the goal of ending needless child deaths. Bloomberg is out to end smoking worldwide. Google expects to see more impact from google.org than it does from google.com.

¹⁰ Porter, M.E. & Kramer, M.R. December 2006. Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*.

¹¹ Bruggmann, J. & Prahalad, C.K. February 2007. Co-creating Business: New Social Compact. *Harvard Business Review*.

In this light, we turn now to consider NGO accountability from the perspective of the NGOs themselves.

The Problem with NGOs: too powerful relative to constituents and too weak relative to donors

NGOs are in the best position to take the lead to put in place effective systems for measurement, learning and accountability. Donors will respond, if NGOs lead. But when it comes to accountability, NGOs behave more like they are “caught in the middle”. Their behaviour reminds me of the old phrase from Mexico. “Poor Mexico, so far from God and so close to the United States.” What will it take for NGOs to step up to the opportunity to foster new and powerful accountability practices?

The first hurdle is to come to terms with – and my fifth main point -- is our deep ambivalence about mechanisms and systems openly based on competition. Many NGOs project a naïve anti-competition attitude that inhibits the development of the sector. The flip side of this attitude is an equally debilitating myth of cooperation among NGOs. The more entrepreneurial parts of the NGO sector understand that operating in a competitive framework is a strength that fosters cooperative values and enables actual cooperation. But many other parts of the sector harbour a notional value of cooperative action. Close examination of NGO behaviour shows a low level of cooperation, particularly as framed against the purported value placed on it.

There are many understandable reasons that NGOs find it difficult to cooperate, but perpetuating a myth of cooperation does not help address these reasons. Ironically, a clear-eyed facing up to the competitive elements could be the single most important step toward more effective collaboration.¹²

The main area of competition is for donor support. The perceived need to differentiate from others raising funds determines a great deal of anti-cooperative NGO behaviour. If this were faced more openly, differentiation could become a shared activity – involving the NGOs, constituents and donors -- in which complementary activities and roles were debated and

¹² Ashoka, the global headquarters for social entrepreneurship, is explicit on this point. Its mission states, “Ashoka strives to shape a global, entrepreneurial, competitive citizen sector: one that allows social entrepreneurs to thrive and enables the world’s citizens to think and act as changemakers.” And its work is focused on collaboration, “With our global community of social entrepreneurs, Ashoka develops models for collaboration and designs infrastructure needed for this growth.” Very comfortable with the paradox, it calls its open source awards platform a “collaborative competition”. <http://www.ashoka.org>.

agreed. The new generation of ecosystem-based management tools discussed earlier are designed specifically for this purpose.

Narrowing in on accountability mechanisms, let us take the example of setting standards. Rather than embracing standards as a way to collectively raise legitimacy with donors, NGOs evidence a great deal of resistance to them. There is also a frequent conflation of standards and certification. There are problems – fatal problems -- embedded in a top-down certification model. But these can be avoided by bottom-up system of quality standards carefully constructed by change organizations to enhance their accountability, legitimacy, and transparency. Surely it is possible for committed and accountable NGOs to design a standards regime that rewards innovation, effectiveness and pluralism? The very rare real life examples such as the Philippine Council for NGO Certification, suggest there is more to be gained from activism and innovation on this front than an attitude of defensiveness.

What is most extraordinary about the literature on NGO accountability is the absence of attention to impact or effectiveness. Surely, the ability of an organization to capture resources in the name of realizing some public benefit should be commensurate in some transparent way with its contribution toward that benefit. In the main, however, we raise funds on the basis of our intentions rather than our demonstrated results.

But I do not want to underestimate the genuinely difficult dimensions of competitive models. These, I believe, turn less on their relationship with collaboration – which competitive systems actually enable – than the painful process of comparison. Some 400 years ago Shakespeare wrote, “Comparisons are odious”. In our case, they are also exceedingly difficult to make on the basis of our actual results since meaningful social change interventions face genuinely complex problems of multiple causality (attribution), time delays between our actions and their fruition, and context (the same intervention will produce differential results in different settings). The conventional response is to compare indicators that stop short of describing social impact, such as numbers of girls staying in school, number of mosquito bed nets sold, or micro-loan repayment rates.

The new performance management tools I have referred to in this talk suggest two promising interrelated ways to reach meaningful comparisons. The first is exemplified by the careful surveys of the views of constituents. The hypothesis here is that there is a set of cross-cutting questions that the constituents of NGOs can answer that will yield meaningful comparative

data that will help NGOs improve every aspect of their work, from planning to execution to evaluation. The opportunity for NGOs is to create this comparative survey tool and data set.¹³

We can also begin to envision some *organizational capabilities* that are highly predictive of effective performance and social impact. The logic of accountability articulated in this paper suggests, in particular, three candidates for capabilities that might be usefully compared across NGOs:

1. Accountability:
How do we empower and balance constituents' voices so that they participate actively in the deliberations around strategy, planning and how we define and measure success?
2. Strategy:
How do we understand our role within an ecology of social change actors and plan for collaborative action that will enhance solutions to the problems we face?
3. Operational Integrity:
How efficiently and transparently do we manage our resources and honour the commitments that we make?¹⁴

What is the task?

If one asks anyone associated with any of the NGO accountability initiatives around the world – and particularly those that seek to reframe NGO accountability as first and foremost accountability to those meant to benefit – they will emphasize two points. The first is that it takes an enormous investments of time and political will. Bringing about fundamental organizational transformation must overcome the existing incentive structure and attitudes – both inside and outside the organization. The second is that because the benefits are released through systematic strengthening of relationships among diverse actors, these investments need to be aimed importantly at facilitating dialogue and understanding among stakeholders. Sometimes, this kind of work is viewed by third parties (such as donors) as “more NGO process” at the expense of “product” – worse, as a waste of money on a lot of “talk shops”. In order to sustain the necessary effort for this work it is also necessary to communicate to third parties that this *is* the work, that this is what it means to work *developmentally*, and that there

¹³ The US-based Center for Effective Philanthropy has done just this with anonymous surveys of the grantees of US foundations. www.effectivephilanthropy.org.

¹⁴ For a detailed discussion of and diagnostic tool for these three capabilities, *see* the Keystone capabilities profiler at <http://www.keystonereporting.org/tools>.

are no shortcuts to building systems that create and sustain high quality relationships as part of any social change intervention.

The Challenge Of Our Time

It has been a defining mark of pride for NGOs that they have enjoyed higher levels of public trust than any other sector of society. This has been consistently shown since global surveys on the subject came into being in 1999. No longer. In 2007, for the first time, a higher proportion of people trusted Business than NGOs.¹⁵ The change is most dramatic in developing countries, where NGOs (50 percent of people trust) come in third behind Business (60 percent) and Media (53 percent). When asked why they don't trust NGOs, people mentioned three reasons: weak accountability, don't listen to constituents, and don't demonstrate impact.

We stand at a crossroads. NGOs can take an entrepreneurial and activist approach toward their accountability. Or we can rest on our laurels and watch as Business and *uncivil* movements (such as those of a fundamentalist religious character) take the lead as social change organizations. While partnering with *uncivil* movements is not a choice for most of us, one unfortunate consequence of passivity or hostility to Business interventions for social change is that Business's impact will be far less than if we were willing to take – or share -- the lead in the final decades of the next phase of social entrepreneurship interventions. Stakeholder-based approaches to accountability lie at the heart of this trend. They allow us to ask and answer the question, "To what extent are all actors contributing to the result". NGO accountability is thus best understood as inclusive dialogues that allow diverse parties to do the hard but important work of forging consensus about what success would look like and then agreeing on the pathways we will walk together to realize that success.

The opportunity we have as NGOs is to innovate and create ways of planning and measuring impact that put our primary constituents – those most affected -- first and foremost. This means supporting and participating in change processes that respect the autonomy, capacity and goals of those we serve in our planning and measuring as well as in our doing.

¹⁵ Source: Edelman. *2007 Trust Barometer*. <http://www.edelman.com/trust/2007/>

The Singer proposition

The Princeton University bioethicist Peter Singer published an article late last year that concluded with an interesting meditation on the current disparity of wealth in the world.¹⁶ Focusing on the wealthiest ten percent of people in the world, he makes an estimate of how much the world's affluent could give away each year without in any significant way diminishing their lifestyles. The result is instructive. It turns out that this total is 16 times the annual amount that the UN has estimated is required to realize the Millennium Development Goals. He concludes,

“Measured against our capacity, the Millennium Development Goals are indecently, shockingly modest. If we fail to achieve them – as on present indications we might – we have no excuses. The target we should be setting for ourselves is not halving the proportion of people living in extreme poverty, and without enough to eat, but ensuring that no one, or virtually no one, needs to live in such degrading conditions. That is a worthy goal, and it is well within our reach.”

What will move the affluent to give in ways that will generate multiples of the flow of funding for NGOs consistent with Singer's conscience-searing calculation? Is it not possible that better accountability systems could help NGOs pierce a few more holes in the dam that is holding back these resources?

We have perfected the practice of raising funds using images of need, desperation, and pity. This has already bred cynicism. But we have also seen, in the responses to natural calamities, the incredible generosity of people everywhere. I have spoken of the need for a moral equivalent of a tsunami. Our own accountability practices can be part of that equivalent.

In conclusion, certainly we need to be smart about how and what we measure in order to demonstrate our impact. This brings me to my sixth and final main point: **To be truly accountable for social change – and indeed to accurately evidence our impact – *what we count is not as important as who does the counting.*** When we systematically connect the voices of the *doers* on the ground to the potential *helpers* among affluent givers, then **we create the conditions for a substantial increase in the flow of new resources for work that can heal our world.** And in so doing, following the enduring dictum of Mahatma Gandhi, we will be the change we want to make.

¹⁶ Singer, P. 17 December 2006. “What Should a Billionaire Give – and What Should You?”, *New York Times*.