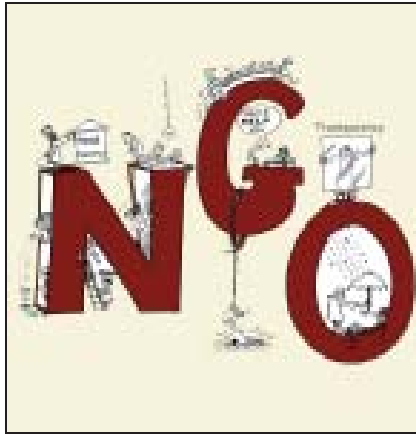


**Credibility and  
Good Governance  
in the Civil Society**

**empowerment.org**

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## Editorial

While performing their essential roles as champions of humanitarian causes, advocates for changes in policy regimes, watchdogs and conscience-keepers of the society, Civil Society Organisations (CSOs) cast considerable scrutiny on the state and the markets. They provide spaces for the expression of public angst and frustrations with how global power equations hurt, governments fail, single-minded pursuit of profits by the private sector creates inequity and the earth itself is veering into an ecological catastrophe. Their effectiveness in providing this open space for discourse and making up for or exposing the failings of other institutions is hinged strongly on the credibility that they enjoy as ethical organisations with undiluted altruistic intentions and exemplary conduct of affairs. Yet, the very same questions of accountability, transparency and credibility that the civil society has been raising with the state and markets, when directed internally expose discomfiting truths. If a 'failure of the civil society' is to be averted, the credibility of the sector in the eyes of the public and other institutions needs to be resurrected urgently.

Reassuringly, such efforts aimed at instituting sound governance within the sector are already afoot and consensus on the need for such measures is growing. The Poorest Areas Civil Society (PACS) Programme seeks to provide platforms for developing approaches to bolster good governance from *within* the sector. As a Programme that aims to reduce poverty by *strengthening the capacity* of the civil society to improve the access of the poor to entitlements, governance and credibility are prime concerns. Achieving its long-term goal of poverty reduction will rest to a large degree, on the Programme being implemented through a network of CSOs that espouse clear visions, focused missions, transparency, accountability and sustainability.

A Workshop on 'Effective CSO Boards for Effective Governance' organised for the PACS Programme Partners in Maharashtra in June, provided a forum for dialogue on the role that Governing Boards should play and the need for self-regulation. The Management Consultants of the Programme intend to organise similar workshops in the other five target states to provide partner CSOs opportunities for introspection.

This issue of empowerpoor.org features articles by respected opinion leaders in the sector on the themes of governance and credibility in the civil society. The role of Governing Boards has been accorded special focus. As always, debates on the topic and feedback on the magazine are solicited.

**Kiran Sharma and Robin Koshy**

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## Board Games Governance and Accountability in NGOs

Dr. Rajesh Tandon

There has been considerable recent debate among donors and Non-Governmental Organisations (NGOs) on the issue of accountability. However, there is as yet no agreed definition of accountability. While all parties aspire to a comprehensive view of the subject, in most practical situations NGO accountability boils down to the domain of finance. This narrow operational definition is partly a consequence of the ease of establishing specific and quantifiable criteria for measuring financial accountability. It is also partly due to the fact that donors (and other resource-providers) have been the most vocal commentators on the issue. The regulatory dimension of accountability has also been emphasised in many contexts (including India), being narrowly defined in relation to finance (submitting regular financial reports which are externally certified to ensure legitimacy). The regulatory context in which an NGO operates defines the laws, rules and procedures that prescribe parameters and behaviours relevant to NGO accountability.

Therefore, it is not surprising to find elaborate mechanisms and regulations being proposed and imposed to improve NGO accountability. This has been a recent trend in India where several European NGO donors (most notably EZE of Germany) have started to create formal, local and professional mechanisms for close monitoring and reporting of the financial aspects of the NGOs they support. However, the need to examine this issue from a wider conceptual perspective continues. As actors within civil society, NGOs are autonomous institutions inspired by a particular vision of the society they wish to see develop, pursuing their defined mission in that regard (Tandon 1991). Thus NGOs find themselves in a web of complex interactions in a particular context.

The concept of multiple 'stakeholders' helps to further our understanding of NGO accountability. The constituency which is the focus of NGO interventions could be seen as one such stakeholder. When this constituency comprises of a local community where NGO programmes are carried out, further differentiation arises, creating multiple interests within the broad category of community stakeholders. Donors and other resource-providers have a stake in the outcomes of NGO performance too. There is often a chain of donors, each being accountable to the next level in their hierarchies, thereby further expanding this aspect of stakeholdership. In this complex web of stakeholders, one aspect of NGO accountability that is often neglected is that which relates to the NGO's own governance. There has been considerable discussion, training and codification of practice with respect to NGO governance in many countries in the North (as can be seen from the vast literature that has been produced by institutions such as the National Centre for Non-Profit Boards in the USA). This however has been a neglected

area of attention and debate in most countries of the South (and in particular, in South Asia). This article elaborates the different forms of NGO governance which exist in India, examines the linkages between them and NGO accountability, and raises a number of questions in relation to the need to strengthen NGO governance from the perspective of performance, accountability and institutional development.

### NGO Governance

The governance of NGOs implies the totality of functions that are required to be carried out in relation to the internal functioning and external relations of organisations. It is not the same as NGO management. The governance of NGOs focuses on issues of policy and identity, rather than the issues of day-to-day implementation of programmes. Thus, governance implies addressing the issue of NGO vision, mission and strategy; it focuses on future directions and long-term strategic considerations; it addresses the issues of policy in relation to internal programming, staffing and resources; it defines norms and values that are the basis of institutional functioning; it includes obligations entailed in fulfilling statutory requirements applicable to the NGO; and focuses on defining the external positions that are consistent with the overall thrust of the NGO as an institution in civil society. Most importantly, the governance of an NGO is concerned with its effective functioning and performance in society. This is both a legal and a moral obligation.

Therefore, governance requires the creation of structures and processes which enable the NGO to monitor performance and remain accountable to its stakeholders. In the 'for-profit' sector, most criteria for performance are monetary. In the case of NGOs, however, they are based on vision, mission and values. To that extent, creating and sustaining appropriate structures and processes of governance in an NGO is a much more complex and challenging task.

### Forms of Governance

In most voluntary development organisations and NGOs in India, certain patterns of governance reoccur regularly. For those NGOs which are legally incorporated, statutory forms of governance provide the basic framework. The two most common statutory forms are the *Society* and the *Trust* (Tandon 1987), which prescribe mechanisms for the purposes of governance in legal terms. This mechanism is variously called the Executive Council or Committee, Governing Board, and so on. Also included are statutorily identified positions such as Chief Executive Officer (CEO), variously labelled as Secretary, President, Convener, Co-ordinator, Director or Executive Director. The legal basis of these structures dates back to the colonial period in the Indian sub-continent, and much of the details of these statutes date back to the 19<sup>th</sup> century. The present reality of such forms of governance poses serious questions in relation to the efficacy and effectiveness of governing mechanisms. Current practice displays a range of behaviour of what could be called 'Board Games', described below and concretised, each with a case study from the Indian experience.

## 1. Family Boards

One of the common characteristics of many NGO Boards is their family character. In both composition and style of functioning, these Boards operate like a family, with all the necessary informality, affection and trust that a family-held small business demonstrates. At the formative stage, such Boards provide support (emotional, physical and material) for the launching and stabilisation of the NGO. However, they do have limitations in situations of growth and expansion; they also demonstrate patriarchal behaviour as in a family-run business in the face of assertion by an offspring. When new staff or volunteers begin to feel a part of such an organisation, family Boards are unable to provide a competent governing mechanism.

Grameen Vikas Samiti in North Bihar was set up as a voluntary organisation in 1978 by Sudhanshu Misra. Misra was very active in the student movement inspired by Jayaprakash Narayan. When the Janata government in Delhi failed to deliver, Misra (and many others like him) felt disillusioned by party politics. His commitment to organise and empower the landless rural poor led to the rapid acceptance and growth of Grameen Vikas Samiti. When the Samiti was incorporated, Misra asked some of his family (wife, brother, father) to be co-signatories. Later, his wife's brother and his brother's wife also joined the Managing Committee. When the Samiti undertook an adult education programme in 1979, it recruited a full-time staff of 35 and 300 part-time teachers. The Samiti grew rapidly, but due to a sudden change in government policy, all adult education projects had to be wound up. This created a difficult situation for Misra as he could no longer pay his staff. When he announced the decision that most staff had to leave the Samiti, Misra was abused and demonstrations were mounted against him.

## 2. Invisible Boards

Many NGOs have a largely invisible Board comprising a small coterie of friends and family, assembled by the founder(s), merely for the purposes of meeting statutory requirements on paper. The actual functions of governance are carried out by the founder(s), with or without the help of other staff in the NGO, and the Board merely acts as a 'rubber-stamp'. It is not uncommon to come across examples where the Board does not meet for many years and the founder(s) merely obtains the thumbprint of Board members on the minute book from time to time. Such a situation clearly provides the

founder(s) with the ease of pursuing his or her vision with speed and energy, unencumbered by the usual hurdles related to paperwork and bureaucracy. However, in situations where the founder(s) needs advice or support, Board remains both invisible and inaudible. In addition, the absence of a clear separation between governance and management in such organisations, reduces the avenues available for internal accountability.

Abhay Singh was a student activist in Osmania University, Hyderabad, who decided to work with tribal groups, and particularly in strengthening tribal knowledge culture and art. He set up the Institute for Socio-Cultural Development in Hyderabad to support this work. Since he spent most of his time in the villages, he requested three of his college friends (now teachers in Hyderabad) to join the Governing Council of the institute. The positive impact of Singh's work resulted in a grant to develop a large three-year project focusing on tribal culture. This grant helped Singh to set up a small residence-cum-office in the tribal area, recruit 10 outside students and train nearly 30 tribal youths as part-time animators. Nearly two years after the project began, Singh and two of his colleagues were abducted by a militant Naxalite group active in the area. The media coverage of the incident resulted in a number of enquiries from the government about the Institute. When the Commissioner of Police in Hyderabad asked the three teachers (on the Governing Council of the Institute) to bring the Institute's files documents and minute books to help the police in their search for clues to assist in tracing Singh's abductors, they pleaded complete ignorance of any of the organisation's paperwork.

## 3. Staff Boards

It is quite common for NGOs in India to have a Board largely comprised of current staff. Where an NGO has been set up by a group of people in pursuit of a shared vision, they themselves decide to become the Board. In other cases, senior staff members are brought on to the Board subsequently, similar to the concept of Board representation by trade union/worker representatives on

the Boards of 'for-profit' corporations. Such Boards are very effective in ensuring a shared vision and a common perspective on the direction of the NGO. There is also a collective commitment by the Board towards the well-being of the organisation. These Boards also help in the process of building and strengthening the stake which staff feel they hold in the future of the NGO. However, one of the major problems which arises in such cases is the confusion over, and the blurring



of, the distinctions between the requirements of governance and the needs of day-to-day management. It is not uncommon to find situations in which staff confuse programmatic accountability to the CEO with shared responsibility for governance. In many such cases, staff representation on the Board gets bogged down in issues related to the interests of the staff, sometimes at the expense of larger institutional concerns (a situation not too different from those corporations where workers' representatives are nominated to the Board). In situations where serious ideological, programmatic or perceptual disagreements emerge among senior staff in the organisation (a situation that is widespread in the functioning of most NGOs), the governing mechanism is unable to deal with disagreements rationally, since the conflict is brought forward and replayed in the Board itself.

Such Boards are also unable to provide a fresh, objective and balanced perspective on the strategies, programmes and functioning of the organisation. The staff develop perceptual blocks and vested interests in pursuing particular strategies and programmes, and these remain unquestioned by such a Board because it is comprised mostly of staff themselves.



(agenda papers, minutes and so on); members take individual and collective responsibility for different aspects of governance (such as sub-committees, and the roles of Chair, Treasurer and Secretary). The performance audit and review of the institution as well as that of the CEO and other senior staff is undertaken by the Board on a regular and formal basis; and the institution is represented in external fora by different members of the Board.

Such Boards tend to provide ongoing professional direction to the institution and help shape its policies and strategies in a more rational and coherent manner. In situations of stability, they ensure the periodic assessment of mission and strategy, and its translation into programmes and internal mechanisms. At times of crises, such Boards are able to take on the true function of governance, rising above day-to-day management. However, in many cases it has proven difficult to generate and sustain a shared vision in such a Board, particularly when the Board functions merely as a collection of well-meaning and concerned individuals (and not as a coherent, unified and effective group acting together). It is also difficult to generate and sustain the commitment of the Board as a stakeholder, particularly when individual Board members do not serve on the Board for long periods of time. Other studies tend to confirm these observations for NGOs elsewhere in the world (Billis and Mackeith 1993).

Akriti Sansthan in Gujarat was set up by five social workers who had worked together previously in a large rural development agency. They decided to create a new organisation in another district where they worked with women agricultural labourers. The Executive Committee of the Sansthan was made up by the five founding members. After five years of intensive work, the state government offered the Sansthan a large grant for integrated rural development in 250 villages in the area. Within the agency, debates within this 'gang of five' over whether to accept this offer became polarised around two personalities. An embryonic leadership struggle surfaced and divided the entire staff. Over the next two months, the Sansthan's fieldwork came to a standstill, while the debate and conflict intensified. One of the five founders was acting as Secretary of the Sansthan, and one day, signed a contract with the government to accept their offer. A week later, two of the original founders and thirteen other staff left the Sansthan and created another voluntary organisation a few blocks away.

#### 4. Professional Boards

The composition of these Boards is based largely on the shared vision of a set of like-minded people, but also includes consideration of the professional and strategic requirements of the institution. In such situations, the composition and functioning of the Board exhibits a more formal character; Board appointments are made with careful consideration of the requirements and future direction of the institution. The Board has a formal system of meetings, discussions, decision-making and recording

Sita graduated with a Masters degree in social work from the Tata Institute of Social Studies in 1970. She worked in a voluntary organisation outside Bombay among rural women, helping to organise a dairy co-operative. Later, she moved back to Bombay to set up an NGO called 'Creative Development' to assist women's groups to undertake livelihood projects. Sita decided to seek the advice of a few colleagues and in the process insisted that they join the governing Board of Creative Development. These Board members were: a professor from the National Institute of Bank Management, a scientist from the Indian Council Agricultural Research, a graduate from the Indian

Institute of Management currently working with Lever Brothers in Bombay, the directors of two other rural development NGOs from Maharashtra, and her favourite professor from the Tata Institute. During the first year, the Board met three times to elaborate a set of policies which enabled Sita to carry forward the programme.

Even from this brief typology, it is clear that the form and functioning of governance mechanisms in many Indian NGOs is inadequate from the perspective of accountability. Where the Board is 'sleeping' or invisible, the full spectrum of governance functions cannot be performed properly. In many other situations, the style of functioning of the Board also results in the curtailment of governance. Weaknesses in governance limit the possibilities of continuous, objective and appropriate feedback to the implementation and management functions of the NGO, including to the CEO.

### Other issues

A key issue in the arena of governance arises in situations where the founder is the leader of the NGO for a substantial period of time. By its very nature the NGO begins to reflect the vision and perspective of its founder; its culture and programmes imbibe the style and background of the founder too. Over a period of time, the NGO's identity becomes very closely linked to that of the founder-leader. In such situations the Board is initially assembled by the founder, and most Board members are individually known to and associated with the founder-leader. This has the potential to limit the autonomous identity of the Board (even in the case of a professional Board) and creates a particular set of dynamics. On the one hand, the founder-leader provides the bulk of the energy and ideas for the NGO, thereby building up 'sweat-equity'; on the other hand, the long-term sustainability of the NGO requires the institutionalisation of energy and ideas beyond one person. The conduct of the totality of the functions of governance in such circumstances poses a range of interesting and practical challenges.

The second issue of relevance to this discussion is the fact that *priorities in governance in an NGO change over time*. In the early formative stages, defining the vision and mission, and building a programme, takes precedence. Once established, the NGO turns its attention to issues of growth in size, coverage and resources. The life-cycle of an NGO determines the priority which issues take in its governance. Thus, the composition and functioning of the Board tend to be more informal and spontaneous at the formative stage; this helps in providing support and space for the founder(s). During the phase of growth and consolidation, the Board needs to acquire greater formality and professionalisation in its structure and processes. This

*temporal* dimension of governance requires understanding and attention if effectiveness and accountability are to be maintained.

Another issue in NGO governance that is gaining increasing currency (particularly with donor agencies) is the active role of different stakeholders. It is being repeatedly argued by some donors that beneficiary participation and representation on Boards is crucial to ensure NGO accountability to their 'clientele'. Some donors even ask for evidence of this at the time of approving a grant. In response, some NGOs provide for a 'token' beneficiary representation on their Boards. A similar argument is often made for including donor representatives on the governing structure. Even governmental funding and regulatory agencies sometimes ask for this as a matter of right. For example, some states in India have attempted to incorporate such a requirement in their modified Society Registration Acts. Rather than simply acceding to these demands from donors and regulators, some NGOs have experimented with creative solutions to these demands.

In the case of the (legitimate) need for beneficiary participation in the planning and implementation of NGO programmes, this can be, and is being, carried out through systematic consultation and participation mechanisms on the ground. In the case of (legitimate) donor concerns to

*'Good Governance' ensures that programmes follow the requirements of the NGO's mission; promotes a performance orientation and accountability in the institution; and requires that the values, statutes and norms of socially-concerned civic institutions are articulated, practised and promoted.*

make an input into the direction and programmes of the NGOs it supports, regular joint review and planning fora are common practice. However, the demands of regulatory agencies are clearly aimed at strengthening controls over NGOs and should not be seen as legitimate merely for the purposes of regulation.

It is important to distinguish here between the concept of stakeholders and the concept of governance. A stakeholder, by definition, is any party which has a stake in the outcomes of an NGO. In this sense, beneficiaries, donors and regulators are all stakeholders, as are other NGOs and NGO staff. However, their stakes relate to the performance of the institution, not to its governance directly. Hence, their demand for access to the institutional governance of the NGO lies through the requirement that the NGO performs effectively. This is where *critical and regular performance monitoring* by stakeholders is the key to ensuring the accountability of the NGO to them. This situation is somewhat akin to that in 'for-profit' corporations, where consumers of its products or services have a stake and therefore a right to corporate accountability, without needing to be part of the formal governance mechanism of the company. Donors to NGOs are supporters of desirable processes and outcomes, whose interests and concerns must be matched by the performance of the NGO in order for resources to continue to flow. A major cause of ambiguity at present, however, is that undue importance is given to the existence of a shared vision and perspective among NGO and donor, and

less emphasis is placed on the performance and results obtained. Accountability to donors needs to be more clearly related to output indicators than is the case in current practice, and not to NGO governance. Innovative practices and ongoing documentation of the best practice are needed to promote better performance accountability. Social audits provide one such approach.

### Linkages to Accountability

In the light of this discussion, it is important to understand the linkages which exist between NGO governance and accountability. NGO accountability is related to three dimensions:

1. *Accountability vis-à-vis its mission*: as an institution oriented to social change within the framework of civil society, an NGO needs to define, refine and pursue a clear mission.
2. *Accountability vis-à-vis its performance in relation to that mission*: demonstrable performance, both in process and outcome terms, is essential to generate feedback to the programmes and approaches implemented in a given time-frame.
3. *Accountability vis-à-vis its role as an actor in the civil society*: norms, rules and styles of functioning that match standards of being a good civic institution.

In all three respects, the governance of an NGO is a critical element. An effective system of governance enables an NGO to formulate, review and reformulate its mission in a changing context. 'Good governance' ensures that programmes follow the requirements of the NGO's mission; promotes a performance orientation and accountability in the institution; and requires that the

Society for Participatory Research in Asia's (PRIA) Governing Board has been conscious of developing standards and procedures of good governance over the years. Programme monitoring and review is carried out at least annually by a group of partners and professionals. The Board conducts annual organisational concerned and staff reviews. A separate annual performance review of the Executive Director is carried out by the Board. Over the past 14 years, PRIA has had three external evaluations. The Board coordinates and facilitates these evaluations. A system of monthly internal audits by an external professional is used to generate feedback on financial management. The treasurer also reviews these reports with the Executive Director. During the years, PRIA's governing Board has established high-quality formal policies of human resource management. Many of these policies, systems and procedures have become models of good practice for other NGOs in the region. The norms and procedures for the functioning of the governing Board are continuously evolved, upgraded and established.

values (integrity, participation, professionalism, quality and commitment), statutes (reporting and legal standards and procedures) and norms of socially-concerned civic institutions are articulated, practised and promoted. An effective structure and process of governance in an NGO

is absolutely critical for ensuring accountability in this wider sense.

Even in its narrow sense, financial and statutory accountability requires an active, alert and functioning Board which feels both a legal and a moral obligation in these regards. Such a Board provides a set of measures needed in the organisation to ensure the necessary checks-and-balances for proper recording and reporting according to agreed targets and rules.

In recent years, donors and regulators have demanded better performance with respect to NGO goals and programmes. In the post-Cold War world, there are going to be even greater demands for 'demonstrable' performance. This will require better documentation of existing performance, as well as the enhanced, transparent and critical functioning of mechanisms for NGO governance. In this sense, performance, accountability and governance are likely to become linked with each other even closely. Particular attention needs to be given to improving this linkage in operational terms so that NGOs can proactively face the challenges are emerging.

### Future challenges

Inadequate attention is being paid to the issue of effective governance in NGOs in many countries of South Asia today. It is of crucial importance that NGOs, their supporters and their donors begin to understand the meaning and significance of effective governance and its contribution to NGO accountability. There is also a need to document, analyse and promote good practice in relation to NGO governance and accountability. Such interventions need to be viewed as part of the fabric of institutional development efforts needed to strengthen an NGO. Strategic planning and capacity building need to include interventions directed at making its structures and processes of governance more effective. A number of such efforts, studies and manuals developed and used in countries in the North can help to clarify and support this challenge in the South (Conrad and Glenn 1976).

While a basic understanding of NGO governance already exists in most countries, considerable ambiguity remains with respect to the situation of NGO networks and associations. The considerations discussed in this article become even more complex when applied to a body that brings together a set of independent and autonomous institutions. Much of the practical experience with governance in such associations has been unproductive and frustrating. There is much useful experience in other countries from which our current understanding and practices could benefit. There is also a need to develop educational programmes and learning materials on the theme of NGO governance so as to strengthen NGO practice. The growing emphasis on NGO performance and accountability *must* include the challenge of making NGO governance more effective.

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## Self Regulation Governance of the Voluntary Sector in India

Mathew Cherian

The voluntary sector in India plays a vital role in society, but does not enjoy the confidence of the public that it rightfully deserves. An Economic Times InstaPoll of the general public on Jan 8, 2001, showed that 93% of the respondents were in favour of withdrawing tax exemptions to charitable institutions. This is ironically from a public that consistently votes in favour of raising income tax exemption limits substantially and reducing all kinds of taxes on the production and consumption of commercial goods and services. In Maharashtra and Tamil Nadu, rules have been enacted such that government officials can be nominated on Non-governmental Organisation (NGO) Boards on the lines of the Cooperative Act. This could be very damaging to the voluntary sector. We think it is a wake up call for the sector to become more transparent and work for improved governance standards.

We believe that there is a cause for worry.

A major reason for the growing questioning of credibility of the voluntary sector is that we do not communicate our work and achievements as effectively in the public domain as we should. This, in turn, leads to a lack of support from the public for the work we do.

The corporate sector derives its 'legitimacy' from well-defined corporate law, regulatory bodies, and easily measurable bottomline goals. The Government is accountable to people through the democratic process. Unfortunately, we are still not defined clearly as a sector (a multitude of laws govern the voluntary sector), and the regulatory mechanisms in place do not adequately provide us the opportunity to derive credibility.

In 2001, the NGO sector received Rs. 3600 crores of foreign funds by way of Foreign Contributions Regulation Act (FCRA) route, and Rs. 7000 crores of government funding. The total NGO sector contribution is close to Rs 15000 crores. This is a large contribution. There are important contributions by the sector in water and sanitation, watershed development, forests and environment, women and child issues but the documentation of success stories is woefully inadequate.

Only the ugly stories of NGO scandals reach the media and then it is blown out of proportion. There are 1.6 million NGOs in 2001 (source JHU-PRIA study). It is difficult to keep any regulatory mechanism in place and only 24,000 NGOs have FCRA registration.

One of the main issues relating to governance in this sector is that the bulk of the NGO Boards are not functioning. There are no regular Board Meetings and even their Annual General Body meetings do not take place. The Board never gets to see the statement of accounts of the organisation. They just sign documents and once in a while, the board members are provided with tickets for foreign trips by the NGOs to attend seminars or international conference. Quite often, the Board members are content with this arrangement. The selection of the Board is often murky and in many instances it assumes the nature of a family business. There is nothing wrong if only a single family is involved, but their motives should be clear. If it becomes a mode for fulfilling their personal goals then it is grossly improper. Post-Enron scandal, the corporate sector has come up with many laws and regulations to prevent improper complicity of the Board. The NGO sector still needs to tighten up. It is estimated that only 40,000 NGOs have active and functional Boards. Unless the NGO sector becomes transparent, they can assume no moral right to ask the government or any other sector to be transparent.



With such a scenario in a vast country like India, only self regulatory mechanisms are likely to succeed. A self-regulatory mechanism would consist of 4 phases:

1. Acceptance of minimum norms
2. Display of accounts and transparent flow of information
3. Setting up of rating organisations on standard norms.
4. Accreditation of rating agencies and donors.

Many NGOs have been discussing the norms designed by the Credibility Alliance since 2001. As I write this, we know that more than 2000 NGOs have agreed with the Credibility Alliance standards. At the Final National Meeting in Gandhi Peace Foundation (September 2003), which marked the end of a two-year consultation process and also translation of standards into 9 languages, the general body agreed to register an organisation called Credibility Alliance ([www.credibilityalliance.org](http://www.credibilityalliance.org)). It is now registered as a society and has started functioning from New Delhi.

A self-regulatory governance framework built by us from *within* the sector, that allows for the establishment of norms, their promotion and adoption, and certification that organisations meet these norms would go a long way to restoring confidence of society in the voluntary sector and give us a *rightful* position to critique the other sectors. It would also preempt the imposition of a framework from outside that could reduce the sector to the same level as the other sectors.

What could such a framework consist of?

## Minimum Norms for Certification in the Voluntary Sector

Voluntary sector organisations should meet the norms indicated below:

### 1. Identity

Existence

- The organisation exists for a minimum of one year from the date of registration
- The physical address given by the organisation is verifiable Legal Status
- The organisation is registered as a Trust, Society or Section 25 Company
- Registration documents of the organisation are available

### 2. Vision and Impact

Vision

- A stable, verifiable vision beyond registration documents exists

Impact/ Achievement/Output/Performance

- The organisation defines its own verifiable indicators that relate to attainment of its vision, and reports performance against them

### 3. Governance

- The organisation has a Governing Board, no matter, what it is called.
- Composition of the Board:
  - At least two-third of Board members are unrelated to each other
  - The organisation discloses name, age, sex, work experience, position and remuneration of members
  - Not more than half the members have executive roles
- The Board meets at least twice a year
- No remuneration is paid to non-executive directors
- Reimbursements to Board members are disclosed separately
- Minutes of the Board meetings are documented
- A Board Rotation Policy exists and is practised
- The Board approves programmes, budgets, annual activity reports and audited financial statements

- The Board ensures Regulatory Compliance (organisation-related), such as:
  - Annual returns
  - Minimum wages

### 4. Operations

Programme

- Activities of the last 1-3 years have been in line with the vision of the organisation

Management

- Appropriate systems are in place for:
  - Periodic programme planning, monitoring and review
  - Internal Control
  - Consultative Decision-making

Human Resources

- Clear Roles and Responsibilities for Personnel (including volunteers) exist
- All Personnel are issued a letter of contract or appointment
- Appropriate Personnel Policy is in place

### 5. Accountability and Transparency

Accountability

- Signed audited statements are available – balance sheet, income and expenditure statement, receipts and payments account, schedules to these, notes on accounts and the statutory auditors' report
- Organisation has an external review once in at least three years

Transparency

- External review reports are made available on demand
- There must be evidence of the organisation's Annual Report being widely disseminated and available on demand every year, within eight months of the end of the financial year
- There must be evidence of communicating salient information to relevant stakeholders effectively
- The organisation must disclose salary and benefits of its Head, the three highest paid staff members and the lowest paid staff member
- The distribution of staff according to salary levels must be disclosed
- The organisation must disclose the total cost of international travel by all its personnel (including Board members and volunteers) – segregating those incurred on organisational expense and those that were sponsored, along with the name and designation of the person(s) who traveled, and the purpose(s) of travel

(Continued on Page 13...)

## Credibility Alliance Towards a Credible Civil Society

Dr. R. Madhavan

For a long time in history, charitable and community organisations have been a part of the institutional structure that influences the governance of the society. However what is new in the modern era is their geographical spread and scope of action, which encompasses an astounding range of issues.

There is a large number of Civil Society Organisations (CSOs) operating in every corner of the world. This large number includes international CSOs with sizeable operations that spread across national boundaries. A number of them work with broad ideals like empowering marginalised groups, respect for environment, human rights, social justice, labour rights and advocacy. By the very nature of their operations and in their roles as pressure groups, lobbyists and decision-makers, they often have to contend with the state and the business sector. This obviously brings in a new dimension to the Voluntary Sector (VS) – a dimension that confers on them a consultative role in national and international policy-making processes. Many organisations in the VS, as part of their advocacy and campaign strategy, lobby to influence public opinion, shape public policy and persuade political leaders to introduce national and international laws, regulations and codes of conduct covering the activities of industry, commerce and professions. Given the non-profit status of CSOs and their increasing importance as watchdogs and whistle-blowers of the society, they are required to develop a high level of trust among various stakeholders, not least of all, the public. This is the juncture at which governance of CSOs assumes its present salience.

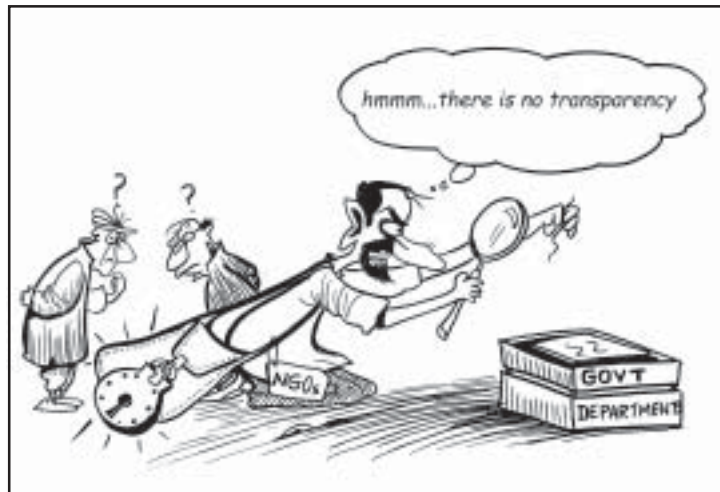
In their role as 'watchdogs', the VS has critiqued the accountability structures and efficiency – key features of governance – of the State and business in meeting their obligations to the society. Governance is generally regarded as an issue concerning governments. However, with the increasing influence of globalisation processes and decentralisation of powers, civil society has emerged as an important arena that shares the governance needs of the society.

Over the years, the VS has come to undertake many of the functions of the governments such as the delivery of public services, especially where there is a failure of governments. The sector operates alongside the state in

undertaking developmental activities. This obviously raises several questions about governance of the VS. Who are the CSOs accountable to? How efficient are these organisations in pursuing and achieving their objectives? In short, the VS has to face up to the very same questions that it has been asking other sectors!

This logically necessitates that credibility – defined by elements such as legitimacy, transparency, integrity, accountability, financial and human resource management, assumes critical importance not only in the 'running' of the CSOs, but also in their ability to generate trust among various actors. It becomes imperative for the VS to subject itself to the accountability standards that are expected of them, by the public, the State and other stakeholders. For long, the VS had nominal regulations and faced minimal scrutiny of its activities. This has invited condemnation from various quarters. It has to be remembered that the two other sectors that have a central role in the governance of the society – the state and the business, are adequately covered by various mechanisms like electoral system, constitution, corporate law and the like. Thus their accountability is ensured, at least, theoretically.

There are other factors which render accountability and good governance as critical issues in the VS. For instance, CSOs are viewed as agents of social change and development. This obviously requires responsibility in their modes of functioning where accountability and good governance are expected in fulfilling their designated roles. Fundamental information about the organisation, namely the mandate and sources of funding should be made available to all stakeholders. Secondly, it must be recognised that the VS is a major employer globally.



Labour Standards, Human Resource Policies and Gender Parity laws are of utmost importance in the context of Governance. A recent study by Participatory Research in Asia (PRIA) and John Hopkins University (JHU) estimates that there are nearly 1.6 million non-profit organisations in India, employing almost 20 million persons and contributing 14.8% to the Gross Domestic Product (GDP). The figures for Europe and North America are equally massive: it employs nearly 12% of the work force and has an annual expenditure that amounts to 15% of the GDP! The Home Ministry, Government of India reports the sector received Rs. 45.35 billion in foreign grants in 2000-2001. The involvement of such huge sums stresses the need for responsibility and accountability.

There is a growing opinion, within and outside the VS, that a mechanism should be evolved to ensure good governance within the sector. Although there is now a perceivable sense of urgency to issues of governance within the VS, the question itself has been discussed for more than a decade in the Indian context. In the mid-1980s, an attempt was made to develop a code of conduct for the VS, but it

failed to make much of headway. One of the reasons for the resistance encountered by what is now called 'The Bunker Roy Initiative' was the perception that the State followed a top-down approach in implementing it instead of adopting a consultative process with the VS. The other important attempt in the Indian context was the attempt by the Voluntary Action Network of India (VANI) in the 1990s to develop "voluntary guiding principles" for the non-profit sector. The principles laid down the characteristics, mission, governance, values, organisational integrity, accountability, transparency and financial management required for a CSO. There were other efforts too like the Non-profit Ratings by the *Indianngos.com* and 'Validation' of non-profits by the Charities Aid Foundation India and the Planning Commission of India.

Any such mechanism should address the criticism of corruption and malpractice, which are not unheard of in the sector. Fair management practices – labour standards, gender and the like, internal democracy, participatory decision-making, financial and ethical accountability are the other ideals that would be promoted through such a mechanism. Financial sustainability is one of the critical considerations for CSOs. A mechanism that enhances the legitimacy and trust of CSOs among various stakeholders would contribute to their financial sustainability by facilitating greater flow of funds from the donors.

Such a mechanism can be institutionalised through two different approaches: one that regulates from outside the sector and the other that emerges from within the sector. It is here that the heterogeneity of CSOs, their objectives and size emerge as critical factors. An external mechanism that operates through donors or the State could impinge upon the autonomy of the VS. On the contrary, an internal mechanism, which is sensitive to the needs of diverse CSOs, could prove more effective – provided that the norms and codes evolved by the mechanism are multi-layered and evolved through a consultative process. The self-regulatory approach would also address the autonomy concerns of the VS, like safeguarding the identity and fidelity to the vision of the various CSOs.

Any internal mechanism to foster good governance in the VS would immediately contend with two factors – acceptability and compliance among the diverse CSOs. This can only be achieved through wide-ranging discussion within the VS and by following a participatory approach. It should also involve an assessment of the capacity of the different types of CSOs in terms of their size and function. As different CSOs have different capacities, their ability to meet the costs of adhering to such a mechanism, both in terms of material and personnel would also differ. As the mechanism evolves, it can become multi-layered, catering to different sub-sectors of CSOs.

Clearly, the starting point of any such attempt should be with delineation of a basic set of norms that the CSOs need to comply with to be a part of the mechanism. The basic norms may include information about a) vision and mission, b) governance structures - governing body, stakeholders and their obligations, staff compensation, c) operations – congruity of programmes with organisational objectives – their success and failures, and d) financial accountability. This may further evolve into other sets of norms and good practices. Once the basic norms gain acceptance among the CSOs, through dialogue, experience

sharing and participatory approaches, the mechanism can be taken to a higher plane to make it more functional and credible. Transparency and publication of annual reports, fair human resource practices and adoption of good accounting procedures are fundamental. Information about fund-raising methods, percentage of funds allocated to the cause, sources of funding and publication of reports regarding the same could form some of the additional layers of the mechanism. Accountability, transparency, autonomy, identity and integrity of the CSOs should be the themes addressed by the mechanism. The mechanism should in itself gain acceptance and perceived as credible by the various stakeholders like State, business, beneficiaries and the public at large.

Creating a consensus on the need for self-regulation and developing a suitable mechanism are also the basic objectives of the two-year exercise of the Credibility Alliance (CA), a collective of CSOs working towards enhancing good governance, transparency and accountability of the VS. As part of the initiative, CA has conducted numerous workshops involving more than 2000 CSOs to elicit their views before formulating the norms. The minimum norms so developed have been translated into nine languages. Feedback from different quarters was analysed before giving final shape to the minimum norms. CA envisages enrolment of the CSOs who will adopt these norms as its members. The enrolment itself would be based on voluntary disclosure of all relevant information regarding the adoption of minimum norms. There will be further sets of norms – 'Desirable Norms' and 'Best Practices' which the CSOs can subsequently follow, once it gains confidence and the capacity. CA will also certify several organisations, agencies and individuals to accredit the CSOs on the basis of CA norms. It will also certify Capacity Building Agencies all over the country to help the CSOs in building their capacities to meet these standards. This will take care of the varying needs of the organisations that have different foci, capacities and operating environments. Ultimately, CA will post information on its member organisations and their transparency profiles on the web, so that it can be accessed to assess the credentials of such organisations. This could provide the platform for CA to advocate with Donors, Central and State Government Agencies for the endorsement of its norms and enforcement of the same with their partners. Apart from forming a 'Norms Committee', CA will involve the State Committees of its members in developing multi-layered norms, which will address geographical, sectoral and scale differences. The Alliance is also researching into the norms and the other mechanisms used across the globe.

The force of consensus among CSOs and their compliance to the mechanism would instil the credibility and legitimacy of the mechanism among various stakeholders. This ongoing initiative provides a platform to articulate the interests of the sector while raising the standards of governance within the sector. It generates greater trust among public, media and all the stakeholders. Higher standards of governance would instil the moral authority to the sector to discharge its duties as part of its advocacy and campaign objectives. Above all, good governance in itself is a vision and an ideal and not something that should be adhered to on the basis of fear.

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## Civil Society

# Role of Boards in Governance

Noshir H. Dadrawala

Several voluntary organisations in India suffer from the crisis of good governance. The Governing Boards – Trustees or Management Committees of many trusts and societies seem to be failing to provide adequate oversight of the finances, practices and policies of the organisations for which they are responsible. The sheer size of some of these organisations in terms of the movable and immovable properties under their control puts them permanently under the microscope of the press that always follows the money and a good sensational story.

But what is 'good governance' especially in the case of a 'public charitable trust' or society registered under the Act of 1860? *Good Governance is a transparent decision-making process in which the leadership of a public charitable trust, in an effective and accountable way, directs resources and exercises power on the basis of shared values.*

All public charitable trusts and societies especially those with large financial and other resources need a strong governing body in order for the organisation to achieve long-term effectiveness. As the organisation passes through the stages of its life cycle, the governing body's style may need to change, but the basic areas of responsibility to the organisation will remain the same.

### Key Areas of Responsibility

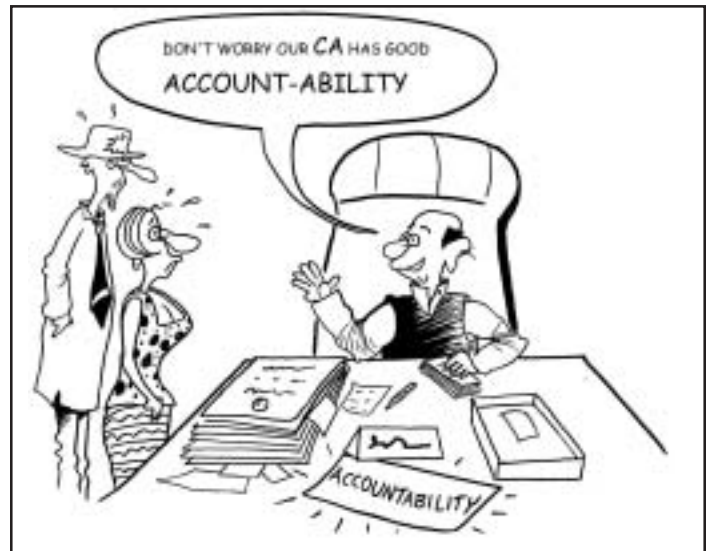
Setting the Mission and Vision, providing an oversight over the organisation, managing resources and coordinating the outreach are four basic areas of responsibilities that any governing body has to perform.

### Setting the Mission

The primary motivation to serve on the Governing Board of a public charitable trust or society is because one believes in the mission of the organisation. It is therefore the Governing Body's responsibility to determine, reaffirm, and support the organisation's mission.

What is a mission statement? Every organisation needs to define its fundamental purpose, philosophy, and values. In one or two sentences, the mission statement clarifies the essence of organisational existence and its purpose. It describes the needs the organisation was created to fill and answers the basic question of why the organisation exists. A mission statement clarifies what an organisation does right now. It is important that volunteers, staff, and the Board know it by heart and believe in it.

What is a vision statement? Through its vision statement a trust or society defines its ultimate motivation, its dreams and its image of a desired future. A vision statement describes the ideal situation if the organisation could fulfill its utmost wish. For example a civil society organisation (CSO) could have the vision: "*No child in Pune*



*will be without proper shelter in the next decade*". A vision statement articulates the future of an organisation. The statement should be a meaningful description of what an organisation hopes to make happen.

A mission statement and a vision statement are distinctly different. Every organisation needs both. A vision is a critical part of strategic planning. Usually, it is the first step in a strategic planning process. A mission statement is like a 'road map' for the organisation while the vision statement is the final destination the organisation is attempting to arrive at.

### Providing Supervision

The second area of responsibility for the governing body is that of overseeing the management of the organisation. Supervision by the governing body establishes appropriate checks and balances to ensure that the organisation is managed well and its mission is fulfilled. Most Governing Board members know that monitoring includes highly significant legal and ethical obligations, but that it is also part of the governing body's relationship with staff, particularly the chief executive. This role is particularly important because public charitable trusts are often the subject of intense public scrutiny.

Members of the Governing Board must be well informed about the organisation including all financial information. Openness and honesty are essential at all times and especially in the governing body's relationship with the managing trustee or executive director or chief executive.

Public charitable trusts or societies need to avoid conflicts of interest, including the appearance of a conflict, at all times. No trustee should participate in a discussion or vote on an issue when the member or another organisation that he or she may be involved with has the potential to derive benefit or gain from the situation.

Part of the supervision process is evaluation, which is often easily understood but difficult to implement. Since the governing board is responsible for the overall performance and effectiveness of the organisation, it should conduct periodic assessment of organisation's

activities, as well as its management, to ensure that the organisation is serving the community within its mission.

The governing body is also responsible for evaluating the executive director or the chief executive officer. The evaluation is most effective when measured against clear goals. The Governing Board should also conduct an annual self-assessment.

This is an ongoing process that can promote an engaged, active and knowledgeable governing body. A Board self-assessment also helps members to contribute to their fullest capability.

## Managing Resources

One of the most challenging responsibilities of serving on the Governing Board is resource development, which includes both financial and human resources. Governing Board members do not need to be financial experts, but they must be diligent about reviewing financial reports. For some organisations, fundraising is the most important function members of the Governing Board perform. Members of the Governing Board are responsible for developing a fundraising strategy, and they should contribute their time, skill, and influence to raising money.

The Governing Board is also responsible for developing the organisation's human resources, which includes both the CEO and future Governing Board members. The Governing Board should cultivate potential new members with the specific skills that the organisation might need such as strategic planning, legal expertise, and financial management.

## Coordinating Outreach

All Governing Board members should be articulate voices for the organisation's mission, values, and activities. Members of the Governing Board provide links to the community in which the organisation operates. Outreach by governing body members has two main outlets. Outreach can be to potential donors and to the community-at-large that will benefit from the organisation's activities. Linkage to both groups requires a strong commitment from each member of the Governing Board.

The Board's responsibilities to outreach include the following:

- Listen to the needs and interests of current and potential stakeholders.
- Promote the organisation's mission, activities, and achievements.
- Ensure that the organisation has marketing and public relations strategies to support the outreach programme.
- Develop communications with key business, media, political and social leaders and inform them of the organisation's work and success.

## Role of the CEO

In most trusts and societies the Chief Executive Officer (CEO) is the Chief of Staff. Ideally the CEO should not be a Board Member though he or she may be invited

at all Board meetings and participate in the deliberations without the right to vote. The CEO develops and implements programmes and projects and may even develop and propose policy issues for the Board's consideration. Generally the CEO is also empowered by the Board to select his or her own team and appoint, supervise and motivate staff. What is the Board's

expectation from the CEO? The CEO is expected to have vision, substantive knowledge of the field, access to other non-profit networks and the interpersonal and administrative skills necessary to translate the organisation's mission into programme success.

A basic tenet of good governance is that 'management' and 'governance' must be separate. A voting CEO on the Board presents conflicts of interest in core areas of Board responsibility such as CEO evaluation and compensation, hiring and firing and assessment of activities in which the CEO is directly involved. Best practice is therefore for the Board to avoid including the CEO, so that the Board can exercise independent supervision and set in place internal systems of checks and balances.

To conclude, good governance is the price we pay for the freedom to exercise power and authority in a free, enlightened and *democratic society*.

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## Governance of the...

(Continued from page 9...)

## Other Points to Consider

It is felt that **sustainability** (including leadership and succession plan, financial and programme sustainability) and **scalability** are both **desirable** traits in voluntary sector organisations, but beyond the scope of minimum norms.

## Guidelines

To facilitate clarity in understanding the minimum norms, and to help organisations build capacities to attain them, it is felt that guidelines be developed for the following:

- HR policies
- Accounting Standards
- Annual Reports (content and dissemination)
- Provision of salient information on Impact of organisation's activities
- A standard classification or categorisation system for activities of organisations
- Organisation Review

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## Political and Personal Change Transforming Civic Action

Ajay Mehta

The traditions of civic action in our society have provided space for both personal and political issues. Gandhiji's ashrams provided the space for people to align their inner selves with values grounded in non-violence and truthful behaviour. For him, constructive work, besides attending to people's immediate needs, was also seen as the means to create associational ties for moulding social and political agendas. Personal ethics, community service and political work while distinctive in their own ways were also seen as interconnected and integral to the idea of making society more just.

Ironically, in the period after Independence, the vision for making society more just, lost something of the wholesomeness that had characterised the praxis of public action in the pre-Independence period. The reasons were many, but not the least, the feeling that the State alone could achieve this goal and the role of civic initiatives was no longer central to such a purpose.

The performance of the State in the early years after Independence gave credence to the view that the State could be trusted to be the prime agent for achieving the vision of making India a just and democratic society. Those at the helm of the government soon after Independence effectively used state authority to dismantle feudal structures and at the same time gave promise to the idea of alleviating poverty through planned economic growth. Over time, the nature of the State underwent dramatic changes. Rapid expansion and the power that got concentrated in the State steadily blunted its transformative character. Notwithstanding the intentions of the leaders and State policies to bring about far reaching redistribution of wealth, its internal character became captive to vested interests. Even when this was not the case, there was a shortage of ideas on using state authority to deepen democracy and extend economic benefits to all in society. The best among the progressive came to depend excessively on the State to achieve their enlightened goals. Within the civil society, despite the presence of leaders like Jayaprakash Narayan (JP), who anticipated the negative consequences of the shift in the balance of power in favour of the State and the emerging societal ethos of seeking authority without responsibility, the constructive work sector could not create a meaningful discourse on how to countervail these trends in society.

Nonetheless, it goes to the credit of the constructive movement in general and JP in particular that they were able to provide the ideological cement for a political movement to protest the mis-governance, unemployment and poverty that have come to characterise our society in the 1970s. The period after the Emergency marked an ideological watershed. The newly elected Janata government responded positively to the call for greater democratic decentralisation and the involvement of voluntary organisation in development work. A slew of policies was introduced that was supportive of NGOs and

the idea of promoting people's participation in development. This period was also witness to the crystallisation of many new civic initiatives. International donors around this time turned their attention to civil society institutions. Consistent with the sentiment in the country, a neo-Tocquillian view was taken that associational activity in general is conducive to promoting democracy and good governance in society. The decades of the 1980s and 1990s saw a great deal of resources and energy going into the voluntary sector. Even the government adopted a policy of promoting different forms of associational democracy through joint forest management committees, watershed user committees, and community-based management of education.

Looking back, it has to be said the expectations from the voluntary sector and associational democracy have been belied. Neither State-led participatory programmes nor social movements and NGOs have been able to alleviate poverty, provide employment and livelihoods or empower people on a significant scale. Their successes have been in niches and have not attained the critical mass needed to trigger a large-scale social and economic transformation. The votaries of people's participation underestimated the degree to which our society and politics lock people in relations that are disempowering and prevent them from coming together to serve their collective interests. Ironically, the political system, having liberated people from the shackles of feudalism and colonialism, became pivotal in restraining people from exercising their freedom in meaningful ways. The relationship between State functionaries and citizens is increasingly based on mutually self-serving dereliction.

Another area where the sector misjudged its capacity was in creating institutions and workers that functioned to democratic and egalitarian values. The post-Emergency phase had created high expectations of the sector and the need for success stories, muffled the voices calling for internal debate on how to make the voluntary sector more accountable and transparent. Niche successes were given iconic status and it was difficult for leaders so acclaimed to encourage reflection. The pressures on the sector to approximate the vision of its ideologues and benefactors came in the way of their being able to create a discourse capable of enabling them to adapt to making participatory development a substantively meaningful process.

The upshot of these broad-brush remarks is that the voluntary sector needs to adapt in functioning. It needs to create spaces where people can relate to each on terms of mutual respect, and it also needs to position constructive work in ways that reorder social and political relations consistent with the tenet of making the society more just. The last two decades of experimentation and work by the sector have generated many insights on how this might be done. These insights need to be taken seriously by those who have authority in society. The decentralisation of power in our society needs more social democracy and better personal ethics. Without these, it cannot provide good governance and fight the virus of dereliction that infect our personal and political behaviours.

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## CSO Boards

# Managing Stakeholder Expectations and Relationships

Dr. Revathi Narayanan

**D**uring the last three decades, there has been a shift towards more accountability and professionalism in the development sector. Civil Society Organisations (CSOs) primarily have to focus on their core competencies that will help them address the needs of the people they are working for. CSOs have a social contract with their communities and the Governing Board is the trustee of this contract. Hence it is imperative to have a competent Board that can steer the organisation towards its goals.

What are the key roles of the board? Briefly, the role of the CSO Governing Board falls into five categories.

### **The Board as the Organisation's Window to the World**

The Board is the organisation's window to the world. It provides an external perspective and vision that helps to enhance the quality of programme interventions as well as address critical issues within the organisation. It is advantageous to the CSO if its Board members are drawn from different areas of expertise so that they can each exert their influence in non-overlapping areas for the advantage of the CSO. If this external perspective also helps to build bridges between the current work of the CSO and its aspirations, it can provide impetus for organisational growth.

A good example of this role of the Board comes from the Executive Committee (EC) of Mahila Samakhya (MS), a Programme of the Human Resource Department (HRD) Ministry for the empowerment of poor rural women. The EC in each state is chaired by the Secretary for Education with officials of related departments as members. Importantly, the EC has a number of members with experience and standing from the voluntary sector as well as from academic and research institutes. Besides providing valuable inputs to the programme implementation in the field, the EC members provide learning across MS Programmes in the various states.

### **The Board as the Definer of the Organisation's Public Image and Policy**

A primary role expected of the Board is to set policies that define the overall direction or 'ends' of the organisation. Some developmental organisations take lead in advocating with the government for formulating effective policies while some field-based organisations have a key watchdog role with respect to implementation of the policies. What goal the organisation works towards and what approach it takes has to be defined by the Board.

Today, CSOs are working in the field on a range of issues. If one takes the issue of governance, the role of CSOs could range from enabling the government to formulate new policies to ensuring proper implementation of policies. When CSOs set out to hold government accountable – as in the Right to Information Campaign by Mazdoor Kisaan Shakti Sangathan (MKSS) in Rajasthan, or take up the rights of the poor displaced by development projects, conflict is inevitable. On the one hand, the CSO has to take into account its own interests and survival, while on the other, it has to remain true to its own vision and mission of justice and equity. In such situations the Board has a critical role to play in deciding the CSO's public stand. How far will it go in the 'struggle' in political terms? What strategies will be used in the field and with the government?

A well-run CSO with an active Board will be proactive in this role. It will formulate and reinvent its policy without waiting for a crisis to happen. There are several examples of NGOs that have been in crisis situations because of intense involvement at the grassroots where the Board stepped in for crisis management.

### **The Board as the Champion of Credibility, Networking and Advocacy**

Building credibility of the organisation with the key stakeholders is another key role of the Board. These range from the community and different interest groups that the CSO is

working with, to the donors funding the CSO activities. This role of the Board is closely linked to its ability to provide a friendly yet external assessment of the impact and performance of the organisation. It can take the lead in setting up a system of regular appraisals and fostering a culture of self-assessment and subsequent capacity building. Needless to say, if such processes are set up, efficiency, transparency and credibility of the CSO will be high.

The Board can also facilitate the participation of the beneficiaries or target population in the decision-making process of the CSO. The Joint Forest Management (JFM)<sup>1</sup> is a concept of developing partnerships between fringe forest user groups and the Forest Department (FD) on the basis of mutual trust and jointly defined roles and responsibilities with regard to forest protection and development. In JFM, the local communities (user) and the Government (owner) manage the resource and share the cost equally. However, it is difficult to generalise the JFM concept, approach and success as variations exist across the nation with respect to geography, resource base, socio-economic status, cultural diversity and pressures on forests.

### **The Board as the Fundraiser and Guardian of Sustainability**

One of the biggest challenges facing CSOs and their Boards is ensuring financial independence and sustainability. At a recent workshop<sup>2</sup> for PACS partners in Maharashtra, participants came up with several interesting ideas for moving a CSO towards financial independence. These included building up a corpus fund for the organisation through income generation activities, providing training and consultancy services and donations. What approach is ideal will have to be decided by the Board on the basis of the vision and mission of the CSO.

### **The Board as the Conscience Keeper**

The ethical dimensions of the role of the Board are highlighted in the role played by the Governing Board of Union Carbide Corporation (UCC)<sup>3</sup> in the aftermath of the Gas Tragedy that occurred in its Bhopal plant on 3<sup>rd</sup> December 1984. For UCC, the incident became a major exercise in 'disaster and crisis management' – from managing the accident, providing relief to those affected, facing the wrath of the opinion leaders and the Government, to protecting its image, and keeping up the morale of its employees. The Board carried out a good public relations exercise to protect the image of the company and largely succeeded in doing so. However, the victims of the disaster are yet to get full redressal and compensation. Here, the role of the Board must be called into question. Should they not have accorded highest priority to the needs of the victims? Although the UCC is a private sector profit making company, it was still obliged to follow common norms of justice and fair play. The Board creates the mission when it funds the organisation. The role of conscience keeper is one of the most important roles that the Board of a CSO can play.

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### **Endnotes**

- <sup>1</sup> Study on Joint Forest Management conducted by TERI for Ministry of Environment and Forests
- <sup>2</sup> "Effective Boards for Effective Governance" Training Workshop for PACS Partner CSOs in Maharashtra. Pune, Maharashtra, 31<sup>st</sup> May-2<sup>nd</sup> June, 2004
- <sup>3</sup> Union Carbide, The Bhopal Tragedy. Bahl's businesscommunication.com. Case Studies and Expert Reading

# Poorest Areas Civil Society (PACS) Programme

## A Partnership Initiative against Poverty

The Poorest Areas Civil Society (PACS) Programme is probably the single largest anti-poverty programme being implemented in India by a network of Civil Society Organisations (CSOs).

Supported by the UK Government's Department for International Development (DFID) and managed by Development Alternatives and PricewaterhouseCoopers (P) Ltd., the PACS Programme focuses on the 108 poorest districts of India. Over 80% of India's poorest districts are located in the states of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra and Uttar Pradesh. These are the states covered by the Programme.

A seven-year programme, PACS has completed three years of implementation. The programme already has a network of 350 CSOs in 74 districts, covering over 12,000 villages in these six states.

### Objective: Empowering the Poor

PACS aims to empower the poor so that they can exercise their rights and demand their entitlements. The programme aims to achieve this by strengthening the capacity of CSOs working for the poor in the target districts.

For more information visit us at: [www.empowerpoor.org](http://www.empowerpoor.org)



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