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Beneficiary accountability in NGOs: can it be better in donor funded projects as compared to non-donor funded projects?

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Abstract

Prior research on NGO accountability argued that in the process of upward accountability to donors NGOs' accountability towards beneficiaries had been compromised. With a focus on beneficiary accountability this paper undertakes a comparative examination of a donor funded project and a non-donor funded project. The study has been carried out in the context of a large Bangladeshi NGO with international operations. While the above conclusion on NGO accountability generally holds our study shows a somewhat different picture. Drawing on a comprehensive set of empirical evidence from various sources such as documentary analysis, interviews, focus groups and observations we show that beneficiary accountability can be better in donor funded projects as compared to non-donor funded projects. We theorise the circumstances under which it can happen. This finding has significant implications for the policy makers and donors in the context of recent drive for the self-sustainability of NGOs and its impact on the crucial issue of beneficiary accountability.

Keywords: *NGO accountability, beneficiary accountability, donor accountability, Bangladesh, BRAC*

1. Introduction

One of the main challenges of the Southern governments is the prevalence of desperate poverty and the desire to lift the population of these developing countries out of poverty. These countries and their governments do not always manage to pursue poverty alleviation strategies from local resources only. Foreign assistance and aid are said to be provided to these countries to help them in their pursuit of development activities including poverty alleviation. However, due to the bureaucracy and corruptions of the Southern governments foreign aid agencies often prefer to channel their aid via nongovernmental organisations (NGOs). The desire to help and empower the poor beneficiaries justifies the existence of these NGOs which have proliferated all over the developing world. In recent times some of these NGOs have gained both prominence and power due to the enormous scale of their operations. There is a call in the NGO accountability literature to hold these NGOs accountable to their beneficiaries for the reasons explained above (see Ebrahim, 2005; Gray, Bebbington, & Collison, 2006; Unerman & O'Dwyer, 2006a, 2006b).

The accountability relationships between NGOs, donors and beneficiaries have been of significant interest in the NGO accountability literature (Rahmani, 2012). Prior research on NGO accountability argued that in the process of upward accountability to donors NGOs' accountability towards beneficiaries had been compromised (Blagescu, de Las Casas, & Lloyd, 2005; Dixon, Ritchi, & Siwale, 2006; Ebrahim, 2003a; Ebrahim, 2003b, 2005; O'Dwyer & Unerman, 2007, 2008). With a focus on beneficiary accountability this paper undertakes a comparative examination of a donor funded project and a non-donor funded project. Against the backdrop of emphasis on self-sustainability of the NGOs such a comparative examination of beneficiary accountability enables us to scrutinise whether beneficiary accountability could be better in a donor funded project as compared to a non-donor funded project. The study has been carried out in the context of a large Bangladeshi NGO with international operations. The dependency on donors for funding of this case NGO decreased substantially over time and its declared ambition is to become a self-financed organisation by 2021(FinancialExpress, 2012). We consider the implications of such a self-sustainability move for beneficiary accountability. As far as we know this research is the first of its kind which compared the extent of beneficiary accountability in a donor funded and a non-donor funded project. Previous studies did not examine the extent of beneficiary accountability in projects mostly free from donor funding which motivated us to undertake the present study.

In the following section of this paper we review prior research on NGO accountability to identify the dynamics of donor accountability in relationship to beneficiary accountability. In doing so, we critically review the prior literature which discusses the positive and adverse effects of donor accountability. We then theorise the aspects of donor involvement which have the potential to facilitate/complement beneficiary accountability. In the third section we explain the research procedures adopted to achieve the objective of this study. The penultimate section presents the results of the study. The final section of the paper offers a discussion and conclusion based on earlier results and their analysis.

2. Prior research and theoretical background

Drawing on prior NGO accountability literature (Blagescu et al., 2005; Ebrahim, 2003a; Ebrahim, 2003b, 2005; O'Dwyer & Unerman, 2007) O'Dwyer and Unerman (2008, p.802) argued that "the emerging dominance of upward hierarchical accountability to donors at the possible expense of more holistic accountability to a broader range of stakeholders, especially beneficiaries, has created concerns that NGOs' accountability priorities are being distorted". In a study on human rights NGO, Amnesty Ireland, O'Dwyer and Unerman (2008) have explored the emergence of accountability mechanisms and have shown that historically Amnesty Ireland's accountability was internally focused and mission-centric. Although managers of Amnesty were in favour of 'holistic accountability' and its strategic plan stated "the need for internal accountability protocols", which was informal and "less rule-based" (p.809), a 'hierarchical' type of external accountability started to dominate Amnesty's accountability practices. The practice was adopted in the context of Amnesty's desire to "attract further funding and support" from institutional donors (p.810). In the absence of demand from the beneficiaries for accountability, the organisation was prioritising external accountability, although the practice was perceived to be unhelpful toward achieving Amnesty's mission (O'Dwyer and Unerman, 2008). Concern was expressed in prior research that this type of externally-driven accountability could cause a 'mission drift' (Epstein & Kristi, 2011; Epstein & Yuthas, 2010). Drawing on another case study on a Zambian Micro Finance NGO, Dixon et al., (2006) showed that in the absence of "appropriate oversight and failure to institute or maintain appropriate accountability mechanism" (p.415) the case study organisation had nearly collapsed during a period of rapid expansion. The authors argued that such failure prompted donor's stringent accountability requirements, which ultimately translated into more accountability requirements from the loan officers by the senior management. Dixon et al. (2006) also argued that, due to pressures from the senior management, the loan officers had to spend more time for reporting purposes and compromised their accountability to beneficiaries by reducing the quality time required for an effective micro finance intervention. In another study, Markowitz and Tice (2002) have also shown that, due to the 'professional' requirements from donors, 'a grass root-oriented' NGO transformed into a hierarchical 'service delivery' organisation and lost its 'grassroots links' (cited in Elbers & Arts, 2011, p.715). Khan (2008, p.78) argued that due to the donor pressures in the early 1990s a micro finance organisation has changed its organisational identity from a 'social service' NGO into a regulated commercial bank, while pursuing a self-sustainability agenda. He argued that, while coping with the external pressures, the organisation followed "an objective of self-sustainability with cost control, profitability", and relegated the 'social service' agenda as the 'secondary' (p.83). Critics (Agyemang, Awumbila, Unerman, & O'Dwyer, 2009b; Hailey, 2000; Rahmani, 2012; Wallace, Bornstein, & Chapman, 2006) have also raised concerns about the suitability of donors' accountability approach in developing countries' perspectives. Agyemang et al. (2009b, p.20) argued that donors' accountability requirements were sometimes 'rigid' and donors were "unaware of local conditions". Prior research also argues that donor accountability has other negative consequences such as “invalidation of participatory approaches, reduced cultural sensitivity, weakened ties with the grassroots level and a dilution of core values” (as cited in Elbers & Arts, 2011, p.714; Hailey, 2000; Wallace et al., 2006). Rahmani (2012, p.298) argues that donors sometimes did not understand the context in which NGOs operated and that led to “incompatible accountability requirements”. Consequently, this promoted unfair practices and ‘corruption’ among local NGOs in Afghanistan (Rahmani, 2012, p.298). Donor accountability is also criticised by the researchers for its short-termism (Dixon & McGregor, 2011). In the context of the negative consequences of donor accountability highlighted above we ask what would be the implications for beneficiary accountability if there were no donor accountability requirements. Would it be better or worse?

The above literature, which argued that donor accountability hindered beneficiary accountability, has some limitations. Some of them (Dixon et al., 2006; Khan, 2008; O'Dwyer & Unerman, 2008) brought the perspectives of limited stakeholder groups, such as NGO managers and ignored the views of donors. In the absence of such perspectives, the above research was unable to show a balanced perspective regarding the impact of donors’ accountability requirements on beneficiary accountability. Although Dixon et al. (2006) study suggested that formal accounting reports and donor’s evaluation reports did not detect the problems in first place and subsequent stringent donor accountability requirements negatively affected beneficiary accountability, the research did not clearly identify why the NGO’s own accountability mechanisms was not successful in identifying the failure before the donor imposed more stringent hierarchical accountability requirements. O’Dwyer and Unerman (2008) conducted their study from the perspectives of a human rights NGO. But the mission, objectives and funding patterns of development NGOs are different from those of human rights NGOs, like Amnesty Ireland. For example, while Amnesty Ireland mainly finance their activities through subscriptions and donations from members and supporters (http://www.amnesty.ie, 14th May, 2013), development NGOs like BRAC (Bangladesh Rural Advancement Committee) receive most of their finance from institutional donors, members’ savings, retained earnings and loans from commercial banks (www.brac.net[1]). So results obtained from studies undertaken on human rights NGOs may not be generalisable to other NGOs. Moreover, a balanced perspective, by including the views of broader stakeholder groups like donors, regulators, civil society and beneficiaries, is needed to get a better picture. While the above key studies showed that donor accountability negatively affect the beneficiary accountability, literature (although very limited) has started to cover the positive aspects of donor accountability in promoting/maintaining beneficiary accountability in donor sponsored projects. Drawing on three case studies, Benjamin (2008) argued that upward accountability requirements could bring different types of outcomes for NGOs. In one case, he argued that the adoption of funder imposed ‘outcome measurement’ requirements prompted an NGO to change its practices which resulted in “improved performance” (p.203). In the second case, there was “little change in practice” of the NGO because of the adoption of funder’s ‘outcome measurement’ framework (P.203). Interestingly, in the third case, he showed that the funder had changed the ‘outcome measurement’ framework in response to the feedback received from the NGO. Some donors want to help NGOs in discharging better beneficiary accountability. One such initiative was examined by O’Dwyer and Unerman (2007). The authors found that an NGO-funder initiative to promote beneficiary-centred social accountability did not succeed, at least in the short-term, because of inadequate resources, lack of organisational commitment, and lack of guidance and expertise from the funders. NGO-funder relationships “remained centred on control and justification” (p.446). But the study only looked at the short-term outcome of the partnership. One evaluation report of the NGOs-donor partnership shows that the capacity[2] of the

[1]Date accessed: 10 February, 2009
[2] It is argued that capacity building of NGO staff is important to achieve a better NGO accountability to various stakeholders, including the beneficiaries (Ebrahim, 2003b).

partner NGOs improved over time, and there were instances where participating NGOs' capacity to assess the needs of beneficiaries improved. For example,

The unrestricted nature of the funds allowed both time and investment in organisational development and learning at global, country and programme levels. This included improvements to financial systems, mechanisms for monitoring and tracking progress on the ground and adopting more joined up approaches at the country level. It has also led to an increased appreciation by staff of the importance of cross-cutting issues such as gender in development. There is a renewed emphasis on improving analysis to understand the needs of different vulnerable groups (Gayfer, Goyder, Keen, McAuliffe, & Watson, 2011, p.8).

Empirical evidence also suggests that NGOs are adopting mechanisms to become more accountable to beneficiaries and Action Aid's ALPS (Accountability, Learning and Planning Systems) is a notable example (Ebrahim, 2009). When the NGO decided to change its existing accountability to a beneficiary-centric one, they had integrated the beneficiary accountability aspects within their project delivery. There is no evidence to suggest that donors' accountability became an obstacle in that process.

We argue that while there are some negative aspects of donor accountability, as noted above, it also has the potential of enhancing or complementing beneficiary accountability. We now theorise why and when donor accountability can facilitate better beneficiary accountability, and how the issue of beneficiary accountability is handled in donor funded projects.

Typically northern institutional donors, like DfID (Department for International Development, UK), gets involved in aid delivery in partnership with southern NGOs to meet the commitments of the donors' home governments. One of the main purposes of the aid delivery is to improve the lives of poor people through funding the activities which would improve their lives. NGOs in developing countries come forward to provide services to those poor people which their "national governments generally cannot or will not do" (Drabek, 1987; cited in, Jordan & Tuijl, 2006, P.10), and they generally portray themselves as beneficiary-friendly organisations. In the above process, the common goals of both the parties, donors and the NGOs, seem to be the same – improvement of the lives of beneficiaries. If beneficiary accountability does not jeopardise donors' motives, there is no reason why donors would be unhappy with a situation where a particular NGO wants to enhance beneficiary accountability. Empirical evidence also supports the view that donors like to see better beneficiary accountability. One of the Keystone (2006) surveys show that donors' and NGOs' views are aligned in terms of giving importance to beneficiary accountability although there may be some inconsistencies between donors' intentions and their actions in the field (p.4).

Aid money of institutional donors, like DfID, comes from tax payers and, as a result, the aid policy for channelling aid money for "development and humanitarian assistance is a matter of public interest" (Bendell & Cox, 2006, p.111). In the absence of programme effectiveness in aid delivery, donors face criticism (Provost, 2012). In order to maintain donors' own legitimacy, donors may like to see that their aid is making some positive changes to the lives of poor beneficiaries in the aid receiving countries. Drawing on Fowler (1997), Bendell and Cox (2006, p.112-113) argued that donors might be interested to see better beneficiary accountability as "one's own accountability to intended beneficiaries can be regarded as a useful mechanism for improving the effectiveness of one's philanthropic interventions on a range of different issues from poverty to environment protection". Some donors take proactive measures, like making partnerships with NGOs in improving beneficiary accountability (O'Dwyer & Unerman, 2007). While trying to promote and ensure the effectiveness of their funded projects, donors impose some accountability mechanisms such as beneficiary participation, monitoring and evaluation, as part of a donor-funded project (Ebrahim, 2003b). Once the accountability requirements are included in the aid contracts, the funded NGOs have to deliver the donors' requirements because they are dependent on donors for funding and support. Empirical evidence shows that, in the absence of evidence regarding participation of beneficiaries in identifying their needs and their potential involvements in other stages of a project, a major UK-based institutional donor refused funding for an NGO (Reith, 2010, p.450). This type of resource dependency gives donors power (Pfeffer & Salancik, 1978) to influence NGOs and hold them accountable. Based on the above discussion we argue that a donor funded project is likely to deliver better beneficiary accountability, as compared to non-donor funded projects, for a number of reasons.

Firstly, donors may like to see the participation of potential beneficiaries in various stages of a project, including initial need assessment, project management, project implementation and project evaluation to make sure that their aid is making a positive change to the lives of beneficiaries. Because of donors' requirements NGOs might be compelled to include some provision of beneficiary participation if it believes that by doing so funding can be ensured. Once an NGO include the provision of beneficiary participation in the project to satisfy donors or in response to donors' pressures, they are contractually obliged to comply with the conditions. In the process of meeting some of the donors' requirements, such as beneficiary participation, NGOs engage their potential beneficiaries and meet some level of accountability to beneficiaries through their 'closeness' (Gray et al., 2006). This may not happen in the absence of a donor's requirement. Thus, donors' requirements for having beneficiary participation are likely to allow beneficiary accountability - at least at a minimum level. Blagescu et al. (2005, p.32) argued that "participation is the process through which an organisation enables key stakeholders to play an active role in the decision-making processes and activities which affect them". Participatory methods, like PRA and 'participatory evaluation' can play a role in increasing the 'leverage' of less powerful stakeholders of NGOs, like beneficiaries, if it is part of a "deliberate intervention" of an NGO (Ebrahim, 2003b, p.819). Ebrahim (2003b) also argued that, depending on level of participation and the potential of addressing the *"unequal power"* (p.819) differential, participation can improve the beneficiary accountability. The level of participation can be different, varying from allowing beneficiaries to participate in the policy-making level to no participation. The level of participation of BRAC beneficiaries may capture the extent to which BRAC involves its affected stakeholder groups (GRI, 2010), such as beneficiaries and communities, in various levels of decision-making and activities. By applying Ebrahim's (2003b) four distinct level of beneficiary participation, an attempt will be made to examine the level of beneficiary participation BRAC beneficiaries enjoy in BRAC's interventions. Drawing on (Adnan, 1992) and (Arnstein, 1969), Ebrahim (2003b) argued that participation in NGO interventions can be categorised into four levels. At first level, participation means a particular NGO only disseminate some information relating to its project to beneficiaries, although the NGO officials keep the "decision-making power" (p.818). At the second level, beneficiaries are active participants in the project and they may contribute "toward labour and funds for project implementation" (p.818). At the third level, beneficiaries enjoy some 'negotiating' and 'bargaining' power regarding the decisions relating to a particular project. At fourth level, beneficiaries enjoy decision-making power and NGOs just work as implementing agencies.

Secondly, donors monitor and verify the compliance of contractual commitments made by an NGO in the proposal. The process can include checking NGOs' reports, conducting donor reviews and evaluations and making field visits by donor representatives. Especially, during the field visits and evaluation phases, donors can directly check with beneficiaries whether an NGO has achieved desired level of beneficiary participation. These types of donor monitoring are also likely to put pressures on NGOs in maintaining their beneficiary accountability commitments. Agyemang et al. (2009b, p.20) found that donors' accountability requirements could help reduce corruption and "... *help[*ed*] them stay focused*". In the absence of any external accountability mechanism, NGO officials can deviate from their commitments.

Thirdly, effective evaluation and organizational learning can play a role in discharging accountability to beneficiaries. Ebrahim (2003b) argues that NGOs need to have an effective evaluation capacity so that they can learn from their past mistakes, and they feed the learning back for future decision-making. He further argued that evaluation can play a role in "*broader organisational change, particularly through capacity building and organizational learning"* (P. 817-818). Many southern NGOs lack the capacity of conducting proper evaluation because their capacity "... for fairly basic monitoring and assessment is severely limited" (Cornwall, Lucas, & Pasteur, 2000, cited in Ebrahim, 2003b, p.818). Ebrahim (2003b, p.818) argued that donors could help improve the NGO accountability to broader stakeholders groups (including donors and beneficiaries) *"not merely by assessing performance, but by building NGO capacity to conduct self-evaluations, and by encouraging the analysis of failure as a means of learning"*. Riddel (1999, cited in Ebrahim, 2003b) argued that donors should spend more money for improving the capacity of NGOs by experimenting with various assessment methods instead of spending for conducting impact studies, which are not generally used for future decision-making. An argument can be made that donor funded projects are likely to provide opportunity for better beneficiary accountability as donors not only insist for any particular provision for accountability mechanism, but also provide various capacity building support, such as budgetary and expert knowledge, so that an NGO can implement their accountability commitments.

Fourthly, programme effectiveness "... is a core element of being accountable" (GRI, 2010, p.7) to stakeholders including NGO beneficiaries. It "can demonstrate the extent of coherence between mission and programs and shows the degree of accountability that an NGO has towards its stakeholders for the outputs and the outcomes it delivers" (GRI, 2010, p.7). It includes whether an NGO's programme intervention accommodates 'training and awareness', coordination with other actors, and 'gender and diversity' in programme design (GRI, 2010, p.31). BRAC's Micro Credit loanees are mostly illiterate poor women without any proper training. Adequate training provision may help them utilise the loan effectively, and improve their livelihood. BRAC's help regarding establishing forward linkage ventures to market the products produced by the beneficiaries is likely to improve programme effectiveness. It is also important that the field officers, who deal with the clients, receive adequate training so that they can train beneficiaries in effective ways and handle the beneficiaries according to the organisational guidance. A comparative evaluation can explore whether BRAC provides training, supervision and other necessary supports to beneficiaries and staff to make its programmes effective.

Finally, in the absence of donor funding, micro finance NGOs have to pursue a strategy of self-sustainability of their programmes, otherwise they will not be able to survive in the long run. In doing so, they may reduce or withdraw beneficiary-friendly services, which are essential for delivering effective programmes, to reduce costs or increase profitability. While securing resources for the organization they may compromise the interest of beneficiaries (Pfeffer & Salancik, 1978). Epstein & Yuthas (2010, p.209) argue that NGO managers who face the competing 'pressures' for "social impact and the demand for financial performance" in micro finance industry, they tend to "shift towards financial performance". We contend that in the absence of strong regulators and the donors' involvement, NGO accountability to beneficiaries can be worse in non-donor funded programmes as compared to donor funded programmes.

3. **Research Design**

The main objective of this paper is to examine the extent of beneficiary accountability in a large NGO. We also query whether it is better in a donor funded project as compared to a self-funded project (i.e. non-donor funded). We did this as part of a large case study which explored the dynamics of accountability in a Bangladeshi NGO called BRAC (Bangladesh Rural Advancement Committee). This paper reports a theme within this larger case study which examines the role of donors in making BRAC accountable to its beneficiaries. The other themes of the project are reported elsewhere. The data sources of the project include documentary analysis, interviews, focus groups and observations.

BRAC is a large Bangladeshi corporate NGO with international operations. According to the ranking published by the Switzerland-based journal, The Global Journal, BRAC secured the topmost position among the world's top 450 NGOs based on three criteria – "impact, innovation and sustainability" (Staff-Correspondent, 2013). On 15th June, 2007 BBC 4 Radio's presenter Richard Phinney presented a programme titled -Titans Of Aid - where he was asking the question, "whether BRAC, the largest NGO in the world is the answer to fighting global poverty or an extraordinary charity running out of control?" (Phinney, 2007). It was established in 1972, immediately after the independence of Bangladesh, in order to help displaced refugees from India. Gradually, it expanded its operation to include development works that were fully supported by international donors to achieve two objectives – poverty alleviation and empowerment of poor. Initially, BRAC developed a number of programmes, such as micro finance (MF), health, education and income generating ventures for poor beneficiaries so that they can receive services from BRAC and become self-sustainable. Over time, BRAC adopted a strategy of commercialisation of some of its programmes, like MF, dairy farm and AArong (a handicraft business), which opened avenues for making profit and thereby reduce donor dependency. BRAC still mostly relies on donor funding for its social development programmes (e.g. education, water and health). Since early 1990s there had been a huge change in the MF sector world-wide. During the early 1990s, the Grameen Bank model[3] of MF (Micro Finance) received popularity and international donors took interest in promoting the concept of self-sustained MF programme (McGregor, Johnson, & Wood, 1998). Although BRAC's MF programme was initially a donor funded programme, since 1990 it gradually changed its nature and became self-sustained and surplus generating programme. In order to achieve the self-sustainability agenda BRAC, alongside with other NGOs, started to charge high interest rate, and the nature of the MF programme changed from a poverty alleviation-oriented MF programme to a commercial lending programme. It was alleged by the government of Bangladesh that MF providers in Bangladesh (including BRAC) was charging high interest rates and exploited poor beneficiaries in the name of poverty alleviation (UNB, 2010). As a result, the Bangladeshi MF regulator enacted some stringent rules to protect the beneficiaries (Economist, 2010). Currently, BRAC operates from 11 countries including Bangladesh, the UK, the USA, Afghanistan and Sudan. It employs 90,693 staff and so far it reached to 113 million beneficiaries in Bangladesh alone, and disbursed USD 9,233.10 million cumulative loans to its beneficiaries (Annual Report, 2011, p.71). It also runs a university and partly or fully owns a number of big commercial organisations including two financial institutions. While 100% of BRAC's annual budget used to come from donor in 1980, now it generates 76% of its annual funding from non-donor sources, like member savings, profit from business activities, borrowing from commercial banks (BRAC, 2013a), and it is gradually becoming more independent from the donor agencies for its income generating programmes.

To achieve our research objective we needed data from donor funded and non-donor funded programmes. Firstly, we have selected BRAC's MF programme, which is the single biggest non-donor funded programme[4], and compared the level of participation of MF beneficiaries, the programme effectiveness and the effective evaluation and organizational learning when it was a

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[3]This model was invented by Nobel Laureate Professor Mohammed Yunus to provide collateral free group based micro finance to poor women.

[4]Total MF revenue expenditure accounts for 34% of BRAC total yearly revenue expenditure. This figure includes some expenditure for non-DABI programme (Annual Report, 2011, p.121).

donor funded project and when it became a self-funded project. This comparison shows BRAC's accountability practices under the two different funding regimes. Secondly, we have chosen another BRAC's programme, WASH[5], which is mostly a donor funded programme, to see whether there is any similarity or differences in accountability practices. We then compared the level of participation, programme effectiveness and effective evaluation and organizational learning of the WASH programme with that of MF programmes under the two different funding regimes. Here, we are making a '*theoretical comparison*[6]' by looking at the *'properties and dimensions'* (Corbin & Strauss, 2008, p.76) of 'participation', 'programme effectiveness' and the 'effective evaluation and organizational learning' within MF and the WASH programmes, rather than comparing the two different types of programmes by looking at the *'specifics and raw data'*. The purpose of the comparison is to see what the two programmes *"share in common and what is different about them"* (Corbin & Strauss, 2008, p.77) in terms of the above three concepts. Although this type of theoretical sampling is used in grounded theory approach, it is also*"... used in some form in most qualitative investigations necessitating interpretation* (Marshall, 1996, p. 523).

These comparisons help to understand whether there is any difference between BRAC's accountability practices to beneficiaries through participation, programme effectiveness and the effective evaluation and organizational learning under the two different types of funding structures. The following table shows an overview of the programmes:

Table 1: Brief overview of DABI and WASH programmes

Features	**DABI**	**WASH**
Funding sources	• Donors - 0% • Beneficiaries' savings, retained earnings, loans and others-100%	• Donors - 90% • BRAC and the beneficiaries' contributions - 10%
Operation	Micro Finance: lending money to women without collateral and attract savings	Deliver services including the provision of safe water, hygienic sanitation and motivating activities to change hygiene behaviour of beneficiaries, small amount of loan provision for selected clients for hygienic latrines
Sources of evidence	Interviews, observations, focus groups and documentary analysis	Grants proposal for donor funding, interviews, observations, focus groups and other documentary analysis
Accountability mechanisms for beneficiary	Participation during weekly village organisations (VOs) meetings held with BRAC Programme Officers (POs), BRAC's own monitoring, BRAC conducted impact studies	Participation (needs are identified by beneficiaries through PRA (Ebrahim, 2003b), participation through Village WASH Committee meetings with beneficiaries, focus groups, monitoring and evaluations conducted by BRAC and the donors
Beneficiaries Covered	VO members 5.8 million Borrowers 4.14 million (active members)[7]	38 million[8]

Sources: WASH project proposal, 2005 and BRAC's annual reports (various)

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[5] Water, Sanitation and Hygiene

[6] Corbin and Strauss (2008, pp.75-76)) contend that *"theoretical comparisons are tools designed to assist the analyst with arriving at a definition or understanding of some phenomenon by looking at the property and dimensional level. ... it is not the specifics of an experience that are relevant but the concepts and understanding that we derive from them"*.

[7] http://brac.net/content/stay-informed-brac-glance (date accessed 27/2/2013).

[8] Annual Report, 2011, p. 38.

Our key informants include BRAC employees, beneficiaries, donors, regulators, competitors, civil society members, local elected representatives, and community/religious leaders. BRAC employees include senior managers, mid-level managers, field managers and field officers. Officials who play direct role in setting BRAC's policies and make strategic decisions, such as Executive Director, Directors and Head of Programmes, are categorised as senior managers. Officials who are responsible for operational and supervisory activities and participate in key organisational decisions, such as Deputy Directors, Managers, are classified as mid-level managers. Officials who are responsible for operational and supervisory activities and use their designations as manager, such as, Regional Managers, Area Managers, Branch Managers, are classified as field-level managers. Officials who work in the field and deliver the services to beneficiaries, such as POs (Programme Officers) are classified as field officers. As this is a single case study, detail profiling of the interviewees is avoided to maintain the anonymity.

A total number of 68 face-to-face semi-structured interviews and 9 focus group interviews were conducted during the two field visits between the period January 2010 and July, 2011. For the propose of face-to-face interviews, 31 interviewees were selected from BRAC employees, 14 from beneficiaries, 4 from competitors, 4 from donors and funders, 4 from regulators and government officials, 5 from civil society, 2 from local elected representatives, 3 from religious leaders and 1 from one of the NGO apex body. A total of 62 face-to-face interviews and 9 focus group interviews, where consents were given by the interviewees, were tape recorded and transcribed. Detailed notes were also taken just after the interviews on 6 occasions where interviewees declined to be tape recorded. Normally, each interview lasted for between 40 minutes and one and half hours. A total of 5 interviewees were re-interviewed to seek further clarifications on the previous opinions where contradictions were identified or new issues emerged during the analysis of first set of data. Among the 9 focus group interviews, 3 were conducted with DABI beneficiaries, 3 with WASH beneficiaries, 2 with mid-level officers and 1 with field officers. The first author conducted the interviews and observed three VO meetings of DABI and three Village WASH Committee (VWC) meetings as a non-participant observer. Three VOs and three VWCs were chosen from three distinct geographical regions of the country. The first author analysed the data in collaboration with the notes taken during the interviews and the field observations. NVivo software has been used to manage data handling during the data analysis phase. For interview data analysis we followed the procedures of data reduction, data display and conclusion drawing suggested by (Miles & Huberman, 1994).

For documentary analysis secondary data from other published and non-published secondary sources, like BRAC's annual reports (1990-2011), BRAC's website, the minutes of board meetings held from 1972 to 2009, BRAC's strategy document, operational manual, project proposals and donors’ evaluation reports, were used in conjunction with the qualitative interviews, focus groups and observation data. BRAC first published its full annual report in 1990. All the annual reports (1990-2011) were analysed. In this paper, it is maintained that texts are used to communicate what an organisation did or intends to do. These texts may be used by an organisation to influence stakeholder perceptions (Laine, 2009) or by an accountor to give an account to accountees. The authors will interpret the texts “through a process of subjective sense-making” (Laine, 2009, p.1034) to capture the evolution and changes in BRAC's accountability to beneficiaries. The paper has also used information reported in other secondary sources, like published research papers, newspaper reports and books for better clarification. Data from the different sources were triangulated later on to get a better picture. In this process, data from the various sources, such annual reports, minutes, interviews, observations, on a same issue have been compared so that any agreements or contradictions between the data sources are known. Any extreme view from a single source has also received attention while reporting the results. We report the results of data analysis in the next section.

4. Beneficiary accountability in BRAC: Findings and Analysis

4.1 Extent of beneficiary accountability in DABI programme

Participation and 'closeness'

Analysis of annual reports (1990 - 2011) and interview evidence show that since 1990 BRAC's MF programme, including DABI, changed significantly from its predecessor, the RDP[9] (Rural Development Programme). RDP programme used to develop various income generating projects for beneficiaries and provide loans, training, functional education (FE) and other services so that beneficiaries could become self-reliant. It was noted in one of the donors' evaluation report that:

The RDP consisted of four major types of activity: a) Institution-building, including functional education and training, b) the credit operation, c) the promotion of income and employment generation, d) the support service programme. (DfID evaluation report, p. 24.)

BRAC's annual report also noted it had a *"well designed strategy to organize the rural poor for their development through functional education, training, extension, credit and income generation"* (Annual Report, 1990, p.7).

It is clear from the above evidence that BRAC identified the needs of beneficiaries and worked closely with them to address their needs. In contrast with its actions within the RDP, BRAC no longer designs any project for DABI beneficiaries. Hence, there is no question of asking for beneficiaries' input for project development. BRAC provides only financial services to beneficiaries of DABI programme and beneficiaries use the borrowed money according to their own inclination. DABI programme provisions allow beneficiaries to meet every week with POs. According to BRAC's annual report (2011), POs are supposed to facilitate useful 'information exchange' with DABI beneficiaries during the weekly VO[10] meetings:

In addition to providing access to finance, we ensure that our borrowers are supported, have the ability to exchange information and raise their levels of awareness on health, social and legal issues. (Annual Report, 2011, P.27).

But evidence from the VO meeting observations and interview data from the beneficiaries show that BRAC POs mainly collect weekly repayments during the meetings and the awareness raising agenda, which BRAC claims it promotes, is largely neglected in most of the meetings observed. For example, one beneficiary contends:

There is no other agenda in the meeting apart from collection of money.

Our interviewees (beneficiaries) suggest that 'information exchange' with beneficiaries is also non-existent in some important areas of MF operation. When we asked BRAC beneficiaries about the loan contract, they confirmed that the copy of the loan contract was not supplied to them. BRAC field officials also confirmed that they did not supply a copy of loan contract.

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[9] RDP was a donor funded project.

[10] Village Organisation

Programme effectiveness

BRAC claims that it not only provide loans to beneficiaries, but also provide other support services to make its intervention effective. BRAC's 2008 and 2011 annual reports note that:

… through our 'credit plus' approach we work to strengthen the enterprises that our borrowers invest in, giving them access to quality supplies, training and support in marketing their products to reduce vulnerability to market failures. (Annual Report, 2011, p.27)

Loans are coupled with varying packages or services such as skills training, the provision of higher quality inputs, technical assistance and marketing facilities. (Annual Report, 2008, p.23).

While BRAC claims that MF initiatives empower women by providing them credit and other facilities one interviewee (Regulator) offers a different view. The interviewee notes:

Empowerment is a by-product [in the process of MF intervention rather a main focus of MF operation]. Sometimes, empowerment took place if there is an enthusiastic entrepreneur woman who has control on the loan. I have seen in one or two cases. But, in most of the cases they did not have the control on the loans.

What is alarming to me is that the women who take the loan very few of them can utilize the loans. And, the women are trapping into the vicious circle of loans. …They do not have any control on the loans [as the loan money goes to their male counterpart]. It seems to me a dangerous thing. Either their husband or sons are using the loans.

The above view is also supported by other interviewees (beneficiaries and BRAC field officials) who confirmed that most of the MF (DABI) women loanees did not have control of the loans; rather their male counterparts or other adult male members took control of the money.

Analysis of DABI programme manual and interview evidence show that in the DABI programme BRAC does not respond to some of the important needs of beneficiaries. For example, the repayment schedule of BRAC's DABI programme was rigid for all the beneficiaries and they have to repay their loan in 48 instalments (Operation Manual, DABI, p.62). But income from the beneficiaries' investments does not coincide with the BRAC's repayment schedule. Our interviewees confirmed that BRAC did not change the schedule according to the beneficiaries' needs. For example, one beneficiary interviewee notes:

BRAC does not respond according to our demands such as different repayment schedule.

There are also some unintended consequences of the DABI programme. According to our interviewees, some of the unintended consequences have arisen partly due to the withdrawal of the support services. For example, one interviewee (local elected representative) noted that in the absence of such monitoring and supervision of loans, loanees could divert the loans to non-productive purposes, like consumption and marriage, which could lead to defaults. According to our interviewees, irresponsible lending by the NGOs is another reason for the defaults. For example, one interviewee notes that there is easy availability of loans due to overlapping activities by MFIs[11]:

[11] Micro Finance Institutions

This problem [defaults] occurred due to overlapping activities and the easy availability of loans. (An elected local representative – notes)

This view is supported by an acknowledgement from a field officer. Although providing loans to other NGO beneficiaries is not allowed according to BRAC's policy, BRAC officers sometimes knowingly ignored the guidelines (notes from discussion with a PO). One of the reasons for this practice was the Head Office's pressure to meet a high target of loan disbursement (field officer).

While BRAC used to provide support services like training and FE and developed income generating ventures for RDP beneficiaries to make the intervention more effective, the withdrawal of the support services seem to have resulted in BRAC officials spending less time with beneficiaries (see Dixon et al., 2006), making the BRAC less responsive to beneficiaries and making the programme less effective.

Effective evaluation and organizational learning

Analysis of one of the BRAC donors, DfID's, evaluation report shows that BRAC's donor consortium, which funded BRAC's RDP and RCP[12] programmes during 1990s, pushed BRAC to develop their evaluation capacity and provided necessary support in this regard when BRAC MF programme was donor funded:

Reports on BRAC express concerns about internal policy formulation processes, as well as the organisation's analytical and presentational capabilities. The donor consortium and the ODA[13] in particular, responded by addressing these issues and BRAC subsequently has demonstrated an increasing level of organisational maturity in such matters. The establishment of an effective impact assessment system is illustrative of this. (DfID evaluation report. p. 16.)

From an early stage of its involvement with BRAC, ODA advisers had documented their concerns about the organisation's ability to monitor its impact and make good management use of impact information. In 1992, the ODA commissioned a report on BRAC's research and evaluation work. Following on from this, in 1993, ODA funded the BRAC Research Impact Project (BRIP, 1993 - 1996) and, following consortium agreement in December 1992, began the funding of the major Impact Assessment Study RDP III (IAS) in 1993. DfID evaluation report. *P. 38.*

In spite of receiving this type of donors' support in enhancing the evaluation capacity, donor's evaluation report shows that BRAC did not utilise the impact assessment results by incorporating the lessons learned for formulating their policies while pursuing the self-sustainability agenda:

*The BRIP was primarily focused on the improvement of the management impact of the BRAC Research and Evaluation Division (RED). The RED had been a long established division within BRAC but, although it was recognised as having produced good work, it was not always apparent that its work had been well incorporated into the overall management of the organisations' programmes. (*DfID evaluation report. *P. 38.)*

The report of the BRAC Ombudsperson identified some of the reasons, such as overlapping loan activities of many MFIs, for the un-intended consequences of the DABI programme but field data show that BRAC management is yet to learn from some of the previous mistakes.

[12] Rural Credit Programme. BRAC started its self-sustainable MF programme by introducing the RCP programme in 1990.
[13] Overseas Development Administration. It was the DfID's predecessor.

The above evidence clearly shows that, under the RDP, BRAC used to provide the opportunity for beneficiaries to improve their knowledge through education, interact with BRAC officials through participation, and let their choices or reservations known to BRAC officials. Moreover, support services like training and supervision helped in delivering effective MF programme. Epstein and Yuthas (2010, p.205) also argues that support services like "*training activities directly support achievement of the mission*" of MF organisations. It seems that donor funded RDP programme was more consistent with meeting BRAC's main objectives of poverty alleviation and the empowerment of beneficiaries. But the self-funded DABI programme, on the other hand, delivered less participatory and less responsive programme, and beneficiary accountability was relegated to the back seat. It is also clear that donors had funded BRAC in building organisational capacity so that BRAC could evaluate the programme effectively and asked questions about BRAC's unwillingness to incorporate organisational learning into future decision-making when it was donor funded.

4.2 Extent of beneficiary accountability in WASH programme

Participation and 'closeness'

While self-funded MF [DABI] programme had some adverse impacts on the beneficiaries, the donor funded WASH[14]programme gave a different experience to BRAC's beneficiaries. The WASH proposal included the provision of a 'bottom-up management' approach for needs assessment and transparent decision-making in the case of resource allocation to the poor, which are likely to allow beneficiaries' participation in decision making. The proposal of the WASH project notes:

Participatory planning will take place, with the committees planning for a core of common activities but also formulating plans for activities that reflect their own situation and their own assessment…..Transparent and open decision-making will also need to be ensured, particularly where this involves provision of subsidies or cross-subsidies to the hard-core poor. (p.44).

The author's field observations and the interviews with beneficiaries show that BRAC officials applied tools like PRA[15] to assess beneficiary needs and allowed beneficiaries to participate in the field level decision-making. For example, one BRAC WASH Committee member maintained that:

BRAC involved local people while conducting the PRA and free latrine allocation to the ultra-poor. (Beneficiary focus group)

...who will be eligible (for loan) or who will get that loan is decided by the WASH committee, is not decided by the BRAC. (Senior manager)

BRAC and my committee[16] *[jointly] decided about who would get these [latrines] first.* (Chairperson of a Village VWC)

But main resource allocation decisions are made by BRAC head office officials:

[14] Water, Sanitation and Hygiene programme.
[15] PRA stands for Participatory Rural Appraisal. This is a tool used in NGOs' interventions to assess the needs of beneficiaries in a participatory way.
[16] The Village WASH Committees were formed with the beneficiaries and local representatives.

We [senior managers] decide (how many latrines will be given). It depend[s]... on [the]... budget. So it's been pre-determined. (Senior manager)

Programme effectiveness

BRAC undertook various steps in order to make its WASH intervention effective and sustainable. These steps include providing training and hygiene education to beneficiaries, raising awareness and making partnerships with government agencies.

Our interviewees acknowledged that training was provided to all the village WASH Committee chairpersons, secretaries and members so that they can understand their roles and motivate communities to adopt BRAC's approach and change existing unhygienic behaviours:

The committee Chairperson and the Secretary were sent to Dhaka for training. ... They also organised a one day training here for other committee members. All of them [the committee members] received the training in this way. (A WASH beneficiary)

BRAC provide training to all the community members through organizing meetings and by using flip charts or video/film style displays at union level. (Notes from discussion with beneficiaries)

In the case of WASH programme, BRAC officials not only focused on the beneficiary participations they also worked in partnership with the elected representatives and the local government officials to improve the government's intervention in the area to meet the MDGs[17] in the WATSAN (Water and Sanitation) sector. BRAC officials did so by involving the local representatives and the local government officials in distributing the government allocations to the right people and by supervising the implementation of the government allocations:

BRAC officials met [with me] to discuss latrine coverage. (Local elected representative).

They [try to] ensure proper utilisation of government latrine allocations through the supervision. (Local elected representative).

Our interviewees expressed their satisfaction regarding the WASH intervention. One committee member contended:

The hygiene situation improved significantly. (Beneficiary)

However, one member disputed the claim of 100% coverage of sanitation (by BRAC officials) although he acknowledged that the situation improved significantly (Note from a focus group with WASH beneficiaries).

Although the WASH programme was more participatory, there were some criticisms in terms of selection criteria of locations for the coverage. One interviewee contends that:

Upazilla [sub-district] selection criteria of BRAC [in the case of WASH programme] are not always based on the needs [of beneficiaries], rather based on the [BRAC's] convenience. (Competitor NGO).

[17]Millennium Development Goals. The goals were set by the United Nations.

Effective evaluation and organizational learning

In the case of WASH programme, BRAC undertook a capacity building and learning agenda in order to ensure the ‘long-term sustainability’ of the programme impact. The capacity building agenda included the “tailor-made training projects and learning-by-doing” initiatives for BRAC staff, communities, government employees responsible for improving the WATSAN (Water and Sanitation) situation (WASH programme proposal, p.46). The learning approach was included to *“ensure effective programming and it also builds capacity of those involved. BRAC has invited IRC (*International Water and Sanitation Centre) *to provide inputs into the learning process during the initial stages of the programme” (BRAC WASH proposal, p.46).* The proposal also notes *“BRAC will examine and use lessons from other programmes/projects in Bangladesh and abroad”* (47). There was budgetary provision of €134,1000 for the capacity building and learning purposes in the proposal (p.62).

Table 2: Extent of Beneficiary Accountability – DABI v. WASH

	DABI	WASH
Participation	• The VO meetings, the only opportunity of beneficiaries to meet BRAC officials, were used mainly for disbursing loans, collecting repayments and deposits.	• BRAC involved beneficiaries in identifying their needs. • VWC members actively participated in the meetings. • VWC meetings were more informative.
Programme effectiveness	• BRAC did not provide support services like training and supervision to make the programme effective and sustainable.	• Support services like training and the partnership with other actors helped in making the programme effective and sustainable.
Effective evaluation and organizational learning	• In the absence of donor funding there was no question of donor-sponsored capacity building programme for staff. Senior management are reluctant to learn from past mistakes.	• There were in-built components for capacity building of BRAC staff and beneficiaries which was funded by the donor. Some evidence of proactive organisational learning initiatives.

Table 2 summarises the extent of beneficiary accountability in both programmes. It shows that in the case of BRAC's WASH programme, the beneficiaries were consulted in the pre-organised meeting about various aspects of the project implementations including the need assessments, free latrine allocations, assessment for loans etc. There was more beneficiary participation in the BRAC's WASH programme as compared to BRAC's DABI programme, where the participation was mostly about loan disbursements and collection of repayments. In the following section we explore the reasons for improved beneficiary accountability in donor funded projects like WASH.

4.3 The reasons for better beneficiary accountability in donor funded projects like WASH

The interview results indicate that donors play a key role in setting BRAC's accountability agenda to beneficiaries. One of the senior managers of BRAC notes that in the process of demonstrating the impact of donor money, donors made beneficiary accountability requirements a part of the project proposal:

Donors are becoming more and more performance-driven with respect to donor dollar. Every donor wants to see that every dollar spent has … [the] largest amount of impact. So, [the issue of] performance [is] becoming very important. Because [there are] debates around aid. And [there is] huge pressure [on donors] to demonstrate [that whether] aid [is] exactly making a difference. Downward accountability - some donors are making it as part of the project design. So we needed to have [a] grievance [handling] mechanism. It is donor driven. (Senior manager of BRAC)

Donors appear to support the above view. One of the donor representatives notes that beneficiary participation is one of the hallmarks of donor-funded project, and NGOs have to include the provision of participation to demonstrate that needs are assessed based on beneficiary consultations:

I don't think any programme is designed without their [beneficiaries'] participation. … [in] every programme usually beneficiaries are involved. … Most of them [NGOs] use PRA method to talk to beneficiaries. So, of course beneficiaries should be involved, need to be involved. One has to design programme according to their needs….That's given in [the] project proposal as well. There has to be [a] very strong indication [that] the organizers [NGOs] have the proposal … where beneficiaries have been consulted.

The same interviewee also opines that donors prefer to see an element of beneficiary accountability within the project proposal and, in the absence such provision, NGOs have to include it in the project:

We really want to see this [beneficiary participation] within our projects. This [is] an element of project design and project formulation. If it is not there it is being inserted later. (Donor representative)

The opportunity to insert any missing components, such as beneficiary participation, in BRAC's proposal comes when donors' advisors interact with BRAC officials during the proposal scrutiny stage. In line with the above donor representative, one of the mid-level managers of BRAC acknowledges that donors do not accept BRAC's proposals without raising their queries. He notes that funding proposals are accepted after accommodating the advisor's feedback:

We write a brief proposal and submit it to donors. Every donor agency [scrutinizes] it. You will see there are advisors for every project. For example, there is an advisor/specialist for an education project…. That means they (donors) have the expertise. When we submit proposals their experts review the proposals. After reviewing the proposals they raise questions. …… We clarify our positions, if we make any mistake that will be detected (by the donor advisor). After the fine tuning (by the donor advisor) the final proposal is prepared. (Mid-level manager, BRAC)

While asked whether donors' accountability requirements needs to be achieved at the expense of beneficiary accountability one donor representative contends that, as the beneficiary accountability is also one of the donor's priorities, generally both the accountabilities, upward and downward, can be met together:

… I think a lot of NGOs see it as either (meeting the donor accountability or the beneficiary accountability], and I disagree totally with that. That is not the case of either, it can be both. Again if it is priority for us then, you know, why should it be contradictory to beneficiary accountability? I don't necessarily see [it]. There may be cases where there is [a] conflict … [but that may be a] specific instance.

In addition to the inclusion of accountability mechanisms like participation due to the donors' requirements, the views from our interviewees and the analysis of donors' published documents show that BRAC's donors also promote a governance agenda to facilitate beneficiary empowerment and accountability. One of the interviewees (donor representative) notes that the donor took initiatives to improve the governance of the NGOs [BRAC was one of them] it funded. The interviewee stresses the need for empowering beneficiaries to improve NGO governance. She also felt the need for pressurising the NGOs through the government and the other relevant local stakeholders in this process:

…we have been trying to deal with them [to improve the governance. [It] has been [a] top down approach working with [the] institution. … You need to [put] pressure on [the] local stakeholders, on the government, on the NGO's to ensure that the service delivery is according to [the] standard. So now we are looking at a holistic approach. …we definitely involve the demand side, and actually [the] key focus areas, strengthening [the] demand side, because one of the priorities of the [Dutch] government is also to promote self-reliance and for that we need to have empowered citizens. We can hold [the] state and also [the] NGOs to account. (Donor representative)

The above view is also supported by the official policy of Dutch foreign aid policy which promotes good governance in the water sector[18]:

Good governance is central to water policy. Proper water management and preventing conflict about access to and distribution of water call for strong institutions with sufficient capacity. The accountability relationship between institutions and users deserves special attention. Various countries have gained experience of user participation, accountability on the part of drinking water suppliers, and increasing the sustainability and ownership of water systems. …(GON, 2011, p.7)

The same policy is apparent in the case of British donor, DfID. The requirement for the inclusion of beneficiary accountability mechanisms, like participation, in project proposal is an essential component of the DfID's[19] aid policy. The following quotations from DfID's published policies and research demonstrate its commitments towards transparency and accountability in general and beneficiary accountability in particular:

[18] WASH programme is funded under this policy of the Dutch government.

[19]DfID stands for Department for International Development, UK. It is one the big donors for BRAC's programmes from the inception.

DfID is committed to being a global leader on transparency. In the current financial climate, we have a particular duty to show that we are achieving value for every pound of UK taxpayers' money that we spend on development. Results, transparency and accountability are our watchwords and guide everything we do. DfID regards transparency as fundamental to improving its accountability to UK citizens and to improving accountability to citizens in the countries in which it works. Transparency will also help us achieve more value for money in the programmes we deliver and will improve the effectiveness of aid in reducing poverty. (DfID, 2012, p.2)

One interviewee (Senior BRAC manager) also supported the above view that donor accountability requirements are designed to see the effectiveness of the funded programmes:

But, donor accountability also needs to be deconstructed. Donor accountability is based on downward accountability. …, when you get money for a particular project you have to basically say that you do certain activity and you have to prove how the activities going to have the kind of impact to the final beneficiaries. And all the reporting is basically based on that premise. So donor accountability is basically reporting on how we have been able to implement the activities, and through which, to what extent we have been able to actually have an impact on the lives of the people we affect.

The policy, which promotes 'empowerment and accountability', is based on the premise that it makes development intervention more effective: *DfID regards the achievement of empowerment and accountability as valuable results in themselves and expects that supporting processes of empowerment and accountability across DfID's work will lead to improved development results in a number of areas including:*

Increased quality and results from service delivery, by providing tools and methods for supporting individual choice and enabling community engagement in decisions about services.

Poor people's increased contribution to and benefit from wealth creation processes by, for example: increasing access by poor women and men to information they need to access markets and secure their livelihoods. (http://www.dfid.gov.uk/Documents/publications1/empower-account-summary-note.pdf, accessed 26/02/2013)

The above official policies of DfID are also supported by its funding commitment towards beneficiary accountability:

The Bilateral Aid Review (BAR) gives a commitment to scale up DfID's work on empowerment and accountability to support 40 million people to have choice and control over their own development and to hold decision-makers to account. The DfID Business Plan 2011-15 sets out how this target will be met through the development of guidance on accountability and empowerment issues and implementation of the commitment that up to 5% of all budget support should go to accountability institutions.
(http://www.dfid.gov.uk/Documents/publications1/empower-account-summary-note.pdf, accessed 26/02/2013)

In Bangladesh, DfID promotes an information dissemination and awareness raising agenda to enhance beneficiary accountability:

There are good examples where people affected by poverty in Bangladesh can receive information about their entitlements to services and resources, often through billboards in public places. These include information about UK-supported public services (health, education, welfare entitlements) and non-governmental support including livelihoods interventions, or humanitarian response. We will ensure this approach is applied more systematically and consistently, within UK-supported programmes in particular. (DfID, 2012)

One of our interviewees (regulator) notes that, as part of this agenda, DfID has funded one of the regulators in Bangladesh (MRA) to improve its capacity in handling complaints from MF beneficiaries, such as introducing a telephone hotline so that beneficiaries can complain to the regulator directly.

One NGO leader from one of the NGO apex bodies in Bangladesh goes further and claims that donor accountability rather helps in discharging beneficiary accountability as donors also want to see the effectiveness of their funding, and they are also under scrutiny from their taxpayers to show how the aid money is used:

…Yes [donor accountability helps discharge beneficiary accountability], generally it is because ... lately donors have the same kind of objectives, because that is why their people have given them the money. So if they can't use that money in a proper way they [donors] are in trouble. So [the] donors have a pressure also to go to the right kind of people[20]*. (Interviewee from an NGO apex body)*

Given the fact that government agencies and regulators in Bangladesh are not strong enough to oversee the interests of beneficiaries in Bangladesh (Ahmed, 2008) and in the absence of beneficiary demand for accountability, donors' monitoring is deemed by some to be helpful in realising beneficiary accountability. One NGO leader (from one of the NGO apex bodies in Bangladesh) claimed that accountability to donors is not a bad thing because it is of a high 'standard' and, unlike the government accountability, it is difficult to avoid:

…. of course not [donor accountability is not a bad thing]. …It's a European standard, American standard accountability. If you come to the government accountability I can raise 100 questions about it, you know that. You can get away with many things [that are asked by the] government. (Interviewee from an NGO apex body)

Documentary analyses show that there may be unintended consequences on beneficiaries due to donors' interventions, but evidence (below) shows that donors are responsive to any such event if an NGO can raise the issue satisfactorily. One of the donors' evaluation reports notes:

[20]It can be argued here that by promoting participatory approach during the needs assessments NGOs can identify the real needs of beneficiaries and right type of beneficiaries.

Concerns about the scale of the RDP expansion and its implications for the social development dimensions of BRAC's work had in fact been addressed by the appraisal mission. The mission's response to these concerns had been to extend the original three year RDP proposal to four years so as to give more time for the programme's institution building aspects. The redesigned proposal also increased the RDP Programme Officer staffing at BRAC Bank branches, to ensure a continuation of BRAC support to members covered by the new branches. The balance between financial and social dimensions of the programme proved difficult to maintain during a period of rapid expansion of the RDP. Advisory inputs to BRAC from the donor consortium resulted in an overemphasis of the programme's financial aspects at the expense of the social. (DfID Evaluation Report, 1998, P.17)

Once BRAC include a provision of beneficiary accountability in its proposal, a donor can check its compliance in various ways. One BRAC's mid-level manager contends that for every donor-funded project, BRAC has to sign a contract with a particular donor based on agreed terms and conditions. If any of the beneficiary accountability provisions are included in the proposal BRAC has to fulfil that. One mid-level manager, who deals with the BRAC's donors, notes that:

We submit a proposal with each (donor funded) project which includes a budget. They (the donors) sign an agreement based on the budget (and the proposal). There are terms and conditions attached. We fulfil the commitments we made in light of the terms and conditions. …. What we have committed (in the agreement) we have to fulfil. We have been doing this since the inception.

Our interviewees noted that donors check the compliance in a number of ways, which include: checking the reports provided by BRAC; reviewing BRAC's projects through donor-appointed external consultants; and conducting external audits by donor appointed auditors. The following quotations are illustrative of the compliance checking by the donors:

The donors themselves ask you to submit a report to see whether the condition that was noted in the project proposal and other … [documents] have been met or not. (Senior manager, BRAC)

For each and every (donor funded) programme, donors would send external evaluators to assess our programmes. (Another senior manager, BRAC)

…our embassy takes part in these [donor] reviews and there is also, of course, on the regular basis dialogues with BRAC about the progress of the projects …. That's how we mainly interact with BRAC. (Donor representative)

Donors not only check the compliance, their representatives also make field visits to verify BRAC's claims about the programme success:

… it's not about only conducting independent reviews, … but we [also] do ... regular field visits to see what the programme entails and what's happening on the ground, and also, of course, BRAC has a number of events often during the year, workshops etc. for which we get invited as well. So I think there is [a] regular interaction between our embassy and BRAC. And my water sector colleagues also maintain close contacts with BRAC WASH [officials]. (Donor representative)

The evidence presented above shows that donor involvement facilitates beneficiary accountability by requiring NGOs to ensure beneficiary participation, beneficiary empowerment and project monitoring and evaluation.

5. Summary and conclusion

In this paper we have examined the issue of beneficiary accountability in a self-funded project (free from donor interventions) compared to a donor funded project. Based on comprehensive sources of evidence we then scrutinised the status and extent of beneficiary accountability in both projects. We conclude that BRAC delivered better beneficiary accountability in the donor funded project – WASH. We have explained why this is the case.

Based on the four levels of participation articulated by Ebrahim (2003b) we argue that while participation did not even reach level one in DABI it went well beyond level two in WASH. The principal involvement of DABI beneficiaries had been relegated to receiving loans and repaying instalments. BRAC's role was more or less a like that of a commercial lending institution. However, we found that WASH beneficiaries had a better chance to participate in resource allocation decisions, capacity building and awareness training. We also observe that the status of beneficiary accountability in WASH is similar to BRAC's MF programme in the pre- 1990 version, RDP, when it was mainly a donor funded programme. At that time, due to donor requirements, BRAC implemented empowerment programmes and provided support services like training to make these programmes more effective. DABI, which is of recent origin (but had its root in BRAC's RDP of the 1990s), free from donor interventions and more commercially oriented with focus on costs and profitability, has failed its beneficiaries and created adverse impacts on their lives including the problem of 'debt trap' (Albee, 1996; de Santisteban, 2005), illustrated in our analysis above. DABI, inspired by BRAC's self-sustainability agenda by 2021, might have attained freedom from donor intervention but at what cost? We observe that the 'closeness' (Gray et al, 2006) BRAC had with its beneficiaries in its pre-1990s donor funded MF programme has disappeared in the latest self-funded DABI programme. Our painstaking analysis above shows that beneficiaries are the ones who have lost out and paid a heavy price in that process.

Although we acknowledge the negative consequences of donor accountability identified in the prior research (Dixon et al., 2006; Khan, 2008; O'Dwyer & Unerman, 2008), by drawing on comparative evidence from a self-funded and a donor funded project we show that donor intervention has the potential to complement/ enhance beneficiary accountability. We theorise that this is because of the in-built requirements for beneficiary participation, skill development, empowerment and monitoring and evaluations. Agyemang et al. (2009b) also argued that donor intervention helped NGOs 'stay focused' on their objective of helping the beneficiaries.

We contribute to the NGO accountability literature by examining the issue of much debated beneficiary accountability. Unlike the previous studies which mainly focused on donor funded projects, we scrutinised this issue of beneficiary accountability in a self-funded project as compared to a donor funded project. We believe that our finding has significant implications for the policy makers and donors in the context of the recent drive for the self-sustainability of NGOs and its impact on the crucial issue of beneficiary accountability. Future research in this regard might help to spell out the relevant implications of this study in other settings.

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