

Hegemony and Accountability in BRAC – the Largest Hybrid NGO in the World

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Abstract

This case study of BRAC, one of the largest indigenous hybrid NGOs in Bangladesh and possibly the world, examines how, why, to what effect, and for whom its functional and social accountability developed; and whether it furthered advocacy for its beneficiaries and a distinct counter hegemony within a civil society historic bloc or reinforced the dominant hegemony of the state, foreign donors or both. After haphazard accountability during its embryonic state, BRAC developed impeccable functional accountability to donors and the state which became supplemented by aspects of social accountability. Its attempts to be accountable to employees and beneficiaries were less effective due partly to their lack of representation on boards; functional internal accountability and controls; paternal, familial and charismatic leadership; and *Bhai* culture. BRAC's attempt to be more independent by creating commercial ventures to finance its poverty alleviation programs created divisions within civil society rather than uniting it around a radical counter hegemony. The suggestion is that hybrid NGOs operating in volatile political contexts and dependant on donors and governments are unlikely to be able to fully implement holistic forms of accountability or programs of radical change though they can contribute to reformist change.

1. Introduction

This paper examines whether accountability in a large Bangladesh NGO, Bangladesh Rural Advancement Committee (BRAC) was functional and/or social, and whether it reinforced dominant hegemonies of the powerful rather propagating counter-hegemony on behalf of civil society? This begs the questions of why study NGOs, their accountability, hegemony, and BRAC?

First, NGOs are major economic and socio-political institutions, especially in less developed countries (LDCs). They have grown rapidly: there were 1600 registered in Northern OECD countries in 1980 and 91,176 by 2002 (Hulme and Edwards, 1997:4; Gray et al. 2006: 326). Official development aid from developed countries to NGOs in 2006 exceeded \$2bn - 123% more than in 2002 (Allard and Martinez, 2008). NGOs in LDCs have grown because influential actors, especially donor agencies and transnational financiers, believe they deliver development programmes more effectively than alternative providers, especially the state. Given the latter's tendency to corruption, bureaucracy, politicisation, and insufficient capacity, it is claimed that NGOs represent a 'third way' of development distinct from market and state solutions. Moreover, many NGOs claim to be advocates of civil society, especially the poor and marginalised. Advocacy is imperative for amplifying the voice of the poor, NGOs' impact and long-term sustainability (Fox and Brown, 1998; Ebrahim, 2003b; O'Dwyer and Unerman, 2008, 2010), and delivering accountability consistent with NGOs' mission and values of democracy based on shared direction, solidarity, cooperation and communication (Levy and Egan, 2003; Kebede, 2005; Slim, 2002; Tilt, 2006). Thus many NGOs constitute social movements seeking, *inter alia*, to increase democracy, human rights, and grass roots political involvement.

However, despite NGOs being fashionable they are controversial. Most are service-advocacy hybrids dependant on foreign aid and state support and must operate within state guidelines. The pragmatics of survival and accountability to powerful (donors and the state), especially within changing and not necessarily benign local and global politics, may displace or hinder accountability to and advocacy on behalf of beneficiaries and civil society. Also civil society is not unitary, thus how can an NGO represent it? NGOs have become controversial in civil society, not least in Bangladesh. For example, some question their efficiency, transparency and incorruptibility; and whether the diversion of funds to them has weakened the state and democracy. With respect to BRAC some argue that its growth and commercialisation has come at the expense of its poor clients.

Second, why study accountability? This field has made important new advances. ‘Functional’ accountability based on conventional, technical, formal, economic, top-down accounting reports directed at funders stands accused of being partial. This has prompted articulation of ‘social’ accountabilities that are: informal, participative; serve multiple constituencies; permit pluralistic negotiation; and incorporate multidimensional socio-political and ethical issues. This debate is germane to NGOs: they are poorly regulated in many LDCs, including Bangladesh, leading to secretive undemocratic decision-making, low standards of governance, and occasional scandals. To mitigate this, and to demonstrate that aid has been used effectively, foreign donors and state agencies have introduced more functional accountability. NGOs must demonstrate achievement of their moral and social mission to gain legitimacy, e.g. beneficiary involvement and democracy, and pursuing broader development ends. However, functional accountability may divert attention from social accountability. Some NGOs and funders realise this and thus ignore it for operational purposes and seek or practice more socially oriented means (Hopper et al, 2009).

So why relate accountability to hegemony? Hegemonic structures of power, whether emanating from government agencies or NGOs, govern accountability and the actors involved are giving and receiving accounts. In LDCs hegemonic structures often drift between the state and civil society. When the state is powerful, NGOs become subject to state regulations requiring functional accountability but when it is weak, NGOs seek civil society consent through more socially oriented accountability. Given the state and NGOs both engage in “giving and receiving accounts”, try to win consent, and are often interlinked and interdependent, various accountability mechanisms are connected within a complex network. Actors balance conflicting accounts within drifting hegemonies. Thus, NGO accountability practices and their missions in LDCs can denote political-ideological shifts that redefine state-society relations (Edwards and Hulme, 1996). Rulers may secure civil society consent through state coercion but normally it requires acceptance of their ideology (Cooper, 1995; Goddard, 2002; Carter and Molisa, 2005; Burawoy, 2003; Alwattaghe and Wickramasinghe, 2008). NGOs, especially advocacy ones, purport to portray an alternative vision, i.e. a counter hegemony. Their legitimacy stems from beliefs that they are ‘participatory’ and ‘accountable’ to subordinate social groups and hence represent civil society (Carothers and Ottaway, 2000). NGO accountability is related to hegemony, for it manifests the role and power of NGOs; their relationships with the state, donor agencies and civil society; and political ideologies and organizational discourses. Whether NGOs do or can emancipate civil

society has become increasingly debatable. They must work with and often depend on Western donors and/or the state for funds that can favour market-based reforms. Thus the heralded ‘third way’ may reinforce hegemonies of Western donors or only produce reformist change (whereby weakened rulers make concessions without significantly changing power relations and social structures) rather than inducing fundamental socio-economic change. Whether NGOs can build new stable alliances of social groups within civil society to ideologically challenge the status quo is questionable, especially as civil society may be divided.

Why study BRAC? NGOs have grown rapidly in Bangladesh - colloquially called the NGO capital of the world - possibly because it has a weak state but a strong civil society (White, 1999). However, their growing influence is widely debated within civil society. For example, NGOs have been accused of ‘displacing government’ and acting as a substitute for governmental social services (Wright 2012). BRAC started its development journey as a small relief organisation in 1972 to “resettle refugees from India after the War of Independence in 1971” but now is a major hybrid NGO (service delivery and advocacy) with over 90,000 staff providing services to 110 million poor men and women (BRAC, 2011). It has expanded its activities to ten other countries. BRAC has changed its foci according to changes in aid disbursement and policies, i.e. from development imperatives (1972-1990) to institutional imperatives (1990-2000) to market imperatives (2000-onwards). Its current mission is to promote “income generation and social development of the poor, mostly landless rural people of Bangladesh, through micro-credit, health, education and training programmes”. Its activities include farming, fisheries, a university, schools, and a bank. In the last decade it has undertaken more commercial activities to lessen its dependence on governments and donors and to release funds for its altruistic programmes for the poor. (Bhuiya and Chowdhury 2007; Chowdhury and Bhuiya 2004; Halder and Mosley 2004; Reza and Ahmmed 2009; Smillie 2009). Given BRAC’s national and international reputation for innovatory and effective delivery of services; its position as the largest NGO serving the poor; its influence upon donors, other NGOs, and Bangladeshi governments’ development policies; and current controversies about its role and practices, it has attracted international attention and renders it an important site to study how its accountability developed – was it functional or social; and did this reflect dominant hegemonies or constitute a counter-hegemony – and are accountability and hegemony linked?

The paper is structured thus. Sections Two to Three discuss the key theoretical concepts, namely NGO accountability, hegemonic change, and their inter-relationship. Section Four traces

the history of NGOs in Bangladesh. Section Five describes the research methods. Section Six relates the history of BRAC from its foundation, and Sections Seven and Eight examine how its accountability and hegemony developed. Section Nine summarises the conclusions.

2. NGO Accountability: Functional and Social Perspectives

Accounting research on NGOs is sparse but growing (see O'Dwyer and Unerman, 2007, 2008, 2010; Unerman and O'Dwyer, 2006a, 2010; Guthrie and Parker, 2012; Parker, 2012). It tends to presume, like this article, that accountability “denotes the exchange of reasons for conduct. Giving an account means providing “reasons for one’s behaviour, to explain and justify what one did or did not do instead of” (Messner, 2009; 920). Arguably, two forms of accountability exist - functional¹ and social. These are summarised in Table 1.

[Insert Table 1 near here]

Functional accountability (O'Dwyer and Unerman, 2007) covers “spending designated monies for designated purposes” (Najam, 1996: 342). Conventional accounting reports formally represent short-term organisational actions with respect to tangibles, like expended resources and immediate accomplishments, using impersonal rules and predetermined technical, quantitative financial categories (Edwards and Hulme, 2002b; Ebrahim, 2003b; Khan, 2003; Najam, 1996; Messner, 2009). These help external institutions, especially funders and regulators, to determine whether an NGO is delivering its contractual obligations efficiently (O'Dwyer and Unerman, 2007).

Functional accountability is effective when internal efficiency measures tally with external constituents’ needs, e.g. economically efficient delivery of services (Ansari and Euske, 1987; Hoque *et al.*, 2004) or monies are spent as appropriated (Schick, 1966). ‘Patrons’ - usually donors, governments, and foundation trustees, often drive functional accountability. Their contract with the NGO can create a legal, hierarchical and top-down hybridized form of governance (Johnston and Gudergan, 2007). However, functional accountability has dangers. It may bring rule-bound reports “on mechanistic project ends” (Dillon, 2004:107); prioritise

¹ Also termed ‘formal accountability’ (Fox, 2000; Khan, 2003; Dixon *et al.*, 2006), ‘bureaucratic accountability’ (Wood, 1997; Zafarullah and Siddiquee, 2001; Brown, 1998) or ‘technical accountability’ (Slim, 2002; Hoque and Hopper, 1994).

efficiency over efficacy, i.e. be restrictive and partial (Messner, 2009); and prioritise rational, one-way decision-making (Johnston and Gudergan, 2007). More generally, it may reproduce organisations as self-interested economic agents that primarily justify its actions to itself (Shearer, 2002). This is worrisome, for advocacy NGOs' missions transcend efficiency and functional accountability may prioritise funders' concerns over those of other groups served (Ebrahim, 2003a, 2005; Najam, 1996). Functional accountability neglects ethical and political aims (Shearer, 2002). Many advocacy NGOs seek to give voice and influence to disadvantaged groups, e.g. "the poor, people whose rights have been violated, and the victims of war" (Slim, 2002, p. 5); promote transparent democratic governance; and protect the environment (Hoque *et al.*, 2004; O'Dwyer and Unerman, 2007; Lehman, 2007; Doh and Teegen, 2002). Hence their governance and accounts should monitor their goals, aspirations, mission, and values; and enable all stakeholders to monitor performance according to their needs otherwise the NGO is open to charges of hypocrisy (Brown and Moore, 2001).

Such concerns have produced more holistic formulations of 'social accountability' (O'Dwyer and Unerman, 2007). These recognise that accountability is linked to accounting representations (Roberts and Scapens, 1985) but they argue that accountability should be multifaceted; embrace multiple stakeholders (Lloyd, 2005; Najam, 1996); be two-way (Dixon *et al.*, 2006); assess the utility of projects to all stakeholders (O'Dwyer and Unerman, 2007, 2008); monitor the NGO's achievement of core mission and values (Sinclair, 1995; O'Dwyer and Unerman, 2007); and incorporate broader social, political and ethical factors (Roberts, 1991; Messner, 2009). This presumes individuals have a moral right to participate in decisions affecting them irrespective of power (Edwards and Hulme, 2002a; Najam, 1996; Ebrahim, 2003b; O'Dwyer and Unerman, 2008; Unerman and O'Dwyer, 2006b; Unerman and Bennett, 2004). Thus accountability is relational, i.e. justifying self to others involves exchanging accounts. Hence identifying stakeholders and their needs must transcend functional accountability (Donaldson and Preston, 1995; Gray *et al.*, 1997; Stoney and Winstanley, 2001; Unerman and Bennett, 2004; Unerman and O'Dwyer, 2006b).

This resonates with development researchers' advocacy of plural forums of democratic governance that expand stakeholder involvement through discussion, beneficiary participation in local institution-building, and collaborative partnerships with governments and other NGOs, to make NGOs more responsive to beneficiaries' needs (Edwards and Hulme, 1996, Ebrahim, 2003a). Hence, 'accountability becomes a process of negotiation among stakeholders rather than

imposing one definition of effectiveness over another, as often happens with functional accountability' (O'Dwyer and Unerman, 2006, p. 6). Thus social and functional accountability differ radically. Social accountability is informal, qualitative, open, without pre-designated categories of representation, and contains multiple narratives - possibly in face-to-face, oral interactions (Messner, 2009). Above all, it seeks dialogue within asymmetric power relations. Reconciling functional and social accountability may produce tensions (Ebrahim, 2003a) as the former is externally driven, top-down, prescriptive, sometimes punitive, and oriented to funders, whereas the latter reflects on interests served, denied or occluded; may reconstitute power relationships; and involve negotiation (Edwards, 1999b; Brown and Timmer, 2006). Moreover, social accountability may have ethical limits given the multiple actors involved, their potential demands, and factors needing transparency (Messner, 2009; Roberts, 2009).

Social accountability implies hegemonic changes whereby the "community" becomes an arbiter of accountability and development (McKernan and MacLulich, 2004). NGOs become civil society actors serving the social logic of citizens not the state (Gramsci, 1971) and/or unfettered market forces (Kebede, 2005; Cross, 1997; Jayasinghe and Wickramasinghe, 2006). Consequently social accountability is a political process involving powerlessness not merely material need. It implies providing services beyond the state's purview, advocating for and mobilising the poor, promoting political and market freedom, and making the state more accountable. Given the centrality of objective and subjective dimensions of power for accountability this research, like others, turned to Gramsci's theory of hegemony (Richardson, 1989; Goddard, 2002; Alawattage and Wickramasinghe, 2008; Yee, 2009; Spence, 2009).

3. Hegemony and Accountability

Hegemony is a process whereby dominant classes or class factions with privileged access to social institutions (like the media, charitable and voluntary organisations) propagate values justifying their political and economic dominance (Gramsci, 1971). Relatively stable and dominant alliances among social groups – a '*historical bloc*' - formulate a hegemony that realigns material, organisational, and discursive formations into stable production relations and meanings through which rulers exercise power (Levy and Newell, 2002; Levy and Egan, 2003). Gramsci argues that this cannot rely on overt inculcation, censorship and coercion by state institutions like the armed forces, police, law enforcement and prisons but requires consent within civil society. Non-state organisations like political parties, trade unions, religious bodies, families, courts, and

charities have political and social arrangements that transcend the state's remit. To secure popular consent dominant groups must 'define the parameters of legitimate discussion and debate over alternative beliefs, values and world views' (Sallach, 1974, p. 166), i.e. propagate a coherent ideology that aligns economic and political factors, binds social groups together, establishes dominant groups' interests as common, and constructs myths that make subjects forget past struggles, not pursue change, and view politics through their oppressors' lenses (Kurtz, 1996a, 1996b; Levy and Scully, 2007). Rulers must grant sufficient cultural freedom, material goods, and political power for people to consent to the dominant system rather than suffer coercion. Thus hegemony is not an instrumental alliance between classes, each with its own individuality and ideologies but creates 'a higher synthesis so that all its elements fuse in a 'collective will' which becomes the protagonist for political action throughout that hegemony's entire duration' (Mouffe, 1979, p. 184). Resulting commonsense assumptions legitimise prevailing power distributions (Femia, 1986), entrap people within the dominant system, and prevent them recognising what they might realistically wish to be.

Civil society is a hub of potential social and power transformations. Its institutions connect society and state but its values can destabilise dominant hegemonies, propagate alternative ones, and challenge traditional state-subject hierarchies (Lewis, 2004; Holloway, 2004; Kebede, 2005). Hegemonic transformations have structural precursors like poverty or inequality (Littler 1990), involve individual agency, and require dialectical critiques of state failings (Wickramasinghe et al., 2004). Hegemony needs constant renegotiation, which spurs recurring political crises and resistance, i.e. a counter-hegemonic tendency. A historic ruling bloc with weakened hegemony and thus weakened consent may maintain power through coercion but more often makes concessions, often through populist or nationalist programmes, to preserve existing alliances and social structures (Levy and Egan, 2003, p. 806). This constitutes a reformist '*passive revolution*', i.e. change that preserves the status quo.

However, "hegemonic crises" may become so severe that such accommodations are impossible. Here rulers lose consent and attempts to transform hegemonic structures involving the political state, civil society and the economy emerge. Gramsci (1971, p. 243) outlined two strategies to change hegemony (these are points on a continuum not mutually exclusive options): a frontal physical assault that captures the state apparatus (war of manoeuvre); and attrition that slowly wins over civil society prior to seizing state power (war of position). He argued that lasting reform in modern societies need the latter (Levy *et al.*, 2003). This lengthy struggle to

influence cultural institutions of civil society and win new allies undermines the prevailing hegemony's legitimacy by ideological attacks on the agencies, structures and beliefs that sustain it (Worth and Kuhling 2004; Kebede, 2005, Levy, 2005; Levy *et al.*, 2003; Tilt 2006). Thus, contestation of 'common sense' is a strategic element of counter-hegemony. Once won a 'war of manoeuvre' to control the state with tactics contingent on the situation, e.g. electoral, force, passive resistance, might follow. Intellectuals exercising moral leadership are deemed crucial for creating a coherent alternative ideology though this does not deny lay actors' importance. 'Organic intellectuals' are not merely academics or writers but rather the 'thinking-section' of a social class that direct and organise its elements, articulate its beliefs and desires, and convince 'traditional intellectuals' of the alternative hegemony's merits (Gramsci, 1971, p. 57).

Few NGOs promote a 'war of manoeuvre', partly because the state retains many powers over them. They tend to consent to the hegemony of dominant groups (state or donors) taking ensuing benefits without scruple or pursuing incremental change on behalf of disadvantaged sectors of civil society, i.e. pursue a reformist '*passive revolution*'. When NGOs accede to prevailing hegemonic and institutional structures of power and money they must maintain functional accountability to survive. The danger of accepting a 'ruling culture' is that the vision of purportedly reformist NGOs becomes focused on satisfying dominant groups not civil society, and they inadvertently reinforce the status quo rather than fostering counter-hegemonic movements (Gusfield, 1981; Levy and Egan, 2003; Kebede, 2005).

[Insert Table 2 near here]

Table 2 summarises the links between accountability and hegemonic transformation. Accountability is decomposed into: goals, focus, form, governance, and hegemonic order. The basic argument is that NGOs will pursue functional accountability to satisfy the state's regulatory requirements and funders' performance evaluations to survive. However, NGOs pursuing advocacy may exercise social accountability, especially after becoming larger, better established and more self-sufficient. The factors in Table 2 are explained below.

During their embryonic stages survival dominates a NGO's goals. They may be altruistic but they must comply with prevailing State regulations and donor's reporting requirements to exist. However, many LDCs have weak governments with questionable hegemonic positions and as NGOs become larger and more independent many try to rectify such failings by helping

establish a counter hegemony - often more social and democratic. This has implications for the focus of accountability of NGOs. Confronted by a powerful state hegemony, , especially if smaller and financially dependent on money and power, NGOs will maintain functional accountability to mark their conformity to the prevailing hegemony though it can become ceremonial² if accountability is poorly regulated or it clashes with core values i.e. NGOs “send” the final report; state authorities “collect” to demonstrate “good governance”, and everybody assumes that “actions” resemble “reports” (Najam, 1996; Dillon, 2004; Johnston and Gudergan, 2007). If NGOs become more involved in civil society their legitimacy can rest on demonstrating that they are helping formulate an alternative hegemony within a historical bloc. Social accountability may facilitate this, for example through continuous dialogues with community members, intellectual debates on public media, and fulfilling non-calculable moral obligations.

Thus two forms of accountability (functional and functional/social) reflect two hegemonies: an orthodox one held by money and power and a counter hegemony held by NGOs on behalf of civil society. Orthodox hegemony needs societal consent hence the state tries to maintain law and order, including how NGOs should function. Embryonic NGOs must demonstrate their subservience to orthodox hegemony by adhering to these rules and regulations, and produce functional financial reports. In contrast, states with weak and changing governments (common in LDCs), their weakened hegemony is difficult to sustain. NGOs seeking to engage more closely with society and its members’ daily needs through social accountability means can help develop a counter hegemony. The State may continue to maintain some consent but as NGOs expand their service provision and advocacy, to demonstrate that they are closer to communities, and can provide more attractive services than the State, a counter hegemony may be established, especially if the government is prone to scandals and controversies.

Each form of NGO accountability has implications for governance. During the early states this is straightforward - it is governed by simple and functional contractual arrangement with donors and stipulations of governments (but if regulation is weak NGO conformity may be ceremonial) However, when NGOs become larger they may choose to continue as previous or promote an alternative hegemony’s ideological base by more overtly providing advocacy on behalf of sectors of civil society whilst pursuing community development projects. The latter changes relations with donors, governments, local communities and the media.

² Ceremonial accountability gives an appearance of conformity to accounting rules and routines but has little impact on day-to-day activities or the values, meanings and practices within the organisation (Nor-Aziah and Scapens, 2007, p. 215).

Thus two hegemonic orders can be constructed. One reflects the power of the orthodox State. However, as LDCs are prone to problematic governments, state hegemonies become vulnerable leaving space for counter-hegemonic forces. Recently, NGOs have been influenced by post 1990s neo-liberal policies of international donor communities encouraging the development of social movements. Hence more advocacy and rights based NGOs have emerged and became hegemonic. Alongside this a strategy of growth has emerged, premised on the belief that large NGOs with thousands of employees and multiple diverse projects can become self-financing and thence better challenge orthodox hegemony and develop a counter-hegemonic order.

4. Hegemony, Accountability and NGOs in Bangladesh

Bangladesh is a densely populated (150 million people within 56,000 square miles) ‘least developed’ country with per capita income of \$848 and an adult literacy rate of 56%. It ranks 146 of 187 on the *Human Development Index*. After its independence in 1971 poverty was exacerbated by many of its educated elite fleeing with their capital. Subsequently Bangladesh has suffered recurrent famines, non-democratic unstable political rule, and natural disasters. Emergencies were declared in 1974, 1987, and 2007, and martial law in 1975 and 1982; and two Presidents were killed (1975, 1981) but since 1991 elected governments have prevailed. Development has been constrained by dysfunctional government, including corrupt, wasteful and inefficient state owned enterprises³ and constant political mobilisation (Blair, 2000; Hoque and Hopper 1994; 1997; Uddin and Hopper, 2001, 2003): countless reports on reform have made little difference (Davis and McGregor, 2000). On the other hand, the range of interests lobbying the state and Bangladesh’s unique record of innovative NGO achievement (World Bank, 2002, 2006) indicate a dynamic society with exceptional social entrepreneurship (Bhattacharya and Ahmed, 1995; Holloway, 1998).

NGOs⁴ grew in Bangladesh after 1971. Local intellectuals organised NGOs to ameliorate the ravages of war; alleviate exploitation and discrimination; deliver development programmes to disadvantaged communities; resist state apparatuses; and formulate governance structures that challenged orthodox hegemony. They realized that winning consent through rhetoric, ideology

³ Bangladesh has topped the Transparency International Corruption Index for five consecutive years.

⁴ Defining an NGO and their legal status is complex, especially in Bangladesh, where ‘NGO’ means not merely a non-governmental organization but a development agency funded by foreign agencies. After the Independence War the legal and regulatory framework resided in the common law legacy of British rule, and Muslim and Hindu laws in specific philanthropic areas. Many ‘NGOs’ were unincorporated associations under the Societies Registration Act, 1860 and the Voluntary Social Welfare Registration and Control Ordinance, 1961.

and argument was insufficient but needed “real” work at grassroots levels by effectively delivering services. However, the founders were somewhat isolated from wider society - activists, the middle classes and the media often viewed NGOs with scepticism, seeing them as self-interested and over-accountable to foreign donors.

Today NGOs range from those concentrating on service delivery, credit and income generation to ones with radical ‘political’ approaches emphasising Freirean notions of ‘conscientisation’ and ‘empowerment’. They have become polarized between a few large and many small ones, with the latter often reduced to subcontractors to the former. Several large NGOs have reduced their dependence on foreign aid and government controls, built a stronger local resource base, and become large corporations delivering profitable business projects. For example, BRAC, Grameen Bank, ASA, and Proshika have interests in banking, garments, shopping complexes, telephone systems, transport services, cold storage, fisheries, fertilizers, deep-tube wells, and biotechnology (Islam, 1999); and deliver microfinance⁵ and services like sanitation, education, and health care to micro-enterprises and the poor, especially in rural areas. Following the Grameen Bank’s success, many NGOs prioritised microcredit programmes (Haque, 2002; 2004; Ahmad and Jahan, 2002; Ahmed, 2003, Khan, 2003), and became an alternative sector for development and building socio-economic infrastructure (Lovell, 1992; Amin, 1997; Chowdhury, 1996; Ahmad, 1999).

4.1 Accountability to the State

After independence, Bangladesh governments welcomed all philanthropic assistance (Amin, 1997, Ahmad, 1999). Although rigid rules and regulations governed public and private sector accounts [though politicisation and poor monitoring brought weak accountability (Hoque and Hopper, 1994, 1997; Uddin and Hopper, 2001; 2003; Mir and Rahman, 2005)] none controlled NGOs. A civil society leader commented: *“Political instability in the newly independent country hindered the NGO sector from robust reporting and accountability ... Governments welcomed all sorts of foreign funds without looking at their agendas. The droughts in 1974 pressured governments to become more liberal towards NGO movements”*. NGOs claimed their commitment, values, and good intentions were sufficient but accusations of financial malpractices arose (Crawford 2004, Zadek 2003). In 1978 the ‘Zia Military Government’ introduced the Foreign Donation (Voluntary Activities) Regulation Ordinance to

⁵ According to a World Bank (2006:19) report, around 10.8 million households in Bangladesh have access to microcredit, which represents approximately 43 percent of the total number of households in the country.

regulate NGOs and foreign donors following accusations that some were converting poor Muslims to Christianity (Ahmad and Jahan, 2002; Haque, 2002), or diverting funds to Islamic fanaticism (Karim, 2004), or propagating developed countries' policies to domestic political parties (Stiles, 2002; Hossain, 2006). The 1982 Foreign Contribution (Regulation) Ordinance extended this framework. Governments saw NGOs as a threat to their power (see Hulme and Edwards, 1999a; Haque, 2002, 2004; Stiles, 2002; Kilby, 2006; Zaman, 2004) and tried to control NGOs but with little success (Amin, 1997; Stiles, 2002).

In 1990 the government established the *Palli Karma Sahayak Foundation* (PKSF) and the NGO Affairs Bureau of Bangladesh (NGOAB). The NGOAB regulates foreign funded NGOs and makes NGOs accountable to government. NGOs must submit budgets to the NGOAB to gain approval of donor funding; submit yearly audit reports (by government approved independent auditors), and the NGOAB can occasionally inspect and monitor projects. The PKSF, established as a non-profit financing institution to help NGOs expand microcredit programs, is today the biggest and most successful apex microcredit institution in Asia. In 1996 the Government-NGO Consultative Council (GNCC) was created to improve government cooperation with NGOs; involve NGOs in government development policies and projects; and strengthen monitoring and evaluation of NGOs by the NGOAB (Ahmed, 2003). Nevertheless, allegations, especially by top public officials, that some NGOs had financial irregularities, were receiving foreign loans or grants without proper scrutiny, and were undertaking profit-making business ventures, brought pressure for more regulation (The Independent, 2000; Haque 2002). Suspicion of NGOs in Government quarters emerged during the 2001 election. When the Four Party Alliance (*Jote*) took power they misused NGOAB powers to cancel or delay funding of several NGOs' projects.

In 2006, the government passed the 'Microcredit Regulatory Authority Act 2006' and established the Microcredit Regulation Authority (MRA) to regulate the accountability and transparency of the microcredit activities of NGO-MFIs (microfinance institutions). The governor of the Bangladesh Bank chairs its board, which can issue and cancel licenses for micro finance operators and oversee, supervise and facilitate their entire range of activities. Although the Act only applies to NGOs engaged in microfinance, NGO leaders worried that it would encourage unnecessary government interference in their operations. After establishing the MRA, issues relating interest rates and savings provisions remained. In May 2009, the MRA instructed MFIs to limit interest rates charged to clients to a maximum flat 15% or an effective rate of 30%, and to maintain deposits of at least 80% of their total outstanding loan portfolio to prevent fraud.

4.2 Accountability to Donors and International Financiers

From its inception, Bangladesh has relied heavily on funds from multilateral financial institutions like the World Bank (WB), International Monetary Fund (IMF), and the Asian Development Bank (ADB); and bilateral government donors, especially Japan, USA, and UK. In 1974, under the WB, major donor agencies formed the Bangladesh Aid Consortium Group. Its members granted loans on lofty ideals like ‘poverty reduction’ but they intervened in government policies and institutions (Mahmud, 2008). Governments, dependent on foreign funding, acceded. For example, the IMF started Poverty Alleviation Programmes in the 1970s; Structural Adjustment Programmes from the 1980s, GATT agreements from the 1990s, and Poverty Reduction Strategic Plans from the 2000s. The dominant espoused hegemony during Bangladesh’s early years was state-led socialist development but in practice this became a vehicle for political patronage (Uddin and Hopper, 2003). The prescriptions of external financial institutions brought free market policies including widespread privatisations, eliminating subsidies and tariffs, cuts in government services, foreign direct investment incentives, and increasing poor peoples’ skills and access to credit.

Donors preferred to work with NGOs partly because of the governments’ instability, corruption, tedious bureaucracy, and inflexibility (Haque, 2002, 2004; Hashmi, 2004). Foreign institutions saw NGOs as friendlier and more accommodating (see Gauri and Galef, 2005; Haque, 2004; Fox, 2000; Edwards, 1999; Holloway, 1998, 2004); a means of encouraging greater democracy, alleviating poverty, and representing civil society; and substitutes for state agencies (Hulme and Edwards, 1997; Haque, 2002, 2004; Stiles, 2002; Kilby, 2006; Zaman, 2004). Aid agencies, including the WB, the IMF, International Finance Corporation, ADB, World Food Programme, and the United Nations Economic and Social Council, pressured Bangladesh governments to work with NGOs⁶, often making this a conditionality of aid (Edwards and Hulme, 1996; World Bank, 1996, 2002; Gauri and Galef, 2005; Zafarullah and Huque, 2001; Zaman, 2004). Global institutions’ recognition of NGOs as partners forced Bangladesh governments to reduce controls over NGOs; recognise government limitations, especially in poverty alleviation and delivery of services, and grant NGOs a greater development role (Kilby, 2006; Zaman, 2004; Karim, 2000; Quazi, 2000). In 1990 there were 382 foreign-funded NGOs in Bangladesh but they increased threefold by 1995, fivefold by 2000 (Muhammad, 2009) and totaled 2161 by 2012

⁶ This reflects a worldwide trend to channel funds to NGOs rather than governments of developing countries (LDCs) (Stiles, 2002; Zaman, 2004; Karim, 1996; Kilby, 2006).

(NGOAB, 2012). Total aid to NGOs rose from \$232 million (0.7% of GDP) between 1990-1995 to \$326 million (0.7% of GDP) between 1996-2004, while total aid to Bangladesh fell from \$1.62 billion (4.9% of GDP) to \$1.35 billion (2.9% of GDP), i.e. NGOs share of aid rose from 14.4% to 27.8% (World Bank, 2006: 41).

In the early 1980s some NGOs prioritised microfinance and by the early 90s many others followed. A WB report (1996) recommended integrating NGOs with financial operations with commercial finance markets within an appropriate regulatory framework; encouraging large NGOs to establish banks; encouraging ‘wholesaling’ of credit to established NGOs; and using smaller NGOs as brokers to mobilise self-help savings groups. In 1997, at the first international microfinance summit, the WB, USAID, Inter-American Development Bank, the UNDP and Citibank among others announced their special fund for microfinance (Muhammad, 2009). The Campaign Report of the second summit in 2006 estimated that more than 3,000 microfinance institutions serve 100 million poor people in LDCs and their cash turnover is \$2.5bn (Harford 2008). In the same year Yunus received the Nobel Peace Prize. Thus many NGOs became players in the “trickle down” process and “laissez-faire approach” to development (Muhammad, 2009, p.36). However, a worry was that NGOs’ accountability and programmes would become oriented to the preferences of multilateral institutions, bilateral agencies, and private foundations that finance their activities rather than beneficiaries (Buckland, 2000; Aminuzzaman and Begum, 2000). The growing monopoly of a few large NGOs may compound this danger. Three Bangladeshi NGOs (BRAC, ASA, and Proshika) have 58% of all NGO members, 53% of outstanding loans, and 36% of total net savings (World Bank, 2006:18). Three NGOs receive 72% of total foreign funds to NGOs in Bangladesh (Kabeer et al, 2010: 2046).

4.3 NGOs and counter-hegemony

Leading NGOs realise that their power emanates not from the state or markets but in their claim to represent and serve civil society, especially poor and marginalized groups (Fernando and Heston, 1997:11). Consequently, they sought a higher public profile; built alliances with women’s organisations, the media, trade unions and political groups (Hashemi and Hasan 1999); and lobbied on behalf of the poor (Devine, 2011). The pronouncements of large NGOs carry considerable weight: their experience of working with the poor gives credence to their attempts to shape public opinion and government policies. For example, NGOs have increasingly confronted the government over antipoverty policies, control over non-state organizations, rehabilitation of sex workers, and security of slum dwellers (Siddiquee and Faruqi, 2009; Sarker, 2009, Fernando,

2011), and NGO leaders are active in parliamentary proceedings relating to NGO issues (World Bank, 1996: 58). However, the power and influence of NGOs over governments, and their contributions to macro-economic development are subjects of public debate (Amin, 1997; Ahmad and Jahan, 2002; Bala and Mir, 2006; Hulme and Moore, 2006; Aminuzzaman and Begum, 2000), and some business, government and civil society elements have demanded more accountability and transparency of NGO activities.

Some allege that NGOs cultivation of a pious public image gives them “a blank cheque for an almost unlimited store of trust – which has the advantage that, in cases where there is doubt, [the NGO’s] own information and not that of industrial agencies is believed” (Beck, 1999, p. 44 cited in Unerman and O’Dwyer, 2006b). The favorable image of NGOs is often reinforced by their global advocacy and publicity (Tvedt, 1998; White, 1999; Blair, 2000; Stiles, 2002; Feldman, 2000; Haque, 2002, 2004; Rahman, 2006). Critics argue that NGOs misrepresent their potential and actual contributions to poverty-alleviation (Hulme and Shepherd, 2003; Matin *et al.*, 2002; Matin and Hulme, 2003); are isolated from civil society discourse and practices (Lewis, 2004); reach only a small proportion of the poor and not the poorest (Abed, 2009; Hossain and Matin, 2007; Edwards and Hulme 1996; Wood, 1997: 84); do not operate in all areas but saturate those they serve (Ahmad, 2000; Clarke, 1998; Haque, 2002); and, given the ease of starting an NGO, they duplicate functions and services leading to internecine conflicts amongst NGOs (Lewis, 2004; White, 1999; Stiles, 2002). The growing commercialization of large NGOs has brought accusations that they have become corporatist, profiteer for personal gain, indulge in unfair competition, and have become institutionalized oligopolies (Mannan, 2009). Their extension into operations like gas, telecommunications and mineral resources has threatened state monopolies, (Siddiquee and Faruqi, 2009; Sarker, 2009; Muhammad, 2009). The fear is that NGOs’ allegedly greater international legitimacy than the state, their influence in national politics, and the diversion of donor resources to them may undermine the state’s ability to deliver services nationally (Haque, 2002, 2004; Stiles, 2002; Sobhan, 2004), enable governments to ignore their responsibilities to the rural poor, and reduce citizens’ entitlements to basic services (Haque, 2002; Rahman, 2006).

Petras (1999) argues that the growing influence of donors’ neoliberal ideologies has pushed many NGOs into excessive commercialism and to overemphasise microcredit that benefits only those with the capacity, economic foundation and entrepreneurial fortitude to work for themselves, whereas others, especially the 25 to 30 million ‘ultra-poor’, need more cost-

intensive help (Matin *et al.*, 2002; Matin and Hulme, 2003; Hulme and Moore, 2006). Haque (2002) argues that the services large NGOs provide are minuscule compared with needs, and they lack an agenda to redress rural poverty and inequality through fundamental land reforms - crucial for landless and near-landless classes comprising 65% of rural households. Thus they create “pockets of development” rather than comprehensive nationwide development (Chowdhury, 1996, p. 20). Moreover, donors’ anti-state, pro-market and individualistic economic agenda (Petras, 1999; Rahman, 2006; Tvedt, 1998: 209) may reduce poverty to an economic problem attributable to insufficient credit (Abed, 2009; Hossain and Matin, 2007), divide people into receivers and non-receivers of credit (Chowdhury, 1996: 164), and make NGOs competing for members speak with conflicting voices (Rahman, 2000; Paul, 2000). This has brought allegations that “the multilevel NGO network contributes to the paralysis of social and political action” (Tvedt, 1998, p. 209) and preserves class inequality, reduces pressure for radical reforms, and fragments the rural poor’s struggle, contrary to NGOs’ original ideals (Blair, 2000).

If NGOs are agents of foreign aid, the state, civil society, and international cooperation simultaneously their accountability must demonstrate political integrity and openness, and independence from power (state and politics) and money (the market and economy) to maintain their civil society credentials (Li and Hersh, 2002). However, NGOs’ accountability may be diminished by dominant charismatic founding leaders; staff recruitment, appraisal and promotion based on their personal preferences and networks, nepotism and loyalty; centralized management structures; and non-participatory decision-making (Wagle, 1999; Wood, 1997; Mannan, 2010). This may result in staffing inconsistent with the NGOs’ mission, e.g. beneficiaries not represented at senior levels, only 4-6% of branch managers being female, and women employees receiving lower salaries than their male counterparts (Khandker, Khalily, and Khan, 1996). Moreover, NGO officials are unelected, not publicly appointed, have no public mandate, and are not answerable to the public (Paul, 2000). Previously poor rural people could hold public servants responsible but now are more reliant on the charity of voluntaristic NGOs (Wood, 1997: 91). Some argue that the rise of NGOs has diminished public accountability and that rather using NGOs to ‘build civil society the accountability and effectiveness of state provision should be strengthened (Haque, 2002).

5. Research Methods

BRAC was chosen to explore these issues because of its rapid growth of expenditure, programmes and people reached (its members and village organisations grew from 1,468 and 20

in 1974, to 6.77 million and 284,347 in 2011 (BRAC, 2011b). It has rapidly changed roles, efficiently implemented projects, gained favoured funding status with donors, and worked with governments of various hues (Haque, 2002, 2004; Zaman, 2004; Mannan, 2009, 2010). Three central research questions were pursued. First, how, why, to what effect, and for whom did functional accountability develop? Secondly, as it undertook advocacy, did it increase social accountability, and if so how, why, to what effect, and for whom? Third, did its accountability contribute to a distinct counter hegemony within a civil society historic bloc or reinforce the dominant hegemony of the state, foreign donors or both?

The longitudinal study started in 2002 and has lasted to 2012. The pilot study in June 2002 secured future access and cooperation, and gathered information on BRAC and its accounting system. 7 interviews and a visit to the training centre in Gazipur took place and official documents collected. 71 interviews lasting thirty minutes to three hours with 52 people took place from December, 2002 to May, 2003; and follow ups in July, 2004, July 2006, January 2009, May 2011 and February 2012. As the organisation's identity would be disclosed, key persons and respondents' identities were kept anonymous as the research issues are sensitive in Bangladesh. The second visit gathered evidence on accountability practices and factors affecting them. The follow-up visits secured feedback and clarification of emergent issues. The number of interviews was governed by pragmatic reasons, such as time constraints, though satisfactory theoretical saturation was achieved. After each visit findings were fed back to management to maintain relationships, trust and validate data. Interviews with two government officials from the NGOAB and two from PKSf explored the perceptions and expectations of NGO regulators, the Governments' position on NGOs, and drawbacks of curbing them. Civil society representatives, prominent business leaders, and officials from another big NGO were interviewed to get different perspectives on NGO accountability and hegemony, and to validate data.

Data was enriched by moderate participation. The researcher had a desk in the Finance Department at BRAC's head office, which enabled him to interact, observe and casually talk with members, and he attended various small, informal social gatherings. Five internal meetings and ten field-level weekly village organisation (VO) meetings were observed. Ensuing social interactions were invaluable for understanding financial record-keeping routines, organisational issues, and their social context. Often unplanned meetings turned into lengthy interviews akin to formal and pre-scheduled ones. Throughout, field notes were taken during or immediately after

each session to capture the original thoughts of actors, events that occurred, the situation, contents of discussion/dialogues, and native phrases and terminology.

The research questions were broken down into more specific questions to help target data consistent with data reduction (Selltiz *et al.*, 1981; Weber, 1990). Key terms e.g. accountability, control, and power, were made meaningful to respondents. For example, accountability was elaborated by questions on how they dealt with government agencies, business partners, customers, the public, and employees; maintained good relationships with external parties; controlled the effectiveness and efficiency of operations; and ensured employees were motivated. Data was examined to identify repeated issues, explanations, expressions, and their context. The concern was to identify how members of a large NGO, its clients, and important external actors experienced, enacted, used, and perceived accountability, and to mesh the researcher's outsider perspective with that of insiders to elicit interpretations that made sense to both.

The study does not claim objectivity in the positivistic sense, i.e. controlling variables and testing quantitatively. As a participant observer, the researcher was involved in, not detached from, activities under study. Objectivity here means openness, willingness to listen to others, see what they do, representing them as accurately as possible, and giving voice to their views. The data analysis techniques helped reduce personal bias while retaining sensitivity to the data but the researcher's understanding was inevitably influenced by his values, culture, training, and experiences, which often differed from those of respondents.

6. BRAC- A Brief History

Mr. F.H. Abed founded BRAC in January 1972 to rehabilitate villagers in the *Sulla* area of *Sylhet* (now *Sunamgonj*) after the Independence War. A year later 14,000 homes were rebuilt, hundreds of boats built for fishermen, and several medical centers and essential services established (Chen 1983; Lovell, 1992). BRAC then formalised its status⁷, changed its name⁸, and turned from relief to development projects funded largely by aid agencies. With their help, BRAC executed a relief and rehabilitation program in 1973, followed by a community development program which included agriculture, fishery, rural crafts, adult literacy, health and family planning, vocational training for women, and construction of community centres in 200 *Sulla*

⁷ Today BRAC is registered under the Societies Registration Act 1961 and the Foreign Donations Act 1978.

⁸ In 1974-75 the acronym was changed to "Bangladesh Rural Advancement Committee". In 2007, the organisation was renamed to "Building Resources Across Communities." Since then, however, it was decided to drop all such descriptions in favour of the acronym, BRAC.

villages. BRAC workers organised cooperatives for the poorest and prompted debates on building ‘human infrastructure’ in Village Development Committees (Karim, 1996). In 1975-76 BRAC shifted its focus to women’s needs in 30 villages in *Jamalpur*, a particularly poor area. In 1976, the Manikgonj Integrated Programme in 180 villages near Dhaka developed poultry, sericulture, and livestock interventions; undertook the first government facilitation program; tested some health interventions; and developed a paralegal program (Howes and Sattar 1992). In 1979 BRAC established the national Oral Therapy Extension Program (OTEP) to teach women how to combat diarrhea, a cause of high child mortality (Lovell, 1992) and in 1986 it undertook a Child Survival Program with the government on immunisation and primary health care. In 1985, BRAC began to run failing rural community schools in the Non Formal Primary Education program. By 2011, 1.1 million students (70% girls) were enrolled in 37,000 BRAC schools that provide four years of non-formal primary education. Almost 5 million children have gained basic education there of which 95% enrolled in secondary schools. These programs taught BRAC how to be effective and efficient, gave it the confidence to expand geographically, and laid the seeds to diversify, move into microcredit, grow further, and through commercialisation become more independent of donors.

The Rural Development Programme (RDP) introduced in 1986 incorporated ideas from the Outreach and Rural Credit and Training programmes (discussed later) (Smillie, 2009; Lovell, 1992). Then RDP had 38 area offices and organised 1800 VOs. It pursued an integrated strategy to reduce rural poverty incorporating: institution building - including functional education and training; credit operations - including accumulation of savings; income and employment generation; support service programmes; developing grass-root organisations for the landless; increasing their environmental awareness; and improving their work and living conditions. Initially, loans repayable within a year mainly went to small-scale, largely traditional activities, but it became apparent that this would only marginally increase living standards (Lovell, 1992; Howes and Sattar, 1992). A Rural Enterprise Programme (REP) experimented with ideas, technologies and business enterprises to generate new income sources. Its results in deep tube wells, power tillers, brickfields and shrimp culture indicated the need to increase enterprise size, adopt more complex institutional arrangements and provide extended credit.

A new initiative, the Rural Credit Project (RCP) instituted in 1990, absorbed the REP. It rapidly expanded operations, including credit services. BRAC’s management wanted more self-sustaining credit and savings operations to further institutional intermediation and donor support.

The Netherlands Organisation for International Development Cooperation, the long-term major supporter, could not fully finance RCP and BRAC adopted their suggestion to form a donor consortium.⁹ This largely met RCP's costs for the four years spent organising villagers, developing infrastructure, and purchasing area offices. RCP bought RDP's investment in area offices, including credit and banking to RDP's mature (at least four years old) branches and VOs that generated sufficient loan interest to cover their expenses; physical infrastructure; and it absorbed the staff complement. This gave BRAC a self-supporting credit institution and RCP funded subsequent bank operations which by 2000 reached 2 million families. Donors met 47% of its budget [Tk. 4.6 billion (US\$111 million)].

The Micro Enterprise Lending and Assistance (MELA) programme launched in 1996 (now renamed *Progoti*) provided loans and technical assistance to small enterprises with growth potential. By 2011 it had lent US\$ 2,521.35m. to 239,566 borrowers in 64 districts (BRAC, 2011). In parallel, BRAC started several independent commercial enterprises to generate revenue for its development activities, and increase its scale through vertical integration. The first, Aarong, markets crafts and textiles produced by rural artisans supported by BRAC and other NGOs; provides design, quality control, warehousing, marketing and retailing assistance; skill development training; spot payments; fair trade; loans; and other benefits (Lewis, 2001). Subsequent enterprises included cold storage facilities for potatoes, food and dairy industries, cold storage, salt industries, printing and publishing, agro food industries, tea gardens, internet provision and housing projects. These now constitute major commercial enterprises. For example, the BRAC Dairy and Food Project, commissioned in 1998, now has the second largest liquid milk plant in Bangladesh with integrated procurement extending from rural dairy farmers to manufacturing dairy products. BRAC Tea Estates, acquired in 2003 employs 3,000 workers and in 2011 its 14,229 acres produce 1,861,301kgs of tea mainly for export. In 2001, BRAC established BRAC University. Following successful projects in Afghanistan (from 2002) and Sri Lanka (from 2004), BRAC expanded internationally and now ten countries including Pakistan, Philippines, Haiti, Tanzania, Sudan, Liberia, Uganda, and Sierra Leone adapt and replicate BRAC's models in education, health, microfinance and agricultural development.

⁹ The original nine members were: the Aga Khan Foundation, the Canadian International Development Agency, the Danish International Development Agency, Evangelische Zentralstelle für Entwicklungshilfe, Ford Foundation, NOVIB, the Royal Norwegian Embassy Development Corporation, the British Overseas Development Administration, and the Swedish International Development Agency.

Currently BRAC's annual budget is US\$572 million. In 2011 it disbursed loans of US\$1,181.75 million. Its cumulative loan under the micro-finance program is US\$ 9,233.10m. with a recovery rate of 96.22% (BRAC, 2011). BRAC has been characterised as a "poverty enterprise" (Mannan 2009) that has achieved financial sustainability by combining low-income poverty market activities with non-poverty business activities (Mannan, 2010). This involves three interrelated activities: BRAC portrays the image of a "non-profit" NGO comprising programs in education, health, and social development, human rights, and legal services; it concentrates on its Economic Development Programme which has a strong microfinance component; and it transfers the profits from its microfinance and profit-oriented business enterprises to poverty alleviation programs (Mair and Marti 2007; Mannan, 2009; 2010).

Today BRAC's head office is in Dhaka – the capital. The apex of governance resides with a Governing Body (GB) and an Executive Management Committee (EMC). Ultimate authority resides with the GB. BRAC's Memorandum of Articles states that it should appoint the chairman but attempts at appointing anyone other than Mr Abed are not apparent.¹⁰ Its eighteen members, mainly distinguished local members of civil society and international experts in development and commerce, are not remunerated. GB membership has changed little between 1990 and 2012. The GB is intended to attract international agencies, establish important external contacts, enhance BRAC's accountability through effective governance, and provide expertise in problem solving, strategic planning, and social auditing (Ibrahim, 2003a; Kovach *et al.*, 2003). Until recently, the GB acted as an executive board that approves new projects and signed off significant payments. However, recently, the EMC, headed by Mr Abed, was established as BRAC's supreme decision-making body responsible for major strategic and policy decisions and coordinating BRAC's diverse activities, partly due to stipulations from the Microcredit Regulatory Authority and, according to a director, "to free BRAC's governing body from the day-to-day activities and focus solely on governance". EMC members are drawn from BRAC's senior directors. Below this BRAC's organisational structure is flat – hierarchical levels between top management and workers in the field are few.

7. Accountability

7.1 To state and donors – money and power

¹⁰ Mr. Abed was designated Executive Director from BRAC's inception until 2001 when Abdul-Muyeed Chowdhury assumed this position but Mr. Abed retained the top post being chairman of BRAC.

BRAC lacked accounting professionalism in the 1970s. The accounting division had only traditional bookkeepers - the founder (who has an accounting background) often did the accounts. The budget had legitimacy but was primarily ceremonial rather than a cost control tool (see Siti-Nabiha and Scapens, 2005; Nor-Aziah and Scapens, 2007) - unofficial networking controlled operations. Initially BRACs functional accountability was lax - BRAC reported on demand to satisfy patrons. Budgets provided some accountability but as a senior officer commented: *“Usually, government officials do not ask about the contents, nor do they monitor the projects effectively. They only ask for their share (indicating bribe!) - so accountability lies mainly on us.”* A founder commented, *“Governments were not that much concerned like now. We used to submit a report to the ministry and that’s all. It was very easy.”* Following the 1978 Ordinance, BRAC filed an annual (activity) report on funding and programme goals, and audited accounts to concerned ministries as required. A founder commented that this: *“didn’t create any challenges ... they were very much technical and rule-based reporting”*. No pre-1990 activity and annual reports were found, though BRAC managers claimed they were done, albeit not as detailed as today but were not filed for future reference.

However, after the NGOAB was formed in 1990, every annual BRAC activity report was available at head office. They followed NGOAB’s guidelines and the NGOAB has never challenged them. BRAC’s accountability to governments primarily covered funding and programme goals: NGOAB emphasised finance and did not require in-depth analysis or detailed activity reports. However, as the finance head explained, *“Though NGOAB introduced some regulations of how to report to them, it is the donors, not the governments or NGOAB, that influenced us to prepare and publish annual activity reports. NGOAB instructions were limited with some formats: no detailed activity reports were asked for. So we followed the NGOAB format to report to them but for a wider context we introduced published annual audit reports and annual activity reports.”*

The NGOAB concentrated on financial figures and ‘results’ consistent with functional accountability, i.e. how money is spent, and whether practices conformed to the Comptroller and Auditor General's office’s instructions. NGOs were not legally required to publicly disclose their activities or allow inspection and audit by a government agency, except for complaints and disputes, particularly by the Department of Social Welfare. BRAC’s accountability to government through regular “rule-bound” reports “on mechanistic project ends” created some compulsory visibility (Dillon, 2004; Ritchie and Richardson, 2000) but government rarely challenged these.

An NGOAB official claimed that *"the government rationale for imposing such stringent control mechanisms is to ensure that all NGOs' programs, including that of BRAC's, is complementary to national plans and policies."* However, another complained: *"We are only 56 members currently working in this Bureau. Most ...are ...temporary. We don't have that much administrative power. We are here only to check the prescribed form and cannot do any more. Now there are more than 2000 NGOs registered with us. It is impossible to supervise their activities with so few people. We have sent proposals to Government for the expansion of this bureau but we have yet to get any feedback."* Another NGOAB official complained that *"A posting to NGOAB from other ministries is a kind of punishment. You enjoy more power and status working in other ministries but here you only have to do clerical jobs."* BRAC's accountability to government was functional in design but ceremonial in practice as governments rarely acted on reports.

From 2001, BRAC's annual reports and activity reports were available on its web-pages, and supporting enterprises can access more detailed reports. A senior accountant explained: *"We want to be transparent. Critics say that our supporting enterprises create unparallel competition as they get favours from development funds. But actually they don't. That's why we decided to publish [their] reports. ...We understand the contents are huge but at least to answer our critics we will continue publishing. If anyone needs more details we can provide them with whole audit reports which contain more than 200 pages."* BRAC officials claim they provide more information to government than legally required. Its Finance Division gained the prestigious 'Consultative Group to Assist the Poor'¹¹ Award for its reporting for three consecutive years (in 2006 there were 175 applicants from 57 countries). The CFO commented, *"We were awarded it because we maintain a culture of honesty ... This definitely recognises that we are on track, and ... other organisations should have transparency and accountability in their operations'.* In 2011, BRAC received awards from the Institute of Chartered Accountants of Bangladesh and the South Asian Federation of Accountants for maintaining high standards of reporting (BRAC, 2011). Similarly, after the 'Microcredit Regulatory Authority Act' of 2006, BRAC has reported its microfinance activities to the Microcredit Regulation Authority (MRA) in a timely fashion and in the prescribed format.

¹¹ The Consultative Group to Assist the Poor comprises 31 public and private development agencies working to expand access to permanent large scale financial services for the poor in LDCs. Each applicant's financial statements were scored by reviewers from Latin America, Africa, the Middle East, Europe and North America.

Accountability to donors was also initially simple. A BRAC manager recalled how, *“Before 1990 we were not bound to submit annual reports for our budgets and activities. We submitted customised reports to donor authorities who provided funds ... but we did not have wider activity reports like now.”* Initially BRAC prepared budgets to get funds but donors increasingly wanted evidence of accomplishments. BRAC complied for, as another finance official noted: *“We didn’t know whether would get paid as donors’ funds were uncertain ...we were only concerned to release donors’ funds and therefore we put donors’ priority first.”* Another recollected how: *“We used to prepare detailed budgets those days but they became just things we had to do ... We carefully put what donors wanted to see in the reports. ...When we could not meet budgets, we blamed other things ... like politics, fundamentalism, disasters, bureaucracy, and bribes. Governments’ regulations sometimes created delays in releasing funds... but you know how to release funds from government officials (indicating bribes to officials!).”*

In 1988 BRAC established a department for internal control to provide functional accountability to meet resource providers’ guidelines and performance measures for monitoring the efficiency of services (Edwards and Hulme, 1996). An official working in BRAC since inception recalled: *“We had to compromise with the donors’ agenda as they had money ... Had we not been reactive we could not have survived.”* However, uncoordinated donor missions with disparate disbursement and reporting arrangements taxed BRAC’s capacity. Its management responded in 1990 by establishing a Donor Liaison Office (DLO) to create an information flow to and between donors and BRAC; manage and coordinate technical assistance and evaluations; review missions; track donor funds release; and assist consortium meetings and their follow-ups. During the early 1990s, donors shifted financing from projects to programmes and DLO pooled funds, negotiated jointly with BRAC, and set common reporting requirements (Smillie and Hailey, 2001). The six monthly DLO meeting reviewed each approved project’s finances, statistics and progress. Sometimes international auditing firms and government-approved local accounting firms audited and monitored projects for donors. These alterations made resource flows more predictable, e.g. the DLO financed the Rural Development Programme for five-years, which helped BRAC move towards self-reliance.

Accountability to specific donors was not straightforward. BRAC has received external support across projects from circa 50 donor agencies and it has between 30 and 200 ongoing projects, often in remote areas (BRAC, 2011). Donors are very dependent on information to the

DLO from BRAC (Siddiquee & Faruqi, 2009). Given many donors lack adequate resources and personnel to scrutinise this, it is difficult to ascertain how much control they can exert through such information. Moreover, their influence is weakening as BRAC is increasingly generating its own sources of income (Siddiquee and Faruqi 2009). However, BRAC has transparently and effectively documented and reported mission-based activities to sponsors (Tandon, 1997; Fox, 2000), which has fostered strong mutual relations. BRAC's capacity to show it has efficiently met the donors' desired results has led many to favour commissions to BRAC over Government offices, and to give BRAC a 'blank cheque' for projects rather than relying on smaller NGOs with a poor profile and inefficient management (Siddiquee and Faruqi 2009). The DLO helped BRAC switch from compliance to agency, and become an intermediary between donors and governments.

BRAC developed avenues for two-way dialogue with donors through the DLO and with governments through the Government-NGO Consultative Council (GNCC), created in 1996. The GNCC's objectives are to: identify issues impeding government-NGO cooperation; develop the policy and institutional environment for this; increase the involvement of NGOs in national policy and government development projects; simplify and improve the regulation of NGO activities; and strengthen the NGOAB's monitoring and evaluation capacity (Ahmed, 2003). It is a forum for open dialogue between the government and NGOs. BRAC and other major NGOs have become significant advocates and negotiators within Bangladesh political and economic circles (Smillie and Hailey, 2001; Stiles, 2002; Khan, 2003; Bala and Mir, 2006). For example, in 2001 BRAC, with support from the Donor Club and the WB, persuaded a coalition government backed by the Islamic party to shelve draft laws to control NGOs;¹² and in 2003, the government withdrew a Bill to regulate NGOs due to a similar lack of consent. Each time BRAC was actively involved (Daily Observer, 14 June, 2005).

In summary, BRAC has been a model of transparent, accurate and timely functional accountability, as specified in Table 1, to both the state and donors. In addition, it helped develop, with other NGOs, forms of social accountability with donors and governments to inform longer term policy and potentially give voice to the clients they purport to represent. The two accountabilities differed: social accountability's form inclined to negotiation; informality - even oral channels; multiple narratives; often qualitative judgements; and was not governed by predesigned agendas or format, whereas functional accountability followed the precepts of

¹² See The Daily New Age, March 13 2004; Daily Jugantor, February, 14, 2004.

conventional technical-rational accounting. BRAC's new avenues for social accountability did not substitute functional accountability but complemented and extended it.

7.3 To employees and beneficiaries

Fifteen section heads within BRAC report to three superiors who report to the chairman (BRAC, 2011). The BRAC Development Programme ran all activities but subsequently it was separated from other programmes. Nevertheless it remains the heart of BRAC programmes - 70% of resources and staff remain within it. It has circa 350 Regional and Divisional Managers, 50 at headquarters in Dhaka and the rest in the field. Regional managers organise field activities. Each area office manager oversees 8-10 area offices, which are deliberately kept small (Lovell, 1992). They cover forty to fifty villages containing circa 100 VOs with 6,000 to 7,000 members. Programme Organisers maintain relations with VOs. Regional specialists in poultry and livestock, fisheries, clean water, agriculture, and sericulture act as consultants to officials and individual borrowers, and train villagers as required. Area offices make operational decisions within mutually agreed limits. Every staff member, regardless of seniority, is expected to participate in decisions.

A large, complex institution like BRAC operating in a turbulent and often corrupt environment requires clear controls, structure and rules (Zafarullah and Siddiquee, 2001; Holloway, 2004). Mr Abed commented:

To operate a microfinance programme an NGO needs to organise itself with full-time staff rather than volunteers ... to make it self-sustaining... rather than dependent on subsidy. A soft-hearted patronage approach of welfare organisations must give way to [a] hard-headed professional approach ... experience has shown that clarity and transparency of the organisation, both within its own structure and vis-à-vis the programme participants, help diffuse ... conflicts and tensions. ... Regular weekly and monthly meetings at ... head office and the field provide staff members with an opportunity to discuss and debate any issue and offer new ideas. ... ideas do not necessarily generate from the top but quite often travel upwards from the bottom. This gives the staff members at all levels a sense of involvement and belonging (Abed, 1998: Interview with Countdown)

The BRAC Micro Finance Programme Head explained how, “BRAC tries to minimise the negative aspect of hierarchical behaviour by the flatness of its structure, its participatory training, participation ... and feedback systems. A key ... is a continuous round of work- or issue-centred staff meetings ... everyone is asked to participate.”

BRAC's effectiveness may stem from its capacity to learn, especially from field operators (Korten, 1990; Lovell, 1992; Smillie and Hailey, 2001; Mortuza, 2006). However, in the early 1990s senior management believed poor staff and volunteer training and development was inhibiting transparent accountability, so it instituted annual staff performance evaluation, frequent staff rotation within and between branches, regular field visits by senior management, a strong internal audit team, annual external audits, and self-regulation. A senior manager commented that *“good accounting and management information systems ... are indicators of accountability.”* Another stated, *“we use objective-based performance evaluation systems All levels of management are assisted by management information systems developed by our impact monitoring and evaluation cell [which] ... monitors program targets and achievements in line with our core objectives, and day-to-day management. Every six months we ...review the quantity and quality of our work ... we try to follow a bottom-up approach.”* The Finance and Accounts division now provides monthly financial reports to BRAC management, including project progress profiles, cash flow statements, receipts and payments, financial reports (projects); and financial reports to donors and the NGOAB; conducts financial management training courses, and prepares budgets for donor-financed projects. It has 60 staff members within five subdivisions: Treasury, Accounts, Budget, Inventory Monitoring, and Special Unit. Head office staff report to the Director of Accounts and field level accounts personnel to regional managers. BRAC takes pains to ensure the veracity of its accounting information. Its internal audit team of 100 people reports directly to the executive director and is the largest amongst Bangladesh NGOs. In addition to internal audits, it carries out physical verifications of inventory and special auditing requests by management. Its findings go to the Audit Review Committee for further action. In 2011, 8,643 reviews and audits were conducted, and the investigations unit conducted 172 reviews of issues at operational levels and 220 investigations of grievances. In 2011 it created a quality assurance team to enhance the transparency, authenticity and acceptability of audits and data within BRAC and among its stakeholders.

Thus BRAC's external functional accountability was matched internally through staff conventional management control systems to open activities to external scrutiny, make staff responsible for their mission; assess performance against goals; and give beneficiaries voice. In summary, BRAC's external functional accountability was a model of transparency and good practice garnered favour from donors and government; and its internal functional accountability system followed good practice including encouragement of participative management.

BRAC has always been concerned with accountability to beneficiaries - from inception it emphasised women's empowerment and poverty. Pre-1990 it did not lack altruism or concern about its social mission but then BRAC was tiny, preoccupied with survival, and ran on a project basis – it was not strategic. It had no formal mission and vision statement. Subsequently its reports more explicitly and publically incorporated 'poverty alleviation' and 'women empowerment'. A program head commented, *"We have had mission and vision from the start ... it has been updated (I would not say changed!) as the situation demanded. ... We started for 'rehabilitation' but then we advanced ... toward wider community development. Now we think we should consider and work for other irregularities in society [and] mission statements incorporate new problems ... [often] discovered through our field level learning"*. Recently it described its vision as seeking, *"A just, enlightened, healthy and democratic Bangladesh free from hunger, poverty, environmental degradation and all forms of exploitation based on age, sex, religion and ethnicity."*

A senior official commented, *"We tried various models to reach the poor for their empowerment. Our initial model failed but we didn't stop trying new things. The research division worked independently to refine our current model."* During the Sulla project in the early 1970s BRAC experimented with village community centres, and health insurance schemes. Educated young village volunteers taught literacy classes, and worked in health and family planning. Unfortunately, most experiments failed due to ineffective controls, corruption, and power and status differences amongst villagers (Lovell, 1992; Smillie, 1992; Lovell and Abed, 1993; Chen, 1983; Mustafa *et al.*, 1996; Abed and Chowdhury, 1997; Hossain *et al.*, 1992). This prompted a fundamental debate about engaging clients of BRAC. One group held that significantly economic provision would engender dependencies and undermine empowerment attempts. Instead the landless should be helped to resist exploitation by mobilising their own resources; focus on wage bargaining; and pressurise governments to provide services. Others felt that BRAC should provide the poor with desperately needed credit, alongside building local institutions. Ultimately, BRAC tested both approaches in the Outreach and Rural Credit and Training Programmes (RCTP). Each organised the landless similarly, and provided motivation and methods to support savings but credit provision was confined to RCTP.

The Outreach Program sought to test the limits of what the landless poor could accomplish with their own resources - it provided no economic assistance. It forced members to focus on mobilising existing resources, including their own savings and local resources tapped through

existing channels, alongside functional education, training, savings schemes, problem-solving meetings, and logistic support to obtain resources such as seeds, vaccines for animals, fish raising projects and health services from government agencies. By 1986 the Outreach Program had organized 45,000 villagers in 462 villages and their savings totalled \$75,000. Outreach had some success: candidates from BRAC groups gained seats in the 1983 *Union Parishod* election, some got government land for cultivation and access to government programmes, and some bargained for higher wages but these achievements proved patchy and short-lived (Lovell and Abed, 1993; Abed and Chowdhury, 1997; Smillie, 1992; Hossain *et al.*, 1992; Howes and Sattar, 1992; Lovell, 1992). The conclusion was that without external support, efforts to increase awareness and organisation of the landless would fail due to their severe economic and political disadvantages.

RCTP emphasised economics. Originally credit was granted with few conditions but it became apparent that beneficiaries could not generate sufficient funds, were too instrumental and short-term to build institutions, and too weak politically to generate change unassisted. Credit became restricted to members of groups that had met regularly for a year, demonstrated a capacity to save, engaged in collective activity, and had completed a functional education course. All loans were made to VOs, which then lent to individual members or group undertakings. The VO was responsible to RCTP for repayments. Members had no bank books and only VO's management committees dealt with the bank that kept the VO's funds. Priority was given to loans with a strong development component. No loans were made for consumption, or for borrowers to buy land from another member with less land. Repayments started upon receipt of income from the project being financed.

BRAC's management, aided by a report from its Research and Evaluation division, concluded that Outreach had shown VOs could not generate sufficient savings to finance adequate loan programmes, and credit was integral to development, as RCTP had maintained, but Outreach's emphasis on villagers mobilising local resources was also valuable (Lovell, 1992; Lovell and Abed, 1993; Chen, 1983; Mustafa *et al.*, 1996; Abed and Chowdhury, 1997; Smillie, 1992; Hossain *et al.*, 1992). BRAC had been influenced by the Comilla Model (commonly known as the Grameen Bank or Dr Yunus model), especially in the Outreach programme, but like Dr Yunus, BRAC found grass roots participation largely failed due to corruption, subversion, lack of internal controls, diversion of funds, and ineffective external supervision. Consequently, in 1986 Outreach was merged into the RDP. This frustrated some of BRAC's staff who believed that a microcredit oriented RDP would dissuade the poor to fight against exploitative economic and

social structures of rural society. Several left BRAC to establish social mobilization NGOs like Nijera Kori and Urban.

By 2011 BRAC's micro-finance programme had organised over 6.77 million poor people, mostly women, into 284,347 VOs. BRAC sees VOs as key to its accountability to clients since they enable the poor to collectively address key structural impediments to their development and access financial services (BRAC, 2011). A BRAC executive explained how, *"We motivate the isolated poor (including women) to form groups to discuss their problems. We teach and support the group members to exert pressure for their own rights against dominating vested interests, for example, demanding access to water from tube-wells controlled by the elite."* According to Khan (2003, p. 274), *"BRAC's accountability to clients [is] ... ensured by providing them with improved services and maintaining transparency in all its activities."* A BRAC manager commented that, *"we take fees from our beneficiaries so that they will feel that they have a right to criticize and complain about our services. This in turn makes us more effective."*

Through VO meetings field workers were expected to filter beneficiaries' concerns up the hierarchy to link them with BRAC's mission and its functional planning and control systems. However, the internal controls impeded social accountability to beneficiaries and BRAC lacked a robust system of downward accountability to the poor. Field-level staff appeared unmotivated by BRAC's vision. The internal functional accountability system pressured staff and bred instrumental attitudes that inhibited them using VO meetings to register beneficiaries' concerns and act accordingly. The field officers' main objective was to render their job safe by attaining their performance targets. One commented, *"If my recovery rate is not good I will be humiliated at the daily coordination meeting and then, if it continues, I will be terminated. Officially they (senior officials) will not accept this if you ask them but we have been pressured from senior bosses to maintain our recovery rate 100%. To maintain [this] sometimes we must go to members' houses four to five times a day to recover weekly instalments. Sometimes we feel sorry for them but ... I don't want to lose my job"* An ex-BRAC field officer commented: *"In BRAC, if you join at field level, you struggle for ever. We used to wake up at 6 o'clock in the morning and had to start work by 7.0 a.m. When we finished our work, in most days, it crossed 9.0 p.m. We had to work during most of the weekend. ... Everyday I wished to leave the job but when I thought about my family who are dependent on me I couldn't ... Those 2 years were a bad dream."*

Field-workers' VO meetings are the crux of bottom up empowerment of beneficiaries and thence organisational learning but as one beneficiary stated, *"we are seldom allowed to make*

decisions on programmes or budgets or even to participate in monitoring and evaluation.” Field-level staff ignored beneficiaries but consulted with managers, assuming they had better skills and qualifications, and they focussed on loan collection and savings targets to meet targets and receive a favourable performance evaluation (also see Mannan, 2010; Kabeer et al, 2012). Thus the weekly VO meeting was used to recover loans not for policy-making participation. BRAC’s internal labour market and functional internal accountability systems clarified tangible performance expectations but conflicted with its development and change ideology.

Beneficiaries made similar observations about accountability, and saw their involvement as instrumental rather than participative.

“Actually my husband needs money. ... I have joined as a VO member to get the loan but the amount ...is not sufficient ... I will have to join to another NGO to take another loan.”

When asked whether BRAC field staff check how the loan is spent, she replied, *“It’s only on some records, no-one asks. They only ask about the weekly instalments. (Beneficiary A)*

It’s easy to join VO and but hard to leave them. ...Now I want to withdraw my savings ...but [the field worker] is not listening ... He is not telling me clearly what to do next. (Beneficiary B)

Accountability? What is that? It sounds interesting to hear that we can ask them to present accounts; even see their activity reports? It’s funny but I am glad to hear that we have rights to make them accountable!! (Laughing) (Beneficiary C)

Thus participation in VO weekly meetings studied did not engage grassroots segments of civil society. The functional internal accountability system became perceived as coercive by field workers and frustrated both parties’ participation. How and whether projects are initiated or modified from the field is unclear, as BRAC neither documents or analyses discussions at the VO or branch office level. This confirms other studies noting how financial matters dominate weekly meetings of microfinance organizations, leaving little time for discussions that build people’s awareness, analytical capacity and sense of citizenship (Ahmad, 2003; Thornton et al., 2000; Kabeer et al, 2012). BRAC may be a new 'patron' for the marginalized poor (beneficiaries) but not necessarily a partner. In contrast to its social accountability to donors and government, that to employees and beneficiaries was hierarchical, non-participative, not dialogic, formal, focused on

narrow short term performance goals, and reflective of unequal power relations. Neither employees nor beneficiaries had representatives on either the governing or executive boards. Why was this so, especially in an organisation that prided itself on staff development and engagement of the poor? Two factors appear important: *Bhai* culture of loyalty and control, and governance in an organisation founded and led by a charismatic leader.

BRAC has been portrayed as a learning organisation (Smillie, 20012, 2009; Korten, 1990; World Bank, 2006; Lewis 2003). BRAC from its earliest days instituted a vigorous human resource department that promoted training to upgrade technical and organisational skills of rural people and staff and developing participative, flexible, management (Chen, 1983, Lovell 1992; Howes and Sattar 1992). BRAC spends 7% of its budget on training and staff development. Everyday BRAC receives hundreds of job applications and after recruitment, young graduates get job training on approaches to development, motivation, how to interact with rural people, awareness building, primary health care, operations management, and various specialised skills. Staff training is maintained continually. Nevertheless, many staff expressed frustration resulting in staff turnover, which Mr. Abed has acknowledged claiming: "about half of all new recruits could not cope with harsh working and leave BRAC to take up easier jobs elsewhere" (Abed and Chowdhury 1997:55). Mannan (2010) attributed it to: the type of work, working environment, conflict between programme organizers and lower levels, reluctance to accept discipline, salary dissatisfaction, overwork, new staff intimidated by frustrated established staff, and no right to express opinion and disagreements with Area Managers. Our study revealed divisions between HQ staff and field workers due to religious, educational, status and class differences, and within HQ staff between experienced, older loyalists and younger, more careerist and mobile professionals. Head office hours are regular, staff enjoy more benefits, and they tend to follow Western and modern Bengali middle class life styles whereas field office staff work longer hours, receive less benefits and tend to follow a modern Islamic and secular Bengali culture, closer to that of BRAC's clients. In 2004, BRAC appointed an Ombudsperson, who reports to the governing body, "to investigate grievances such as corruption, abuse of power or discretion, negligence, oppression, nepotism, rudeness, arbitrariness, unfairness and discrimination" (www.brac.net/ombudsperson, accessed 28/08/2012). In 2010, 241 applications from BRAC employees were received: 195 were investigated and 29 supported, of which BRAC accommodated four and rejected five. No information about the fate of the remaining twenty were given, which left the Ombudsperson concerned (Ombudsperson's 2010 report, BRAC).

Despite its efforts to the contrary, BRAC has many characteristics of a centralized, hierarchical organisation. Its failure to develop its social accountability to employees and beneficiaries may be partly attributable to Bengali culture and its charismatic and ‘familial’ leadership. *Bhai* culture permeates BRAC’s culture. Its “personalisation of authority” breeds expectations that junior staff should show respect to senior staff and be loyal (Maloney 1988: 46). It reinforces hierarchical authority, personalised charismatic leadership, and kinship in speech terminology and allegiances (White 1995:133). Within BRAC, *Bhai* culture mitigated antagonisms, offset employee fears and grievances, and promoted acceptance of authority, concentrated on Mr. Ahmed and his immediate ‘clan’. Mr Ahmed has received honorary degrees from universities including Manchester, Yale Columbia and in 2010 he was knighted by the British crown for his services to reducing poverty. His dominance in BRAC has been uncontested for four decades and he retains significance influence on day-to-day activities where "authority flows downwards and loyalty upward"(Siddiquee & Faruqi, 2009). This is reinforced by senior staff linked by clanship and traditional loyalty. Initially, the BRAC managing “clan” came from people from the *Sylhet* district from whence the Chairperson came. They still occupy many strategic positions¹³, combining their proven professional skills with individual loyalty to the Chairperson. Outsiders are viewed with suspicion and are less likely to be promoted. Informal networks, often based on kinship or birthplace, pervade BRAC’s governance. Given the charisma of BRAC’s founder and the familial nature of Bangladesh society and politics, this is understandable. There are no evident malpractices attributable to this but it runs counter to transparent, meritocratic governance. Given the Bangladeshi context and *Bhai* culture, many staff did not regard this as unusual but it contributed to the lack of social accountability to employees and thence beneficiaries, as postulated in Western models and Table 1. This raises questions whether the prescriptions, advocated from Western sources are inadvertently ethnocentric and ill suited to the context and nature of many Bangladeshi NGOs and their participants’ cultural expectations.

8. Hegemonic change

¹³ Those from Sylhet include the Executive Director, the Advisor, Senior Director, Chief Financial Officer, Director of Research and Evaluation, Director of Monitoring and Evaluation, the Director of BRAC Printers, the Director of commercial enterprise Arong, the Head of the Human Resources Division, the Head of Education Support Programme (ESP), the Head of the Urban Program, Managing Director of BRAC Bank and the Vice Chancellor of BRAC university (see Mannan, 2010 for detail).

After independence, the dominant hegemony promulgated by Bangladesh's undemocratic rulers was state capitalism but this proved to be a vehicle for politicians to exercise political patronage to placate sectors of civil society (Uddin and Hopper, 2003). Since 1990 democracy has prevailed. Throughout, BRAC's education and training programs have enhanced members' literacy, skills; reshaped their orientations, and raised their socio-political awareness, which has contributed to the 'democratic movement' (Lewis 1993, p. 55). Compared to governments, BRAC has popular support (Smillie and Hailey, 2001; Halder and Mosley, 2004; Sarker, 2005; Hulme and Moore, 2006; Ahmed and French, 2006). In rural areas, its services can be more popular than state-provided ones (World Bank, 2006; Gauri and Galef, 2005). BRAC has contributed to reformist change. This might have formed the basis for building a new 'historic bloc', counter-hegemony and consensus within civil society to challenge dominant institutions of money and power. But it failed to do so and BRAC's legitimacy based on advocacy of the poor has been increasingly challenged. Why is this so? Three reasons predominate: BRAC's involvement with undemocratic governments; growing criticism of its commercialisation within civil society; and its disputes with other NGOs.

From inception BRAC has maintained close covert relationships with governments. A senior BRAC official explained: *"We wanted to survive in any way we could. We needed funds for that. When donors told us to work with the Government we didn't think much. We took the jobs."* In its early years BRAC consented to the dominant hegemony and reaped the rewards. For example, in 1973 the Government established 'Rakkhi Bahini' (defence security forces) to recover illegal arms and maintain peace but critics claimed it mainly controlled and repressed opposition politicians. BRAC closely worked with the autocratic military governments of Zia (1975-81) and Ershad (1982-1990), did not criticize them, and consequently received government contracts. A BRAC founder member remarked: *"We worked in a very uncertain environment. Abed Bhai¹⁴ tried his hardest to manage funds to run the programmes. ...We understood the situation. Abed Bhai gave emotional speeches ... that our salaries may not be available from the next month ... how could you expect that we would go against governments and hit our own feet?"* However, collaboration had impacts on programmes, e.g. BRAC's implementation of the Zia military governments' (1976 – 1981) adult education projects produced unsatisfactory results due to civil society's lack of enthusiasm: *"Because a countrywide spirit did not develop, hopes for*

¹⁴ The Bengali word 'Bhai' means 'brother'. In Bangladesh senior officials are normally called 'Sir' but in BRAC they are called a 'Bhai'. This is unusual but helps employees to feel closer to their boss, however, may often create patriarchal hierarchy.

village-wide cooperation were not realized (Lovell, 1992, p. 28-29). When the likely success of a popular uprising in 1990 against the Ershad government became apparent BRAC belatedly joined it. When a military backed caretaker government (2007 - 2008) was formed Mr Abed declined invitations to lead it but a BRAC advisor headed the Ministries of Primary and Mass Education, and Women and Child Affairs. BRAC accepted projects, playing a key role in the “National Women Development Policy” that was postponed after opposition, especially from religious groups. BRAC was given sole responsibility to monitor teaching quality of primary schools' in 20 *upazilas*. Primary school teachers saw this as a step in privatizing primary education, despite statements by BRAC to the contrary, and their leaders refused to meet and negotiate with BRAC stating: *"We are employees of the government, not of any NGOs. So, we cannot sit with BRAC or any NGO to solve our problem - we will only sit with the government"* (Daily Star 2008, June 14). The Association secretary commented *"It's just another business by BRAC"* (bdnews24.com 2008, June 3).

BRAC programmes have reflected donor and government attitudes to developing grassroots democracy. Allegedly, donors disliked BRAC's Outreach Programme for the rural radicalism it instilled. Some Outreach members vocally protested about local elites and landowners, injustice, and attacked police stations. BRAC reacted by creating the donor funded RDP. This retained the social awareness components of Outreach but rejected its class and political awareness elements (Lovel, 1992, Mannan, 2010). In 1995, with USAID and Asia Foundation support, BRAC initiated a “democracy partnership” programme to develop a democratic culture amongst the poor. This failed because participant NGOs believed that it advocated democratic ideologies of foreign aid agencies and/or countries and ignored the indigenous culture of Bangladesh (Mannan, 2010). However, in 1996, BRAC engaged in the Local Democracy Education Programme funded by the same sources to improve voter education and, post-election, strengthen *union parishads*. This helped generate high voter turnout amongst both men and women from poor households, and facilitated the election of NGO members in the 1997 *union parishad* elections (Siddiqui 2006). Positive Government-BRAC initiatives continue. According to BRAC (2011),

"... our efforts resulted in over 600,000 rural poor women being organised through 11,234 Polli Shomaj and 1,217 Union Shomaj, mobilising resources such as vulnerable group development cards, vulnerable group feeding cards, seasonal employment and other safety nets for the poor and ultra-poor. Polli Shomaj and Union Shomaj have taken actions against 76,328 incidents of social injustices and violence against women, such as child marriage, dowry extortion, illegal fatwas and

acid attacks. Furthermore, over 32,000 poor women assumed positions in local power structures including the Union Parishad.

BRAC's programmes supporting democracy and empowering the poor have been shaped by prevailing political circumstances, i.e. it followed a contingent reformist approach influenced by though not necessarily supporting whosoever is dominant. This may be reasonable pragmatically. For example, when its education programmes were criticised for enabling government to evade its responsibility to educate its citizens, BRAC replied that if the government cannot educate Bangladesh children, others who can should not be blocked, and its 36,000 schools do not compete with government schools - they take only dropouts, i.e. children already failed by the formal system (Smillie, 2009).

BRAC continues to maintain political links. BRAC's immediate past Executive Director has close relationships with the current Bangladesh Nationalist Party (BNP) government. A large NGO's senior officer commented, *"It was alleged that we campaigned to cast votes for the Awami League (AL) during the last parliamentary election. After taking power, they (the BNP-led government) made our life hell. Our project funds have not been released. Our president was arrested and we (officers) all were under strict scrutiny. Mr Abed is clever in this respect. He appointed Mr. Mueyed Choudhury as Executive Director of BRAC who developed a hatred relation with AL when they were in power. Mr. Choudhury is in the good books of BNP. So BNP will not act against BRAC On the other hand, Mr. Abed's brother is a sitting MP (Member of Parliament) for the AL; the BRAC advisor is also a member of the AL Central Advisory Committee. So the AL will also not go against them. Actually in the AL regime they worked more closely with AL than us. And still with this government they are more tied up. We should have also thought that way."*

Maintaining good relations with governments via informal networks can provide useful information flows (Davies, 1998); help BRAC manage and respond to a volatile political environment, and help BRAC and other NGOs cooperate with governments. However, it transcends open, transparent governance contrary to BRAC's mission, and BRAC's willingness to work with whatever regime is in power weakens its position as an advocate of the poor within civil society, and stymies it developing an effective counter hegemony. BRAC's shift to commercial activities compounded this, as it brought adversarial relations with other sectors of civil society.

BRAC has sought greater independence and financial self-sufficiency to fund its programs for poverty alleviation by expanding its commercial, for-profit, activities, though it still sought government and especially donor funding. A founder commented, *“We started thinking on how to sustain without aid. ...To earn revenue from a separate commercial venture was one of the outcomes.”* Another senior official commented that, *“To reduce dependence on donors, we started setting up commercial ventures, and obtaining ownership of assets such as office blocks, cold storage, printing press, sales shop, university, tea garden etc. Involvement in revenue generating ventures without sacrificing the main objectives of the organisation definitely ensures the sustainability of BRAC and thus helps achieve wider long term visionary objectives.* Thus BRAC’s focus gradually shifted from compliance to money and power to exercising agency by mediating between donors and governments, and developing commercial enterprises to enhance its financial security and independence.¹⁵ Potentially, this would enhance its legitimacy, enable it to exercise intellectual leadership, and help it to influence policy affecting civil society and the marginal groups that BRAC purports to represent. However, rather than building consensus within civil society it bred divisions, especially with the business community, intellectuals, the labour movement, and the Islamic right wing.

Private businesses complained that BRAC enjoys an unfair commercial advantage from subsidies and protections (Stiles, 2002, p. 841). For example, BRAC’s attempt to be the first NGO to float a bond on the stock market received considerable publicity. A high profile businessman commented, *“This is a world away from charity tin-rattling. It is a whole new development ball game. BRAC has an unfair advantage in business. ... NGOs are tax-exempt, particularly with respect to land purchases. Thus, when a large NGO purchases land for dairy farms or pisciculture, it automatically experiences savings of tens of thousands of dollars relative to private competitors. Furthermore, while businesses are legally obligated to pay taxes in advance, NGO businesses are exempt from paying taxes on profits since by definition no profits are made. NGOs are also exempt from workplace regulations and their workers therefore do not organise trade unions.”* The changed focus and goals of BRAC became evident when the National Board of Revenue instructed BRAC to pay tax on profits from operations deemed inappropriate for NGOs (BRAC has appealed).

¹⁵ Since 1995 BRAC’s expenditure was mostly financed internally - by 2011 only 24% came from donors, and BRAC’s main programme is donor independent.

BRAC's commercialisation also brought complaints from Bangladesh intellectuals. When BRAC established a commercial bank in the mid-1990s to provide financial services for citizens poorly served by Bangladesh's commercial and nationalised banks, earn revenue, and reduce BRAC's dependence on foreign donations, it was opposed by commercial banks and some government regulators but also distinguished civil society figures. Prof. Mozaffar Ahmed, a distinguished Bangladesh economist, argued that charitable organisations should not engage in such activities (Sidel, 2004). He petitioned the High Court in 1999, alleging that the Societies Registration Act prevented BRAC entering commercial banking. The Supreme Court majority supported BRAC's commercial activities, providing proceeds were taxed and devoted to charitable activities. The worry remains that BRAC's drift from 'conscientisation' to 'service delivery' means it has 'retreated from any serious role in addressing structural constraints to poverty and injustice' (Edwards and Hulme, 2002b, p. 191). For example, the civil society activist, Prof Anu Muhammad argues that BRAC's focus has switched from poverty alleviation to increasing its accumulation of capital through microcredit and commercial activities (Muhammad, 2007, 2009). For example, BRAC now runs the largest poultry industry in Bangladesh. A chain of contract farmers buy hybrid maize seeds on credit from BRAC, which buys the harvest at predetermined prices to supply its cattle feed mills and its bird rearers. Day-old chicks are sold on credit to women members who rear poultry and collect eggs that BRAC buys. The chickens feed BRAC's automated broiler processing plant for sale to a growing retail market. Thus BRAC creates an internal market of women group members transforming them into commodity producers for BRAC (BRAC, 2012).

Muhammad argues that microcredit cannot alleviate poverty except for those with other sources of income - otherwise it creates a new debt trap for the poor and exploits a culture of shame when pressuring women to repay loans (Karim, 2008). Critics claim that the empowerment ideology of microcredit emphasizes how traditional structures exploit the poor but ignores how neo-liberal market orthodoxy creates new forms of discrimination and inequality (*Desh, Kal, Samaj*, 1990; Mannan, Chowdhury, Bhuiya, and Rana, 1995). The fear is that microcredit privatises welfare to the poorest (Karim, 2008; Faraizi et al, 2011), reduces poverty to an economic problem soluble by better access to credit (Karim, 2001; Rahman, 2006), and diverts the rural poor's attention from wider political questions (Chowdhury, 1996, p. 164).

Microcredit by BRAC has become increasingly controversial. Its high interest rates may increase borrowers' indebtedness rather than improving their economic lot. Ironically, the poor

may be financing poverty reduction programs (Mannan, 2009). BRAC charges a 15% flat rate of interest on the face value of the loan, repaid in 46 weekly instalments. Thus borrowers effectively get half of the face value of the loan (Rutherford, 2000) and the effective rate of interest is 40.8% (Ahmad, 2007). Borrowers commence repayments one week after the loan starts, which creates problems if businesses need longer to generate returns. Borrowers can have to sell what little property they have, with no opportunity to buy it back later with income from their businesses, or 'cross borrow from a second or third NGO to repay loans only to discover that their business income goes to repaying loan instalments and interest, leaving them more impoverished than when they started (Jahiruddin et al, 2011). This renders villagers sympathetic to critics of microfinance.

BRAC's focus on finance, modern economics and business has provoked clashes with religious elites and rural people (Mannan *et.al* 1994; Rafi and Chowdhury 2002; Mannan, 2010). In the mid 1990s BRAC experienced major religious backlashes - 59 NFPE schools were burnt down and 66 schools closed (Mannan *et.al.* 1994:2). In 2005 four area offices of BRAC came under bomb and grenade attack by a religious group claiming that BRAC's activities are anti-Islamic (Daily Star, 17/02/2005). BRAC's goals may be irreconcilable with traditional, fundamental Islamic beliefs but its shift to microcredit has fuelled grievances, given interest is prohibited in Islam (Ghazanfar, 1981). Islamic religious leaders argue that culturally insensitive credit operations are linked to de-Islamization and promote the belief that Islam cannot free the poor from abject poverty (Mannan, 1994; 2009b). BRAC's weak accountability to beneficiaries, noted earlier, may compound the problem. Many senior staff considered negotiating with religious representatives was not their job. Hence they failed to understand the growth of religious and cultural opposition, especially regarding the role of women in development and allegations of 'blasphemy'. BRAC has vacillated in responding. For example, when many NGOs organised national protests against a proposed "blasphemy law" from fundamentalists that mobilised a hundred thousand women beneficiaries in front of the National Parliament, BRAC refused to cooperate arguing that there were no toilets for women, it was unclear who would pay for transporting the beneficiaries to Dhaka, and there were no preparations to protect the women against attacks by Islamists (Mannan, 2010). Also, its commercialisation may have encouraged insensitive policies. For example, when the Cyclone *Sidr* hit Southern Bangladesh in 2007 the entire country tried to support those affected. However, NGOs including BRAC, kept pressuring borrowers to repay weekly instalments. After a huge media campaign and national protests, the

government instructed NGOs to suspend their loan operations there, waive interest and behave humanely (Muhammad, 2009). BRAC deferred loan collections for 3 months but after growing criticism, it was forced to waive microfinance loans totalling one billion taka for cyclone hit areas (bdnews24.com, 06/12/2007).

BRAC has also had fractious relations with other NGOs. In 2003, the government took action against the Association of Development Agencies of Bangladesh (ADAB) because it believed its president worked for an opposition party. The leaders of *Proshika* and *Nijera Kori* had pressed ADAB to be more politically active, arguing that NGOs promoting popular governance and human rights should help the people elect a better government. According to another large NGO's senior officer, some NGO leaders headed by the BRAC chairman, Mr Abed, tried to dissolve ADAB's elected executive committee and form one that the government would trust (Abed, 2003) but the ADAB president and most members resisted this.¹⁶ Nevertheless, with government support, a counter-umbrella organization, the Federation of NGOs Bangladesh, headed by BRAC's executive director was formed in 2003. The BRAC chairman commented, "*You know about Bangladeshi politics. If we didn't form a new association of NGOs, the Government would destroy the whole NGO sector. We had to go with the Governments for the sake of the NGO sector.*" However, this divided NGOs, weakened their voice, may permanently damage the Bangladesh NGO sector, and weakened further collaboration (Daily Star February 18, 2003; Hossain, 2006, p. 245).

BRAC's commercial activities have led other NGOs to express environmental concerns. In December 2007, *Nayakrishi Andolon*, a movement of 100,000 farmers, and *the Ubinig*, a social policy research organisation, accused BRAC of being "unethical" and "dishonest" in promoting hybrid crops to millions of farmers. *Ubinig's* executive director claimed "*BRAC was complicit in deceiving farmers about the true production costs of hybrid seeds and inflating predicted crop yields*" (Kelly, 2008). BRAC was accused of linking purchases of hybrid rice seed, fertilizers and pesticide with access to micro-finance loans, which encouraged a mono-crop rice culture that caused underground water levels to fall, polluted drinking water with arsenic, and increased desertification (Kelly, 2008).

BRAC has benefited from and has served the dominant hegemony of foreign donors and financiers, especially the WB and its acolytes, which governments (admittedly problematic) adopted, albeit sometimes reluctantly. However, BRAC's attempts to become more independent

¹⁶ See reports on *Weekly Mredubhason*, (2003).

through commercial activities have fractured rather than built civil society consensus, thereby stymieing any development of an inclusive and cohesive ‘historic bloc’ with a counter-hegemony that reflects their demands. BRAC’s ‘reformist’ ‘alternative hegemony’ attacks aspects of the dominant hegemony but does not fundamentally challenge it. BRAC’s close relations with donors and governments were fostered by its functional accountability systems. The increasing scale and scope of BRAC’s activities and then commercialisation necessitated greater management controls. The resultant conventional functional internal control system reaped benefits for efficiency and external accountability to those with money and power but it inhibited employee and beneficiary accountability and, possibly inadvertently, displaced its goals of advocacy. Instead it created controls and modes of calculation that constituted the poor as economic subjects rather than political militants.

9. Conclusions

We conclude by returning to the research questions initially posed. First, how, why, to what effect, and for whom did functional accountability develop? In BRAC’s early days accounting and accountability was slight, informal, and developed spasmodically as and when donors and the state made demands. The priority was relief: few guidelines for accountability were set. When governments or donors required more detailed, transparent, conventional accounting reports consistent with external functional accountability, BRAC responded impeccably, even exceeding requirements, partly to enact its mission of open transparent governance. As BRAC grew, management and constituents became more concerned with the efficiency and accountability of operations. BRAC responded by instituting internal functional accountability based on budgets and performance evaluation to coordinate and control activities, and make employees accountable. Although hierarchical it was expected to operate bottom up, partly to enhance learning, flexibility, and apply local knowledge to operational decisions but, most importantly, to be a conduit for beneficiaries’ concerns expressed at weekly VO meetings. Hence accountability to beneficiaries, (arguably the focus of BRAC’s mission) was oriented to forms of social accountability being oral, open, and flexible to empower possibly illiterate villagers but the internal functional accountability structure and management controls militated against this.

Second, as BRAC undertook more advocacy, did it increase social accountability, and if so how, why, to what effect, and for whom? From the start BRAC recognized that social

accountability to beneficiaries was central to its mission. However, its experiments in empowerment in the Outreach program partially failed and VO meetings became the focus of accountability to beneficiaries. Neither employees nor beneficiaries were represented in the governance structure that was dominated by the charismatic chairman and founder and his 'clan'. However, accountability to employees and beneficiaries proved ineffective due partly to beneficiaries' instrumentality; Bhai culture; divisions between field workers, their clients and headquarters staff; paternal, hierarchical and centralized leadership; and the internal functional accountability systems' logic of rational efficiency.

Nevertheless, BRAC's influence upon governments' and donors' development policies grew as its scale and scope, reputation, and effective delivery increased. This precipitated greater social accountability to donors, especially in the DLO, and to governments, especially in the GNCC, where BRAC was a major spokesman for NGOs. These meetings were informal, dialogic, and covered operational and fundamental goals. BRAC's focus lay primarily with donors as they could influence government policies and they provided significant funding and support, including BRAC's subsequent shift into commercial activities. Nevertheless, governments remained important for they set regulatory structures, could control funding directly and indirectly, and influenced the establishment and delivery of development policies. BRAC realized its legitimacy lay in its claims to advocate for and represent civil society but significant sectors increasingly questioned BRAC's growing commercialism, its reinforcement of foreign donors' market-based hegemony, its threat to state-led development policies, and its possible impediment to democratic politics.

Hence the third question - did BRAC's accountability contribute to a distinct counter hegemony within a civil society historic bloc or reinforce the dominant hegemony of the state, foreign donors or both? NGOs allegedly represent a 'third way' alternative to state-led and market-based development. This arouses the suspicion of many elites: political parties distrust BRAC because it does not offer its loyalty; radicals oppose its eagerness to work with hegemonic actors, especially international financiers like the WB; religious conservatives feel threatened by its progressivism, and the private sector sees it as a market rival. Moreover, the growing monopolistic and commercial nature of BRAC has prompted accusations that it is now too powerful to be accountable to poor and powerless members now rendered dependent on it, and its growing emphasis on individualistic economic solutions to poverty may reduce beneficiaries' political consciousness, inhibit state provision of services, and constitute members as economic

subjects enmeshed in BRAC's supply chain and microcredit systems rather than empowering them as citizens active in the political process.

However, BRAC's educational programmes, leadership and lobbying has, arguably, contributed to a reformist counter hegemony that has helped empower and meet the needs of the poor and disadvantaged, albeit slowly and incrementally. BRAC may have subtly and strategically waged a 'war of position' to transform common sense understandings but it has failed to coalesce a historical bloc due to its dependence on dominant rulers, be they governments or external financiers. The desire to fund and deliver services apposite to its mission through more commercial activity created contradictions and conflicts over its accountability and hegemony. This may be inevitable in an NGO that combines advocacy of political change with immediate and efficient delivery of services to beneficiaries in a country with volatile politics, unstable governments, and a vocal but divided civil society. At best NGOs like BRAC can only promote a passive revolution to ameliorate the lot of clients within the parameters of dominant hegemonies. Gains may be fragile and restricted.

Finally, we reflect how our findings inform debates about accountability generally and by NGOs specifically. BRAC is interesting for it has an over-riding ethical mission, has exercised impeccable functional accountability, and has attempted extensive social accountability. Recently Messner (2009) and Roberts (2009) have questioned the ethical limits of accountability. BRAC, has always perceived itself as a moral agent: ethics permeated its accountability as reflected in its transparency and attempts to create social accountability to multiple constituencies. However, we concur with the practical difficulties this poses. Unerman and O'Dwyer (2006) argue that advocacy NGO's should adopt social and environmental accounting to empower and involve their target clients, and thereby promote social justice and change, i.e. change dominant hegemonies. We do not disagree with this but this is complex for NGOs that combine service and advocacy, due to power asymmetries, dependence on sources of power and money, pragmatic limits to challenging hegemonies, tensions between efficiently delivering services and politically empowering beneficiaries, competing hegemonies within and between constituencies, and the ethical issues of whether poor and marginalised groups have the capacity to wreak change in their interests. These gave rise to conflicts and contradictions. Like Dixon et al's (2006) study of a micro-finance NGO in Zambia, we found tensions between vertical (to management) and horizontal (to beneficiaries) accountability. In the Zambian study field officers neglected the bureaucracy of vertical accountability and concentrated on meeting beneficiaries' needs whereas

the converse occurred in BRAC. As in Goddard and Assad's study of a hybrid NGO in Tanzania (2006) formal, accounting based accountability (functional) was concerned primarily with securing legitimacy and used strategically to gain funds and support from donors. However, in BRAC's case this was supplemented by social accountability to donors and, unlike the Tanzanian case, BRAC used functional accountability internally. Combining service and advocacy is fraught with practical and ethical difficulties. Hybrid NGOs confront these issues constantly and must react pragmatically and strategically. Hence BRAC's actions had a semblance to Mitlin et al's 'Jelly' accountability. Here NGOs recognize their lack of power and align with more powerful groups, social movements, political parties, and rich donors; and respond to opportunities to further their mission that emerge within these relationships. The NGO may get pushed and pulled but, being a jelly, it holds something together and, if done well, they get acknowledged for it (Mitlin et al, 2007).

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Table 1

Functional and Social Accountability

Chapter 1	Functional Accountability	Social Accountability
Goals	Short term Economic, narrow	Long term Broad, multiple
Focus	Justification to self Org as economic agent (self interested) To resource providers/patrons	Justification of self to others Socio-political core beliefs To multiple constituents
Form	Formal Designated categories Rules & principles Technical & quantitative Single narrative	Informal, even oral No designated categories Open, flexible Qualitative Multiple narratives
Governance	Hierarchical, top-down Asymmetrical power relationships Legal rational Control at a distance	2 way, bottom up Symmetrical power relationships Dialogic Face to face

Table 2
Hegemony and Accountability

Key components	NGOs & orthodox hegemony: functional accountability	NGOs & counter hegemony: social & functional accountability
Goals	Justifying conduct by complying with coercive arrangements	Justifying conduct by fulfilling social and communal needs
Focus	Calculative apparatus of reporting based on functional accountability	Calculative and communal reporting using both formal and social accountability
Form	Technical-rational that legitimates 'good governance' by dominant (hegemonic) class	Social-holistic that legitimates emergent alternative hegemony
Governance	Subordinated to orthodox state and donor agencies and contractual arrangements of projects and programmes	To emergent alternative state within civil society gaining consensus by mechanisms such as participation and negotiation
Hegemonic order	Consent by coercive/dominative methods within dominant hegemony and its institutions	Consent through collaboration by creating historical bloc, waging war of position, and improving leadership and learning