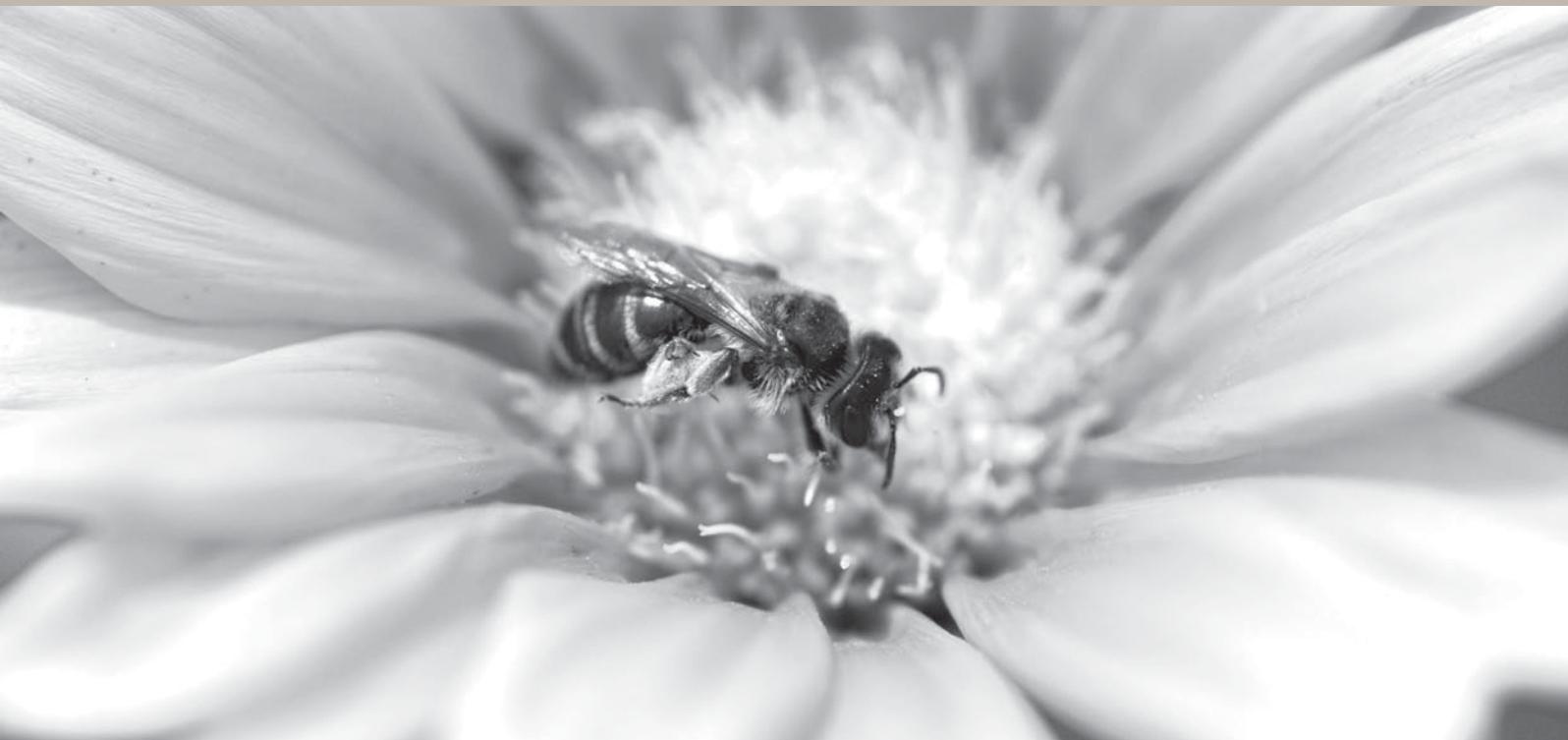


NGO Accountability and Aid Delivery



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Executive summary

In 2008 governments of OECD countries spent approximately US\$135 billion on development aid, and are committed to spending over twice this amount (as a proportion of national income) each year by 2015. This is in addition to amounts donated by private individuals, charitable foundations and corporations. Much of this aid is channelled through non-governmental organisations (NGOs) to front-line aid projects.

Given the amount of aid funding, a small increase or decrease in the effectiveness with which aid funding is deployed can have a substantial impact on the lives of many highly impoverished people. The accounting and accountability mechanisms employed by NGOs delivering development aid can either contribute towards or impede the effectiveness with which aid funding is deployed in individual aid projects.

The existing practitioner and academic literature on accountability within development NGOs argues strongly in favour of accountability mechanisms that provide accountability to, and capture the views of, beneficiaries and NGO fieldworkers. It is argued that this will enhance the effectiveness of aid delivery in individual projects by taking into account the views and experiences of those closest to the delivery of the aid. These arguments are, however, either derived largely conceptually – with little empirical support – or are based on the views of relatively senior officers in NGOs and not those of the workers or beneficiaries in the field.

Furthermore, there is a general lack of independent study into the impact on, and perceptions of, beneficiaries of attempts that have been made by some NGOs to expand their accountability. Those studies that have addressed this issue have tended to be narrowly focused on particular NGOs. They have therefore not been able to provide broader insights into issues at the local level associated with the development and implementation of new forms of accountability mechanisms.

Within this context, the aims of this research project are to investigate, through the experiences of those operating on NGO aid projects at the local level, the impact of different accounting and accountability mechanisms on the effectiveness of aid delivery. By investigating this issue, this study seeks to contribute towards the formulation of NGO accounting and accountability policies that will be effective in improving the efficiency and effectiveness with which aid funding is transformed into a reduction in human suffering in impoverished nations.

To fulfil its aims, this report addresses the following five specific objectives:

1. to identify characteristics of the key mechanisms of accountability employed in a sample of international and local NGOs (in Ghana)
2. to provide evidence of beneficial and dysfunctional impacts of the accountability mechanisms (identified under objective 1.) on the effectiveness of aid delivery

3. to explain why particular accountability mechanisms are considered beneficial or dysfunctional
4. to assess the extent of beneficiary involvement in the accountability mechanisms identified under objective 1. and to investigate the factors preventing and/or facilitating accountability to beneficiaries, and
5. to suggest alternative mechanisms of accountability that may alleviate the potentially dysfunctional impacts of donor-led upward-accountability mechanisms, and encourage the involvement of officers and beneficiaries in the field.

In addressing the study's aims and objectives, the researchers have made the following key observations and recommendations.

There are a wide variety of accounting and accountability mechanisms used across the NGOs in this study. For formal upward accountability to donors, NGOs use annual reports, interim reports, performance assessment reports (written during projects), and performance evaluation reports (written at the end of individual projects). For downward accountability to beneficiaries, they use community consultations and dialogues, participatory reviews, and social auditing.

The formality of upward reporting to donors brings with it a degree of discipline and accountability that is generally perceived to work for the benefit of aid projects. The fieldworkers judged that a number of aspects of existing upward-accountability mechanisms impede improvements in the effectiveness of some aid projects. Some of these issues are indicated below, along with recommendations for changes intended to ameliorate the adverse effects and capitalise on the positive potential of upward-accounting and accountability mechanisms.

Reporting formats often appear inflexible and provide little scope for reporting to INGOs (international non-governmental organisations) and donors the views and experiences of officers and beneficiaries in the field. Coupled with project requirements that are often narrowly and rigidly specified by donors, these sometimes inflexible reporting mechanisms rarely allow feedback to donors on how projects should be adapted to be delivered more effectively in local conditions. It is recommended that donors ensure, when granting funding, that they require NGOs to exercise broader downward accountability to officers in the field, beneficiaries and other stakeholders. It may also be necessary for the mandated upward-accounting and accountability mechanisms to provide flexibility in reporting formats, so that a range of possibly unforeseen issues revealed through downward accountability can be reported upwards to donors.

Donors' need for periodic performance reporting that regularly demonstrates progress and goal achievement on a project sometimes conflicts with the longer-term nature of certain projects and the slower pace of work in some communities. Addressing this disconnection may require a

willingness by some donors to recognise that highly beneficial long-term outcomes cannot always be delivered in a timescale to suit the donor communities' shorter-term reporting demands and expectations. Such a change may require some donor governments to run long-term educational programmes at home, so that their electorates are aware of the important benefits of long-term aid and do not expect results from all aid projects within a four- or five-year electoral cycle. An example of such a programme is the Development Awareness Fund run by the UK Department for International Development (DfID), which aims to educate people in the UK about the role and benefits of overseas aid provision. DfID should ensure that this programme covers awareness raising about aid project timescales among the UK electorate.

Although some quantified performance indicators were considered helpful by our interviewees, they were concerned that, frequently, such indicators could dominate and obscure qualitative information about performance. The latter is necessary for the interpretation of performance metrics. Even where upward-accountability mechanisms provided scope for narrative performance information, there was a perception that many donors paid relatively little attention to this important context-setting narrative discussion. To address this issue, it is recommended that all upward-reporting formats aim to provide scope for, and encourage, a mixture of quantitative and qualitative performance indicators. A further recommendation in this area is to allow debates and discussions with NGO officers in the field and beneficiaries to help determine appropriate performance indicators for specific projects.

Upward-reporting mechanisms usually either did not provide scope for, or were perceived to discourage, the reporting of unintended consequences or failures in aspects of the delivery of aid projects. The fieldworkers considered that an understanding by NGOs and donors of these unintended consequences and failures would offer important learning opportunities to help improve the shape and delivery of current and future projects. To ensure that the effectiveness of current and future aid projects can be improved through learning from unintended consequences, mistakes and failures in existing projects, it is important that upward-reporting formats provide scope for, and encourage, the reporting of these issues. Furthermore, donors should consider clearly signalling that they recognise the value of this type of information and that they will use the information constructively – rather than 'punishing' perceived failures.

Some forms of partnership arrangement have given rise to accountability problems owing to tensions between the priorities of INGO local branches and those of the local community-based partner NGOs delivering the services. It is advisable that the memoranda of understanding between donors, INGOs and local partners are clear about the accounting and accountability responsibilities and expectations of each party.

In addition to the upward-reporting mechanisms, this study found a number of downward-accounting and

accountability mechanisms currently in use. Fieldworkers generally considered these to be helpful, but power imbalances in practice between NGOs and beneficiaries appeared to impede their full effectiveness. The report contains the following recommendations for accountability mechanisms that could help improve the effectiveness of aid delivery.

It is necessary for NGO managers and fieldworkers to develop and implement practices that seek to counteract the negative effects of the power imbalances between NGOs and beneficiaries if the crucial and effective involvement of beneficiaries in the downward-accountability processes is to be more fully realised.

Mechanisms should be developed by NGO managers to disseminate best accountability practice between NGOs.

NGOs should involve a broader range of stakeholders in the annual planning and budgeting of their activities – beneficiaries should be involved in more than just the annual review of individual projects.

Each NGO should use local radio and community radio phone-in programmes to facilitate discussion and engagements between itself and a range of its stakeholders, or even discussion between a number of NGOs and their stakeholders.

NGOs could make documentaries of project activities, involving beneficiaries in the making of these documentaries. In relation to this, they should develop some success stories as exemplars, explaining what the situation was before an NGO started a local project, the changes that occurred in this situation once the project had commenced, and including voices from beneficiaries.

NGOs should develop practices such that, in the early stages of a new project, the communities understand their responsibilities more fully. This could include discussion and agreement between all parties (before a project starts) of the accountability mechanisms that will be used and the information that each party will be expected to produce.

NGOs could develop peer review practices both to disseminate best practice (for both accounting and accountability mechanisms, and project implementation) and to identify and help any NGOs that are performing ineffectively. Such 'lateral accountability mechanisms' could also be useful to help officers in the field to put peer pressure on some INGOs if they identify practices at other NGOs that they consider would benefit their own operations. Although such self-regulation mechanisms are discussed in the academic and practitioner literature there was no evidence of their use in practice at a fundamental level in the NGOs studied in this research project – although several NGO field officers suggested that such peer review mechanisms would be useful.

Donors should automatically provide feedback to NGOs, officers in the field and beneficiaries.

1. Introduction

As part of their commitment to the United Nations' Millennium Development Goals, governments of OECD countries are obligated to spend 0.7% of their gross national income (GNI) on aid to developing nations by 2015 (United Nations 2007). In 2008, Official Development Assistance (ODA) flowing from governments of the 22 countries that are members of the OECD's Development Assistance Committee amounted to US\$ 119.8 billion (OECD 2009a) – at 0.30% of GNI this amount must increase by two and one-third times (to approximately US\$280 billion each year at current levels of GNI) to reach the agreed target by 2015. Total ODA in 2008 from all OECD members governments and multilateral agencies amounted to approximately US\$135 billion (OECD 2009b).

A key reason why OECD (and other) governments provide this level of ODA funding is to attempt to alleviate current and future human suffering in impoverished nations. The provision of ODA funding, in addition to private sector and individual donations, is not the only factor in alleviating the impact of poverty. How these funds are used in delivering aid is also very important. To achieve the maximum alleviation of human suffering for each dollar of development funding, the funds must be spent in the most effective manner possible.

Governments and intergovernmental agencies have recognised the need for maximising the effectiveness with which ODA is deployed. In 2005 the 2nd High Level Forum on Aid Effectiveness agreed the *Paris Declaration on Aid Effectiveness*. 'Mutual accountability' was one of the five key areas that this declaration made clear were necessary to improve the effectiveness of aid delivery: 'A major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance' (2nd High Level Forum on Aid Effectiveness 2005: 8, para. 47). In 2008, at the 3rd High Level Forum on Aid Effectiveness, held in Accra, Ghana, the importance attached to accountability and transparency was reaffirmed. The agreement, the *Accra Agenda for Action*, declared that 'Achieving development results—and openly accounting for them—must be at the heart of all we do. More than ever, citizens and taxpayers of all countries expect to see the tangible results of development efforts. We will demonstrate that our actions translate into positive impacts on people's lives. We will be accountable to each other and to our respective parliaments and governing bodies for these outcomes.' (3rd High Level Forum on Aid Effectiveness 2008: para. 10).

Both these declarations covered only mutual accountability between donors and recipients (partners) at country level. They did not address the necessity of

suitable accounting and accountability mechanisms at the project level. Much aid funding at this project level is channelled through the medium of non-governmental organisations (NGOs), which are responsible for how effectively the funding is translated into aid delivery. At both the project (NGO) level and country (governmental) level, accounting and accountability mechanisms have the potential to increase or decrease the effectiveness with which development funding is deployed.

The existing practitioner and academic literature on accountability within development NGOs argues strongly in favour of accountability mechanisms that provide accountability to, and capture the views of, beneficiaries and NGO fieldworkers – with the aim of enhancing the effectiveness of aid delivery in individual projects by taking into account the views and experiences of those closest to the delivery of the aid. As will be discussed in Chapter 2, section 2.5, these arguments within the existing literature are, however, either derived mainly conceptually – with little empirical support – or are based on the views of relatively senior officers in NGOs. The prevailing arguments in favour of broader forms of NGO accountability have therefore essentially been developed without directly considering the views and experiences of those who these arguments assert should play a key role in the NGO accountability process – the fieldworkers and beneficiaries.

Furthermore, there is a general lack of independent study into the impact on, and perceptions of, beneficiaries of those attempts that some NGOs have made to expand their accountability. Those studies that have addressed this issue have tended to be narrowly focused on particular NGOs, and have therefore not been able to provide broader insights into issues at the fundamental level associated with the development and implementation of new forms of accountability mechanisms.

This report and the research project upon which it is based address these deficiencies in the existing practitioner and academic NGO accountability literature by investigating, through the experience of those operating on aid projects at the NGO fieldwork level, the impact of different accounting and accountability mechanisms on the effectiveness of aid delivery. By investigating this issue, and identifying the types of accounting and accountability mechanisms that enhance aid effectiveness and those that potentially undermine it, this study aims to contribute to the formulation of NGO accounting and accountability policies that will be effective in improving the efficiency and effectiveness with which aid funding is transformed into a reduction in human suffering in impoverished nations.

1.1 AIMS AND OBJECTIVES

The overall aim of this research project is to investigate the impact of a variety of accounting and accountability mechanisms on the effectiveness of aid delivery in NGOs at the local level in developing countries. In undertaking this aim, the following five specific objectives have been addressed:

1. to identify characteristics of the key mechanisms of accountability employed in a sample of international and local NGOs
2. to provide evidence of beneficial and dysfunctional impacts of the accountability mechanisms (identified under objective 1.) on the effectiveness of aid delivery
3. to explain why particular accountability mechanisms are considered beneficial or dysfunctional
4. to assess the extent of beneficiary involvement in the accountability mechanisms identified under objective 1. and to investigate the factors preventing and/or facilitating accountability to beneficiaries, and
5. to suggest alternative mechanisms of accountability that may alleviate the potentially dysfunctional impacts of donor-led upward-accountability mechanisms, and encourage the involvement of officers and beneficiaries in the field.

1.2 RESEARCH METHODS

To address these aims and objectives, a series of interviews and focus groups were conducted with workers and beneficiaries of a range of welfare aid delivery NGOs in Ghana. This comprised a total of 28 individual engagements as follows:

- 10 interviews in total with personnel in NGO head offices, NGO umbrella organisations, and the ACCA office in Accra (the primary aim of these interviews was to inform the larger context within which the local accountability issues could be understood)
- 12 interviews with NGO fieldworkers/officers in northern Ghana (centred on the regional capital of Tamale)
- 6 focus groups with NGO beneficiaries in northern Ghana (centred on the regional capital of Tamale).

Semi-structured in-depth interviews were chosen as the core method for this study because they offer an effective strategy for gaining deep meaning and understanding from individuals actually working in the field. Previous work on NGO accountability has used interviews and found them to be successful in generating in-depth, meaningful insights (see, for example, Edwards and Fowler 2002; Ebrahim 2003a and 2003b; Dixon et al. 2006; Goddard and Assad 2006; Gray et al. 2006; Unerman and O'Dwyer 2006a; O'Dwyer and Unerman 2007). Focus group

discussions were held with beneficiaries to encourage open conversation in a non-threatening way and to facilitate the expression of views from beneficiaries who may not have been used to discussing their opinions of their NGO benefactors.

The interviews and focus groups were recorded and the recordings were subsequently transcribed. Notes taken during the interviews and focus groups, along with the transcriptions, were then analysed to ascertain common themes in relation to the impact of different accounting and accountability mechanisms on the effectiveness of aid delivery. Some NGOs offered examples of documentary reports to show the content of these forms of accountability mechanism. These reports were reviewed and analysed. The core concepts of hierarchical and holistic NGO accountability, as explained in the next chapter, were used to help structure the analysis.

Following this analysis, a preliminary draft of this report was prepared. This preliminary report was used as the basis of a feedback and clarification workshop conducted with 24 field officers from the NGOs, who had been interviewed earlier in the project. The feedback and clarification workshop included not just the individuals from the initial interviews, but also some of their colleagues who had not been interviewed initially. Thus, although the clarification workshop included only NGOs interviewed for the study, there were present officers from these NGOs who had not themselves been interviewed before. Comments from this workshop, and two feedback and clarification meetings with beneficiary groups, were fed into the analysis contained in this final version of the research report.

1.3 THE RESEARCH SITE: GHANA

The research site, Ghana, is located on the west coast of Africa with a total area of 238,533 square kilometres. Its rapidly increasing population in 2000 was 18.9 million and was estimated at 22.1 million in 2007 (Ghana Statistical Service 2008). Ghana's main development instrument is a Growth and Poverty Reduction Strategy 2006–2009, aimed at 'achieving sustainable, equitable growth, accelerated poverty reduction, and the protection of the vulnerable and excluded within a decentralized democratic environment' (Republic of Ghana 2005).

There is considerable NGO activity in Ghana, especially in northern Ghana where this research was undertaken. In the northern region of Ghana 60% of the population live below the national poverty level¹ compared with the national average of 29% (Ghana Statistical Service 2008). Other development indicators, such as child under-nutrition and adult literacy rates, are lowest in northern Ghana, indicating a significant degree of underdevelopment and

1. The poverty line was defined in 2005/6 as an average annual income of 370 USD by the Ghana Statistical Service.

poverty in that area (Ghana Statistical Service 2008). Ghana provides an excellent case study because of the diversity of INGOs and local NGOs operating there. In addition, NGO activity in Ghana covers several areas, including health, education, agriculture, forestry, and poverty reduction programmes such as micro-credit (Porter 2003).

The NGOs selected for participation in this study included several INGOs and their partner local NGOs. In interviews with officers at the Accra head offices/regional offices of these NGOs, questions were asked specifically about the extent to which the issues raised applied more broadly than in just the Ghanaian context, as many of our interviewees had extensive experience of the issues being examined through their work in several other countries. According to these officers, many of the core issues were applicable across a range of countries, especially where these issues were determined by donor requirements (as many donors channel development aid to more than one country). Their perspectives indicated that although this project has collected and analysed Ghanaian evidence, its findings, conclusions and policy implications can provide more general lessons for the impact of NGO accounting and accountability mechanisms on aid delivery.

1.4 OUTLINE OF STRUCTURE OF THIS RESEARCH REPORT

The next chapter of this report explains the context of NGO accountability and the core concepts of hierarchical and holistic NGO accountability used in the analysis. It also explains in depth how this report adds to the insights provided in existing academic and practitioner literature about the effectiveness of NGO accounting and accountability mechanisms. Chapter 3 then explains the main accounting and accountability mechanisms that this study has identified as being used in and by the NGOs. Drawing on insights from the interviews, focus groups and feedback/clarification meetings, Chapter 4 proceeds to identify and analyse the core issues for aid effectiveness arising from these existing upward-accounting and accountability mechanisms. It also makes recommendations for changes to improve the impact of these mechanisms on the effectiveness of aid delivery. Chapter 5 then examines and analyses the effects of existing downward-accountability mechanisms on meeting the needs of beneficiaries and suggests some new and improved accountability mechanisms at the local level. The findings of the study are summarised and conclusions drawn in Chapter 6, where policy recommendations from Chapters 4 and 5 are also summarised, setting out changes in NGO accounting and accountability practices that may contribute to more effective deployment of development aid, whereby a greater reduction in current and future human suffering might be achieved for each dollar of aid funding.

2. The context of NGO accountability

2.1 INTRODUCTION

NGO accountability issues are complex primarily because of the ambiguous situation in which NGOs exist. Essentially intermediary organisations, they engage with multiple stakeholders with diverse demands (Jordan and van Tuijl 2006; O'Dwyer 2007). Funding and other resources are often provided for locally based service-delivery NGOs by governments and fund-raising NGOs from developed nations. Many international NGOs (INGOs) similarly raise funds primarily in developed nations and distribute these through their local operations in developing nations. Local NGOs and the local operations of INGOs therefore act as an interface between international donors and local beneficiaries.

Although the development efforts of INGOs have traditionally focused on development as a need and development work as a gift, a recent trend identifies development more commonly as a right, with 'the goal of development assistance involving an obligation to assist in [the] fulfilment of individual entitlements' (Nelson and Dorsey 2003: 2014). This rights-based approach has also led to efforts on the part of INGOs to educate people affected by INGO projects and activities. These education activities are aimed at promoting understanding of individual rights, particularly human rights, and encouraging critical analyses of prevailing social and cultural values (Nelson and Dorsey 2003). Furthermore, the design of INGO projects has occurred in a participatory manner designed to recognise the rights of affected people to exert substantial control over these projects.

2.2 UPWARD AND DOWNWARD ACCOUNTABILITY

NGOs are playing an increasingly important role in the delivery of healthcare, education and other welfare services in many developing countries (see, for example, Dixon et al. 2006; Ebrahim 2003a; Edwards and Fowler 2002; Goddard and Assad 2006; Gray et al. 2006; O'Dwyer and Unerman 2007; Porter 2003; Unerman and O'Dwyer 2006a). A normal requirement attached to the funding provided to these NGOs is that the locally based NGO has to account to the donor government or INGO for the manner in which their funds have been used. Although this requirement can help to ensure that funding is not being misappropriated or spent on undesignated projects, it has also been shown to have problematic consequences. For example, there is some evidence that the accountability mechanisms employed (or required) by INGOs to address this need for so-called upward accountability to donors can prove counterproductive by damaging the effectiveness of service delivery to the NGOs' beneficiaries (Dixon et al. 2006; Goddard and Assad 2006). To ensure that the funding provided by donor governments and NGOs gives the greatest benefit to its intended beneficiaries, it is clearly important for governments and other donors to be aware of the potentially damaging and counterproductive impact of some of the upward-accountability mechanisms they may be insisting that NGOs implement.

Many NGOs and some donors now recognise that, in addition to ensuring that upward-accountability mechanisms are not counterproductive, they can enhance the effectiveness of NGO service delivery by ensuring that local NGOs, and the local operations of INGOs, are downwardly accountable to their beneficiaries (O'Dwyer and Unerman 2007). This downward accountability should be designed and implemented in such a way as to help the NGO identify the needs of its intended beneficiaries and assess how well it is addressing these needs (Ebrahim 2003a).

2.3 HIERARCHICAL AND HOLISTIC ACCOUNTABILITY

The concepts used in this report to frame and analyse the evidence about how different NGO accounting and accountability methods influence the effectiveness of aid delivery, draw on these ideas of upward and downward accountability. Upward accountability to donors is regarded as a form of hierarchical accountability (Fowler 1996; Najam 1996; Dillon 2004; Kilby 2004; O'Dwyer and Unerman 2007; O'Dwyer and Unerman 2008), characterised by fairly rigid accounting and accountability procedures. This form of accounting typically provides donors with a written (usually quantified) account comprising information in a form they have requested to help ensure that the funds they have donated have been used for the purposes they have specified. This is usually in the form of a one-way flow of information from the NGO to the donor, with the focus being on the efficiency with which the donors' funds have been spent (in terms of spending the funds on the particular projects as specified by the donors) (Edwards and Hulme 1996a, 1996b; Fowler 1996; Dillon 2004).

The one-way flow of information in hierarchical accountability often does not, however, provide either the NGO or the donor with information about how effectively the funding has been, or can be, used to provide the maximum alleviation of human suffering for each dollar of aid (Fowler 1996; Leen 2006; Najam 1996; Dillon 2004). It seems to presume that in specifying details of the projects upon which their funding must be spent, donors know the most effective way to alleviate poverty at the local level. Where donors have common project requirements and specifications across a number of locations, it also presumes that variable local conditions do not affect the manner in which aid projects should be run to deliver the maximum benefit.

In practice, there is a distance between the donors in more developed nations and the localised aid projects, and differences exist in local conditions that affect the impact of different aid delivery processes. This implies that to help maximise the effectiveness of aid delivery, local knowledge needs to be used in deciding and specifying the details of individual aid projects at the local level (Najam 1996; Hilhorst 2002; Dillon 2004).

Ascertaining this local knowledge, and feeding it into decisions regarding the most effective shape of aid projects, requires multilateral dialogue with a range of

people (Hilhorst 2002). These include the local NGO fieldworkers/officers and beneficiaries, who are aware of the local conditions on the ground that can affect the effectiveness of specific detailed NGO project implementation (Edwards and Hulme 1996a, 1996b; Fowler 1996; Kilby 2004).

If donors and NGOs engage in this dialogue with local NGO fieldworkers and beneficiaries (among other stakeholders) and feed the information into aid delivery decisions, and if aid funding is motivated by human-rights considerations, then it can be argued that donors and NGOs are accountable to beneficiaries (Atack 1999; Scott-Villiers 2002; Kilby 2004; Unerman and O'Dwyer 2006b; O'Dwyer and Unerman 2008). Furthermore, donors can also be regarded as accountable to NGOs. These broader accountabilities arise where one party (such as a donor) is regarded as having a responsibility to another party (such as the NGO itself, and/or its beneficiaries). Although such downward responsibilities will not usually be legally defined and enforceable (in contrast to the contractual responsibilities a company's directors owe to its shareholders and creditors), they may be accepted as moral responsibilities (Unerman and O'Dwyer 2006b: 368). After all, it can be argued that donors who do not have any formal contractual or legislative responsibility to give aid will have often been motivated to give this aid by recognition of a moral human-rights obligation to help those suffering from poverty.

Where one party has recognised that it has a responsibility to another, that party is accountable to the other for how it has behaved in relation to this responsibility. Thus, while formal legal responsibilities give rise to a formal duty to provide an account (such as requirements for company directors to provide formal accounts to shareholders), recognition and acceptance of moral responsibilities can be regarded as giving rise to moral duties to provide an account of how the party with the moral responsibility has acted in relation to its responsibility (Unerman et al. 2007).

Holistic accountability (O'Dwyer and Unerman 2007; O'Dwyer and Unerman 2008) is the concept that encompasses this broader range of accountabilities – not just upward from the NGO to the donors, but accountability in multiple directions between a range of stakeholders including donors, the NGO, NGO officers in the field and beneficiaries (see also Edwards and Hulme 1996a, 1996b; Najam 1996; Kilby 2004). Holistic accountability therefore includes hierarchical upward accountability but informs and augments this with information flows to and from other stakeholders. As argued above, holistic forms of accountability are desirable both from a practical perspective, in that they help ensure that donors and NGOs are informed of the most effective ways to deploy finite aid funding, and from a moral perspective in that they help discharge moral duties of accountability derived from moral responsibilities. In practice there is a continuum between the two concepts of purely hierarchical and wholly holistic accountability.

2.4 PREVALENT NGO ACCOUNTABILITY MECHANISMS

Drawing on the existing academic literature on NGO accountability, the previous sub-section has discussed the key accountability concepts underpinning the focus of this study. This sub-section outlines the common mechanisms used by NGOs, which tend to facilitate hierarchical upward accountability and/or broader, more holistic accountability dialogue between an NGO and other stakeholders. This outline draws on the widely cited work of Ebrahim (2003a), who has carefully collated and classified these accountability mechanisms. Table 2.1 identifies the various individual mechanisms, while the key characteristics of each of the mechanisms (primarily as explained by Ebrahim 2003a) are briefly discussed after the table.

Table 2.1: NGO accountability mechanisms

Accountability mechanisms	Accountability to whom?
Disclosure statements and reports	Upwards to donors and oversight agencies
Performance assessment and evaluation	Upwards to donors and oversight agencies
Participation	Downwards from NGOs to NGO beneficiaries
Social auditing	To NGOs themselves
Self-regulation	Of NGOs themselves as a sector

Adapted from Ebrahim (2003a).

Disclosure statements and reports

Disclosure statements and reports are documents that are required by donors and oversight agencies. The nature of the reports varies from NGO to NGO and between different countries. Generally, they contain both financial information and operational data about the projects. In some countries, for example in the United States, they are legally required documents.

Performance assessment and evaluations

Performance assessment and evaluation reports assess the impact of projects. Typically, the performance evaluation is conducted at the end of a project, while assessments are conducted mid-way through it. Increasingly, aid programmes and projects are specified using Logical Framework Analysis (LFA). Project aims, expected results and performance indicators are specified at the start of the project. Performance assessments and evaluations are intended to appraise the extent to which project goals have been achieved. In some instances, performance assessments and evaluations are used by donors to determine whether further funding should be provided.

Participation

Participation as an accountability mechanism reflects the process of involving beneficiaries in decisions about projects. At the simplest level it includes the sharing of information with beneficiaries and consulting with them, though the decision making remains with the project planners and funders. Participation may also be undertaken with higher levels of beneficiary involvement. Beneficiaries may participate in project-related activities through their provision of labour for projects. At an even higher level of participation, beneficiaries may be encouraged to negotiate and bargain over decisions with the NGOs.

Social auditing

Social auditing is a process whereby the NGO assesses and reports on its social performance and ethical behaviour (Ebrahim 2003a). It incorporates all the accountability mechanisms discussed above. Its use enables the views of a range of stakeholders (such as beneficiaries, donors and NGO officers) to influence the organisational goals and values of the NGO.

Self-regulation

Within the self-regulation accountability mechanism, the NGO sector develops for itself standards and codes of behaviour. Self-regulation may be formal, thereby offering visible codes of conduct for NGO behaviour. This may involve a process of certification of NGOs. It may also include the development of networks. Self-regulation may also be approached in a less formal manner. The overall aim of self-regulation is to increase NGO credibility and accountability (Kwesiga and Namisi 2006).

2.5 EXISTING INSIGHTS ON NGO ACCOUNTABILITY AT LOCAL LEVEL, AND CONTRIBUTIONS OF THIS STUDY

There is a paucity of research that gathers evidence from NGO fieldworkers and beneficiaries regarding the effectiveness of different accountability mechanisms in identifying and addressing their needs, especially more holistic forms of accountability mechanisms.

The literature on accountability of development NGOs is replete with largely conceptual work arguing for the introduction of accountability mechanisms that privilege the voices of beneficiaries and/or local NGO fieldworkers/officers in developing countries (Najam 1996; Ebrahim 2005; Unerman and O'Dwyer 2006a). Much of this research also proposes specific accountability mechanisms embracing this focus as a means of assessing the effectiveness of NGO actions (Ebrahim 2003a). This work is limited, however, in a number of respects.

First, although some empirical work has engaged directly with beneficiaries to ascertain both how they experience accountability and the extent of their involvement in accountability mechanisms (see, for example, Dixon et al. 2006; Goddard and Assad 2006), most research methods used to study NGO accountability do not prioritise direct engagements with beneficiaries and/or local NGO officers in the field. Hence, although prior literature expresses concern about how certain forms of NGO accountability

tend to distort the accountability of NGOs away from 'grassroots and internal constituencies [such as locally based NGO officers in the field]' (Edwards and Hulme 1996b: 962) and sometimes strives to present solutions to correct this perceived deficiency, researchers themselves have been less inclined to engage directly with beneficiaries and/or NGO officers in the field. This engagement is necessary if we are to deepen our understanding of local constituencies' experiences of accountability mechanisms, in particular the impact these mechanisms have on their daily lives.

Secondly, although much literature expresses concern that narrow accountability relations, ignoring beneficiary concerns, can have potentially adverse effects on NGO mission achievement and organisational learning (Ebrahim 2005; O'Dwyer and Unerman 2007), there are few independent investigations examining how NGOs' attempts to broaden their accountability to address beneficiary concerns are perceived by beneficiaries themselves. These investigations are especially important as, despite the often-claimed increase in accountability mechanisms privileging participation and partnership by northern Ghanaian NGOs with local NGOs and beneficiaries, a significant body of evidence remains sceptical as to the substantive contribution these approaches are making to the lives of the people whom northern NGOs seek to assist (Aryeetey 1998; Dillon 2004; Ebrahim 2005; Dixon et al. 2006).

Thirdly, studies of attempts to implement more beneficiary-focused forms of accountability (see Dawson 1998; Scott-Villiers 2002) have tended to be very specific, largely focusing on highly specialised individual NGOs rather than examining a range of NGOs in particular contexts. Research embracing a range of NGOs is necessary to obtain a broader view of the implementation issues surrounding NGO accountability mechanisms, which could be used to inform policy debates.

This study addresses the three perceived gaps in the prior literature outlined above, as follows.

First, its focus is on a range of perspectives on accountability from different NGO officers in the field and beneficiaries, thereby privileging voices that are largely absent from prior research studies.

Secondly, by embracing these perspectives, the study affords a unique in-depth, bottom-up examination of the perceived efficacy of attempts to broaden accountability to beneficiaries.

Thirdly, the study's focus on a range of NGOs allows the collation and consideration of a wide variety of perspectives that can be used to facilitate broader policy recommendations.

The first stage in addressing these issues is ascertaining the nature of the accountability mechanisms currently employed within the NGOs examined in this research study. Chapter 3 explains the key characteristics of these

3. Existing accounting and accountability mechanisms

3.1 INTRODUCTION

This chapter identifies and explains the different types of accountability mechanisms used in practice by the NGOs interviewed in this study. Table 3.1 summarises these different mechanisms within the five broad categories of accountability mechanism set out in Table 2.1 (page 11). As the aim of this chapter is to explain the accounting and accountability mechanisms that are commonly used by the NGOs in this study, analysis of the effectiveness and role of these accounting and accountability mechanisms is undertaken in later chapters.

Table 3.1: Existing NGO accounting and accountability mechanisms identified in this study

Accountability mechanism	Financial information	Narrative	Quantitative performance indicators	Written or oral	Frequency	Stakeholder focus
Disclosure statements and reports						
Annual reports	Yes	Yes	Yes	Written	Once a year	Range of stakeholders
Interim reports	Yes	Yes	Yes	Written	Monthly, quarterly, or half yearly	Donors
Performance assessment and evaluations						
Assessment reports	Yes	Yes	Yes	Written	Continuous	Donors and internal stakeholders
Evaluation/final project report	Yes	Yes	Yes	Written	At end of project	Donors
Participation and beneficiary involvement						
Community consultations and dialogues	Not always	Yes	Yes	Oral	Varies	Beneficiaries
Participatory review reports	Not always	Yes	Yes	Written and oral	Varies	Range of stakeholders
Informal reporting	Not always	Yes	Yes	Oral	Continuous	Beneficiaries
Social auditing						
Accountability notice boards	Yes	Yes	Yes	Written	Quarterly	Range of stakeholders
Newsletters	Yes	Yes	No	Written	Monthly, quarterly	Range of stakeholders
Self-regulation						
Networks and NGO membership organisations	Not always	Yes	Yes	Written and oral	Varies	Sector and regional NGOs

3.2 DISCLOSURE STATEMENTS AND REPORTS

There was evidence that two main types of report are produced or contributed to by the NGO officers. Each year all NGOs produce a summative annual report of all activities. In many NGOs the officers also provide interim reports of their activities throughout the year. Additionally, NGOs are audited as part of the external financial audit processes.

Annual (or summative) reports

These reports summarise all an NGO's activity for the year. Typically, they are glossy publications similar to corporate annual review reports, resembling in particular the operating and financial reviews produced by many listed companies. Most INGOs produce annual reports on their global activities with brief descriptions of individual country activities.

Some local branches of INGOs, in addition, produce their own publications about their annual activities. Table 3.2 summarises the contents of a typical annual report using categories that commonly appear in these reports.

Interim reports

Several of the NGOs studied produce interim reports of their activities regularly on a monthly, quarterly or half-yearly basis. Separate interim reports are usually produced for each project being undertaken. These reports summarise the activities of the project in question for a specified period.

A typical report provides a brief overview of the period's activities followed by a description of these activities in a little more detail. The reports identify the planned activity and compare this with the actual activity that has been achieved for the period. The reports usually contain physical measures of performance. The differences between the planned and actual activities are usually explained fairly briefly. Some reports also summarise the financial resources used in the provision of activities during the period and sometimes cumulatively. In general terms, the interim report resembles a typical variance report statement. Table 3.3 provides an example of a typical financial interim report.

Table 3.2: Typical INGO local branch annual report

Contents	Description
Mission statement	Vision statement and core values
Field activities	List of activities; indication of achievements, eg number of boreholes drilled; number of hand wells installed
Organisational activities	Communication; marketing; human resources
Financial information	Income and expenditures; Expenditure by activity; Cash-flow statements

Table 3.3: An example of a financial summary interim report

Activity items	Objectives	Output achieved	Remarks	Budget for this quarter	Actual expenditure	Remarks % of total budget spent
Monitor activities of clients	Visit all 150 clients	Only 103 clients visited 69% visited	Late receipt of funding	£ 350	£250	71%
Overheads						
Administration costs						
Staff costs						
Equipment costs				£ 30	£50	160%

Most of the interim reports examined in the course of this study had standard reporting templates that the officers had filled in. Such interim reports require the officers to provide brief narrative commentary on the problems and challenges that they faced in undertaking the activities. Other interim reports were more reflective and included sections about the learning that the officers derived from undertaking the activities. Table 3.4 provides an example of the headings of a typical interim report to be filled in by officers.

In the reports we saw, the commentary tended to be brief and in many instances took the form of bullet points. The interim reports tended to conclude with brief details of plans for the next period.

3.3 PERFORMANCE ASSESSMENT AND EVALUATIONS

Performance assessment and evaluation reports are written at various times during the life of the project. Some NGO officers considered the assessment reports and the evaluation reports to be similar, while other officers described differences between them. Performance evaluation reports are typically written at the end of a project or at the end of a funding stream, and therefore are final project reports. On the other hand, performance assessment reports tend to be written on a continuous basis. These reports are more comprehensive than the regular quarterly and annual reports.

The main audience for the performance assessment and evaluation reports is donors. The performance assessment and evaluation reports concentrate on the extent to which predefined project aims and objectives have been achieved. In addition, they usually consider issues of sustainability and organisational learning, and these aspects appear to be less evident in the more regular disclosure reports.

Table 3.4: Example of commentary in an interim report

Sub-heading	Commentary
Activity	Capacity-building workshop: assertiveness training
Objective	To build the capacity of 100 women in a selected community
Target group	Women's groups
Challenges	Late disbursement of funds
Outputs	Number of women trained
Indicators	Photographic evidence

The performance assessment and evaluation reports tend to consider the context in which the project has been undertaken. Some also look strategically at performance. The overall aim of this type of reporting seems to be to provide evidence of the potential longer-term impact of the projects. As is the case with the other regular reports, these reports usually include both financial reports and narrative reporting of the challenges experienced in undertaking the projects.

In Table 3.5 the headings and contents of an exemplar final project evaluation report are provided.

In order to take a broader look at performance, all NGO officers usually draw up the performance assessments. For example, one NGO officer explained that in order to assess performance they held a staff team retreat, a partners' review and reflection meeting, as well as community meetings. Some NGOs described how sister NGOs from other towns are involved with the process of developing the performance assessment reports.

3.4 PARTICIPATION AND BENEFICIARY INVOLVEMENT

This research study identified that beneficiaries were involved in the accountability processes mainly through participatory meetings. Two types of participatory engagement were commented upon by the NGO field officers. These were community consultations and dialogues, and participatory reviews. NGO officers also referred to social auditing involving beneficiaries as a useful accountability mechanism, because it focused specifically on how communities viewed individual NGOs' activities. This section explains the extent to which these mechanisms involved beneficiaries in the accountability processes.

Community consultations and dialogues

In many NGOs, community consultations are held with beneficiaries and are usually undertaken at the start of projects. Usually all members of the local community are invited to these meetings in a traditional way by the chief (often using a call through drumming). During these meetings, the officers attempt to assess the needs of beneficiaries. Some examples of the sort of statements that officers made during interviews are shown below.

Table 3.5: Final project report

Headings	Example of content discussed
Introduction	How report was developed; staff retreat, partnership review and reflection; team members; length of project
Political, economic and social changes	Ghana named as a member of the Highly Indebted Poor Countries
Progress against project aims and objectives	Aims identified; tables provided summarising NGO interventions; each objective defined and progress analysed; learning highlighted for each objective
Financial summaries	Expenditures by activities
Partnerships and working relationships	Number of partners worked with
Administration and management	Details about the NGO
The future of the programme	Plans for the future; direction of new work
Challenges	Resource constraints; low capacity of partners; poor road networks

Before we come out with our plans we organise community meetings to derive their needs. (NGO 10, an officer)

We interact with them and they tell us very, very interesting stories and we take them all into consideration...We take the focus group approach, we thereby meet the women separately and men too, separately. Then we encourage the specialists – that is the food and agriculture staff, the health staff, education staff to come out clearly with their technical observations. In the presence of the people we are able to develop – I mean come out with a document that represents the real needs of the people. We then design the project...what we called the area development programme, and then we submit it to our support offices. (NGO 2, a country director)

The meetings are usually held in the communal meeting places of the beneficiaries' communities (for example, under the shade of a large tree). In some instances separate meetings for men and women are held. The consultation meetings are mainly led by the NGO field officers. Alternatively, the community dialogues may be led by the partner organisations (such as other, more locally based NGOs), where the NGO operates through such partners. The community consultations are often recorded photographically to provide evidence to donors that they have taken place. Reports are also usually written to summarise what took place during the meetings. Discussions held as part of this study with the beneficiaries suggest that financial information tends not to be part of this initial meeting.

Community consultation is also used as part of the planning process, to identify how to proceed with a particular project. During this type of consultation, for example, the community members may attempt to refine the broad objectives for a project. One example we were given was a situation in which an initial agreement was made with beneficiaries to provide labour and material for the fencing of several acres of land to prepare for farming. Through the consultations with beneficiaries it became obvious that this was not feasible because of the quantity of wood required for the fencing of the large areas. The beneficiaries made it clear that the approach was not feasible: 'It dawned upon them that getting the trees and sticks to fence that sizable amount of land was not going to be easy. So basically they brought out this issue. We had to change the strategy and commission others to do the fencing. This had cost implications but we had to change. (NGO 6, a programme director in Accra head office)

Where the revised objectives did not match the scope of an NGO's activities, these attempts were not always successful. During a focus group discussion one beneficiary commented: 'Our roads are in a bad way and we asked them also to sort them out. But they [the NGO] said they are not into road construction'.

3.5 PARTICIPATORY REVIEWS

Participatory reviews are held with beneficiaries at specified points after the implementation of projects. They usually occur at the end of the project, although some NGOs hold them half way through the project. Most of the NGO officers interviewed confirmed that they held participatory reviews.

Such participatory reviews are required by many of the donor INGOs, but they tend to vary in form. Some NGOs have developed a very sophisticated approach to participatory reviews but others use approaches that are not so well developed and tend to be more informal. Between these two extremes, each of which is discussed below, we observed varying degrees of participation.

The more 'sophisticated' participatory review

A very small number of NGOs in this study use highly developed and sophisticated participatory reviews. These take place in several stages and are held with communities, partners and NGO officers, in various permutations. For instance, they may be held only between the partners and communities without the NGO officers being present. They may also be held between the partners and the NGOs without the presence of the beneficiary groups. In some instances the whole local beneficiary community is present while in other instances only community representatives attend the meeting.

The NGO officers suggested that one role of participatory review is to determine how effectively a project is being undertaken. This type of review therefore tends to focus on the impact of the NGO intervention and to plan for the next stage of the project. The review becomes one where the beneficiaries reflect on the work of the NGO. Officers explained the approach.

Yes, the community members are involved in the evaluation, the chiefs are involved in evaluation, the opinion leaders are involved in evaluation. (NGO 2, country director)

And during this review process, communities, partners, are given the space to say positives, negatives, challenges of the work for the previous year. (NGO 9, an officer)

When we go, we first interact with the focal person, and then the head teacher and we get information as to the impact of our intervention. Then we interview one or two children 'how is it?' 'Oh, I am not very happy'. (NGO 14, an officer)

In principle, during the participatory review beneficiaries may comment on the performance of the NGOs and reflect on whether the performance indicators they had previously agreed at the planning stage have been achieved. There are issues of power (discussed in section 5.4 in Chapter 5), however, that in practice may prevent beneficiaries from criticising the work of the NGOs.

Various methodologies are used for participatory meetings. Commonly, focus groups are held separately with men, women and occasionally children. These were often followed by plenary sessions (referred to as community forums) in which the groups were brought together.

Table 3.6 provides examples of comments from reports of participatory meetings.

Table 3.6: Examples of comments from reports of participatory meetings

NGO	Positive	Negative
NGO 9	Teaching and learning materials supplied to the infant classes have opened the minds of our children	Community reports are sent in foreign languages and without a vernacular version. This is something that did not go down well
NGO 10	Community members now engage in minor activities	The drugs are still not available even when you have money to pay for them

The participatory review meetings are usually photographed and in some cases they are filmed. A report is written about the process. The photographs, videos and reports provide evidence for donors and the head office of the INGOs that the meetings have taken place.

Informal participation

At the other end of the participatory review continuum is the informal participation and communication that the NGO officers explained they held with their beneficiaries. Such interaction tends to be regular. Members of the community are encouraged to talk to the NGO officers during their interactions with them.

Some beneficiary groups also indicated that they approached the NGOs informally as the need arose; for example, to request ad hoc small extensions to the deadline to make the payment of instalments due in a micro-credit scheme.

3.6 SOCIAL AUDITING

NGO officers tended to define social auditing as the process of assessing the impact of the NGO's work on beneficiaries' lives:

[social audit] is a way for beneficiaries to assess the impact of an NGO (field officer's comment at feedback session)

a process of assessing access and utilisation of social services by beneficiaries (field officer's comment at feedback session)

a process/opportunity for both beneficiaries and development agencies to look back at what has happened (field officer's comment at feedback session).

For example, one NGO officer discussed how a social audit pilot had been carried out. The aim was to gather information about how the community viewed the NGO's activities. This social audit was undertaken as a participatory process. The NGO officer explained that the social audit was led by the community from the start to the end. The community decided what to look at, how to gather information and how to hold the meeting.

Both in this example, and in the broader definitions of social audit offered by other NGO officers, the role of social audit is very close to the notion of participatory reviews discussed in the previous sub-section. It does not involve aspects of auditing as traditionally understood within the accounting community.

3.7 SELF-REGULATION

There was no evidence that self-regulation through forms of peer review took place at the local level in any of the NGOs interviewed for this study. Nonetheless, peer review was suggested by several of the field officers as a potential new accountability mechanism to help improve the effectiveness of aid delivery. This point is discussed in section 5.5 in Chapter 5.

3.8 SUMMARY

This chapter has explained the key aspects of the main accounting and accountability mechanisms currently used by the NGOs examined in this study. The next two chapters examine and analyse perceptions of the main beneficial and dysfunctional aspects of these accountability mechanisms in terms of their impact on the effectiveness of aid delivery. Chapter 4 examines perceptions of the advantageous and disadvantageous impacts of existing upward-accounting and accountability mechanisms on the effectiveness of aid delivery, and makes recommendations for changes to reduce the potentially adverse effects and capitalise on the potential benefits of upward accountability. Chapter 5 then explores similar issues in relation to downward and more holistic forms of accountability.

4. Impacts of upward-accountability mechanisms

4.1 INTRODUCTION

This chapter explains and analyses the perceptions of the NGO officers and beneficiaries about the impact of existing upward-accounting and accountability mechanisms (as identified in Chapter 3) on the effectiveness of aid delivery. Field officers consistently suggested that upward-accountability requirements of donors and INGOs dominated much of their work.

Existing academic literature on NGO accountability, mostly derived from conceptual studies or from empirical work with senior NGO officials not working in the field at the local level, has tended to portray upward-accountability mechanisms as problematic (Dillon 2004; Kilby 2004; O'Dwyer and Unerman 2007; O'Dwyer and Unerman 2008). There have therefore been few, if any, research insights into the advantages and benefits associated with these mechanisms.

In contrast to some of the impressions given by these prior studies, the picture emerging from the analysis in this chapter is that most of the existing upward-accounting and accountability mechanisms have both advantageous and disadvantageous impacts on the effectiveness of aid delivery. As would be expected with any analysis of this kind, there were differing views among the interviewees regarding the relative merits and demerits of the existing mechanisms. The analysis in this chapter focuses on the key issues identified in the following areas, each of which is discussed in a separate section:

- the key perceived benefits of formal upward-accounting and accountability mechanisms
- upward-accountability requirements that dictate the detailed activities undertaken by NGOs at the local level, with potentially detrimental impacts on the effectiveness of aid delivery
- the conflict between the need for periodic reporting to donors and the timescales on some projects
- accountability mechanisms that dictate how performance is measured, although these performance measurements do not always (or even usually) permit a balanced portrayal of the performance and impact of a particular project
- the important, but often overlooked or discouraged, role of the reporting of unintended consequences and failures in aspects of project implementation
- a number of issues related to upward accountability in NGO partnership arrangements.

The final section of this chapter summarises the key reasons why upward-accountability mechanisms produce potentially detrimental impacts on the effectiveness of aid delivery, while recognising the benefits of aspects of existing upward-accounting and accountability mechanisms. It also makes suggestions for changes in upward-accountability practices to address the perceived deficiencies.

4.2 BENEFITS OF UPWARD-ACCOUNTING AND ACCOUNTABILITY MECHANISMS

Current upward-accounting and accountability mechanisms and practices were perceived by many of the NGO officers in the field as having a number of beneficial impacts. Important among these are the trust they helped engender: during a feedback session an officer commented, 'they help to build trust and confidence between donors and the NGOs that implement the donors' programmes'.

As part of this building of trust, some NGO officers suggested that upward-accountability mechanisms allowed their work to be transparent to donors and sponsors. This transparency meant that the likelihood that funds would be misused could be reduced:

They [funders] have to see some transparency in you... how you have handled their money. They do not want any misuse of funds. You have to exercise a lot of transparency and accountability. (NGO 8, an officer)

Upward-reporting mechanisms helped some officers share information with donors to show that they were working effectively and meeting specified programme objectives. Developing such confidence in the work of the NGOs was perceived as helping to ensure continued donor support. One officer described upward accountability, as a process of information sharing, in this way:

Information sharing is very important to us. You provide the paper evidence of what is going on. Yes, they are our main funders and they have areas of interest and focus. It is...the information that you gather that will inform whether you are actually meeting programme objectives or not. Unless your project meets their objectives, they might feel very reluctant to support. (NGO 10, an officer)

Another officer suggested that upward-accountability mechanisms allowed the funders to cross-check and monitor activities without being physically present. It was especially important to explain variances within the reports: 'If they release the funds to you, you have to give them the requirements by way of how the money was spent. This is the amount we received and how we spent the money...Give a true reflection...' (NGO 12, an officer).

The officers also suggested that upward-accountability mechanisms were beneficial because they help 'keep NGOs on their toes' and help them stay focused. The reporting processes acted as guides or frameworks to direct the NGO work. One officer explained during interview: 'You allocate your money quarterly and at the end of the quarter if there is a big under-spend, then it means you didn't carry out the activities in that quarter and basically it's about explaining the variances' (NGO 15, an officer).

Another officer explained that the periodic evaluation processes allowed the NGO to work in a structured way towards its goals. One of these evaluations had led the NGO to make contingency plans when it became obvious that funding would not be continued.

There was an evaluation and we went into the third phase, which is lasting from [date] to [date]. At our meeting in [date] I mean, they [the funders] harped on the need to ensure sustainability should funding cease... how to ensure the sustainability of your intervention... We were sensitised on these [issues]. All partners will need to build in that kind of strategy, to ensure the sustenance of our intervention. We are getting apprehensive that there might not be a continuation, so we try to put up something into place... shock absorption mechanisms. (NGO 14, an officer)

Some officers suggested that the regular reporting meant frequent communication between funders and NGO officers. This helped to clarify issues and it also helped to develop good working relationships between NGO officers and donors. For example, during the feedback session an officer suggested that the upward-accountability mechanisms: 'help to standardise common understanding of programmes'. Another said: 'You know, we are corresponding regularly, and there may be certain area problems, management problems, financial, anything. So, they [funders] give support [to] resolve any challenges that we may have' (NGO 15, an officer).

Regular reporting upwards to donors and funders was also seen as beneficial because the standardised formats gave the local NGO staff 'exposure to international standards'. This was mainly because the funder-specified templates were used by all the countries in which an INGO operated. This also meant that the officers could in some respects influence the INGO's work: 'We have a monitoring checklist which is applicable to all countries. Each country office puts in their inputs and this then helps us to shape the values of the NGO' (NGO 11, an officer).

Some upward-accountability mechanisms may, therefore, allow the officers to perceive that they belong to the INGO community. The standardised frameworks were considered even more beneficial where they also gave the officers room to incorporate country-specific details or where they derived from engagements with local NGOs, so that the frameworks did not become constraints. One officer used the example of a global framework for developing strategy to show this.

But as I said it's just the framework that they [funders] give. Maybe they'll say... 'we want to work in essential services'... But each country will then decide – once it falls within that framework of essential services – we decide based on the realities of the country. (NGO 6, an officer in Accra head office)

Whenever the upward-accountability mechanism allowed some flexibility in reporting, the mechanisms were seen in a positive light, but in many instances this was not the case.

4.3 DISADVANTAGES OF UPWARD-ACCOUNTABILITY MECHANISMS

The beneficial impacts of upward-accountability mechanisms discussed in section 4.2 were widely appreciated by the field officers. Nonetheless, there were widespread concerns that rigidity in these mechanisms can and does have a profound and often counterproductive effect on the specific activities undertaken at local level.

Although they recognised that it is entirely reasonable for donors to specify that their funding should be used to further their broad long-term charitable or policy objectives, many NGO officers indicated that they often have to work on a narrow range of specific issues and projects that the donors are prepared to fund. They also suggested that as donors are often unaware of local conditions, or how these local conditions affect the efficiency with which specific types of project help to realise the broader long-term objectives of the donor, such narrow specification of detailed projects and issues is often counterproductive. They maintained that to ensure the most effective realisation of the broader long-term charitable, developmental and policy objectives of many donors, mutual accountability was necessary so that local views are fed into decisions over the shape and nature of the activities undertaken.

Nonetheless, there was a widely held fear among field officers that NGOs worked with the risk that donor sponsorship could be curtailed at any time, so it was thought necessary to meet (and be seen to meet) the donors' narrowly specified requirements. This fostered a 'culture of silence' among the officers, with the donors often being told what the NGO officers thought they wanted to hear: 'So at the end of this you tell your donor what activities [are] done within the period and then that's what the narrative will tell in terms of narrative reports and then the financial aspect of it, will also then tell... Mostly very nice facts in line with the donors' [specifications]' (NGO 16, an officer). Another officer described the risk that donors would 'apply the handbrake' if the specific activities did not suit the donor's current agenda.

Thus it was perceived that the information provided in upward-accountability reports had to demonstrate that the NGO was meeting the specific perceived agendas of donors. Other information that the officers considered important was usually included in the narrative upward-

accountability reports as ‘challenges’ faced by the officers, but overall there was a concern that reporting formats did not always (or even usually) permit the NGO or the officers in the field to report or focus on what they considered to be important points for specific projects.

One NGO officer gave a broad example of how specific information provision in upward-accountability reports, addressing the narrow specifications of donors, reinforced an ineffective use of resources. This example related to the donor specification of geographical areas where activities were undertaken, where this specification led to sub-optimal use of aid funding. In this example, donors specified the districts where activities were to be undertaken, in many cases preferring rural areas over urban communities: ‘The demand is high in Tamale [the regional capital]. But because of the donor, you have to satisfy the donor...These are the challenges we are facing; a beggar has no choice’ (NGO 12, an officer).

In this case the need for the service was acute in urban Tamale, but this need was largely ignored by the NGO because the donor’s specified preference was for rural development – with the consequent need for the NGO to report on rural development. Although the officers understood that resources were limited, their preference would have been to be able to choose the areas in which to work. One officer explained: ‘The resources are limited...we are with the people all the time and we know the areas in which these facilities are needed most’ (NGO 12, officer).

Because of the requirement to report about the use of funds in the particular geographical area, a report about alternative needs was not provided.

Other NGO field officers suggested that donors seem to favour projects aimed at women and female children. To these officers this meant that there was a gender imbalance in the development process. Recommendations were made in the annual reports for funding for boys education: ‘Even though we make recommendations in the reports that this is the situation, they do not take it. We risk boys’ being left behind’ (NGO 13, an officer).

The officer also explained that further evidence was provided in an impact assessment and project evaluation report about the gender imbalance in the funding of education, but the problem persisted.

In other cases, targets are specified rigidly with requirements for beneficiaries to be 50% boys and 50% girls, whereas social and/or cultural factors might make this balance inappropriate for a particular project. Field officers explained that where such rigid targets are linked to rigid reporting formats, the reporting formats do not always allow scope for explaining why a different gender balance is more appropriate, often requiring the NGO to adhere to the rigid target even when inappropriate.

Some of the beneficiary focus groups in this study also raised concerns over the impact of a lack of flexibility in rigidly specified details of some projects. For example

where micro-credit schemes strictly require weekly repayments from borrowers, and do not incorporate the flexibility for making fortnightly or monthly repayments, the strict application of weekly repayments sometimes conflicts with the trading cycle of a business funded by particular micro-credit loans. This lack of flexibility compromises the potential sustainability of some micro-businesses funded and encouraged via the micro-credit scheme.

There are issues with donor specifications for the particular technology to be funded, in cases where narrowly specified accountability requirements of donors might inappropriately determine the nature of NGO activities. For example, with the provision of water facilities, donors sometimes require the use of specific technologies that the officers argued might not be the appropriate technology for a particular community. The accountability reports to the donors require the NGO to report on their use of their specified technology, however, rather than report on the overall impact of the aid: ‘For example if the solution to the water problem in the community is...a small community pipe system, but the donor says I want to see x number of boreholes or x number of hand-dug wells, definitely such a community will lose out on that’ (NGO 3, an officer at Accra head office).

When officers explained the issues involved in this problem, it was apparent that some water-aid donors only fund specific types of technology, for example the hand-pumping equipment to be placed at the head of a hand-dug well. Such technology is much less expensive on a per-unit basis than more complex technology, so the donors might believe that by narrowly specifying the equipment they are prepared to fund, they will be able to provide water to a greater number of communities, but this risks ignoring local conditions. Many communities in the past would have received similar technology from other aid agencies, with members of the community putting in considerable work to dig the well on top of which the hand-pumping equipment was installed. In many of these communities, however, the wells had run dry after a relatively short period, indicating that the local conditions would not allow this type of technology to provide a long-term solution to lack of access to water. Where rigidity in the upward-accountability requirements of the donor does not allow NGO field officers to report on problems and difficulties with the technology specified by the donor, they will act in line with donor specifications so that they can report ‘good performance’. Hence there is a risk that some NGOs will continue to install ineffective technology. This clearly wastes the resources provided by the donor, for whom a more effective long-term achievement of their overall water relief aims might involve funding a smaller number of more expensive water delivery systems.

Thus, with narrowly specified upward-accountability mechanisms, the community may be disadvantaged in the sense that the detailed permitted uses of the funds specified by the donor do not always suit beneficiary requirements, and the accounting and reporting mechanisms required by the donor do not often allow for

much (if any) questioning of the appropriateness of these detailed permitted uses. In these circumstances, many of the officers in the field explained that they are compelled to meet the donor conditions. Such officers suggested that there is a need for more flexibility with funding, and with the accounting and reporting mechanisms associated with this funding, which is not always forthcoming.

Reinforcing these examples at a more general level, a field officer referred to a 'culture of silence' that existed, with accountability reports concentrated on reporting only those items required by the donor. In other instances, it was argued by NGO officers that the specified reporting formats do not focus on what they regarded to be the important issues or points in particular projects, requiring them to report on factors that they did not always consider to be as essential as other factors that were not covered in the rigid reporting formats.

The upward-accounting and accountability reports do not, therefore, always accurately reflect the experiences, observations and preferences of the field officers. During the interviews some officers were critical of the reports they had provided. They seemed to be saying that the contents were sanitised. Some items might be excluded from the reports because the officers believed that they did not fit into the reporting format given by the donors. The reports then ended up sterile and seemed to be the same year after year.

It's like it is the same story because if you look at the quarterly reports that we submitted to [name of NGO donor] like pieces of activities, administration is there, construction is there, health and hygiene is there and research and development is there...Not everything will go in but we will summarise what has been done into the report. (NGO 12, an officer)

Another respondent said: 'Because their objectives are the same we make the same report each year' (NGO 15, an officer). There were, however, a few examples provided by NGO officers of flexibility in funding and accountability. Some donors were prepared to fund innovations that complemented their core objectives. A case in point was the development of a 'child savings scheme' initiated by officers of an NGO. Although the NGO had corporate requirements applicable to all countries in which it operated, and for which all NGO officers had to follow the global accountability guidelines, so long as officers' suggestions supported programmes they could be undertaken. For example, one explained that: 'If we want to make changes, that will mean we will have to suggest our ideas for consideration. And when it is worthy of it, they can be shared with other countries so that...we can support our programmes...They are always prepared for innovation' (NGO 11, an officer).

Although this example sounded quite positive, it was further explained during the interview that the innovations had to be undertaken within the original budgets. This example does, however, show that there were sometimes opportunities for innovations and their dissemination.

Holistic forms of accountability can be important in identifying the opportunities for these types of innovation, and disseminating information about them, because they take into account the views of NGO officers and beneficiaries in the field.

Nonetheless, the field officers noted that even where upward-accountability reporting formats did provide scope for the provision of a broader range of information to donors, a challenge was posed by the capacity of an NGO to collate and report this information. Not all NGOs had the spare resources to spend time on reporting much more than the minimum required information.

4.4 THE CONFLICT BETWEEN THE NEED FOR PERIODIC REPORTING AND TIMESCALES ON SOME PROJECTS

Analysis of the interviews indicated that there were some problems and tensions between the accountability mechanisms and the sometimes slow nature of development work, as well as slow decision-making processes. For example, in discussing the provision of development aid, one officer in an NGO explained that the periodic reporting requirements of donors did not always (or even usually) consider that the slow local decision-making processes of some beneficiary communities had to be followed and accommodated. There was a conflict when donor accountability requirements meant working with the communities but also reporting regularly. These conflicting requirements could adversely affect the work of the NGOs.

Now the funds usually come and you have a certain time within which you need to give reports on output. Yes, we have been given the funds and in six months' time we expect some results. [Regardless] of the fact that you work with institutions that you don't [have] control over, these may be decision-making processes that you cannot easily change – you have to work within them...By the time you will need to work with the community and ensure that the decisions are taken for you to be able to move, maybe by that time the community would have lost out and they cannot access the particular funds. So what do we do?...So sometimes when donor funds come with stringent conditions, it is the ultimate beneficiary that suffers. (NGO 3, an officer in Accra head office)

The issue highlighted in this quote is that working with communities and beneficiaries can be a slow process. The accountability reports are required quickly and too frequently. As a result, some reports end up being repetitive and may not be wholly reflective of the actual activities that had taken place. Officers in several instances argued for annual rather than quarterly reports to help address these concerns – although the nature of some aid projects is that they come to fruition and deliver results over a longer period than an annual reporting cycle.

This was especially a concern where levels of poverty and illiteracy meant that beneficiaries found it difficult to maintain momentum in project fulfilment.

We had a case just last year where the construction coordinator had to go to rehabilitate quite a number of hand-dug wells that we did some years ago...The fact is that the northern region has the highest illiteracy rate, which also affects our performance. It takes a lot, it needs time to actually go through the process for community members to understand the process before taking it up. So that's another challenge that we have. But donors normally think that when you go to a community, they would understand and they would do this but it takes a whole lot of time. (NGO 12, an officer)

Where donors themselves have to report upwards (for example to their governments, which themselves want to demonstrate to their electorates their action and the impact of their aid), the result may be that important projects may be relegated if they are schemes that can only produce positive effects and deliverables a long time after provision of resources.

4.5 ACCOUNTABILITY MECHANISMS THAT DICTATE INAPPROPRIATE PERFORMANCE MEASUREMENT

One of the issues discussed most by the NGO field officers was the impact of accountability mechanisms on the way performance is measured. The focus of upward reporting is often on physical outputs. This is because programme outcomes are usually defined by the physical outcomes included in the initial project proposals that donors have agreed to fund.

In the first place, in the operation plan you would have indicated in each quarter what you are going to do, in terms of the numbers. (NGO 11, an officer)

The number of water sanitation trainings that I have to do will reflect in the plan...I will report on the number of people who have been trained, this number of people have been involved; location, etc. (NGO 12, an officer)

[In the report] we say as a result of our intervention so many numbers of children are being retained who would have otherwise dropped out of school. (NGO 14, an officer)

Although most officers considered output measurement necessary and important, some suggested that it might not be the most important aspect of their work. One NGO officer described reports that contained the number of health outreach meetings and the number of patients visited as forming the focuses of upward-accountability reports on mental health activities. He also described the number of life stories of mentally ill persons that had been collected as part of the funded project, and as a result were commented upon in the upward-accountability reports. He argued that the actual content of the life stories was more important and could be used to publicise the NGO's work, which involved raising awareness of the plight of mentally ill people. Although the narrative reports contained details of these life stories, they were not published but were retained in the INGO database on the intranet. Funding had not been provided for their publication.

At our last internal review, the director was around and he read one of the stories and said 'this is very, very rich and anybody in the public domain who reads it would be very interested'. Because it gives much information about what we do and also about the prevailing situation of mental health in the country. (NGO 10, an officer)

Despite the potential of this rich narrative in the accountability process, the pressure on the officers and the NGO was to publish the baseline reports (which showed briefly, in narrative and quantitative form, the situation on the ground before the NGO intervention) and project evaluation reports (which simply showed the number of interventions that the NGO had made).

In other cases, the reporting of quantitative outcomes was sometimes seen to be counterproductive and not very useful, as this quote from a senior officer indicates.

So I think that reporting and matching outcomes with numbers, matching that with budgets sometimes causes programmes actually [to] be less effective because, oh let's cut this, let's cut that, we want this money to reach this many people. (NGO 5, an officer in Accra head office)

One performance indicator that field officers commented upon was the need to report on the number of people that the funding had reached. They explained that this indicator did not always reflect the overall impact of an NGO's work. For example, an education NGO might have enrolled 90% of its intended beneficiaries in schools in a particular year, allowing it to indicate strong performance to its donors. In fact, the quality of the actual education might have been poor, for a variety of reasons, so that the impact of the education programme was much less than indicated by a 90% enrolment rate.

Accountability based on such outputs was therefore not always considered to be particularly useful or informative. Some officers were left frustrated.

I mean...people say...we are going to train 10,000 farmers. There's a big difference [between] having a one-day farmer field day for that many people and having a three-week training session. And so you know, it just becomes cumbersome when, especially government agencies, put all kinds of requirements for you to meet. You know such huge numbers of people...they require you to touch so many different people in so many different ways. But realistically the impact is not there just because you've worked with that many people. So that's something that frustrates me a little bit. (NGO 5, an officer in Accra head office)

Nevertheless, the field officers did recognise that some quantified performance indicators are helpful, especially where these performance indicators focus on outcomes and where upward-accountability reporting formats encompass these helpful output indicators. For example, they considered that it was important to report on indicators measuring the behavioural changes that occur in a community as a result of a particular engagement. It

was also argued that quantitative data can allow longer-term, more systematic and consistent monitoring of a project.

Despite the widespread recognition that some performance metrics were helpful, as indicated earlier in this section, there was a perception that an overemphasis on quantitative performance indicators in the upward-accountability reports did not help to reflect the overall effectiveness of some projects. From the perspective of the fieldworkers, the appropriateness of quantitative performance indicators, and the balance between quantitative and qualitative indicators in upward-accountability reports, seemed to depend upon the nature of each NGO and the nature of specific projects. It would therefore be simplistic to conclude that quantified performance indicators are either always helpful or always damaging. As with many of the accountability issues explored in this report, the situation is much more complex than this and should not be portrayed as a dichotomy between qualitative and quantitative performance indicators.

Nonetheless, when performance reporting did encompass a mix of quantified indicators and narrative, there was a belief by some senior NGO officers that donors focused on the quantified elements, while the messages about performance in the narrative disclosures tended to be 'lost' or ignored: 'In the end people will look at the tables and what has been spent rather than the message in the narratives' (NGO 7, country director at Accra head office).

Thus, even where quantified performance indicators are augmented with qualitative information explaining more complex and nuanced information than is permitted by the quantified metrics, there was a belief that many donors simply use the quantified metrics and largely ignore the valuable qualifications and explanations of local conditions contained in the accompanying narrative.

Generally, the officers argued for the assessment of the overall impact of NGO work. This needed to be measured more holistically, taking into account successes and failures as well as the more social impacts that could not be easily reduced to a quantified metric. This last concern is akin to frequent criticisms of quantified performance measurement systems in both the private and governmental sectors, where these systems evoke the comment that: 'what can be easily measured is what counts, but what really counts cannot always be easily measured'.

4.6 ROLE OF REPORTING UNINTENDED CONSEQUENCES AND FAILURES

Compounding the problems caused by donors' sometimes counterproductive focus on quantified performance indicators, there was a perception that upward-accountability mechanisms tend to concentrate on the success stories, or the positive aspects of specific aid projects. As such they do not give adequate scope for reporting unintended consequences or failures in aspects

of the projects. Fieldworkers generally considered it very important that NGOs and donors understood these unintended consequences and failures, as they provide valuable learning opportunities that could be used to improve the shape and delivery of current and future projects. At a feedback session, one field officer commented: 'It's an opportunity for donors to appreciate the issues', while another pointed out that 'the unintended consequences can be important in achieving the aims'.

Although some donors wanted to be provided with information about unintended consequences and failures in aspects of project delivery, in other instances the field officers indicated that they found difficulties in reporting problems because of the upward-reporting mechanisms of some NGOs, and because donors did not give scope for the reporting of this information. Some field officers perceived a lack of interest by donors in this type of information: 'Challenges – they do not want to know. They never come back to ask for further information about how to deal with these' (field officer's comment at feedback session).

Furthermore, some field officers indicated that there was reluctance on their part, or on the part of their NGO, to report unintended consequences or failures. The officers explained that the NGOs preferred to emphasise (or to hear about from the field officers) the successes rather than the failures in aid delivery projects. There was a concern that they, or their NGO, might be held responsible for any perceived failures in the delivery of a project, and that provision of information about unintended consequences or failures would reflect badly on the NGO: 'We hide the failures; we do not want to be seen as failures' (field officer's comment at feedback session).

Other officers indicated that reporting of failures might be hindered by limited capacity within some NGOs to incorporate into their reports information about these failures, their implications, and the learning opportunities they offered.

One officer also explained that the donors are more interested in short-term impacts, and there was a concern that reporting short-term setbacks might lead to the withholding of further funding: 'But normally, what the donor would want to see is the [short-term] impacts to see whether it's really worth [allocating the next phase of the] money' (NGO 14, an officer).

In the longer term, however, failures could help the NGOs learn and ensure more sustainable development by quickly appreciating and responding to the causes of a short-term failure. Fieldworkers considered these longer-term benefits of learning from unintended consequences and failures in aspects of programme delivery to be just as important as the shorter-term adverse effects with immediate potential.

Some of the field officers also maintained that reporting of unintended consequences in aspects of project delivery is important as it provides an opportunity to inform donors about some of the difficulties the NGOs face on the ground

at the local level. It was therefore perceived as important that upward-accountability mechanisms make provision for, and encourage (without penalising), the reporting to donors of unintended consequences and failures in aspects of project delivery.

There was a perception that in practice reporting of some unintended consequences and failures would be acceptable and constructive, while others might prove more damaging. This was seen to depend on the nature of the challenges posed by the unintended consequences or failures. If they were fundamental in terms of the ethos of a donor, there was a perception among the field officers that reporting them could seriously risk compromising future funding from the donor.

4.7 UPWARD ACCOUNTABILITY ISSUES WITH PARTNERSHIP ARRANGEMENTS

A variety of partnership working arrangements existed between larger NGOs (often the Ghanaian branches of INGOs) and smaller local community-based NGOs that carried out specific projects. These arrangements can be broadly divided into three main types in terms of their implications for upward-accountability mechanisms.

1. Local officials of INGOs work directly with beneficiaries (in other words, no local partner NGOs are involved in aid delivery). Here, the field officers collect and directly provide information for upward-accountability reports.
2. Donors and/or INGOs provide funding to local community-based partner NGOs through the local branch of the INGO. Here, the local partner NGO will be required to provide the local branch of the INGO with specified information to enable the local branch to fulfil its upward-accountability requirements to the INGO and donors. As the local community-based partner NGO is dependent on the local branch of the INGO for continued flows of funding, this relationship does not give rise to many substantial upward-accountability problems, other than those generally associated with upward accounting as discussed in the previous sections in this chapter.
3. Donors and/or INGOs provide funding directly into the bank accounts of local partner NGOs, and this funding does not go through the local (or even national) branch of the INGO. In these circumstances the local or national branch of the INGO is often still responsible for providing upward-accountability reports, and incorporating information about projects run by local partner NGOs. As the provision of these reports is not the direct responsibility of the local partner NGO, there can be tensions between the INGO's field officers (who are responsible for fulfilling upward-accountability requirements) and the local partner NGO in the provision of information for these upward-accountability reports.

Given that it is the third type of partnership funding arrangement that seems to give rise to additional difficulties in implementing and fulfilling upward-accountability requirements (over and above those already discussed in previous sections in this chapter), the remainder of this section focuses on this type of funding arrangement.

Within this type of arrangement, the accountability duties of local community-based partner NGOs are usually covered in a memorandum of understanding that governs the working arrangements for a particular partnership. In many of these situations the local office of the INGO (through the field officers of the INGO) is required to monitor and report upwards upon the activities of the local community-based partners. Despite the accountability commitments made by local partner NGOs within memoranda of understanding – which should assist the field officers of the INGOs in fulfilling their own accountability requirements – operating these arrangements in practice creates several tensions that the officers have to manage. This is especially the case when the local community-based partner NGO does not prioritise reporting to the local office of the INGO, possibly because the local partner sees its funding as coming directly from the donor. In such circumstances partners may not fully appreciate the role of providing accountability information to the local branch of the INGO, which does not have a direct sanction of suspending funding flows if the information is not provided.

The local branches of the INGO are required to submit the accountability reports to donors and are therefore required to monitor the work of the partners, but it is the partners who work directly with beneficiaries and communities. The partners are therefore usually required to provide monthly, quarterly and yearly reports to the local branch INGO, which are then incorporated into the reports the local branch INGO sends to international funders.

Instead of passing it [the funding] through the country office to go down to the programmes and then to the community, it is rather sent directly to them. So we weren't happy about that because sometimes it is very difficult to have control. If we have the funding, we can tell them you have to do this to meet this particular deadline. But without that, they still get their funding all right. So sometimes we cannot meet the [reporting] deadline because of their delay. (NGO 11, an officer)

Some of us in the organisation think that for purposes of accounting properly, money should channel to [name of NGO] for [name of partner], but our donors do not agree. But they channel the money to the [name of partner] and that makes it difficult. (NGO 15, an officer)

The NGO officers were concerned because they are accountable to the INGO for the work being undertaken by the partners. There is always the risk that the funding will be curtailed if the partners do not undertake the donors' specific requests and directions regarding the use of the

aid funding. There are frequent accountability demands from the head office, which cannot be addressed because of resistance from the partners.

Sometimes they [the partners] say we are too harsh. It's like sometimes with the reporting...you will have finished with this report. Then the following day you get a call from [name of funder], We need this extra information. You have to go down to the programme team again. When you get there, they are frustrated and they complain. They will tell you that you were here yesterday, you are here today and next week you will be here! The pressure is too much on them. It is the reporting. That is the problem. (NGO 11, an officer)

The frustration of operating this type of partnership is clearly experienced at all levels. As can be expected, these frustrations are compounded by the frequency of reporting. Inflexibility in some reporting practices also means that activities the officers consider reasonable that are undertaken by partners often go unreported.

Now we allow them [partner organisations] to carry out their own activities and they do some very good work which does not fit with the objectives. Now and then we allow them to do their own activities, sometimes they come out with very good activities. But it gets lost...I think if they [donor NGO] would allow reporting formats to be designed according to the needs of the country, that particular country, so that there could be flexibility in the reporting, I think that could help out. Sometimes it's so strict, the formats. I mean, it's so strict that sometimes we don't know how to incorporate things. (NGO 15, an officer)

4.8 SUMMARY OF ADVANTAGES AND DISADVANTAGES OF EXISTING UPWARD-ACCOUNTABILITY MECHANISMS, AND SUGGESTIONS FOR CHANGE

This chapter has discussed key perceived advantages and disadvantages of existing upward-accounting and accountability mechanisms. Although there was general recognition that the formality of upward accountability brought with it a degree of discipline and accountability that worked to the benefit of aid projects, NGO staff judged that certain aspects of the existing upward-accountability mechanisms impede improvements in the effectiveness of some aid projects.

The following points summarise the key reasons why upward-accountability mechanisms are potentially detrimental to the effectiveness of aid delivery, and suggestions for changes in upward-accountability practices to address these deficiencies.

Reporting formats

Upward-accountability reporting formats often appear inflexible and provide little scope for reporting to INGOs and donors the views and experiences of officers and beneficiaries in the field. Coupled with project requirements that are often narrowly and rigidly specified by donors, these sometimes inflexible upward-reporting

mechanisms rarely allow feedback to donors about how projects need to be adapted to be more effectively delivered in light of local conditions. To address the widely perceived adverse effects these issues have had on the effectiveness of aid delivery, we recommend that donors ensure that their granting of funding entails the requirement that NGOs engage in more holistic (downward and lateral) accountability engagements (as discussed in the next chapter), and that their required upward-accounting and accountability mechanisms provide flexibility in reporting formats so that a range of possibly unforeseen issues revealed through downward accountability can be reported upwards to donors.

Timescales and time constraints

Donors' need for periodic performance reporting that demonstrates progress and positive deliverables on a project sometimes conflicts with the longer-term nature of some projects and the slower pace of work in some communities. Addressing this disconnection between the time constraints of some donors and the practicalities of some types of aid project may require a willingness by donors to recognise that highly beneficial long-term outcomes cannot always be delivered in a timescale to suit the shorter-term reporting demands and expectations of some donor communities. Such a change may require governments in donor nations to embark on long-term educational programmes at home, so that their electorates are aware of the important benefits of some long-term aid projects, and do not expect payback from all aid projects in a time frame to suit four- or five-year electoral cycles. An example of such a programme is the Development Awareness Fund of the UK Department for International Development (DfID), which aims to educate people in the UK about the role and benefits of overseas aid provision. DfID should ensure that this programme raises awareness among the UK electorate about issues of aid project timescales.

Although some quantified performance indicators are considered helpful, there is a concern that in many cases there is an unhelpful dominance of quantified performance indicators, which predominate over the qualitative information about performance that is necessary for the interpretation of performance metrics. Even where upward-accountability mechanisms provide scope for narrative performance information, there is a perception that many donors pay relatively little attention to the narrative discussion that helps to provide an important context for the quantified performance indicators. To address this issue, we recommend that all upward-accounting and accountability formats provide scope for, and encourage, a mixture of quantitative and qualitative performance indicators. It is also important for INGOs and donors to make clear that they have taken account of the qualitative information in more ways than simply by incorporating the quantified performance measures into their own reporting and decision-making processes. A further recommendation in this area is to allow debate and discussion with officers and beneficiaries in the field to help determine the nature of appropriate performance indicators for specific projects. These recommendations

might make donor assessment of project performance more complex, because in many cases they would not be able to rely to such a great extent as at present on a fairly simple aggregation of common performance metrics to judge the effectiveness of their aid programmes. On the other hand, it could be argued that such a simple aggregation does not produce particularly useful insights in any case.

Failures and unintended consequences

Upward-accounting and accountability mechanisms usually either do not provide scope for, or are perceived to discourage, the reporting of unintended consequences or failures in aspects of the delivery of aid projects. Understanding by NGOs and donors of these unintended consequences and failures would provide an important learning opportunity to help improve the shape and delivery of current and future projects. Nonetheless, there was a general recognition of a reluctance to report these issues, even where upward-reporting formats give scope for the provision of this type of information, because of the risk that, if the NGO is seen to have failed, future funding might be threatened. To ensure that the effectiveness of current and future aid projects can be improved through learning from unintended consequences, mistakes and failures in existing projects, it is important that upward-accountability reporting formats provide scope for, and encourage, the reporting of these issues. Furthermore, it is important for donors to signal clearly that they recognise the value of this type of information and that they will use the information constructively – rather than ‘punishing’ failures.

Differing priorities

Some forms of partnership arrangements give rise to accountability problems owing to tensions between the priorities of INGO local branches and those of the local community-based partner NGOs delivering the services. It is advisable that the memoranda of understanding between donors, INGOs and local partners are clear about the accounting and accountability responsibilities and expectations of each party. It is also important that donors and INGOs do not demand additional information from local partners, over and above that agreed in the memoranda of understanding, unless they clearly explain the reasons why this information is required, and the benefits to the local partner NGO of the provision and use of this information.

Communication and feedback

The above recommendations mostly require a two-way flow of information. In addition to the existing upward flows from officers and partners in the field to INGOs and donors, there is a need for interaction through communication from donors to INGOs and thence back to those officers and partners, and the beneficiaries. Within this study there was, however, little evidence that donors engage in meaningful accountability reporting to the NGO field officers. One officer commented that there is a nationwide problem of ‘lack of feedback’ (NGO 13, an officer). Although reports are constantly sent upwards to donors, very few reports come back to the NGOs from those donors.

Some INGO officers indicated that they receive country reports from the international head office. These reports are highly summarised and do not tend to focus specifically on the projects carried out by individual NGO offices. Feedback from the donors, where available, is limited in scope and detail. In other instances, NGO officers suggested that they do have a chance to comment on issues in response to specific questions asked by their parent INGOs/country offices. These tend, however, to be in response to donor requests for extra information. For example, one donor NGO shares the development of reporting templates with the field officers. There is also some limited consultation between the donors and field officers facilitated through meetings held to develop strategic plans for the work of the NGO. These meetings tend to be regional meetings and do not focus on the work of individual NGO offices or individual aid projects. To implement the above recommendations effectively, these limited instances of interactive communication and more holistic accountability between donors, INGOs, field officers, beneficiaries and partners will need to be developed.

The next chapter of this report considers the impacts of the main downward and more holistic accountability mechanisms that are currently used by the NGOs in this study. It also makes recommendations and suggestions for new mechanisms intended to help improve the effectiveness of development aid projects.

5. Impacts of downward-accountability mechanisms

5.1 INTRODUCTION

Although the upward-accounting and accountability mechanisms discussed in Chapter 4 tend to be aimed primarily at donors, there was much evidence that the needs of beneficiary groups are being identified and discussed within more holistic, participatory accountability mechanisms. Broadly, beneficiaries are involved in the initial planning stages as well as in the evaluation stages of the projects, and accountability in the form of information flows between NGOs and beneficiaries occurs both formally and informally.

The more participatory accountability mechanisms have advantages as well as problems. A critical issue is the extent to which the participatory methods and mechanisms allow the views of beneficiaries to influence service delivery. For instance, one officer at an NGO suggested that implementation of accountability upwards to donors is not problematic; rather, it is the enactment of accountability downwards to beneficiaries that remains difficult. Although there are often downward-accountability mechanisms in place, the effectiveness of these in practice was seen to depend upon the type of aid project and how well the field officers 'sensitised' (in other words, 'prepared') beneficiaries to engage with these processes and the issues they covered.

The field officers recognised that downward accountability was a key aspect of the rights-based approach to development that has been promoted by many NGOs to their beneficiaries for several years. This rights-based approach aims to ensure that beneficiaries (or 'rights claimers') know what they have a right to expect from those who have a duty to provide aid (donors, NGOs and so on), and also aims to ensure that the 'rights claimers' take ownership of aid processes by being aware of their rights and 'being responsible to demand and sustain services' (field officer's comment at feedback session). As such, field officers saw downward-accountability mechanisms, identifying and accommodating the views and experiences of beneficiaries, as being important in helping beneficiaries to articulate their needs and to seek to ensure that these needs were addressed.

Evidence presented in this chapter indicates that from the perception of NGO officers and beneficiaries, there are clear benefits from involving beneficiaries in the accountability process. In order to gain the full benefits of holistic accountability, beneficiaries should be able to influence and negotiate with NGOs. This chapter addresses issues such as power, illiteracy and poverty that may inhibit beneficiaries from engagement in the NGO accountability process. It also makes suggestions for improvements in existing downward-accountability mechanisms, and for the development of new mechanisms, based on insights provided by the participants in this study. This analysis covers the following areas, each of which is discussed in a separate section:

- participatory accountability mechanisms and influencing at the planning stages of new projects
- participatory accountability mechanisms at the evaluation stages of existing projects
- issues of the relative power between donors, NGOs and beneficiaries, affecting the willingness of some parties to express their opinions freely in negotiations and other forms of downward-accountability engagements
- suggestions for new accountability mechanisms at local level to help improve the role of accounting and accountability in enhancing the effectiveness of aid projects.

5.2 PARTICIPATORY ACCOUNTABILITY AND INFLUENCING AT THE PLANNING STAGES

Most NGO officers indicated that the views of beneficiaries are considered at the planning stages of new projects. Although this perspective was supported by some of the beneficiaries during the focus group interviews held with them, it was apparent that the overall agendas are largely being set by the NGOs. For example, in circumstances where an NGO funds only particular types of aid project, beneficiaries' views on their needs for other types of aid could not be accommodated.

Participatory accountability in the planning processes for new projects tends to involve both the specific beneficiaries of particular projects and the wider communities. For education projects, for example, these processes tend to include teachers, parents and children. For some development projects the initial consultation involves all members of the local community of potential beneficiaries. Meetings are often held with men and women separately to encourage freer discussion, as in some communities there are traditions that inhibit women from expressing themselves in the presence of men.

These participatory planning meetings are often undertaken in response to specific requirements from donors to hold such meetings, and NGO officers tend to include photographic evidence of community and beneficiary engagement as part of their reports to donors.

Where service delivery is undertaken through partners, it is the partners who usually interact with the beneficiaries. Nevertheless, in these situations the NGO officers often attempt to gain direct information by meeting with beneficiaries to see whether the issues identified and reported by partners are 'real issues on the ground' (NGO 9, an officer).

A key benefit of participatory accountability at the planning stage of new projects is that it allows for a needs analysis to be undertaken. One officer at an NGO that provides micro-credit schemes explained:

We have been interacting with the communities...we don't just impose things on them. They have to come out and say that they need credit and then we assess their situation. Then we encourage them to form groups. So during the community interactions, you will see that the community will be raising issues about credit...You plan based on this. (NGO 8, an officer)

It seems that the community meetings are mainly initiated and led by NGO field officers. Thus the needs analysis is undertaken following the NGO's own criteria, thereby potentially restricting its effectiveness.

We animate them and tell them the exact rules and then we let them understand what we are there for and what we can do....If they agree to the criteria then they apply. (NGO 13, an officer)

In this context, insights from both the interviews with NGO officers and the beneficiary focus groups indicated that in practice potential beneficiaries rarely, if ever, decline the NGO criteria at the inception stage of new projects. This raises issues of the relative power in practice between NGO officers and beneficiaries, issues that are addressed in section 5.4.

A risk arising from this form of participatory accountability mechanism, therefore, is that the actual needs of beneficiaries are not identified or met in the planning of projects. The requirements of donors and NGOs may continue to dominate even though beneficiaries are involved in the accountability mechanism, because the beneficiary involvement is constrained within the rules set out for the beneficiaries by the NGO officers, and because some beneficiaries lack the willingness to express needs at variance with their perceptions of the NGOs' aid agendas.

Discussions with field officers and beneficiaries during the focus group meetings for this research project revealed that financial issues tend not to be discussed with beneficiaries in participatory planning meetings – other than in some instances where beneficiary communities have to provide labour as part of an aid project. Therefore the beneficiaries are not always aware of the costs of projects or the total amount of funds available for a specific project (or programme of projects). An exception to this found during this study was where one large INGO shared financial information with beneficiaries. Even with this NGO there was, however, no evidence that the beneficiaries had questioned the officers about project finance or attempted to find out how much was available. This may have been (partially) caused by a lack of financial literacy among the highly impoverished beneficiary groups, and/or it may be related to issues of power – with beneficiaries reluctant to be seen to question those who are delivering aid relief to them (this issue is further explored in section 5.4 below).

NGO officers indicated that trying to meet beneficiary needs as articulated in participatory meetings at the planning stage can be fraught with problems. Apart from the possibility that mutually exclusive beneficiary needs

will be identified as a result of the consultations, the availability of funding dictates the extent to which beneficiary needs identified through the consultations can be met. One officer lamented this.

Sometimes you see their real needs but you are directed by funding so you may have to prioritise which one would bring a more desirable impact on the community that you are working with. (NGO 6, an officer)

This means that the officers have to manage situations of conflict both among beneficiaries and between the beneficiaries and the NGO. To deal with these situations, the officers have to prioritise needs. Some needs may be only partly financed, with other needs postponed until funding becomes available. In addition to this, communities are sometimes directed to alternative NGOs and donors. The extent to which the officers make the decision about prioritisation remains unclear as some officers suggested that all prioritisation was made by the communities themselves and/or partners, while others admitted to steering the communities more closely.

We don't make the decision. We leave that to the community and the partners but we provide technical support in terms of analysis and the issues at stake. But in terms of what they want to proceed with, we leave it to them. But when we think that...a good analysis hasn't gone into that, we cut into the process by trying to point out the impact on whatever intervention they want. (NGO 6, an officer)

If you go to a community and they say our priority is not water, our priority is micro credit....Then we probably sensitise or redirect them to other assignments or other NGOs that are within the district. (NGO 12, an officer)

In addition, there was a belief among some field officers that too much community consultation and dialogue during the planning stages of new projects can retard the progress of projects. This is because community consultation and dialogue takes time and resources, and more resources are sometimes needed by NGOs to engage effectively in the community consultations and dialogues necessary within the participatory downward-accountability mechanisms involved in planning a new aid project.

5.3 PARTICIPATORY ACCOUNTABILITY AT THE EVALUATION STAGES

In addition to being undertaken at the outset of new projects, participatory accountability with beneficiaries is also undertaken through the beneficiaries' involvement with the monitoring and evaluation of projects. The facilitation of learning and reflection, through these participatory reviews, was generally considered to be of great importance. It was maintained by many field officers that although these reviews could be used to criticise aspects of projects (although in practice such criticism from beneficiaries was rare), an important role of the reviews is provision of feedback to both NGOs and beneficiaries, and enabling NGOs to ascertain if they are

‘on the right path’ with a particular project, ‘to help you shape what you are doing’ (field officer’s comment at feedback session).

In some cases the beneficiaries are involved with the monitoring of projects throughout their duration as well as at the end, but NGO officers were cautious about whether these accountability mechanisms are effective. Although some benefits were regarded as accruing from beneficiary involvement through this form of downward accountability, the officers generally believed there was room for improvement.

Within this participatory accountability mechanism at the evaluation stages of projects, the norm seems to be for beneficiaries to comment on NGO activities and for these comments to be incorporated in narrative form in the upward-accountability reports to intermediate INGOs and/or donors. There is a tendency for officers to use beneficiaries’ informal anecdotes of NGO performance in their accountability reports. These evaluatory approaches, although useful, were regarded as less informative in practice than they might have been because beneficiaries tend not to be critical of the NGOs. During the focus group meetings conducted for this research project, much deference was shown to the NGO officers by the beneficiaries. This reinforces observations regarding the possibility that power dynamics affect the willingness of beneficiaries to voice concerns they may have (an issue explored in section 5.4).

Some participatory accountability processes encourage communities to identify and specify performance indicators during the planning stage of a new project, and then to comment on the achievements of these performance indicators during the participatory review process at the evaluation stages. Although this is not a common practice among the NGOs interviewed for this study, it was generally considered most beneficial by the interviewees – even where they did not practice it themselves. An officer from an NGO which had a particularly well-developed participatory approach explained that this method allowed beneficiaries to have their own understanding of the results of the NGO interventions: ‘We collectively agree on indicators. So you ask them...and they tell you that “if I do this I will earn more income”. If you go further to probe, “what will show that you have earned income?” They will say “if I’m able to pay my child’s school fees”’ (NGO 9, an officer).

That this approach to accounting for performance would be beneficial was exemplified by another officer who worked in an NGO where this type of accountability mechanism was not used. To her, introducing it would enhance accountability to beneficiary stakeholders.

The other thing I would like to change is much more forums at community level, much more in terms of the community participation in monitoring of activities and coming up with indicators that they think [are] a measure of success rather than the organisation doing it and then using it to assess themselves. (NGO 13, an officer)

5.4 ACCOUNTABILITY AND THE ‘POWERLESS’

Despite the many benefits associated with the involvement of beneficiaries in the accountability processes, it was obvious from several comments made by officers that many of the more strategic benefits associated with downward accountability have not yet been realised. Although several field officers explained that beneficiaries can and do negotiate, and these negotiations have changed some decisions, there was a perception that many beneficiaries consider themselves to be in a very weak negotiating position owing to a fear of losing the benefits from NGO aid projects. This fear is acute because of the poverty and resultant vulnerability of beneficiaries.

In these cases, beneficiaries have limited bargaining or negotiating power with the NGOs, or regard the NGOs with a high degree of deference, so the beneficiaries remain relatively powerless. Many field officers explained that, as a result of this, beneficiaries do not often criticise NGOs or the delivery of aid projects.

This sense of powerlessness was evident within the focus group meetings held with beneficiaries. For example, the beneficiaries in a micro-credit finance group were anxious not to be seen to be criticising the NGO. The beneficiaries wanted a higher capital injection from the NGO but found it difficult to demand more funds. They also wanted the repayment terms adjusted, but during the focus group meeting admitted that they had not informed the NGO, as the following excerpt from the focus group meeting demonstrates.

A: Truly, the money they [the NGO] have given us, we are not saying is small, and therefore we thank [name of NGO]...very much for that.

Q: Do you encounter difficulties in the mode of repayment?

A: Truly, the weekly pay puts undue pressure on us. There are some of us who would have liked to be paying monthly. Therefore, if it were made monthly for us it would have been better than weekly.

Q: Have you presented that concern to [name of NGO]?

A: We have not yet told them.

Not fully informing the NGOs of their own needs was prevalent among the beneficiaries and arguably reflects these beneficiaries’ own sense of not being able to bargain for change in NGO work. In another focus group meeting, a beneficiary revealed what he labelled a ‘secret’ about which he wanted funders to be aware:

There is a secret I want to reveal to the big people. That problem has been worrying us a lot. Once in a while we hear of [place name] getting development projects, but we do not get it, and this issue is worrying. Therefore that secret must be revealed to the big people, so that it will also be documented to enable them to assist us. We have not told [name of NGO] about it.

Nonetheless, the reluctance of beneficiaries to voice criticism of an NGO, or the way aid projects were delivered, was not universal. Some fieldworkers argued that the issues of self-perceived relative powerlessness of beneficiaries could be addressed, to a certain extent, if field officers prepared the ground for more open feedback. An important element in this was signals from INGOs and donors that they welcomed criticism and used this criticism constructively in shaping future projects and changing the details in existing projects.

Furthermore, certain types of aid project were associated with beneficiaries who were more ready to express their views. For example, when working with beneficiaries who had mental health problems, one NGO field officer found that many such beneficiaries were not inhibited from giving forthright feedback on their views of the services they had received from the NGO.

In addition to a perceived fear among beneficiaries of losing projects if they criticise an NGO too strongly, another dimension that relates to potential power imbalances between NGOs and beneficiaries in downward-accountability engagements is the capacity of beneficiaries to engage meaningfully in downward-accountability processes. Some field officers explained that beneficiaries are often overwhelmed with challenges from day-to-day living, so do not have the ability to spend much time reflecting or providing feedback to the officers. This is often coupled with, and compounded by, a relatively low capacity by many beneficiaries to understand fully the issues and external pressures involved in a particular aid project. Such understanding was argued by many of the field officers to be necessary if the beneficiaries were to be able to criticise aspects of particular projects effectively. To address this low capacity of some beneficiaries to engage in criticism, it was believed to be important for NGOs to prepare beneficiaries adequately for feedback meetings, for example by 'sensitising' them to the positive and negative issues and by ensuring that the accountability dialogue used the local language. If NGOs 'sensitise' the beneficiaries to the key issues, however, it could be argued that this perpetuates the power imbalance between the NGOs and their beneficiaries, as it 'directs' the beneficiaries to focus on certain issues 'chosen' by the NGO. This could therefore limit or preclude beneficiaries' constructive criticism of other aspects of a project that are of concern to them.

Another way in which these issues are (partially) addressed is where community leaders are asked to act as intermediaries, feeding back to and from the beneficiaries they represent. This seems to have been relatively successful in ascertaining a broader range of underlying views of the beneficiaries. For example, one NGO described a process of using committee members selected by the community of beneficiaries to report back to the community. As he explained:

The committees also account to the entire community membership for their stewardship. Then the community members are able to decide who should continue and who should be withdrawn and replaced. (NGO 13, an officer)

In practice, the nature of NGO engagement with beneficiaries often has to be different from the regular participatory engagements before the beneficiaries contribute views that can ensure that their needs are articulated and can therefore be addressed. For example, it was only through a social audit process that one NGO was able to gain any feedback about water pipes that they had provided. The social audit was led by community members and seen to be informal so the community members were able to question the NGO. In contrast, the participatory meetings were seen by the beneficiaries to be formal meetings, and therefore they did not criticise the work of the NGO. One officer explained that during a social audit the beneficiaries became more empowered to contribute their views.

'You have brought us pipelines. Go and see whether the water is running. There is no water. You have not even followed up to see whether the water is running'. This question came up during the social audit and not through the normal participatory meeting. It did not come through the normal participatory process, because that looked like a formal meeting. (NGO 9, an officer)

5.5 SUMMARY AND SUGGESTIONS FOR NEW ACCOUNTABILITY MECHANISMS

This chapter has discussed key perceived advantages and disadvantages of existing downward-accounting and accountability mechanisms. It has also discussed the key issues that appear to inhibit the more effective development and use of downward-accountability mechanisms in the quest to improve the effectiveness of aid delivery.

There was general recognition among NGOs of the potential benefits of participatory reviews that solicit and incorporate the views and experiences of beneficiaries at the planning and review stages of projects. In practice, some of these benefits are not fully realised owing to the inhibitions of some beneficiaries in expressing their true opinions (because of a perceived fear that aid would be withdrawn), compounded by lack of capacity of some beneficiaries to engage fully with downward-accountability mechanisms.

In addition to a need to implement practices designed to counteract the negative effects of the power imbalances on the crucial and effective involvement of beneficiaries in the downward-accountability processes, this study has identified (from the views of field officers) a range of new accountability mechanisms that could be developed to help capitalise on the benefits of more holistic forms of accountability in practice. These are as follows.

Mechanisms should be developed to disseminate best accountability practice between NGOs. For example, several field officers were aware that some NGOs use community-based 'accountability notice boards' to communicate with beneficiaries, and they believed that their NGOs might benefit from adopting this practice. A related suggestion was for NGOs to facilitate a range of activities to help and encourage stakeholders to discuss information placed on accountability notice boards, and to reflect on this information.

NGOs should involve a broader range of stakeholders in the annual planning and budgeting of their activities – beneficiaries should be involved in more than just the annual review of individual projects.

Each NGO should use local radio and community radio phone-in programmes to facilitate discussion and engagements between itself and a range of its stakeholders, or even discussion between a number of NGOs and their stakeholders.

NGOs could make documentaries of project activities, involving beneficiaries in the making of these documentaries. For this purpose, they should develop some success stories as exemplars, explaining what the situation was before an NGO started a local project, the changes that occurred in this situation once the project had commenced, and including voices from beneficiaries.

NGOs should develop practices such that, in the early stages of a new project, the communities understand their responsibilities more fully. Before a project starts, this should include discussion and agreement between all parties about the accountability mechanisms that will be used and the information that each party will be expected to produce.

NGOs could develop peer review practices both to disseminate best practice (for both accounting and accountability mechanisms, and project implementation) and to identify and help any NGOs that are performing ineffectively. Such 'lateral accountability mechanisms' could also be useful to help field officers to put peer pressure on some INGOs if they identify practices at other NGOs that they consider would benefit their own operations. As noted in section 3.7 in Chapter 3, although such self-regulation mechanisms are discussed in the academic and practitioner literature there was no evidence of their use in practice at the local level in the NGOs studied in this research project – although several NGO field officers suggested that such peer review mechanisms would be useful.

Donors should automatically provide feedback to NGOs, field officers and beneficiaries

6. Summary, conclusions and recommendations

6.1 SUMMARY

In 2008, governments of OECD countries spent approximately US\$135 billion on development aid, and are committed to spending over twice this amount each year (as a proportion of national income) by 2015. This is in addition to amounts donated by private individuals, charitable foundations and corporations. Much of this aid is channelled through NGOs to individual projects.

Given the amount of aid funding, a small increase or decrease in the effectiveness with which aid funding is deployed can have a substantial impact on the lives of many highly impoverished people whom the aid is intended to benefit. An increase in the effectiveness of aid projects can mean that many more people are able to benefit from the outcomes of aid funding. The accounting and accountability mechanisms employed by these NGOs can both contribute towards and impede the effectiveness with which aid funding is deployed in individual aid projects.

Within this context, the aims of the present research project have been to investigate, through the experiences of those operating on aid projects at the NGO fieldwork level, the impact of different accounting and accountability mechanisms on the effectiveness of aid delivery. By investigating this issue, and identifying the types of accounting and accountability mechanism that enhance aid effectiveness and those that have a potentially dysfunctional impact on aid effectiveness, this study aims to contribute towards the formulation of NGO accounting and accountability policies that will be effective in improving the efficiency and effectiveness with which aid funding is transformed into a reduction in human suffering in impoverished nations.

To fulfil its aims, the research project addressed the following five specific objectives:

1. to identify characteristics of the key mechanisms of accountability employed in a sample of International and local NGOs (in Ghana)
2. to provide evidence of beneficial and dysfunctional impacts of the accountability mechanisms (identified under objective 1.) on the effectiveness of aid delivery
3. to explain why particular accountability mechanisms are considered beneficial or dysfunctional
4. to assess the extent of beneficiary involvement in the accountability mechanisms identified under objective 1. and to investigate the factors preventing and/or facilitating accountability to beneficiaries, and
5. to suggest alternative mechanisms of accountability that may alleviate the potentially dysfunctional impacts of donor-led upward-accountability mechanisms, and encourage the involvement of officers and beneficiaries in the field.

In addressing the study's aims and objectives, the researchers have made the following observations and recommendations.

Chapter 3 identified the characteristics of a wide variety of both upward- and downward-accounting and accountability mechanisms used across the NGOs in the study. In terms of formal upward-accountability reports, we used annual reports, interim reports, performance assessment reports (written during projects), and performance evaluation reports (written at the end of individual projects). To assess beneficiary involvement in downward-accountability processes, we used community consultations and dialogues, participatory reviews (of different levels of sophistication), and social auditing. There was no evidence of self-regulation in the form of peer review at the local level in this study.

Chapter 4 examined the perceptions of NGO officers and beneficiaries about the impact of upward-accounting and accountability mechanisms currently in use. It observed that the formality of upward accountability brought with it a degree of discipline and accountability that was perceived to work for the benefit of aid projects. Nonetheless, there were a number of aspects of existing upward-accountability mechanisms that officers judged to impede improvements in the effectiveness of some aid projects. Some of these issues are indicated below, along with recommendations for changes intended to ameliorate the adverse effects and capitalise on the positive potential of upward-accounting and accountability mechanisms.

Limitations of upward-accountability reporting

Upward-accountability reporting formats often appear inflexible and rarely provide scope for reporting to INGOs and donors the views and experiences of officers and beneficiaries in the field. Coupled with project requirements that are often narrowly and rigidly specified by donors, these sometimes inflexible upward-reporting mechanisms rarely allow feedback to donors about how projects need to be adapted to be more effectively delivered in light of local conditions. To address the widely perceived adverse effects these issues have had on the effectiveness of aid delivery, we recommend that donors ensure that their granting of funding entails the requirement that NGOs engage in more holistic (downward and lateral) accountability engagements with field officers, beneficiaries and other stakeholders, and that their required upward-accounting and accountability mechanisms provide flexibility in reporting formats so that a range of possibly unforeseen issues revealed through downward accountability can be reported upwards to donors.

Donor timescales

Donors' need for periodic performance reporting that demonstrates progress and positive deliverables on a project sometimes conflicts with the longer-term nature of some projects and the slower pace of work in some communities. Addressing this disconnection between the time constraints of some donors and the practicalities of some types of aid project may require a willingness by

donors to recognise that highly beneficial long-term outcomes cannot always be delivered in a timescale to suit the shorter-term reporting demands and expectations of some donor communities. Such a change may require some governments in donor nations to embark on long-term education programmes at home, so that their electorates are aware of the important benefits of some long-term aid projects, and do not expect payback from all aid projects in a time frame to suit four- or five-year electoral cycles. An example of such a programme is the DfID's Development Awareness Fund that aims to educate people in the UK about the role and benefits of overseas aid provision. DfID should ensure that this programme raises awareness among the UK electorate about issues of aid-project timescales.

Problems with quantified performance indicators

Although some quantified performance indicators are considered helpful, there is a concern that in many cases there is an unhelpful dominance of such indicators, which predominate over the qualitative information about performance that is necessary for the interpretation of performance metrics. Even where upward-accountability mechanisms provide scope for narrative performance information, there is a perception that many donors pay relatively little attention to the narrative discussion that helps to provide an important context for the quantified performance indicators. To address this issue, we recommend that all upward-accounting and accountability formats provide scope for, and encourage, a mixture of quantitative and qualitative performance indicators. It is also important for INGOs and donors to make clear that they have taken account of the qualitative information in more ways than simply by incorporating the quantified performance measures into their own reporting and decision-making processes. A further recommendation in this area is to attempt to allow debate and discussion with officers and beneficiaries in the field to help determine the nature of appropriate performance indicators for specific projects. These recommendations might make donor assessment of project performance more complex, because in many cases they would not be able to rely to such a great extent as at present on a fairly simple aggregation of common performance metrics to judge the effectiveness of their aid programmes. On the other hand, it could be argued that such a simple aggregation does not produce particularly useful insights in any case.

Reporting of unintended consequences and failure

Upward-accounting and accountability mechanisms usually either do not provide scope for, or are perceived to discourage, the reporting of unintended consequences or failures in aspects of the delivery of aid projects. Understanding by INGOs and donors of these unintended consequences and failures would provide an important learning opportunity to help improve the shape and delivery of current and future projects. Nonetheless, there was a general recognition of a reluctance to report these issues, even where upward-reporting formats gave scope for the provision of this type of information, because of the risk that, if the NGO is seen to have failed, future funding might be threatened. To ensure that the effectiveness of

current and future aid projects can be improved through learning from unintended consequences, mistakes and failures in existing projects, it is important that upward-accountability reporting formats provide scope for, and encourage, the reporting of these issues. Furthermore, it is important for donors to signal clearly that they recognise the value of this type of information and that they will use the information constructively – rather than 'punishing' failures.

Differing priorities

Some forms of partnership arrangements give rise to accountability problems owing to tensions between the priorities of INGO local branches and those of the local community-based partner NGOs delivering the services. It is advisable that the memoranda of understanding between donors, INGOs and local partners are clear about the accounting and accountability responsibilities and expectations of each party. It is also important that donors and INGOs do not demand additional information from local partners, over and above that agreed in the memoranda of understanding, unless they clearly explain the reasons why this information is required, and the benefits to the local partner NGO of the provision and use of this information.

The recommendations of officers active in the field

Chapter 5 examined NGO officers and beneficiaries' perceptions of the impact of downward-accounting and accountability mechanisms currently in use, and outlined their recommendations for the following accountability mechanisms that could help improve the effectiveness of aid delivery.

It may be necessary to develop and implement practices that seek to counteract the negative effects of the power imbalances between NGOs and beneficiaries, if the crucial and effective involvement of beneficiaries in the downward-accountability processes is to be fully realised.

Mechanisms should be developed to disseminate best accountability practice between NGOs. For example, several field officers were aware that some NGOs use community-based 'accountability notice boards' to communicate with beneficiaries, and they believed that their NGOs might benefit from adopting this practice. A related suggestion was for NGOs to facilitate a range of activities to help and encourage stakeholders to discuss information placed on accountability notice boards, and to reflect on this information.

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NGOs should develop practices such that in the early stages of a new project the communities understand their responsibilities more fully. Before a project starts, this should include discussion and agreement between all parties about the accountability mechanisms that will be used and the information that each party will be expected to produce.

NGOs should develop peer review practices both to disseminate best practice (in terms of both accounting and accountability mechanisms, and project implementation) and to identify and help any NGOs that are performing ineffectively. Such 'lateral accountability mechanisms' could also be useful to help field officers put peer pressure on some INGOs if they identify practices at other NGOs that they consider would benefit their own operations. As noted in section 3.7 in Chapter 3, although such self-regulation mechanisms are discussed in the academic and practitioner literature there was no evidence of their use in practice at the local level in the NGOs studied in this research project – although several NGO field officers suggested that such peer review mechanisms would be useful.

Donors should automatically provide feedback to NGOs, field officers and beneficiaries.

6.2 RECOMMENDATIONS FOR FUTURE RESEARCH

The insights provided throughout this study, and the recommendations outlined above, provide and suggest many avenues of further research into the impact of accountability mechanisms on the effectiveness of aid delivery and the development of new accounting and accountability mechanisms. For example, further research work that takes an in-depth look at specific downward-accountability mechanisms in practice is necessary, as the mechanisms of downward accountability continue to be under researched. Understanding the factors that influence downward accountability and how these mechanisms may be strengthened is necessary in order for NGOs to gain full benefits of beneficiary involvement in the delivery of aid. Further research into the nature of unintended consequences deriving from the pressures of upward-accountability requirements could also yield results to increase the effectiveness of aid delivery. Research that takes an organisational approach to study and trace all accountability mechanisms employed in a number of NGOs of varying sizes (be they local branches of international NGOs or small local NGOs) may also contribute to a fuller picture, leading to the understanding of accountability mechanisms in practice.

Further research into the variety of NGO accountability mechanisms is important in the context of their potential to help improve the effectiveness with which current (and growing) aid flows (approximately US\$135 billion each year) are translated into the alleviation of suffering and poverty among the world's vast numbers of deeply impoverished people.

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