The Evolution of NGO Accountability Practices and their Implications on Philippine NGOs
A literature review and options paper for the Philippine Council for NGO Certification

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Introduction

Philippine NGOs have been at the cutting edge of NGO self-regulation. The Caucus of Development NGO Networks (CODE-NGO), the biggest coalition of NGOs in the Philippines, established a Code of Conduct for Development NGOs in 1991. It was the first to establish a Code of Conduct among NGOs in Asia (Sidel, 2003) and probably one of the first in the global NGO community. CODE-NGO's Code of Conduct has since been signed by over a thousand NGOs and was recently updated to provide for clearer enforcement mechanisms. In 1998, the Philippine Council for NGO Certification (PCNC) was established by 7 of the biggest NGO coalitions. It is one of the very few government recognized NGO certification system in the world and has been the subject of discussion and possible replication by NGOs in different countries. Both initiatives are repeatedly cited as models and analyzed in many of the documents that were reviewed for this paper.

Today, however, after 8 years of existence, PCNC has certified only 1,000 NGOs---nowhere near its potential market of 6,000 NGOs when it was established.[1] While there are a number of factors that could have contributed to this less than expected performance, the challenge to PCNC (as well as the entire NGO community in the Philippines) is how to take NGO accountability through self-regulation to the next level. This is an overwhelming challenge at a time when Philippine NGOs are facing a serious crisis of sustainability and relevance. This crisis in the Philippines has strong parallelism to the global NGO situation.

The global discourse on NGO accountability is creating a wealth of literature. Many of them shed light on the issues at hand. Others simply add more fuel to heat up the debate. This review does not intend to cover the entire scope of such literature because the sheer volume makes it nearly impossible to do so. Instead, this review attempts to build upon more current papers and summative documents that already synthesize learning from a large collection of writings. This paper is prepared primarily for the members and leadership of PCNC in its effort to make NGO self-regulation more effective NGO in the Philippines. More specifically, the objectives of this review are: (1)

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[1] There were 6,000 NGOs with donee institution status in the Bureau of Internal Revenue (BIR) in 1998. Part of PCNC's Memorandum of Agreement with the Philippine government when it was established is that henceforth all NGOs will be required to obtain certification from PCNC before they are granted donee institution status. All those with such status were given 3 years to obtain such certification or their status will be considered expired.

to appreciate the breadth of discourse on NGO accountability and, (2) to identify different approaches that would be useful to PCNC's efforts to increase accountability of Philippine NGOs. By strengthening its accountability practices, PCNC hopes to contribute to reviving the vigor and dynamism of the Philippine NGO community.

The Global NGO Explosion and the Rise of the "Accountability Industry"

The favorite introduction of many documents reviewed for this paper is an account of how the NGO sector experienced tremendous growth both locally and globally in the last two decades.[2] Salamon (2003) describes the rise of civil society as a "veritable global associational revolution" --- a phenomenon which he compares to the rise of the nation-state in the nineteenth and twentieth century (ibid, p 6-7).

The power of NGOs is further exemplified not just by their increasing number but by their ability to network and mobilize their members to affect global politics *(Commonwealth Business Council, 2003)*. Such power was demonstrated in various U.N. conferences, international summits and multilateral meetings where NGOs have been effective in influencing policy agendas, official statements and joint resolutions.

One of the factors that contributed to this global "explosion" of NGOs (or "civil society boom", as *SustainAbility, 2003* calls it) is the shape and form that they have taken. NGOs and civil society organizations have been called different names. Although the monikers civil society organizations (CSOs) and NGOs have become interchangeable, the distinction between the two has become evident. Civil society is the greater sphere that Salamon describes as the organizations that occupy the space between the state and the market and NGOs are only one the many types of organizations in civil society. Edwards (2000, in SustainAbility, 2003) says: "*If civil society were an iceberg, then NGOs would be among the more noticeable of the peaks above the waterline, leaving the great bulk of community groups, informal associations, political parties and social networks sitting silently (but not passively) below.*" Interestingly, the Commonwealth Business Council calls NGOs as the **operational arm** of civil society. SustainAbility refers to activist NGOs are the **shock troops** of civil society. The discussion in this paper will focus mainly on non-governmental organizations, or those that primarily provide public goods or work for the public interest and receive funds mostly from donor and philanthropic sources. It is also important to make a distinction between NGOs and membership-based, grassroots organizations (that are often the

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[2] See for instance *Salamon, L., W. Sokolowski and R. List, "Global Civil Society, An Overview",* The Johns Hopkins University, Baltimore, Maryland. 2003; *Lloyd, R. "The Role of NGO Self-Regulation in Increasing Stakeholder Accountability"*, One World Trust. July 2005; *Edwards, M. and D. Hulme, "Too Close For Comfort? The Impact of Official Aid on Nongovernmental Organizations,"* in World Development, Volume 24. U. K. 1996.; *Independent Sector, "The New Nonprofit Almanac In Brief, Facts and Figures an the Independent Sector"*, 2001.; and

beneficiary of assistance of NGOs) referred to alternately as grassroots organization (GROs), community-based organizations (CBOs), or more popularly in the Philippines as people's organizations (POs). As will be discussed later in the paper, while these two types of civil society organizations are usually interdependent, there are also conflicts that arise between them.

Part of the mystique of this growing prominence of NGOs is the fact that while they continue to grow in number and their role expands, it becomes more and more difficult to describe them and put them in boxes. McGann and Johnstone (2006) are concerned that the confusion that attends the typology and the real number of NGOs is contributing to their mystique if not misunderstanding.

As the power of NGOs continue to increase, both in the domestic and international fronts, their operations became more sophisticated and their roles more complex. Some NGOs have become as large as medium-sized corporations (Commonwealth Business Council, ibid). Some (like those in Bangladesh and Sri Lanka) employ more staff than governments. Some provide services in direct competition with private companies (ibid), government agencies and local authorities. As their voice grew louder in pointing out the economic and political inequities created by governments, private corporations and multilateral financial institutions so did the calls for their legitimacy and accountability increase. Many of the issues involved in the governance debate within the private sector, for instance in regard to conflicts of interest, are also relevant to NGOs (Commonwealth Business Council, ibid).

SustainAbility quotes Mike Moore, former Director General of the World Trade Organization (WTO) as calling for 'new rules of engagement' between civil society, international institutions and governments. Jeffrey E. Garten, Dean of the Yale School of Management (in SustainAbility 2003, :7) agrees: "*NGOs have had too much of a free ride in identifying themselves with the public interest. They have acquired the high ground of public opinion without being subjected to the same public scrutiny given to corporations and governments ... [I]t is time that companies and governments demand more public examination of NGOs.*" NGOs became victims of their own success.

Dimensions of accountability

There are three dimensions of the accountability issue that have been raised against NGOs: *transparency*, *legitimacy* and *performance*. The question of transparency came at a time when massive flows of public and private funds are known to be flowing towards this sector, sometimes in competition with funds that were traditionally going directly to government. For example, Edwards and Hulme recorded in 1998 that total aid from Organization for Economic Cooperation and Development (OECD) member countries channeled through NGOs rose from 0.7 percent in 1975 to 3.6 percent in 1985, and at least 5 percent in 1993-94---some US$2.3 billion in absolute terms.

At the same time, Jordan (2003) relates how journalists have made an issue of an NGO CEO who gets paid more than the Prime Minister of Netherlands and about an

alleged trading of relief supplies in exchange for sexual favors in Africa. SustainAbility points to a series of articles published by *The Washington Post* which exposes alleged mismanagement of resources in The Nature Conservancy, one of the oldest environment groups in the U.S whose history dates back to 1915.[3] Grant (1998) and Bothwell (2004) write about the huge 1992 scandal about Bill Aramony, CEO of United Way America, who was discovered to be using large amounts of donations for his personal pleasures. The global terrorism scare is contributing to the transparency question as some quarters accuse some NGOs of being used as fronts to channel funds for terrorist organizations (Jordan, ibid). Commonwealth Business Council (2003) and Constantino-David (1997) warn of unscrupulous, enterprising parties setting up their own NGOs to take advantage of the thriving industry. SustainAbility (ibid :7) quotes Jonathon Porritt, former head of the Friends of the Earth UK, as saying that "*NGOs are beginning to recognize that all the things that we have been telling companies to do, in terms of ethical standards of behavior, also need to apply to the NGOs themselves…*". In reality, the multitude of NGOs that have mushroomed in the last two decades is dominated by small NGOs operating in limited areas with one or two projects that neither have the consciousness nor the resources to institute accountability measures.

The transformation of NGO work from service provision to advocacy unleashed their real power in social discourse in the global arena. What has attracted the greatest controversy about NGOs, and which has brought about the question of their legitimacy, is their claim to be "the voice of the people", or alternately "the voice of the poor" --- an affront to governments who NGOs claim to have betrayed public trust. In retaliation, elected and appointed public officials (joined by corporate CEOs who claim accountability to their shareholders) have asked: who appointed NGOs to speak "for the people" and who determines whether their views are upheld by the public which they purport to represent? Edwards (2003) cites four ways by which such claim may be validated: *"through representation (if NGOs have a formal membership that can hold leaders accountable for the positions they take), through competence and expertise (if NGOs are recognized as bringing valuable knowledge and skills to the table by other legitimate bodies), through the law (if NGOs comply with non-profit legislation, regulation, and effective oversight by their trustees), and through the moral claims of NGOs to promote the public interest, or at least be in sympathy with large segments of public opinion."*

Slim (2002: 6) frames the NGO legitimacy controversy by challenging NGOs to declare whether: **they speak as the poor (**as NGOs, CBOs/POs made up of poor people or the victims of human rights violations**), with the poor** (if the NGO is working very closely with such people and speak with their consent**), for the poor** (if the poor and the oppressed are effectively unable to speak out and are somehow 'voiceless') or simply **about the poor.**

Both Edwards and Slim agree about the need for legal mandates (government registration, etc.) as an essential element of NGO legitimacy. Slim, however, adds that

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[3] See David Ottaway and Joe Stephens, 'Nonprofit Land Bank Amasses Billions', Washington Post, 4 May 2003 (footnote 131 in SustainAbility …).

NGOs' legitimacy may either be "derived" from the mandate of their members, if they are membership-based organizations, or from the support that they get from the public, particularly if they raise funds from private citizens. He cites U.K. NGOs that get large amounts of public financial and voluntary time contribution as a clear manifestation of public support. In the U.S., Independent Sector reports that charitable giving has reached an all time high of $248.5 billion in 2004. In the same breath, Slim also warns that transparency in the utilization of publicly contributed resources as well as the consistency of their action with their publicly declared mission are essential in maintaining such support.

Edwards (2003) distinguishes between representative democracy and participatory democracy in defense of the legitimacy of NGO advocacy. In effect, he is saying that NGOs are performing their legitimate rights as citizens when they ask their government (who are made up of officials who are elected/appointed to represent their interest) to be accountable. SustainAbility explains that *"NGOs act as a 'distributed' or 'delegated' conscience for society, with individual citizens 'sub-contracting' parts of their 'citizenship' (e.g. concern for human rights) to NGOs"* when they perform their advocacy work. Slim agrees but cautions against the hazard of claiming such moral authority. Apart from the danger of co-opting the voice of those who they claim to represent (as cited above), NGOs also need to be careful about the veracity or accuracy of the arguments which they make.

The Commonwealth Business Council (2003) reminds that the decline in the credibility of governments is brought about by their abuse of public confidence (by way of corruption and abuse of authority) and that of private companies because of their abuse of shareholders' and consumers' confidence (through manipulation of financial records and sub-standard and/or unethical products). NGOs could be just as guilty of betrayal of public trust when they issue public statements that undermine the integrity of public institutions and private companies without checking their facts or without rigorous research and analysis. Thus, it is equally important for NGOs to publicly declare the source of their funds in order to ensure that they are not being used by private interest in promoting the causes that they advance (Commonwealth Business Council, ibid).

Resonating with Edwards, Miklos Marschall (2002), Executive Director of Transparency International for East and Central Europe, provides a useful conclusion to this question of NGO legitimacy and accountability:

> "*It is important to understand that civil society is complementary, not a rival, to representative democracy, and participatory democracy goes hand in hand with representative democracy. Civil society is about participation, while parliamentary democracy is about representation. The civic politics of citizen participation and the parliamentary "party politics" of representation have a healthy dynamic of both complementarity and tension. Citizen participation carries its own self-originated legitimacy; it does not need to borrow legitimacy from representation. ... It is what it does, and not representation, that makes an*

NGO legitimate. NGOs and their networks are legitimized by the validity of their ideas, by the values they promote, and by the issues they care about."[4]

Finally, the question of performance has to do with the quality versus the quantity of NGO services (Jordan, 2003). Since they question the performance of governments for the way they spend public funds, NGOs are also asked to show that they have done better with the money that they received. Avina (*1993, quoted in Edwards, 1998*) makes a distinction between **short-term functional accountability** (*accounting for resources, resource use and immediate impacts*) **and strategic accountability** (*accounting for the impacts that an NGO's actions have on the actions of other organizations and the wider environment*). While scandals (like those cited above) are few and far between, compared to those that occur in government and in private corporations, they have become occasion to question NGOs' integrity since not a few NGOs have been negligent in measuring their performance.

In "Too Close for Comfort", Edwards and Hulme (1998: 9-10) reveal that there is as much argument in favor and as there is against the effectiveness of NGOs in service provision. They posit that NGOs need to build internal evaluation mechanisms in their operations and use such mechanisms to improve their performance in order for them to stay credible. Jordan (2003) argues that although performance questions against NGOs are legitimate, they are also a product of political reprisals of governments and corporations who may have been on the receiving end of NGO advocacy.

Slim links performance and legitimacy by saying that NGOs can show their real value by demonstrating that they do not only know what of they speak when they advocate but by showing results of the change that they create in addressing these very issues on the ground. He adds: *"[P]roven good performance can transform an NGO from being a morally good idea to being a very practical moral pursuit. The fact that it works in practice makes it a more legitimate enterprise."*

One of the most recent efforts to develop a framework of accountability is the Global Accountability Project (GAP) of One World Trust. GAP adds a fourth element of accountability which is **complaint and grievance mechanisms** which are *"mechanisms through which an organization enables stakeholders to address complaints against its decisions and actions, and through which it ensures that these complaints are properly reviewed and acted upon"* (Blagescu, Casas and Lloyd, 2005). This is an important means of last resort for stakeholders to hold an organization accountable to its goals and objectives (ibid). This element is further discussed in the section on Efforts at Enforcement in the latter part of this paper.

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[4] Marschall, Miklos. "Legitimacy and Effectiveness: Civil Society Organizations Role in Good Governance), November, 2002. http://www.globalpolicy.org/ngos/credib/2003/0529legit.htm

Accountability for what, to whom and how

The new era of good governance that pervades all types of institutions (from government to business to non-profit) is a product of NGO advocacy. In "Overview of Accountability Initiatives", Dombrowski (2006) reviews a vast list of accountability mechanisms that have been instituted by NGOs, corporations and international multilateral institutions. Lloyd (citing OECD 2000) notes that OECD recorded 246 voluntary codes of conduct for business. In "Codes of Conduct for Partnership and Governance: Texts and Commentaries", Kunigi and Schweitz (1999) have compiled a rich collection of NGO codes, national laws, business sector codes and principles, U.N. resolutions and statements, codes for specialized activities and global framework documents that foster accountability for different purposes among its signatories. Sidel (2003) reviews a host of self-regulation schemes in 17 countries in Asia in "Trends in Nonprofit Self-regulation in the Asia Pacific Region: Initial data on initiatives, experiments and models in seventeen countries".

U.N. resolutions signed by member governments on maintaining environmental integrity, ensuring the rights of women, achieving inclusive social development, among others, and most recently the Millennium Development Goals, are excellent examples of how NGOs have succeeded in pressing governments to tie their performance against their public commitment to achieve measurable poverty reduction targets. Unfortunately, the advocates themselves have been slow to practice what they preach. A survey of 600 NGOs worldwide by a team of researchers at University of Warwick revealed evidence that many had suspected all along. Most NGO respondents to the survey gave no thought to the issue of their own accountability (Scholte, 2003 quoted in Jordan, 2005). Among the reasons they cited were: it's too expensive, the real accountability problem is with governments/private sector and they do not see the relationship of this to their mission (ibid, p.12).

So, why is accountability important to NGOs? First and foremost, as has already been previously discussed, is the matter of public trust. The Independent Sector points out that *"[P]ublic trust is the single most important asset of the nonprofit and philanthropic community"*. SustainAbility highlights how public opinion research has consistently shown NGOs to be enjoying high levels of trust (some popular international NGOs have higher trust ratings than some global companies), and that both governments and companies have had no option but to take notice (p.37). However, public trust in NGOs is neither tenured (like the fixed term of elected officials) nor permanent. Marschall (2002) admits that it takes many years for NGOs to build up a good reputation and only one bad move to lose it. This is echoed by Dombrowski (2006) who warns that the damage of one misdeed may impact across the NGO sector. Thus, NGOs need to exercise the responsibility of being fiduciaries of public trust. The imperative of such responsibility is that NGOs must practice the same if not higher levels of accountability than what they demand of governments and corporations in order to continue to enjoy the confidence that they currently hold from the public.

Anent to the matter of public trust, civil society remains to be an important element of democracy. Johns (2000) posits that it is civil society and not the state that "*supplies grounding of citizenship and is hence crucial to sustaining an open public space*". As such, civil society needs to be as, if not more, credible than government in order to keep the wheels of democracy turning. McGann and Johnstone (2006) are therefore concerned about how NGOs are becoming "coopted" by certain institutions like the World Bank which has given them an increasing role in bank decision-making in response to their criticism. They warn of NGOs becoming a new special interest group rather than articulators of citizens' concerns.

Secondly, there is already a palpable decline in global funding for and signs of decreasing trust in NGOs. Net Official Development Assistance (ODA) from major donor countries---the major source of NGO funding---fell by 14% from 1992-95 and continued to decline until 2000 (CODE-NGO, 2000; Thindwa; NGO Position Paper, UNCSD). The global NGO boom is contrasted by a global funding slump. SustainAbility quotes Chris Rose, former senior official of Friends of the Earth, World Wildlife Fund and Greenpeace, expressing concern that the 'golden era' of NGOs is ending and suspecting that there is a real risk of a major downturn in the prospects for advocacy NGOs. Kumi Naidoo, Secretary-General of Civicus, warns of competitive pressure intensifying even among the largest global NGOs because of declining funds and more demanding beneficiaries and donors---his word of advice to NGOs: "perform or perish" (ibid). There are now warnings against the possibility of an "Enron effect" on NGOs which could lead to even tougher accounting rules for NGOs, squeezing their capacity to leverage funds (SustainAbility: 48).

In terms of who they are accountable to, the situation of NGOs is quite complex (Lloyd and Casas, 2006). NGOs are said to have "downward accountability" to their partners, beneficiaries, staff and supporters; and "upward accountability" to their trustees, donors and host governments (Edwards and Hulme, 1998; Ebrahim, 2003 quoted in Jordan, 2003). Lloyd (2005) adds that NGOs are inwardly accountable to themselves for their organizational mission, values and staff and horizontally accountable to their peers. Membership organizations (like grassroots, people's, or community-based organizations) are of course "laterally" accountable to their members. Lloyd (ibid) prefers this stakeholder model of accountability which promotes accountability to all those that are affected by an organizations policies. Jordan (ibid) echoes Edwards and Hulme on NGOs being subject to multiple accountability and warn of the danger of having to "overaccount" (because of multiple demands) or "underaccount," as each overseeing authority assumes that another authority is taking a close look at actions and results. Edwards and Hulme warn of the danger that NGOs will focus accountability towards their most powerful constituency---referring to their donors. Effectively balancing among and responding to the needs of different stakeholders is the essence of NGO accountability (Lloyd and Casas, ibid).

In addressing the reality of NGOs of having multiple stakeholders, Slim suggests that they need to, first and foremost, define who their stakeholders are for each of the their program and how they will account to such stakeholders in the process. Like Edwards and Hulme, he recognizes that the level of accountability may not be the same

for all stakeholders, therefore the need to identify primary and secondary stakeholders in every case. Lloyd (quoting Young, 2000) believes that this concept of accountability changes its nature of being a disciplinary mechanism to that of a transformative power. He adds: *"[A]n NGO that is accountable to multiple stakeholders not only ensures that decisions are effective in meeting the needs of those interests, but also forces decision to be made in a more equitable and fairer manner."*

Of all these, downward accountability to beneficiaries is the most important because they are the reason why most NGOs exist (Lloyd and Casas, 2006), they lack the power to make demands on NGOs who usually claim to speak in their behalf (Lloyd) and they tend to be the most vulnerable sectors in society who do not have very many options and opportunities to speak (Neligan, 2003). Thus, accountability to beneficiaries is crucial to both fulfilling an organization's mission and maintaining its legitimacy (Lloyd and Casas, ibid.). In similar vein, Southern NGOs complain of a lack of accountability and the "new imperialism" of Northern NGOs who they claim are co-opting their agenda in the international arena and/or of non-disclosure of funds raised in their behalf (Lloyd, 2005; Commonwealth Business Council, 2003; Fowler, et al quoted in Slim, 2002) --- a concern that has also been raised by POs against NGOs in the Philippines.

Slim (2002: 12) defines NGO accountability as: *"the process by which an NGO holds itself openly responsible for what it believes, what it does and what it does not do in a way which shows it involving all concerned parties and actively responding to what it learns."* Jordan believes that accountability is the basic principle of responsible practice for any institution, be they public, private or NGO. Edwards and Hulme (1998: 15) define accountability as having the following features:

- *a statement of goals (whether in adherence to certain rules or achievement of identified performance levels),*
- *transparency of decision making and relationships,*
- *honest reporting of what resources have been used and what has been achieved,*
- *an appraisal process for the overseeing of authority(ies) to judge whether results are satisfactory, and*
- *concrete mechanisms for holding to account (i.e. rewarding or penalizing) those responsible for performance.*

(See also Annex B – The Independent Sector Checklist for Accountability)

Thus, accountability is no longer a matter of simple financial accountability or reporting to donors about funds received. Lloyd (2005) says the traditional concept of NGO-donor relationship following the principal-agent model is no longer applicable as the model presupposes that only entities with formal authority have the right to exact accountability from their agents. Slim (2002) says the practice of Western charities of reporting on *"money raised and spent, the number of poor people reached, and the administrative cost of raising and spending the money"* is over. He notes the notoriety of some charities in using fund-raising and administration ratios as measures of efficiency

with little or nary any effort to accounting for the impact of funds spent on the lives of poor beneficiaries. Quoting Edwards and Hulme (1995), he makes a distinction among outputs, outcomes and impact and how these have become a bane to NGOs who have been forced by some donors to adopt corporate planning and management techniques in development where determining the quality of change in people's lives is not always as easy as determining profits and losses.

Jordan (2003) thinks that all of these questions are creating an ***"accountability industry"***. She cites the case of SGS International which has established an NGO 2000 Standard where it is convincing donors and government to rate NGOs using these standards as a way of determining who they will fund. She decries the fact that many accountability initiatives are driven by pressures from donors and governments rather than genuine desire of NGOs to live up to the standards that they preach. She is concerned that many of the accountability tools being employed are not consistent with the sensitivity of NGO development work and stifle their innovativeness and flexibility (ibid,: 10-11).

Self-regulation as a strategic response

The pressure for increasing accountability is paralleled by efforts from the NGO sector to promote accountability through self-regulation. Shea and Sitar (2004) reviewed the range of self-regulation efforts of NGOs in "NGO Accreditation and Certification: The Way Forward?, An Evaluation of the Development Community's Experience" and found significant efforts that a variety of tools that have already been developed to demonstrate NGOs' ability to govern themselves effectively. In addition to addressing the questions of transparency, legitimacy and performance, as previously discussed, Lloyd (2005) and Naidoo (2000) enumerate the reasons why self-regulation has become necessary for NGOs. They point out that NGOs have realized the need for promoting greater collaboration among themselves, for pre-empting government regulatory tendencies, and for the need to diversify funding sources.

Like Naidoo, McGann and Johnstone feel that while the strength of NGOs lies is in their heterogeneity, their diversity is also a cause of disorganization. Further, their accountability to each other is among the hazy aspects of NGOs' accountability to its various stakeholders. Since the impact of single acts of indiscretion could be damaging to the entire sector, peer-to-peer accountability is quite essential. Self-regulation is becoming a way in which NGOs are establishing common norms and standards around to whom and for what they are accountable (Lloyd and Casas) and, in the process, settling the various issues related to their accountability among themselves. With the Philippines leading the way with CODE-NGO's Code of Conduct in 1991 (Lloyd quoting Sidel, 2003), it is estimated that there are now NGO self-regulatory schemes in over 40 countries (Naidoo, 2004 quoted in Lloyd, 2005).

While many of the authors quoted here recognize the value of government

regulation, there are at least two arguments about why this is inadequate and (potentially) dangerous. Naidoo (2000) and Lloyd (2005) doubt whether the state has the capacity to exercise it regulatory function over a vast and complex range of private, voluntary organizations. They are joined by Irish and Simon (2004) in the belief that the culture of ethics and multistakeholder accountability cannot be legislated. They all point out that in some cases of self-regulatory practice, NGOs are demonstrating that they are able to go beyond the legal requirements and standards of internal governance. Since governments are usually the target of NGO advocacy, it is not desirable that they exercise stringent regulatory power over them since such power can be abused to stifle NGOs.

In terms of funds diversification, Naidoo thinks NGOs, particularly those in developing countries, have started to explore local sources of funds. In some instances, the patriotic sense of the diaspora has become a potent source because of the wealth that they have accumulated. NGOs have also started to secure tax incentives from governments to encourage charitable giving by the local population. All these will necessitate a system by which NGOs can demonstrate their integrity in order to capture local philanthropy.

Performance standards and principles of operation encased in codes of conduct became a popular manifestation of NGO self-regulation. Lloyd (2005) notes that before codes of conduct became popular, NGOs have used self-assessment and peer evaluation as ways to measure performance and determine accountability to their mission. He makes an example of the Organizational Self Analysis for NGOs (OSANGO), a product of the Centre for Youth Social Development in India, which has recently developed software that enables NGOs to internally analyze how efficiently and effectively they are utilizing resources in the pursuit of their mission. Lately, Keystone has developed a set of simple tools that help NGOs measure their performance and report them using a reporting standards framework (see http://www.keystonereporting.org/).

Some studies that have established a typology/categorization of self-regulation approaches are: Sidel (2003, Asia-Pacific only), Lloyd and Casas, Lee (2005) and Shea and Sitar. Following is a summary of the different modes of self-regulation that are currently being practiced by different organizations based on the three studies:

Standards Setting and Performance Measurement

- **S*ectoral codes and other means to govern conduct*** (Sidel and Lee) *involves a group of organizations coming together in agreement over standards governing their conduct, with each promising to abide by the established norms* (Shea and Sitar); (see Annex A for a collection of Codes of Conduct)
- ***Self-certification*** *is low cost, easy to administer for both the rated and the rating organization, and is accessible to a wide range of rated organizations; effectiveness depends on the seriousness of individual organizations to apply the program* (Shea and Sitar); an example of this is OSANGO and the Keystone method;
- ***Peer Review*** *is one of the more rigorous evaluation methods; characterized by independence of the raters, technical assistance in identifying and*

correcting organizational weaknesses, and substantial responsibility on the part of rated organizations to produce evidence of compliance with each standard; because of its rigor, it is likely to be meaningful to donors, the public, and others relying on the certification, but its high cost and high standards may place it out of reach for many small or new organizations (Shea and Sitar); an example of this method is the practice of Philippine Business for Social Progress (PBSP) described in the next section;

- ***Ratings organization evaluation** functions much like a traditional "charity watchdog" organization – it solicits information from the organization and rates it according to the standards, and publishes its conclusion as to whether an organization has met the standards, as well as a report detailing its findings, for public consumption; depends heavily on the credibility of the rating agency; examples in the U.S. include BBB Wise Giving Alliance, Charity Navigator and the American Institute of Philanthropy's ratings guide* (Shea and Sitar, Sidel, Lee).

- ***Accreditation by an accreditation agency** (accreditation, certification, validation and licensing mechanisms*; [Sidel]) *provides the most significant assurance that an organization meets certain standards of quality in its delivery of services; most expensive type of mechanism to implement, both for the rating and the rated organization* (Shea and Sitar; Lee); the PCNC, Pakistan Centre for Philanthropy NPO Certification Program, and the Australian AID initiative are some examples of this method (ibid).

Enforcement and incentives

- ***Award** - their high public visibility draws substantial attention to the program and to the standards it sets; like accreditation, one of the most costly to implement* (Shea and Sitar); an example of this is the Malcolm Baldrige Award in the U.S. (ibid);

- ***"Intranet" self-regulatory measures** or precursors to self-regulation in which domestic funding nonprofits encourage and require compliance with standards by their domestic partners and/or grantees* (Sidel); examples of this approach are the Children and Youth Foundation efforts in the Philippines and Child Relief and You (CRY) and Action Aid initiatives in India (ibid);

- ***Grievance mechanism** is a system to accept public complaints against erring NGOs, a process of investigating allegations and instituting sanctions if the accusations are proven.* An example of this system is the one provided for by Code of Conduct of Ethiopia.

Public information

- ***Information Agencies** - organizations provide information to users without any rating or interpretation, consumers use the information as they see fit. Examples, in the US, include the Guidestar website which provides information about charitable organizations, including copies of their income tax return* (Shea and Sitar);

- ▪ ***Charity commissions or self-regulatory charity registers*** - *the registration of charitable organizations, ongoing monitoring and regulation of their activities, responsibility for official interpretation and development of the common law definition of charity, and provision of advice and guidance as required to the sector and administrators…. (Sidel on the formation of a charity commission in Australia: 5)"; existing model of this approach is the Charity Commission for England and Wales (ibid);*

Because the methods of self-regulation being used by NGOs have evolved, Sidel observed that it is difficult to establish a strict categorization of the various efforts. Some of them have actually combined one or more methods in one approach (ibid). He stresses the autonomous character of the methods that he observed in the Asia Pacific region although there are also a few models where there is government recognition or mandate (like the PCNC, Pakistan and Australian initiatives). He also observes that many of the initiatives are meant to pre-empt heavier regulation of NGOs by the state.

Caveats regarding self-regulation methods

Although widely viewed as a positive development, a number of concerns have emerged in their regard. Codes of Conduct are primarily voluntary and performance standards are usually vague in terms of how they are to be measured and enforced. Once an organization signs on, they are usually left to themselves to observe the principles and measure up to the standards (Lloyd and Casas; Leader, 1999). Unfortunately, not all organizations pay attention to these after they have signed up. Although some codes like that of People Aid require that an officer is appointed to ensure compliance of the organization's commitments, this is still largely dependent on voluntary compliance (Lloyd and Casas). In many cases, there is no indication of disciplinary measures that will be imposed by violators (ibid).

They make an example of a desirable system with the Maryland certification scheme which states that an NGO should identify a person in the organization from which interested parties may obtain information about the organization. In terms of financial accountability the Maryland scheme states that financial statements should be prepared at least quarterly, should be provided to the board of directors and should identify and explain discrepancies between actual and planned revenues and expenditures. Lloyd and Casas think that this is a good way of establishing standards that are expected of NGOs as well as specific accountability measures that its stakeholders can expect of them.

Furthermore, there is concern that (as Edwards and Hulme warn), many codes are more focused towards powerful stakeholders. Llyod and Casas reviewed 35 codes of conduct and certification schemes and opine that most of them are geared towards addressing the requirements of donors, governments and the general public more than their beneficiaries *(See Annex A - Collection of Codes of Conduct)*. They note that in a number of codes, accountability to beneficiaries is not even mentioned. They make an

exception with the NGO Code of Conduct for Ethiopia, Sphere, and the NGO Code of Conduct for Afghanistan which all clearly establish that beneficiary accountability means beneficiary involvement in all stages of decision-making, from design to implementation to evaluation of programs and projects. They also point to other codes such as the Nigerian Code of Conduct and HAP-I that state the need for a complaints mechanisms through which concerns against the NGO can be raised and addressed by anyone. The Pakistan NGO Forum Code of Conduct even goes so far as to require NGOs to ensure that financial information is made accessible and intelligible to beneficiaries.

Another exemplary model of downward accountability is the Accountability, Learning and Planning System (ALPS) of ActionAid International. ALPS consists of a set of core requirements for planning and accountability of its affiliate organizations that involve the communities and partner organizations in the planning, budgeting, monitoring and reviewing of its projects. (Dombrowski, 2005)

Efforts in enforcement

Concerns about the weakness of self-regulation methods, increasing media attention to NGO scandals (Grant, 1998), and threats of stronger regulation from government have prompted NGOs to develop enforcement schemes (Bothwell, 2000). For instance, the Canadian Council for International Cooperation (CCIC) requires CEOs of signatories to its Code of Ethics to certify that they have complied with their commitments or, in the case of InterAction, to submit work plans for how they will achieve such commitments (Lloyd and Casas, 2005). The most advanced initiative that has been referred to by many studies in this regard is the PCNC (Lloyd and Casas, ibid; Sidel, 2003; Dombrowski, 2005, among others). Sidel (2003) refers to the CODE-NGO Whitelist Project in 1997 as another effort in enforcement of codes of conduct (see more on this initiative in next section) but little else seems to have evolved along these lines.

Bothwell (ibid) discusses three very prominent codes that were instituted in the early to mid-90s in the U.S. which faded into oblivion because the initiators did not undertake an education program to popularize the code, there were no provisions to enforce them and there were no tangible rewards for compliance. On the other hand, Lloyd and Casas (ibid) feel that one of the compelling reasons behind enforcement initiatives is the fact that some donors are beginning to require grantees to subscribe to self-regulation methods as a condition for funding. They cite the case of Australia where only signatories to the Australian Council for International Development's (ACFID) Code of Conduct are eligible to apply for government funding.

Without meaning to argue for greater government regulation, Freedman (2000) and Bothwell (ibid) suggest why such is still important. Bothwell says that under voluntary disclosure methods, insufficient or inadvertently wrong information may be disclosed; or information may be deliberately and erroneously disclosed by an organization which could argue in favor of having complied with their commitment but which defeats the purpose of disclosure. As such, he thinks that legally required public

reporting could decrease the incidence of erroneous disclosure because of the threat of legal sanctions. In the end, Freedman feels that operational integrity is still a matter of responsibility of the organizations leadership. Bothwell adds that high profile NGO scandals happened despite the existence of strong regulation in the U.S.

As such, increasing attention has focused on the responsibility of boards of trustees for ascertaining the integrity of an NGO, a responsibility that has come to be imposed on for-profit boards as a result of corporate scandals. In the past several years, a spate of efforts has evolved on strengthening non-profit boards as the fulcrum of NGO good governance. The National Center for Non-profit Boards (NCNB, now Boardsource) reported that the "hits" on its website increased from 15,000 in 1997 to 60,000 in 2000 (Bothwell, ibid). Nancy Axelrod, founding head of NCNB, notes the following trend in board governance: *(1) greater incidence of self-assessments by boards, (2) boards constructively evaluating the performance of the chief executive officer (and reviewing compensation). (3) increase in establishment of "governance" or "board development" committees, and (4) special sessions or board retreats to focus on strategic planning, governance reform or evaluation of programs and services* (Bothwell, ibid). Gregoire (2000) speaks of NGO good governance as a combination of accountability and stewardshi:He defines stewardship as the "*active oversight of organizational governance, and policy-making by the board of directors*" which entails eight tasks:

- *Steering toward the mission and guiding strategic planning*
- *Being transparent, including communicating to members, stakeholders and the public and making information available upon request*
- *Developing appropriate structures*
- *Ensuring the board understands its role and avoids conflicts of interest*
- *Maintaining fiscal responsibility*
- *Ensuring that an effective management team is in place, and overseeing its activities*
- *Implementing assessment and control systems*
- *Planning for succession and diversity of the board, as well as assessing its performance*

The latest frontier in self-regulation is complaints and grievance mechanisms. Since it is a fairly new concept, Burall and Neligan (2005) note that it is the least researched and understood feature of self-regulatory mechanisms and is most often missing from discussion on accountability. They contend that having a complaints and grievance mechanism that works is the ultimate test of how serious organizations are in making themselves accountable as they open themselves to complaints from their stakeholders and the public and commit themselves to addressing such complaints. They posit that the absence of an effective complaints and grievance mechanism renders the other mechanisms inutile. Lloyd and Casas, (2005) cite the NGO Code of Conduct for Ethiopia as one of the few codes that provide for such a mechanism. The code entrusts a committee of seven (five NGO and two civil society representatives) to be its guardians. The committee is empowered to accept complains from the public against non-

observance of the code by its signatories as well as to mete out disciplinary action against those found guilty with either admonition, suspension or cancellation of membership.

The same is true with the ACFID Code of Conduct which constituted an independent Code of Conduct Committee. The committee is made up of a chair, six representatives elected from aid and development agencies, and a representative of donors nominated by the Australian Consumers' Association. The Code of Conduct Committee monitors compliance to the Code by accepting complains from the public against a signatory organization, investigating the complaint through a prescribed process and imposing needed sanctions. The committee also monitors compliance of the Code's requirement for all signatories to submit their annual report and vets these reports vis-à-vis minimum standards of annual and financial reporting. Organizations that are determined to have violated the Code are removed from the roster of signatories. Since only signatories of this code are eligible for government funding, that is a very heavy price to pay. (Dombrowski, 2006)

Burall and Neligan (ibid) refer to the effort of international financial institutions like the World Bank that established its Inspection Panel that receives complains from the public for any violation of bank policies by any of its units. The Asian Development Bank, the Inter-American Development Bank, and the European Bank for Reconstruction and Development all followed suit with similar units within their respective institutions. Clearly, the multilateral financial institutions, which have been the target of NGO criticisms of lack of transparency and accountability, are ahead as far as instituting their accountability in this regard.

Self-regulation combined with a minimum level of legal regulation is emerging as the more suitable form for exacting accountability given the complex nature of NGOs. NGO efforts at increasing their accountability have evolved only the last decade and a half. As can be gleaned from the foregoing discussion of literature reviewed, the consciousness about the need for accountability only arose among NGOs in the 80s while self-regulation only developed in the 90s. There is a long way to go as far as establishing self-regulation methods as a means of accountability concerned.

Naidoo (2000) reminds us that whatever self-regulation system an NGO community adopts, it should not be a "gate-keeping instrument" which becomes exclusionary. On the contrary, he suggests that such should be open to reflection, evaluation and change over time and that it should be an educational and capacity building process for all concerned.

The Philippine NGO Accountability Narrative[5]

The evolution of NGO accountability practice in the Philippines follows practically the same pattern as the global trend discussed previously but with some interesting nuances. The dynamism and creativity of Philippine NGOs are both their strength and their weakness. The narrative behind this reality speaks to some of the most compelling arguments about the importance of accountability in the NGO community.

Understanding the nomenclature and typology of Philippine civil society could create more confusion than enlightenment to those who are uninitiated in this sector of Philippine society. Cariño (2002) devotes a whole chapter of her study to analyzing the different categorization of civil society organizations by applying the Johns Hopkins University classification. Constantino-David (1997) maps the terrain of Philippine civil society by separating the NGOs, POs and ideological groups who mostly deal with poor and marginalized groups and are more politically inclined from the academe, church, media and business who are more concerned with either sectoral or broad public interest. She further segregates the former into their sub-categories as individuals, membership-based organizations, institutions/agencies and ideological groups. This section will focus its discussion on "NGOs" using Constantino-David's grouping because these are the organizations that have made an effort to organize themselves towards accountability practices following the global models in the foregoing section.

The "mushrooming" of NGOs after the Marcos dictatorship came about as a result of two factors. The first obvious factor is the opening up of the democratic space. The pent up energy of all the NGOs, POs and other social movements that continued to operate under the repressive regime, burst into active expressions of citizenry as the government of Pres. Corazon Aquino enshrined people power in the new constitution. In addition, tens of thousands of NGOs got organized overnight to take advantage of this space and to exploit the new democratic President's commitment to make NGOs and POs an active part of her government. Constantino-David (1997), Gonzalez (1998), the ADB study on Philippine NGOs (1999), Cariño (2002), and Abella and Dimalanta (2003) provide an exhaustive discussion of the constitutional provisions, laws and government policies that establish the positive environment for the growth and increasing role of NGOs in development.

The second major factor is the donor funds that flooded the country from donors that wanted to ensure the success of the newly re-established democracy. Gonzalez (1998) states that ODA flows to the Philippines continued to rise every year from US$ 908 million in 1986, reaching a peak of US$ 2,725 million in 1991. Because of their newfound legitimacy, NGOs became a choice channel of donor funds as well (Abella and Dimalanta, ibid). Donors also wanted to avoid a repeat of their experience in the Marcos administration where massive amounts of aid money could not be accounted even while

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[5] While sources are cited to provide evidence in many parts of this section, some information/observations are provided as a personal contribution based on this author's own experience as an active NGO practitioner and network person from 1986 – 2004; particularly as CODE-NGO National Coordinator from 1993 – 2002 and PCNC board member from 1998 – 2001 and Chair from 2001 - 2002.

Marcos was still in power. Gonzalez (ibid) estimates that in the early 90s NGOs received US$ 56 million annually directly from NGO co-financing schemes alone (not counting funds available to them through contracting arrangements from ODA funds).

Unfortunately, it is also these two factors and the environment that they created that encouraged unscrupulous individuals and organizations to establish fly-by-night NGOs or pseudo NGOs. ADB cites that by 1995, the Philippines Securities and Exchange Commission (SEC) had registered 60,000 non-stock, non-profit organizations. In an ambitious survey of the size of the non-profit sector, Cariño (2002, :83) estimates that there were between 249,000 – 497,000 of these organizations in the country in 1997.

NGO Accountability: Philippine edition

The confluence of an expanding democratic space and inundation of donor funding had a damaging impact on NGO existence and operations. Donors were loose with accountability requirements because their mandate was to "push" funds towards NGOs (or government, as the case may be). There was so much money to disburse that many donors were more concerned about moving the funds to meet disbursement targets than accounting for funds disbursed. On the other hand, NGOs did not bother about accountability because they were more predisposed to chasing after funds. To begin with, some donors were already quite loose with accounting of funds during the martial law regime, preferring not to know if their funds were being used to resist the dictator (Abella and Dimalanta, 2003).

Government did not bother with NGO accountability because they were busy spending grants or trying to close grant contracts that were already committed by donors. Accountability was simply not in the agenda because absorptive capacity was the name of the game. Worse of all, NGOs competed vigorously to corner donor funds. Competition became so intense that, at some point, some NGOs/networks were already putting down others in order to shore up their own credibility with donors. This is exacerbated in part by the ideological rivalry of groups with competing political backgrounds since the martial law period (Constantino-David, 1997).

In addition to being favored with funds by donors, NGOs also took a high profile role in advocacy. Buoyed by their starring role in People Power I (or EDSA[6] I) in 1986, NGOs wasted no time in forming coalitions and alliances to engage government in various policy-making arenas. Living up to the commitment of the President, government, on the other hand, organized summits, established dialogue and other consultative fora and tripartite and multisectoral councils to give NGOs and other civil society organizations space to participate in government policy-making. Eventually, the passage of the Local Government Code of 1991 opened a wider avenue for people's participation all the way down to the grassroots level. All these were done on the pretext

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[6] EDSA is the acronym for Epifanio delos Santos Ave. which was the historic location of the series of people revolts. It is the main thoroughfare in Metro Manila that cuts through the national military and police headquarters that stand in front of each other.

that NGOs spoke for the poor. Indeed, NGOs made strong points in invoking the perspective of the poor in the policy arena---something that was ignored by the dictator but which became an irrefutable rhetoric under a democratic environment precipitated by people power.

This period, which Abella and Dimalanta (ibid) call the period of legitimacy (late 80s – early 90s), also ushered in a host of innovations that would put Philippine NGOs in the global development map. Donors would point to these exemplars in their reports. International NGOs came to research and write about them. Developing country NGOs came to see how they could be replicated. Among many others, those that became models of effective development strategies were: **sustainable integrated area development** (SIAD) where NGOs attempted to cover larger depressed areas employing a synergy of development strategies (i.e. organizing, enterprise development, gender programs, health and education, etc.), **NGO coalition building** where CODE-NGO was the most prominent achievement as a coalition of coalitions, **NGO-managed fund mechanisms** where NGOs/networks took a crack at donor funds management, and **NGO engagement with government** where they were sitting in official high level policy fora with high level officials. These strategies and approaches were not made overnight. They are the result of years of dedicated work and experimentation in community development and community organizing which spanned several decades. They are a product of networking and coalition building efforts and a clear manifestation of the fact that NGOs are not just convenient channels of donor funds but also add value to them because they experiment and innovate (Garde and Navarro, 1996 quoted in Gonzalez, 1998). They were also made possible by the abundance of funds from donors that were genuinely supportive of NGOs as key actors of democracy and were willing to invest in their experimentation.

Not long after, there was a shift in donor attitude towards the Philippines. Somewhere during the Ramos administration which started in 1992, the international community had a sense that the country had "stabilized" and that the fledgling democracy was taking root. From Gonzalez (1998) it could be noted that ODA flows declined to US$ 1,576 billion in 1992. Although it picked up and continued to fluctuate until 1999 (CODE-NGO, 2000), they never returned to the US$ 2.7 billion level of 1991. Pres. Ramos, encouraged by the initial success of his economic program, told donors the Philippines wanted *trade and not aid* (Abella and Dimalanta, ibid). Thus, donors started to decrease their funding allocations to Philippines. At the same time, geopolitical priorities in development assistance were also changing around this time and were flowing towards more needy countries. The result was slow but sure drying up of the aid well on NGOs. By the mid-90s, the U.S. and Canada, the two big donors supporting NGOs, started to wind down their programs which provide some US$ 10 million annually to NGOs---representing around 50% of donor funds that went directly to NGOs (CODE-NGO, ibid).

One of the biggest consequences of the weak environment for accountability during the era of abundance is the lack of transparency and financial accountability among Philippine NGOs. Aldaba (2001) notes that while there is a large number of

NGOs registered with the SEC, their records show that less than half of those registered submitted the required annual information in the years 1997 and 1998. In a state audit conducted in 1992 – 93 of 42 NGOs that availed of funding from government, it was discovered that there were lapses ranging from non-submission of reports, to lax accounting procedures, to the failure to return unused funds in 56% of the grantees (Cariño, 2002). The oft-repeated complain of NGOs about the lack of staff and financial resources in meeting SEC requirements (Aldaba, ibid) and, later, PCNC certification procedure (Abella and Dimalanta, ibid) is a clear indication of the low priority that they give to transparency and financial integrity.

More to the point, when CODE-NGO tried to obtain the profile of its member NGOs for its database, it was only able to get 50% of them to provide the information requested. The CODE-NGO leadership was disappointed with the resistance of many of its members to provide basic information about their organization. Some members later explained that they did not want their information to get into the "wrong hands". This was also the experience of the Cariño (2002) in conducting her survey which led her to the observation that NGOs guard their financial information like they were "state secrets".   This is without a doubt a hangover from the practice of controlling organizational information to evade repression during the martial law era.

The two biggest blows to NGOs' inviolate image were the Erap Muslim Youth Foundation and the PEACe bonds scandals. Pres. Estrada (fondly called Erap by his supporters) was exposed to have deposited some P 500 million in a "dummy" foundation, allegedly from *jueteng* (local numbers game) sources. This accusation would become one of the reasons why he was booted out of the presidency in the second people power revolution in 2001 and is being used as evidence in the on-going plunder case against him. The PEACe bonds project was a fund-raising effort of CODE-NGO which netted P 1.8 billion through the trading of government bonds. It used the proceeds to endow the Peace and Equity Foundation which is now a grant-making institution for NGOs and POs. CODE-NGO leaders (including this author) were accused of having engaged in illegal transactions to earn this huge profit and faced Congressional investigation and media scrutiny. The investigation failed to establish the accusations but the supporters of Pres. Estrada took the opportunity to demolish the reputation of CODE-NGO, which was one of the leading organizations in People Power 2 (EDSA II). They publicly implied that these "holier than thou" civil society organizations are no better than those whom they accuse of being corrupt. Undoubtedly, these two incidents did create doubts about the integrity of NGOs in the minds of the public.

The question of legitimacy is one issue that has hounded Philippine NGOs of late. After a brief honeymoon period NGOs started to trade barbs with politicians in the Aquino administration when the contentious policy issues of asset reform (the Comprehensive Agrarian Reform Program) and sovereignty (the presence of the U.S. military bases in the country) were tackled. NGOs started to call politicians blocking the passage of their version of the CARP law as *trapos* (short for traditional politicians but also literally meaning *rag* in Pilipino) for being anti-poor and representing only their selfish interest. Politicians retorted by asking who NGOs represented since they were not

elected and whether they indeed had the mandate of the poor to speak in their behalf---something that mirrors the accusations against NGOs in the global arena. Politicians shot back by calling NGOs *ngongo* (a person with a congenital speech defect), a malicious and politically incorrect swipe at the, apparently, dissonant voice of NGOs.

The animosity progressed until People Power 2/EDSA II where the term civil society became a buzzword in Philippine media. NGOs, POs and social movements that pushed for Pres. Estrada's ouster repeatedly referred to themselves as "civil society" – the voice of the people who wanted Estrada out. While the strategy of using people's power was successfully repeated in ousting Estrada, this did not sit well with the western press which considered this impatient, extra-parliamentary exercise as "mob rule". Eventually, an intellectual debate ensued as regards the wisdom of this mode of changing a duly elected president.

When it was time for Estrada's supporters to protest his arrest, they claimed the same right to express their disagreement with government in people power fashion in exactly the same site where EDSA I and II took place and called their revolt EDSA III. They also maintained that they acted in behalf of the poor whose interest Estrada vowed to uphold and to whom he was very popular even after his ouster – an attack on the largely middle-class character of EDSA I and II. Although it is widely known that it was Estrada's allies who started the uprising, eventually urban poor groups independently trooped to the protest site and made true Estrada's supporters claim that theirs was the "real" voice of the poor. The uprising ended in violence when politicians agitated the masses to invade the Presidential palace to try and oust Pres. Macapagal-Arroyo – Estrada's successor. The attempted ouster miserably failed but the fracas would long be embedded in the public's mind as a confusing political battle between groups who claimed to represent their interest. The fact that the unorganized poor joined EDSA III[7] was like a jolt of lightning to NGOs, especially those who were part of EDSA I and II, who had always claimed that they know of and/or speak for the poor (Cariño, 2002).

The question of legitimacy is further complicated by the fact that politicians have begun to organize their own "NGOs". In the advent of the Local Government Code which gave affirmative rights and representation to NGOs and POs in every development council in each barangay (village, town, city and province), local government officials have taken on the practice of putting up their own NGOs to either control representation in the local government councils, corner local government contracts or simply have a convenient vehicle with which to extract loyalty from people in the community. The latter is especially true for the spouses of politicians and for those who have lost elections and plan to make a comeback. This phenomenon has further raised disturbing questions about what NGOs are really all about, how they are related to or different from government and who they really represent. This confusion has added to questions about their legitimacy and their credibility with the public.

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[7] This uprising was never referred to as People Power 3 because it failed to achieve the ultimate conclusion of the two previous people power revolts – regime change.

Another sticking point under the legitimacy issue is the dynamics between NGOs and POs. Constantino-David (1997) describes this tension as a case bordering on a paternalistic attitude of NGOs towards POs and of distrust of POs towards NGOs. Cariño (2002) highlights the matter of misrepresentation of POs by NGOs, while Aldaba (quoted in Cariño) focuses on the class conflict between the mostly middle-class NGOs and the poor POs. This discourse is closely related to the question of downward accountability of NGOs to the people who they purport to represent. In the case of the Philippines, the silver lining could be that POs could be considered to have somehow been empowered because they are able to articulate their displeasure with NGOs (contrary to Lloyd's claim that the poor do not have the capacity to demand for accountability). Nevertheless, it contributes to diminishing the credibility of NGOs.

Philippine NGOs are not spared from the issue of accountability for performance. In CODE-NGO's survey of donors (2000), their most popular complains about NGOs were their lack of institutional systems and mechanisms, resource constraints in terms of staffing and counterpart contributions which prevent them from being fully accountable for their projects, their inability to make their projects sustainable because of their dependence on external funding, narrow-mindedness or parochialism and lack of capacity to scale up their projects. Abella and Dimalanta (2003) write that NGOs are more focused on process than on outputs and outcomes which have become donors' favorite measures of exacting accountability. On the other hand, they claim that NGOs make themselves vulnerable to accusations of poor performance because they use such objectives as people empowerment, consciousness-raising, or capability building which are difficult to measure; they also have poor monitoring and evaluation systems. While this can be explained by the value-oriented nature of NGOs (Fowler, 1997 quoted in Carino, 2002), it still opens them up to some donors' impression of being weak in delivering on their commitments. Constantino-David (1997), echoing Jordan, contends that the kinds of performance measurement systems that are being imposed by donors upon NGOs are rather corporate or bureaucratic in nature and contradictory to the voluntary and socially-oriented nature of NGOs. The challenge, she opines, is for NGOs to devise accountability systems that are more consistent with their nature and resist those that impinge on their flexibility and autonomy.

One of the other weaknesses identified by Abella and Dimalanta about Philippine NGOs is weak board governance. They point out that most NGO are nominal, inactive, and/or disinterested in their governance functions.   Board members are usually selected among friends and acquaintances so that there is an in-breeding rather than a broadening of perspectives among NGOs. They also note that most boards do not want to get involved in the financial and fiduciary responsibilities of the organization leaving the Executive Director to worry about raising funds as well as spending them. This is borne by the experience of PCNC in its first few years where many evaluators validated the above findings in the course of certifying applicant NGOs.

When the accountability regime hit Philippine NGOs, many were hard pressed to comply with the standards that were being expected of them. Although large in number, a great majority of them are small organizations with an average of 5 – 10 staff (Abella and Dimalanta, ibid; ADB, 1999; Cariño, 2002). Many of them had not established the

kind of human resources and organizational systems required to institute the accountability mechanisms. Having been dependent on donor grants, many were caught unprepared when these started to disappear. Analyzing a survey conducted by the Association of Foundations (AF) of CODE-NGO members, Aldaba (2001) says less than half (47.8%) considered themselves financially sustainable. In an attempt to update the size of its members towards the late 90s, CODE-NGO discovered that they had lost around 500 of their 3,000 members.

Cariño and Fernan (2002) talk of the multiplicity of purpose of civil society organizations in the country as well as the Filipinos' penchant for association that have contributed to the growth spurt and complex nature of non-government organizations in the Philippines. Some of these efforts to organize are more fleeting than others, oblivious of the need for institutionalization and more concerned about meeting short-term objectives. Many eventually disappear when their purpose have been met or are not easily achieved so the effort at institutionalization are rare compared to the over-all enthusiasm to organize.

Self-regulation: Philippine style

The NGO organizing frenzy and the cacophony of voices competing for a larger sphere of the democratic space were the impetus for the creation of CODE-NGO in 1991. The ten biggest coalitions of NGOs in the country decided to form themselves into a coalition of coalitions to uphold the integrity of the "genuine" NGOs by setting the standards of development work while also serving as the voice of the sector in policy issues. These networks, some of which were bitter rivals during the martial law period, were forced to work together to form the Philippines-Canada Human Resource Development Program (PCHRD). The Canadian government challenged NGOs to work together to manage a capacity building grant so that they could demonstrate their competency in financial administration and program management. It was a precedent setting initiative of the Canadian government which would eventually be replicated in other parts of the world and which eventually paved the way for other NGO-managed funds in the Philippines.

The initial task of CODE-NGO members was to encapsulate their standards into two documents: the Covenant on Philippine Development which articulates their vision of development and the Code of Ethics of Development NGOs (later Code of Conduct) that would establish the ethos of their work to set them apart from the fly-by-nights that were already proliferating. Formulating these documents was a painstaking exercise that took nearly a year of debate, consensus building and wordsmithing to conjure the right language that would marry the sometimes opposing view of this very wide range of development actors (Songco, 1999). It was a necessary exercise to prove that NGOs could subsume their self-interests to the interest of the sector. This proved to be a strategic step.

Abella and Dimalanta (2003) say government had a generally positive attitude towards NGOs, especially during the Aquino administration. The National Economic and Development Authority (NEDA) Resolution No. 2 series of 1989 provided the framework of the Aquino government's policy towards NGOs (Gonzalez, 1998). Among others, the resolution provided that government will not control, but rather, would enhance direct funding support to NGOs, GO (government) – NGO coordinating mechanisms at various levels of government are given authority to collaborate and negotiate with NGOs, and NGOs should be informed of and consulted on major policy and program decisions, accreditation policies, and proposed legislative agenda that concern them (Gonzalez, ibid).

Government provided a very liberal and enabling environment for NGOs. The ADB study on Philippine NGOs (1999) distinguishes between registration and accreditation of NGOs by government. Registration is defined as an *"official or legal recognition issued to a person, entity or organization, after having met certain requirements in Philippine laws."* It refers to the SEC as the primary registration agency for non-stock, non-profits and the Cooperatives Development Authority for cooperatives. It then refers to Bureau of Internal Revenue (BIR), Department of Finance (DOF) and the Department of Social Welfare (DSWD) as secondary registration bodies if non-stock, non-profits would like to avail of tax exemption, exemption from duties and tariffs for imported goods and for relief donations, respectively. Apart from these simple rules, there was no intention to strictly regulate NGOs because government also realized that it had no capacity to exercise strict supervision over these rapidly growing organizations (Cariño, 2002).

The hostility started when NGOs began to take a condescending attitude towards government, treating government workers with suspicion---a hangover from their relationship during martial law. What partly triggered this reaction and marked the end of the honeymoon was the agrarian reform debate in Congress discussed in the previous section. Politicians shot back by trying to reverse the liberal environment for NGOs. During the Ramos administration, there were a number of attempts by Congress to pass legislation for greater regulation of NGOs. After the state audit revealed misdeed of NGOs who obtained funds from government, COA called for greater government monitoring over public funds that NGOs received (Abella and Dimalanta, 2003).

CODE-NGO resisted these initiatives and insisted that the sector had the capacity to regulate itself. To prove this point, CODE-NGO took on a project which it dubbed as the Whitelist project in 1997. The project went after all NGO and PO grantees of the PCHRD that failed to comply with their grant agreement after the program closed. While only 89 of the total 975 grantees of PCHRD were remiss in their obligation, only 28 managed to comply after they were taken to task by CODE-NGO (CODE-NGO, 1997). A list of these 28 organizations was eventually disseminated by CODE-NGO to government agencies, donors, and international NGOs. The list made no judgment on the NGOs and POs enumerated. Instead, it merely made public the information that these organizations failed to comply with their contractual obligation to PCHRD even after they were warned that they would be included in a list that would be publicly

disseminated. This was sufficient notice that should have given fair warning about the sense of responsibility of these organizations.

In the course of handling this process, some NGOs complained that PCHRD was stricter in its accountability requirements than foreign donors who were giving bigger funds. The networks managing PCHRD responded by saying that they need to be harsh on NGOs because they have to prove that NGOs can live up to the responsibility that is expected of them (Constantino-David, 1997).

Moving self-regulation forward, CODE-NGO has since removed one member network when it failed to account for funds that it received from the network. This is a painful act which is consistent with the standards that CODE-NGO has established in the Whitelist project when it dismissed two member networks and ten NGOs that are among the 28 organizations that eventually landed in the whitelist. CODE-NGO has not stopped this practice. As this paper is being written, it is undergoing due process in disciplining (possibly dismissing) another member organization for financial anomalies in the management of funds received from a World Bank – Japan Social Development Fund.[8] When CODE-NGO celebrated its 10th anniversary in 2001, it asked its members to sign an updated version of the Code of Conduct for Development NGOs which now carries explicit guidelines for enforcement. It has also established a permanent Commission on Internal Reform Initiative to work out the sanctions for members who violate the Code and a Commission on Capacity Building to assist its members in living up to the standards of the Code as well as prepare them to adapt to the changing environment. Further, after years of deliberation, it finally decided that one of the requirements for membership in CODE-NGO is PCNC certification. By 2014 all members who are have not been certified by PCNC will be removed from its roster.

The creation of PCNC is an independent effort of some CODE-NGO member networks (notably the Association of Foundations and the Philippine Business for Social Progress) to take self-regulation to the next level. The history and purpose of PCNC will no longer be discussed in this paper since it is assumed that its members (the primary audience of this paper) are already aware of this.[9] Suffice it to say that PCNC is referred to, discussed and/or analyzed as a path breaking achievement in NGO self-regulation by many of the documents that were reviewed for this paper. It is without a doubt a global phenomenon. What is important to state here is that the confidence to establish PCNC is built upon the experience of CODE-NGO in self-regulation.

The formation of PCNC was not without controversy. A few NGOs questioned the authority of its founders to pass judgment on who is worthy of certification in a collegial community. Interestingly, some of the NGOs that resisted PCNC's creation are also the same organizations who did not want to be part of CODE-NGO because they did not want to subscribe to the Code of Conduct. One NGO threatened to sue CODE-NGO if its name lands in the whitelist, claiming that its accountability is to PCHRD and not to CODE-NGO---a threat that it did not make good after CODE-NGO included it in the

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[8] From a conversation with Sixdon Macasaet, current Executive Director of CODE-NGO.
[9] For more information on PCNC see www.pcnc.com.ph.

whitelist. These NGOs' assertion of their autonomy is noteworthy. Unfortunately, their resistance to the NGO sector's effort at instituting discipline while also resisting government regulation is what makes NGOs vulnerable to public suspicion.

Abella and Dimalanta (2003) note that NGOs give two reasons why they do not obtain PCNC certification. One is they cannot afford the P 10,000 cost of certification, the other is their difficulty in preparing the requirements of certification. It must be noted here that PCNC obtained a grant of P 500,000 from Ford Foundation when it was newly established to subsidize small NGOs that will be able to afford the application fee. It took several years for this grant to be consumed because the availment was quite low. The PCNC board also made some adjustments after receiving feedback on its stringent requirements from relatively small NGOs. When the application for certification was still rather slow despite these two efforts, the board concluded that the problem was the desire/attitude of NGOs to meet accountability standards and/or the lack of incentives for them to obtain certification. At present, PCNC certification enables an NGO to obtain a donee institution status which means a corporate donor can obtain a tax deduction for a donation given to them. Since neither donors not government require PCNC certification before giving a grant and few NGOs access funds from the business sector, PCNC certification has become valuable only to those who really care about good governance and accountability. Since a very small population of the NGO sector has been certified, PCNC certification is becoming an elitist symbol rather than an expression of the Philippine NGO sector's efforts at self-regulation.

Abella and Dimalanta (ibid) point to other NGO/network-level self-regulation practices in the Philippines. They mention the effort of the Philippine Partnership of Support Service Agencies (PhilSSA) and AF (both CODE-NGO member networks) in preparing an annual scorecard of their members as a system of peer-review based on pre-agreed criteria. Some members have apparently been dropped from the roster of these networks because of consistently poor performance which includes failure to submit annual and audited financial reports. Abella and Dimalanta also make mention of the practice of PBSP in conducting regular independent audit of its grantee NGOs as well as its own operations to determine whether they are living up to their commitment of performance. They cite the effort of the Children and Youth Foundation of the Philippines (CYFP) to provide its grantees with a self-assessment tool which it recommends them to use before they avail of their assistance. CYFP staff then validate the self-assessment before approving a grant application and, when necessary, provide assistance to enable the proponent to addresses weaknesses identified from using the diagnostic tool.

Philippine NGO Accountability: the unfinished story

Although seemingly a large segment of Philippine society, the NGO community is an esoteric sector that addresses itself to a narrow public. While actively engaging in public discourse, its work is known only among practitioners, beneficiary communities, marginalized sectors, donors, some government agencies and some business segments of

the business sector. It is only fairly recently that media had gotten wind of them, picking up mostly negative news about them. Government officials are fond of quoting a little known study that says NGOs reach only 1% of the poor in the country---a point that NGOs are unable to dispute for lack of contrary evidence. The reality is ***Philippine NGOs have not developed the habit of engaging the public in their work***. Unlike their counterparts in developed countries, they has a very narrow base of volunteers and have not exerted effort at raising funds from the public because they have found it more convenient to obtain funds from generous donors.

For their sins, Philippine NGOs are now suffering from a crisis of relevance that they have never before experienced. The innovations have ceased, grants continue to disappear and NGOs are closing down one by one. On the political front, the Philippines is once again under a cloud of political turmoil that threatens to retard its democracy back to the martial law era. Despite the fact that the current President holds the record of being the most unpopular president in the country (Chua, 2006) the general public have dismissed the calls for her ouster shying away from opposition efforts at mass action and choosing instead to attend to "more important matters" (Pulse Asia, 2006). NGOs who are in the thick of this protest are practically the same NGOs who were part of People Power 1 and 2. Forced to form tactical alliances with politicians and groups who were on the opposite side of the fence in EDSA I, II and III, they are now being rejected by the very people who they claim to represent, confused about the unholy alliance that they have entered into and preferring to sit out a president they dislike rather than gamble on the options that are being presented by the same groups that had promoted people power as the ultimate recourse to attaining reform. The combination of the question of integrity and the question of relevance is a deadly combination that currently plagues NGOs and threatens to send the Philippine NGO community into oblivion. The golden era of Philippine NGOs is approaching the dark ages.

Some Points of Reflection

The foregoing discussion provides some rich insights on the importance of NGO accountability. The following are offered as a summary of the important points that can be gleaned from that discussion and how they may be used to improve the current situation of NGOs in the country.

1. As a sector grows (particularly those that affect public interest), ***some level of regulation is necessary and desirable*** (either by government, by NGOs themselves or both) to ensure that the members of the sector are able to uphold responsibility in their work in the course of addressing public interest. Philippine NGOs have demonstrated the capacity to regulate themselves and keep government regulation to a minimum. However, (as Slim pointed out) the scope of such regulatory environment needs to encompass the sector as a whole. Locally and globally, the high profile role that NGOs play in their advocacy efforts is not matched by their ability to communicate their capacity to discipline themselves. As several authors have warned, a few scandals are sufficient to damage NGOs' credibility. This is

particularly true in the Philippines where NGOs have instituted pathbreaking efforts at self-regulation that are globally recognized. If NGOs do not want more government regulation, they need to demonstrate in a bigger way---in ways by which the public can fully understand---that they can discipline themselves. Marschall and Edwards highlight the right of NGOs to assert their right to expression in a democratic setting. However, the Commonwealth Business Council emphasizes the responsibilities entailed by such right.

2. ***Accountability cannot be imposed***. First and foremost, those that are still unaware must be made to understand that NGOs' noble intentions to serve public interest comes with great responsibility and that such responsibility needs to be exercised towards a variety of stakeholders. The bar of public expectation of NGO behavior has been set so that it is no longer possible for NGOs, no matter how small, to work in isolation from the purview of public scrutiny. At the same time, the diversity of mission and operation of NGOs makes it difficult to establish uniform measures of performance and accountability. There are already a lot of tools that have been developed thus far for these purposes (a few examples have been given here). Codes of conduct are noteworthy but they need to be popularized and there need to be enforcement mechanism to give them "teeth" so that NGOs that subscribe to them will take them seriously. Bothwell shares an example of how the codes of conduct of two U.S. coalitions of NGOs were not enforced because they did not promote them properly among their members. The challenge is how to make these tools available to NGOs so that they can choose the more appropriate ones or they can develop their own to demonstrate their accountability.

3. There is broad social consensus, locally and globally, about the important role of civil society in building social capital and strengthening democracy. In the Philippines, however, ***public disenchantment with civil society could also foment apathy and indifference among people***. NGOs need not blame themselves entirely for this situation. Certainly unscrupulous groups that have exploited the political value of "civil society" are more to blame. However, the irony about a society that hosts one of the most advance NGO communities in terms of self-regulation that has also lost confidence in this community is quite disconcerting. There is urgent need to take great effort for the NGO community to remedy this situation and to prove that they are capable of regaining their important role in society.

4. Philippine NGOs need to realize that they will inevitably ***need to engage the public in their work***. The next big source of funding to sustain development work is the public. However, tapping public funding at this time will be extremely difficult for NGOs because of their low level of credibility. Thus, apart from establishing sector-wide as well and institutional level measures of accountability, NGOs will have to face the challenge of soliciting public participation in reporting on errant NGOs through complaints and grievance mechanisms to show that NGOs are confident to face public scrutiny and are willing to face the consequence of reprisals. On the other hand, the warning of Blagescu, Casas and Lloyd about complaints and grievance

being a very new approach and being very dangerous and complex must be heeded. There is need to study and plan for this carefully lest if backfires.

5. As a final note, it would be good to be reminded about Naidoo's advice to ensure that the *self-regulatory system of NGOs must be inclusive* and conceived as one that is open to reflection, evaluation and change over time and that it should be an educational and capacity building process for all concerned.

Some Options for Increasing NGO Accountability in the Philippines

The challenge of bringing about the renaissance era of Philippine NGOs is a daunting challenge --- resources are scarce, spirits are low and bad habits are deeply ingrained. It is not suggested here that increasing the accountability of NGOs is the panacea to remedy this serious crisis. Rather, the premise is that promoting good governance among NGOs could be an important step in regaining and enhancing their public credibility. PCNC could play an important role in this process since it is already internationally recognized as a pioneer in NGO self-regulation. At the same time, it has built the necessary infrastructure to carry out a sector-wide campaign to shore up accountability practices as a measure of regaining public trust and recapturing the NGO community's essential role in development.

With the foregoing discussion in mind, it is proposed that the approach to increasing NGO accountability among Philippine NGOs is to create an *incentive-disincentive structure* for this purpose. Such a structure must provide rewards for NGOs to institute accountability practices and increase the risks and sanctions of not doing so. This approach is proposed because experience has shown that accountability cannot be imposed. NGOs need to first understand why accountability is important, become aware of different dimensions and methods of demonstrating accountability then choose the method/s that is/are applicable to their organization depending on their mission and operation. At the most basic level for instance, efforts must be made to make small NGOs with very limited focus and operation aware of the minimum standards of accountability that they need to uphold to enable them to perform their work effectively and sustainably. They should not be "forced" to institute complex accountability systems which would jeopardize the viability of their operations. At the same time, NGOs cannot also be left to freely decide whether they want to institute accountability measures or not.

It may be necessary for PCNC to work with other institutions to bring about such a structure in order to create the environment to make NGOs work for greater accountability on their own while also proactively providing assistance to NGOs who need help to institute their own accountability efforts. The full range of self-regulation methods that were discussed in previous sections needs to be reviewed and the extent to which those that are applicable to the Philippine setting carefully studied. Some beginning discussions are offered below to aid the PCNC in reflecting on the applicability of these approaches.

Standards Setting and Performance Measurement

- **S*ectoral codes and other means to govern conduct.*** How can the Code of Conduct of CODE-NGO be more widely disseminated, especially beyond its membership? Are there other NGO codes that can be popularized so that different NGOs may choose the code of conduct that is applicable to them? The enforcement system of the CODE-NGO Code of Conduct should also be widely disseminated so that it can serve as a possible template for enforcement for other groups who may want to establish their own codes of conduct.

- ***Self-certification.*** Can the system of CYFP be popularized? Are there other such self-certification methods being used locally and can they also be publicly shared?

- ***Peer Review***. Can the PBSP system be popularized? Are there other such peer review systems being used by other NGOs/institutions which can be shared with other NGOs?

- ***Ratings organization evaluation***. There are two ratings/grading system that were presented here are examples (AF and PhilSSA). These are useful in a controlled environment with a relatively small membership base. What needs to be studied is how such a system can be applied in a larger setting. Of course, the fundamental question that needs to be asked is whether there is value to such an undertaking. If so, perhaps the assistance of professional ratings group (such as PhilRatings which does rates local companies) can be obtained so that their technology can be optimized.

- ***Accreditation by an accreditation agency.*** While it is certainly desirable to expand the reach of PCNC, the necessity to encourage other specialized certification bodies should also be studied. For example, there has been talk within PCNC to encourage microfinance institutions to establish their own certification body since the parameters being used to certify NGOs cannot apply to MFIs. Perhaps PCNC can make its services available to assist other certification bodies to be established the way it obtained the assistance of PAASCU (the certification body for Philippine colleges and university) when it was being formed.

  On the part of PCNC, it may want to consider working with the SEC to increase awareness in good governance and accountability among non-profits the way it (SEC) did for financial institutions. SEC required all board members of financial institutions to undergo a seminar on their duties and responsibilities as part of their compliance requirements. Can PCNC work with SEC to require all non-profit boards to undergo good governance seminar?

Enforcement and incentives

- ***Award****s*. A survey of award giving bodies should be done to find out if anyone of those is willing to give special awards of recognition for excellence in governance to

NGOs. Such awards should be encouraged not only for their competitive nature but also for the public awareness that they create. If a prestigious award-giving body can be established, over the years this award will create a lot of consciousness about exemplary models of good governance among NGOs.

- *"Intranet" self-regulatory measures.* Donors need to be convinced to encourage NGO grantees to obtain PCNC certification. So that PCNC certification is not regarded as an impediment to access donor funds, donors may want to ask first time grantees to seek certification before they can access another grant from them in the future. In addition, donors may also consider providing an additional grant to help small NGOs to obtain assistance to improve their governance system. Such assistance can be used to prepare them to obtain PCNC certification.

Public information

- *Information Agencies.* The role of an organization such as Guidestar (http://www.guidestar.org/) in the U.S. is very important because of the high incidence of public giving there. Since there is no such environment of public giving in the Philippines, there may not be a need for this kind of organization at present. However, since engaging the public will be a necessity for NGOs, the effort to establish a service that provides a wide range of information about NGOs will be strategic at this time.

  Furthermore, one of the most important steps that need to be taken to increase NGO accountability is to increase awareness of the importance of accountability. One way to do this is to ask SEC to provide information materials on accountability measures to all registered/registering non-profits. PCNC can produce the materials in cooperation with SEC to cut the bureaucratic time that it will take to produce such materials. It can ask SEC to give a copy to all applicants as well as all currently registered non-profit organizations.

- *Charity commissions or self-regulatory charity registers*. Like ratings and public information agencies, the utility of charity commissions or registries need to be further examined at this time. However, the future will have great use for a large database of information on different types of NGOs in the country to make it easier for the public to support them.

- *Complaints and grievance mechanism*. As previously noted, care needs to be taken in setting up such a mechanism at this time given the fragile state of NGOs in the country and public reception towards them. Such a system can be initially started by PCNC for its members as a way of testing its viability. If the system succeeds, it can be expanded to cover a wider range of NGOs.

- *Other possible initiatives.*

- Can PCNC create a research unit or encourage an institution to establish one that will continuously identify cutting edge practices in NGO accountability, package these into information materials and disseminate them broadly to NGOs and other civil society organizations? It is important to constantly generate new information that NGOs and CSOs can use in developing accountability mechanisms to maintain their interest in this subject and to fuel innovation.

- Can PCNC encourage other donors to publish a list of their negligent grantees like the Whitelist project of CODE-NGO? Such a project would initially be controversial but could eventually change the behavior of NGO and CSOs if they realize that donors do not tolerate such behavior.

Part of the effort of creating a more proactive environment for NGO accountability is to dissect the different levels at which accountability needs to be promoted, the methods that can be used by NGOs operating in these different levels and incentives and disincentives that can be instituted in this regard. The foregoing discussion provides a general idea of how this structure of incentives and disincentives may be organized. PCNC needs to decide what role it wants to take in either establishing such an environment and/or in the way that such an environment will be established.

Whichever option is selected by PCNC, there is a need to conduct an information campaign to launch this initiative and plan for a sustaining mechanism to broaden and deepen awareness on accountability measures among NGOs and CSOs. PCNC needs to a take a leadership role in this undertaking by working with NGO networks which have already established systems of promoting discipline among their members as well as other institutions that have the competence to develop the schemes that are necessary to promote greater accountability among NGOs and to sustain development work in the country.

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Annex A –Collection of NGO Codes of Conduct

Self-regulation initiative	Country of use	Enforcement mechanism	Sanction stated (suspension or termination of membership)	Beneficiary accountability
ACFID Code of Conduct	Australia	• Complaints investigated • Annual reports scrutinized	Y	Some standard provided
Association of Development Agencies in Bangladesh Code of Ethics	Bangladesh	• None mentioned, but need recognized	N	Aspirational
AusAid Accreditation Scheme	Australia	• Third party certification	Y	Some standard provided
Botswana NGO Code of Conduct	Botswana	• Complaints investigated • Self- and peer-monitoring of performance	N	Aspirational
Caucus of Development NGO Networks Code of Conduct (CODE-NGO)	Philippines	• None mentioned, but need recognized	N	Aspirational
Child Sponsorship Accreditation Project (based on PVO standards)	US	• Third party certification	Y	Some standard provided
Civic Initiative Center Code of Ethics	Georgia	• None mentioned	N	No mention
The Code of the Association of Children's Organizations in the Republic of Macedonia	Macedonia	• Self-certification	Y	No mention
Code of Ethics for Social Development Non-Governmental Organizations and People's Organizations in Cambodia	Cambodia	• None mentioned	N	Aspirational
Code of Conduct of the Lesotho Council of NGOs	Lesotho	• Complaints investigated	Not known	No mention
Code of Conduct for Somali NGO networks	Somalia	• Complaints investigated	Y	Some standard provided
Code of Ethics for Estonian Non-Profit Organizations	Estonia	• None	N	Aspirational
Code of Ethics of the Canadian Council for International Cooperation	Canada	• Self-certification	Y	Aspirational
Code of Good Practice for NGOs Responding to HIV/AIDS	International – HIV/AIDS	• Self-certification	N	Some standard provided
Credibility Alliance Minimum and Desired Norms	India	• Self-certification, supported by a desk review by Credibility Alliance • A third party certification system is being developed	N	Aspirational
Draft Code of Ethics and Conduct for African Civil Society Organizations	Regional – Africa	• Complaints investigated	Y	Aspirational
EC Draft Recommendations to Member States regarding a Code of Conduct for Non-Profit Organizations to Promote Transparency and Accountability Best Practices (still under consultation)	Regional – Europe	• None. Member States encouraged to look at mechanisms to ensure compliance	N	No mention
Humanitarian Accountability Partnership-International (HAP-I)	International - humanitarian	• Complaints investigated	Y	Some standard provided
Independent Sector Statement of Values and Code of Ethics for Non-Profit Organizations	USA	• None mentioned	N	No mention

InterAction's Private Voluntary Organization (PVO) Standards	US	• Complaints investigated • Self-certification	Y	Some standard provided
LP3ES Code of Ethics+	Indonesia	• None mentioned	N	
Maryland Council of Non-Profit Organizations' Standard of Excellence: Ethics and Accountability Code for the Non-Profit Sector	USA	• Third party certification	Y	Some standard Provided
NGO Code of Conduct for Ethiopia	Ethiopia	• Complaints investigated	Y	Some standard provided
NGO Code of Conduct for Afghanistan	Afghanistan	• Complaints investigated	N	Some standard provided
NGO Federation of Nepal Code of Conduct	Nepal	• None	Y	Aspirational
Nigerian Draft Code of Standard Practice for NGOs (still under consultation)	Nigeria	• None	N	Some standard provided
Pakistan Centre for Philanthropy's Non-Profit Organization Certification Programme	Pakistan	• Third party certification	Y	Some standard provided
Pakistan NGO Forum Code of Conduct	Pakistan	• None mentioned	N	Aspirational
People in Aid	International - humanitarian	• 'Committed to the People In Aid Code' – self-certification • 'Verified Compliant with the People In Aid Code' – third party certification	N	This code is focused on accountability to staff therefore does not mention beneficiaries
Philippine Council for NGO Certification	Philippines	• Third party certification	Y	Aspirational
South African NGO Coalition Code of Ethics	South Africa	• None mentioned	N	Some standard provided
The Red Cross Code of Conduct	International - humanitarian	• None mentioned	N	Some standard provided
The Sphere Project	International - humanitarian	• None mentioned	N	Some standard provided
Ugandan NGO Forum Code of Conduct	Uganda	• Complaints investigated	Y	Aspirational
World Association of NGOs Code of Ethics and Conduct for NGOs	International	• None mentioned	N	Aspirational

Source: Robert Lloyd and Lucy de las Casas, One World Trust. 2006

Annex B - The Independent Sector Checklist for Accountability:

1. Develop a Culture of Accountability and Transparency
2. Adopt a Statement of Values and Code of Ethics
3. Adopt a Conflict of Interest Policy
4. Ensure that the Board of Directors Understands and Can Fulfill Its Financial Responsibilities
5. Conduct Independent Financial Reviews, Particularly Audits
6. Ensure the Accuracy of and Make Public Your Organization's Form 990
7. Be Transparent
8. Establish and Support a Policy on Reporting Suspected Misconduct or Malfeasance ("Whistleblower Protection Policy")
9. Remain Current with the Law

The complete accountability Checklist can be downloaded at http://www.independentsector.org/issues/accountability/Checklist/Checklist_Summary.pdf