Importance of Accreditation in NGOs Accountability

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Abstract - The number NGOs in developing countries has risen significantly of the past few decades. It is argued the increase in number of NGOs in the developing countries in the recent years as NGOs help the society by promoting growth and alleviating poverty. Therefore, NGOs are seen as an efficient, economical, innovative, responsive, flexible and a better alternative to deliver help to the marginalised. This explains why they are preferred by organisations such as the World Bank, the United Nations and other corporations.

Governments, Foreign Institutions, corporates and private donors are the back bone of NGOs for funding. They have to play a critical role to bring accountability in NGOs. So NGOs have to be careful with the media, public as well as their donors and has to utilise the funds for only those purposes of they brought and only for the benefit of the society. Thus they can show the accountability to funders as well as the society a large.

In this paper we highlights the mechanisms of accountability towards donors, organizations helps the NGOs in their accreditation and importance of accreditations in NGOs Accountability from donors perspective.

Key words: Accountability, Accreditation, Donors, Non-Governmental Organization

I. INTRODUCTION

India being one of the developing county is roughly estimated to have about 72616 (as on 31st March 2019) NGOs which are registered in NGO DARPAN, by Niti Aayog of India. There are still more unregistered NGOs not included could account for more. The NGOs in India are regulated by multiple laws and authorities, many people questions about its credibility and accountability without having the proper information but their existence, financial sustainability, their structure, their way of working, their output and performance. In India there no such benchmarks suitable for all NGOs, where they can practice accountability, absence of performance benchmarks where all NGOs cannot perform in a similar way as there are lot of differences in their structure, size and activity.

The NGO sector in our country has evolved through a rigorous transformation. Latest changes in technology brought positive changes and connects between the donor and the NGOs effectively. Through different techniques developed by Information Technology like, face book, twitter, LinkedIn, WhatsApp, moreover all social medias broadcasting the face of the NGOs to millions of people. Even these development make NGOs cautious with their activities and spending, so that NGOs become more transparent and accountable.

Central Statistical Organisation research states that 3.3 million NGOs registered in India. If we see the figure of Niti Aayog NGO DARPAN, Only 72616 NGOs registered even if planning commission made it mandatory for all NGOs who wants grant –in –aid and FCRA contributions they have to register in Niti Aayoga. That means still there are lot of NGOs working with other sources of money and don't bother about the mandatory registration. The question arises that who were these organisations, where were they located, what difference did they make? It was not easy to find answers because the country has multiple Acts for registration in India. (The Indian Trust Act, 1882, The Societies Registration Act, 1860, Secrion-8 of Indian Companies Act, 1956, etc.). There was no uniform accountability mechanisms, national policy or reporting framework that applied to all NGOs. It was also difficult to conduct any form of rating NGOs based on financial information available. So it's important to make some mandatory requirements for NGOs to show their accountability. It will help all donors to select NGOs while sanctioning the funds for the various projects.

The growth of NGOs sector has seen various developments from the last decades. These growth brought success and tried to bring greater transparency and accountability in NGOs.

II. NON- GOVERNMENTAL ORGANIZATIONS(NGOs)

The World Bank's Operational Directive on NGOs defined the term of 'NGOs' as (Cited in Korten,1991:21): **"The groups and institutions that are entirely or largely independent of governmental and characterized primarily by humanitarian or cooperative, rather than commercial objectives".**

Non-Governmental Organizations (NGO's), the name itself says about the nature of the organizations that keep themselves outside the governmental relations and execute for the welfare of the society.

Bhose (2003) provides a definition given by the National Conference on the Role of Voluntary Organisation in Health Care in India that reads as:

A voluntary Organisation is a social service and a development institution motivated to meet the needs of the most disadvantaged in society, either through direct services to the people or through facilitative/indirect services to other voluntary organization or government, non-profit making and not undertaken to be fully funded for its maintenance, directly or indirectly by the Government.

Dr. Rajasekhar (2000), examines the term the NGOs as that undertakes voluntary action, social action and social movements four characteristics make the NGOs as distinct organizations. These are:

• Voluntary formation,

• Working towards development and amelioration of suffering,

• Working non-self-serving aims,

• Relative independence.

According to United Nations NGOs are defined as "A non-governmental organization (NGO) is a non-for-profit, voluntary citizens' group, which is organized on a local, national or international level to address issues in support of the public good." This describes that NGOs act a catalyst between public and corporates to provide support to the needy. However, the use of the term 'non-governmental' has been condemned on the grounds that most NGOs in the world accepts donations, funding and other resources from governments, undertake projects on behalf of governments and collaborate with them on a number of issues. In fact there is a strong relationship between NGOs and the State (Banks and Hulme, 2012; Farrington and Babington, 1993).

In many cases, NGOs are complementing governments' efforts at addressing related developmental issues of the society; for example, poverty alleviation, healthcare provision, relief operations and so on (Hulme and Edwards, 1997; Lewis, 2013).

III. NGOs ACCOUNTABILITY

Accountability basically refers to an organization being answerable to a third party. NGOs accountability refers that an obligation of NGOs to account for its activities, accept responsibility for each activities, and disclose the impacts of the activities in transparent manner to the society.

Accountability for the NGOs are very different from the accountability of other organizations, especially from that of government, donor agencies and the business sector. According to IBON International (2010):

"Of course, CSOs are not meant to represent the public as a whole organically; else they would be elected officials themselves and would belong to the public sector. CSOs are considered voluntary in character; represent their constituencies in expressing their rights to speech, or taking upon various causes and concerns in the interest of the general public. They are private individuals or organizations involved in public causes or interests and are thus not part of the private sector... CSOs must be accountable to all as genuine organizations... if they truly act in the interest of the public and their constituencies and not for some interest to capture the state as in a political party or to amass profit."

Here CSO are referred to NGOs. Non-Governmental organizations are accountable to not only to the donors but also the various stakeholders that are directly or indirectly involved in the administration and management of NGOs. It can be divided into two categories;

Internal stakeholders - These includes the stakeholders work within the organization such as staff, board members, supporters, local partners, fund raisers and all members of the organization.

External stakeholders – These includes the stakeholders who support from outside the organization such as government, private sectors, beneficiaries, international organizations, corporates who provide funds through their CSR and the society at large.

IV. NGOs ACCREDITATION

Accreditation is the fact of being officially recognized, accepted, or approved. NGOs accreditation is important for all in order to enhance the transparency and accountability of the NGOs.

On April 6th 2017, Economic times published that rural development ministry, submitted a draft guidelines for the accreditation of NGOs to Supreme Court. Draft guidelines highlighted the following points.

• Niti Aayog is the nodal agency for the NGOs and it will be top for monitoring systems of NGOs.

• Those NGOs required funds from Government departments and FCRA has to register under Niti Aayog NGO Darpan web portal, so that registered NGOs will provide unique ID, so that public can scrutinise their records at any time.

• Each government department have a committee and they grant the fund only for the accredited NGOs.

• For accreditation multi-tier system will be in place, which consist of fund sanctioning ministry, district and state level committees.

• For accreditations NGOs need to file periodic progress reports.

- CAG may carry out the performance audits of NGOs for those get Rs 25 Lac or over 75% of financial support from the government.
- Received fund has to utilize by the NGOs otherwise NGOs has to refund the amount with 10% interest if they didn't use the amount according to the prescribed guidelines.

NGOs accreditation will take more importance now days, as we get calls for NGOs accountability from the public, doors, media and from the professionals. Next chapter it discussed that why accountability is important and how it builds the healthy relationship between the NGOs and the donors.

V.   NGOs ACCOUNTABILITY AND DONORS RELATION

NGOs get more funds from the Government in India. Along with that now almost all corporates funds to NGOs for which they have to spend 2% of their profit for CSR activities. NGOs take a role to implement the programs in the society. As NGOs receive funds from the individuals and foreign institutions, they have greater role for implementing public welfare programmes. Government is taking several steps concerning the NGO, some of them being restrictive in nature. From the development of NGOs in India, as the public demands for the accountability NGOs are taking some affirmative steps towards self-accreditation, self-regulation and in the way of more accountable.

As NGOs involved in service as well as development of the society, transparency and accountability of NGOs have become an important area of concern. As different types resources directed through the NGOs are increasing, they are under greater pressure, any anyone can be scrutinized them for the efficient utilization of the resources and can held them accountable for their effectiveness, organisational reliability and legitimacy. NGOs, sincerity in managing the funds is closely associated to their accountability to public, they have to maintain mandatorily their loyalty to their mission, the transparency of their processes, and their effectiveness in fulfilling their mission. (Chêne 2009). NGOs are not submitted to the same reliability mechanisms and legislative norms that apply to state institutions, including internal or external oversight bodies, which can have an impact on their liability to corruption (Trivunovic 2011). In NGOs accountability is primarily enforced through the leadership of their governing body, their governance rules and procedures, self-regulatory mechanisms, need to be assessed in terms of their effectiveness of the organization.

Thus NGOs should have good relationships with their donors and send their projects reports frequently, it helps them to keep good track between donors and the NGOs.

VI.   ORGANIZATIONS INVOLVED IN NGOs ACCREDITATION IN INDIA

NGOs are independent from state, voluntary groups working towards various social causes – 'charitable purposes'. Section 2(15) of the Income Tax Act, 1961 explains charitable purpose as "those activities aimed at the *relief of the poor, education, yoga, medical relief, preservation of environment (including watersheds, forests and wildlife) and preservation of monuments or places or objects of artistic or historic interest, and the advancement of any other object of general public utility"*. These NGOs organizations differ from other businesses as the aim is charity, not generating profits. Thus, NGOs should not distribute the income generated from their activities among its members.

In India NGOs are required to register as societies, trusts and private limited, non-profit companies (commonly referred to as Section-8 Companies). So NGO can be registered under Indian Trusts Act (1882), Societies Registration Act (1860) (it's different for various states) or Section-8 of Companies Act (2013). There is no single act dealing with the formation and registration of NGOs in India. As NGO is an umbrella for all charitable ventures and it works in 42 sectors as per Niti Aayog, it have various structures as per their activities.

Apart from the legal registrations NGOs in India have to register with the Income Tax Department under section 12AA, to get income tax exemption for donors and the NGOs under 80G. NGOs have to get FCRA registration and need prior permission from the Ministry of Home Affairs to receive any form of foreign contribution. These registrations are centralised and require annual filings. Along with that there many organizations which helps NGOs in their accreditation. These accreditation certificates help NGOs to show their accountability towards the public. Hence networking for funds and others resources would be easy from those organizations.

A.   CAF (Charity Aid Foundation) India

CAF India is an agency which set up in 1998 as a registered charitable trust. It helps the corporates, individuals and NGOs by providing strategic and management support. It ensures greater impact of their philanthropic and CSR investments.

CAF do NGOs validation process which involves the parameters like Basic profile of NGO, Legal status, Governance, Human Resource Management, Programme management, Service delivery, Financial management, Networking and partnership, Administration, Profile and image in virtual media. This helps to strengthen NGOs in their overall performance through capacity building interventions and building effective partnerships with donors.

This accreditation will helps donors to identify the credible & competent NGOs which ensures better impact of the funds raised for a cause. So far CAF India did validation of more than 2100 NGOs and helped them to improve their capacity building scope for the future.

B. GiveIndia

GiveIndia was founded in year 2000 as an India's first online fund giving portal. This initiative helps the NGOs to show their transparency and accountability to the public by using internet as a platform for showcasing their work and gives report to the donors for their contributions within 6 to 8 months. Through the annual review with the listed NGOs by meeting the criteria. GiveIndia has channelled Rs 300 Crores from year 2000. NGOs get motivated by receiving this funds and follow the legal and ethical way in their work. GiveIndia at presently have 62403 NGOs and still the application for the registration will increasing day by day. NGOs have to meet some criteria's to register with GiveIndia. NGOs should able to communicate well in English, they should know the email access, they should be responsive, they should have the capacity to put in place systems and processes, they should break the projects into small units and provide individual feedback reports, etc. GiveIndia receives fund from across the globe and NGOs can access the funds and strengthen their willingness to be transparent and accountable.

C. Credibility Alliance's (CA)

Credibility Alliance's (CA) mission is to build the credibility of the voluntary sector through creation and promotion of norms of good governance and public disclosure. Capacity building is required by the NGOs to meet the norms carried out by CA. Its norms cover registration, objectives, performance, governance, human resource management, program management and transparency. It emphasizes on five concepts, namely identity; vision, aims, objectives and achievement; governance; operations; accountability and transparency.

As of now total 647 NGOs fulfilled different norms of CA and registered with them. It increase the awareness among foundations and CSR teams in corporations. NGOs will be motivated and plan their resources to meet the norms, thus able to receive the funds from CA. It is hoped that CA act as the voice of the NGO sector on issues of transparency and accountability. Ca will influence governmental initiative to regulate the sector.

D. GuideStar India

GuideStar India was set up in 2009 to initiate the NGOs Information Services India. Its mission was to educate Indian NGOs on voluntarily share, in the public domain, encourages charitable giving, enables NGOs on better decision making and advances them for transparency.

GuideStar's initiative was mainly aim at the following:

a) NGOs voluntarily embrace tools of accountability. That enables them to aware of the opportunities by supporting to their capacity building and train them for information access so that NGOs will take steps for accountability

b) Web based platforms promote upward accountability but a lot work is needed to capture downward accountability.

c) It helps to educate the donors and other resource providers to NGOs so that they can maximise their social returns. Donors can take proper decisions by the checking the credibility and efficiency of NGOs.

d) It also inform the government about the NGOs initiatives. It helps to self-regulate the NGOs, by receiving the constructive inputs and suggestions from the Guidestar. It will help the government to take an effective approaches towards the NGO sector and encourages them for their initiatives by funding them through different government projects.

E. Voluntary Action Network India (VANI)

VANI was formed in the year 1988 to promote volunteerism and voluntary sector in India as its main objective. VANI has worked for the NGOs sector by raising its voice against those policies and practices in India which degenerate the development sector. VANI has taken an important role as a catalyst between the Indian NGOs and central and state governments as an apex body of NGOs. VANI is actively reaching out to the media and the public by informing them on NGOs works in local, state and global level. It also provides a platform for its member NGOs and other stakeholders to interact and network each other.

Code of conduct by VANI

Those who wants to become the member of VANI, they are a step ahead to show their transparency and accountability by self-certification system. The standards for self-certification by VANI are as follows:

1. **Organizational Commitment Standards**: it helps to conduct the organizational affairs with integrity and Transparency. NGOs should have written policies and at any time internal and external stakeholders can access for their evaluation.

2. **Governance and administrative standards**: It helps to maintain well governed decision making process. NGOs should have active and independent board to prevent any conflict of interest. NGOs should have written policies and procedures to protect the interest of employees.

3. **Financial resource management**: It is helpful to follow high standards of financial practices including ethical standards of fundraising and appropriate allocation of funds.

4. **Communication to public**: It helps the NGOs to be accurate and honest about the organizations goals,

programs, finances, and governance structure. It communicates organizations dignity, values, religion, history and culture to all stakeholders.

5. **Programme standards**: It help to follow the basic standards of sustainable development. The NGOs has to committee to improve the efficacy of its programs by regular monitoring and evaluation proceeess.

These standards will help to improve the image and credibility of NGOs. With low budget all type NGOs can participate in the accreditation process, thus they can show their transparency and accountability. This will make easy to donors to identify the genuine and transparent NGOs while funding.

F. Council for Advancement of Peoples Action and Rural Technology (CAPART)

CAPART was set in September 1986, to promote voluntary action and propagate appropriate rural technologies for the benefit of the rural people. It works as a catalyst and coordinating the emergent partnership between NGOs and the Government for the development of rural areas. CAPART is an autonomous body registered under the Societies Registration Act 1860. It is chaired by the Union Minister for Rural Development. Since then, CAPART has been working with NGOs in the rural development and poverty alleviation, by supplementing government efforts at the grass roots level. Today, this agency is a major promoter of rural development in India, assisting over 12,000 voluntary organizations across the country in implementing a wide range of development initiatives.

CAPART, as government agency in India, made a nearly successful bid in regulating NGOs based on accreditation. Three important principles propagated by CAPART include identity, governance and disclosure. The NGOs that adhere to these key concepts were held to be accountable organizations. Identity, includes registration, address and activity as the criteria. Governance includes the presence of board direction and management. Disclosure refers to the sharing of financial as well as activity documents. Although the efforts were highly appreciated, the NGOs refused to budge, citing state control of CAPART as a reason. CAPART has blacklisted 899 NGOs (since 1984) because of misusing the funds and not showing the accountability towards the beneficiaries.

G. Niti Aayog (NGO DARPAN)

In India, the planning commission set a National Policy on the NGOs as the beginning of a process to evolve a new working relationship between the Government and the NGOs. Earlier the planning commission was handling NGO DARPAN web portal, now from 1st January 2015, its handling by Niti Aayog which enables NGOs to register themselves with them in order to play their role in the development of country by supplementing the efforts of government. As a part of accountability NGO Darpan

provides unique id which helps the NGOs to apply for grant under various scheme of ministries/ department/government bodies.

VII. IMPORTANCE OF ACCREDITATION FOR NGOS

Due to the voice for accountability from different entities like government, media and a public at large, NGOs have more responsibility towards showing their credibility by enhancing the transparency and accountability. Accreditation processes helps the NGOs to develop, update and review their existing policies and norms as well. Accreditation plays an important role in NGOs accountability as follows:

1. Improves the governance of NGOs through the good leadership of Governing body of NGOs
2. NGOs can enhance their networking through accreditation.
3. NGOs can attract prospective donor assistance for their projects.
4. NGOs can improve their capacity building through accreditation.
5. NGOs can enhance their credibility

VIII.   CONCLUSION

Today, NGOs in India are unorganized through their various ways of functioning and legal framework. So its credibility is in question. Accountability calls has raised from the Government, private donors, foreign institutions and the public. As there are no such accountability model which can be applicable to all types of NGOs in India, even it's difficult for NGOs to follow the same norms. So it is a challenge even for donors, government and other agencies to regulate and ensure accountability from the NGOs. The accreditation process is one such initiative to bring accountability from the NGOs. The initiatives taken by the government and other agencies mentioned above to help the organizations in addressing accountability concerns. Now its NGOs turn to be accredited by the concerned agencies or organizations, where they can get the networking help from those agencies, so that NGOs can be bridge between the donors and the society. Accreditation help the donors to identify the credible NGOs and help NGOs to get the projects as well as the funding from the donors. Ultimately by the intervention of NGOs, government and the donors will help the society as a whole.

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