

***DEVELOPMENT INITIATIVES BY FOREIGN
FUNDED NGOs IN BANGLADESH:
AN OVERVIEW***

**A Dissertation
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**Submitted to the
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of MA in Governance and Development**



**Institute of Governance Studies
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TABLE OF CONTENTS

List of Tables		ix
List of Figures		xi
Abbreviations		xiii
Abstract	.....	xv
CHAPTER ONE	INTRODUCTION	
1.0	Prelude	 1
1.1	Problem Statement	 2
1.2	Rationale of the Study	 2
1.3	Objectives of the Study	 5
1.4	Methodology	 6
1.5	Literature Review	 6
1.6	Chapter organization of the Thesis	 15
CHAPTER TWO	FOREIGN FUNDED NGOs IN BANGLADESH	
2.0	Prelude	 17
2.1	Genesis of NGOs in Bangladesh	 17
2.2	Overview of the Foreign Donors	 21
2.3	Types of Foreign Funded NGOs	 29
2.4	Foreign Funded NGOs in Sectoral Development	 36
2.5	Conclusion	 47
CHAPTER THREE	GROWTH OF FOREIGN FUNDED NGOs IN BANGLADESH	
3.0	Prelude	 49
3.1	Opening of Floodgates in the 1990s	 49
3.2	Emerging Trend of Aid Flow	 52
3.3	Conclusion	 56
CHAPTER FOUR	ISSUES AND CONCERNS IN EFFECTIVE DEVELOPMENT INITIATIVES	
4.0	Prelude	 58

		Director	60
	4.1.2	Ineffective Governing Body or General Committee	62
	4.1.3	Problems in Internal Management	62
	4.1.4	Transparency and Accountability	64
	4.1.5	Financial Accountability	64
	4.1.6	Participation by Beneficiaries	65
	4.2	Review of Existing Rules and Regulations	65
	4.2.1	Loopholes of Existing Rules and Regulations	69
	4.2.2	NGO Affairs Bureau- the Regulatory Body of FD Dependent NGOs	70
	4.2.3	Shortcomings with NGO Affairs Bureau	71
	4.3	Efficient Use of Foreign Donation	72
	4.4	Coordination and Monitoring Mechanism of NGO Activities	74
	4.4.1	NGO-NGO Coordination	75
	4.4.2	Agencies for Coordination	76
	4.5	Program Selection and Donors' Prescriptions	77
	4.5.1	Donors' Perspective	80
	4.6	Conclusion	81
CHAPTER	FIVE	DATA ANALYSIS	
	5.0	Prelude	82
	5.1	About the Respondents	82
	5.2	Evaluation of NGO Performance	86
	5.3	Role of Government Organizations in NGO Interventions	87
	5.3.1	Ultimate Result of Any Allegation	88
	5.3.2	Monitoring and Coordinating Mechanism	89
	5.3.3	Problems in Playing Effective Role	90

	5.3.4	Problems from NGOAB to Donors	.....	90
	5.3.5	Problems in monitoring and coordination	.....	91
	5.3.6	Problems of NGOAB	.....	92
	5.4	Budgetary Allocation of Projects	.....	92
	5.5	Obstacles of Effective Use of Foreign Fund	.....	96
	5.6	Evaluation on the Outcome of Foreign Aided NGO Interventions	.....	104
	5.7	Macro Factors Behind Failure in Producing Effective Outcome	.....	105
	5.8	Recommendations for Effective Use of Foreign Donation	.....	111
	5.9	Problem of NGO Governance and Study of TIB	.....	112
	5.10	Conclusion	.....	113
CHAPTER	SIX	RECOMMENDATIONS AND CONCLUSION		
	6.0	Recommendations and Conclusion	115 -	123
References			124 -	130
Appendices			131 -	141

LIST OF TABLES

Table No.	Name of the Tables	Page No.
Table-2.1	The RDRS Working Area and Program Coverage ...	33
Table-2.2	Activities of Foreign Funded NGOs in different sector of development in 2007-2008 ...	43
Table-3.1	Year wise Number of Foreign Funded NGOs Registered in NGOAB ...	50
Table-3.2	Divisional distribution of NGOs ...	52
Table-3.3	Estimated IDA disbursement through NGOs, 1995-2004 ...	53
Table-3.4	Year wise Amount of Committed & Released Fund and Number of Approved Projects ...	55
Table-4.1	Sector wise NGO intervention with foreign donation showing the approved budget and expenditure of year 2007-2008 ...	73
Table-5.1	Degree of foreign fund dependency of respondent NGO ...	82
Table-5.2	Working experience of respondents in NGO Sector ...	83
Table-5.3	Target Area of Respondent NGOs ...	84
Table-5.4	Major Activities of Respondent NGOs ...	84
Table-5.5	Service length of respondents in Donor Organization ...	85
Table-5.6	Job Experience of 'C Category' respondents as UNO ...	85
Table-5.7	Service length of 'D Category' respondents in NGOAB ...	86
Table-5.8	Ultimate result of any allegation found against any foreign funded NGO ...	89
Table-5.9	Opinion of foreign funded NGOs on average budgetary allocation ...	93
Table-5.10	Opinion of donors on average budgetary allocation of the projects of foreign funded NGOs ...	94
Table-5.11	Opinion of UNOs on average budgetary allocation of projects of foreign Funded NGOs ...	94
Table-5.12	Opinion of NGOAB officials on average budgetary allocation of projects of foreign Funded NGOs ...	95
Table-5.13	Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by respondents of Category A ...	107
Table-5.14	Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by respondents of Category B ...	107
Table-5.15	Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by respondents of Category C ...	108

Table-5.16	Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by respondents of Category D	...	110
Table-5.17	Specific recommendations made by the 75 respondents of four categories	...	111

LIST OF FIGURES

Figure No.	Name of the Figures	Page No.
Figure-2.1	Main Services Provided by NGOs	37
Figure-2.2	Distribution of NGO Expenditure by Health Program (1999-2002 average)	38
Figure-2.3	Distribution of micro-credit loan portfolio	39
Figure-2.4	Coverage of Poor Households by Microfinance Program	41
Figure-2.5	Sector wise NGO activities on year 2007-2008	44
Figure-3.1	Year wise Number of Foreign Funded NGOs Registered in NGOAB	51
Figure-3.2	Cumulative number of local and foreign NGOs working with foreign donation upto June,2008	51
Figure-3.3	Distribution of NGOs (in %) among divisions	52
Figure-3.4	Aid flow to Bangladesh highlighting the aid to NGO sector	54
Figure-3.5	Year wise budget approval and fund release of foreign funded NGOs by NGOAB	56
Figure-5.1	Types of Beneficiaries of Respondent NGOs	83
Figure-5.2	Evaluation of performance of foreign funded NGOs	87
Figure-5.3	Role of UNO office and NGO Affairs Bureau in NGO operation with foreign fund	88
Figure-5.4	Monitoring mechanism of UNO offices on foreign funded NGO activities	90
Figure-5.5	Problems created from NGO Affairs Bureau to donors	91
Figure-5.6	Problems in monitoring and coordination by UNOs	91
Figure-5.7	Problems of NGOAB in playing efficient role	92
Figure-5.8	Gradation of 'Bureaucratic hassle' as an obstacle	96
Figure-5.9	Gradation of 'Complexity of rules and regulations' as an obstacle.	97
Figure-5.10	Gradation of 'Monopoly power of ED' as an obstacle	98

Figure-5.11	Gradation of 'Non functional general body' as an obstacle. ...	98
Figure-5.12	Gradation of 'Lack of transparency and accountability of NGO' as an obstacle. ...	99
Figure-5.13	Gradation of 'Weak coordination' as an obstacle. ...	100
Figure-5.14	Gradation of 'Donors' conditionality' as an obstacle ...	101
Figure-5.15	Gradation of 'Non participation of stakeholder' as an obstacle ...	101
Figure-5.16	Gradation of 'Lack of monitoring' as an obstacle ...	102
Figure-5.17	Gradation of 'Improper program selection' as an obstacle ...	103
Figure-5.18	Gradation of 'Shortage of manpower and logistic support in NGOAB' as an obstacle. ...	104
Figure-5.19	Evaluation on whether foreign aided NGOs are successful in bringing ultimate change ...	105
Figure-5.20	Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by NGOs ...	106
Figure-5.21	Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by Donors ...	108
Figure-5.22	Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by UNOs ...	109
Figure-5.23	Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by NGOAB Officials ...	110

Abbreviations

ADAB	- Association of Development Agencies in Bangladesh
ADB	- Asian Development Bank
ASA	- Association of Social Advancement
ASK	- Ain o Shalish Kendra
ASKS	- Anannyo Shamaj Kollyan Shongstha
BBS	- Bangladesh Bureau of Statistics
BELA	- Bangladesh Environmental Lawyer's Association
BLAST	- Bangladesh Legal Aid Services Trust
BRAC	- Bangladesh Rural Advancement Committee
CEO	- Chief Executive Officer
CIDA	- Canadian International Development Agency
CPD	- Centre for Policy Dialogue
DAC	- Development Assistance Committee
DANIDA	- Danish International Development Agency
DC	- Deputy Commissioner
DFID	- Department for International Development
ED	- Executive Director
FAO	- Food and Agricultural Organization
FD	- Foreign Donation
FYP	- Five Year Plan
GO	- Government Organization
GOB	- Government of Bangladesh
GNCC	- Government NGO Consultative Council
GSS	- Gano Shahajyo Sangstha
HIES	- Household Income Expenditure Survey
IDA	- International Development Association
LCG	- Local Consultative Group
NGO	- Non Government Organization
NGOAB	- NGO Affairs Bureau
NSAPR	- National Strategy for Accelerated Poverty Reduction
OECD	- Organization for Economic Cooperation and Development

PKSF	- Palli Karma Sahayak Foundation
PRSP	- Poverty Reduction Strategy Paper
RDRS	- Rangpur Dinajpur Rural Service
SDS	- Shariatpur Development Society
SEDF	- South Asian Enterprise Development Facility
TIB	- Transparency International Bangladesh
UNO	- Upazila Nirbahi Officer
UNDP	- United Nations Development Program
USAID	- United States Agency for International Development
WV	- World vision

Abstract

Non Government organizations in Bangladesh are intervening with foreign donation over the last couple of decades. Foreign Donation supports a major portion of development initiatives implemented by 2,356 registered NGOs¹ in Bangladesh. The share of aid to NGOs as a portion of total aid to Bangladesh has remarkably increased in the recent years. As a result, the growth of foreign funded NGOs has been prominent. But the increased aid flow directly provided to NGOs, quick pace of their growth and diversification has given rise to questions and concerns. Research shows that, the foreign donation entering in the name of poverty reduction and pro-people development cannot achieve the ultimate goal in reality. Forty percent people still living below poverty line indicates incremental development and poor achievement in poverty reduction initiated with the foreign aid in the country.

It is alleged that only a relatively much lesser portion of the total resources received from overseas donors reach the real target group through the foreign funded NGOs. Inefficient use of foreign funds, conditions imposed by donors, lengthy process of fund release overburdened with rules and regulations, problems in NGO governance accomplished with lack of transparency and accountability and absolute power of executive director create the major obstacle in effective use of foreign donation in Bangladesh. Furthermore, the development programs undertaken by different voluntary organizations are scattered and uncoordinated and mostly donor prescribed. To some extent there is also remarkable absence of coordination between government and NGOs. Establishing participatory approach in planning and implementing the need based programs, application of e-governance allowing public access to audit as well as annual reports, formation of strong database, simplifying and unifying existing rules and regulation can lead to better outcome of NGO operations in poverty reduction. This paper attempts to identify the key factors that impede the development initiatives taken by foreign funded NGOs in Bangladesh and examines the way out for promoting effective use of foreign donation in NGO sector.

¹ NGO Affairs Bureau, Bangladesh.

CHAPTER ONE:

INTRODUCTION

1.0 Prelude

Foreign funded Non Government Organizations (NGOs) are working in development sector with a view to attain poverty reduction in Bangladesh over the last couple of decades. The emergence of NGO sector is a significant phenomenon from the standpoint of development in Bangladesh (Begum, 2003:61) but their level of performance in achieving the ultimate goal is being increasingly debated upon. Bangladesh has a long tradition of private philanthropic initiatives for people's welfare. With the spirit of caring and sharing, just after the Liberation War in 1971 many dedicated individuals came forward for humanistic and voluntary work for people's welfare. At the beginning it took place in the form of relief and rehabilitation, which subsequently transformed into NGOs working in wide ranging areas of rural development and social change.

The NGOs form an integral part of the institutional framework today and have emerged as 'Third Sector' targeting to address the needs of development such as poverty alleviation, rural development, gender equality, environment protection, disaster management and human rights and have made great contributions to public welfare, in many cases becoming national and international models which are being replicated in many countries of the world. The required funding behind this contribution comes mainly from international NGOs, development partners, foreign private organizations, and multinational organizations. Foreign funded NGOs bring more than 370 million US\$ (World Bank, 2005:36) from these overseas donors every year and the share of total aid to NGOs in the total aid to Bangladesh is increasing progressively. In response to the bulk of foreign donation that includes a donation, contribution or grant of any kind made for any voluntary activity in Bangladesh by any foreign Government or organization or a citizen of a foreign State as per *The Foreign Donations (Voluntary Activities) Regulation Ordinance, 1978: 2(a)*, the impact of NGO operation on poverty reduction is not that much satisfactory. This perception is revealed from the trend in growth and poverty of the country. Empirical evidence on GDP growth shows very incremental development and negligible success in poverty reduction as 40 percent of total population still live below the poverty line. The present poverty scale points the ineffectiveness of development initiatives in poverty reduction with the huge amount of foreign funds, significant portion of which is directly received by NGOs.

1.1 Problem Statement

It is being alleged that, the amount of foreign aid received by the NGOs is not fully utilized for the purpose of peoples' benefits and there are some hindrances both from Government and NGO side that push back the ultimate goal of poverty reduction and sustainable development. Theoretically effective use of foreign donation is dependent upon a number of factors namely government's policy and legal framework towards NGO, NGO governance, transparency and accountability of NGO to government and citizens, coordination among NGOs and between GO-NGO, monitoring of NGO activities both from donors and government, donors conditionality, proper program selection and so on. From practical aspects, it is also fundamental to verify these factors and identification of the major drawbacks behind attaining the ultimate goal of poverty reduction by foreign funded NGOs in the context of Bangladesh is essential. In view of the above statement, the current study will try to explore the following questions:

1. What are the major drawbacks that impedes effective development initiatives with foreign donation in Bangladesh?
2. How to ensure effective use of foreign donation for the country?

1.2 Rationale of the Study

Bangladesh is one of the best examples where Foreign Donation is directly received by NGOs¹. From the statistic of NGO Affairs Bureau, it is evident that in the year 2007-2008, taka 3661,79,93,216.62 was donated directly to NGOs from abroad (NGO Affairs Bureau, 2008). A World Bank Report (2003-04) informs that 34.10 percent of the foreign aid (US\$ 379.4 million) received by Bangladesh was allocated for the NGO sector which is 7 percent of GDP and the share to total aid is 25 percent. It is widely perceived, however, that the huge amount of money is not efficiently used for the welfare of the society and it is true especially for those NGOs which are totally foreign donation dependent. NGOs are the organizations not established by government that may include private and commercial enterprises, co-operatives, trade unions, even sports clubs also

¹ The World Bank usually refers to non government organizations as any group or institution that is independent from government and that has humanitarian or co-operative, rather than commercial, objectives. Specifically, the Bank focuses on NGOs that work in the areas of development, relief or environmental protection, or that represent poor or vulnerable people (The World Bank Report, 1996).

(Quddus, 1993: 485) and in the context of their field of operation over the last three decades, the term now refers to social organizations, mostly of voluntary and non-profit character, that are engaged in multidimensional development activities with the objective of alleviation of poverty of the rural and urban poor. Foreign funded NGOs are those working partially or totally with foreign source of fund, also known as Development NGOs or Private Voluntary Development Organizations (PVDO) or Voluntary Development Organizations (VDO). But their theoretical aspect of non-profit or voluntary nature is frequently being questioned. There have been reports and complains of some NGOs moving away from the values of volunteerism and self-less service to the poor and needy. Some NGOs are flourishing simultaneously as service-oriented organizations and as profit-oriented business organizations with the objective of earning profits through long-term capital investment (Ahmad, 2001: 9). Profits from such commercial ventures of NGOs are not taxed and not always used for their clients since NGOs depend on their donors for their 'development' projects (Khan, 1999 as cited in Ahmad, 2001: 9). There have been allegations that while NGO intervention has helped significantly facilitated uplift of the poor; it is only a relatively much lesser portion of the resources that reach the real target group. But if the total amount received could be fully utilized for development activities in best possible way, the prevailing success stories of NGOs in poverty reduction would be long lasting in reality. This thought has encouraged me to take it as research topic in order to investigate the major obstacles that impedes effective use of foreign donation in implementing development initiative in this country and to trace and recommend the way out for ensuring best use of foreign donation in NGO sector.

Compared to some countries like China, Sri Lanka and the East Asian countries that have achieved a great success in reducing poverty and attained amazing development within very short period of time, the progress in Bangladesh is uneven. The development challenge is twofold here: to ensure that current progress of growth and poverty reduction accelerates and to ensure that development is fully inclusive (DFID, 2003: 4). The fast growing NGO sector especially the foreign funded NGOs are working as a supporting hand to government over the last few decades in facing the challenges to bring significant development to the country. But despite numerous efforts of NGOs, the amount of

poverty in Bangladesh has remained alarmingly high by any standard. The trend in poverty and growth indicates this situation. The Household Income and Expenditure Survey (HIES) 2005 shows a modest improvement in poverty by head count since the early eighties. The incidence of poverty at the national level has declined from 52.3 to 49.7 per cent during 1984-92. In mid nineties from 1991-1996, the percentage reduced at 47.9 9. In 2005, 40.4 percent people lived below poverty line and it is currently 40 percent (BBS). A poor success in reducing hardcore poverty² becomes obvious by an additional 2.1 million people living below the poverty line³ - the bench mark of hardcore poverty line between years 2000-2005. From early to mid nineties, the percentage of people below hardcore poverty line decreased a bit satisfactorily from 28 percent to 25.1 percent. But currently the improvement is very negligible as the percentage reduced from 20 to 19.5 during 2000-2005 (HIES, 2005:71). If we consider the trend in growth, it is found that after the recovery of 1970s, the rate of growth of gross domestic product (GDP) fluctuated in the 1980s around a lowly 3.7 percent. According to the BBS, the economic growth of Bangladesh has routinely registered 4 per cent plus growth in the 1990s. In the 1990s, the growth momentum was higher during the second half of the decade in comparison to the first half: average growth rates were 4.4 per cent (FY91-95) and 5.2 per cent (FY96-00). The Bangladesh economy posted a growth of 5.5 per cent during FY04 as against 5.3 per cent in FY03 and 4.4 per cent in FY02. Since 2005, it has accelerated further to over 6 per cent (Osmani, 2008: 2). However the pace of growth is far below compared to the hyper growth economies of East Asia.

Though poverty reduction and economic growth engages a number of other factors like income distribution, population dynamics, human capital development, political stability and also the global economic context as whole, efficient and effective development initiatives are also significant micro factors in bringing positive changes to the society. As the resource constraint limits government's ability to succeed in development activities for the welfare of its citizens, NGO sector come forward to play

² A person whose daily calories intake is lower than 1805 k cal is considered to be in the category of hardcore poverty as per the Direct Calorie Intake Method.

³ Poverty Line is defined as the minimum level of household income that can be able to purchase the bundle of goods and services to satisfy the basic needs of the household.

the role of a complementary sector of the state in poverty reduction. Two salient characteristics of poverty alleviation in Bangladesh are: the poor accessibility of the efforts to target population or rural poor, and the lack of coordination between GO and NGOs. The moment that state alone is unable to combat poverty, then the NGOs come into the picture to fill the void (Ahmad, 2001: 3). Moreover, NGO sector is increasingly being vital channel of foreign funding for the purpose of development activities. So study on foreign funded NGOs is supposed to make some contribution to the betterment of their service.

The current study will try to assess the obstacles against effective development activities of foreign funded NGOs in Bangladesh and recommend some way out. The findings that would come out of it will help the development planners, social entrepreneurs as well as the NGOs to sketch their activities with foreign donation in an efficient way. Subsequently it will indirectly enhance the welfare of the target groups or the poor and ensure the positive changes made by NGOs to sustain in the society. Besides, the outcome of the research will also benefit the sector itself for its continued success, credibility, and sustainability.

1.3 Objectives of the Study

Through the proposed research, an analysis will be made on i) why the total amount of Foreign Donation received cannot reach the target group, ii) what are the barriers concerned, iii) what are the loopholes of governance of NGOs, iv) where is the inefficiency from Government side, v) what difficulties are there in existing rules, regulations and processes and so on and it will also trace how to overcome the problems or try to presume what can be done for the betterment of the existing situation. Therefore, objectives of the study are as follows:

- To review some trend in flow of foreign donation to Bangladesh, evolution of NGOs, their role, types and growth of foreign funded NGOs in Bangladesh.
- To make an analysis on why the total amount of FD received by such NGOs cannot reach the target group or to identify the barriers concerned,
- To know what are the loopholes of governance of NGOs.
- To identify the inefficiency of government side and also the pitfalls of regulatory framework.

- To put some recommendations or way out for improving the situation.

1.4 Methodology

This is a qualitative study combining desk research with field work and fact finding on selected NGOs. The methodology of the thesis basically included literature review, case study on some selected NGOs and primary data collection through interview also. Thus both secondary and primary data were used. Indirect sources of information consisted review of related rules and regulations, research reports, relevant published documents including books, journals, annual reports, and website documents. Direct source of data included the opinions of respondents collected through interview method with four different sets of semi-structured questionnaire containing both open and close ended question. The four sets of questionnaire were designed for four types of respondents namely Donors, NGO officials, NGO Bureau officials and the Upazila Nirbahi Officers who are the administrators of Upazila levels. The total sample size was seventy five. The respondents of foreign funded NGOs, donors, UNOs and NGOAB officials were categorized as A, B, C and D. Number of respondents of the mentioned categories were twenty five, ten, twenty and twenty respectively. The respondents of all categories were selected randomly.

1.5 Literature Review

A number of relevant books, journals, reports, newspapers, and official documents have been consulted for the purpose of this dissertation. An attempt has been taken to review the papers consulted during the course of the study with particular focus on foreign funded NGOs and their governance in Bangladesh. Some other issues like concepts and evolution of NGOs, role of NGOs, aid flow to NGOs in Bangladesh, government's policy and legal framework towards NGO, donor's perspective, selection of NGO Programs, economic growth and poverty also have been addressed in reviewing the available documents in the present chapter.

Md Abdul Quddus in 1993 defined NGO as any organization not established by government in his book *Rural Development in Bangladesh: Strategies and Experiences*. He noted that the terminology may include private and commercial enterprises, co-operatives, trade unions, even sports clubs also. The book also discusses the typology of

NGOs and donors and points some drawbacks against successful NGO operations in the country. Published in *The Asian Journal of Public Administration* in 1993, the article 'Voluntarism and Rural Development in Bangladesh' written by Samiul Hasan contains the basic concepts, role and mode of operation of voluntarism in the context of Bangladesh. The author asserted that Voluntary Organizations often have the capacity to reach out to remote areas, to promote local participation, to operate on low costs, and to innovate. They are normally not very hierarchical and are much closer than government to the poorer sections of the community. The author further discussed the evolution of voluntarism in the ancient time and tried to show that, it originated from religious practice of Islam in the form of Zakat and Fitrah. Moreover, the formation of voluntary organization at individual, community and institutional level is also outlined in the publication.

In the book *Toward a Common Definition* edited by Salamon and Anheier in 1997, the editors tried to define nonprofit organization as Organized, i.e., institutionalized to some extent; Private, i.e., institutionally separate from state; Non-profit-distributing, i.e., not returning any profits generated to their owners or directors; Self-governing, i.e., equipped to control their own activities; Voluntary, i.e., involving some meaningful degree of voluntary participation, either in the actual conduct of the agency's activities or in the management of its affairs. *The foreign Donations (Voluntary Activities) Regulation Ordinance, 1978* stipulated in section 2(b) and (d) that "organization" means a church or a body of persons for the purpose of undertaking or carrying on any voluntary activity in Bangladesh and "voluntary activity" means an activity undertaken [partially or entirely with external assistance] by any person or organization of his or its own free will to render agricultural, relief, missionary, educational, cultural, vocational, social welfare and developmental services and shall include any such activity as the Government may, from time to time, specify to be a voluntary activity. However all the conceptual aspects mentioned above did not cover the foreign aided NGOs in special.

A study of NGOs in Asia: Bangladesh, the report prepared as per the study undertaken by Asian Development Bank in 1999, highlights the basic information like origin, types, importance, growth and funding of NGOs in Bangladesh. The entire report

basically deals with the foreign funded NGOs. The report reviews the government policy towards NGO, discusses GO-NGO and Donors relation and also figures out some prospect of increased cooperation between NGOs and ADB. It focuses the major areas of NGO activities and discusses the legislations related to NGO registration and the regulations required to govern their activities. It has noted some government principles in maintaining relation with NGOs and during monitoring of their activities like that participation of NGOs in development activities will be encouraged if it does not conflict with government policy or national security; NGOs are to work within the national legal framework and so on.

Saira Rahman Khan in her article *The NGO Mixture: Seeking the Perfect Ingredient* in 2000 highlighted the evolution of NGO sector and their role particularly in social development, protecting women rights and advocacy. The write up focused on the government policy related to monitoring and supervision of NGO activities and pointed out some advantages of NGOs over government organizations for what ADB, World Bank and other International Financial Institutions are interested to finance development programs through NGOs. The author discussed the relationships of NGO community with the different political regimes and showed how the NGOs been increasingly involved in policy reforms. In addition, some weaknesses of NGOs in the country have been summarized in the study report.

Eighteen Years of NGO Affairs Bureau published in 2008 by NGO Affairs Bureau contains the snap shot of eighteen years' activities of the organization. The document focuses on the background of establishment of NGOAB, its organizational structure, responsibilities, working procedure and describes its activities with recent statistic and also related rules, regulations and government orders. It presents the list of common donors, list of foreign funded NGOs registered in NGOAB and also the statistic of the NGOs registered in Directorate of Social Welfare. It is like an annual report though published for the first time containing detail information from the age of its establishment. It is also some sorts of handbook for the foreign funded NGOs in operating their activities with foreign donation through NGOAB. The official website of NGO Affairs Bureau www.ngoab.gov.bd was also visited to collect updated information on its activities.

For the past few years, the World Bank has been working on a comprehensive assessment of NGO sector in Bangladesh in consultation with wide range of stakeholders. It is some sorts of systematic review of the public policy implications of the changing character of NGOs in the country. Such two reports of two consecutive years 2005 and 2006 prepared by Poverty Reduction and Economic Management Sector Unit South Asia Region of World Bank were consulted during the study while focusing on evolution, growth, role and governance of NGOs. The contents of the reports are briefly mentioned below.

The report published on August, 2005 on *The Economics and Governance of Non Governmental Organizations (NGOs) in Bangladesh* initially presents the Bangladesh context describing the unique characteristics and evolution of NGO sector, setting the current debates around the role of NGOs and outlines an analytical framework that can help analyze these issues. It explores what NGOs do, who they cater to, how their programs and expenditures differ from other providers and what has been the impact of their programs on individual, household and community welfare. The report takes a close look at issues relating to financing NGO activities through donor support, government contracts, private donations, micro-finance income and commercial activities. It assess the status of the legal and regulatory framework relating it to the scope of activities and financing trends including the state of financial accountability and corporate governance in the NGO sector. The main questions that are asked relate to the extent that current legislations need updating, and the extent that NGOs are following best practice norms in internal governance and accountability. The report finally uses the analysis from the earlier work to focus on the scaling up of NGOs in certain areas, the internal capacity implications and the roles of government, donors and clients in this process with a view to maximize the benefits to the poor. A framework that centers around: (i) the characteristics of services provided by NGOs (ii) the accountability relationship between policymakers, providers and service-users and (iii) the overall national context for both public and private pro-poor service delivery was used in the report. The report reveals that NGOs provide a strikingly homogenous set of services; while the total range of NGO interventions is wide, the typical NGO branch provides between three to four services mentionably credit, health, sanitation and education. Advocacy and public awareness

work are also common areas of NGO work. However, a need for regulatory reform and financial accountability improvements is noted in the report.

In 2006, the World Bank prepared their yearly report *The Economics and Governance of Non Governmental Organizations (NGOs) in Bangladesh* which was published in April 16. It was noted in the report that, the rapid growth and diversification of the NGO sector has given rise to questions and concerns. These include the viability of a regulatory framework developed when the size and scope of NGOs was far more limited, the appropriate political and commercial spaces for NGO activities, trade-offs between NGO sustainability and pro-poor orientation, the impact and quality of NGO services as they have scaled up, NGO corporate governance, and the implications of different government-NGO partnerships. There has been little systematic review of the public policy implications of the changing character of NGOs in Bangladesh. The report seeks to augment this effort. The contents of report are almost like that of 2005 except the current updates. The report assesses the state of financial accountability and corporate governance in the NGO sector. The main issues include the extent to which current legislation needs updating, the need for reform of institutional structures overseeing this legislation, and the extent to which NGOs are following best-practice norms in internal governance and accountability. Although NGOs provide a diverse range of services, the study has chosen to limit the analysis to the three key areas of microcredit, education, and health, as well as to the advocacy activities undertaken by some NGOs.

Shadnaz Khan in 2007 presented a general description of aid flows to the country in the country paper *Aid Flow to Bangladesh and the Questions of Accountability of CSOs at National Level to the people They Serve* prepared by him. An attempt was made to assess the donor support models for CSOs in managing aid at country level and the scope for ensuring their accountability to their beneficiaries in the paper. The writer noted some serious debate over some issues that are believed to undermine the potential benefits that aid could have brought to the development scenario of the country. Further comment was made that the apprehension over aid issues is felt in different countries around the world and also among the donors themselves. As a result, the idea of *aid effectiveness* has received increasing attention and importance in international discussions that generates hope that the international structure of aid would create sustainable

development outcome for the poor countries. But, in this study the aid flow that goes directly to NGOs has not been differentiated.

In 2003, the book *Government-NGO Interface in Development Management: Experiences of Selected Collaboration Models in Bangladesh* was written by Afroza Begum. The author made a study to get the overview of government policies of Bangladesh regarding the NGOs and examined the existing modalities of collaboration between GO and NGO along with the viabilities, strengths and weaknesses of these models in fulfilling the development needs of the country. Besides, in depth discussions on evolution, categories of NGOs and some criticism on NGO activities were made in the study.

The World Bank prepared a report *The World Bank's Partnership with Nongovernmental Organizations* in 1996 that highlighted government policy towards NGO and the regulatory framework existing in Bangladesh. It identified four current trends in the Bangladeshi NGO community that are replication of models developed by larger NGOs and followed by small NGOs such as organization expansion of a few NGO; regularization of programs; the tendency of large, well-funded NGOs to enter into contracts with the government for training and project implementation. And the vacuum created by the failure of either the government or the market to deliver services is being filled by NGOs.

'The State, Laws and Non-Government Organizations (NGOs) in Bangladesh', an article written by Mokbul Morshed Ahmed in 2001 and published in *The International Journal for Non-for-Profit Law* volume 3, presented an outline of the overall situation of Non-Governmental Organizations in Bangladesh, set out the legal issues in detail and made proposals for improvements. The author citing some instances showed that when the government of Bangladesh tried to control the activities of NGOs, the donors put pressure on the state and he made a comment that, the state has failed to make NGOs more transparent, functionally or financially. That is why NGOs can easily violate laws because of the weakness of the state and their own strength that has been fortified by the donors over time. The author further asserted that loopholes and flaws within the legal framework have given the NGOs opportunities to violate the Ordinances and Regulations.

In 2007, Transparency International Bangladesh (TIB) had undertaken a study on *Problems of Governance in the NGO Sector: the Way Out* with a view to bring out an overall picture of the nature, extent and process of governance failure, irregularities and corruption in the NGO sector. It also puts forward certain recommendations as a way out for promoting accountability, transparency and good governance in the sector. The main objective was to bring into focus the importance of soul searching within the sector and to sensitize all the stakeholders with particular emphasis on self-regulation of NGOs. As per the findings of the study, the major challenges facing by NGOs are: lack of financial sustainability; shortage of efficient employees and high employee attrition; inadequate infrastructure; lengthy fund release process; low level of inter-sectoral cooperation; inadequate training and low level of true professionalism among employees political pressure and political instability; natural calamities and so on. This study being an in-depth and comprehensive one, however made a significant contribution to the present work.

Zarren in 1996, pointed out in the article *The Legal status of NGOs in Bangladesh: A Critical Assessment* that, as NGOs are heavily dependent on foreign resources, the flow of money from the outside, in the absence of transparency and accountability, can make the NGOs corrupt, controversial and autocratic. In 1995, S.M. Hashemi in his book *NGO Accountability in Bangladesh: Beneficiaries, Donors and State* highlighted the accountability of NGOs to three levels of their stakeholders and showed that accountability to donors is dominant over the two others. The author also noted that, NGOs usually do not listen to their beneficiaries rather they are prone to consult with their governing bodies and beneficiaries are seldom allowed to make decisions on programs or budgets.

In 2006, Sheikh Towfiq Haque and Khondoker Shakhawat Ali jointly wrote a paper on 'NGO Governance in Bangladesh: Quest for Transparency and Accountability' that was published in the book *Governance and Development: Bangladesh and Regional Experiences*. In the write up, the authors explored the theoretical understanding of NGO accountability, transparency and compared it with the current rules, regulations, policies and practices and also the problem area of internal governance of NGOs. The paper showed that, public access to audit reports of NGOs is limited and it undermines the

accountability. It was also noted that, the most important and most justifiable critique of the NGO sector in Bangladesh has been the lack of proper intra-sectoral collaboration and cooperation. The NGO world in Bangladesh remains individualistic and often egoistic. Haque and Ali further noted that, NGO policies reflect donor priorities rather than their own client's needs and NGOs undertake donor-prescribed projects, not in conformity with local needs. But it did not cover any empirical evidence or detail description on how donor's perspective is not always congenial for effective development initiatives by NGOs with their granted aid.

Accountability, Governance and Non-governmental Organization: a Comparative Study of Twelve Asia-Pacific Nations prepared by Junki Kim in 2003, examined accountability relationships between GO and NGO and between NGOs and their members in the Asia Pacific region including Bangladesh, China, Hong Kong, Japan, Korea, Pakistan, and six other countries. The paper explores the growth of the civil society of the region, presents an analysis of NGO governing laws and regulations and a comparative study on the characteristics of internal governance among Asia Pacific NGOs. The study was based on the findings from the responses of governments to the growing role of NGOs in the governance and also the responses of NGOs in improving their internal governance structures.

Understanding NGO Based Social and Environmental Regulatory Systems: Why We Need New Models of Accountability, a paper written by Sasha Courville in 2006 examined the accountability debate of NGOs through searching the answer of the question "to whom are NGOs accountable?". It asserted critiques against NGO accountability around three main concerns-NGOs are not accountable to their beneficiaries, non elected NGO leaders with passive members in committees and lack of financial and operational transparency.

Saifuddin Ahmed in 2006 worked on the poverty perceptions of NGOs and the factors responsible for accepting the perceptions during selection of programs for poverty reduction in his research *NGO Perception of Poverty in Bangladesh: Do their Programmes Match the Reality?*. The researcher tried to analyze how far the NGOs consider the local knowledge to identify the causes of poverty while they initiate programs and noted that conceptualizing poverty in particular place and time and

launching program accordingly can reduce poverty significantly. This study had been more related one to the present work except it did not made any particular emphasis on foreign funded NGOs.

In 2008, the report *Emerging Issues in Bangladesh Economy: A review of Bangladesh's Development 2005-06* was published as per the study undertaken by Centre for Policy Dialogue (CPD). Since 1995, it is being published as development research and reflects trends and dynamics of changes in key macroeconomic variables and important economic development of Bangladesh. The report of 2005-06 identifies the causes of inequality, its impact on growth, the trade-offs between equity and growth and searches some policy interventions to address the issues. It is noted that, poverty is a multi-dimensional problem involving income, consumption, nutrition, health, education, housing, crisis-coping capacity, insecurity, etc. S.R.Osmani in his article *Acievements and Challenges of the Bangladesh Economy: an Overview* contained in the same document mentioned that, high growth rate is conducive to efficiency and poverty alleviation, as is evident from the experience of the high performing Asian economies which have consistently achieved annual growth rates of 7 to 8 per cent. In contrast, during the past two decades, Bangladesh economy has suffered from low GDP growth of 4 to 5 per cent. According to a 1996 CPD (Centre for Policy Dialogue) study if per capita income were to grow at a rate of 4 per cent per year then it would take an average poor person 13 years to be lifted out of poverty.

In 2008, Debapriya Bhattacharya. and Towfiqul Islam Khan in their article *Pro-poor Economic Growth in Bangladesh: Exploring Growth and Inequality Linkages in Poverty Reduction* published in the Economic Review of Bangladesh's Development 2005-06, outlines the poverty-growth-inequality nexus and traces the recent trends of growth and poverty with their sources and also their implications for poverty reduction. The authors mentioned that, the low level of human resource development in Bangladesh is a serious constraint to the development process of the country. Measured in terms of the Human Development Index (HDI) by UNDP in 1996, out of 174 countries Bangladesh ranked 143rd in 1993. Mokbul Morshed Ahmed in 2001, mentioned two salient characteristics of poverty alleviation in Bangladesh.

Poverty and Finance in Bangladesh: a New policy Agenda written by Iffath Sharif in 1997 encompassed micro credit program, its importance in poverty reduction as well as the existing weakness of such programs designing and also emphasized the need for developing appropriate services to enable the borrowers to come out of poverty. It recommended for strengthening of micro credit institutions for further improvement of its outcome. Catherine H. Lovell in 2005, focused on what BRAC does in the context of Bangladesh, outlined their guiding principles and strategies in her book *Breaking the Cycle of Poverty-the BRAC strategy*. Besides, some general criticisms on NGO activities were also discussed in the book. *Fighting Poverty with Micro credit: Experience in Bangladesh* written by Shahidur R. Khandker in 1998 examined three major micro credit programs including that of Grameen Bank to measure the potentials and limitations of such activities as an instrument of reducing poverty and delivering financial services to the poor. Shahid Khandker in his paper *Reaching the Poor: Micro-finance Experience in Bangladesh* published in 2006 evaluated micro finance program as a tool for reaching the poor at the aggregate level. It highlighted the achievements and significance of the program and put some recommendations for its improvement also.

In view of the above discussions, through analyzing primary and secondary data, this study will attempt to explore the reasons behind ineffective development initiatives by foreign funded NGOs despite the big volume of foreign fund and long duration of their operation in Bangladesh and will try to make some way forward. The work stress the need for establishing participatory approach in planning and implementing the need based programs, application of e-governance allowing public access to audit as well as annual reports, formation of strong database, simplifying and unifying existing rules and regulation for improving the situation.

1.6 Organization of the Thesis

The structure of the thesis is organised as follows: the first chapter deals with the problem statement of the research along with the rationale, objectives and methodology and also a review on related literature that had been consulted during the study, the second chapter discusses the basic concepts of evolution of NGOs, typology, their roles with special emphasis on major donors and some national and international NGOs. The third chapter deals with an analysis of growth of foreign funded NGOs followed by a general scenario

of aid flow to Bangladesh. The fourth chapter covers the main challenges on the basis of the issue of efficient use of foreign donation in Bangladesh. This is followed by the analysis part for searching the actors and factors behind the problem or the major obstacles against effective development initiatives with foreign donation including review of existing rules and regulations along with the loopholes, problems in NGO governance especially in transparency, accountability, donor requirements, monitoring and coordination. The fifth chapter contains the core part that is analysis of the primary data collected from four corners of actors namely the NGOs, Donors, NGO Bureau officials and the field administrators regarding the major institutional loopholes and other obstacles against effective NGO activities with foreign donation. Finally the paper gives some recommendations followed by conclusion.

CHAPTER TWO:
FOREIGN FUNDED NGOs
IN
BANGLADESH

2.0 Prelude

Bangladesh is unusually well endowed with a dense and sophisticated network and development-oriented NGOs. NGOs started here to flourish right after the war of liberation which was a devastating experience for the people and an acute need was felt for massive relief and rehabilitation activities in every sector. This was the need which ushered the era of NGOs in this country that led to quick pace of diversification in the field of development (Rashid and Haq in Ahmad, eds. 2000: 107). But the faster their expansion took place; the advancement was not witnessed in their performance. Besides those philanthropic members who were committed to the people and saw NGOs as means to do good to the rural and urban poor, unfortunately many opportunists also set up NGOs as means of receiving funds for what non-government organizations emerged in large number (Khan, 2000:157). This chapter explores the general discussions on origin of NGOs specially those receiving foreign funds as well as their pace of diversification, general overview of NGOs focusing on their funding sources and types, role of foreign funded NGOs in sectoral development highlighting their functions in different field of development.

2.1 Genesis of NGOs in Bangladesh

In pre-liberation period, the NGOs were working in this area of the sub-continent in the form of private or religious trust based schools, hospitals and orphanages, but there were only a few NGOs working in the then East Pakistan. Most of the NGOs were not only of foreign origin but also were missionaries that were working in this area (Begum, 2003: 61). The Baptist Missionary Society is perhaps the oldest one which can be traced back to 1794 (Huda, 1990). In 1800, the Christian Mission Hospital was established in Rajshahi. Among the national organizations, perhaps the Kumudini Welfare Trust is the oldest one, which began its operation in 1944. On the other hand, development oriented NGOs started their activities on a greater scale after the devastating cyclone of 1970 and the liberation war, 1971 (Clement, 1985 cited in Begum, 2003: 61)

Foreign funded NGOs evolved right after the independence of the country and grew rapidly due to adequate availability of foreign donation. It has achieved some unique progress in size and field of operation in each generation of its evolution. The nine months of the war of independence in 1971 was destructive for the nation. Millions

became homeless, population became entirely disrupted, communication network was totally damaged and the social and economic infrastructure was close to ruin. There was a need for massive relief and rehabilitation activities as it had neither the resources, nor the capacity, nor the administrative and physical infrastructure to deal with the nature of reconstruction and rehabilitation needed to deal with the grave human and economic national disasters. At that time a large number of international NGOs and voluntary organizations extended their helping hands to assist Bangladesh (Aminuzzaman, 1993). In addition to international NGOs, a few home-grown ones came forward to provide succor to the people in various parts of the country. The Liberation War created a surge of public spirit amongst some educational elites to respond to the need of their fledgling nation and people (Chowdhury and Rabbani, 2005:69). In the absence of government capacity to handle donor resources fully, the donors started funding the NGOs directly and the process laid down the foundations of a vibrant NGO sector in the country.

Since the mid 1970s the main focus of NGOs has been on social welfare activities, with interventions in the fields of social mobilization and rural development. Now they form an integral part of the institutional framework addressing issues such as poverty alleviation, rural development, gender equality, environment protection, disaster management and human rights. The phenomenal growth of NGOs in Bangladesh is also attributed to the limitation of the government to meet the enormous challenges of poverty. One of the most decisive factors in the rapid growth of NGO sector has been the availability of foreign aid that is directly granted to them.

The evolution of the NGO sector in Bangladesh can be placed within the framework of the Four Generations of NGOs like as below (Korten, 1990):

- First generation (1971-72): Under the first generation strategy the NGOs delivered services to meet the immediate deficiencies of the beneficiaries, such as need for food, health care or shelter. The assisting NGOs developed direct relationship with the individual or the families. Thus the first generations of NGOs in Bangladesh were engaged largely in relief, rehabilitation and other charitable acts. Their main operation was to distribute food, medicine, blankets, cloths etc. among the war affected people. This was soon followed by construction of houses, reconstruction of transport facilities, development of

physical infrastructures and distribution of productive assets around the theme of community development (Huda and Hussain, 1990 cited in Begum, 2003: 62). NGOs in this era started receiving foreign donation especially foreign grants for the purpose of relief work in the post liberation situation.

- Second generation (1973-75): The second generation of NGOs until the mid-1970s emphasized the formation of credit unions, co-operatives, and other community-based development projects, giving more emphasis to micro-interventions in development. The developmental efforts of NGOs also aimed towards community development with a number of sectoral activities (e.g., agrarian reform, health, cooperatives, etc). The main thrust of the second generation strategy was to develop the capacity of the target group in order to meet their own needs through self reliant local action. Because of their attention to sustainability, the second-generation strategy named 'Small-scale, Self-reliant Local Development' was basically the development in concept and was referred to as community development strategy. It emphasized on the development of local self reliance to make sure that the benefits will sustain over time through community self help beyond the period of NGO assistance. The second generation strategy focused on groups, usually a village or some sub groups within it, such as women or land less agricultural workers. The work revolved around a partnership between the NGO and the community.
- Third generation (1976-to 1990): The third generation of NGOs in fact, the bulk of NGOs involved in agrarian reform and rural development programs, sprang up in the 1980s as during the late 1980s, donors began to fund NGOs on large scale. It is also known as "sustainable systems development" where the NGOs extend the breadth of their programs, ensuring sustainability through undertaking large-scale programs, complementing the national development systems and involving various organizations and institutions. These NGOs were results of the initiatives to integrate micro and macro issues into a more holistic framework for tackling problems of ecology and the environment, debt and structural adjustment issues and policy issues, including agrarian reform, social mobilization and rural development.

The third generation strategy of 'Sustainable system Development' looked beyond the individual community and sought changes in specific policies and institutions at local, national and global level. The third generation also involved the NGOs in working with the major agencies to help them reorient their policies and work modes in ways that strengthen local control over resources. In addition, the strategy involved the creation of some new institutions of significant size to provide essential local services on a sustained self financing basis (Begum, 2003:27).

- Fourth generation (1990- to date): The fourth generation strategy sought changes in specific policies and institutions. The achievement of sustainable development depended on accomplishing such changes almost in every sector in every nation. It is entirely based on the development phase of NGOs in realizing their vision of society characterized by strong People's Movements and a new phase in NGO advocacy work began with the emergence of multiparty electoral democracy in the 1990s. A recent phenomenon in the evolution of NGOs is their new strategy of lobbying and advocacy and other activities designed to influence public policies, plans, and projects which are friendly to the interests of the poor or to the environment in collaboration with other branches of civil society.

NGO sector of Bangladesh is remarkable for the speed and diversification with which it grew to its present size and prominence. Today it is identified as a third sector holding potential of significant contribution; to economic development of the country. However, the rapid growth and diversification of the NGO sector have also given rise to questions regarding the quality and impact of NGO services. The commercial businesses and some profit oriented activities of some NGOs indicate the changing ideology of NGOs from non-profit, voluntary motto. Moreover, continuation of same program in the same area for more than decades by some NGOs particularly in northern region point out the debate on the quality and effectiveness of their operations that have not yet been able to fight against Monga⁴ and poverty and still those NGOs have to continue their programs for attaining the goal.

⁴ Topography and climate of northern region make the area ecologically vulnerable than in other regions. Amidst these compelling conditions, the local economy shows little

2.2 Overview of the Foreign Donors

Like most other Third World countries, Bangladesh is also heavily dependent on foreign donation for most of its development activities. Since its independence, International Donors are funding either through government or directly to the NGOs in the form of aid and grants for development initiatives in the country though their goals and objectives are highly debated upon. Renowned economist and a critic in this field, Prof. Anu Muhammad of Jahangirnagar University criticized the donor performance and commented that the global financing institutions actually dominate the developing nations like Bangladesh by giving aids while he was talking in a seminar at Dhaka in September, 2007. He pointed out that Foreign Donors actually dominate the developing nations like Bangladesh by giving aids. "This is actually not aid, but a form of financing," he said, adding that they do not give the money just as charity, but they have greater interests behind (The Daily Star, 10-11 September, 2007).

There are lots of debates regarding the motive of financing by foreign donors. These include dismantling public institutions and public enterprises depriving people but giving immense authority to big business (Mohammad, 2007), market creation of donor countries' products, pushing government to shift policy, raising the prices of fuel, gas and electricity as well as raising the fees for education and healthcare to create good business opportunities for global companies and so on. Despite all these facts, Bangladesh as being lagging behind in attaining economic solvency, both government and large number of NGOs in the country are dependent on foreign donors for funding in development programs. NGOs mostly receive funds from three sources: a) National organizations of different capitalistic states such as USAID, CIDA, DFID, DANIDA etc. b) Different relief organizations such as OXFAM, KGRC, c) Different religious institutes such as Luthern Mission, Rabitat-Al-Alam etc. A brief overview of Foreign Donors is given below:

diversification and is heavily dependent on agriculture – which yields only one or sometimes two annual harvests, in contrast with three crops per year in more fertile and benign parts of the country. In this setting, local employment is limited from September through December – in average years. As the landless and poorest survive on agricultural wage labor, their opportunities and ensuing incomes drop in this period, and they become trapped in what is called *Monga* – a cyclical phenomenon of poverty and hunger.

USAID: A Political Weapon

The United States Agency for International Development (USAID) is the organization of the federal government of USA responsible for most non-military foreign aid. It receives overall foreign policy guidance from government and seeks to "extend a helping hand to those people overseas struggling to make a better life, recover from a disaster or striving to live in a free and democratic country" (USAID, 2009: www.usaid.gov/bd). USAID works around three main pillars: Economic Growth, Agriculture, and Trade. Other field of operation are Global Health; Democracy, Conflict, and Humanitarian Assistance. It provides assistance in Sub-Saharan Africa; Asia and the Near East, Latin America and the Caribbean, Europe, and Eurasia.

According to the Development Assistance Committee of the Organization for Economic Cooperation and Development (DAC/OECD), the United States remains the largest donor of "official development assistance" at \$23.53 billion in 2006. DAC/OECD reports that the next largest donor was the United Kingdom (\$12.46b). The UK was followed (in rank order) by Japan (\$11.19b), France (\$10.60b), Germany (\$10.43b), Netherlands (\$5.45b), Sweden (\$3.95b), Spain (\$3.81b), Canada (\$3.68b) and so on.

Through USAID, the United States Government is extending assistance to Bangladesh to recover from disasters, to try to escape poverty, and to engage in democratic reforms for long time. The USG's assistance to Bangladesh includes support for the return to democracy through free, fair and credible elections and more transparent and accountable governance; support for a better educated, healthier and more productive population; and assistance to increase economic opportunities through equitable economic growth, improved food security and disaster mitigation. USAID and the Government of Bangladesh (GOB) signed formal agreements on September 29, 2007 to continue joint development activities in the health, economic growth and environment sectors. Under the new agreements, USAID will provide a total of US\$199 million.

USAID works closely with NGOs, local government and major political parties to build on the country's capacity for participatory democracy, strengthen its institutions of good governance, and support its culture of tolerance. The area of funding chosen by USAID thus does not match with the need and context of Bangladesh; rather they are alleged to poke their nose to the political and other internal affairs of the country. Some

critics say that the US government gives aid to reward political and military partners rather than to advance genuine social or humanitarian causes abroad. Another complaint is that foreign aid is used as a political weapon for the U.S. to make other nations do things its way as Prof. Anu Muhammad addressing donors as financiers said that, these financiers push the governments to own their prescribed policies

CIDA: Towards Sustainable Development

The Canadian International Development Agency (CIDA) was formed in 1968 by the Canadian government for administering foreign aid programs in developing countries. Its mandate is to support sustainable development in developing countries in order to reduce poverty and contribute to a more secure, equitable, and prosperous world (CIDA, 2009). The priority area of CIDA's funding includes Social development (specially basic education and child protection), Economic well-being, Environmental sustainability with focus upon issues such as climate change, land degradation, and water supply for maintaining healthy ecosystems, Governance including human rights, democracy, and good governance. The agency supports gender equality and funds programs that benefit women directly. Canada has been a major development partner with Bangladesh since its independence in 1971. Bangladesh has been one of Canada's largest aid recipients for the last three decades. CIDA's 2006-2007 disbursements for projects and initiatives in Bangladesh were \$64.7 million.⁵ Its Country Development Programming Framework 2003-2008 for Bangladesh focuses on social development (health and education), governance, and private sector development. Major program objectives include:

- **enhancing the quality of basic education:** by supporting government and civil society initiatives to improve the access, quality, and relevance of formal and non-formal basic education, especially for disadvantaged groups;
- **improving delivery of health services:** by strengthening the capacity of the national health system, improving the quality and delivery of essential health care services, and increasing access to those services, especially for women and children;

⁵ Source: CIDA Statistics 2006-2007

- **strengthening governance:** by helping core public and private sector institutions build their technical and management competencies, focusing on enhancing their transparency and accountability, and by supporting democratization; and
- **Supporting development of the private sector:** by supporting the creation of an enabling environment, supporting sustainable and equitable growth, promoting entrepreneurship, and improving connecting to markets.

However, CIDA's assistance to Bangladesh has been playing a vital role in poverty reduction and sustainable development since independence though they are sometimes alleged to be stacked with some unproductive or invisible works as well as their own prescriptions in the name of sustainable development.

DFID:Long Term Perspective

The Department for International Development (DFID) is a UK government department that aims officially to 'promote sustainable development' and eliminate world poverty. Its major focus has been 'leading the UK government's fight against world poverty' (Internet). In its visionary plan, with the help of the Bangladesh Centre for Advanced Studies, DFID has a country development series entitled *Bangladesh 2020: A Long-Run Perspective Study* (The World Bank, 2003). In view of the big picture, DFID works to support the United Nations' eight 'Millennium Development Goals', namely to:

- halve the number of people living in extreme poverty and hunger
- ensure that all children receive primary education
- promote sexual equality and give women a stronger voice
- reduce child death rates
- improve the health of mothers
- combat HIV & AIDS, malaria and other diseases
- make sure the environment is protected
- build a global partnership for those working in development.

The DFID's support to Bangladesh is set out in its Country Assistance Plan (CAP) which, in line with the Government of Bangladesh's Poverty Reductions Strategy Paper, seeks to address poverty and the MDGs. Over the past three years, DFID spent over £350 million in assisting Bangladesh in poverty reduction. It is committed to work for building better governance, reducing vulnerability to climate change, improving quality and

availability of basic health, education, water and sanitation services for the poor of the country (DFID, 2009). But the areas chosen by DFID for funding are not appropriate for poverty reduction in the country context as it seeks to attain MDGs which has the basic drawbacks with no goal of population control. Whereas for successful development initiatives, more essential programs like population control, vocational training and providing support for income generation are required for Bangladesh.

DANIDA: Agenda on Human Rights

Danish International Development Agency (DANIDA) is a Danish organisation inside the Ministry of foreign Affairs of Denmark, set up to provide humanitarian help and assistance in developing countries. Poverty reduction remains the fundamental challenge for Danish development cooperation and special emphasis is put on the effort to promote the respect for human rights and poverty reduction for women and their participation in the development process. In the coming years, Denmark will continue to strengthen its foreign and security policy by focusing Danish development assistance on five areas (DANIDA, 2009):

- Social and economic development
- Human rights, democratization and good governance
- Stability, security and the fight against terrorism
- Refugees, humanitarian assistance and regions of origin
- Environment

DANIDA extends its assistance basically in socio-environmental arena for right based programs which appears to be volatile and ornamental compared to the practical need of the people. Preference of awareness related programs for funding in a poor country like Bangladesh is nothing but donors' prescription and it undermines the real development and aid effectiveness. Moreover it provides more scope for misappropriation of funds by the implementing agency than it could if invested in the visible works.

Oxfam: Prone to Disaster Management

Oxfam (Great Britain) was founded in England in 1942 as a development, relief, and campaigning organization dedicated to find lasting solutions to poverty and suffering

around the world. It works with poor communities, local partners, volunteers, and supporters. Oxfam supports local organizations in 77 countries around the world (OXFAM, 2009). Oxfam's first support to Bangladesh was in 1971 in the refugee camps. Since then it has been responding with emergency assistance at times of crisis, and funding local organizations that are seeking long-term solutions to poverty and powerlessness.

Working through local organizations and community-based organizations, often in remote areas, Oxfam supports people in their struggle to become self-reliant and to overcome some of the obstacle that keep them in poverty. Members/beneficiaries of Oxfam programs include 64 partners with 338,500 beneficiaries. The main areas of development funded by Oxfam in Bangladesh are reducing vulnerability to disasters, making the best use of land, providing education and healthcare services, protecting legal rights, and strengthening community organizations. An important focus of Oxfam's work is its support to groups of landless people, especially women. With increase in the capacity of the major national NGOs in Bangladesh, Oxfam started extending support to small and emerging organizations, which often work on much localized scale.

Oxfam program in Bangladesh focuses on (a) reaching poor marginalized people inhabiting the Ganges and Brahmaputra river basin and coastal areas and addressing their needs as communities vulnerable to floods and cyclones, integrating disaster preparedness into the long-term development program; (b) giving voice to marginalized groups of people such as those with disability, the tribal people and sex-workers; (c) improving the status and material condition of women; (d) supporting advocacy initiatives of partner organizations to deal with issues of consumer rights and working conditions in the garment factories; (e) developing advocacy skills in the macro-economic issues; (f) ensuring regional co-operation in the areas of disaster preparedness, flood warning and arsenic poisoning mitigation initiatives and so on. Oxfam promotes empowerment and also independent access for women to key resources (e.g, land, employment), services and facilities, recognizes and helps women exercise their rights over their bodies and protection of violence.

The financial support to local and national NGOs as provided by Oxfam covers a significant part of total foreign aid to Bangladesh working in its large areas but due to

their confinement in disaster preparedness and advocacy program the rate of return is lower than their investment. Improper selection of program and partners is major concern in case of Oxfam. Moreover, Oxfam is very often alleged to be rigid to some of their imposed conditions such as time bar for project approval or project completion to their partner NGOs. In failure of compliance of such conditions fund is sometimes withdrawn by Oxfam.

Action Aid: Opinion Builder

It is an international development organization based in United Kingdom whose aim is to fight poverty worldwide. Since its establishment in 1972, it has continued to work with children, families and communities in over 42 countries in Africa, Asia and Latin America and the Caribbean helping over 13 million of the world's poorest and most disadvantaged people to fight for and gain their rights to food, shelter, work, education, healthcare and a voice in the decisions that affect their lives (official website of Action Aid, www.actionaid.org/bangladesh).

Action Aid seeks to address the immediate distress of poor people, especially girls and women. More specifically, its target groups include adolescent girls, young women and children in the streets, disabled people, indigenous communities, landless groups, men at greatest risk of contracting and passing on sexually transmitted infections and HIV and sexworkers. One of its major objectives is to provide basic education, by which people can change their lives and improve the environment in which they live.

Action Aid Bangladesh was established in 1983 with the objectives of changing the capacities of people and groups whose rights have been denied and violated in obtaining justice. The organization supports anti-poverty initiatives and works to improve sustainability of development interventions to create a confident and responsible nation. It works with poor and marginalized women and men, girls and boys to eradicate poverty by overcoming injustice and inequity that cause it. Action Aid now operates in the districts of Dhaka, Chittagong, Khulna, Jamalpur, Netrokona, Bhola, Galachipa, Bogra, Rangamati, Satkhira, Manikganj and Chandpur. At present, its programmes are implemented with support from 17 long-term and 35 short-term partner organisations. The programme coverage in 2000 was 73,141 households with long-term partners and

38,385 households with short-term partners. But Action Aid is very often alleged to fund fake name NGOs or those existing merely in names and volatile programs as well.

GTZ: Harmonizing other Donors

It is a German Development Cooperation organization with which Bangladesh is a priority partner country that aims increasingly to use local know-how and local experts. It cooperates with other German development cooperation organizations and directly with the following bilateral and multilateral organizations (GTZ, 2009):

- Asian Development Bank (ADB)
- Food and Agricultural Organization (FAO)
- South Asian Enterprise Development Facility (SEDF)
- Swiss Intercooperation
- Department for International Development (DFID)
- United Nations Development Program

Considering the main problems in Bangladesh that are scarce resources, natural disasters, a rigid and to some extent arbitrary bureaucracy, over-population and the poverty, the activities of the GTZ focus on the following three priority areas:

- health care (including family planning, HIV/AIDS)
- human rights, democracy, participation and good governance (with special emphasis on local government strengthening)
- energy, in particular renewable energy and energy efficiency

However, GTZ's aid to NGOs in collaboration and cooperation with other donor agencies is characterized by the same guiding principles and dominance of other donors and therefore not beyond the common debates.

Lutheran Mission: Publicizing Gospel

The Lutheran Mission Society, established in 1905, is a Christian Health & Welfare Agency with eight that serve over 500 clients per day – providing food, clothing, some health services, disaster relief, chaplaincy, educational services and Christian counseling. It provides residential care for women at least 18 years old and their children, along with instruction in parenting skills, childcare, good nutrition, budgeting, homemaking, job training, basic computer skills and Bible study. But most of the International Christian

Organizations are extensively debated in the country centering the issue of conversion included in their activities.

The donors create pressure on the governments to be accountable and transparent, but there is no mechanism to hold the donors accountable. The donors should act according to the home-grown strategies, but unfortunately, the reality is that they dictate the governments to follow their policies. *Who Judges the Results of Donor Performance: Ensure Accountability of Donors to make foreign aid effective*, a report on the seminar held at Dhaka on September, 2007 published in the Star Magazine of the Daily Star on 10-11 September, 07 flashed out the highlights of the seminar where discussions were concerned with ensuring accountability of the donor agencies and cutting their dominance over the developing nations to enhance effectiveness of foreign aid. In the seminar, the development experts analyzed the reason why foreign aid cannot be effective and gave their opinions that, the donors and the recipient countries must be cooperative and not dominating because developments will not occur if development strategies are designed without considering the local contexts. In *IMF Flees Bangladesh*, an article on December 4, 2007 available at address anujuniv@gmail.com Prof Anu Mohammad commented that Global Financing Institutions provide aid to poor countries with some common interest like a market economy, an extraordinary return on investment and an open space to do whatever it liked. Dr Zafarullah Chowdhury of Gonosasthya Kendra said in a seminar on 17th September, 2009 at Dhaka “Donors do not give money to the developing countries for nothing. They are interested in Bangladesh because it can give service charge”. Due to such hidden agenda of the donors, the aid thus can not be truly effective.

2.3 Types of Foreign Funded NGOs

Structurally there are different types of NGOs which can be differentiated on the basis of their size, class, location and types of beneficiaries (Begum, 2003:24). Voluntary organizations concerned with poverty alleviation and rural development also may be classified on the basis of source of funds, functional and clientele basis.

Depending on the source of fund, NGOs can broadly be categorized into three types:

- Foreign donation (FD) dependent NGOs: These NGOs often called development NGOs are fully dependent on foreign aid for operating their activities. Example: Samata, Shakti Foundation, Shariatpur Development Society (SDS), Papri;
- Non FD dependent/locally/internally funded NGOs: NGOs like Anannyo Shamaj Kollyan Shongstha (ASKS), Srejoni that are locally financed and not dependent on overseas donors are included in this group.
- Combination of both: Some NGOs are partially dependent on foreign resources like BRAC. Such NGOs may be termed as hybrid one. About 75 percent of BRAC's total funding comes from its local source and rest of the resource is funded by foreign donors.

The degree of FD dependency varies according to the self sufficiency achieved through diversification of entrepreneurship by different NGOs. NGOs operating in Bangladesh and receiving grant fund from various sources abroad are both local and foreign. Based on the operating area NGOs can be classified into local, national and international (Quddus, 1993:485). **Local NGOs** operate programs in a village or few villages. These are usually small in size, limited in resources, collecting funds mostly from local sources or from national or international NGOs and simple in structure. Example: Dipshikha, Dolit, Gono Unnyon Procheshta etc.

National NGOs operates their activities countrywide receiving funds mostly from foreign countries. There may be sub-regional and regional organizations, each of which covers a district or a cluster of districts with a large population. Regional organizations usually have local branches or local affiliates or both. Example: BRAC, ASA, PROSHIKA. A brief discussion on these leading NGOs is made below:

BRAC, a development organization founded by Fazle Hasan Abed in February 1972, soon after the liberation of Bangladesh, has acted as both the initiator and catalyst for many such innovations and change. Its initial focus was on assisting the refugees. In 1973, the focus was broadened to long term sustainable poverty reduction. Over the course of evolution, BRAC has established itself as a pioneer in recognizing and tackling the different dimensions of poverty. Their holistic approach to poverty alleviation and empowerment of the poor encompasses a range of core programs in economic and social development, health, education, and human rights and legal services. Today, BRAC is the

largest southern NGO and employs more than 100,000 people, the majority of which are women, and reaches more than 110 million people with their development interventions in Asia and Africa. More than 98% of BRAC's 7.37 million borrowers and savers are women. BRAC works to combat poverty in 70,000 villages and 2000 slums, and reaches three quarters of the entire population with an integrated package of services for rural and urban communities in the country. BRAC's 68,000 community health volunteers make home visits to 18 million village households every month and provide the essential health care support. Every week, 1.55 million children attend BRAC's primary and pre-primary schools and are taught by more than 50,000 trained teachers who are drawn from the communities they live in.⁶

ASA has emerged as one of the largest and most efficient Microfinance Institution (MFI) in the world and has been working persistently to assist the poor since its inception in 1978. The major drive behind ASA is to gradually eradicate poverty from society. During its early years, ASA undertook various development programs like awareness building for social action, training local birth attendants, capacity building of journalists, etc. In the mid-80's it introduced new programs working in the sector of health and nutrition, education, sanitation, etc. It was at this stage that ASA introduced microcredit as a pilot project. Realizing financial solvency as the only need for the poor, in 1992, this paradigm shift led ASA to focus solely on microfinance as its tool in fighting poverty. As of June 2008, ASA has extended its outreach in Bangladesh through 3,324 branches, 7 million members and its 25,125 staff work serving more than 7.13 million clients in 72,204 villages. Up to June 2008, ASA's cumulative Loan disbursement has been TK. 284,686 million (US\$ 4,126 million) among almost 5,675,784 borrowers. At the end of 2007 ASA's Operational Self Sufficiency (OSS) was 175.51%, Financial Self-sufficiency (FSS) 121.44% and rate of loan recovery 99.32%.⁷

Proshika:

Immediately after the War of Liberation in 1971, a group of young men began to plan development activities with an alternative approach with an objective to contribute in

⁶ Available at <http://www.brac.net>, accessed on 19th July, 2009.

⁷ Available at <http://www.asa.org.bd/index.html>, accessed on 19th July, 2009.

rebuilding the war-ravaged country, by forming *Proshika Manobik Unnayan Kendra* (Proshika centre for human development) and started working in a few villages of Dhaka and Comilla districts in 1976. Their mission is to conduct an extensive, intensive, and participatory process of sustainable development through empowerment of the poor.

Proshika programs include training in skill development, universal education, promotion of self-reliance through employment and income generating activities and provision of credit, small enterprise development, natural resource protection and environmental regeneration, health education and infrastructure building, integrated women's development, development policy analysis and advocacy. It also patronages to indigenous culture and its use in mobilization of the mass people in social movements, disaster preparedness and management, and assistance to other organizations. At present, Proshika operates through 187 Area Development Centres (ADCs) spread in 18,898 villages and 1,575 urban slums in 57 districts. It works with 1.22 million women and about one million men drawn from poor rural and urban households organized into 111,840 primary groups of 19 members each on average. The budget of the organization for 2000-2001 was \$116.79 million. The donor consortium of Proshika comprises CIDA, NOVIB, DFID, and EC, who contribute 20% of the organization's total budget. The rest is covered from Proshika's own resources and contributions by other indigenous sources.⁸

That was the snapshot of activities of some pioneer national NGOs working in large areas of Bangladesh. On the other hand, **International NGOs** have roots or head quarters in the developed countries and well-endowed, with a large number of branches operating worldwide in several geographical locations including the developing countries with meager resources. Example: CARE, RDRS, World Vision, Concern, Save the Children (Quddus, 1993).

RDRS Bangladesh (Rangpur Dinajpur Rural Service) is a long-established development NGO working to empower the rural poor in northern Bangladesh for over 36 years. In 1997, RDRS became an autonomous organisation, governed by a Board of Trustees. RDRS came into being at the time of Bangladesh's War of Independence, in 1971. Set up by the Lutheran World Federation (LWF) to help refugees fleeing conflict

⁸ Available at www.proshika.org

across the border, it returned with them after liberation to carry out much-needed rehabilitation in the devastated and long-neglected northwest – greater Rangpur and Dinajpur Districts. In 1976, it launched to assist the poorest in agriculture, community development, health and women's economic activities. Construction of roads, bridges, markets and schools continued. By 1980s, it focused on conscientisation and group organization of the poor, emphasizing social, educational and economic elements. RDRS successes have included the 'greening the north' through its roadside tree plantation program; improving life on the chars (the river islands on the Brahmaputra); raising awareness of women's rights; promoting savings, credit and skills training to improve the livelihoods of the poor and, the emergence of Union Federations - self-managed people's organizations, of, by and for the rural poor.

Table 2.1: The RDRS Working Area & Program Coverage	
Working Area:	10 Districts of Bangladesh – (Kurigram, Lalmonirhat, Nilphamari, Panchagarh, Thakurgaon, Dinajpur, Jamalpur, Moulvibazar and Habiganj).
No of Upazilas (sub-districts):	46 (of 490 nationwide =9.3%).
No of Unions:	357 (of 4,451 nationwide = 8.0%).
Total Population:	10.40 million (of 140 million).
Target Population (the rural poor):	1.9 million.
No of Direct Beneficiaries:	337,661
No of Indirect Beneficiaries:	More than 1.5 million (80% women).
No of Staffs by December, 2007:	2,044 (27% women).
No of Volunteers by December, 2007 :	1,068 (82% women)

(Source: www.rdrsbangla.net)

World Vision is a Christian humanitarian relief and development organization dedicated to working with children, families and communities to overcome poverty and injustice working in around 100 countries across the globe (World Vision, 2009). World Vision became involved in Bangladesh in response to the tidal surge that occurred in the coastal areas of the country in 1970, providing relief supplies to the affected disasters victims. Its child-focused programs work in children's education and health, water and sanitation, nutrition and food security, HIV-AIDS, disaster preparedness, child rights and

participation and micro-enterprise development. At present World Vision in Bangladesh operates through 43 Area Development Programs (ADPs) and 22 special funded projects at 40 sub-districts and metropolitan locations in 22 districts throughout the country, serving some three million people with various development programs.

Afroza Begum in her book *Government-NGO Interface in Development Management: Experiences of Selected Collaboration Models in Bangladesh* classified NGOs on the basis of orientation as below (Begum, 2003: 24):

Charity oriented NGOs: The activities of these NGOs are based on the philosophy of charity. They follow a top down paternalistic effort with little participation of the beneficiaries. Their activities are directed towards meeting the needs of the poor which includes distribution of food, clothing, medicine provision of housing, transport, educational facilities etc. Such NGOs also undertake relief activities during natural or man made disasters.

Development service oriented NGOs: The activities of these NGOs include provision of health care, family planning or education services. These programs are designed by the NGOs and the people are encouraged by them to participate in the implementation and in receiving the services.

Participatory NGOs: These NGOs are characterized by self help projects where local people are involved particularly in the implementation of a project by contributing cash, tools, land, materials, labor etc. In the classical community development project, participation begins with the need identification and continues into the planning and implementation stage.

Empowerment oriented NGOs: In order to empower the disadvantaged, the aim of these NGOs is to help them by developing a clearer understanding of the social, political and economic factors affecting their lives. These NGOs work to strengthen the awareness of the target group and their potential to control their lives. Sometimes these groups spontaneously identify a problem or an issue whereas in other instances the NGO workers play a facilitating role in this respect. In the process of empowerment these NGOs maximize the involvement of the target group.

A further classification of the NGOs is made on the basis of their role and functions. Depending on field of operation like micro credit, advocacy, human rights, water and

sanitation, safe drinking water, environment conservation, preventing acid violence, promoting good governance NGOs are also classified.

Relief and welfare NGOs: These NGOs are working to provide relief support towards the helpless people.

Service NGOs: These NGOs operate their activities to deliver services to the target groups.

Funding NGOs: These NGOs operate as agents of foreign donors engaged in making grants to NGOs. They help the local NGOs to get foreign assistance.

Networking/coordinating NGOs: These NGOs work to facilitate mutual sharing of learning and experiences. They also promote mutual support and cooperation among the NGO community.

Consulting NGOs: These NGOs provide consulting services to the government, donor agencies and other actors in the field of development. Although some fees are charged for their services, these NGOs are non profit organizations usually concerning issues related to the social and economic development. Example: Water Aid, BELA, Ain-O-Shalish Kendra, CPD, TIB, Grameen Bank, Shupro. Water Aid is a donor NGO that funds for water and sanitation programs. Bangladesh Environmental Lawyer's Association (BELA) works for environment conservation issue. On the other hand, Ain-O-Shalish Kendra works for advocacy and legal support program. Ain o Shalish Kendra (ASK) began offering legal aid services in 1986 and has since moved on to dispute resolution activities, legal rights awareness education, research, networking, and lobbying. With BLAST, ASK has been involved in litigation on slum evictions, torture, illegal detention and arrest, gender discrimination in state and local government institutions, legal rights of children in custody, and factory working conditions.

A similar organization is Transparency International Bangladesh that fights against corruption in all level of the country. It is the Bangladesh chapter of Transparency International, an international NGO that since 1996 has been exposing official corruption, advocating administrative reform to improve transparency, and conducting research on related issues. TIB is engaged in grassroots mobilization through citizen committees that work to generate demand for good governance at the local level.

Another advocacy oriented NGO is Bangladesh Legal Aid and Services Trust (BLAST) which began in 1993 by providing legal aid services to the poor, and has moved on to legal literacy campaigns and networking of NGOs involved in good governance. A main activity is public interest litigation, which it has filed in diverse areas: employment discrimination; public examinations; illegal land acquisition, construction, and property development; treatment of salt to prevent iodine deficiency disease; slum evictions; and abuse of power by the police and other executive agencies.

Centre for Policy Dialogue is basically a research based NGO working for economic development and good governance. Grameen Bank's activity is concentrated mainly on microcredit. Shushashoner jonno Procharavijan (Shupro) exclusively works for good governance issue. Whereas another national NGO 'Samata' works for khas land distribution among landless people. Starting in 1976, Samata has focused on supporting poor people's rights to *khas* land (government-owned land that, according to law, is available to the landless poor). Activities include mass gatherings and rallies of the landless to press demands on local government officials, research and dissemination activities around issues relating to landlessness and land rights, and advocacy with national and local level government officials.

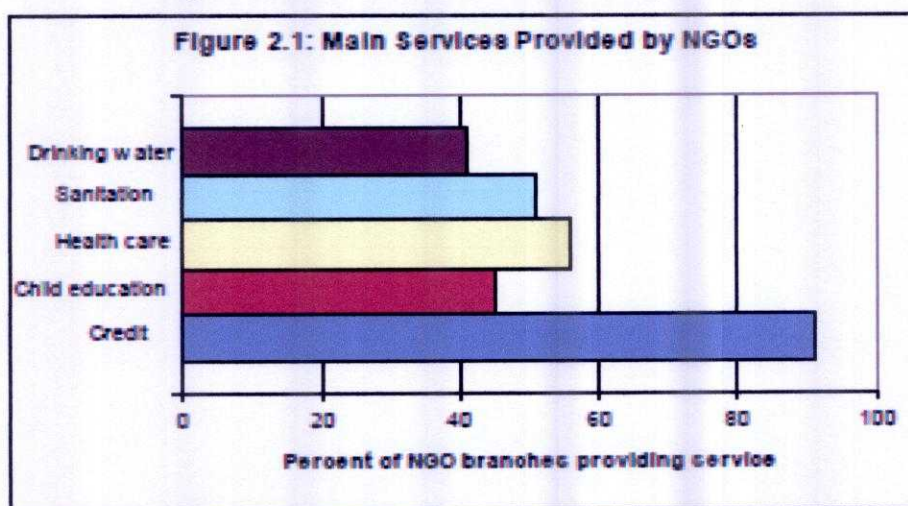
2.4 Foreign Funded NGOs in Sectoral Development

Traditionally, in Bangladesh, the role of non-government organizations has been to act as an entry point for local level social development (Khan, 2000: 158). Since 1971, the NGOs have made enough progress and contributions to the country. As a supplementary organ to government NGOs play significant role in development sector. Through their various development programs and projects in a number of sectors, these NGOs have served as catalysts, making their development interventions strongly felt in the urban and rural areas.

NGOs mostly focus on group based community programs from the very beginning in order to trigger growth at the grass root level and effective operation of such community based organizations has been a major achievement of NGOs in the country (Paul and Kumar, 2005). In response to the multidimensional nature of problem of overarching poverty, NGOs in Bangladesh provide a strikingly homogeneous set of services,

with credit dominating. A survey of 300 NGO branches carried out by the World Bank in 2003 showed that while the total range of NGO interventions is wide, the typical NGO branch provides only three or four services.' About 90 percent of all NGO branch offices provide credit services, followed by health (56 percent), sanitation (52 percent), and education (45 percent). A community survey conducted as part of the 2003 NGO survey shows that the service delivery priorities identified by communities closely match the services that NGOs provide. Public awareness and advocacy are also common areas of NGO work: 93 percent of NGO branches reported awareness-raising activities, usually relating to sanitation, health, and social issues, while 42 percent reported having lobbied local or national government during the previous year (World Bank Report, 2006: iii).

Figure 2.1: Main Services Provided by NGOs



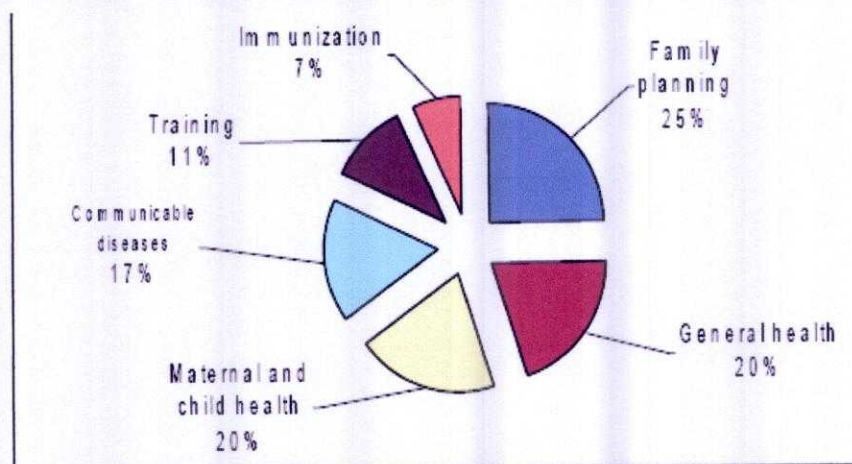
(Source: World Bank NGO Survey, 2003 in WB Report, 2005: 13)

Over the last three decades, NGO activities have been concentrated in a number of areas of intervention in Bangladesh that cut across all sectors and virtually all areas of intervention with development agenda. A few of them are mentioned below.

Health sector: It includes hospital construction, primary health care, nutrition, anti drug activities etc. NGOs use village-based community health workers to provide door-to-door health services, focusing mainly on preventative care and simple curative care for women and children. While a nationwide network of these NGO para-professionals is successfully extending health care to large numbers of poor households, NGO facility-based care is relatively sparse. Hence,

while expenditures by NGOs on health have grown significantly since the mid-1990s, they constitute only about one-third of public sector expenditures and less than 10 percent of total expenditures on health (the latter include household spending on private care). It has been found that, NGOs in Bangladesh spent 25 percent of their budget in family planning projects, 20 percent in general health, 20 percent in maternal, reproductive and child health, 17 percent in preventing communicable diseases, 11 percent in training and 7 percent in immunization in 1999-2002 (World Bank, 2005:22).

Figure 2.2: Distribution of NGO Expenditure by Health Program (1999-2002 average)



(Source: World Bank, 2005: 23)

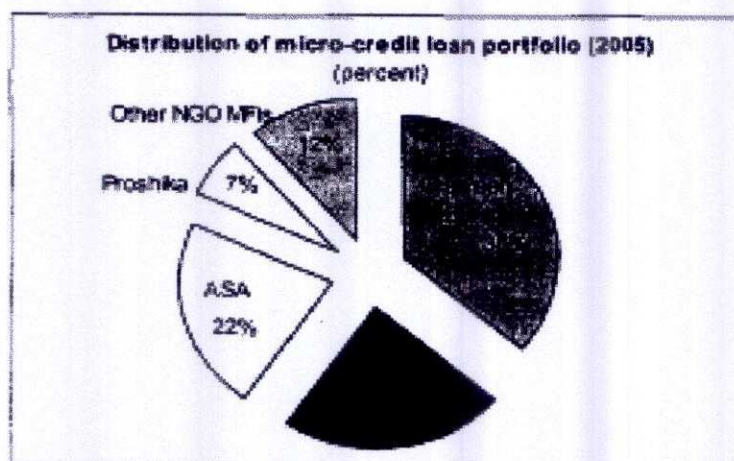
NGOs also contribute to health outcomes by providing safe drinking water and sanitation services, arsenic mitigation with notable successes in community-based programs promoting behavioral change. Achievements in health include programs on child nutrition and tuberculosis treatment in partnership with government.

Education sector: It includes primary & mass education, adult literacy, vocational education & training, women literacy etc. About 1.5 million children—approximately 8 percent of primary enrollment—are in schools run by NGOs, most in non-formal primary schools for which the NGO sector is best known. The NGO education sector is highly skewed, with one large organization, BRAC, receiving about three-fourths of donor resources and accounting for a similar share of primary enrollment in NGO schools. BRAC also franchises its model by subcontracting 200 small NGOs to deliver non-formal education programs.

Besides, CIDA support to non-formal primary education has brought more than one million rural children, half of them girls, into primary education. However, a key concern is that the coordination between government and NGO education programs is weak.

- ✦ **Micro credit & economic development:** It includes small loan & employment generating activities, patronizing small rural industries etc. One of the main reasons for the presence of NGO programs is the expansion in microfinance. Microcredit now reaches as many as 43 percent of all Bangladeshi households and about 70 percent of poor households. The sector is dominated by the Grameen Bank, BRAC, ASA, and Proshika, which between them lend to almost 87 percent of all borrowers from non government. Microcredit generally succeeds in reaching the poor, though there are several geographical pockets of poverty in the country where microcredit coverage is relatively low. Contrary to popular perception, a significant number of the poorest Bangladeshis are microcredit group members.

Figure 2.3: Distribution of micro-credit loan portfolio



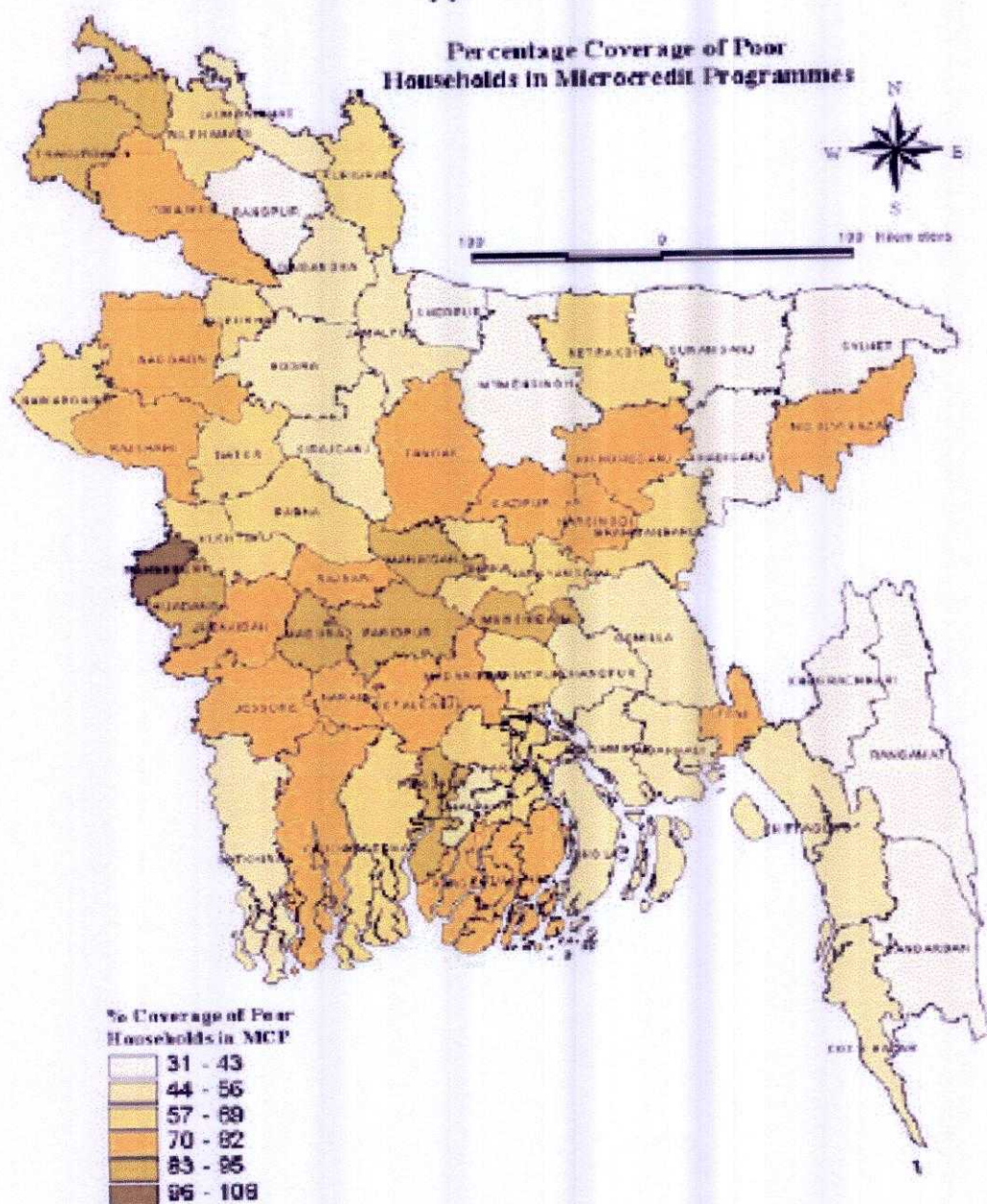
(Source: World Bank, 2006:iii)

Recent research indicates that credit for income generation does not bring the expected results for all poor borrowers. The wider economic environment, the initial social and economic positions of borrowers and their respective debt capacity result in differential effects on their ability to generate increasing and sustained levels of income

(Wood and Sharif, 1997: 63). In the context of Bangladesh, increasingly the extreme poor are seen to be dropping out of credit programs after having failed to keep up with repayment installments (Hulme and Mosley, 1995). One reason can be attributed to demand side effects. For instance, when the poor receive credit, their returns on investment have to be adequate to meet the repayment installments from the incremental income of the activity undertaken (Rutherford, 1995 cited in Wood and Sharif, 1997: 73). It is not always possible for the unskilled and illiterate beneficiaries.

However, the microfinance sector in Bangladesh is the world's largest, with around 43% of all households in the country accessing microcredit. However, a detailed microcredit program mapping exercised by PKSf shows that geographic coverage is varied, with coverage thinnest in the poorer, more remote, and less populous districts of the north and southeast (World Bank, 2006:19). The following figure reveals the scenario.

Figure 2.4: Coverage of Poor Households by Microfinance Program, by districts.



Source: PKSF 2003

The impact of microcredit on smoothing incomes and reducing household vulnerability to seasonal and other shocks is of critical importance to the rural poor. Improvements in key social indicators of well-being are also associated with

microcredit borrowing, most notably measures of female empowerment, children's schooling, and health status. These social gains in part reflect the complementary social mobilization, training, and awareness-raising activities that typically go hand in hand with microcredit. While microcredit has brought benefits to borrowing households, these have not been large enough to have had a significant impact on community-level employment creation and growth. The strong emphasis on financial sustainability, vital to the sector's success, has led to controversy about purportedly high interest rates.

- ✦ **Social welfare:** youth & disabled development, old home, self employment generating training, rehabilitation of distressed people, family welfare etc.
- ✦ **Women & children affairs:** activities for orphans & street children, women empowerment, rehabilitation for acid survivors, prevention of dowry & women violence etc.
- ✦ **Law, good governance, corruption & election oriented:** It consists of protection of human rights, legal aid support, prevention of corruption etc. The advocacy activities of NGOs have become somewhat controversial. Most NGO advocacy focuses on issues affecting the poor (e.g., violence against women, dowry, land rights, access to justice, housing, education) and is seen as fully legitimate. However, in 2000-1 the government accused a few NGOs of stretching their advocacy work into partisan political activity and electioneering, and funding for their service delivery programs was sequestered as a result.
- ✦ **Ethnic group related:** social & cultural development of ethnic groups etc.
- ✦ **Agriculture, Fisheries & Livestock related:** including irrigation, supply of agricultural materials & training etc. CIDA's assistance in water management, rural electrification, and agricultural diversification has helped Bangladesh achieve near self-sufficiency in rice production.
- ✦ **Relief, Housing & disaster related**
- ✦ **Power & Energy related:** Bio gas & solar energy production.
- ✦ **Environment conservation, forestry & development:** plantation, advocacy, mobilizing public cooperation in environmental improvement-air, water, flora and fauna & others.

✚ **Information related:** protection of right to information.

✚ **Local Government**

✚ **Religion based:** missionary activities, religious institution construction.

The advocacy activities of NGOs have become somewhat controversial. Most NGO advocacy focuses on issues affecting the poor (e.g., violence against women, dowry, land rights, access to justice, housing, education) and is seen as fully legitimate. However, in 2000-1 the government accused a few NGOs of stretching their advocacy work into partisan political activity and electioneering, and funding for their service delivery programs was sequestered as a result.

The activities of foreign funded NGOs in 2007-2008 as per the annual report of NGO Affairs Bureau reveals that most of the projects (28.73%) with foreign aid were undertaken for the purpose of housing, relief and disaster related activities in this period. The reason behind allocation of such huge fund in this sector is cyclone SIDAR that badly affected the coastal belt of the country. The second biggest sector was health; about 14% of total foreign funded projects of NGOs were undertaken in this field. The total scenario of sectoral activities of NGOs with foreign donation is represented in the following table:

Table 2.2: Activities of Foreign Funded NGOs in different sector of development in 2007-2008

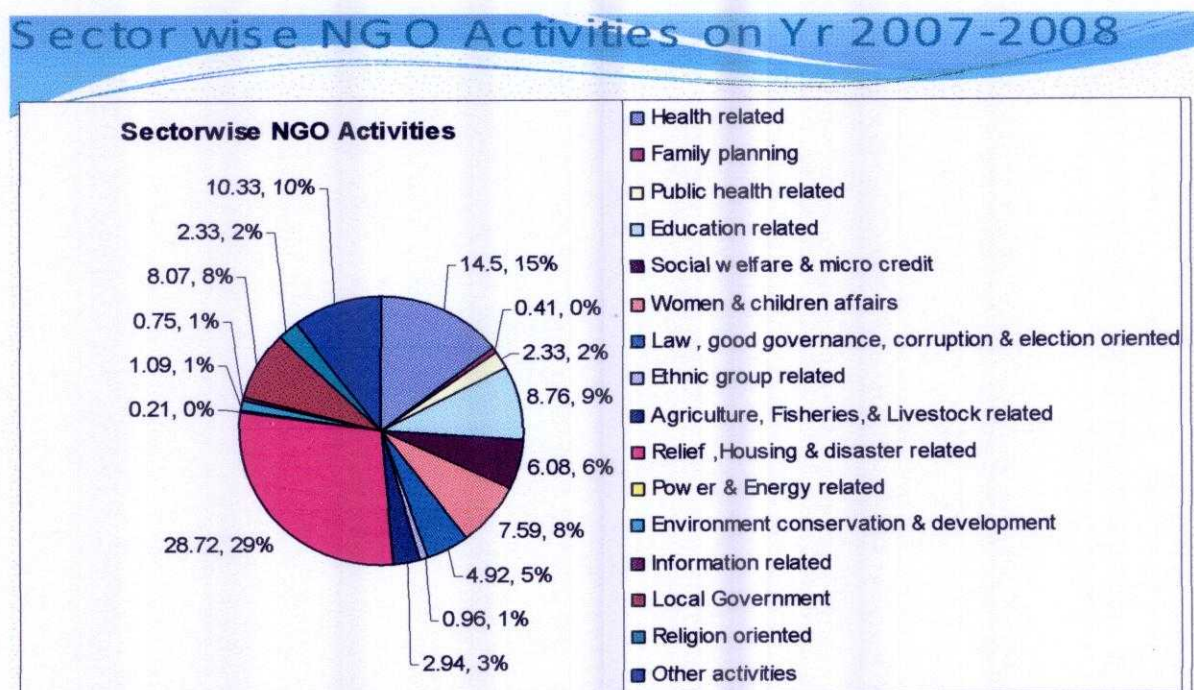
Serial No.	Description of NGO activities	Total no. of approved projects	In terms of % of total projects	Amount of budget approved for projects (in crore taka)	Total number of beneficiaries
1	Health related	212	14.50068	808.33	6574686
2	Family planning	6	0.410397	80.39	1347432
3	Public health related	34	2.325581	161.93	996685
4	Education related	128	8.75513	697.21	3859653
5	Social welfare & microcredit	89	6.087551	228.08	411922
6	Women & children affairs	111	7.592339	245.38	1507034
7	Law, good governance, corruption & election oriented	72	4.924761	83.97	236634
8	Ethnic group related	14	0.957592	45.97	170329
9	Agriculture, Fisheries, & Livestock related	43	2.941176	90.18	118754

10	Relief, Housing & disaster related	420	28.72777	475.97	245770
11	Power & Energy related	3	0.205198	2.34	1500
12	Environment conservation & development	16	1.094391	35.44	271544
13	Information related	11	0.752394	21.16	177725
14	Local Government	118	8.071135	328.09	1207085
15	Religion oriented	34	2.325581	104.24	26967
16	Other activities	151	10.32832	253.03	976350
	Total	1462	100	3661.8	18130070

(Source: Eighteen Years of NGO Affairs Bureau, 2008: 211-214)

The table depicts that, last year 420 projects were undertaken for relief, rehabilitation and housing at the cost of taka. 475.97 crore by the NGOs directly funded with foreign donation. The second highest numbers of projects, 212 were undertaken in health sector at the total cost of taka 808.33 crore. Whereas, 128 projects were implemented in education sector with the budget of taka 697.21.

The above statistic can be graphically presented in the following figure 2.5:



(Source: Self compiled from 'Eighteen Years of NGO Affairs Bureau', 2008: 211-214)

According to an evaluation study carried out by the Netherlands Ministry of Foreign Affairs in 1998, most of the above can be grouped under the umbrella of 'poverty alleviation' and apart from these sectors, most NGOs have an underlying concern to raise the capacity of the poor to participate in national, social and democratic processes. The NGO sector is also an important employment generating sector. There is no estimate of the number of people employed in the sector, but BRAC, for example, the second largest employer after the government, employed 93,843 people as of June 2006 (TIB, 2007: 1).

NGOs in Bangladesh are renowned worldwide for their innovative approaches. Many successful models in microfinance, non-formal education and primary healthcare developed by the Grameen Bank, the Bangladesh Rural Advancement Committee (BRAC), the Association for Social Advancement (ASA) and Proshika are being replicated in other developing countries. The NGOs had done enough in some specific fields such as awareness building and women empowerment and considerably enhanced the capacity and participation of women in income generation activities in addition to employment generation.

Grameen Bank Project was born in the village of Jobra, Bangladesh, in 1976. In 1983 it was transformed into a formal bank under a special law passed for its creation. It is owned by the poor borrowers of the bank who are mostly women. It works exclusively for them. Borrowers of Grameen Bank at present own 95 per cent of the total equity of the bank. Remaining 5 per cent is owned by the government. Grameen Bank has 2,557 branches. Total number of borrowers is 7.90 million, 97 per cent of them are women. It works in 84,487 villages. Total staff is 23,323. Total amount of loan disbursed by Grameen Bank, since inception, is Tk 458.61 billion (US\$ 8.17 billion). Out of this, Tk 407.90 billion (US\$ 7.25 billion) has been repaid. Current amount of outstanding loans stands at TK 50.71 billion (US\$ 734.65 million). During the past 12 months (from July'08 to June'09) Grameen Bank disbursed Tk. 71.85 billion (US\$ 1044.59 million). Monthly average loan disbursement over the past 12 month was Tk 5.99 billion (US\$ 87.05million). Projected disbursement for year 2009 is Tk 75.00 billion (US\$1091 million), i.e. monthly disbursement of Tk 6.25 billion (US\$ 90.92 million). End of the year outstanding loan is projected to be at Tk. 55.00 billion (US\$ 800 million. Loan

recovery rate is 97.81 per cent.⁹ The Norwegian Nobel Committee has awarded the Nobel Peace Prize for 2006, divided into two equal parts, to Muhammad Yunus and Grameen Bank for their efforts to create economic and social development from below to bring lasting peace.

To face the challenges like poor quality health and education services and unequal access to those services especially by the poor and women; continuing incidence of malnutrition in children, especially girls; and weak institutional capacity for the rule of law and protection of human rights and also the environmental challenges due to population pressures, climate change, and arsenic contamination government of Bangladesh has fixed some strategies with the view to reduce poverty in accordance with the Millennium Development Goal prescribed by United Nations. Bangladesh's Poverty Reduction Strategy, *Unlocking the Potential: National Strategy for Accelerated Poverty Reduction*, launched on October 30, 2005, focuses on pro-poor growth. It has the following eight-point strategic agenda:

- employment;
- nutrition;
- quality education, especially for girls;
- local governance;
- maternal health;
- sanitation and safe water; and
- criminal justice

The government attitude towards the NGOs, as manifested in its successive Five-Year plans and other literature has generally been positive (Ahmad, 1999:17) in Bangladesh. The Five Year Plans (FYP) recognized the importance of the contributions of different types of NGOs and opted to utilize their services in a more cost effective and co ordinate manner (Begum, 2003:7). It was stated in the social welfare strategy of the First Five-Year Plan (1973-78) that the government would “encourage private social workers and organizations to participate in a coordinated manners in social welfare programs envisaged in the Plan”. One of the strategies of the Third Five Year Plan (1985-90) was to encourage NGOs to undertake programs in the fields of training, development

⁹ Available at: www.grameen-info.org

of infrastructure and extension services for primary health care. It was also mentioned that the NGOs would be strengthened to provide social health and economic benefits to women living in poverty. One of the 'specific strategies' of the Fourth Five-Year Plan (1990-95) was to facilitate community participation through NGOs. The Fourth Five – Year Plan considered the poor and the disadvantaged as relatively efficient and therefore aimed at bringing them from the periphery to the center of the development process. The NGO activities, therefore, should supplement the main thrust towards decentralized participatory planning with thana as the coordinating unit. The FFYP noted that all concerned ministries/agencies would have to restore their programs to integrate and incorporate the active services of the NGOs for development (GOB, 1990). The Fifth Five Year Plan (FFYP) confirms that there exists 'inefficiency' in the GO delivery system to reach the poor and acknowledges that the NGOs can play a more creative role to overcome the gap (GOB, 1997).

The Bangladesh Poverty Reduction Strategy Paper (PRSP) points to the significant spaces provided to NGOs, a role that is considerably greater than in most other country's PRSPs. It discusses the role of NGOs in different areas like agriculture that includes improving agriculture extension and livestock productivity, promoting quality seed development; education which includes preprimary, primary and technical education; health including child, mother and reproductive health, controlling communicable and non-communicable diseases; micro-finance; safety nets and reaching the ultra poor; disaster management; nutrition that includes improving mother and child nutrition; promoting local governance; anti-corruption; improving accountability and access to justice. According to the NGO Affairs Bureau (GOB, 1990) the GOB views the NGO activity as a useful contribution to the national development and welcomes it in those sectors "where government activities are not adequate". It further suggests that well co-ordinate NGO activities could supplement and complement government's development programs quite meaningfully.

2.5 Conclusion

Foreign funded NGOs in Bangladesh have experienced quick growth and diversification of their operation over the last three decades in Bangladesh. They have touched almost all sectors of development and achieved success in some sectors but at the same time, the

public image of the sector has been affected by what is perceived as illegitimate shift into for-profit activity. Commercial enterprises have been established by NGOs of almost all sizes. The growth of micro credit creates the perception that NGOs are generating large surpluses and there is debate over the high interest rate. The role of NGOs in poverty alleviation agenda is not best performed and there is a number of failure portraits. It has been reflected in the country's present poverty status where still a significant portion of total population is poor. Thus there is enough controversy regarding the role of NGOs as per their quick growth in the country.

CHAPTER THREE:
GROWTH OF FOREIGN FUNDED NGOs
IN
BANGLADESH

3.0 Prelude

There has been an accelerated growth of voluntary organizations in several developing countries including Bangladesh, during the recent decades. This is due to an increasing realization in these countries that voluntary actions have a significant complementary role in social welfare and development programs. One of the important factors in the rapid growth of NGO sector in Bangladesh has been the increasing availability of foreign aid (Begum, 2003:64). Bangladesh is the pioneer example of receiving foreign aid by NGOs directly from donors. The NGOs bring almost US\$ 275 million into the country every year from abroad. Empirical evidence shows that the aid to NGOs is not affected by the declining trend in total aid to Bangladesh and it has significantly contributed to the quick pace of growth of foreign aided NGOs in the country. This chapter analyzes the trend in the growth of foreign funded NGOs and also the flow of foreign donation to the country.

In the post liberation period, the increased activities of the NGOs were marked by massive funds channeled through them. Of the total aid commitment of roughly US \$ 31.3 billion to Bangladesh, up to mid 1973, more than US \$ 115 million was raised and channeled through NGOs. (Abed et. al, 1984).

3.1 Opening of Floodgates in the 1990s

In Bangladesh, a tremendous increase in number of NGOs receiving foreign fund through NGO Affairs Bureau (NGOAB)¹⁰ is evident. At the inception of NGOAB in July 1990, the number of NGOs operating in Bangladesh with foreign funds was 382, of which 293 were local and 89 were foreign. By 1994-1995, the cumulative number of such NGOs increased to 919 including 790 local and 129 foreign NGOs. In year 1999-2000, the total number of foreign funded NGOs remained 1518, of which 1354 were local and 164 were foreign NGOs. According to the NGOAB, currently there are 2356 registered NGOs in Bangladesh that receive foreign funding support. Among them, 215 NGOs are foreign and 2141 are local.

¹⁰ The regulatory body responsible basically for registration, project approval and fund release of foreign funded NGOs in Bangladesh. All other NGOs except foreign funded ones are registered in directorate of Social Welfare or Cooperative department or Microcredit Regulatory Authority or Joint Stock Company.

Table 3.1: Year wise Number of Foreign Funded NGOs Registered in NGOAB					
Period	Number of NGOs Reg.		Cumulative Number of NGOs Reg		
(July - June)	Local	Foreign/ International	Local	Foreign/ International	Total
(Upto June'90)	293	89	293	89	382
1990-1991	102	10	394	99	493
1991-1992	129	12	523	111	634
1992-1993	77	14	600	125	725
1993-1994	106	9	683	124	807
1994-1995	108	5	790	129	919
1995-1996	97	5	887	134	1021
1996-1997	115	7	1002	141	1143
1997-1998	100	8	1102	149	1251
1998-1999	119	3	1221	152	1373
1999-2000	133	12	1354	164	1518
2000-2001	101	5	1455	169	1624
2001-2002	45	2	1499	171	1670
2002-2003	117	7	1612	178	1790
2003-2004	84	6	1690	184	1874
2004-2005	94	3	1778	187	1965
2005-2006	68	6	1846	193	2039
2006-2007	131	8	1975	201	2176
2007-2008	111	9	2085	210	2295
Upto January 2009	27	9	2141	215	2356

(Source: NGO Affairs Bureau (www.ngoab.gov.bd, access on March 22, 2009).

The trend in growth of foreign funded NGOs both local and foreign or international category in Bangladesh can be graphically presented as below which depicts that the highest number of foreign funded NGOs were registered in the year 1999-2000, the total number was 145 in this year including 133 local and 12 foreign NGOs. The second peak year was 2006-2007 when total 139 foreign aided NGOs were registered among which 131 were local and 8 were foreign NGOs. Whereas the year 2001-2002

remains the sloth time when the lowest number of such NGOs that is total 47 were registered including 45 local and 2 foreign.

Figure 3.1: Year wise Number of Foreign Funded NGOs Registered in NGOAB



(Source: NGO Affairs Bureau, 2008:120)

In addition to the chronological growth in number of foreign aided NGOs, the comparison between the local and foreign NGOs can be presented in the following figure that shows the cumulative number of foreign aided local NGOs (2095) and foreign NGOs (211) from year 1990 upto June, 2008.

Figure 3.2: Cumulative number of local and foreign NGOs working with foreign donation upto June,2008



(Source: NGOAB, 2008: 119)

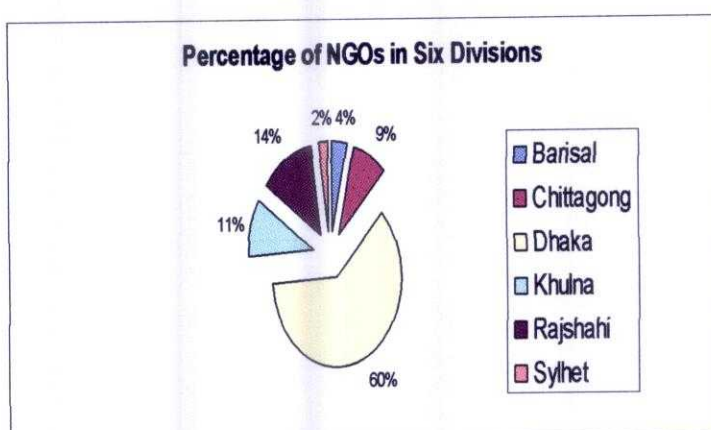
If we look at the division wise distribution of foreign aided NGOs in our country, we can find that most of the NGOs are located in Dhaka division, their number being 1404. As a

result, their activities very often overlap with each other and there is apprehension of weak coordination among different NGOs. The second division enriched with foreign funded NGOs is Rajshahi and the third one is Khulna.

Table 3.2: Divisional distribution of NGOs

Name of Division	Number of NGOs
Barisal	92
Chittagong	202
Dhaka	1404
Khulna	244
Rajshahi	312
Sylhet	52

Fig.3.3: Distribution of NGOs (in %) among divisions



(Source: NGOAB, 2008: 116)

NGOs, particularly those working with foreign donation are moving forward through quick pace of growth over the last two decades. However, research works suggest that quick expansion of NGOs forms intensive network that covers almost all the corners of the country. By 2000, more than 90 percent of rural communities had some NGO presence (Fruttero and Gauri, 2004 cited in Haque and Ali, 2006:178). Around 13 million poor mostly women have reached through microfinance program, some 8 percent of primary enrollment has been provided by NGO schools and there are nationwide health and sanitation programs that involve NGOs (World Bank, 2005: 2).

3.2 Emerging Trend of Aid Flow

The NGO sector became an active and innovative participant in the work of the international aid regime (Begum, 2003: 52). Multilateral agencies began to call for more involvement of NGOs in different development programs that were implemented through governmental organizations (World Bank, 1991 (a):1991 (b)). The share of aid contributed to NGOs has risen sharply over time. There are some reasons involved in increasing funding to NGOs as provided by donors. The reasons are: (a) a growing dissatisfaction of donor agencies with public organizations which are considered to be

slow, rigid, hierarchic and inefficient in delivering public services and also insensitive to local needs and problems, (b) a greater flexibility in NGOs' operation with fewer bureaucratic constraints and increasing favour of NGOs within international community, (c) dedicated and efficient leaders, (d) an increase in foreign aid and humanitarian help to cope with many natural disasters that Bangladesh quite often affected at (White 1999:321). As per World Bank estimate 2006, the aid to NGOs raised from an annual average of \$233 million (0.7 percent of GDP) in 1990-95 to \$343 million (0.7 percent of GDP) in 1996-2005. Meanwhile, total aid to Bangladesh fell from an annual average of \$1.62 billion (4.9 percent of GDP) to \$1.39 billion (2.9 percent of GDP) during those periods. That is, despite the decrease of total aid to Bangladesh, the allocation of foreign donation (FD) to NGO sector is not reducing. As a result, the share of aid to NGOs in total aid to Bangladesh has risen from 14.4 percent in the first half of the 1990s to 24.6 percent since then. This scenario of flow of foreign aid to Bangladesh is presented in the following table:

Table 3.3: Estimated IDA disbursement through NGOs, 1995-2004 (US\$ millions) as per World Bank Study Report, 2006: 90

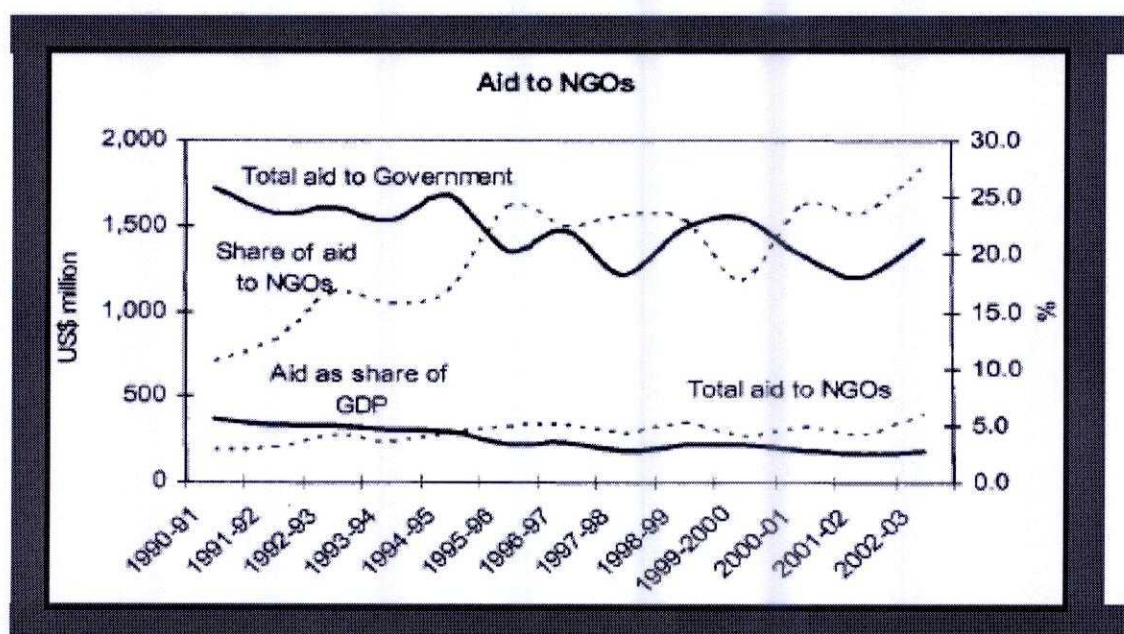
Period	Official development assistance to central government			Grants to NGOs	Total grant aid to Bangladesh	Share of NGO grants in total grant aid	Estimated funding to NGOs from loan sources	Total aid to NGOs	Share of total aid to NGOs in total aid to Bangladesh
	Total	o/w Grant	o/w Loan						
1990-91	1,716	831	885	106.6	938	11.4	73.4	180.0	10.5
1991-92	1,574	817	756	121.6	939	13.0	71.8	193.4	12.3
1992-93	1,607	818	789	195.7	1,014	19.3	71.7	267.4	16.6
1993-94	1,530	710	820	171.0	881	19.4	67.9	238.9	15.6
1994-95	1,682	890	791	209.5	1,100	19.1	73.1	282.6	16.8
1995-96	1,346	677	669	259.3	936	27.7	65.8	325.1	24.2
1996-97	1,469	736	733	250.1	986	25.4	80.9	331.0	22.5
1997-98	1,209	503	706	206.9	710	29.1	76.1	283.0	23.4
1998-99	1,490	670	821	273.5	944	29.0	69.6	343.1	23.0
1999-2000	1,545	726	819	182.4	908	20.1	92.0	274.4	17.8
2000-01	1,327	531	796	250.9	782	32.1	71.1	322.0	24.3
2001-02	1,198	481	717	208.3	689	30.2	73.1	281.4	23.5
2002-03	1,428	510	918	279.6	790	35.4	111.3	390.9	27.4
2003-04	1,114	380	734	310.0	690	44.9	69.4	379.4	34.1
2004-05 (est)	1,734	361	1,373	324.0	685	47.3	158.9	482.9	27.8

Source: Author's estimates based on data from Economic Relations Division, NGO Affairs Bureau, and International Monetary Fund.

These figures include aid to NGOs from multilateral development agency loans, typically through Annual Development Program projects that contract NGOs. The estimates suggest that on average 20 percent of the aid that is provided to NGOs comes through

government from lending agencies, an amount averaging about \$82 million a year. The trend of aid flow to the country is represented in the following figure.

Figure 3.4: Aid flow to Bangladesh highlighting the aid to NGO sector



Source: A World Bank Report, 2006: vi of Executive Summary

The above graph shows that total aid flow from overseas donors to government of Bangladesh is declining whereas the share of aid to NGOs to total aid of the country is increasing over the period of 1990 to 2003. A recent survey of five donor agencies shows that multilateral agencies such as the World Bank provide the bulk of their resources to the government of Bangladesh. An average of 14 percent of total International Development Association (IDA) disbursements over the past decade was channeled to the NGO sector through government line agencies or autonomous bodies such as PKSF. Bilateral agencies' shares to NGOs are higher: the UK Department for International Development (DFID) and the Canadian International Development Agency (CIDA) direct approximately 29 percent and 20 percent to NGOs respectively, while the European Union estimates that it spends up to 40 percent of its resources in Bangladesh through NGOs (World Bank, 2006:42). Moreover, the sectoral focus varies significantly by donor. Around 21 percent of DFID's funds to NGOs went to advocacy activities in 2003-4 and around 10 percent to "enterprise development." IDA, by contrast, did not

channel any resources to advocacy activities, while spending around 70 percent of its resources to NGOs on microfinance.

Apart from indirect donation to NGOs that is via government, the trend of direct funding received as per approval of NGO Affairs Bureau reveals an inclining scenario. It has been found from the record of NGO Affairs Bureau (table 3) that, in the year 1990, foreign aided NGOs received foreign fund equivalent to Tk217 million for 8 projects. The cumulative amount of foreign fund received by NGOs registered in NGOAB in the year 1995-1996 rose to Tk.42767 million against 3,509 projects. At the end of fiscal year 2000-2001 cumulative amount of foreign donation received stood at Tk99062 million which financed a total of 7,649 projects. Up to June, 2008 the cumulative amount of foreign donation received by NGOs was Tk.234809 million for 14,621 projects.

Table 3.4: Year wise Amount of Committed & Released Fund and Number of Approved Projects

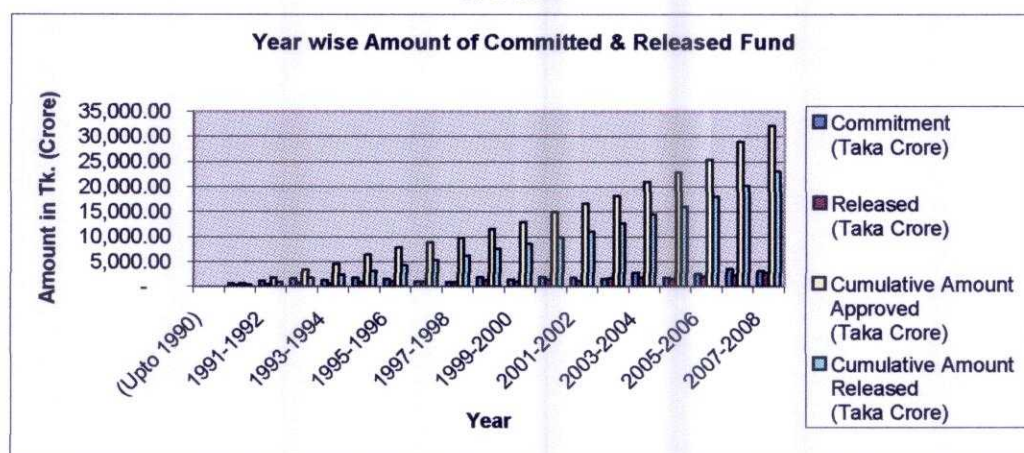
Period (July-June)	Commitment (Taka Crore)	Released (Taka Crore)	Cumulative Amount Approved (Taka Crore)	Cumulative Amount Released (Taka Crore)	Approved Project	Cumulative Approved Project
(Upto 1990)	1.49	21.72	1.49	21.72	8	8
1990-1991	634.17	426.41	635.66	448.13	464	472
1991-1992	1,148.44	486.55	1,784.10	934.68	549	1,021
1992-1993	1,599.54	782.82	3,383.63	1,717.50	626	1,647
1993-1994	1,260.10	684.04	4,643.73	2,401.54	581	2,228
1994-1995	1,762.75	838.02	6,406.48	3,239.56	579	2,807
1995-1996	1,467.24	1,037.21	7,873.72	4,276.76	702	3,509
1996-1997	1,025.92	1,041.09	8,899.64	5,317.86	746	4,255
1997-1998	852.47	936.07	9,752.10	6,253.93	705	4,960
1998-1999	1,824.77	1,312.80	11,576.88	7,566.73	1045	6,005
1999-2000	1,389.76	984.69	12,966.64	8,551.42	776	6,781
2000-2001	1,941.43	1,354.84	14,908.07	9,906.26	868	7,649
2001-2002	1,702.24	1,187.21	16,610.31	11,093.47	746	8,395
2002-2003	1,569.29	1,593.97	18,179.60	12,687.44	794	9,189
2003-2004	2,821.97	1,784.52	21,001.58	14,471.96	939	10,128
2004-2005	1,820.43	1,561.90	22,822.00	16,033.86	1193	11,321
2005-2006	2,603.72	1,980.91	25,425.72	18,014.77	930	12,251

2006-2007	3,551.01	2,258.29	28,976.73	20,273.06	908	13,159
2007-2008	4,034.05	3,207.94	33,010.78	23,480.99	1462	14,621

(Source: NGO Affairs Bureau, 2008:125,127)

If the trend is analyzed according to individual financial year, it is found that maximum number of projects (1462) was approved along with maximum amount of budget approval TK 4,034.05 crore and fund release TK 3,207.94 crore in the year 2007-2008. The second peak year was 2006-2007 when 908 projects were approved along with approval of TK 3551.01 crore and released fund was TK 2258.29 crore. All these figures were minimum at the inception of NGO Affairs Bureau that is in 1990, the number of projects being 8 only and the amount of budget approval and fund release being TK 1.49 crore and TK 21.72 crore respectively. The statistic can be represented in the following chart:

Fig. 3.5: Year wise budget approval and fund release of foreign funded NGOs by NGOAB



(Source: NGO Affairs Bureau, 2008 and self compiled)

According to World Bank study report 2006, approximately 70 percent of private charitable contributions in Bangladesh go to religious institutions, with educational establishments (15 percent) a distant second.

3.3 Conclusion

There are a number of ways in which donors provide direct financing to NGOs in Bangladesh. The most common is funding for specific projects. Where financing needs are large, donor funds may be pooled and a donor-liaison function introduced to

coordinate support and reduce transaction costs for the NGO. In some instances donors have financed the whole range of NGO activities, and in a few of these cases the institution develops into a different legal entity by the end of the funding period. However the uninterrupted and increasing trend in flow of foreign donation to the country accomplished with growing number of foreign aided NGOs holds good potential of robust private sector that, if efficiently and effectively utilized, can be a means of sustainable development and poverty alleviation in the coming days.

CHAPTER FOUR:
ISSUES AND CONCERNS
IN
EFFECTIVE DEVELOPMENT INITIATIVES

4.0 Prelude

Despite numerous efforts, the amount of poverty in Bangladesh has remained alarmingly high by any standard due to a number of reasons including ineffective use of foreign resources through NGO ventures. Government is worried about financial irregularities of NGOs, concerns that led to a freeze on foreign funds to a prominent NGO. This issue has also provoked moves to tighten the regulations overseeing NGOs by state and donors. In Bangladesh several well financed NGO delivery systems are notoriously corrupt-exploding donor funds without providing the services promised (Ahmad, 1999:75). There is debate as to whether the market involvement by some NGOs is a useful strategy for achieving program sustainability or an unwarranted diversion from the focus on poverty reduction. As the volume of resources managed by the NGO sector grows, concerns about NGOs' internal and corporate governance, including their relations of accountability with government, donors, and beneficiaries also increases simultaneously. NGOs have no readily acknowledged 'bottom line' against which performance can be measured. Questions have been raised about the coverage, impact, cost effectiveness and quality of NGO services, given the increasing share of aid resources that are channeled through NGOs (World Bank, 2006:1).

Two salient characteristics of poverty alleviation in Bangladesh are: (i) the poor accessibility of the efforts to the 'target' population or the rural poor, and (ii) the lack of coordination between government and the Non-Government Organizations (NGOs). The moment the state alone is unable to combat poverty, then the NGOs come into the picture to fill the void (Ahmad, 2001:1), yet NGOs in Bangladesh have increasingly become subject to question and criticism from the government, political parties, intellectuals and the public in general. There have been allegations that while NGO intervention has helped significantly facilitated uplift of the poor; it is only a relatively much lesser portion of the resources that reach the real target group. NGO activities with foreign resources sometimes become a matter of public debate (Begum, 2003:78). An interesting and extensive debate on NGOs and their contribution to development in Bangladesh was carried for twelve weeks in 1989 in the Dhaka Courier, in which more than thirty NGO leaders as well as critics presented their views (Dhaka Courier 1989). Many spokespersons on the political left viewed all western donor-supported NGOs as "agents

of Western capitalism and tools of imperialism". The then Secretary of Social Welfare of Government of Bangladesh in an interview noted:

There must be some motive behind offering such aid and in my opinion they are not always honest.....Sale of religion is not social services and conversion to another religion should not be a precondition to get social services....What is the guarantee that the money generated by the project will be distributed among the distressed? Who will supervise it?

(Dhaka Courier, May, 11-17, 1990)

A number of actors and factors are responsible behind this scenario. The newspaper article *Factors that Frustrate Effective Rise of NGOs in Bangladesh*, published in the Financial Express on September 21, 2008 by Shahiduzzaman Khan criticized the rising force with dictating nature of non-government organizations (NGOs) in Bangladesh and mentioned that they are working parallel to the government. The article pointed out some negative factors as well as the weakness of the institutional framework responsible for misappropriation of foreign funds and ineffective performance of NGOs in the country. In examining the hindrances and drawbacks, this chapter firstly explores some ideas on governance of NGO, then analyzes the government policies towards NGOs, donors' perspective and other important factors. The points of considerations are explored consecutively herein after.

4.1 Overview of NGO Governance

NGOs' lack of internal and external accountability, financial transparency and weak internal organizational governance structure has posed a serious challenge in effective utilization of foreign donation to attain sustainable development in Bangladesh. Every NGO, irrespective of its size and range of operation, has a governing body and an executive committee, which its management is accountable to (World Bank, 1996). Internal management of the NGOs are governed by the general committee comprising minimum twenty one members that normally selects an executive committee of minimum one-third of its total members, 7 to 9 members usually. The Chief Executive Officer (CEO) or the Executive Director (ED) of the organization is usually the Member-Secretary of the executive committee. The tasks of the general council and executive committee are not well defined and usually the CEO holds full command. There are

enough controversy regarding the activities of some NGOs where it implies moving away from the values of Volunteerism and self-less service to the poor and needy or not. Much of the foreign funds are not adequately accounted for and there are reports of widespread misuse and corruption.

In fact, country's NGOs have been suffering from weak monitoring mechanism, non-enforcement of existing regulations and an apparent state of impunity, that are contributing to enable some of these voluntary organizations to indulge in corrupt practices and misuse foreign donations meant for social development. In reality, the state is unable to control NGOs. Weak administration on the one hand and strong national and international backing on the other encourage some NGOs to defy the state and to work according to their own whims. Furthermore, the Local Consultative Group (LGC) of donors study in Bangladesh identified issues of political activities, lack of internal governance rules for NGOs as some of the major impediments to progress in the current regulatory environment.

4.1.1 Problems of NGO Governance: The Absolute Power of Executive Director

There have been widespread allegations of mishandling of foreign funds by many NGOs that are mostly dependent on foreign donation. NGOs in Bangladesh have increasingly become subject to criticism from different strata of the society. In analyzing the reasons behind, one of the major criticisms have been made in terms of the management practices, that is the issue of absolute power and authority being exercised by the Executive Director (ED). In most cases, organizational decision is taken only by the executive head and the participation of employees is ignored. Many times decision is taken to promote organizational interest of that of the executive head, without considering the need of the beneficiaries/service recipients (TIB, 2007:5). Such extreme power and authority enjoyed by the ED very often drives the organisation under autocracy that widen the scope for corruption and misappropriation of donor funds. Abuse of power and misappropriation of fund by ED are reflected in current incidents of some NGOs mentioned below.

Recently striking news flashed in electronic and print media that, huge funding of Samata, a national NGO working basically for landless people was terminated by donors

on account of serious concern about financial and management issues within the NGO. After dedicated investigation made by audit firms substantial evidence of misuse and misappropriation of donor funds was found. There were evidences that, land was purchased with donor fund in the name of ED; financing of unofficial travel for the ED and his family members was made from program fund; political parties were patronized with funding from program fund; misappropriation of funds was made through payments to false personnel or ghost workers; bribery of society members was done from program funds. These grounds ultimately resulted into termination of foreign fund equivalent to about hundred crores of taka to that particular NGO. Perhaps it is the reflection of some of the most awful effects of the extreme power of Executive director as well as disfunctioning general committees as was found during investigation.

It is evident from NGO Affairs Bureau (NGOAB) that, due to gross financial irregularities through purchasing five vehicles without donors' approval, transferring funds from project account to different subhead account using false procurement vouchers and documents, and thereby misappropriation of amounting Taka 1.1 crore of donor fund by another NGO named Bangladesh Women's Health Coalition funding was terminated, contracts were cancelled and the NGO had to refund most of the amount to donor.

There have been allegations of misuse of funds, gender discrimination, and nepotism lodged against GSS (Gano Shahajyo Sangstha), a large NGO for what the donors stopped funding the GSS (Kabir, 1999; News from Bangladesh). State and private donor investigations found that the rural level female workers of GSS were compelled to go on maternity leave without pay. They also found that GSS bought lands worth millions of Taka to build its headquarters in Dhaka without the approval of donors.

According to law, no person or organization may receive or spend foreign loans/grants without prior state approval (The Foreign Donations Regulation Ordinance, 1978 and Foreign Contributions Regulations Ordinance 1982). The NGOAB Report submitted to the Prime Minister's Secretariat in 1992 stated that various NGOs had disbursed 1.5 billion Taka without prior State permission in the financial year 1990 to 1991. Quite often, large amounts of money come into the country illegally. The Salvation Army received 12.5 million Taka without the state approval (Government Report, 1992).

Similarly, Sheba Shongho spent 13.5 million Taka without state approval, and the Finnish Free Mission also violated state instructions (Bhorer Kagoj, 1992).

According to a Government Inspection Report (1992), senior officials of some NGOs quite often travel abroad and, without state approval obtain foreign donations. The allegations gained ground after the publication of a report by the Bangladesh chapter of the Berlin-based corruption watchdog, Transparency International, which has disclosed corruption in about 20 NGOs. The TIB, however, did not make public the list of the NGOs that were surveyed on a random basis. Analyzing the information received from NGO workers and key-informants, the overall scenario of the problems of governance in NGO sector has been summarized in below as per study undertaken by TIB in 2007.

4.1.2 Ineffective Governing Body or General Committee

The non functional general committee or governing body is a vital pitfall in ensuring transparency and accountability of ED and executive committee in operating the NGO activities. It is a very common scenerio of NGO sector that, education level as well as perception and conception level of members of general committee are not up to the mark. Sometimes the members even don't know what are the programs ongoing by their NGO. As a result, the ED, who is comperatively more competent enjoys monopoly power both in decision making and in implementing stage. Moreover, the general committee is formed according to the choice of founding executive head. That is why the governing body does not oppose the executive head's opinion or decision and is not able to ensure Executive Director's accountability to them. Membership is given to people for their social and political reputation although they are not able to give time to the organization. Meetings of the committee are held irregularly only to maintain formality.

4.1.3 Problems in Internal Management

NGOs are being criticized for some sorts of their internal management practices like procurement-related anomalies, corruption in recruitment and promotion, avoiding tax by NGO officials, exaggerated evaluation of the programs and so on. It has been reported that, at the end of the project period, unnecessary procurement is done to use up the allocated fund and the tender procedure is not transparent. It has been found that,

employees/consultants are recruited according to the unilateral choice of the chief executive. Recruitment and promotion are found to take place on the basis of nepotism and personal relationship with the chief executive. It is often influenced upon recommendations from the donor, politicians, government officials, or other influential persons (TIB, 2007:6). There is shortage of initiatives for increasing the skill of the staff. In many cases there are no regular training programs for the staffs.

Many NGO high officials avoid income tax by showing the basic salary less and other facilities high. And income tax is deducted at source, but is not submitted to the treasury. The chief executive often takes salary from many projects, but does not reflect it in the accounts. Moreover, many programs are not implemented properly and there is lack of necessary supervision and evaluation in program implementation. Efforts are often made to influence consultants or evaluators so that reports produced are favorable to the NGO (TIB, 2007:6). It has been reported that, achievements are often exaggerated in the project evaluation report to show the expected change as the outcome of the programs and are submitted to NGO Affairs Bureau, Donors, Local Administration, and Social Service Directorate. Some of the large NGOs are operated centrally and run by their own bureaucracies (Begum, 2003:57). This is evident in cases where the head office of the NGOs takes decisions in a way, which leaves little scope for its local level staff and group members to take new initiatives or respond immediately to specific issues to a locality.

NGOs do not have Governance and management rules or manuals in place, hardly do have service rules and code of ethics, very few are concerned or even aware of the need to adopt policies to avoid conflict of interest at work place (Iftekharuzzaman, 2005). Financial management practices of NGOs have been shaped by donor requirements, absence of a coherent and uniform accounting standard within the regulations, and lack of awareness on the benefits of adopting sound accounting practices (Haq and Ali, 2006:186). As a result, there is no standard basis of accounting with NGOs following a range of systems- cash, accrual, modified accrual, hybrid and so forth. The Bangladesh Accounting Standards (BAS) are normally not applied and differences in presentation, disclosures, terminology and accounting policies exist. Large national NGOs like BRAC and PROSHIKA have a large extent computerized accounting system

down to branch level while ASA is automated centrally. The smaller organizations are more likely to have full manual system. The key factor is the absence of set of principles and standards for financial accounting of NGOs as a separate sector.

4.1.4 Transparency and Accountability

NGOs in Bangladesh are increasingly being subjected to questions from government, the business community, beneficiaries, donors and the public. These include non participatory approach, limited access to information, lack of transparency and accountability, taking advantage of not-for-profit status, collecting saving deposits without legal authority and so on. As NGOs are heavily dependent on foreign resources, the flow of money from the outside, in the absence of transparency and accountability, can make the NGOs corrupt, controversial and autocratic (Zarren, 1996). NGOs are often reluctant to disclose information especially those on finance and human resource management. Information on accounts is not often documented properly. Project proposals, budget, audit report, evaluation report, general fund, accounts of the organization are often treated as highly confidential. Even the employees and service recipients are not informed about the policies.

A recurring theme in recent attacks on NGOs is their lack of accountability. A core question is to whom are NGOs accountable (Courville, 2006 in Dowdle eds., 2006: 273). The main concern regarding this issue is that NGOs are not accountable to their members or beneficiaries. Clients or people for whom NGOs draw foreign funds even don't know about their activities and decisions. Despite the negative effects, ironically real in most cases, NGOs are accountable to the donor countries rather than the state of Bangladesh. Most NGOs do not develop client controlled organizations of the rural poor (Amin, 1997). Moreover, in most cases NGOs are donor driven in selecting the area of venture, not on the basis of local people's need. In most cases, due to fund dependency NGOs are held accountable to donors rather than to the clients.

4.1.5 Financial Accountability

Financial delegation authority and payment procedures vary considerably across NGOs. Smaller NGOs tend to have Board members as signatories to the organization accounts. In the case of large organizations, the Board delegates authority at different levels.

Certain NGOs set up purchase committees. The quality of internal and external audit practices varies significantly by size of NGO. In most cases, the NGOs lack expertise on accounting system and internal auditing. The most important issue regarding this matter is public access to audit reports is limited and it undermines the accountability (Haq and Ali, 2006: 186). Among the big NGOs only BRAC post their audit report on the organization's website. It has been found in TIB study on 2007 that, the major problems in financial accountability remains due to the following reasons:

- The chief executive has unlimited discretion in financial decision.
- The chief executive has complete control over the communication with donors, preparing the project budget, the common fund of the organization and other crucial issues.
- In most cases, the employees know nothing about the chief executive's salary and other benefits.
- Exaggerated and wrong information are provided in the audit and financial reports.

While the laws under which NGOs are registered do not require public disclosure of audit reports, doing so voluntarily would improve public accountability and transparency.

4.1.6 Participation by Beneficiaries

Almost all NGOs have constitutions which set their goals and activities and can be used by the sponsors to hold NGOs accountable. But in reality, especially in matters of strategic decisions, NGOs usually do not 'listen' to their clients/beneficiaries rather they are prone to consult with their governing bodies. Beneficiaries are seldom allowed to make decisions on programs or budgets or even to participate in monitoring and evaluation rather their participation is limited to relatively inconsequential areas of decisions making (Hashemi, 1995:107). It is now increasingly felt that NGOs have become a new 'patron' for the poor (beneficiaries) but not necessarily a partner (World Bank, 1996).

4.2 Review of Existing Rules and Regulations

There are a plethora of laws and government agencies dealing with NGOs in Bangladesh (World Bank, 2006:58). NGOs are registered and regulated under 12 different laws (The

Societies Registration Act 1860, Trust Act 1882, Companies Act 1994, Cooperative Societies Ordinance 1964, Charitable Endowments Act 1890, Wakf Ordinance 1962, Voluntary Social Welfare Agencies (Regulation and Control) Ordinance 1961, Foreign Donations (Voluntary Activities) Regulation Ordinance 1978, Foreign Donation (Voluntary Activities) Regulation Ordinance 1982, Hindu Religious Welfare Trust Ordinance 1983, Christian Religious Welfare Trust Ordinance 1983, and Buddhist Religious Welfare Trust Ordinance 1983). These are implemented by four government agencies: the Social Welfare Ministry, the NGO Affairs Bureau, the Ministry of Commerce, and the Ministry of Women and Children Affairs.

There are two parts to the legal framework that governs NGOs in Bangladesh: one, laws for incorporation i.e., acts under which voluntary, non-government associations are incorporated and given a legal identity and two, laws and ordinances for regulating the relationships of such associations with the government (Cited in Haque and Ali, 2006:188). Laws and acts under group one relates to formation, management structure, and the responsibilities and liabilities of NGOs and the laws of the second group are related with operational manner of development activities with foreign fund.

In order to direct the operations and the funding arrangements of NGOs working in Bangladesh, the Government of Bangladesh applies a range of statutory and administrative regulations towards the NGOs (Begum, 2003:80). There are several acts and ordinances under which development NGOs in Bangladesh can obtain legal status and be registered in concern department, and can also undertake project operations. Some acts were introduced in British Colonial period, some in Pakistan period and some in post independence time. However, some of these acts are focused below:

Colonial Legislation:

The Societies Registration Act of 1861 was introduced by the colonial administrators of the Indian Empire and some of the oldest NGOs in Bangladesh are registered under this act. The then Provincial Government of Bengal promulgated the Act to improve the legal position of societies for the promotion of literature, science or the fine arts or for charitable purposes in 1860. The First Ordinance was promulgated on the 2nd of December, 1961. It made registration mandatory for all NGOs working in what was then East Pakistan and made the Director of Social Welfare responsible for ensuring

registration. The Registrar of Joint Stock Companies (RJSC) in the Ministry of Commerce is responsible for registering any society formed for any “literary, science, or charitable purpose.” Approximately 4,900 societies have been registered under this act, including several large development NGOs. The Societies Registration Act is one of the most lenient in respect to fiduciary requirements. Other than filing the annual list of the governing body with the registrar and receiving prior consent of the government in case of dissolution, there is no other formal requirement that NGOs have to abide by.

The Trust Act 1882 is another law providing legal basis for the formation of NGOs. A trust can be established “for any lawful purpose,” whether private or public, and can be created by any person competent to form a contract. No government registration is required and the trustee is legal owner of the property and personally liable for breach of trust. The Trust Act, 1882 is still valid today and is administered by a Registrar of Trusts who registers deeds of trust without involving any government ministry. The law does not specify the nature of the deed of trust, which leaves much scope for the organization. Only a few NGOs are registered under this act.

The Companies Act of 1913 which was amended in 1994 was intended to provide a legal form and status for private trading companies, but it also contains a provision for registering nonprofit companies. Not-for-profit companies can be registered with limited liability provided that the company applies any income to promotion of its objectives and prohibits payment of any dividends to its members. The act provides the most rigorous legal framework for NGOs, with clear directives on their fiduciary obligations. These include holding of annual general meetings, maintenance of accounts, and appointment of a registered chartered accountant as an auditor. Noncompliance of directives may result in fines or imprisonment. The number of NGOs registered under this law is significantly lower than under other laws, possibly reflecting a lack of awareness of this option as well as its more rigorous legal requirements (World Bank, 2006:58). Few NGOs and autonomous government bodies (e.g. Palli karma Sahayak Foundation or PKSF) have registered under this act. Like the Societies Registration Act, the Registrar of Joint Stock Companies is the implementing agency.

Legislation in Pakistan period:

While an NGO can achieve legal status under one of the above acts, it cannot operate with foreign donation unless it fulfills the requirements that belong to the laws of second group. Such an ordinance introduced in Pakistan regime is The Voluntary Social Welfare Agencies (Regulation and Control) Ordinance, 1961. This ordinance requires all NGOs to register with the Department of Social Welfare, including organizations that must also register with the NGO Affairs Bureau in order to receive foreign funds. A large number of NGOs are registered under the Voluntary Social Welfare Agencies (Regulation and Control) Ordinance 1961. This mandates registration for any formal or informal organization formed to render welfare services to children, youth, and women, do social work, or coordinate social welfare agencies. There are several reasons for its extensive use by NGOs. First, social welfare department officials are accessible at the union level, making it easier for local organizations to liaise with the regulatory authority. Second, organizations must register under this ordinance to receive financial support from the Ministry of Social Welfare. And third, under the Foreign Donations (Voluntary Activities) Regulation Ordinance 1978, a local organization receiving foreign funding for channeling to other organizations can do so only if those organizations are registered under the 1961 ordinance. The purpose of this ordinance is to control voluntary organizations, and hence it gives extensive powers to the government with respect to NGOs (World Bank, 2006:59). The ordinance is administered by the Social Welfare Department of the Ministry of Social Welfare, which has broad discretion to suspend or dissolve an NGO without provision for judicial appeal.

The Cooperative Societies Ordinance of 1964 was enacted specially for registration of cooperatives and is rarely used by NGOs, although some voluntary organizations consider their activities to fall under this category. The procedures are simple but the relevance of the procedure is under question.

Legislation in independent Bangladesh:

In 1978, the *foreign Donations (Voluntary Activities) Regulation Ordinance* was promulgated on the 15th of November 1978 by President Ziaur Rahman of the Government of People's Republic of Bangladesh and Published in the Bangladesh Gazette Extraordinary, dated the 20th November, 1978. This ordinance was enacted to

regulate the receipts and expenditure of foreign donations for voluntary activities in the country. It defines related issues like foreign donation, voluntary activities, and there is provision of power of inspection by government on voluntary organizations working with foreign funds and provision of accounts and records to be audited. It also stipulates penalty of providing false information. *The Foreign Donations (Voluntary Activities) Regulation Rules* were promulgated on December 12th, 1978, requiring all NGOs intending to receive foreign funds to be registered under specified prescribed rules. The Foreign Contributions (Regulations) Ordinance 1982 was promulgated by the Ershad Government on September 6th, which reiterated that no individual representing NGOs or the organizations themselves would be allowed to give or receive any foreign contribution without prior permission from the state. The government amended the Foreign Donations (Voluntary Activities) Regulation Rules 1978 on May 14th, 1990. Nonetheless, series of acts, rules and regulations on same issue result in some inconsistencies and unclear interpretation very often.

4.2.1 Loopholes of Existing Rules and Regulations

The ambiguities, inconsistencies and definitions of the types of activities allowed under the existing acts, laws and ordinances, create problems particularly in terms of the scope of NGO operations. In addition, the rigidity of the Ordinances and Rules limits NGO capacity to respond to needs in a flexible and fully participatory way. The laws and ordinances, as their titles indicate, have in general, less of a facilitating role and more of a controlling and regulatory function.

Moreover, multiple acts for NGO registration creates anomaly very often. As per law of foreign funded NGO registration (The Foreign Donations Regulation Ordinance, 1978) it is a precondition for getting registration of any NGO from NGO Affairs Bureau that, the NGO must be registered from any other government department (Social welfare, Cooperative etc) earlier. It causes a double barreled effect that requires high transaction cost in terms of time any money.

In the existing situation, burden of rules and regulations and unnecessary paper works sometimes result in unexpected delay in fund release. For registration in NGO Affairs Bureau, nine copies of application form and supporting papers and for project approval, nine sets of project proposals along with related documents are necessary as per

law. In both cases submission of application is followed by series of queries usually. It results subsequent time deduction from project implementation period. As per provision of government circular, total forty five days including at least twenty one days for getting opinions of concern ministries are required to approve any project and to release the foreign fund which is undoubtedly a barrier to enable NGO to run programs smoothly and in ensuring utilization of fund timely.

However, the acts and ordinances promulgated in independent Bangladesh are exclusively followed by NGO Affairs Bureau in regulating and facilitating NGO activities in the country.

4.2.2 NGO Affairs Bureau- the Regulatory Body of FD Dependent NGOs

In order to better facilitate the NGO activities with foreign donation (FD) in Bangladesh, to ensure quality performance and to monitor and evaluate the performance of the NGOs to ensure accountability and transparency to the state, the NGO Affairs Bureau (NGOAB) was created in July 1990 in the Prime Minister's Office. Its vision was to create an enabling environment for NGO interventions in the country. However, the main objective of this department is to provide one-stop-service to the NGOs. NGOAB functions include providing a one-stop service for registering NGOs that work with FD, processing and approving project proposals submitted by NGOs, releasing project funds, approving appointment and tenure of services of expatriate officials and consultants, coordinating, monitoring, inspecting and evaluating NGO programs, reviewing reports and statements, releasing fees/service charges from the NGOs, and maintaining liaison with the NGOs and donor agencies. Its mandate also include enlisting chartered accountants to audit NGO accounts; to approve receipt of one-off contribution to NGOs and to approve relief works and rehabilitation projects of NGOs on emergency basis in case of natural disaster. The creation of NGOAB significantly cut down bureaucratic red tape and time taken for receiving project approval.

For project approval and fund release of NGOs, NGOAB requires 45 days to take decision with effects from the day on which all necessary papers are submitted properly. NGOAB after being satisfied with the queries made on, send the proposals to related ministries seeking opinion especially whether the project will create any duplication or

ambiguity with government or not. In most cases such opinions are not found. Despite Bureau is to wait at least for 21 days as per law.

The registration process of any NGO working with foreign donation as approved by NGOAB takes two months. It requires a clearance from the Special Branch of police department and the National Security Intelligence through the Ministry of Home Affairs and the registration is valid for five years. However, it requires audited annual accounts every year. For each grant, the NGO has to submit the proposal (re-written into the forms that the NGOAB uses) and the letter of intent from the potential donor. Each foreign funding project must be approved in advance by the NGOAB. Each NGO must receive all funding through a single, specific bank account, and the bank must submit full reports to the central bank, which then reports to the NGOAB and to the Economic Relations Division (ERD) of the Finance Ministry. The NGOAB also regulates the use of foreign contribution. For projects and programs of disaster-relief, requirements are similar but the NGOAB must decide more rapidly. Each NGO must submit annual auditor's reports to the Bureau, having appointed its auditors from the list approved by it. Penalties for false statements, failures to submit declarations or other contravention of the law include cancellation of registration, termination of project activities, heavy fines payable by the NGO and/or imprisonment of NGO directors.

4.2.3 Shortcomings with NGO Affairs Bureau

The transaction costs for NGOs in securing permissions and approvals are very high, in both avoidable delays and unnecessary paperwork as because too much unnecessary information is required, usually in multiple copies. Moreover, due to centralized set up it is highly problematic for NGOAB to monitor and collect the information on project activities of thousands of NGOs operating all over the country as well as for the NGOs working outside Dhaka in seeking approval. Shortage of manpower, lack of accountability of the field administration to the bureau, and an unholy nexus between a section of officials and the NGO executives are being cited as the major reasons for inefficient use of funds.

The bureau suffers from acute shortage of manpower and logistic support. Handful of officials (60 employees against 67 allocated staff) including 18 officers has to

oversee the activities of more than 2,000 voluntary organizations that are implementing various projects across the country. The NGOAB is further reported to have 2 audit supervisors but not a single auditor, so that the state is unable to obtain a clear picture of the actual status of NGOs in the country. Due to poor capacity of Bureau, audit reports are not examined properly in time, so most NGOs are not reviewed thoroughly in due time.

After audit and inspection, if a complaint is lodged against an NGO, virtually no appropriate action is taken. Usually a note is passed to the NGO to correct the error, which is a trivial remedial measure. Due to the strong support of donors for NGOs, in the recent past the state has had to scrap its own desire to withdraw the registration of a number of NGOs and even had to change the head of the NGOAB when that individual appeared tough with NGOs that had indulged in irregularities (Hashemi, 1995). When the NGOAB cancelled the registration of three NGOs for financial irregularities, the head of a diplomatic mission in Dhaka personally intervened, brought the issue to the attention of the Prime Minister's office and got the cancellation order withdrawn. This action created great dissatisfaction among the officials of the Bureau (Hashemi, 1995).

4.3 Efficient Use of Foreign Donation

It has been widely debated upon that the foreign donation channeled through different NGOs are not efficiently utilized. One of the most common critiques is that, NGOs undertake programs with high overhead cost not with a pro-poor or citizen centric approach. The cost of service delivery to the doorsteps of the people by NGOs is highly debated upon for its huge volume. The administrative costs of delivering services often entail financial burden which outweighs the benefits accruing to the poor. There are studies which show the failure of such programs in the sense that these are not efficient in terms of cost. It is evident from inspection that, projects submitted in NGOAB by NGOs contain overhead cost below fifteen percent of total budget as per rule, but practically in most cases it is much higher than that. Barring some exceptions, most of the foreign resources directly received by NGOs are spent for salaries and traveling for the staff, office rent, stationery, furniture and fixtures and meetings. There is also a lot of overlapping as well as conceptual mingling between 'overhead cost' and 'operational cost'. Salaries and allied expenses of NGO staff involved in "programs" are shown as

“program cost” in the budget. In reality a very small share of the resources actually trickles down to the ‘target beneficiaries’ and also in the name of ‘training’ or ‘awareness rising’ (Ahmad, 1999:67-68). There are some NGOs who have been raising the awareness of the people in some pockets for ten or twenty years with no visible impact as the people cannot survive on “consciousness” alone (Begum, 2003:57). The NGOs slow down the pace of development of the poor by withholding credits for longer periods of time. Another weakness is that, in many cases programs continue with no visible impact and there is lack of transparency and accountability in expenditure, accounting and planning of projects with foreign resources. Sometimes project implementation period is limited by delayed approval of NGOAB or political unrest or natural disaster. These result remarkable budgets remain unused for a particular project year leading ultimate inefficiency in expenditure.

Table 4.1: Sector wise NGO intervention with foreign donation showing the approved budget and expenditure of year 2007-2008

Sl No.	Description of NGO activities	Total no. of approved projects	In terms of % of total	Amount of budget approved for projects (in crore taka)	Total amount spent (in crore taka)	Rate of financial advancement or % of expenditure	Amount of money remain unspent (in crore taka)
1	Health related	212	14.50	808.33	747.88	92	60.45
2	Family planning	6	0.41	80.39	78.84	97.46	1.55
3	Public health related	34	2.33	161.93	155.21	95.22	6.72
4	Education related	128	8.76	697.21	628.37	89.42	68.84
5	Social welfare & micro credit	89	6.08	228.08	180.2	76.87	47.88
6	Women & children affairs	111	7.59	245.38	229.3	92.64	16.08
7	Law, good governance, corruption & election oriented	72	4.92	83.97	72.84	86.25	11.13
8	Ethnic group related	14	0.96	45.97	42.93	94.13	3.04
9	Agriculture, Fisheries, & Livestock related	43	2.94	90.18	78.26	88.92	11.92
10	Relief, Housing & disaster related	420	28.72	475.97	357.92	81.74	118.05
11	Power & Energy related	3	0.21	2.34	2.1	90	0.24
12	Environment conservation & development	16	1.09	35.44	29.82	86.48	5.62
13	Information related	11	0.75	21.16	18.57	87.77	2.59
14	Local Government	118	8.07	328.09	274.02	83.52	54.07
15	Religion oriented	34	2.33	104.24	94.83	91.59	9.41
16	Other activities	151	10.33	253.03	231.12	91.34	21.91
	Total	1462	100	3661.8	3222.28	89.06	439.5

inefficiency as well as ineffective performance in fulfilling the targets and achieving their ultimate vision of poverty alleviation .

4.4 Coordination and Monitoring Mechanism of NGO Activities

The flow of foreign fund to NGOs and rapid increase in NGO activities in Bangladesh are the sources of a concern of the government that NGOs become competitors to government in several areas. The NGOs in certain cases are working parallel to the government without having any coordination with govt., that creates duplication of activities and wasting of money (Begum, 2003:77). NGOs, however, can contribute significantly if they work in co-operation with the government (Ahmed, S.2000 in Ahmed eds. 2000:142). The dealing of poverty reduction requires a wide range of resources that is rarely possessed by a single agency. So identification and promotion of mechanisms of coordination and collaboration among the NGOs and the government organizations and the NGOs themselves are essential both for effective and efficient utilization of resources or foreign donation and for the elimination of any institutional chaos as well as to avoid overlapping of programs. Lack of GO-NGO coordination is crucial for smooth functioning of development programs run by NGOs. It has been reported in NGOAB that, due to weak coordination of a NGO named Bangladesh Chashi Kollyan Shomiti with UNO and DC office, a report was sent by DC as per NGOAB's requirement stating that there were no activities of that NGO at Manikgonj district though the NGO genuinely had operations there. The prescribed report of DC which is a prerequisite for fund release in 2nd years and onwards for multiple year project, ultimately created a stagnant situation in fund release and project implementation.

Virtually, there is no mechanism to monitor NGO activities from state part. What do they do with the foreign resource which they receive from donors, whether it creates positive impact or not all these cannot be monitored from government. NGO Affairs Bureau lacks direct monitoring mechanism. So the performance of NGOs with foreign aid in field level cannot be evaluated physically. Government is to depend on the reports of field administrators i.e. Deputy Commissioner, Upazilla Nirbahi Officer or the annual reports and audit reports submitted by NGOs in the traditional system that is very often paper based and prescribed one. Again there is no system of cross checking the annual and audit reports submitted by NGOs to the authority. Due to manpower shortage, audit

reports cannot be analyzed thoroughly even and also regular field inspection is not possible always.

4.4.1 NGO-NGO Coordination

The most important and most justifiable critique of the NGO sector in Bangladesh has been the lack of proper intra-sectoral collaboration and cooperation. The NGO world in Bangladesh remains individualistic and often egoistic. The tendency is for each organization to work in isolation from one another as the NGOs often carry out their initiative and projects individually which remain relatively isolated from other NGOs or programs. This tendency hinders the establishment of country wide or regional programs (Cernea, 1989). Competition for funding has often led to distrust and in some cases, quarrels (Haque and Ali, 2006:187). It is a matter of concern that, inner NGO and intra NGO conflicts have surfaced in many cases which has largely tarnished the image of the sector. Many NGOs have turned into person or family oriented cliques and appropriation of resources in the form of pseudo or mock projects has been rampant (Ahmad, 1999:74).

Moreover, distribution of NGOs in Bangladesh is uneven. Some villages are not covered by any NGO and a particular village may be covered by as many as five NGOs (Ahmed, 1999:66). This is also evident in the regional distribution pattern of the NGOs. About 60% of the newly registered NGOs are located in Dhaka division (61% in Dhaka district alone).¹¹ The geographic concentration along with similarity in program package obviously ends up in a high degree of overlapping in certain area (World Bank, 1996). It creates mismanagement in total NGO activities and development inequality. An example can be cited where due to lack of coordination among the NGOs some unions of SIDAR affected Upazila Shoronkhola of Bagerhat district were over endowed with relief goods whereas some unions got nothing in the year 2007 (NGOAB).

¹¹ Eighteen Years of NGO Affairs Bureau, 2007: 116

4.4.2 Agencies for Coordination

In the context of intra and inter sectoral coordination, two associations are mention worthy, ADAB and GNCC though their activities on coordination no longer continues presently. Formations and functions of these two are briefly discussed below:

The largest coordination body for NGOs in Bangladesh was the Association of Development Agencies in Bangladesh (ADAB) founded in 1975 as a forum for international NGOs. As an apex body of Bangladesh NGOs, ADAB performed several critical functions like meaningful coordination of the NGO activities, providing technical and advocacy support to small NGOs and facilitating contacts between the government and society at large (World Bank Study, 1999:4). It was itself an NGO registered in NGOAB.

The relation between the NGO community and the NGO Affairs Bureau became strained and deteriorated after ADAB submitted a complaint to the Prime Minister, who called for a report from the Bureau. This report, entitled “NGOs Activities in Bangladesh’ prepared by the Bureau officials, blasted NGO leaders in unequivocal terms. The report portrayed NGO activities as debatable and controversial. In response to the report the government of Khaleda Zia decided to cancel the registration of ADAB in 1992. In the face of ambassadorial intervention the government had to withdraw the order within a few hours after announcing it. The Director General of the NGO Affairs Bureau was placed under order of transfer and all charges were withdrawn (Khan, 2000 in Ahmed, eds.2000:168)

The Government-NGO Consultative Council (GNCC) was created in 1996 as a forum for open dialogue between the government and the NGOs. Its objectives are to identify and discuss issues which impede GO-NGO cooperation and develop and improve the policy and institutional environment for GO-NGO cooperation, suggest modalities for greater involvement of NGOs in national policy formulation and in implementation of government development projects, and propose measures for simplifying and improving the regulatory system governing NGO activities and for strengthening the monitoring and evaluation capacity of NGOAB. It is directed and coordinated by a Joint Working Group comprising a maximum of 23 members of which six are government representatives not below the rank of Joint Secretary from concerned

Ministries/Divisions; eight are highest level, appropriate NGO representatives nominated by ADAB; one representative each from Grameen Bank and Palli Karma Sahayak Foundation (PKSF); one person with a proven track record of community service; and four representatives of organizations other than ADAB members (Haq and Ali, 2006:190). However, this council is not currently active due to fund constraint.

4.5 Program Selection and Donors' Prescriptions

As the Reality of Aid Network Chairperson Antonio Tujan Jr. told in a seminar on 17th September at Dhaka that, developments will not occur until the local contexts are considered while designing any development strategies (Tujan, 2007). Development experts at that seminar called for ensuring accountability of the donor agencies and cutting their dominance over the developing nations to enhance effectiveness of foreign aid in promoting development (Daily Star, Sept.18, 2007). In many cases, the programs designed or undertaken by NGOs at the financing of foreign donors are not need based or realistic one or in accordance with the locality. An example on population control program can be cited in this regard. Bangladesh is already one of the world's most densely populated countries; the population continues to grow at 2% a year. There could be another 100 million people by 2050. But the NGOs do not undertake programs on this issue as their donors deliberately overlook it. There is no such target in Millennium Development Goal (MDG) which is the basic drawback of it and makes it non conducive for the country context. Moreover, due to huge government and private initiatives in health sector, the total life expectancy of people is increasing. Therefore, burden of population with absence of birth control program at one hand and extended life span from health improving activities on the other hand cannot reduce poverty, rather it retains poverty.

NGOs poverty perception and poverty reduction programs do not match with the real causes of poverty of their beneficiaries. Poverty is a multi faceted phenomenon determined by both material and non material well being. Such a holistic approach to understanding poverty is important as it has significant implications for identifying effective strategies for poverty reduction (Wood and Sharif, 1997: 65). Such holistic approach is missing among the foreign funded NGO activities.

During the journey towards development, foreign funded NGOs in Bangladesh have faced a number of challenges to fight against poverty. The challenges come from within the society, from the state, from NGOs themselves as well as from purposive activities of some ill motive driven NGOs. It has been a vital question to the citizens that whether the foreign aided NGOs are successful or not to reduce poverty, whether the NGOs working in Bangladesh have been nourishing some other hidden agenda behind the scene or not (Ahmed, 2006:89). Though some NGO's successful performance have already got acceptance by the society as well as by the government itself, still there are many other NGOs bringing foreign funds whose performance and activities are still in question mark. One of the main reasons of this is the ongoing poverty scale of Bangladesh. Still about half of the population are living bellow poverty line. The gap between real poverty and the strategy chosen by the NGOs is one of the important causes for NGOs' failure in poverty reduction in this country.

The unrealistic programs of the NGOs in Bangladesh can not contribute to poverty reduction. The selection of programs are influenced by external factors like, the donors or funding agencies of the NGOs, GOB programs internal factors like, NGO's expertise, resource constrain, ideology of the NGO founder/s etc. (Ahmed, 2006:92). Most of the NGOs' activities are centering on the notion of the organization about poverty. Research works show that the interdependency among the NGOs – donors – GOB is the key factor of selecting poverty reduction programs. The interdependent relationship to some extent is found like a patron –client relationship. There are empirical evidences showing that, some foreign funded NGOs are found very much involved in awareness building campaign as they got some expertise on it, despite of unemployment and food crisis being the major reason of poverty in certain area. Moreover, advocacy activities of NGOs have become somewhat controversial in some cases. Though most advocacy programs focuses on issues affecting the poor but recently a few NGOs were accused of stretching their advocacy work into partisan political activity and electioneering, and funding for their service delivery programs was sequestered as a result (World Bank, 2005: v). Selection of appropriate program is therefore a major concern for development as well as the image of the organization.

Some NGOs can not give up programs even it is unrealistic as they have already settled a relationship with there donor and hired a number of specialized people. Most of the NGOs undertake programs in the same area for the same people. In most cases, the micro-credit program is selected to survive in the competitive NGO field in Bangladesh. But not all rural poor are able to benefit from micro credit programs by utilizing loans in productive activities as most people lack the require entrepreneurial skills (Khandker, 1998: 152). Moreover, micro credit has created a niche market because its beneficiaries have no alternatives. Over the long run this dependency could make micro credit vulnerable. Unless borrowers increase their incomes, many will become permanently dependent on micro credit (Khandker, 1998: 153). However, the political motives sometimes influence some NGOs in program selection. Struggling for resources as well as internal and external factors drive many foreign funded NGOs to operate unrealistic, improper programs that lead to their poor contribution to poverty reduction and sustainable development in the country.

Some NGOs have faced criticism about the sector's neglect of hard-to reach areas and groups. Criticisms of NGOs frequently focus on whether they reach-or even attempt to reach-marginal and very poor areas or groups (World Bank, 2006:16). The regional imbalance of NGOs has led to concerns about overlapping NGO programs and underserved pockets. It has been found in the World Bank Study that, 33 Microcredit coverage remains uneven, varying from 100 percent of households below the poverty line in Meherpur district to only 31 percent of poor households in Shunamganj. The 2003 World Bank NGO survey also shows considerable variation: while 17 thanas have only one NGO, Mohammadpur in central Dhaka boasts 192. The average numbers of NGOs per thana across the country is 15. It is argued that, NGOs programs leave out the extreme poor which is a significant portion of its potential clients. The NGOs attempt to improve the lives of their beneficiaries rather than improving the overall poverty situation in a locality, which divides the poor of one locality into beneficiaries and non beneficiaries (Begum, 2003:77). Thus, the question of inequality arises.

Moreover, NGOs tend to become "paternalistic" about their clients by continuously investing in the same beneficiaries instead of setting time targets for their graduation from poverty (Aminuzzaman, 1993 cited in Begum, 2003:57). The NGOs

often carry out their initiative and projects individually which remain relatively isolated from other NGOs or programs and this tendency hinders the establishment of country-wide or regional programs (Cernea, 1989 cited in Begum, 2003: 56). It is another reason of ineffective NGO operations in poverty reduction in the country.

It is widely believed that NGOs undertake projects that are donor-prescribed, not necessarily in conformity with local needs. NGOs receiving donor funds for specific projects may not often have the relevant expertise, but since donor money is available, programs are undertaken which eventually result in failure and disintegration (Haque and Ali, 2006:191). Thus the donor prescribed programs remain ineffective in bringing change to the lives of its beneficiaries.

4.5.1 Donors' Perspective

It is being alleged that, NGO policies reflect donor priorities rather than their own client's needs and aspirations. The donors fund specific projects and normally finance against requests for identifiable and specific items. They have special interest in certain sectors that limits the areas of activities of the NGOs (Begum, 2003: 57). In the context of Bangladesh, population control programs are essential for development but the donors are not interested to fund in such activities. Donors' frequent requirements to use their own staff, consultants, equipments and other material resources become a major constraint for the NGOs, nonetheless NGOs overwhelmingly depend on external resources. Therefore, NGOs are criticized that by taking funds they serve the interest of the donors and fulfill their objectives. It has been found that some international and donor NGOs imposes some conditions like provision of foreign consultant, huge allocation of budget for headquarter expenditure, big proportion of budget allocation for monitoring and evaluation by headquarter etc. that often create some difficulty to partner NGOs to effectively run the projects in local areas. Some observers identify NGOs as new agent for expanding neo-imperialism (Mohammad, 1988 cited in Begum, 2003:77). They consider that the activities of the NGOs are dedicated to serve the interest of the donor countries and agencies. Particularly the left-wing thinkers argue that the western donors fulfill their interest through the NGOs, which establish a patron-client relationship that increase dependency.

Dependence on foreign donations on the one hand and patronization of the donor community to certain NGOs may give a false sense of security and may eventually destroy the NGO itself (Ahmad, 1999:72). The donor's attitude and restrictions towards NGOs can perpetuate a damaging dependency that is ultimately self defeating if the purpose is to assist the country/community/organization to develop a level of self sufficiency. It is suggested that, because of donor-dependence, NGOs feel accountable only to donors, rather than to the government members of the public. Upward accountability to donors has skewed NGO activities towards donor-driven agendas for development rather than indigenous priorities (Haq and Ali, 2006:192). The View of the donor community has throughout been positive about NGOs. In spite of it, there has been serious debate over the issues such as low performance in aid-utilization, donors' stringent and *one-size-fits-all* conditionality and global aid politics that are believed to undermine the potential benefits that foreign donation could have brought to the development scenario of the country (Khan, 2007:2).

4.6 Conclusion

A number of challenges and obstacles push back the ultimate goal of poverty reduction attempted by foreign funded NGOs in the country. Such obstructions include nonfunctioning of general council and absolute power of Executive Director frustrating the entire NGO governance, lack of financial transparency and accountability to clients and stakeholders, corruption, non participatory decision making process, poor coordination and weak monitoring mechanism, complicated rules and regulations and also donor driven programs as well as conditions imposed by them. In order to achieve the millennium development goal of poverty reduction which requires that the country reduce its poverty by half from 40 percent to 20 percent by 2015, the country's poverty reduction must be more than 2 per cent per year (Ahmed and Mahmud, 2006: 258). Foreign funded NGOs, the supporting sector of government in attaining MDG is not that much successful in bringing ultimate change to the life of the beneficiaries. The overall outcome of these NGOs' activities is not always fruitful because in macro level certain issues like government policy, political instability and political influence, natural disaster very often impedes the effective use of foreign donation in altering the scenario of poverty in the country. These theoretical aspects will be verified in the next chapter.

CHAPTER FIVE:

DATA ANALYSIS

5.0 Prelude

With a view to make a critical analysis on NGO performance with foreign fund as well as the major hindrances of effective use of foreign donation in Bangladesh, , also the scale of responsibility or intensity of the identified issues and factors primary data were collected in the study. Four sets of questionnaire containing both structured and open ended questions were developed for four different groups of respondents. The total sample size was 75. During the data collection, separate opinions made by several groups from own points of view sometimes contradict with each other. This chapter covers the tabular and graphical presentation and analysis of these data. Besides, a brief reflection on secondary data namely the study report made by TIB will also be considered in the current data analysis chapter.

5.1 About the Respondents

The four types of respondents of the study are officials from foreign funded NGOs, officials from donor organizations, Upazila Nirbahi Officers (UNOs) and Staffs and officers of NGO Affairs Bureau. Numbers of respondents were 25, 10, 20 and 20 respectively. They can be categorized as A, B, C and D group for convenience of discussion. The basic profiles of the respondents are discussed below.

In Category A, the respondents are the officials from NGO sector who represent their organizations. Among them, four come from local NGO, eleven come from national and rest ten come from international NGO. Again, among these NGOs, eight are totally foreign funded and rest seventeen are partially foreign funded NGOs. The degree of foreign fund dependency is mentioned in the following table (Table 5.1). It is found from the table that, among the respondent NGOs, seventeen NGOs are 81-100% dependent on foreign donation, three NGOs are 61-80% dependent, two NGOs are 41-60% dependent, two NGOs are 21-40% dependent and one NGO is 1-20% dependent on foreign fund.

Table 5.1: Degree of foreign fund dependency of respondent NGO

% of foreign fund dependency	No. of respondent NGOs
1-20 % dependent	1
21-40 % dependent	2
41-60 % dependent	2
61-80 % dependent	3
81-100 % dependent	17

(Source: Self compiled)

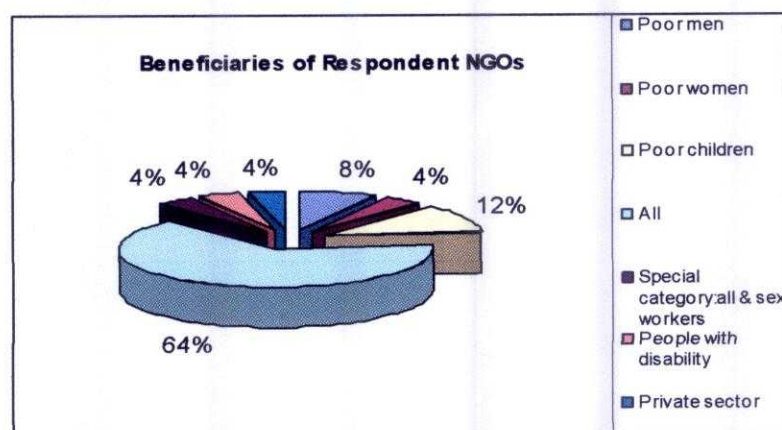
The service lengths of officials of this group responding to the questionnaire range from 1 to 30 years. The break up is shown in the following table. The table 5.2 shows that, maximum numbers of respondents (six each) have 5-10 or 10-15 years job experience in NGO sector. Whereas four have 1-5 years experience and four more have 15-20 years service length. If we consider the types of beneficiaries of the respondent NGOs, it is found that out of twenty five foreign funded NGOs, sixteen or 64% work for poor men, women and children (all), three or 12% work for poor children, two (8%) work for poor men, among the rests one or 4% of each work for poor women, for all and sex workers, for people with disability and for private sector development respectively. The break up is presented in the Figure 5.1.

Table 5.2 : Working experience of respondents in NGO Sector

Year of experience	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years	25-30 Years	30 Years+
Number of respondents	4	6	6	4	1	3	1

(Source: Self compiled)

Figure 5.1: Types of Beneficiaries of Respondent NGOs



(Source: Self compiled)

The target area of respondent foreign funded NGOs includes rural, urban and slum area. Among the respondents, the highest numbers of NGOs (nine) work in rural, urban and slum area. The following table (Table 5.3) presents the picture of the target area of respondent NGOs. Eight of them work only in rural area and three work both in rural and urban area, three in rural and slum area and rest two work only in urban area.

Table 5.3: Target Area of Respondent NGOs

Target area	Number of respondent NGOs
Rural	8
Urban	2
Rural & Urban	3
Rural & slum	3
Rural, urban & slum area	9

(Source: Self compiled)

The field of operation of the respondent foreign funded NGOs covers a wide range including health, education, income generation, social development, awareness building, WATSAN, legal aid, agriculture, good governance and so on. The following table (Table 5.4) depicts the area of activities of the respondent NGOs. It is found that most of them work on health issue, micro credit, education and human resource development and rest others undertake wide range of activities.

Table 5.4: Major Activities of Respondent NGOs

Area of activities	% of Respondent NGO
Health, HIV prevention	36%
Micro credit	36%
Education	36%
Community & Human Resource Development	36%
Water & Sanitation (WATSAN)	20%
Awareness building	12%
Human Rights	12%
Capacity development of private sector	8%
Legal Aid	4%
Agriculture	4%
Relief & rehabilitation	4%
Good governance	4%
Women empowerment	4%
Food security	4%
Poverty alleviation with technology	4%

(Source: Self compiled)

It is found that, each 36 % of total NGO respondents work on each of these sectors. 20 % of respondents of category 'A' work on water and sanitation that is WATSAN. Each 12 % respondent NGO works on human rights and awareness building. 8 % NGOs work on capacity building of private sector. 4 % respondents work on legal

aid, agriculture, relief and rehabilitation, good governance, women empowerment, food security, poverty alleviation with technology each.

In Category B, the responsible officials of donor organizations are included and they are ten in number representing their organizations. All of their organizations fund for national NGOs. Four of the respondent donors have the preference on education program for funding. Two prefer WATSAN projects, two prefer micro credit programs and rests prefer child right protection activities for funding. Service length of the officials ranges from 4 to 19 years. The break up is given in the following table (Table 5.5).

Table 5.5: Service length of respondents in Donor Organization

Service length (Years)	4-9 Yrs	9-14 Yrs	14-19 Yrs
Number of respondents	4	2	4

(Source: Self compiled)

In Category C, the Upazila Nirbahi Officers, the administrators at grass root level who implement, coordinate and monitor government's policy and development activities at upazila level belong to this category of respondents. Sample size of this category is 20. The location of concern seven upazila of the respondents is in Manikganj district, seven in Bogra district, three in Tangail district and rest three is in Sylhet district. The UNOs have put some remarks as per their experience that reflects the real situation of coordination of GO-NGO and monitoring system of government on NGO activities at field level. According to government rule, duration of service of the respondents as UNO is found to be shorter than that in NGO or donor organizations. The job experience as UNO ranges from below one year to five years. The following table (Table 5.6) shows that maximum number (eight) of respondent UNOs have 1-2 years experience in their current posts. Five UNOs have experience below 1 year. Three respondents have 2-3 years experience and among rests, each two have 3-4 and 4-5 years job experience as UNO.

Table 5.6: Job Experience of 'C Category' respondents as UNO

Duration (Year)	Below 1 Yrs	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs
Number of respondents	5	8	3	2	2

(Source: Self compiled)

In Category D, the officers and staffs of NGO Affairs Bureau, the government body working for creating enabling environment for foreign funded NGOs belong to this category of respondents. Number of respondents of this category is 20. Among them, twelve are office assistants and eight are officer level employee including mid level assignment officer and senior level directors. Service length of respondent employees ranges from 1-20 years (Table 5.7). Highest number of respondents (12) has 1-5 years job experience in NGOAB. Five of them have 15-20 years experience and three have 10-15 years experience in the concern office.

Table 5.7: Service length of ‘D Category’ respondents in NGOAB

Duration (Years)	1-5 Years	5-10 Years	10-15 Years	15-20 years
Number of respondents	12	0	3	5

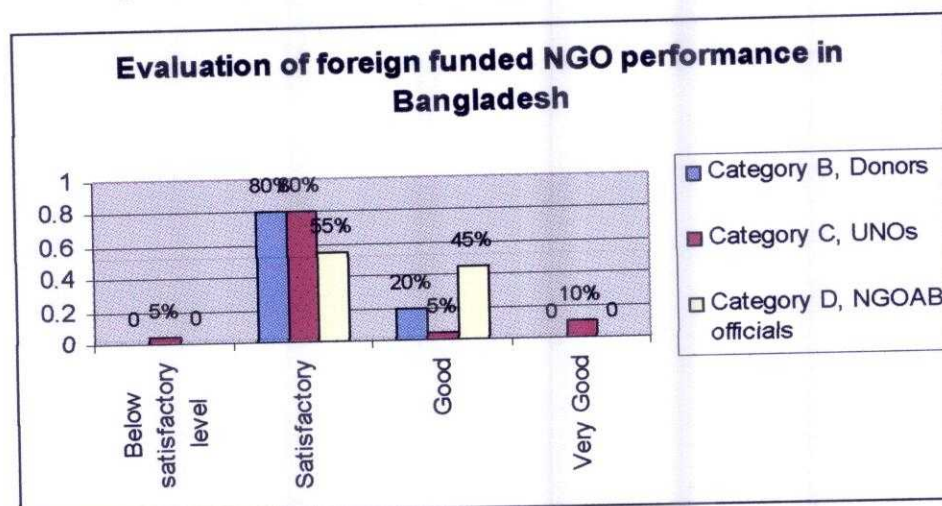
(Source: Self compiled)

Among the four types of respondents, those are of Category A or the NGO officials have the longest working experience ranging upto thirty years while the shortest length of service ranging upto five years is possessed by the respondents of Category C, the UNOs in their current designation. The reason behind may be the difference of posting rules between public and private sector where UNO’s tenure of service in a particular station is maximum three years.

5.2 Evaluation of NGO Performance

A common question regarding evaluation of the performance as well as the overall impression about the foreign funded NGOs in Bangladesh was made before the donors, UNOs and NGOAB officials. Maximum number of respondents, 80 % respondent donors, 80 % respondent UNOs and 55 % respondent NGOAB officials evaluated the performance of foreign aided NGOs as ‘satisfactory’ (Figure 5.2). 45 % of NGOAB officials, 20 % of donors and 5 % of UNOs judged their performance as ‘good’. 10 % of UNOs told it ‘very good’ and also 5 % of UNO respondents mentioned it as ‘below satisfactory level’.

Figure 5.2: Evaluation of performance of foreign funded NGOs



(Source: Self compiled)

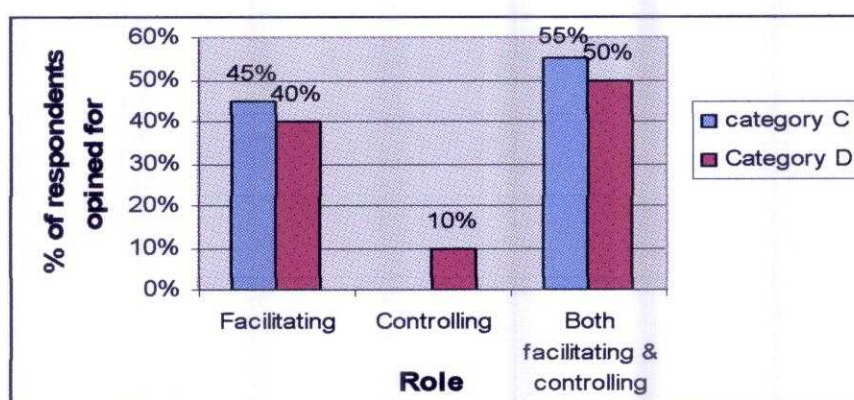
Some striking and negative comments were found from UNOs when asking about their overall impression about foreign aided NGOs as two of them told that those NGOs are contributing very little to the development of the country compared to government body. Four of them told that their performance is not up to the mark, three UNOs told that people do not know how much aid they get, four of them told “they are doing well but are not transparent at all”, three told “compared to the amount spent, outcome of their interventions is not that much satisfactory”, one told that they are not pro-people, one UNO called the activities & accountability of such NGOs to be mysterious. Two of them expressed positive impression. On the other hand, maximum donors (nine out of ten) expressed their positive perception about foreign funded NGOs in Bangladesh. As per five of NGOAB officials, these NGOs can do better in changing the lives of poor people, three respondents of this D Category hold the impression as ‘not bad’, four think them as effective development agents and rests have moderate impression about the NGOs working with foreign donation.

5.3 Role of Government Organizations in NGO Interventions

The questionnaire made for UNOs and NGO Bureau officials that is C and D Category respondents contained a specific question regarding the role of these two government institutions in foreign funded NGO operations in the country. Among the respondents of both groups, maximum number, 55 % UNOs and 50 % NGOAB officials answered that

the role of their organization in this affairs is both facilitating and controlling (Figure 5.3). 45 % UNOs and 40 % NGOAB officials told the role as to be facilitating only, on the other hand, 10 % respondents of Category D replied that their role is controlling only.

Figure 5.3: Role of UNO office and NGO Affairs Bureau in NGO operation with foreign fund.



(Source: Self compiled)

5.3.1 Ultimate Result of Any Allegation

There may be allegations or complains against the foreign funded NGOs if there is any irregularities during project implementation or operating other development activities. Such complains are matter of concern specially to the donors who provide funding to them. Such allegations are usually reported to NGO Affairs Bureau, the government department responsible for registration, project approval and fund release of foreign aided NGOs. Complains are also made to the local administration, who are assigned to monitor and coordinate the development activities of both GO and NGO in the field level. Therefore a common question was made before all of the three category respondents to know the consequence of getting a complaint against any foreign funded NGO. Separate type of answers was found according to their own dimension (Table 5.8). 60 % of donor respondents told that inquiry is done in such case and the ultimate result is termination of funding to the alleged NGO. 40 % of donors mentioned that external audit is carried out which is followed by stopping funding if any allegation is received against any NGO whom they finance for. In addition, some common anomalies found in donors' audit such as procurement irregularities, expenditure without donor's approval, spending one head's budget to another head were mentioned by respondents of group B.

Table 5.8: Ultimate result of any allegation found against any foreign funded NGO

Category B (Donors)		Category C (UNOs)		Category D (NGOAB Officials)	
Result	% of respondents	Result	% of respondents	Result	% of respondents
External audit and stop funding	40%	To inform higher authority	100%	Stop fund release	20%
Inquiry & stop funding	60%	--	--	Cancellation of registration	80%

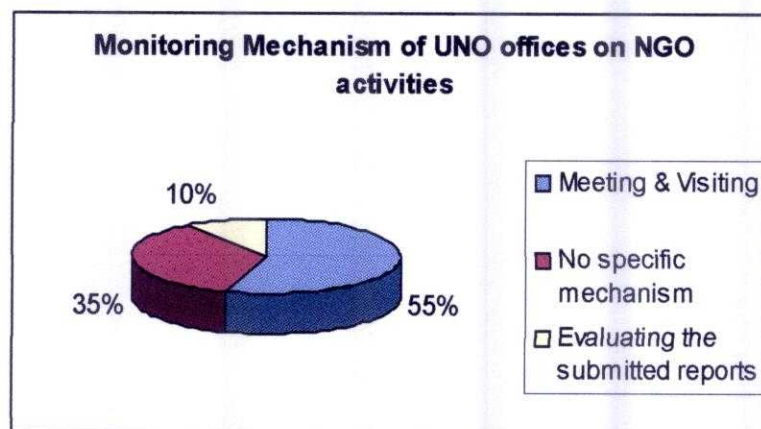
(Source: Self compiled)

All the UNOs replied that they inform their higher authority if any complain against any NGO come to their knowledge. 80 % of NGOAB officials answered that in practice, the ultimate result of complain against any foreign aided NGO registered there is the cancellation of registration. 20 % of them told that the consequence of such incident is halting the fund release.

5.3.2 Monitoring and Coordinating Mechanism

To have insights about the loopholes in playing efficient role of foreign funded NGOs, question was asked to B, C and D category respondents regarding their own monitoring mechanism on NGO activities. In reply to that, all the respondent donors mentioned 'Visiting and Reporting' to be their monitoring mechanism on the activities of their fund receiving NGOs. All of them told that the audit and annual report submitted by the fund receiving NGOs are cross checked by them. Among the C category respondents, 55 % UNOs told that monthly meeting and field visiting is the means of their monitoring over NGO programs (Figure 5.4). Whereas 35 % UNOs opined that they do not have any specific monitoring mechanism on foreign aided NGO activities. Rest 10 % thinks that evaluation of the monthly reports submitted by NGOs to them is the monitoring mechanism of their office. In case of NGOAB officials, all the respondents mentioned evaluation of audit report and inspection to be their monitoring system over foreign funded NGO operations.

Figure 5.4: Monitoring mechanism of UNO offices on foreign funded NGO activities.



(Source: Self compiled)

As the development initiatives of government are implemented and coordinated by UNOs at grass root level, in order to know the status of coordination there question on its mechanism was asked before the UNOs that is C Category respondents. In reply to the query, all the respondent UNOs mentioned monthly meeting to be the coordinating mechanism of their own office over NGO activities at their locality.

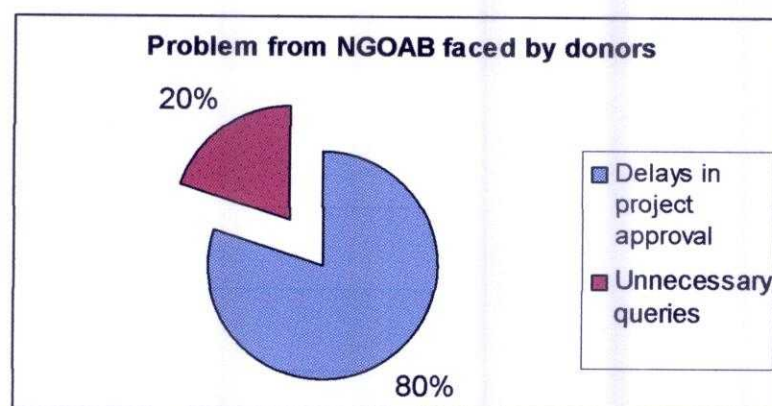
5.3.3 Problems in Playing Effective Role

The effective outcome of interventions of foreign funded NGOs is dependent on a lot of actors and factors. A facilitating or enabling environment is an essential component in this regard. Other organizations like the donors, local administration and regulatory body of government are involved in ensuring such enabling environment. So performing efficient role by such organizations is important for effective outcome of NGO performance. From this point of view, questions related to the specific problem of maintaining liaison among these institutions were made before the respondents of B, C and D category.

5.3.4 Problems from NGOAB to Donors

As per the opinions of donors, NGO Affairs Bureau does not co-operate them very often. Most of the respondents (80%) pointed out delays in project approval as the main problem, whereas 20 % told that unnecessary query in the procedural system is the major problem from NGO Affairs Bureau faced by them (Figure 5.5).

Figure 5.5: Problem created from NGO Affairs Bureau to donors.

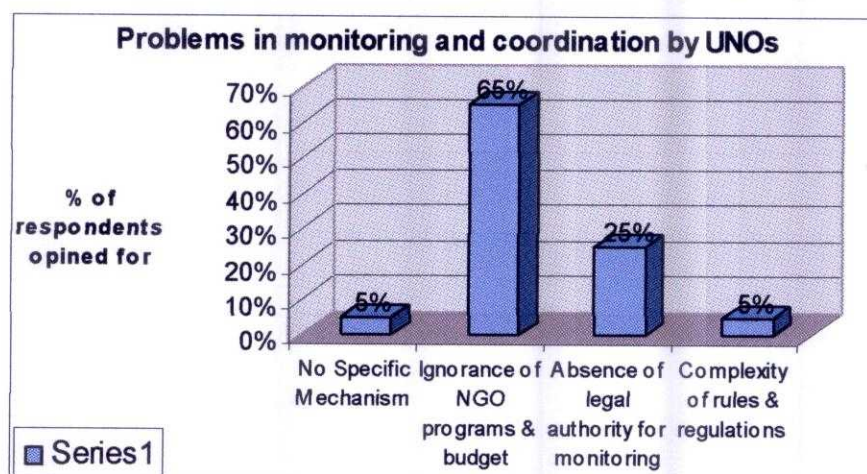


(Source: Self compiled)

5.3.5 Problems in Monitoring and Coordination

The respondents of category C that is the UNOs identified four major problems in monitoring and coordination of NGOs working with foreign fund in their administrative area. The problems are lack of specific monitoring and coordination mechanism, unavailability of information on foreign funded NGO activities and their budgets, absence of legal authority for monitoring and coordination and complexity of rules and regulations. Figure 5.6 shows the percentage of respondents identifying the different problems.

Figure 5.6: Problems in monitoring and coordination by UNOs



(Source: Self compiled)

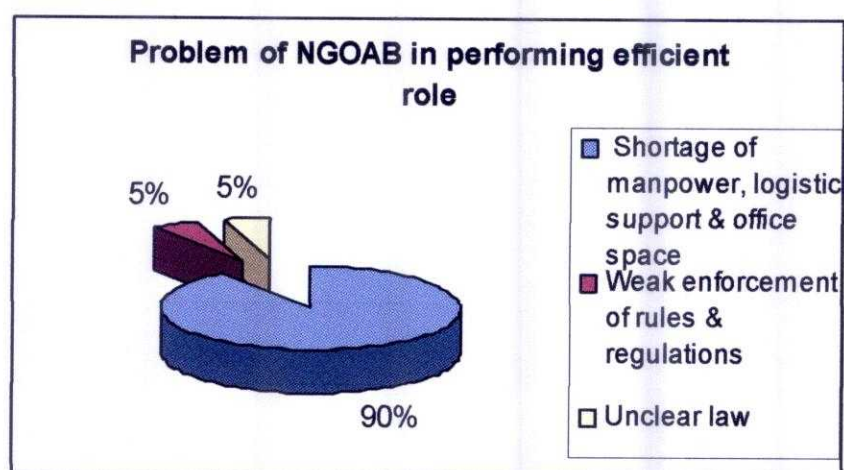
It is found that, maximum respondents, 65 % UNOs told that ignorance of NGO programs and budgets is the main problem in this regard. 25 % pointed out absence of

legal authority to monitor over NGO activities to be the major concern. 5 % of respondents identified complexity of rules and regulations as the main problem and 5 % told that there is no specific monitoring and coordination mechanism in their institutions.

5.3.6 Problems of NGOAB

The officials of NGO Affairs Bureau mentioned three basic drawbacks that obstruct their efficient role in promoting foreign funded NGO activities in the country. 90 % of them told that shortage of manpower, logistic support and office space is the main problem in this case (Figure 5.7). 5 % respondents went for weak enforcement of rules and regulations to be the vital problem and rest 5 % told that inconsistent, unclear law is the basic obstacle in the efficient role play by NGOAB.

Figure 5.7: Problems of NGOAB in playing efficient role.



(Source: Self compiled)

5.4 Budgetary Allocation of Projects

It is frequently alleged that, NGOs spend major portion of the foreign fund they receive from donors in salary and administrative cost, the actual cost trickled to the beneficiaries is very low. Therefore questions were asked to donors, UNOs and NGOAB officials regarding the expenditure of foreign fund by NGOs. All the respondents gave the common view that foreign fund is not totally spent for beneficiaries. Further question was made to all of the four categories of respondents regarding the average budgetary allocation particularly in administrative cost head and actual program cost head of projects operated by foreign funded NGOs that they have experienced during their course

of service. The average percentage of cost under the two heads as claimed by the foreign funded NGOs, contradict with the opinion given by UNOs and NGOAB officials.

Category A

Maximum respondents (48%) of category A that is the officials of foreign funded NGOs told that the average salary and administrative cost of their project is 11-20% of the total cost. 16% mentioned the admin cost to be 21-30% and 1-10%, 12 % respondents told that the cost is 31-40% and rest 8 % replied that the average admin cost is 41-50% of the total project cost (Table 5.9).

Table 5.9: Opinion of foreign funded NGOs on average budgetary allocation.

Average administrative cost including salary (%)	% of respondents	% of fund used in actual program	% of respondents
1-10 %	16	50-60 %	14
11-20 %	48	61-70 %	20
21-30 %	16	71-80 %	24
31-40 %	12	81-90 %	34
41-50 %	8	91-95 %	8

(Source: Self compiled)

Regarding the average actual cost of program received by the beneficiaries, maximum respondents (34%) mentioned that the figure is 81-90%, whereas the lowest portion of respondents (8 %) told it to be 91-95 %. 24% NGO officials told that average 71-80% of the total cost is spent actually for the beneficiaries. 20% respondents figured out the actual program cost to be 61-70%. Rest 14% told that the actual program cost is 50-60% on an average.

Category B

The donors belonging to the category B of respondents gave more or less similar opinion as that of category A. Most of the donors (40%) opined that the average administrative cost and actual program cost of the projects they fund for through NGOs is 20% and 80% respectively (Table 5.10). 20% respondents answered that the figures are 15% and 85%. Another 20% mentioned the admin cost to be 35% and the actual program cost spent for the beneficiaries to be 65%. Rest 20% respondents told it to be 50% and 50% respectively.

Table 5.10: Opinion of donors on average budgetary allocation of the projects of foreign funded NGOs

Average administrative cost including salary (%)	% of respondents	Percentage of fund used for beneficiaries	% of respondents
15%	20	50%	20
20%	40	65%	20
35%	20	80%	40
50%	20	85%	20

(Source: Self compiled)

Category C

The opinion given by UNOs in terms of financial expenditure of foreign aid by NGOs in practice is somewhat contrary to that given by the previous respondents. Among the respondent UNOs, 40% told that they do not know about the budgetary allocation of projects of foreign funded NGOs as the NGOs never disclose such information to them.

Table 5.11: Opinions of UNOs on average budgetary allocation of projects of foreign Funded NGOs

Average admin cost including salary (%)	% of Respondents	Percentage of fund used for beneficiaries	% of Respondents	Do not know
50-60 %	30	41-50 %	30	40%
61-70 %	15	31-40 %	15	
71-80 %	5	21-30 %	5	
81-90 %	10	10-20 %	10	

(Source: Self compiled)

Among the rest 60% respondents, maximum (30%) percent UNOs replied that the administrative cost and actual program cost range is 50-60% and 41-50% respectively (Table 5.11). 15% figured out the two costs as 61-70% and 31-40%. On the other hand, 10% respondents answered that the average administrative cost of foreign aided NGO projects is 81-90% and the actual program cost received by the beneficiaries is 10-20% only. 5% respondents told that the allocated costs in these two heads are 71-80% and 21-30% respectively.

Category D

The respondents of category D that is the NGOAB officials gave similar opinion when asked about the financial break up of foreign fund of NGOs' projects. The officials' opinion is significant in the sense that, before approval they have to scrutinize the

projects, specially the budgetary allocation submitted by NGOs to them and again they are to go for inspection to the field physically. So they are supposed to know the practical situation compared to the documentations submitted by the NGOs. In the light of such own experience, maximum number (30%) of NGOAB officials told that foreign aided NGO's projects contain 40-50% salary and other administrative cost and rest 51-60% amount of total cost is actually used for the beneficiaries (Table 5.12). 25% respondents answered that the average admin cost they find in such projects is 61-70% and actual program cost is 31-40% of the total budget. Another 25% told these cost to be 71-80% and 20-30% respectively.

Table 5.12: Opinion of NGOAB officials on average budgetary allocation of projects of foreign Funded NGOs

Administrative cost including salary (%)	% of Respondents	Actual % of budget used for the beneficiaries	% of Respondents
40-50 %	30	51-60 %	30
51-60 %	20	41-50 %	20
61-70 %	25	31-40 %	25
71-80 %	25	20-30 %	25

(Source: Self compiled)

From the above findings it was realized that the perception of budgetary allocation of projects of foreign aided NGOs contrasts among the different types of respondents. Most of the NGO officials claimed the administrative cost and actual program cost to be upto 20% and 80% respectively that is within government rules and similar opinion was given by the donors. But the UNOs raised the question of transparency and financial accountability of the NGOs as 40% UNOs told that they are not informed about their budgetary allocation and majority of the rests told the ratio of the two head's cost is upto 60%-40%. On the other hand, most of the NGO Bureau officials mentioned it to be 50%-50%. These differentiated views indicate lack of coordination, cooperation, communication between GO-NGO and absence of norms to abide by the rules among the NGOs operating with foreign fund.

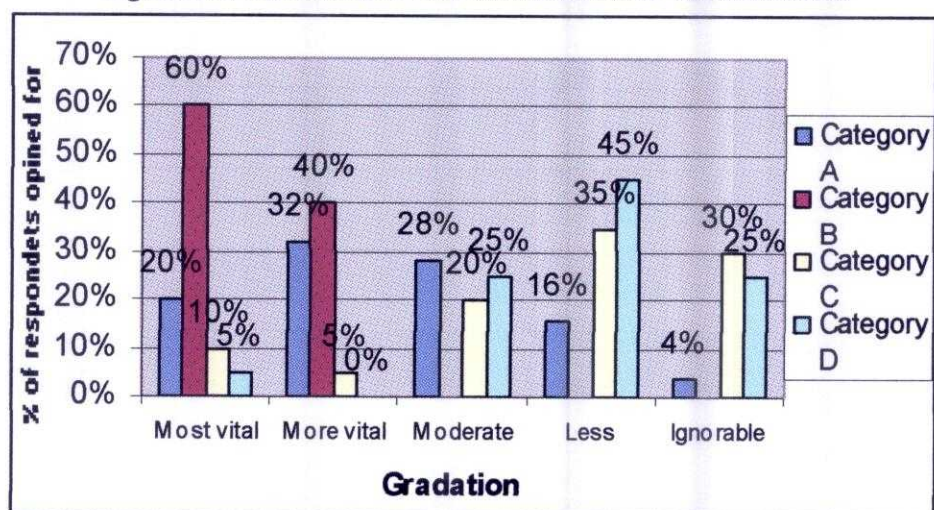
5.5 Obstacles of Effective Use of Foreign Fund

On the basis of the main objectives of the study, all the respondents were asked to make a gradation of the obstacles listed in the questionnaire and there was room to put new issues that impede the effective use of foreign donation by NGOs in Bangladesh. Respondents of different category judged the listed impediments differently from their own point of view. As many as eleven types of obstructions were listed in all sets of questionnaire to get opinions from all groups. The scale of gradation ranged from 1 to 5 where 1 stands for ignorable, 2 stands for less important, 3 stands for moderately important or strong, 4 stands for more vital or stronger and 5 stands for most vital or strongest. For convenience of discussion, as well as for a comparative analysis of different views, the opinions are analyzed here against each point of obstructions.

i. Bureaucratic hassle in project approval

In terms of bureaucratic hassle during the approval of foreign funded projects submitted by NGOs, among all types of respondents, mostly i.e. 60% of the donors (category B), also 20% of foreign funded NGOs (category A) identified this issue as the most vital or strongest obstacle (Figure 5.8).

Figure 5.8: Gradation of 'Bureaucratic hassle' as an obstacle.



(Source: Self compiled)

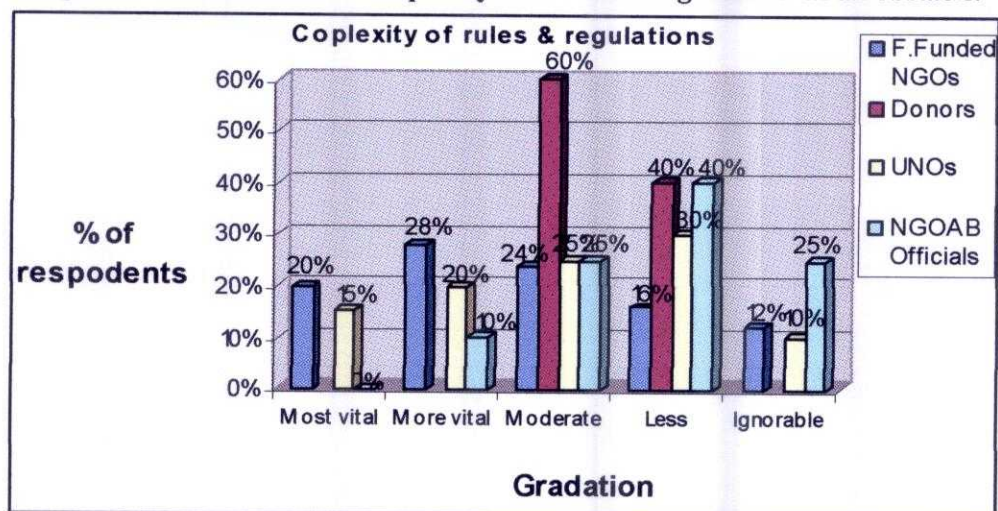
The second highest respondents, 45% of the NGOAB officials (category D) and 35% UNOs (category C) thought that this problem is a less important one in hindering effective use of foreign aid by NGOs in Bangladesh. But 40% donors (category B) and

32% NGOs found it as more vital or stronger impediment. However, the rests' replies were not so significant.

ii. Complexity of existing rules, regulations

In case of complexity of existing rules and regulation as a hindrance, among the four types of respondents maximum percent (60%) of donor group, also 25% UNOs, 25% NGOAB officials and 24% foreign funded NGOs told it to be a moderate one (Figure 5.9). The second highest portion, 40% of donors, 40% of NGOAB officials and 30% UNOs identified this issue as less significant reason.

Figure 5.9: Gradation of 'Complexity of rules and regulations' as an obstacle.

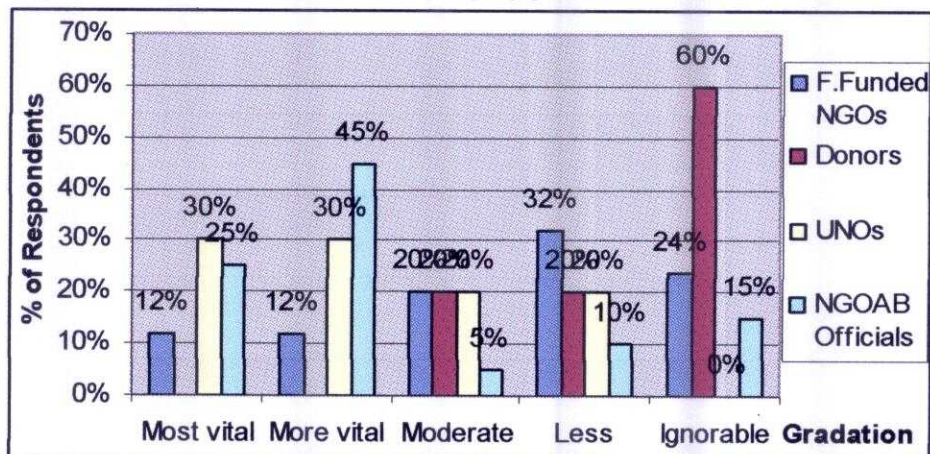


(Source: Self compiled)

iii. Monopoly power of Executive Director (ED)

It is alleged that monopoly power of Executive Director of the foreign funded NGOs very often hampers the financial transparency and accountability to stakeholders leading to ineffective interventions. But whenever it was asked to make a gradation of this issue as

Figure 5.10: Gradation of 'Monopoly power of ED' as an obstacle.



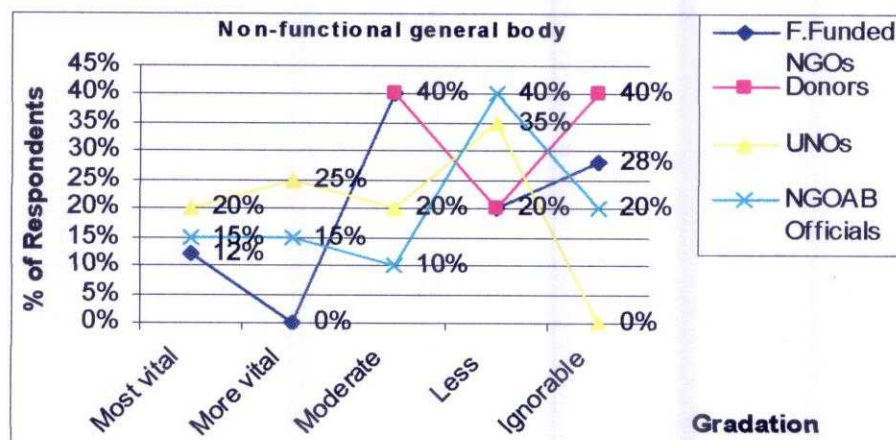
(Source: Self compiled)

an impediment, majority of donors (60%) and 24% of foreign funded NGOs told it to be an ignorable ground (Figure 5.10). But 45% of NGO Bureau officials and 30% of UNOs identified it as a more vital obstacle. On the other hand, 30% UNOs and 25% NGOAB officials told that it is the strongest or most vital impediment.

iv. Non functional general body of NGO

Role of general body is important in ensuring transparency and accountability of NGO as well as the participation of beneficiaries and other stakeholders in decision making process of the organization. But a medium impression was found when this issue was asked to put a scale upon most of the respondents told it to be moderate (Figure 5.11).

Figure 5.11: Gradation of 'Non functional general body' as an obstacle.



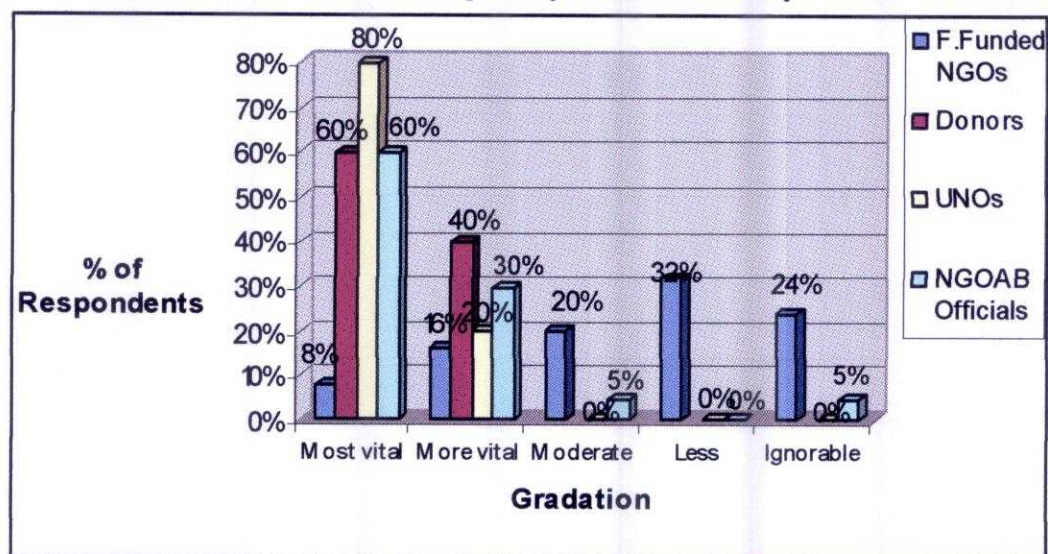
(Source: Self compiled)

40% foreign funded NGO officials and 40% donors identified this obstacle as a moderate one. On the other hand, 40% NGOAB officials and 35% UNOs told that this issue is less important in hindering effective use of foreign fund by NGOs. 40% donors, 28% NGOs mentioned it to be an ignorable ground.

v. Lack of Transparency and accountability of foreign funded NGOs

Lack of transparency and accountability of foreign aided NGOs is the issue that has been graded as most vital obstacle of effective use of the fund by most of all types of respondents of the study. 80% of UNOs, 60% of donors and 60% of NGOAB officials identified it as the most vital or strongest obstruction (Figure 5.12). The second highest portion, 40% donors, 30% NGOAB officials, 20% UNOs and also 16% NGOs told it to be more vital one.

Figure 5.12: Gradation of 'Lack of transparency and accountability of NGO' as an obstacle.

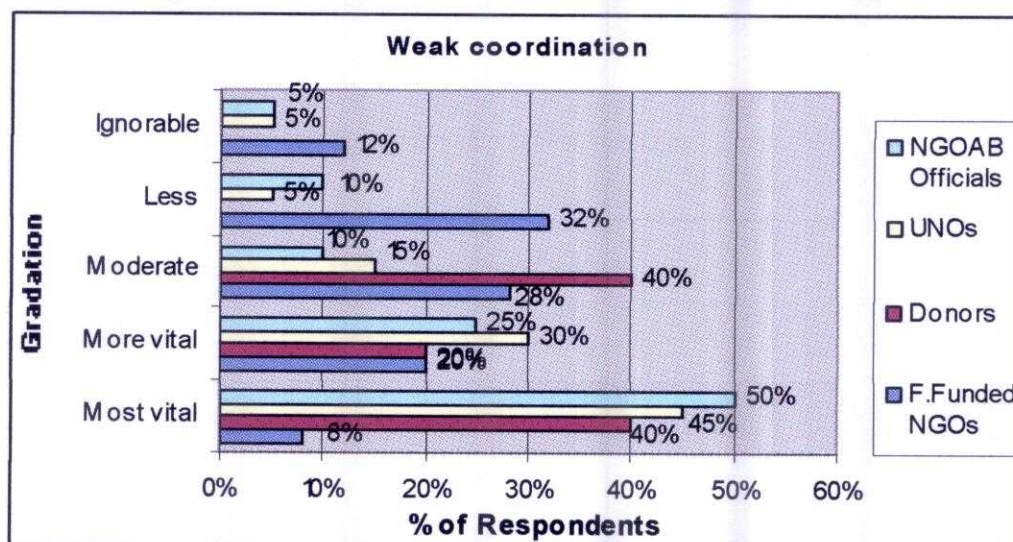


(Source: Self compiled)

vi. Weak coordination between GO-NGO and NGO-NGO

Weak coordination or lack of coordination among NGOs as well as GO-NGO found to be another strongest obstacle of effective use of foreign donation by NGOs in Bangladesh.

Figure 5.13: Gradation of 'Weak coordination' as an obstacle.



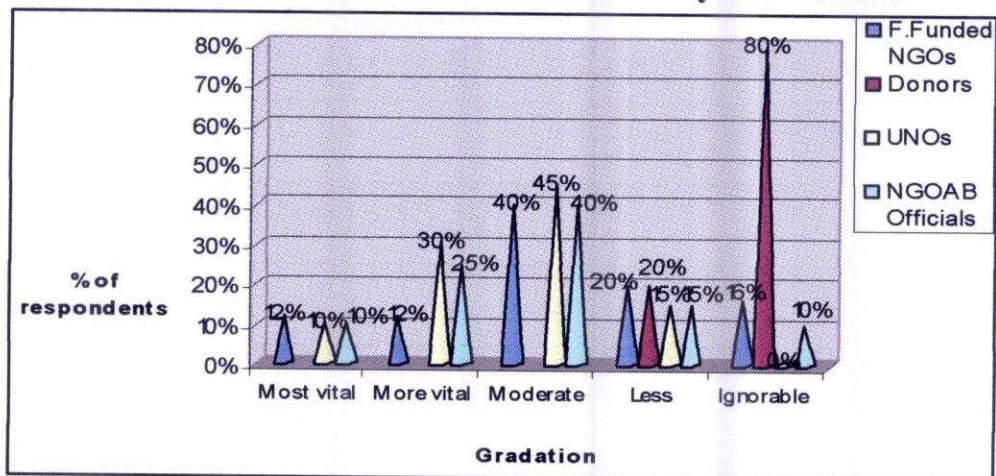
(Source: Self compiled)

Most of the respondents of most of the type of respondents opted this ground as most vital one during the study (Figure 5.13) as 50% of NGOAB officials, 45% of UNOs and 40% of donors scored it 5 (strongest obstacle). Whereas 40% donors, 28% NGOs, 15% UNOs and 10% NGOAB officials identified it as moderate one. 32% foreign funded NGO officials claimed it as less important ground. But 30% UNOs, 25% NGOAB officials, 20% donors and 20% NGOs mentioned that it is more vital or stronger issue.

vii. Donors' conditionality

Though donors' conditionality is frequently alleged to be one of the major hindrances of development initiatives, the donors did not recognize it during the study. 80% of them told that this issue is an ignorable one (Figure 5.14). But among the rests, 45% of UNOs, 40% of NGOAB officials and also 40% of foreign funded NGOs identified it as a moderately strong obstruction.

Figure 5.14: Gradation of 'Donors' conditionality' as an obstacle.

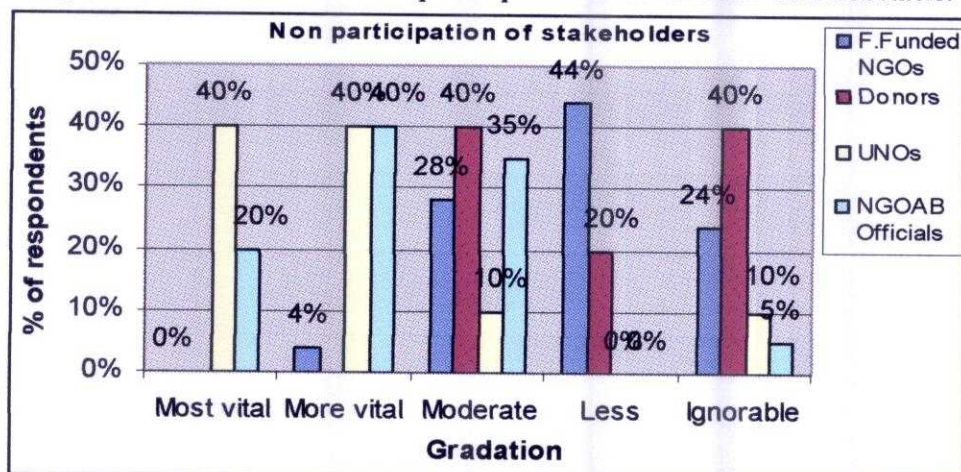


(Source: Self compiled)

viii. Non participation of stakeholders in decision making

It is well known that non participation of beneficiaries and other stakeholders in the decision making process of NGOs affects the welfare of them as well as the prime objective of these NGO interventions with foreign fund in the country. But during the study, most of the foreign funded NGOs, 44% of them told that this issue is a less important one in this regard (Figure 5.15). On the contrary, according to 40% UNOs and also 40% NGOAB officials it is a more vital or stronger obstacle. It is also found from the above figure that 40% donors, 35% NGOAB officials, 28% NGO officials and also 10% UNOs evaluated it as a moderately vital one. 40% donors along with 24%

Figure 5.15: Gradation of 'Non participation of stakeholder' as an obstacle.

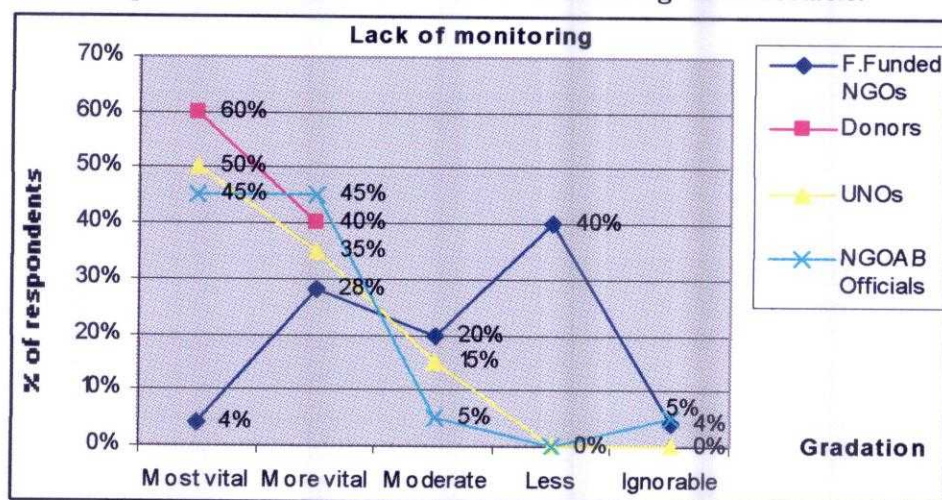


(Source: Self compiled)

ix. Lack of monitoring from Government and Donors

During the study, lack of monitoring on NGOs activities both from government and donors was found to be most important issue in successful development activities by NGOs. 60% of donors, 50% of UNOs and 45% of NGOAB officials scored it as the strongest obstacle (Figure 5.16). More 45% NGOAB officials, 40% donors, 35% UNOs and also 28% foreign funded NGOs evaluated it as stronger one though 40% of the NGOs claimed it as less important ground.

Figure 5.16: Gradation of 'Lack of monitoring' as an obstacle.

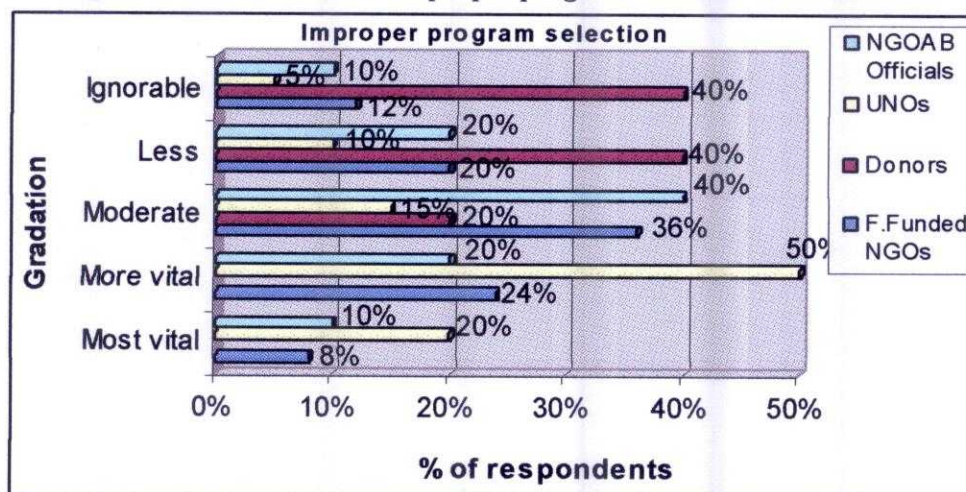


(Source: Self compiled)

x. Improper selection of programs

Absence of proper and need based programs in foreign funded NGO operations is a common debate in the society which has been reflected in the study also. Most of the UNOs who are directly involved in implementing development activities at field level evaluated improper selection of programs as more vital obstacle (Figure 5.17) against effective NGO operations.

Figure 5.17: Gradation of 'Improper program selection' as an obstacle.



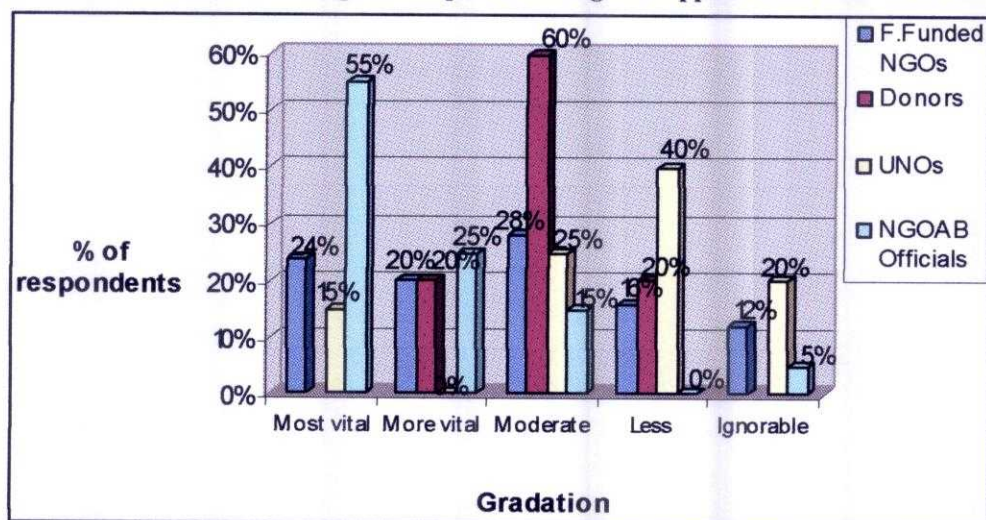
(Source: Self compiled)

The above figure depicts that, 50% UNOs, 24% foreign funded NGO officials and 20% NGOAB officials graded this issue as stronger or more vital one. Again, 40% NGOAB officials, 36% foreign funded NGOs, 20% donors and 15% of UNOs told it to be a moderately strong obstacle. But 40% donors, 20% NGOs, 20% NGOAB officials and also 10% UNOs identified it as less important obstruction and more 40% of donors scored this issue as ignorable one.

xi. Shortage of logistic support and manpower in NGO Bureau

Shortage of office space, IT facilities and other logistic support and shortage of manpower in NGO Affairs Bureau is an important problem in undertaking efficient development initiatives by foreign funded NGOs in the country as this department deals with the project approval and fund release of such NGOs. This general idea was also supported by the respondents in the study (Figure 5.18). The chart shows that 60% of donors, 28% of foreign funded NGOs, 25% of UNOs and 15% of NGOAB officials evaluated this problem as a moderate one. Whereas, 55% of NGOAB officials, 24% of NGOs, also 15% of UNOs scored this issue as the most vital obstacle of effective use of foreign money through NGOs.

Figure 5.18: Gradation of 'Shortage of manpower and logistic support in NGOAB' as an obstacle.



(Source: Self compiled)

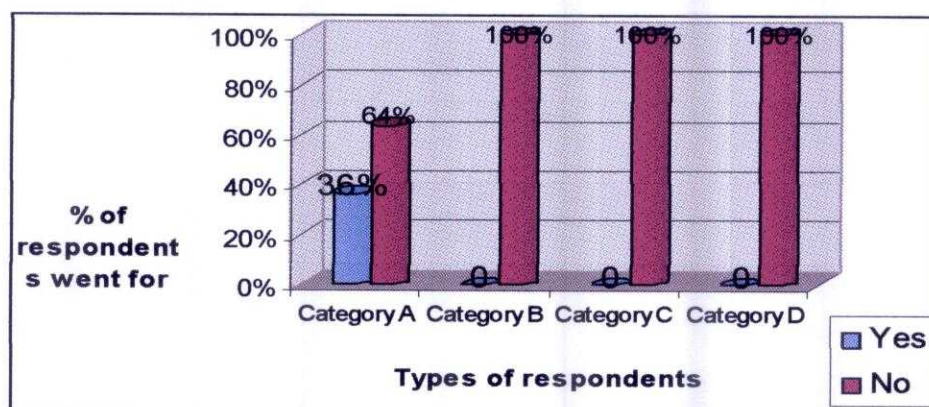
If the entire findings on the gradation of the eleven listed obstacles that push back the fruitfulness of NGO activities in our country with foreign donation is summarized, it is found that the most vital or strongest impediments bearing score 5 are bureaucratic hassle in project approval, lack of transparency and accountability of foreign funded NGOs, weak coordination among NGOs and between GO-NGO, lack of monitoring by government and donors on NGO activities and improper selection of program. The hindrance identified as stronger or more vital bearing score 4 is the monopoly power of Executive Director of NGO as per foreign funded NGOs and NGOAB officials and UNOs though it contrasts with the opinion of donors, majority of whom mentioned it to be ignorable bearing score 1. The medium graded or moderate obstacles bearing score 3 are complexity of rules and regulations, donors' conditionality, non participation of stakeholders in the decision making process and shortage of manpower and logistic support in NGOAB. Lastly, the less important problem evaluated with score 2 in the study is non functional general body of the foreign funded NGO.

5.6 Evaluation on the Outcome of Foreign Aided NGO Interventions

In order to know and compare the state of perception as well as the recognition among the four different types of respondents question was included in all the questionnaire on whether the NGOs are successful in bringing ultimate positive change to the beneficiaries or not. In response to the question regarding the outcome of NGO

interventions with foreign fund, 100% of respondents of category B, C and D that is the donors, UNOs and NGOAB officials replied negatively; they told that foreign aided NGOs are not successful in bringing change to the lives of beneficiaries. Among the respondents of category A that is the foreign funded NGOs, 64% gave negative answer and 36% gave positive answer (Figure 5.19).

Figure 5.19: Evaluation on whether foreign aided NGOs are successful in bringing ultimate change.



(Source: Self compiled)

5.7 Macro Factors behind Failure in Producing Effective Outcome

A further question was put before all the respondents regarding the macro factors for which the foreign funded NGOs cannot produce fruitful outcome. Like the specific obstacles or problems at micro level discussed immediately before, as many as seven macro factors were listed in the questionnaire and the respondents were asked to put a score mark or gradation ranging in the same way that is from 1 to 5 where 5 is the most vital factor and 1 is the ignorable one. These seven enlisted factors are government policy, political influence, political instability, people's perception, unacceptability of NGO activities, changing demand of people and natural disaster. There was scope to mention other factors if any but nobody identified any more factors. In order to get a comparative analysis on the different opinions within the same group, the evaluation of macro factors responsible for unsuccessful development initiatives by foreign aided NGOs is discussed category wise here in after.

i. Category A (Foreign Funded NGOs)

Majority of respondents of category A, that is the officials of foreign funded NGOs evaluated changing demand of people as a moderately important factor. The following

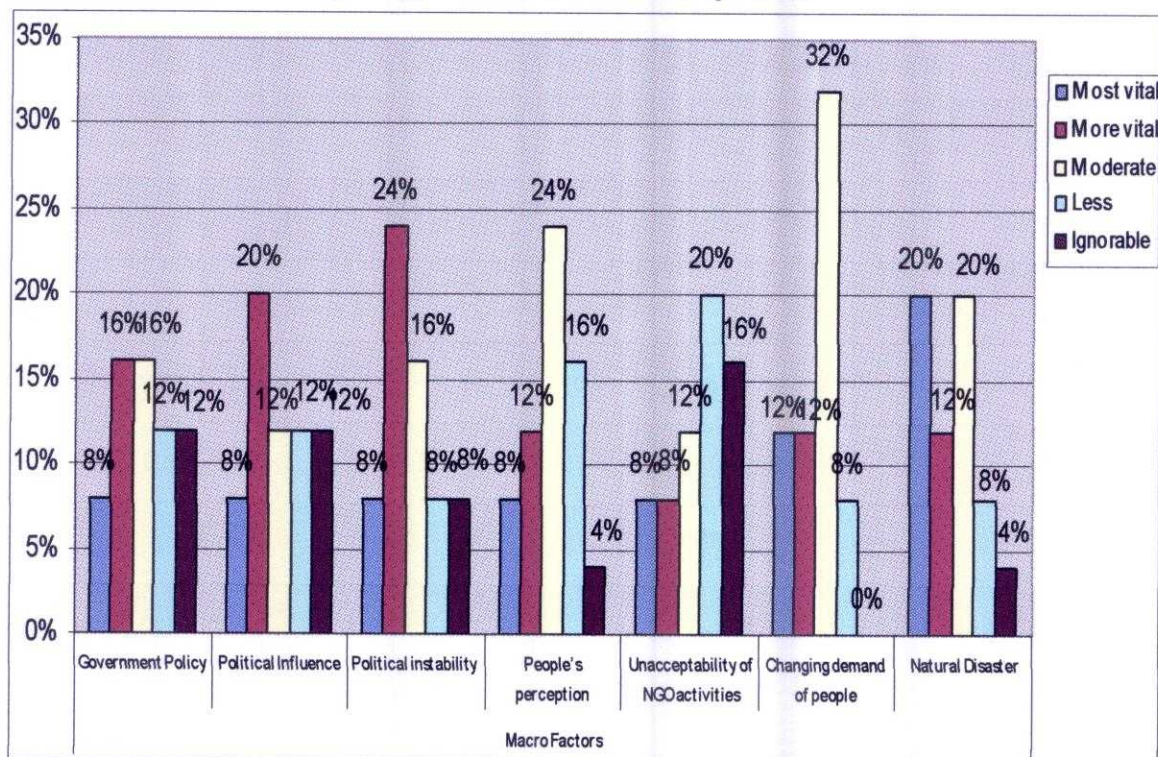
table (Table 5.13) presents the percentage of respondents and the gradation of different macro factors made by them. It is the break up of 64% respondents of category A as rest 34% believe that these NGOs are out and out successful in bringing ultimate change to people.

Table 5.13: Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by respondents of Category A (NGOs)

Gradation	Macro Factors							
	Government Policy	Political Influence	Political instability	People's perception	Unacceptability of NGO activities	Changing demand of people	Natural Disaster	
Most vital	8%	8%	8%	8%	8%	12%	20%	% of respondents
More vital	16%	20%	24%	12%	8%	12%	12%	
Moderate	16%	12%	16%	24%	12%	32%	20%	
Less	12%	12%	8%	16%	20%	8%	8%	
Ignorable	12%	12%	8%	4%	16%	0%	4%	

(Source: Self compiled)

Figure 5.20: Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by NGOs



(Source: Self compiled)

Among the other six factors, most of the respondents, 24% of them scored political instability to be more vital factor and more 24% evaluated people's perception as moderately important issue in this regard (Figure 5.20). Whereas 20% respondents of this category identified political influence as another more vital macro factor.

ii. Category B (Donors)

Most of the respondents of category B or the donors (80%) classified natural disaster as the most vital or strongest factor responsible for ineffective outcome of NGO interventions with foreign fund in the country. The scoring of several issues as responsible factor made by donors is presented in the following table (Table 5.14).

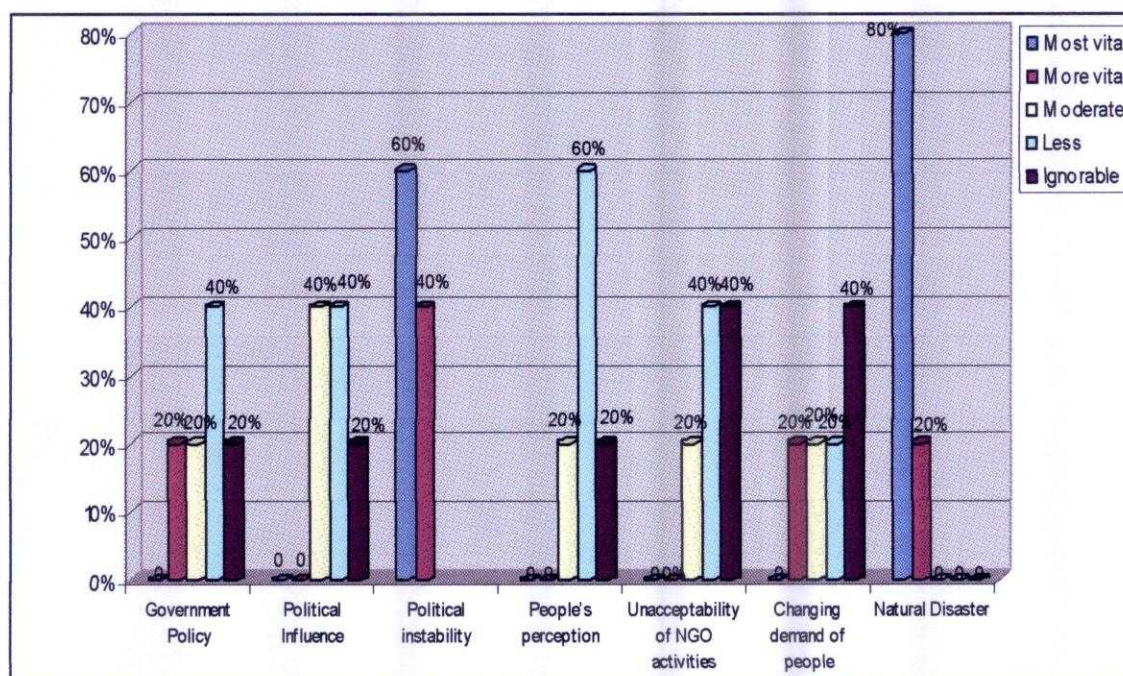
Table 5.14: Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by respondents of Category B (Donors)

Gradation	Macro Factors							
	Government Policy	Political Influence	Political instability	People's perception	Unacceptability of NGO activities	Changing demand of people	Natural Disaster	
Most vital	..	..	60%	..	..	..	80%	% of respondents
More vital	20%	..	40%	..	..	20%	20%	
Moderate	20%	40%		20%	20%	20%	..	
Less	40%	40%		60%	40%	20%	..	
Ignorable	20%	20%		20%	40%	40%	..	

(Source: Self compiled)

Next majority is 60% of respondents of this group who evaluated political instability as the most vital factor though 40% of them graded this issue as more vital one (Figure 5.21). In case of people's perception, 60% told it to be a less important factor. 40% donors told that political influence is a moderately important macro factor, 40% graded it as less important 20% found it to be ignorable. The issue of government policy was scored as less important factor by 40% donors though 20% classified it as the moderate one, 20% told it to be more vital and 20% evaluated it as ignorable one.

Figure 5.21: Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by Donors



(Source: Self compiled)

iii. Category C (UNOs)

Among the seven factors political influence was categorized as moderate one by most of the respondents of category C or the UNOs whereas political instability was scored as more vital factor in producing unsuccessful outcome of foreign funded NGOs activities by other majority of the respondents. Issue wise gradation on enlisted macro factors made by UNOs is shown in the (Table 5.15).

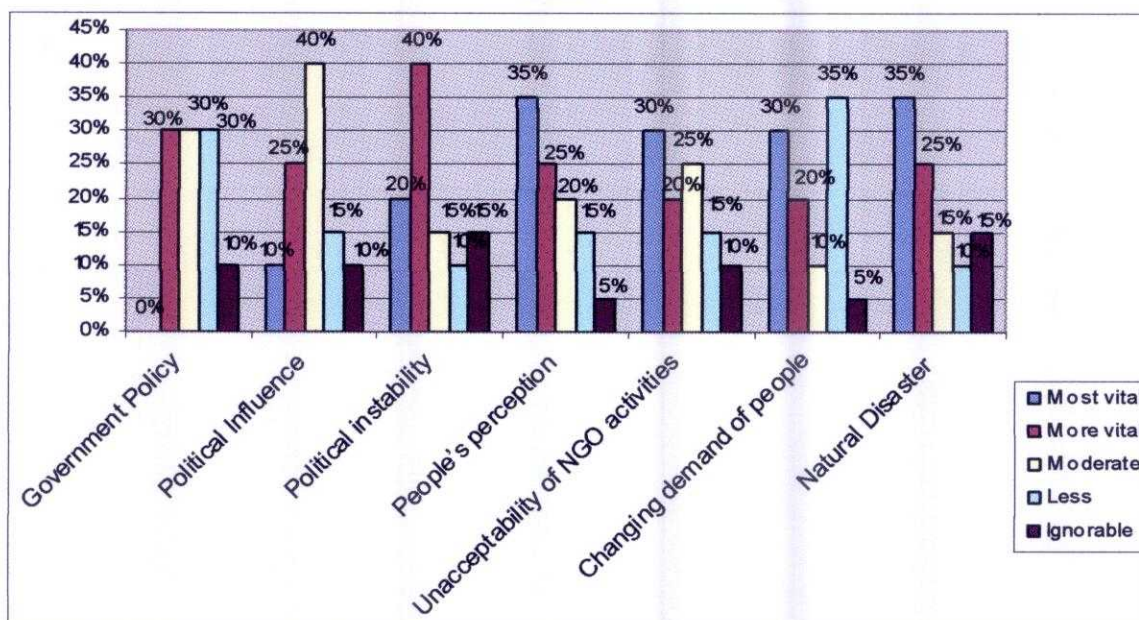
Table 5.15: Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by respondents of Category C (UNOs)

Gradation	Macro Factors							% of respondents
	Government Policy	Political Influence	Political instability	People's perception	Unacceptability of NGO activities	Changing demand of people	Natural Disaster	
Most vital	0%	10%	20%	35%	30%	30%	35%	
More vital	30%	25%	40%	25%	20%	20%	25%	
Moderate	30%	40%	15%	20%	25%	10%	15%	
Less	30%	15%	10%	15%	15%	35%	10%	
Ignorable	10%	10%	15%	5%	10%	5%	15%	

(Source: Self compiled)

During the study, 40% UNOs evaluated political influence as a moderately important factor, 40% told political instability to be a stronger or more vital macro factor (Figure 5.22). On the other hand, the second highest percent that is, 35% of UNOs identified people's perception to be the most vital one, 35% said natural disaster to be the most vital one and 35% opined that changing demand of the people is a less important macro factor. 30% UNOs believe that unacceptability of NGO activities is the most responsible factor and 30% thinks government policy is more vital one.

Figure 5.22: Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by UNOs.



(Source: Self compiled)

iv. Category D (NGOAB Officials)

Respondents of category D that is the officials of NGO Affairs Bureau evaluated political instability, natural disaster, changing demand of people, government policy and unacceptability of NGO activities as the responsible factors bearing higher weightage that frustrate effective out come of NGO intervention with foreign fund. The issue wise gradation made by NGOAB officials is presented in the following table (Table 5.16).

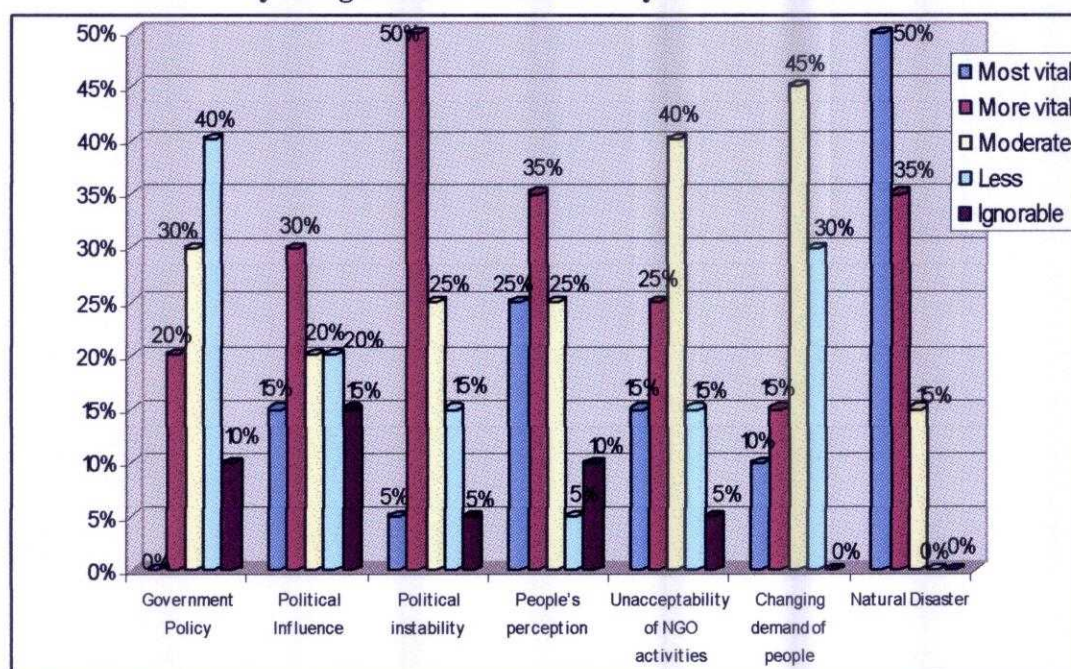
Table 5.16: Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by respondents of Category D (NGOAB officials)

Gradation	Macro Factors							% of respondents
	Government Policy	Political Influence	Political instability	People's perception	Unacceptability of NGO activities	Changing demand of people	Natural Disaster	
Most vital	0%	15%	5%	25%	15%	10%	50%	
More vital	20%	30%	50%	35%	25%	15%	35%	
Moderate	30%	20%	25%	25%	40%	45%	15%	
Less	40%	20%	15%	5%	15%	30%	0%	
Ignorable	10%	15%	5%	10%	5%	0%	0%	

(Source: Self compiled)

The graphical presentation of the above table depicts that, 50% of NGOAB officials scored natural disaster as the most vital macro factor though 35% mentioned it to be more vital (Figure 5.23). In case of political instability as a factor, 50% of the respondents categorized it to be more vital or stronger macro factor. 45% graded changing demand of people to be a moderate one. 40% respondents evaluated government policy as less important and 40% identified unacceptability of NGO activities as the moderate one.

Figure 5.23: Gradation of macro factors responsible for failure in development initiatives by foreign funded NGOs made by NGOAB Officials



(Source: Self compiled)

If the gradations of different factors made by different categories of respondents are compiled, it can be found that among the seven issues, natural disaster was graded by majority as the most significant factor (with the score 5) behind ineffective outcome of foreign funded NGO programs. On the other hand, political instability was mostly graded as more vital issue securing scores 4. Whereas changing demand of people, people's perception, political influence and unacceptability of NGO activities was rated mostly as moderate one bearing score 3. Only the government policy was found to be a less important macro factor with score 2.

5.8 Recommendations for Effective Use of Foreign Donation

Each questionnaire of each category of respondents contained an open ended question regarding their opinion to ensure effective use of foreign fund through the NGOs in the country. The following table shows the specific recommendations of all the 75 respondents of four categories in a descending order. Among all the respondents maximum number (34) recommended for strong monitoring from government and donors over the activities of foreign aided NGOs. 26 respondents recommended for strengthening NGO Affairs Bureau with manpower, logistic support and also skill development training. Another 26 emphasized on avoiding excess program on awareness building or right based activities and undertaking need based programs for the locality. 22 respondents recommended for ensuring public access to financial reports and the activities also. The list of recommendations is mentioned below (Table 5.17).

Table 5.17: Specific recommendations made by the 75 respondents of four categories (in a descending order).

Recommendations	Number of respondents recommended for				
	Category A (Foreign funded NGOs)	Category B (Donors)	Category C (UNOs)	Category D (NGOAB Officials)	Total Out of 75
Strong monitoring	10	8		16	34
Strengthening NGOAB	5	8	2	11	26
Avoid excess program on awareness, rights etc.& ensure need based programs	9		7	10	26
Public access to financial matters	3		11	8	22
GO-NGO coordination	6			11	17

Upgrading rules & regulations		4		7	11
Establish effective monitoring & coordination mechanism			10		10
Ensuring participation of beneficiaries	3		6		9
More facilitating role of govt.	5		3		8
Easy & prompt procedure	8				8
Improvement of NGO Governance	2	6			8
More involvement of local admin			7		7
Admin cost should be reduced.			6		6
Proper accounting system			2	2	4
Strong monitoring by donors				4	4
Political commitment	4				4
More program in social development	3				3
Interest rate of micro credit should be reduced			3		3
Proper punishment for corrupt NGOs				2	2
Establish strategy to reduce dependency		2			2
Admin cost should be reduced.			2		2
NGOs should be more pro active instead of publicity			2		2
Awareness among beneficiaries				1	1
More payments to staffs of NGOs & NGOAB	1				1
Preparing donors' compliance manual	1				1

(Source: Self compiled)

5.9 Problem of NGO Governance and Study of TIB

In analyzing the problem of NGO Governance the study undertaken by TIB in year 2007 can be reviewed in this chapter. The study revealed a series of issues through analysis of information collected from NGO workers and key informants. The number of respondents was 20. These 20 NGOs were selected on the basis of type, geographical distribution, and nature of activities. 7 of them had staff strength of less than 200 employees and 7 had 201 to 400 employees, 5 had 801 or more employees. 17 of the NGOs were registered under NGOAB that is, these 17 NGOs were foreign funded (TIB, 2007:2). The findings of the study concerned with the problems of NGO governance at grass root level were summarized (Appendix-1).

The major findings were that, 100% of the respondents told that most of the members of the governing body do not visit the NGO except attending the meeting. 95% respondents mentioned that regular meeting of the governing body is not held. 90% told that members of the governing body are not informed about the current programs of the organization. 85% respondents pointed that relatives of the executive head exist in the governing body. Again, 90% informed that, the auditor appointed for financial management is previously known and s/he is influenced. 85% respondents told that, exaggerated and wrong information is provided in the audit and financial reports and 85% mentioned that executive head takes decisions unilaterally. Moreover, 100% informed that, NGO is not accountable to service recipients and 95% commented that there is culture of secrecy in keeping financial and accounts information among these NGOs. These were the major findings of the study undertaken by TIB that enable us to get insight knowledge on problems within the governance system of NGOs.

5.10 Conclusion

The data collected in the study from different groups of respondents reveal close similarity between practical situation and the theoretical understandings. The degree of perception about foreign funded NGOs among different actors of the society and their evaluation on the loopholes against effective outcome of NGO operations through efficient use of foreign fund is found from data analysis. Moreover the tendency of accusing each other specially between GO and NGO officials was apparent to some extent. Analyzing the opinions of respondents specially UNOs and NGOAB officials it is realized that there is significant communication gap between GO-NGO, as most of the UNOs alleged that NGOs never disclose their budgetary allocation to them. But as per office order issued by NGOAB at the time of budget approval, foreign funded NGOs are to provide the copy of approved budget to local administration and they must work with the involvement of local upazila administration which the NGOs never comply. Therefore close monitoring and strong enforcement of law is very essential. Certification on NGO activities by UNOs are to be done very carefully. In some cases, UNOs are ignorant of their specific role, i.e. without their clearance foreign aided NGOs can not get fund release from NGOAB in the second year, but the UNOs are not aware of it. So there is also absence of coordination between GO and GO. There were some limitations of the

data collection as it was not possible to interview the beneficiaries due to time constraint and the total sample size 75 was not so significant. Nonetheless, the respondents made some important recommendations during the study which would lead to the way out of present difficulties in successful development initiatives by foreign funded NGOs in the country.

CHAPTER SIX:
RECOMMENDATIONS
AND
CONCLUSION

6.0. Conclusion and Recommendations

Since the independence NGOs have been playing a pivotal and pragmatic role in development of Bangladesh as the state can not reach the poor and meet their needs due to resource constraint. Foreign funds have been directly financing the development activities run by NGOs over the last three decades. Despite the increasing amount of funding and accelerated growth of the sector, NGOs have not brought significant change in levels of poverty. A number of challenges and obstacles impede their ultimate goal though all the criticisms may not be unfounded nor are these applicable to all NGOs and all programs. The process of NGO registration, project approval and fund release requires lots of paper works and considerable time. It results increase of transaction costs instead of encouraging or enabling the NGOs to respond more to the needs of the poor in a timely manner. Lack of financial transparency and accountability of NGOs to their clients and stakeholders, absence of intra and intersectoral coordination, weak monitoring by government and donors and also improper selection of program are the most obstructing factors of aid ineffectiveness through NGOs.

Elections to the executive committee are often not properly held and its membership is often confined to friends and relatives. Nonfunctioning of general council and absolute power of Executive Director, corruption committed by them and non participatory decision making process frustrate the potential of NGOs as democratic voluntary organizations and lead towards autocratic governance. Moreover, donor dependency, donor driven programs as well as their imposed conditionality also impede the effective use of foreign donation in altering the scenario of poverty in the country. Nonetheless, a gradual change is being taken place from dependence upon foreign resources to greater realization of the requirement of national self reliance. For instance, after returning from Paris Club meeting in 2002, the then Finance Minister reacted against donor pressure and emphasized on increasing the country's national resource mobilization and decrease its dependence on the donors. Donors are the pressure group in the context of Bangladesh. Under the current system, due to donor pressure the state cannot take strong action against NGOs in violation of existing laws or non cooperation to the state. Therefore, responsibility goes to donor part also. In case of producing better outcome, the fundamental barriers at macro level are natural disaster and political

instability as per the opinion of respondents of the study. However, in light of the hindrances in effective use of foreign donation in NGO sector mentioned in the earlier chapters, some recommendations to address the issue are proposed here below:

Rules, Regulations and Process

- All existing laws and regulations should be harmonized to eradicate inconsistencies.
- There should be flexibility in time bar and concern ministry's opinion in approval of projects and fund release to minimize bureaucratic hassle so that government can play more facilitating role in creating an enabling environment for foreign funded NGOs.
- To provide easy and prompt service by government, consumption of time required as per law in seeking opinions of concern ministry for the purpose of project approval should be reduced. It can be done by forming a database of all development activities of GO and NGO and by simplifying the related rules and regulations.
- There should be strong regulation and enforcement as well for proper punishment of corrupt NGOs.
- It is essential to establish a committee consisting of experienced professionals with a mandate to modernize legislation governing NGOs. This high-level committee could be tasked with detailed review of the relevant laws and proposing new legislation and amendments to existing laws.

Strengthening NGO Affairs Bureau

- Creating post of auditor, increasing and redistribution of manpower and HR Development through proper training is necessary to strengthen NGOAB.
- Government ought to strengthen monitoring procedures to improve the effectiveness of aid that is channeled to NGOs.
- There should be branches of NGO Bureau at least at district level in order to reduce the transaction costs for NGOs based outside Dhaka.

Introducing E-Governance

- Introducing e-governance in total system so that application for registration, project approval, fund release, work permit can be submitted and decisions be given through online to ensure prompt service and minimising risk of crossing donor's deadline as well as reduction of project implementation period.
- Automation of NGO Affairs Bureau is highly required.

Coordination of GO-NGO, among NGOs

- Formation of strong database providing the informations of all ongoing and proposed projects to avoid duplication among GO-NGOs and to ensure coordination of overall activities should be done.
- NGOs must involve the local level administration or UNOs in operating their activities.
- There must be a forum for dialogue between Government and NGOs with a view to increasing mutual understanding and cooperation in efforts to reduce poverty.
- Develop an improved policy and institutional environment for GO-NGO collaboration or joined up governance.
- Limited collaborative relationship with the government agencies and other NGOs in their program areas initiated in recent years should be increased.
- The Government-NGO Coordination Council should be revived to provide a forum for regular government-NGO discussions.
- There should be continuous Government NGO dialogue which would remove mutual distrust. NGOs should make themselves more accountable and transparent like the government agencies.

Overall NGO Sector with better Governance

NGOs also have a large agenda if they are to continue to be effective partners in development. The foreign funded NGOs should be more proactive instead of hankering after their publicity. Priorities include the need to (a) strengthen financial management and corporate governance; (b) scale up efforts to provide public disclosure with respect to income sources, expenditure patterns, and programs, along with a public information strategy to address misconceptions about NGOs; (c) make greater efforts to align

programs with national strategies, coordinate with local and national government officials, and act as facilitators of government, private sector, and community service provision; (d) revisit strategic directions periodically based on national development needs and internal capacity constraints. More specifically, the following tasks should be done:

- NGOs should develop management and financial policies, service rules, and reporting and documentation guidelines at an early stage of their development.
- Financial policies should provide details on accounting convention, depreciation, revenue recognition, taxation, recognition of government grants, loan provision, accounting for expenses and so forth. Procurement policies and the roles and responsibilities of audit committees and internal audit teams need to be detailed.
- There should be budget allocation for capacity building of employees, including accounts staff. All of these guidelines must be available and communicated to all staff.
- NGOs should invest in automating their accounting systems as the benefits of computerization include increased efficiency, easier information sharing, and a reduction in duplication, errors, and fraud.
- Building the capacity of the NGO sector in accounting and auditing is essential. It is advised that resources be allocated for hiring accounting professionals or that bodies such as ICAB be involved in this process to ensure due diligence in designing the training programs.
- An autonomous NGO Commission should be set by Government for monitoring of the entire NGO Sector. Under this commission, registration, monitoring, controlling and other interrelated works will be done.
- A system of Social Audits may be introduced under the proposed NGO Commission or the umbrella bodies of NGOs.
- GNCC should be patronized and activated.

Role of the Governing Body

- There should be an appropriate devolution of power and authority and duties and responsibilities are to be assigned on the basis of capacity, managerial skills and requirements of new realities.

- A balanced and functional general council must be ensured to the donors, Umbrella body and NGO Commissions where members with minimum conception and perception are included and Executive head's relatives are excluded.
- Governing body should empower the chief executive to operate within the policy guidelines set up by the Board. On the other hand the Governing body members should perform their roles effectively so that the executive head's accountability is ensured. Specific code of conduct of governing body members should be available.
- The founder of an NGO may hold the post of Chief Executive or Chairman/Member of the governing body. In that case there should be an effective check and balance between the executive head and the governing body. The chief executive may be changed as per the governing body's decision.
- Decisions should not be made by the executive head unilaterally. Stakeholders and NGO workers' participation must be ensured.
- Appropriate devolution of power and authority and assigning duties and responsibilities on the basis of capacity, managerial skills and requirements of new realities should be brought about .

Financial Transparency

- Fund expenditure must internally and externally audited by government approved independent enlisted auditors.
- The yearly budget of every program must be disclosed. In this regard stakeholders, local citizen, journalists, researchers and government officials may be informed.
- There should be punishment practice to ensure fair role of audit firms.
- Appropriate legal steps must be taken against responsible individuals in the NGO found to be involved in corruption.

Accountability to beneficiaries and participatory approach:

- Program policies and planning and budgets should be subjected to approval by the governing body or general council consisting of eminent citizens and clients. It

can be more effective if wider range of people from different sectors of a community are represented in the general council of NGO.

- Ensuring people's participation in planning and implementing the need based program demanded by the locality.
- To minimize salary and other administrative cost and increase the actual program cost for the interest of the beneficiaries.
- There should be committees consisting of NGO representatives, beneficiaries of that particular NGO and other members of the society where the service delivered by NGO and service received by the clients will be cross checked through open discussion and the feedbacks given by the target group must be evaluated. Meeting of such committees should be held weekly.

Monitoring of NGO Activities

- To establish effective monitoring and coordination mechanism.
- Thematic/program based umbrella bodies may be formed by the concerned NGOs for ensuring self-regulation and due diligence.
- Activity Reports of ongoing projects implemented by different NGOs must be available in website.
- There should be a cell to receive complaints from NGO workers and take proper actions accordingly. This complaint cell may be set up in the NGO Commission and in every umbrella body.
- The development partner, along with providing fund to a project, should monitor and evaluate the activities of the concerned NGO. They may stop their fund immediately if any irregularities are found.

Access to Information

- All information of an NGO should be made accessible to the public, especially its stakeholders. Information dissemination should be institutionalized rather than being dependent on one individual.
- Efforts should be made to develop its own NGO website which should be updated regularly.

Program selection and Micro credit

- Foreign funded NGOs should be committed to undertake need based program considering the local context.
- NGO interventions with foreign fund must avoid excess program on awareness building or advocacy and undertake more visible work considering the real need for poverty reduction.
- The micro finance initiative should be more pro growth than pro outreach in its portfolio diversification and expansion.
- Before providing credit with the intention of better income levels, one needs to provide the right education about the proper utilization of credit with the intention of better income levels.
- Micro credit programs could increase the size of the group from 5-6 to 10 and the size of the center from 12 to 15-20. They could also relax the land holding criterion to accommodated small and medium size farmers.
- Loans to individual borrowers should be increased only gradually, so that borrowers are not stretched beyond their means.
- Financial strengthening of Micro Credit Institutes (MCI) to provide financial services to the poor is essential. It requires appropriate institutional development and a conducive policy environment.

Donors' Perspectives

- Government should formulate some guidelines to be followed by foreign donors to protect the national interest.
- There must be a mutual fixed set of rules that would be followed by donors containing provision of minimum overhead cost, flexibility in provision of foreign consultant post, overseas headquarter's administrative cost, clear direct funding procedure, terms of loans etc.
- Donor funding can be guided by the sectoral plan of NGO in the perspective of NSAPR.
- Donors should reduce the transaction costs of their financing by harmonizing reporting requirements, upgrading financial management skills of their own staff,

and retaining an institutional standard within their organizations. In financing social sector activities, donors also need to develop a clear strategy for sustainability.

- Donors should have a dialogue with the NGO Affairs Bureau before finalizing their commitment to the NGOs.
- Evaluation teams of donors in the NGO sector should include representatives from the NGO Bureau and the concerned Ministries with a view to ensuring a balanced feedback.
- Donors should identify local self-help groups which have good programs in the field. Promoting self sustenance in the NGO community should be corner stone of the policy of the donors. Otherwise NGOs will also have a tendency to remain dependent on the donors.
- Donors should wherever feasible try to accommodate the comments of the lead Ministry and the NGO Affairs Bureau instead of withdrawing funds when changes are suggested.

Aid effectiveness through NGO operations encompasses four corners to address its obstructing factors: the responsibility goes to NGO sector itself, government, donors and the beneficiaries as well. It is the willingness of the executive heads of foreign funded NGOs whether they will give the interest of beneficiaries as top priority or not. Therefore, social commitment is a must among the NGO personalities to bring sustainable development through effective utilization of foreign aid. Secondly government should be more facilitating to promote NGO activities in development sector. The donors also need to be vigilant in selecting appropriate or competent NGO and regular monitoring of the progress to ensure better performance. Beneficiaries also have the responsibility to be aware of the activities of the NGOs from where they are getting benefits from. Flexibility and uniformity of rules and procedures, disseminating information by introducing e-governance in ensuring transparency, establishing a participatory approach through inclusion of beneficiaries in general council, confirming people's participation in decision making and undertaking need based programs of the locality, effective coordination and active involvement of local administration in implementing NGO activities, joined up governance between government and NGO side

are the most vital issues in addressing the impediments discussed earlier. NGOs need to be transparent to their clients, donors and the state both functionally and financially if they really want to represent the interests of the poor. Moreover, accountability to the people for whom foreign fund is mobilized is important from NGO portion because they help to define a nonprofit's purpose, functions, and status. NGOs must conform to certain standards, adhere to state regulations and have their work coordinated at the state level as they cannot function in isolation from the mainstream of political, economic and social life in this Country. The rule binding and committed image of foreign funded NGOs will surely bring positive perception and enhance their acceptability to common people. In addition, government policy must address the issue of natural disaster; the most vital macro factor impeding successful completion of development projects. Moreover, to ensure smooth flow of funding from foreign donors and its productive and meaningful outcome, the political environment should be congenial within the country. Also there should be political commitment among the leaders to attain the ultimate goal of poverty reduction and sustainable development.

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APPENDICES

Appendix-1

Table: Problems in the internal governance of NGO according to the study of TIB, 2007

Problems in the Internal Governance System	NGO			Number (%)
	International	National	Local	20 (100%)
Role of the Governing Body				
Relatives of the executive head exist in the governing body.	-	6	11	17 (85)
Regular meeting of the governing body is not held.	-	8	11	19 (95)
Members of the governing body are not informed about the current programs of the organization.	1	7	10	18 (90)
Most of the members do not visit the NGO except participating in meetings.	1	8	11	20 (100)
Decision Making Process				
Executive head takes decisions unilaterally.	1	5	11	17 (85)
Decisions are not taken through meetings.	-	5	9	14 (70)
The original proceedings of the meeting are not recorded.	-	5	9	14 (70)
There is no scope of giving opinion by general staff.	-	6	9	15 (75)
Financial Transparency				
The accountants are not independent.	-	6	11	17 (85)
Exaggerated and wrong information are provided in the audit and financial reports.	-	6	11	17 (85)
The auditor appointed for financial management is previously known and s/he is influenced.	-	7	11	18 (90)
Financial and other facilities are taken by members of the	-	4	10	14 (70)
Irregular payment of salary and benefits.	-	2	5	7 (35)
Human Resource Development and Grievance Procedure				
There is absence of a Human Resource Policy. Even if it exists, it is not followed properly.	-	6	9	15 (75)
Necessary training is not provided to the employees.	-	3	7	10 (50)
Proper evaluation process is not maintained for selecting employees training.	-	6	9	15 (75)
In many cases performance is not the basis of benefits provided to employees.	-	6	9	15 (75)
Proper staff evaluation is not done and employees are not promoted.	-	6	8	14 (14)
Grievance procedures are not properly maintained.	-	7	11	18 (90)
Employees are compelled to work extra time.	-	8	11	19 (95)
Financial benefits are not provided to employees for extra work.	-	8	11	19 (95)
No action is taken against harassment of female staff.	-	2	7	9 (45)
Accountability to Service Recipients, Donors and Government				
NGO is not accountable to service recipients.	1	8	11	20 (100)
Exaggerated reports are submitted to NGO Affairs Bureau, Donors, Local Administration, and Social Service Directorate.	-	5	11	16 (80)
Financial negotiation is done for getting government project.	-	4	9	13 (65)
Project Implementation, Supervision and Monitoring				
Many programs are not implemented properly.	-	6	8	14 (70)
There is lack of necessary supervision and evaluation in program implementation.	-	5	8	13 (65)
Progress and evaluation report are exaggerated.	-	8	11	19 (95)
Secrecy of Information				
Culture of secrecy in keeping financial and accounts information.	-	8	11	19 (95)
Consolidated information is not found.	-	6	11	17 (85)
Common people do not get information easily from the organization.	-	6	11	17 (85)
There is no website.	-	4	8	12 (60)
There is no updated information on the website.	-	1	-	1 (12.5)

Questionnaire for Foreign Funded NGOs (Category A)

NOTE: This Questionnaire has been prepared for the purpose of Thesis project as partial requirement of MA in Governance and Development (MAGD) program run by the Institute of Governance Studies (IGS) of BRAC University.

- 1. Your Profile:**
 - a. Your name(optional to mention):
 - b. Designation:
 - c. Organization:
 - d. Service length in NGO sector:
- 2.** Is your organization totally foreign fund dependent?.....Yes/No
- 3.** If no, to what extent it is dependent on foreign donation? (Answer in %)
- 4.** What is the main activity of your organization?
- 5.** Type of your NGO: (whether it operates in one or some areas of a district)
Local /National(whether it operates in many districts of the country)/International (whether it operates in different countries round the world)
- 6.** Target area of your NGO Operation: Rural/Urban/Slum
- 7.** Who are the beneficiaries of your NGO? (You can put more than 1 tick, if necessary)
Poor/Hardcore poor/Children/Men/women/All/Others (Please specify)
- 8.** Is the administrative cost that you incur in project, sufficient enough to cover the expenditure during implementation?
- 9.** What is the actual average administrative cost (cost used for salary, office management etc.) for any project in your NGO? (Answer in %)
- 10.** In practice how much of your fund is used for program activities? (In %)
- 11.** According to you what are the main obstacles in utilizing foreign donation more effectively in NGO Operation? (please make a gradation where the strongest/highest grade is 5)

Serial No.	Obstacles	1	2	3	4	5
1	Bureaucratic hassle in project approval					
2	Complexity of existing rules, regulations					
3	Monopoly power of Executive Director of NGO					

4	Non functional general council					
5	Lack of Transparency & accountability of NGO					
6	Weak coordination(GO-NGO& NGO-NGO)					
7	Donors' conditionality					
8	Non participation of stakeholders in decision making					
9	Shortage of logistic support or manpower in NGO Bureau					
10	Lack of monitoring from Govt. and Donors					
10	Improper selection of Programs					
11	Others (Please specify)					

12. NGOs are operating with foreign donation in Bangladesh over the last three decades. But still poverty has not been reduced completely. Forty percent of total population lives below poverty line. In this regard, what is your opinion about the performance of NGOs, are they absolutely successful in bringing ultimate change to the life of the beneficiaries? Yes/No

13. If no, what are the macro factors for which NGO activities cannot produce effective outcome or cannot successful in bringing ultimate change in the life of beneficiaries? (Please make a gradation where the strongest grade is 5)

Serial No.	Responsible Factors	1	2	3	4	5
1	Government Policy					
2	Political Influence					
3	Political instability					
4	Social Context:					
4a.	People's perception					
4b.	Unacceptability of NGO activities					
4c.	Changing demand of people					
5	Natural Disaster					
6	Others (Please specify)					

14. What is your recommendation for effective use of foreign donation by NGOs in Bangladesh?

- i).....
- ii).....
- iii).....
- iv).....
- v)

Thank You

Questionnaire for Donors

(Category B)

NOTE: This Questionnaire has been prepared for the purpose of Thesis project as partial requirement of MA in Governance and Development (MAGD) program run by the Institute of Governance Studies (IGS) of BRAC University.

1. Your Profile:

- a. Your name (optional to mention):
 - b. Designation:
 - c. Service length in Donor Organization:
- 2.** What type of NGOs do you fund for? Local/National NGO
- 3.** Is there any particular area of activities preferred by your organization for selection of funding to an NGO? Yes/No
- 4.** If yes, what is the preferred area of operation?
- 5.** What is your overall impression about the foreign aided NGOs in Bangladesh? (In one sentence)
.....
- 6.** What is your evaluation regarding their activities in poverty reduction in Bangladesh? Satisfactory/Good/Very good/Excellent
- 7.** As per your experience and inspection, is the foreign donation totally spent for beneficiaries? Yes/No
- 5.** If no, what percent of the total cost of project can reach the beneficiaries?.....
- 6.** Usually what is the average expenditure (in %) in salary, office management or other administrative cost of a project found during inspection undertaken by any foreign funded NGO?
- 7.** What is the monitoring mechanism of NGO activities in your organization?
.....
- 8.** What is the ultimate result if an allegation is found against any of your funded NGO?
.....
- 9.** Is the annual report and audit report submitted by your aided NGO cross checked?Yes/No

10. If yes, how it is done?

.....

11. Do you have any audit mechanism for the recipient NGOs? Yes/No

12. If yes, usually what type of anomalies do you find in your audit?

.....
.....

13. What is your evaluation regarding the service provided by NGO Affairs Bureau?

Satisfactory/ Good/ Very good/ Excellent

14. Is there any issue of NGO Affairs Bureau that impedes your funding to NGOs? Yes/ No

15. If yes, please specify the issues.

.....
.....

16. What are the main obstacles in utilizing foreign donation more effectively in NGO Operation? (please make a gradation where the strongest/highest grade is 5)

Serial No.	Obstacles	1	2	3	4	5
1	Bureaucratic hassle in project approval					
2	Complexity of existing rules, regulations					
3	Monopoly power of Executive Director of NGO					
4	Non functional general council					
5	Lack of Transparency & accountability of NGO					
6	Weak coordination(GO-NGO& NGO-NGO)					
7	Non participation of stakeholders in decision making					
8	Shortage of logistic support or manpower in NGO Bureau					
9	Weak monitoring by Govt. and Donors					
10	Improper selection of Programs					
11	Others (Please specify)					

17. NGOs are operating with foreign donation in Bangladesh over the last three decades. But still poverty has not been reduced completely. Forty percent of total population lives below poverty line. In this regard, what is your opinion about the performance of NGOs, are they absolutely successful in bringing ultimate change to the life of the beneficiaries? Yes/No

18. If no, what are the macro factors for which NGO activities cannot produce effective outcome or cannot successful in bringing ultimate change in the life of beneficiaries? (Please make a gradation where the strongest grade is 5)

Serial No.	Responsible Factors	1	2	3	4	5
1	Government Policy					
2	Political Influence					
3	Political instability					
4	Social Context:					
4a.	People's perception					
4b.	Unacceptability of NGO activities					
4c.	Changing demand of people					
5	Natural Disaster					
6	Others (Please specify)					

19. What is your recommendation for effective use of foreign donation by NGOs in Bangladesh?

- i).....
- ii).....
- iii).....
- iv).....
- v).....

Thank You

Questionnaire for Upazila Nirbahi Officers (Category C)

NOTE: This Questionnaire has been prepared for the purpose of Thesis project as partial requirement of MA in Governance and Development (MAGD) program run by the Institute of Governance Studies (IGS) of BRAC University.

1. Your Profile:

- a. Your name (optional to mention):
- b. Duration of posting as UNO:

- 2. What is your overall impression about the foreign aided NGOs in Bangladesh? (In one sentence)**
-

- 3. What is your evaluation regarding their activities in poverty reduction in Bangladesh?**

Satisfactory/Good/Very good/Excellent

- 4. As per your experience and inspection in field level administration, is the foreign donation collected by NGOs totally spent for beneficiaries? Yes/No**
- 5. If no, what percent of the total cost of project can reach the beneficiaries?.....**

- 5. Usually what is the average expenditure (in %) in salary, office management or other administrative cost of a project found during inspection undertaken by any foreign funded NGO?**
-

- 6. Please specify the role of UNO office regarding NGO activities at Upazila level.**
-
-

- 7. What is your opinion about the role of your department regarding NGO activities in your jurisdiction?**

Facilitating /Controlling/Both

- 8. What is the monitoring mechanism of NGO activities in your department?**
-

- 11. What is the coordinating mechanism of NGO activities in your department?**
-

Questionnaire for Upazila Nirbahi Officers (Category C)

NOTE: This Questionnaire has been prepared for the purpose of Thesis project as partial requirement of MA in Governance and Development (MAGD) program run by the Institute of Governance Studies (IGS) of BRAC University.

1. Your Profile:

- a. Your name (optional to mention):
- b. Duration of posting as UNO:

- 2. What is your overall impression about the foreign aided NGOs in Bangladesh? (In one sentence)**
-

- 3. What is your evaluation regarding their activities in poverty reduction in Bangladesh?**

Satisfactory/Good/Very good/Excellent

- 4. As per your experience and inspection in field level administration, is the foreign donation collected by NGOs totally spent for beneficiaries? Yes/No**
- 5. If no, what percent of the total cost of project can reach the beneficiaries?.....**

- 5. Usually what is the average expenditure (in %) in salary, office management or other administrative cost of a project found during inspection undertaken by any foreign funded NGO?**
-

- 6. Please specify the role of UNO office regarding NGO activities at Upazila level.**
-
-

- 7. What is your opinion about the role of your department regarding NGO activities in your jurisdiction?**

Facilitating /Controlling/Both

- 8. What is the monitoring mechanism of NGO activities in your department?**
-

- 11. What is the coordinating mechanism of NGO activities in your department?**
-

12. Are there any problem/problems in carrying out the tasks of monitoring and coordinating NGO activities efficiently? Yes/No

13. If yes, what are the problems?

.....

12. What is the ultimate result if an allegation is found against any foreign funded NGO?

.....

13. What are the main obstacles of effective use of foreign donation in NGO Operation? (please make a gradation where the strongest/highest grade is 5)

Serial No.	Obstacles	1	2	3	4	5
1	Bureaucratic hassle in project approval					
2	Complexity of existing rules, regulations					
3	Monopoly power of Executive Director of NGO					
4	Non functional general council					
5	Lack of Transparency & accountability of NGO					
6	Weak coordination(GO-NGO& NGO-NGO)					
7	Donors' conditionality					
8	Non participation of stakeholders in decision making					
9	Shortage of logistic support or manpower in NGO Bureau					
10	Lack of monitoring from Govt. and Donors					
11	Improper selection of Programs					
12	Others (Please specify)					

14. As per your experience, what are the macro factors for which NGO activities cannot produce effective outcome or cannot successful in bringing ultimate change in the life of beneficiaries? (Please make a gradation where the strongest grade is 5)

Serial No.	Responsible Factors	1	2	3	4	5
1	Government Policy					
2	Political Influence					
3	Political instability					
4	Social Context:					
4a.	People's perception					
4b.	Unacceptability of NGO activities					
4c.	Changing demand of people					
5	Natural Disaster					
6	Others (Please specify)					

15. What is your recommendation for effective use of foreign donation by NGOs in Bangladesh?

- i).....
- ii).....
- iii).....
- iv).....
- v).....

Thank You

Appendix-5

Questionnaire for NGO Affairs Bureau Officials (Category D)

NOTE: This Questionnaire has been prepared for the purpose of Thesis project as partial requirement of MA in Governance and Development (MAGD) program run by the Institute of Governance Studies (IGS) of BRAC University.

5. Your Profile

- c. Your name (optional to mention):
- d. Designation:
- e. Duration of posting in NGOAB:

6. What is your overall impression about the foreign aided NGOs in Bangladesh? (In one sentence)

.....

7. What is your evaluation regarding their activities in poverty reduction in Bangladesh?

Satisfactory/Good/Very good/Excellent

8. As per your experience and inspection, is the foreign donation totally spent for beneficiaries? Yes/No

5. If no, what percent of the total cost of project can reach the beneficiaries?

.....

6. Usually what is the average expenditure (in %) in salary, office management or other administrative cost of a project found during inspection undertaken by any foreign funded NGO?

7. What is your opinion about the role of your department?

Facilitating /Controlling/Both

8. Is there any problem/problems in carrying out the tasks of NGOAB efficiently? Yes/No

9. If yes, what are the problems?

.....

10. What is the monitoring mechanism of NGO activities in your organization?

.....

11. What is the ultimate result if an allegation is found against any foreign funded NGO?

.....
12. What are the main obstacles of effective use of foreign donation in NGO Operation? (please make a gradation where the strongest/highest grade is 5)

Serial No.	Obstacles	1	2	3	4	5
1	Bureaucratic hassle in project approval					
2	Complexity of existing rules, regulations					
3	Monopoly power of Executive Director of NGO					
4	Non functional general council					
5	Lack of Transparency & accountability of NGO					
6	Weak coordination(GO-NGO& NGO-NGO)					
7	Donors' conditionality					
8	Non participation of stakeholders in decision making					
9	Shortage of logistic support or manpower in NGO Bureau					
10	Lack of monitoring from Govt. and Donors					
11	Improper selection of Programs					
12	Others (Please specify)					

13. As per your experience, what are the macro factors for which NGO activities cannot produce effective outcome or cannot successful in bringing ultimate change in the life of beneficiaries? (Please make a gradation where the strongest grade is 5)

Serial No.	Responsible Factors	1	2	3	4	5
1	Government Policy					
2	Political Influence					
3	Political instability					
4	Social Context:					
4a.	People's perception					
4b.	Unacceptability of NGO activities					
4c.	Changing demand of people					
5	Natural Disaster					
6	Others (Please specify)					

14. What is your recommendation for effective use of foreign donation by NGOs in Bangladesh?

- i).....
 ii).....
 iii).....
 iv).....
 v).....

Thank You