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Donors' Influence Strategies and Beneficiary Accountability: An NGO Case Study

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Abstract

Previous research on NGO accountability have focused on the constraining features of NGOs' accountability to donors. We argue that donor accountability of NGOs also has enabling features which can be mobilised to the advantage of beneficiaries. Drawing on a fieldwork-based case study design in this paper, we show that how powerful stakeholders like donors can influence NGOs, and in that process facilitate beneficiary accountability. We have found that donors have applied 'direct usage' (influence NGOs directly by controlling critical resources) and 'indirect usage' (influence NGOs indirectly via other stakeholders such as regulators) strategies in holding the case NGO to account.

Highlights

- This paper is concerned with finding ways for the improvement of NGOs' accountability to beneficiaries.

- We have argued against the tendency to view donor accountability versus beneficiary accountability as dichotomous.

- While previous studies have focused on the constraining features of NGOs' accountability to donors we highlight in-built enabling features of NGOs' accountability to donors which can be mobilised to the enhancement of beneficiary accountability.

- Our results show that powerful NGO stakeholders like donors have applied various influence strategies in holding the case NGO to account for their beneficiaries.

1. Introduction

The accountability relationships between NGOs, donors and beneficiaries have been of significant interest in the NGO accountability literature (Rahmani, 2012). Prior research on NGO accountability (Dixon, Ritchi, & Siwale, 2006; Ebrahim, 2003; O'Dwyer & Unerman, 2008) argued that in the process of upward accountability to donors by NGOs (donor accountability in brief), their accountability towards beneficiaries (beneficiary accountability in brief) had been compromised. This is an unintended consequence of the NGO accountability process. We argue that while the literature has rightly noted the constraining features of NGOs' accountability to donors, there are some enabling features of donor accountability which has been neglected in the academic research on NGO accountability (but see Yasmin, Ghafran, & Haniffa, 2018). We contribute by picking this up and highlighting these under-researched enabling features of donor accountability which facilitate beneficiary accountability. Donors have significant power and influence on NGOs which can be mobilised to facilitate beneficiary

accountability. Our central research questions are: ***how do donors' influence strategies enable NGOs' accountability to beneficiaries? And, what are the impacts of donors' influence strategies on beneficiary accountability?*** We explore these under-researched inter-linked questions in the context of our case study organisation – BRAC[1].

Research on NGOs is also important because it can provide us "*unusual or extreme context*" for research because of their main focus on values over profit, social and environmental issues, engagement with multiple major stakeholders and "*action-oriented*" approaches (see, Hall & O'Dwyer, 2017, p.1). There is a call in the NGO accountability literature to hold NGOs accountable to their beneficiaries (see, Ebrahim, 2005; O'Dwyer & Unerman, 2008; Unerman & O'Dwyer, 2006a). While some prior research (e.g., Connolly & Hyndman, 2017; Dixon, et al., 2006; O'Dwyer & Unerman, 2007; O'Leary, 2017) addressed the issue of beneficiary accountability, very little is known to date as to how stakeholders' collaboration could help improve NGOs' accountability to poor and marginalised beneficiaries. This research attempts to fill this gap.

In this case study, we examine the accountability practices of a large international development NGO based in Bangladesh – BRAC. Our key motivation for this case study comes from the sheer size, power and influence of BRAC on many poor and marginalised people from 11 developing countries, including Bangladesh. It employs approximately 100,000 employees and already reached to more than 138 million poor and marginalised people (www.brac.net, 1 November, 2018). BRAC's key programmes include microfinance, health, education and WASH (Water, Sanitation and Hygiene). Originally BRAC was set up to reduce poverty from a war-torn country in the 1970s. Although BRAC was almost fully dependent on donors for funding, over time it has reduced donor dependency by generating profits from commercial activities. BRAC's involvement in a diverse range of commercial activities, including commercial banking, agriculture and manufacturing, makes it look like a business conglomerate. Some critics argued that BRAC's engagement with commercial activities, such as commercial banking, was beyond its mandate as a charitable organisation, and the move was faced with resistance from a regulator, civil society and commercial sectors in Bangladesh (Sidel, 2004). The enormity of its operations has made it look like a parallel state, according to a BBC documentary (Phinney, 2007, June 23rd). We have chosen this very 'unusual' (Hall & O'Dwyer, 2017) and important context of BRAC to study the issue of NGO accountability. Some prominent social science scholars (e.g., Mair & Marti, 2009; McKague, Zietsma, & Oliver, 2015) already published scholarly papers on BRAC.

NGOs in developing countries receive funding from large institutional donors such as DfID (Department for International Development, UK), Dutch Government, USAID and AusAid[2]. These institutional donors get involved in aid delivery in partnership with NGOs from aid receiving countries to meet the commitments of the donors' home governments. One of the main purposes of the aid delivery is to improve the lives of poor and marginalised people through specific funding activities. It is argued in the literature (Ebrahim, 2005) that accountability to stakeholders (e.g. beneficiaries) helps improve aid effectiveness. Although there are apparent agreements among scholars, practitioners, and policy makers regarding the need for better beneficiary accountability (see, O'Dwyer & Unerman, 2008), little is known as to how it can be materialised. Given the perceived lack of power of the beneficiaries in holding NGOs to account, we argue that powerful stakeholders, such as donors, can play an enabling role in making NGOs accountable to their beneficiaries.

The exploration of the enabling features of donor accountability is important for two reasons. Firstly, these features have been neglected in prior research and we aim to respond to the call for research in this area (see, Ebrahim, 2005; O'Dwyer & Unerman, 2008; Unerman & O'Dwyer, 2006a). Moreover, we believe that this has important implications for NGO accountability related policy and practice. Secondly, given not only the vulnerability and exploitability (Belal, Cooper, & Roberts, 2013) of the beneficiaries in developing countries, but also the unwillingness or lack of capacity of the developing country governments and their regulators (Ahmed, 2008) to hold NGOs to account, donors have the required power and influence which can be positively mobilised to the advantage of beneficiaries.

Drawing from Frooman (1999) we argue that the significant powers held by the donors might allow them to apply **direct** or **indirect usage** strategies to facilitate NGOs' accountability towards beneficiaries (beneficiary accountability thereafter). **Direct usage** strategies enable the donors to enforce their requirements (including beneficiary accountability) by attaching some conditionalities related to the use of funding. **Indirect** strategies involve collaboration with other NGO stakeholders, such as regulators, to achieve intended purposes.

Our contributions are both theoretical and empirical. Firstly, drawing from Frooman (1999) we introduce a theoretical framework to the NGO accountability literature on how beneficiary accountability can be operationalised by mobilising the enabling features of donor accountability. Theoretically, we show how various usage strategies can be deployed to achieve the intended goal of beneficiary accountability. Secondly, we provide empirical illustrations in support of our theoretical arguments by bringing in evidence from the case study of a large international NGO operating in Bangladesh. Our aim is not only to provide theoretical arguments but also to add empirical meat to the theoretical skeleton. Finally, improvement of beneficiaries' lives and their empowerment via enhanced beneficiary accountability is one of the major concerns of NGO accountability scholars (see, Agyemang, Awumbila, Unerman, & O'Dwyer, 2009b; O'Dwyer & Boomsma, 2015; Unerman & O'Dwyer, 2006a). However, how it is to be achieved remains a challenge for scholars, NGO practitioners and policy makers. We address these concerns by exploring how beneficiary accountability can be facilitated by invoking the enabling features of donor accountability. While acknowledging the constraining features of donor accountability we note that currently there is inadequate exploration of the enabling features of donor accountability, which facilitates beneficiary accountability. We attempt to fill this gap.

In the next section of this paper, we explain theoretical perspectives adopted in the paper. We then proceed to undertake a brief review of prior research on NGO accountability. In the fourth section, we explain the research method adopted to achieve the objective of this study. The penultimate section provides the empirical illustrations of theoretical arguments provided earlier in the paper. The final section of the paper offers a discussion and conclusion based on earlier results and their analysis.

2. Theoretical perspectives

Goetz & Jenkins (2005, as cited in McGee and Gaventa 2010, p.7) argue that accountability "ideally involves both answerability – the responsibility of duty-bearers to provide information and justification about their actions – and enforceability – the possibility of penalties or consequences for failing to answer accountability claims". In the case of NGOs, the notion of accountability can also be understood as an 'ex-ante and (or) ex-post' (McGee & Gaventa, 2010, p.7). 'Ex-ante' accountability is about holding an agent (NGO) accountable for decisions (Pollmann, Potters, & Trautmann, 2014). In the case of 'ex-ante' accountability, accountors like

NGOs can make all the necessary information regarding the programme available in advance so that accountees (e.g. beneficiaries) can learn or participate in decision making which are going to affect their lives (McGee & Gaventa, 2010, p.7). Ebrahim (2003) argues that beneficiary participation can be a suitable accountability mechanism to discharge accountability to them. By applying participatory approaches, NGO officials can discharge accountability through 'closeness' (see Gray, Bebbington, & Collison, 2006). These authors argue that through close interactions with NGO officials, some of the information needs of beneficiaries are met. Mulgan (2000) and Uche, Adegbite and Jones (2016) argue that accountability is a 'dialectical activity'. From this point of view, the dialogue between an organisation and its stakeholders may take the form of 'open discussion and debates', 'questioning, assessing and criticising' (Mulgan, 2000, p. p. 569). Participatory approaches should allow NGO beneficiaries ask relevant questions to NGO officials about the actions which affect their lives.

On the other hand, 'ex-post' accountability is about holding an agent (NGO) accountable for outcomes (Pollmann, et al., 2014). In the case of NGOs, donors can check whether programmes are implemented according to the plan or not. It can be done through monitoring the programme implementation, evaluating the post-implementation impacts and learning lessons from mistakes (Ebrahim, 2003). In developing countries, large institutional donors set an accountability agenda at the funding approval stage ('ex-ante' accountability) and demand programme implementation related information in order to verify conformity ('ex-post' accountability). We argue that some of the participatory approaches adopted and implemented by NGOs can come from donors' 'ex-ante' and 'ex-post' accountability requirements.

When there is a question of enforceability there is a question of power. Ebrahim (2003) argues that power is a key factor in NGO-stakeholders accountability relationships, and it is important to address the power differential between an NGO and its beneficiaries in order to ensure 'downward accountability'. NGO beneficiaries in poor countries do not have much economic power or awareness which allow them to hold an NGO to account. In the absence of beneficiaries' power and unwillingness/inability of the state and the regulatory agencies (Ahmed, 2008) in countries, such as Bangladesh, in holding NGOs to account, what is the way forward?

Drawing on existing literature, Mitchell, Agle, and Wood (1997) argue that stakeholders' power is a 'crucial variable' in explaining organisation-stakeholder relations (p.863), and monitoring of the behaviour of an organisation by a powerful stakeholder can make its demand 'urgent' to the focal organisation (see, p.867). By exercising power, a stakeholder can "bring about the outcomes they desire" (Pfeffer & Salancik, 1974). Major sources of stakeholders' power can be economical, political (Freeman & Reed, 1983) and regulatory. A particular stakeholder can control valuable resources that an organisation needs for its survival. By controlling the resource supply, a stakeholder can try to control the behaviour of an organisation (Salancik & Pfeffer, 1974). An organisation may also seek political support from influential stakeholders, such as donors (Ahmed, 2008). During a crisis period, this type of political support can help an organisation continue to attract resources for its survival. Regulators and policy makers can be other influential stakeholder groups with significant power. The power of a regulator can come from its ability to control the critical resources and to allow an organisation to operate.

The sources of *power* in an NGO context include control of valuable resources (e.g. funding) provided by a donor. An NGO becomes dependent on donors, when they control the valuable resources that are critical for its survival (Pfeffer & Salancik, 1978). In addition to the provision of funding, donors sometimes provide other support, such as, 'technical support'

(Nunnenkamp, 1995) for capacity building of NGOs. NGOs in developing countries, such as Bangladesh, also receive political support from donors. For example, institutional donors such as DfID enjoy strong backing from its host governments in terms of promoting its agenda through NGOs in developing countries. When NGOs face obstacles in implementing those agenda, donor countries put pressures on aid receiving countries' governments for removing the obstacles. In Bangladesh, government had to back down a number of times while trying to restrict activities of NGOs (Ahmed, 2008). This type of political support seems crucial for the survival of NGOs in countries such as Bangladesh, and can be treated as a 'resource' for donors. The dependency of NGOs on donors for these types of resources can be the source of power, and help the donors in holding NGOs to account. By utilising their power, large institutional donors can influence NGOs in developing countries in enacting accountability mechanisms which are appropriate. However, large western donors may not be there forever to monitor the accountability practices of NGOs in developing countries, or there may be capacity constraints on the part of large donors in demanding their accountability requirements. In these cases, donors can influence funded NGOs' accountability agenda by collaborating with other powerful stakeholders (Frooman, 1999) such as NGO regulators. Drawing on existing stakeholder theory literature, Miles (2017) classifies stakeholders into four different types: *influencer*, *collaborator, recipient* and *claimant*. A stakeholder becomes '*influencer*' if it has the '*capacity*' to affect a focal organisation's operations and "*an active strategy to do so*" (p. 450). On the other hand, a *collaborator* '*cooperates*' with a focal organisation even though it possess the power to influence, but abstain from doing so (Miles, 2017) . *Recipients* are those stakeholders who are *passively* affected by the actions of a focal organisation. Finally, according to Miles (2017), *claimants* are those stakeholders whose claims derive from "*moral, social or residual rights rather than legal, direct or economic claim associated with the power to influence*" (p. 451). Although regulators in developing countries are powerful stakeholders, some of them may not have sufficient organisational capacity and active strategies to influence behaviours of NGOs which makes them *collaborators.* With the help of financial and capacity building support from large institutional donors, these regulators in developing countries can become '*influencers*.

Drawing on resource dependence perspective and stakeholders' power (Pfeffer & Salancik, 1978), Frooman (1999, p. P. 194) outlines two types of stakeholder influence strategies, namely, *withholding* strategy and *usage* strategy. He uses empirical evidence from an environmental organisation's (EII) successful campaign on consumers' boycott of StarKist's tuna in order to force them to stop buying tuna from foreign tuna fishing companies which used a controversial method of netting tuna resulting in dolphin deaths (see Frooman, 1999).

Withholding strategy can be applied by giving a threat to discontinue resource supply or actual discontinuation of resource supply to an organisation with a view to controlling its behaviours (Frooman, 1999). Withholding strategy works where a stakeholder tries to influence the behaviour of an organisation by exerting a 'credible threat' (Pfeffer & Leong, 1977) of withdrawing resources unless an organisation changes its behaviour. He also argues that these strategies can be effective when the stakeholder is not dependent on the focal organisation. In the EII-StarKist scenario, the threat of boycotting StarKist's tuna by consumers was a *withholding* strategy by consumers.

In the case of *usage strategy,* a stakeholder continues to provide resources, but the focal organisation has to comply with certain conditionalities attached to its use (Frooman, 1999). If the focal organisation wants to have access to the resources continuously, the conditionalities have to be complied with. By using the usage strategy, a stakeholder tries to control the use of resource by the focal organisation in the way the stakeholder desires. In the EII-StarKist

example, the author shows that by facing a consumers' boycott, StarKist utilized a *usage* strategy to force foreign tuna fishing companies to change their method of tuna netting (Frooman, 1999).

For NGOs, in most cases there are 'strings attached' to funding from large institutional donors. If the focal NGO fails to comply, funding can be discontinued. Drawing on Gargiulo (1993), Frooman (1999) argues that a stakeholder can influence the behaviours of an organisation directly or indirectly. By applying *direct strategy,* a stakeholder can control the supply of resources, either by adopting a *withholding* or *usage* strategy. A stakeholder can also apply *indirect* strategy through collaboration with another stakeholder who can influence the firm, either by adopting either *withholding* or *usage* strategy (Frooman, 1999). In the EII-StarKist scenario, although EII did not have economic power on StarKist, it collaborated with consumers (*indirect* strategy) to force StarKist stop buying tuna from foreign tuna fishing companies which used the controversial fishing nets (Frooman, 1999). In his article, Frooman (1999) also predicted four propositions predicting which type of strategy a stakeholder would choose to change the behaviour of a focal organisation. By analysing evidence from four environmental NGOs as stakeholders, Hendry (2005) expanded Frooman's framework and proposed two more propositions. However, this aspect of the stakeholders' influence strategies framework is beyond the scope of this paper.

Frooman's (1999) framework has also been used in other contexts. For example, Elijido-Ten, Kloot, & Clarkson (2010) applied this typology in predicting preferred intervention strategies to be chosen by stakeholders of two Malaysian companies in demanding 'desired' environmental disclosures. Henriques & Sharma (2005) used stakeholders' influence strategy in the context of Canadian Forest Industry to show that less powerful stakeholders could increase their 'salience' (Mitchell, et al., 1997) by collaborating with powerful stakeholders who could control the resource flow of the focal organisation. In this paper, we have used Frooman's framework to explore how a stakeholder can influence the behaviour of a large NGO.

3. Prior research on NGO accountability

NGOs in developing countries engage in accountability activities with key stakeholders, such as donors, regulators and beneficiaries. Among these stakeholders, NGO beneficiaries in developing countries do not have much economic power. In many cases, they are marginalised groups with little or no literacy. In spite of being one of the key stakeholders, prior research shows that NGOs mostly ignore their accountability to these poor and marginalised beneficiaries (Dixon, et al., 2006). Although there are arguments for accountability to all the affected stakeholders (Unerman & O'Dwyer, 2006b), including beneficiaries, research showing how it can be materialised is scarce.

Large institutional donors, such as DfID, are economically and politically influential and powerful. There are two major sources of influence of these large institutional donors. The main source of influence is their financial resource/funding (Pfeffer & Salancik, 1978) which is critical for the survival of many NGOs in developing countries. Another source of influence of large bilateral donors is the backing of their home governments. Western governments, such as United States of America and United Kingdom, often use foreign aid as a tool to promote trade (Yorke, 2018, August 28) and democracy. They often exert political pressures on governments of developing countries in creating and maintaining favourable working environment for NGOs because there is an assumption that NGOs and civil societies in developing countries promote western-type democracy (Haque, 2002). NGOs in developing countries often seek assistance from donor countries if they face hostile policies from their host governments. For example,

Ahmed (2008) shows that government of Bangladesh had to back down from introducing strin-gent NGO regulations on numerous occasions due to lobbying from western governments. This type of political backing of bilateral donors from their home governments is another source of influence. These donors can use their political influence in holding funded NGOs to account.

NGOs' accountability to donors and beneficiaries are not mutually exclusive. Donor accountability of NGOs can be mobilised to facilitate beneficiary accountability (Connolly & Hyndman, 2017). However, prior research has noted that NGOs prioritise their accountability to donors at the possible expense of beneficiary accountability. For example, in a study on human rights NGO, Amnesty Ireland, O'Dwyer and Unerman (2008) have explored the emergence of accountability mechanisms and have shown that historically Amnesty Ireland's accountability was internally focused and mission-centric. Although managers of Amnesty were in favour of 'holistic accountability' and its strategic plan stated "the need for internal accountability protocols", which was informal and "less rule-based" (p.809), a 'hierarchical' type of external accountability started to dominate Amnesty's accountability practices. The practice was adopted in the context of Amnesty's desire to "attract further funding and support" from institutional donors (p.810). In the absence of demand for beneficiary accountability, the organisation was prioritising external accountability, although the practice was perceived to be unhelpful toward achieving Amnesty's mission (2008). Concern has been expressed in prior research that this type of externally-driven accountability could cause a 'mission drift' (Epstein & Kristi, 2011; Epstein & Yuthas, 2010). Drawing on another case study on a Zambian Micro Finance NGO, Dixon et al., (2006) showed that in the absence of "appropriate oversight and failure to institute or maintain appropriate accountability mechanism" (p.415) the case study organisation had nearly collapsed during a period of rapid expansion. The authors argued that such failure prompted donor's stringent accountability requirements, which ultimately translated into more accountability requirements from the loan officers to the senior management. Dixon et al. (2006) also argued that, due to pressures from the senior management, the loan officers had to spend more time for reporting purposes and compromised their accountability to beneficiaries by reducing the quality time required for an effective micro finance intervention. In another study, Markowitz and Tice (2002) have also shown that, due to the 'professional' requirements from donors, 'a grass root-oriented' NGO transformed into a hierarchical 'service delivery' organisation and lost its 'grassroots links' (cited in Elbers & Arts, 2011, p.715). Khan (2008, p.78) argued that due to the donor pressures for self-sustainability of NGOs in the early 1990s a micro finance organisation changed its organisational identity from a 'social service' NGO into a regulated commercial bank, while pursuing a self-sustainability agenda. He argued that, while coping with the external pressures, the organisation followed "an objective of self-sustainability with cost control, profitability", and relegated the 'social service' agenda to the 'secondary' level (p.83). Donors' accountability is also criticised for their rigidness (Agyemang, et al., 2009b), lack of cultural sensitivity (Wallace, Bornstein, & Chapman, 2006), contextual incompatibility (Rahmani, 2012) and short-term focus (Dixon & McGregor, 2011).

While some of the above studies show that donor accountability has its own limitations and negative effects on beneficiary accountability, recent literature (Agyemang, O'Dwyer, Unerman, & Awumbila, 2017; Yasmin, et al., 2018) has started to unpack some of the positive aspects of donor accountability in facilitating beneficiary accountability. Drawing on the perceptions of NGO field workers, Agyemang, et al. (2017) argue that NGO donors can be flexible in their approach, and have shown some 'responsiveness' and eagerness to listen to the challenges faced by the field workers in delivering effective programmes. They argue that donors' engagement with the field staff helps build confidence in donor accountability and

raises "some possibility of aligning funder accountability demands better with their felt responsibilities ...." (p.18). This is aimed at improving the lives of NGO beneficiaries. Prior research also shows that some donors want to help NGOs in discharging better beneficiary accountability (O'Dwyer & Unerman, 2007).

Frooman (1999) notes that accountability relationships between an organisation and its stakeholders go beyond 'dyadic' organisation-stakeholder relationship. Rowley (1997, p. 907) argues that organisations "don't respond to each stakeholder individually, but instead must answer the simultaneous demands of multiple stakeholders". When more than one powerful stakeholders take collective actions, they can influence the performance of an organisation (Bakker & Hond, 2008; Scott & Meyer, 1991). Stakeholders can form alliances to pursue a common interest (King, 2008). Even a less powerful stakeholder can influence the behaviour of an organisation by collaborating with another powerful stakeholder (Frooman, 1999). In the case of NGOs, we understand that donors may lose much of their influence on a funded NGO if their funding is discontinued or an NGO becomes self-sustainable. We argue that donors still can influence NGOs' accountability process to beneficiaries by collaborating with regulators.

While the above review of prior research shows that the impact of donor accountability on beneficiary is not always negative, there is a dearth of research that have examined the potentials of donor accountability in complementing beneficiary accountability. By drawing on views of a number of stakeholders, we examine how donors influence can facilitate such accountability process.

4. Research Method

4.1 The case context

The paper is a part of a large case study which explored the dynamics of accountability in a large Bangladeshi NGO called BRAC. In this paper, we report a theme within this case study which examines the role of donors in making BRAC accountable to its beneficiaries. The other themes of the project are being reported elsewhere. The data sources of the project include a series of semi-structured interviews, observation and focus group with relevant stakeholders.

BRAC is a large Bangladeshi NGO with international operations. According to the ranking published by the Switzerland-based journal, The Global Journal, BRAC secured the topmost position among the world's top 450 NGOs based on three criteria – "impact, innovation and sustainability" (Staff-Correspondent, 2013). On 15th June, 2007 BBC 4 Radio's presenter Richard Phinney presented a programme titled -Titans of Aid - where he was asking the question, "whether BRAC, the largest NGO in the world is the answer to fighting global poverty or an extraordinary charity running out of control?" (Phinney, 2007, June 23rd). It was established in 1972, immediately after the independence of Bangladesh, in order to help displaced refugees from India. Gradually, it expanded its operation to include development works that were fully supported by international donors to achieve two objectives – poverty alleviation and empowerment of poor and marginalised beneficiaries. Initially, BRAC developed a number of programmes, such as micro finance (MF), health, education and income generating ventures for poor and marginalised beneficiaries so that they could receive services from BRAC and became self-sustainable. Over time, BRAC has adopted a strategy of commercialisation of some of its programmes, like MF, dairy farm and AArong (a handicraft business), which has opened avenues for making profit, and thereby reduced donor

dependency. BRAC still mostly relies on donor funding for its social development programmes (e.g. education, water, sanitation and hygiene -WASH and health). Currently, BRAC operates in 11 countries including Bangladesh, Afghanistan, Nepal and Sudan. So far, it reached to 113 million beneficiaries in Bangladesh alone, and disbursed USD 9,233.10 million cumulative loans to its beneficiaries (BRAC Annual Report, 2011, p.71). It also runs a university and partly or fully owns a number of big commercial organisations including two financial institutions. While 100% of BRAC's annual budget used to come from donor in the 1980s, now it generates 76% of its annual funding from non-donor sources, such as member savings, profit from business activities and borrowing from commercial banks (BRAC, 2013). It is gradually becoming more independent from the donor agencies for its income generating programmes, however, the bulk of funding for social programmes comes from donors as noted earlier. BRAC's main donors include DfID (Department for International Development, UK), Dutch Government, Australian Aid, The United Nations Children's Fund (UNICEF), The Global Fund and Canadian International Development Agency (CIDA).

4.2 Data collection and analysis

As the main research objective of this paper is to examine the enabling features of donor accountability in relation to beneficiary accountability, we have carefully selected the key informants so that rich insights could be provided. Our key informants for this paper include BRAC's managers, donors, funders, regulators, NGO beneficiaries, NGO professionals from competitor and partner NGOs and an NGO apex body. These are the people who are directly involved in the accountability negotiation process between BRAC and its donors and/or have in-depth knowledge on the issue. BRAC employees include senior managers, mid-level managers and field managers. Officials who play direct role in setting BRAC's policies and make strategic decisions, such as Executive Director, Directors and Head of Programmes, are categorised as senior managers. Officials who are responsible for operational and supervisory activities and participate in key organisational decisions, such as Deputy Directors, Managers, are classified as mid-level managers and field officials who have supervisory responsibilities in the field, such as Branch Managers, are classified as field managers. As this is a single case study, detail profiling of the interviewees is avoided to maintain the anonymity. However, some details of interviewees are provided in Table 1.

INSERT TABLE 1 HERE

A total number of 68 face-to-face semi-structured interviews and 9 focus group interviews were conducted during initial two field visits between the period January 2010 and July 2011 for the large project. For the purpose of face-to-face interviews, 31 interviewees were selected from BRAC employees, 14 from beneficiaries (for one-to-one interviews), 5 from competitors or partner NGOs, 4 from donors and funders, 4 from regulators and government officials, 4 from civil society, 2 from local elected representatives, 3 from religious leaders and 1 from an NGO apex body. The first author collected some additional data between April 2017 and July 2017. During these visits, the author interviewed one more participant from the MRA (Microfinance Regulatory Authority) and two more participants from DfID, which funded the MRA's capacity building, training and an introduction of complaints handling mechanism. These data updates have helped us identify the effectiveness of earlier accountability mechanism/initiatives[3] (e.g., the introduction of a telephone hotline for affected stakeholders, including beneficiaries so that they can complain to the regulator against MFIs) adopted by the MRA.

We have used data from a total number of 21 face-to-face semi-structured relevant interviews (with 18 interviewees) and three focus group interviews for this paper. A total of 3 interviewees were re-interviewed to seek further clarifications on the previous opinions where contradictions were identified or new issues emerged during the analysis of first set of data. These 18 interviewees are the key informants relating to the research questions addressed in this paper. For example, our interviewees from BRAC include those who have the responsibilities to engage with/negotiate directly with donors, regulator and beneficiaries, or have supervision responsibilities. Out of these 21 interviews, 18 of them were conducted between January 2010 and July, 2011. The rest of the three interviews were conducted between April 2017 and July 2017. 18 of these interviews were digitally recorded and transcribed. Three of the interviewees declined to digitally record the conversations. Detailed notes were also taken just after the interviews. Normally, each interview lasted between 40 minutes and 90 minutes. We have also analysed and used data from documents, such as WASH project proposals, and three beneficiary focus group discussions. The focus group discussions were organised before conducting one-to-one interviews with beneficiaries, and interviewees were selected from the focus group participants. Three Village WASH Committee (VWC) meetings were also observed. These observations helped us understand the dynamics of local level decisions made by the beneficiaries and their interactions with BRAC officials. Detailed notes were taken during the observations.

NVivo software has been used to manage data handling during the data analysis phase. For data analysis we have followed the procedures of data reduction, data display and conclusion drawing as suggested by Miles, Huberman, and Saldana (2013) and O'Dwyer (2004). We have used theoretical categories developed earlier in the paper as tentative frame to structure the data analysis. This meant that there were several iterations between data and theory until we settled on the final structure reported below.

5.   Findings and analysis

In this section, we report empirical findings of this study and analyse them in the light of the theoretical perspectives and prior research discussed earlier in the paper.

5.1 Direct usage strategy and beneficiary accountability

According to our interviewees [BRAC officials and donor representatives], donors play an active role in setting BRAC's accountability agenda to beneficiaries. BRAC's donors have used *direct usage* strategy in order to influence BRAC's behaviour towards its beneficiaries. Donors did so by controlling the use of their resources. Evidence from our case study shows that donors insist BRAC to include various beneficiary accountability mechanisms within a project. For example, one BRAC interviewee [senior manager] notes that in the process of demonstrating the impact of aid money, donors make beneficiary accountability requirements as part of a project proposal:

> *Donors are becoming more and more performance-driven with respect to donor dollar. Every donor wants to see that every dollar spent has ... [the] largest amount of impact. So,* [the issue of] *performance* [is] *becoming very important. Because [there are] debates around aid* [effectiveness], *and* [there is] *huge pressure* [on donors] *to demonstrate* [how] *aid* [is] *... making a difference.* [In terms of] *downward accountability, some donors are making it* [beneficiary accountability] *as part of the project design.* [BR1]

Donors appear to support the above view. For example, one of the donor representatives (D1) notes that beneficiary participation is one of the hallmarks of donor-funded project, and funded NGOs have to include the provision of participation to demonstrate that needs are assessed based on beneficiary consultations:

I don't think any programme is designed without their [beneficiaries'] participation. ... [in] every programme, usually beneficiaries are involved. ... Most of them [NGOs] use PRA [Participatory Rural Appraisal[4]] method to talk to beneficiaries. So, of course beneficiaries should be involved, need to be involved. One has to design programme according to their needs…… There has to be [a] very strong indication [that] the [NGO] organizers have the proposal ... where beneficiaries have been consulted. [D1]

Unlike prior research (e.g., Dixon, et al., 2006; Ebrahim, 2003) our interviewees note that donor accountability and beneficiary accountability are not mutually exclusive, rather inter-linked. For example, one BRAC's senior manager contends:

But, donor accountability also needs to be deconstructed. Donor accountability is based on downward accountability. …, when you get money for a particular project you have to basically say that you do certain activities and you have to prove how the activities going to have the kind of impact on the final beneficiaries. And all the reporting is based on that premise. So, donor accountability is basically reporting on how we have been able to implement the activities and through which, to what extent we have been able to have an impact on the lives of people [beneficiaries] we affect. [BR1]

Our donor interviewees also opine that donors prefer to see an element of beneficiary accountability within the project proposal and, if this is not there already, NGOs will have to include it in the project:

We really want to see this [beneficiary participation] within our projects. This [is] an element of project design and project formulation. If it is not there, we will ask for it to be inserted later. (Donor representative, D1)

The opportunity to insert any donor-preferred missing components, such as beneficiary participation at various stages of a project, in BRAC's proposal comes when donors' advisors interact with BRAC officials during the proposal scrutiny stage. In line with the opinion expressed by the above donor representative, one of the mid-level managers (BR2) of BRAC acknowledges that donors do not accept BRAC's proposals without raising their queries and funding proposals are only accepted once BRAC accommodates feedback given by donor advisors:

We write a brief proposal and submit it to donors. Every donor agency [scrutinizes] it. You will see there are advisors for every project. For example, there is an advisor/specialist for an education project…. That means they [donors] have the expertise. When we submit proposals, their experts review the proposals. After reviewing proposals, they raise questions. …… We clarify our positions. If we make any mistake that will be detected [by a donor advisor]. After fine tuning [by a donor advisor] a final proposal is prepared. (BR2)

Ebrahim (2003) argues that capacity building of an NGO and its staff is a pre-condition for beneficiary accountability. Our interviewees suggest that 'capacity building' and 'empowerment' of NGO beneficiaries are also key in helping them demand accountability. For example, one donor representative (D2) argues:

> *... it's often not [the] question of disseminating information to beneficiaries. But it is very much building their capacity and empowering them to claim their rights and moving away from the concept of user groups towards rights-holders and act of citizens. ... I have not yet really seen [this] within [the] BRAC's programmes. I find still very much, especially in the WATSAN* [Water and Sanitation] *programme, that their user groups ... are not sufficiently empowered to deal with [the] matters by themselves. Once BRAC withdraws [its interventions] ... [how they] will be able to deal with any other issues not related to WATSAN activities.* [D2]

Our evidence shows that BRAC's donors not only allocated resources for capacity building of BRAC and its staff, but also allocated resources for capacity building of beneficiaries (WASH project proposal, 2005).

Our evidence also shows that large donors, such as DfID, not only include some accountability mechanisms within a specific project, but also use their influence on BRAC's organisational accountability related policymaking. For example, BRAC had to introduce an 'independent' Ombudsperson service in 2001 in order to comply with donors' desire. Any aggrieved stakeholder (including beneficiaries and staff) affected by BRAC's intervention could lodge complaints with the Ombudsperson. One of the BRAC's senior managers [BR1] contends that *"... we had to put in place [a] grievance [handling] mechanism* [Ombudsperson]. *It is donor-driven."* It is clear from the above discussion that BRAC's donors utilised their influence in promoting beneficiary accountability by controlling the resource use.

BRAC's donors not only insist inclusion of beneficiary accountability mechanisms within project proposal (ex-ante accountability), but also check the implementation through evaluation of various reports prepared by BRAC's officials and donor appointed consultants (ex-post accountability). One of our interviewees [D1] also confirmed that donor officials made field visits and directly spoke with beneficiaries to check the implementation progress of a project. These types of visits help beneficiaries in sharing their experiences directly with donors. Prior research shows that presence of high officials (such as donor representatives) helps raise the voice of beneficiaries (Agyemang, Awumbila, & O'Dwyer, 2009a).

5.2 Indirect usage strategy and beneficiary accountability

Microfinance is the largest programme of BRAC. BRAC's donors do not fund it anymore, and, as a result, the donors have little influence on them relating to the largest MF programme. However, it did not prevent one large institutional donor (DfID) from influencing BRAC's accountability to beneficiaries in these programmes. Frooman (1999) argues that stakeholders can influence an organisation's behaviour through mobilisation of allies. We have found evidence of partnership between an institutional donor (DfID) and the microfinance regulator in Bangladesh (MRA – Microfinance Regulatory Authority) in making microfinance NGOs accountable to Microfinance (MF) beneficiaries. Our evidence shows that BRAC's donors partnered with the MRA in promoting beneficiary accountability. They did so by applying the *'indirect usage'* strategy.

Since 2006 microfinance services provided by NGOs are regulated by the MRA. It has the mandate to hold MFIs [5] accountable. Our interviewees note that one of the main responsibilities of MRA is to protect the interests of beneficiaries of MFIs:

> *The main responsibility of MRA is to ensure accountability…. Our first task is public (beneficiary) protection. We check data integrity, whether they are (MF NGOs) operating in the same way as they claimed, whether there are protections for savings, whether they refund savings, whether pay interest on savings, how much service charge is levied on credit etc. Is there any exploitation during credit operations?* [R1, MRA]

> *…the government has set up an organisation called MRA. … they look at the overall interest of the beneficiaries, both the borrowers as well as the savers, … microcredit regulatory authority has been set up in order to see that whether these beneficiaries' interests are protected".* [BR5]

Although MRA had the mandate, our interviewees noted that holding the NGO sector to account was a hard task. Our interviewees note that MF/NGO sector in Bangladesh earned reputations nationally and internationally[6], and the sector was very powerful. Some of the NGO leaders maintain very good relationships with the government, which made the regulator's (MRA) job in holding the sector to account difficult. For example, one regulator notes:

> *MRA cannot implement something overnight. The sector is very powerful. [Holding MFIs to account] is a power game. This is a new organisation. [The NGO sector] did some good work. …in some cases, they became parallel to the government. In some cases, we saw the government backtracked from its decision because of the pressures from NGOs. It happened more than once.* [R1]

Microfinance is a very large sector in Bangladesh. Specialized finance and insurance products are provided by the MFIs. The regulator needs to have technical knowledge and organisational capacity in order to hold the MFIs to account. One of the key limitations of regulators in Bangladesh is lack of resources and capacity in performing their duties. Our evidence shows that donors played an important role by providing crucial financial and capacity building support to the MRA. This is indicative of the application of indirect usage strategy. Our interviewees (R2, D3 and D4) note that DfID's support helped them hold MFI's accountable to their beneficiaries. For example, MRA sets up a telephone hotline for microfinance beneficiaries so that affected stakeholders, including beneficiaries, can complain to the regulator if they are unhappy with the conducts of any MFI [R2, D1, D3 and D4]. The regulator also considered taking steps in raising awareness of MF beneficiaries through educating them about their rights [R1].

There was an accusation against the MF sector in Bangladesh that they charged very high interest to poor and marginalised beneficiaries. In some cases, the effective rate of interest was as high as 40 percent. The sector had tried to justify the interest by claiming that their operating costs were very high because of the small loan size. Our evidence shows that the regulator initially failed a number of times to cap the maximum interest rate to be charged:

> *We have consulted the sector on a number of proposals* [regarding charging justifiable interest rates] *and the sector rejected almost all of them. After the rejection, we conducted an in-house study and recommended a formula regarding justifiable service charge. That initiative reached to final stage. But, the government postponed it after having discussion with the sector. …. Following*

government advice, we have appointed an American firm to recommend a justifiable cost of loans and MRA decided to consult various stakeholders. [R1]

Finally, in 2010 MRA was successful in capping the maximum interest rate at 27% for a MF loan[7]. The above evidence shows that donors' organisational capacity and resource support was instrumental in mobilizing the regulator in holding MFIs in Bangladesh (including BRAC) accountable to beneficiaries. The regulator-driven move in capping the maximum interest rate has helped MFI (including BRAC) beneficiaries in reducing their debt burden.

5.3 Impacts of donors' influence strategies on beneficiary accountability

The WASH proposal included a provision of a 'bottom-up management' approach for needs assessment and transparent decision-making in the case of resource allocation to the poor and marginalised beneficiaries. The implementation of the bottom-up participatory approach appeared to be the outcome of donors' influence on NGOs' activities via *'direct usage'* strategy. This approach was expected to allow beneficiary participation and promote transparency in field-level decision making. It was claimed in the WASH project proposal that:

> *Participatory planning will take place, with the committees planning for a core of common activities but also formulating plans for activities that reflect their own situation and their own assessment.....Transparent and open decision-making will also need to be ensured, particularly where this involves provision of subsidies or cross-subsidies to the hard-core poor.*

> *BRAC will plan to share information on eligibility and conditions for potential beneficiaries' amounts of allocated grants and loans on website and brochure which will be accessible of all required information, posters for VWC and on union office. Information on programme activities will also be made available to beneficiaries through information boards placed at strategic locations. Implementing through information sharing with beneficiaries.*

> (WASH project proposal, p.44)

Majority of our interviewees [WASH beneficiaries and BRAC officials] note that the use of participatory tools, such as PRA, made real differences in areas such as needs assessment, beneficiary selection and some resource allocation decisions relating to WASH intervention. By using the PRA technique, BRAC's field officials collected all the necessary data relating to socio-economic conditions of potential beneficiaries, availability of local resources, existing coverage, demand for WASH products etc. BRAC officials made the data available to the Village WASH Committees [8] (VWCs) for resource allocation decision-making and transparency purposes. For example,

> *... through the [Village WASH] Committees we are accountable to them (beneficiaries). ... Our staff went house to house with a predetermined questionnaire containing demographic data, socio-economic data, water availability data, water use data, sanitation availability data and sanitation used data. These are all compiled. Matched with the social mapping that we have previously done, then made available to the WASH committee. ...They have a choice of saying who gets it, where it should be placed so that maximum people can benefit from it.* [BR3]

> *BRAC and my committee[9] [jointly] decided about who would get these [latrines] first.* [B1]

> *...who will be eligible (for loan) or who will get that loan is decided by the WASH committee, is not decided by the BRAC.* [BR4]

Our evidence shows that VWC and BRAC's field officials made joint decisions, such as who gets subsidised WASH products and where a particular WASH product (e.g. tube well) will be installed. This type of beneficiary participation in local level decision making has created an opportunity of 'dialogical accountability' (Uche, et al., 2016). It is also clear from our observation of VWC meetings and the focus group discussion with WASH beneficiaries (B2, B3, B4, B5, B6) that participation of beneficiaries in the decision making in terms of allocation of subsidised latrines to poor and marginalised was transparent.

When asked by the researcher about the fairness of allocation of such latrines, it was clear that everyone who participated in the focus groups, conducted as part of this study, was happy about the basis of resource allocations to the beneficiaries (FGs 1, 2 and 3). The local level resource allocation decisions were transparent - the whole resource map of the village was in front of the VWC, and the poor households were jointly identified by BRAC staff and the VWCs.

It is also evident from the field data that information, which includes the rights and responsibilities of beneficiaries; their potential contribution to the intervention; who gets what from BRAC; why free latrines are allocated to some beneficiaries only etc., was shared with the beneficiaries. This type of information sharing and their participation, although limited, provided beneficiaries a type of ownership of the project. Analysis of the WASH project proposal shows that there was a budgetary allocation for all of the above activities, and some of these have happened due to the donors' 'direct usage' strategy (Frooman, 1999).

While the above evidence shows that donors' usage strategies helped in making an NGO accountable to its beneficiaries, our observation in another donor-driven initiative, complaints-handling mechanism (Ombudsperson), gives a different picture. BRAC introduced a complaint-handling mechanism, 'Independent' Ombudsperson, in 2002. Although introduction of this service was a donor-driven initiative, which meant to benefit BRAC's beneficiaries and other affected stakeholders, our evidence shows that BRAC's Ombudsman service was used by BRAC's staff; there was no evidence of using this service by any of the BRAC's beneficiaries. One senior manager (BR1) notes:

> *We have [an] Ombudsperson. Ombudsperson* [is supposed to] *cover every level, but unfortunately Ombudsperson was totally bogged down by staff grievances.*

None of our beneficiary interviewees knew about the service. BRAC's field officials also confirmed that there was no instruction for them to publicise the service to beneficiaries. It appears that BRAC took no initiative to make this information available to beneficiaries. The impact of this service on BRAC's staff was also limited. For example, one senior official from the Ombudsperson service notes,

> *"It is* [the recommendations of Ombudsperson*] non-binding. ... BRAC authority, as far as I understand, look at the recommendations very carefully and ... come to a decision. But, I feel that these recommendations should not be non-binding.* [BR6]

> *I see that all our recommendations are not implemented. Only 60%-65% [of our recommendations are] are implemented.* [BR6]

It is clear from this example that donors can easily hold a funded NGO accountable for enacting an accountability mechanism, such as Ombudsperson, ('ex-ante accountability), but it is very

difficult for them to hold NGOs accountable for the outcomes ('ex-post accountability) of some of the accountability activities (e.g. Ombudsperson service). Effectiveness of 'ex-post' accountability depends on monitoring of accountability process and the evaluation of post implementation accountability process. Our interviewees note that it is costly and difficult for a donor to monitor everything a funded NGO does (D1, D2). We found no evidence to suggest that BRAC's donors strictly monitor and evaluate the effectiveness of Ombudsperson.

While there are some limited outcomes of donor-driven initiatives in promoting beneficiary accountability through BRAC, our recent evidence shows there have been some promising outcomes from the donor-regulator partnership. For example, one of our interviewees (R2) confirmed that microfinance beneficiaries and staff had been lodging complaints to the microfinance regulator (MRA) against some NGOs through using telephone hotline. Establishment of the complaints handling mechanism through a telephone hotline was proposed and funded by DfID [D3].

DfID provided financial and training support to MRA in improving its capacity. According to our interviewees, the capacity building support from DfID was instrumental in protecting the interests of BRAC beneficiaries (D3, D4). For example, the Government of Bangladesh had been accusing the microfinance sector that they are charging excessive interest rates on poor and marginalised beneficiaries. The MRA initially failed to enact regulations to control interest rates on microfinance due to strong lobbying from MFIs. In 2001, MRA finally enacted regulations to cap interest on micro finance loans at 27 percent. Our interviewees confirmed that improved capabilities of MRA and firm government support played strong roles in reducing interest rates on micro credit (R1, R2). It is evident from the above discussion that donors can play an active role in promoting beneficiary accountability.

6. Discussion and conclusion

This paper examines the views of various stakeholders of a large international development NGO as to how donors' influence strategies facilitate beneficiary accountability and what are the impacts of such strategies on beneficiary accountability. Our findings show that donors' accountability requirements embed some provisions of beneficiary accountability mechanisms, such as participation, monitoring, evaluation and lessons learning, which help promote beneficiary accountability (Ebrahim, 2003). Donors' monitoring and evaluations made implementation of such mechanisms 'urgent' (Mitchell, et al., 1997) to BRAC. Our analysis shows that, in the absence of such provisions in the funding proposals, donors asked them to include those provisions during the funding negotiations. While prior research (King & Lenox, 2000) shows that NGOs use some of the participatory tools *merely* as a legitimisation tool, our evidence shows that beneficiary participation in BRAC's donor funded programme has created an opportunity for discharging accountability through 'dialogues' (Mulgan, 2000; Uche, et al., 2016). We also found that the outcome of such 'dialogues' was active participation of beneficiaries in some local level decision-makings.

Donors not only use their power to require the beneficiary accountability provisions, they also verify compliance by sending their representatives to the field. Our analysis also shows that donors take other proactive measures, such as providing funding for enhancing beneficiary accountability mechanisms and working with other NGOs and regulators in promoting beneficiary accountability. In the process of holding a funded NGO to account, donors' accountability helps discharge beneficiary accountability. We have demonstrated that donors used 'direct usage' and 'indirect usage' strategies (Frooman, 1999) in influencing BRAC's accountability practices. 'Direct usage' strategy helped include some of the beneficiary

accountability mechanisms such as participation within a project, which was a form of 'ex-ante' accountability practice. We have also found that donors used 'indirect usage' strategy to mobilise the MF regulator in holding NGOs accountable to MF beneficiaries. This strategy clearly helped the regulator changing its status from a '*collaborator*' to an *'influencer'* (Miles, 2017).

We did not find the evidence of a donor applying 'direct withholding' or 'indirect withholding' strategies. It is apparent that, if an NGO does not comply with donors' accountability requirements, the threat of the discontinuation of funding is implied. Given the significance of our case NGO to major donors, such as DfID and Dutch government, we argue that 'withholding' was not a feasible strategy for the donors of a large NGO such as BRAC. Rather they have engaged with BRAC in a collaborative manner and deployed various 'usage' strategies (Frooman, 1999).

While prior research (Dixon, et al., 2006; Khan, 2008) conceptually separated donor accountability and beneficiary accountability, we argue that they are not mutually exclusive. Donor accountability can be linked to beneficiary accountability, and while fulfilling donor accountability some of the beneficiary accountability can automatically be discharged, and some NGOs, such as Action Aid, are moving towards that direction (see, Ebrahim, 2009). One NGO practitioner argued that *"donors are a key link in the accountability chain, and stakeholders expect donor representatives to ensure that action is taken when the humanitarian system does not perform well"* (Kreidler, 2011, pp., p. 22). Our evidence provides support to arguments made by O'Dwyer and Unerman (2008) that donor accountability and beneficiary accountability are inter-linked.

This paper makes several contributions to the NGO accountability literature. Firstly, it introduces a theoretical framework to the NGO accountability literature by drawing from Frooman (1999). It shows how powerful stakeholders' - like donors – influence can be mobilised via various usage strategies to achieve the intended goal of enhancing beneficiary accountability.

Secondly, we then go on to empirically illustrate the theoretical arguments presented earlier in the paper. Evidence for these empirical illustrations comes from a rich fieldwork-based case study consisting of interviews with BRAC's employees, donors, regulator and observations and focus groups with beneficiaries. Empirically, we show that powerful donors, such as DfID and Dutch Government, directly influenced BRAC to implement beneficiary accountability mechanisms such as beneficiaries' participation in local decision making in WASH programmes. We also show that one large donor (DfID) collaborated with a regulator (MRA) in Bangladesh to promote beneficiary friendly outcomes such as lowering interest rates in MF programmes and introducing a complaints-handling mechanism (telephone hotline) so that beneficiaries can lodge complaints directly with the regulator.

Finally, we respond to the call for further research on operationalisation of beneficiary accountability (see, for example, O'Dwyer & Boomsma, 2015; Unerman & O'Dwyer, 2006a) by arguing that beneficiary accountability can be operationalised by invoking the under-researched enabling features of donor accountability. Evidence from prior research (Agyemang, et al., 2017) does not show a complete portrayal of donor accountability with all its enabling features. Our findings provide support for more enabling features of donors' accountability in facilitating beneficiary accountability. We argue that, in the absence of beneficiaries' power in holding an NGO to account, donors can play a proactive role in terms of making NGOs accountable to beneficiaries.

In addition to the above noted implications for NGO accountability theory, this study has implications for policy and practice on NGO accountability. We argue that policy makers should pay more attention in enhancing the role of donors in promoting beneficiary accountability. Attention should be paid to mobilise the powers held by the donors to the advantage of beneficiaries. Both the NGOs and donors can play significant roles in promoting accountability to beneficiaries. Sometimes, NGOs are alienated and distracted from serving beneficiaries' needs as a result of rigid accountability requirements by donors (see Dixon et al., 2006). In this paper, we have labelled them as constraining features of donor accountability by NGOs. However, donors, NGOs and other policy makers might do well by promoting the enabling features of donor accountability highlighted in this paper.

This case study has been conducted on a large international development NGO based in Bangladesh. We encourage further empirical investigations in other settings to examine the theoretical arguments put forward in this paper. We have examined one way to operationalise beneficiary accountability by mobilising the enabling features of donor accountability. We invite researchers to explore other ways of operationalising beneficiary accountability. We note that donors' power and priorities may change over time. A longitudinal study on changes in donors' accountability requirements can investigate how changes in donors' influence and priorities affect beneficiary accountability.

Table 1: Profiles of interviewees

Interviewee code	Position of interviewees
BR1	BRAC's senior manager
BR2	BRAC's mid-level manager
BR3	BRAC's senior manager
BR4	BRAC's field manager
BR5	BRAC's senior manager
BR6	BRAC's senior manager
B1	BRAC beneficiary
B2	BRAC beneficiary
B3	BRAC beneficiary
B4	BRAC beneficiary
B5	BRAC beneficiary
B6	BRAC beneficiary
D1	Donor representative
D2	Donor representative
D3	Donor representative
D4	Donor representative
R1	Regulator
R2	Regulator
FG1	Focus group with beneficiaries
FG2	Focus group with beneficiaries
FG3	Focus group with beneficiaries

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Endnotes

1 BRAC stands for Bangladesh Rural Advancement Committee.

[2]Australian Government Aid Agency.

[3] The accountability initiatives by the MRA were not fully operational during the first two field visits. Our data updates allowed us to gather data relating to the effectiveness of the implementation of these initiatives.

[4]PRA is a tool which promotes the participation of potential beneficiaries in assessing their needs.

[5] NGOs which offer microfinance (MF) services are called microfinance institutions (MFIs). Many MFIs in Bangladesh are registered as NGOs. Our case study organisation, BRAC, is an NGO and an MFI. Hence, we used the NGO and MFI interchangeably.

[6] Collateral free group-based MF model introduced in Bangladesh in early 1980s received world-wide attention. Microfinance pioneer, Professor Muhammad Yunus, and the Grameen Bank received Nobel Prize in 2006.

[7] https://www.ft.com/content/fd16a1f0-ecea-11df-9912-00144feab49a date accessed 26/03/2017.

[8]A VWC is consisted of 11 members of a community including 5 female and 6 male members.

[9]The Village WASH Committees were formed with the beneficiaries and local representatives.