

Hegemony, Counter Hegemony and NGO Accountability Change: BRAC in Bangladesh

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Abstract

Drawing from Antonio Gramsci's ideas, a dialectic analysis of accountability change in a large, Bangladesh NGO – BRAC is conducted to investigate how BRAC extended accountability issues within society; and how hegemonic and counter-hegemonic dialectics changed accountability practices. The paper details how a functional accountability was transformed into a holistic social form as it interacted with Bangladesh's socio-economic and political context.

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1. Introduction

NGO accountability practices in less developed countries (LDCs) reflect political-ideological shifts that redefine state-society relations (Edwards and Hulme, 1996). This case study of BRAC, a reputable and large Bangladeshi NGO, analyses how changes in its accountability related to the role and power of NGOs, their relationships with the state, donor agencies, civil society, political ideologies and organizational discourses.

NGOs have flourished in LDCs because external financiers of development, inspired by changes in Western economies, favour market-based reforms and delivery of programmes by NGOs rather than the state. Greater legitimacy is conferred to NGOs as many believe they better represent 'civil society' as they are more 'participatory' and 'accountable' to subordinate social groups (Carothers and Ottaway, 2000). In many LDCs state power is split between orthodox political state institutions and civil sector agencies (Alawattage and Wickramasinghe, 2008), and civil society has become a more powerful 'civil state' and a counterpoint to the political state.. Consequently, accountability operates through the central power of the political state and mechanisms vested in civil society. However, boundaries between state and civil society are not immutable and outcomes of their interaction remain essentially indeterminate.

When dominant groups lose consent they lose their distinctive characteristics and NGOs create a 'counter-hegemony' (Gramsci, 1971). This draws on the concept of hegemony - a situation wherein a social group or class is ideologically dominant and concerned with establishing and maintaining *status quo* (ibid.). Gramsci saw hegemony as the process whereby dominant classes or class factions, through their privileged access to social institutions, propagate values that reinforce and legitimize their control over politics and the economy by establishing a dominant ideology. Ideology becomes hegemonic when it is widely accepted as how 'things are', thereby inducing people granting consent to the dominant institutions and practices in their organisation (Cooper, 1995; Goddard, 2002; Burawoy, 2003; Wickramasinghe and Alwattage, 2008). In contrast, counter-hegemony,¹ emphasises a different radically democratic form of hegemony developed through solidarity, cooperation and communication, that seeks cataclysmic alteration of society utilising political opportunities due to elite disunity, political realignments, or demographic changes. Hence two major questions are posed here: How did BRAC's presence create accountability issues? How did hegemonic and counter-hegemonic tendencies change accountability practices?

The paper is structured thus. Section Two discusses theoretical about NGO accountability. Section Three presents a theoretical framework linking accountability systems to hegemony and counter-hegemony. Section Four describes the Bangladeshi context and BRAC's background. Section Five summarises the research methods. Section Six discusses the findings and theoretical explanations. Section Seven gives the conclusions and further research suggestions.

2. NGO Accountability: Functional Holistic Dichotomy

NGO accountability has received increasing research attention (Unerman and O'Dwyer, 2006a & b; O'Dwyer and, Unerman, 2007, 2008) from various perspectives (see *Accounting*,

¹ Gramsci never used the term 'counter-hegemony' (for an elaboration of this concept, see Boggs, 1984) but some interpretations of Gramsci use this term (not in the *Prison Notebooks*) to mean resistance to current dominant social forces (Kebede, 2005; Burawoy, 2003; Worth and Kuhling, 2004; Boggs, 1984; Mitlin et al., 2007).

Auditing and Accountability Journal, Special Issue – NGO Accountability, 2006) though theoretical distinctions are not invariably clear (Gray *et al.*, 1995). Observations vary: some claim accounting representations of organisational actions affect accountability (Roberts and Scapens, 1985); demands for NGO accountability extend beyond financial procedures (Slim, 2002); ‘socialising forms of accountability’ promote ethical stances (Roberts, 1991). Nevertheless, they demarcate two contrasting perspectives on accountability - the technical-rational and the social.

O’Dwyer and Unerman, (2007) label the technical-rational perspective as ‘*functional accountability*’ and depict it as ‘mechanistic’- not unlike Burchell *et als*’ (1980) accounting ‘answer machines’. Here, short-term accountability mechanisms construct ‘external oversight and control’ over resource usage and outputs to improve economic efficiency. Functional accountability may prevail in efficient organisations facing complex external pressures and needing a continuous supply of resources to survive (Ansari and Euske, 1987); or where the community expects efficient and effective service delivery (Hoque *et al.*, 2004: 60). Here, internal efficiency measures may tally with external constituents’ needs (Ansari and Euske, 1987). Schick (1966), for example, recommended a technical stance to accountability in the belief that public accountability is achieved by budgets that ensure agencies spend monies as appropriated.

Functional accountability in NGOs is often driven by ‘patrons’ - usually donors, governments, and foundation trustees – who share Schick’s concerns. However, accountability that concentrates on “spending designated monies for designated purposes” (Najam, 1996: 342) may bring rule-bound reports “on mechanistic project ends” (Dillon, 2004:107); prioritise efficiency over efficacy; and assume logical and linear decision-making (Johnston and Gudergan, 2007) emphasising organizational predictability (Weick, 2001). In NGOs, functional accountability is embedded in its legal contract with resource providers, which, *de facto*, becomes the primary governance system within a legal but hybridized organizational form, whether intended or not (Johnston and Gudergan, 2007). However, Unerman and O’Dwyer (2006b) argue that NGOs should be accountable to all it affects so identifying stakeholders is crucial (see also Donaldson and Preston, 1995; Gray *et al.*, 1996; Stoney and Winstanley, 2001; Unerman and Bennett, 2004), whereas functional accountability often prioritizes the demands of key funders (Najam, 1996). This may marginalise the concerns of other groups or communities to whom NGOs provide services or advocacy (Ebrahim, 2003a, 2005; Najam, 1996). Moreover, functional accountability concentrates on the technical and rational elements but neglects their interaction with complex socio-political contexts (Hoque *et. al.*, 2004; O’Dwyer and Unerman, 2007; Lehman, 2007); conflicts (Lehman, 2007); and environmental impacts (Doh and Teegen, 2002).

Consequently, a political economy ‘social’ approach to NGO accountability has emerged. This studies stresses how interactions between policy, state, law, economy and organizational processes framed by power, conflict, politics, and culture, determine institutionalized rules and regulations (Cooper and Sherer, 1984). ‘Social accountability’ (O’Dwyer and Unerman, 2007) traces the impact of an NGO’s actions on other organisations, individuals and the environment (see Edwards and Hulme, 2002a; Najam, 1996; Ebrahim, 2003b; O’Dwyer and Unerman, 2008; Unerman and O’Dwyer, 2006b). It scrutinises how NGOs define their mission and values, assess performance accordingly (Ebrahim, 2003b), and presumes a moral right of individuals to participate in decisions affecting their future irrespective of their power (Unerman and Bennett, 2004; Unerman and O’Dwyer, 2006b). Social accountability is multifaceted; embraces multiple stakeholders (Lloyd, 2005; Najam, 1996); is two-way - downwards to beneficiaries and upwards to donors (Dixon *et al.*, 2006); and assesses the utility of projects to all stakeholders (O’Dwyer and Unerman, 2007, 2008). It is not merely technical but recognises participants’ commitment to certain values or a mission (Sinclair, 1995; O’Dwyer and Unerman, 2007, 2008), the monitoring of which Unerman and O’Dwyer (2006b, p. 356) label ‘identity accountability’

For NGOs to advocate for those they seek to serve, they must be accountable to “an abstract purpose” (Brown and Moore, 2001, p. 570) or what Najam (1996, p. 348) calls “accountability to themselves”, i.e. be accountable for their goals, aspirations, and their mission. O’Dwyer *et al.* (2005) label this ‘voice accountability.’ If NGOs account for how their mission, values relate to members/beneficiaries, especially those they are “primarily concerned about – the poor, people whose rights have been violated, and the victims of war” (Slim, 2002, p. 5) then various parties, including the state, will monitor this carefully and ‘hold’ them more accountable for their ‘voice’. However, reconciling externally driven, top down, sometimes punitive functional accountability to funders with internally generated accountabilities such as an NGO’s pursuit of its mission may produce tensions (Ebrahim, 2003a.).

Effective social accountability involves negotiation (Sanyal, 1991; Edwards, 1999b; Brown and Timmer, 2005). Development researchers increasingly advocate ‘participation’ accountability (labelled ‘informal’ or ‘vertical’ accountability), especially to beneficiaries (Edwards and Hulme, 2002, Ebrahim, 2003a). This can maintain the NGO sector’s distinctive values and help create plural forums of democratic governance, i.e. expanding stakeholder involvement through discussion, ensuring beneficiary participation in local-level institution-building, and creating collaborative partnerships with governments and other NGOs (Edwards and Hulme, 1996), as well as making NGOs more responsive to serving beneficiaries’ needs. As O’Dwyer and Unerman (2006, p. 6) state: ‘accountability becomes a process of negotiation among stakeholders rather than the imposition of one specific definition of effectiveness over another, as is often the case with functional accountability’.

This requires reflection on what interests are served, denied or occluded by calls for NGO accountability change; and power relationships between actors and institutions. Here, changing hegemonies within civil society about development are crucial, as the “community” acts as an arbiter of accountability (McKernan and MacLulich, 2004) by maintaining a social logic that underpins action by citizens distinct from the hegemony promulgated by the state (Gramsci, 1971) and unfettered market forces (Kebede, 2005; Cross, 1997; Jayasinghe and Wickramasinghe, 2006). NGOs are civil society actors as they provide services beyond the purview of the state, advocate for the poor, facilitate their mobilization, promote political and market freedom, and help make the state more accountable. Thus accountability is a political and economic process involving powerlessness not merely material need. Its study requires a historical perspective that extends to global systems of production, exchange and distribution, and their inherent values (Ward, 2005), why the power and accountability of groups change, how their fortunes and activities are intertwined (Gray *et al.*, 1995), attendant conflicts, and their ramifications for control. Given the emphasis on the power dimensions of accountability, here, this research in common with other accounting researchers turned to Gramsci’s theory of hegemony (Richardson, 1989; Goddard, 2002; Alawattage and Wickramasinghe, 2008).

2.1.Hegemony and Hegemonic Change

Although Gramsci did not define hegemony neatly, its meaning must be implied from his many references to it. Firstly, it is a process whereby dominant classes or class factions, through their privileged access to social institutions (like the media, charitable and voluntary organisations), propagate values that reinforce their control over politics and the economy (Gramsci, 1971). Whilst dominant classes attain and maintain political power through coercive state institutions like the armed forces, police, law enforcement and prison, they develop a historically specific alignment of economic, political and ideological forces that coordinate social groups into a dominant alliance. Hegemony is thus the ensemble of ideological, economic, and institutional structures through which rulers exercise their power. Their values underpin a

'dominant ideology' that characterizes the interests of the dominant groups as being the interests of all – a set of commonsense assumptions that legitimise the existing distribution of power (Femia, 1986). Thus the dominant class wins consent by constructing myths around its political ideologies that detach people from their past struggles, deters them from seeking change, and forces them to learn their oppressors' interpretations of political action (Levy and Scully, 2007). It is the '*false consciousnesses*' (Gramsci, 1971, p. 326-327) where people cannot recognise that the system within which they are embedded is the source of their entrapment. Because they cannot think in concepts other than those of domination and the dominated, they cannot recognise what they want or realistically be.

Secondly, related to this process of domination, hegemony de facto operates through consent as much as coercion. 'Consent' and 'coercion' are thus key concepts here. Consent is won by granting sufficient cultural freedom, material goods, and political power for people to prefer participating in the dominant system rather than suffer coercion – the (legally) enforced alternative of state control. Gramsci argues that consensual means, rather than coercion, enable dominant groups to maintain power. This does not rest entirely on overt inculcation and censorship but 'also and especially [by] the ability to define the parameters of legitimate discussion and debate over alternative beliefs, values and world views' (Sallach, 1974, p. 166). Hegemony constructs consent through political and material accommodations with other social groups, and ideologies conveying mutual interests. Hence, "ideology" and economic and political structures are temporarily, and loosely coupled (Goddard, 2002; Levy and Egan, 2003).

Thirdly, domination so operated is linked to the function of civil society as consensual power covers societal political and social arrangements beyond the state's reach or instigation and is less visible and broader than coercive domination in political society. Consequently, hegemony is diffused within non-state 'private' organisations within civil society, e.g. political parties, trade unions, churches, families, courts, charities, and religions. For Gramsci civil society is a hub of social and power relations. Its institutions connect society and state but they can also be *places of manoeuvre* that unseat traditional state-subject hierarchies by promoting alternative political and social goals and democratic values (Lewis, 2004; Holloway, 2004; Kebede, 2005). Hence, hegemony does not reside in a purely instrumental alliance between classes which retain their individuality and own ideologies - rather it involves "the creation of a higher synthesis so that all its elements fuse in a 'collective will' which becomes the protagonist for political action throughout that hegemony's entire duration" (Mouffe, 1979, p. 184).

However, hegemony is not static. Through interaction between agential capacities and structural "structural precursors" (Littler 1980), hegemony gets transformed. One of crucial turning point here is "hegemonic crisis" - a historical event where the ruling class fail to secure consent. In such a crisis situation, human actions attempt to transform the structural dimension of hegemony while, to a certain extent, they tend to reproduce the same (Alawattage and Wickramasinghe, 2008). This transformation occurs through dialectical relations between political state, civil society and the economy (Ibid.) where critiques emerged for the failures in orthodox states (Wickramasinghe et al., 2004). Consequently, in LDCs such as Bangladesh, the relative significance of the civil society over the political state and the economy is now on the increase (Edwards and Hulme, 2002) and NGOs rather than the orthodox state tend develop an alternative hegemony.

Gramsci (1971) discussed how an alternative hegemony can emerge. As mentioned above, the turning point is a hegemonic crisis which triggers resistance, i.e. a counter-hegemonic tendency. This happens as the ruling class loses its consensus and is 'dominant' only through coercion. Here, hegemony is weak and must be replaced. Gramsci termed this '*organic crisis*'. The outcome of such a "crisis" is an alternative hegemony. Gramsci describes this as a

development of a ‘*war of position*’ and a ‘*historical bloc*’ (Boggs, 1984; Worth and Kuhling, 2004; Kebede, 2005; Burawoy, 2003). Here, a *historical bloc*, i.e. relatively stable and dominant alliances among social groups, becomes ‘hegemonic’ when it realigns material, organisational, and discursive formations into stable but fresh production relations and meanings (Levy and Newell, 2002; Levy and Egan, 2003). Counter hegemony is thus more than dissidence and conflict; it immediately links to comprehensive critiques of power and alternative notions of society (Kebede, 2005) and constructs an alternative hegemony which is a radically democratic one and is based on a shared direction developed through solidarity, cooperation and communication (Levy and Egan, 2003; Kebede, 2005; Tilt, 2006). Here, intellectuals play a crucial role for a social group maintains its hegemony through ‘domination’ and ‘intellectual and moral leadership’ (Gramsci, 1971, p. 57). Gramsci defines ‘organic intellectuals’ as the ‘thinking-section’ of a social class who direct and organise its elements (Gramsci 1971). In pursuit of hegemony, they must convince ‘traditional intellectuals’ essential to producing consensus in civil society.

The focus on intellectuals does not mean that lay actors are unimportant for achieving hegemony. Gramsci outlined two strategies commonly adopted by hegemonic projects to redefine consensus - a frontal assault (“war of movement”) and a ‘war of position’ that slowly conquers the “trenches” of civil society before seizing state power (Gramsci, 1971, p. 243). Gramsci argued that modern societies require a strategic ‘war of position’ not a full-frontal attack to replace the hegemony of dominant groups. This avoids futile frontal assaults against entrenched adversaries and adopts a longer term strategy coordinated across multiple bases of power to influence cultural institutions of civil society and win new allies (Levy *et al.*, 2003). In a reformist ‘*passive revolution*’ weak hegemonic groups make extensive concessions, often in the guise of populist or nationalist programmes, to try and preserve aspects of social structure (Levy and Egan, 2003, p. 806). A war of position involves a lengthy ideological as well as economic and political struggle on the terrain of civil society: it contests the prevailing hegemony’s legitimacy through ideological attack, not only on its major agencies and structures but also on civil societal common sense that holds the order together (see Worth and Kuhling 2004; Kebede, 2005, Levy, 2005; Levy *et al.*, 2003; Tilt 2006). Thus, the contestation of ‘common sense’ is a strategic element of counter-hegemonic activity. When it is won a ‘war of manoeuvre’ to control the State can be undertaken (Gramsci, 1971).

The NGOs’ development in LDCs is an ideal example for the creation of an alternative hegemony. Although the post-independent LDC states witnessed a protection of hegemony by providing necessary economic and social goods to the people (who vote for successive governments), the governance and accountability systems proved to ineffective and inefficient, due to undue political patronage and tedious bureaucratic systems. Hence, the international finance and trade organisations imposed conditions on these governments to reduce their burden by allowing NGOs to develop and expand. NGO accountability change has thus resemblance to the development of NGOs from their embryonic to mega states. The Gramscian hegemonic perspective has an ontological and epistemological strength not only to trace this hegemonic change from an orthodox to an alternative state, but also to frame the issues of accountability, i.e. the concentration on functional roles within an orthodox hegemony and an expansion of its scope to a complex milieu.

2.2 Accountability from a Hegemonic Perspective

Table 1 summarises this transformation. To do this, accountability is decomposed into a number of key components: goals, focus, form, governance, hegemonic framework and causes for change. These components have merits in analysing accountability change from a functional to

social/holistic accountability. The argument being advanced here is that NGOs at their early stages tend to perform a functional accountability system to fulfil the orthodox state’s regulatory requirements whereas these NGOs tend to perform a holistic/social accountability when they become large and complex. In effect, these mega NGOs develop and maintain an alternative hegemony by delivering this latter form of accountability.

Table 1: Hegemony and the Forms of Accountability

Key components	NGOs under orthodox hegemony: functional accountability	NGOs under alternative hegemony: social/holistic accountability
(1) Goals	To justify one’s conduct by complying with coercive arrangements	To justify one’s conduct by fulfilling social and communal needs
(2) Focus	Calculative apparatus of reporting through formal methods with a short-term focus	Both calculative and communal reporting both through formal and informal methods with a long-term/continual focus
(3) Form	A technical-rational form that legitimises ‘good governance’ by dominant (hegemonic) class	A social-holistic form that legitimises the emerging alternative hegemony
(4) Governance	Orthodox state and donor agencies and the contractual arrangements of respective projects and programmes	Alternative state (NGOs) and its consensual mechanisms such as participation and negotiation
(5) Hegemonic order	Consent through coercive/dominative methods based on traditions and ‘war of manoeuvre’	Consent through collaboration by creating historical bloc, waging war of position, and improving leadership and learning

As shown in Table 1, the primary goal of a system of accountability is to justify one’s conduct (Roberts and Scapens 1985; Roberts, 1991, 1992). When the hegemony is maintained through consent as much as coercive, NGOs at their early stage must comply with coercive arrangements. Rather than trying to deliver multiple accountabilities, as O’Dwyer and Unerman, (2007), NGOs at this stage try to comply with government regulations on NGOs and to accomplish patrons’ and donors’ aims. As Gramsci shows, this is an epoch where hegemony is maintained through compliance rather than consent. It does not mean that this hegemonic state

completely operates only through coercion. Instead, the state apparatuses (and patrons and donors) exercise their domination over civil society while securing minimum consent. However, this goal is untenable when the NGOs become large and complex. They then try to fund themselves through varieties of “economic enterprises” but they must secure their “market” of community by allowing its members to be “democratic” and “collective”. To promote these social and political ideologies, the NGOs tend to satisfy these “customers”, their goals of accountability, i.e. justification of their conduct, turn to be more holistic and social. Rather than merely complying with orthodox coercive arrangements, the NGOs then tend to deliver multiple accountabilities (both upward and downward) with multifaceted reporting components.

These two extremities of goals have implications for the focus of accountability. When the NGOs enjoy their embryonic status, as shown in Table 1, the calculative apparatus of reporting is maintained through formal methods with a short-term focus. These methods are formal as they represent the “minimum” requirements promulgated by coercive arrangements within the orthodox hegemonic order. It has a short term focus as the delivery of accountability does demand strategic concerns about the functioning of NGOs. Instead, the regular reporting suffices. Consequently, the emergence of ceremonial practices is inevitable. However, the NGOs with a hegemonic order cannot afford such calculative apparatuses and formal methods of reporting. As the NGOs become implicated in wider communities (civil society) and their survival become dependent upon the legitimacy of being the social, the focus of accountability become dispersed into informal methods as well as to strategic/long-term issues. Within this alternative hegemonic regime, continuous dialogues with community members and intellectual debates on public media become essential components of accountability. Thus, accounting’s calculative practices as well as non-calculable moral obligations come to extend the focus of NGO accountability.

With this changing focus, NGO accountability’s form comes to be diverted. As shown in Table 1, at their initial stage, NGOs maintain a technical form of accountability by providing regular or project end reports as speculated by government and donor agencies. Essentially, this is a technical form: for NGOs, there are less social obligations as they get funding from donors; it is only a matter of “sending” the final report; for the state authorities, it is only a matter of “collecting” those reports to legitimise that they conform to “good governance” procedures (Najam, 1996; Dillon, 2004; Johnston and Gudergan, 2007). Everybody then assumes that “actions” resemble “reports”. In the midst of growing significance of civil society, the validity of these mere reports gets deteriorated. On the one hand, communities put forward their “voice” and enquire about “actual” against “intended” services. Thus, technical form of accountability does act as a sufficient “answer machine” for empowered communities. Consequently, as shown earlier, NGO accountability takes a broader social/holistic form to accommodate not only regular reporting exercises, but also variety of social forms ranging from verbal speeches, media discussions, press release, News Letters, academic debates, etc. In the longer run, NGOs then become not only service or advocacy organisations, but also alternative governments securing communities’ consent.

This shift of accountability from a technical to a social form has implications for governance. At one extremity, governance operates through a symbolic order triggered by “unconscious mind” like children become subject to “the law of farther” (Lash, 2007). In postcolonial societies, this symbolic order has been unchallenged as the people admired their kings in “good old days” and continued this ideology assuming that “modern princes” Gramsci, 1971) in contemporary democratic governments rule like kings (Wickramasinghe and Hooper, 2005). Hence, the technical form of accountability is sufficient as it does not question this kingship – rituals and ceremonies are then sufficient when delivering NGO accountability. As this regime of governance carries normalising functions of domination, politics under this regime of

governance is passive and unidirectional so there is little room for resistance and counter-hegemony (Kristeva, 1984). Lash (2007) defined this power regime as an epistemological one which works through logical statements and utterances. However, when the NGOs become large and complex, this “normalising” function of governance becomes questioned. Whilst international financial and trade organisations came to justified that NGOs rather than governments can provide social welfare services effectively, local intellectuals came forward to organise NGOs to exercise their governance over the orthodox hegemony and to demonstrate their powers of resistance against the functions of the state apparatuses. To maintain NGOs’ governance over the orthodox state, they tend to make “real” (or ontological) rather than “ceremonial” (or epistemological) contribution to society. Thus, NGO accountability comes to be ontological rather than epistemological where the delivery of such accountability should be accompanied by generous and considerable services to communities. Rather than trying to win the consent through logical statements and utterances, ensuing NGO accountability turns to win the consent through “real” work at the grassroots levels.

Consequently, hegemonic order, as shown in Table 1, changes from a state where the consent is secured through coercive/dominative methods based on traditions and ‘war of manoeuvre’ to a state where the consent is secured through collaboration by creating historical bloc, waging war of position, and improving leadership and learning. This is the essence of Gramsci’s theory of hegemony. In LDCs, this has been occurring since the 1980s when the orthodox governments were questioned by the plethora reform programmes such as privatisation, liberalisation and structural adjustments mantras with enormous implications for governance and control systems (Hopper et al., 2009). NGOs’ organisation forms then become learning organisations where innovation and continuous improvements rather than logical statements and utterances are the key “success” strategies. Here, historical blocs are created through collaboration rather than domination and coercion. This leads traditions and war of manoeuvre to be diluted and faded away. Having experienced chronic problems of tedious bureaucracy and undue political patronage through party political system, the NGOs now tend to follow private sector methods of management and controls while promoting learning and innovation. The logic of consent now then operates for these enabling mechanisms rather than the mechanisms of domination. Thus, the hegemonic order now is coming to shift from its epistemological position to an ontological position (Lash, 2007).

3. Accountability Changes of Bangladesh NGOs

Bangladesh is a densely populated (140 million people within 56,000 square miles) ‘least developed’ country with a per capita income of \$470 and an adult literacy rate of 59%. It ranks 132 of 146 on the *Human Development Index*. When part of Pakistan it was called East Bengal and later East Pakistan. In 1971 Bangladesh gained its independence but its poverty was exacerbated by the flight of much of its educated elite with their capital. Since independence Bangladesh has suffered recurrent famines, non-democratic political rule and natural disasters. Unstable political and military rule followed, with democracy re-emerging in the mid-1990s. White (1999, p. 10) labels Bangladesh a ‘weak state’ in a ‘strong society’. The range of social, economic and political interests lobbying the state suggests a dynamic, strong society but development has been constrained by dysfunctional government, constant political mobilisation and widespread corruption. Public agencies, including state owned enterprises are corrupt,

wasteful and inefficient² (Hoque and Hopper 1994; 1997; Uddin and Hopper, 2001, 2003) and countless reports on reform have made little difference (1999; Davis and McGregor, 2000).

Yet Bangladesh has exceptional social entrepreneurship leading to many NGOs being created (Bhattacharya and Ahmed, 1995; Holloway, 1998). Donors and development researchers believe that NGOs deliver development services to the poor and landless more effectively than government agencies. Hence they have supported their rapid expansion to foster development,³ especially through microcredit programmes, which have radically altered development practices⁴. Some development NGOs like BRAC, Proshika, and ASA are now large established institutions providing microfinance and services like sanitation, education, and health care to micro-enterprises and the poor, especially in rural areas. However, their extension of operations, e.g. into gas and mineral resources, has threatened state monopolies like telecommunications, printing, and computer software, and implies a diminishing role for government ministries and agencies in many sectors. Now some NGOs exercise considerable power and influence over governments (Ahmed, 2003), the legitimacy of which has been questioned (Ahmad and Jahan, 2002; Sobhan, 1997; Aminuzzaman, 1998; Bala and Mir, 2006; Hulme and Moore, 2006; Aminuzzaman and Begum, 2000). Hence, the NGO sector's roles, contributions to development, and accountability are publicly debated; and businesses, governments and some civil society elements have sought more accountability and transparency of NGO activities

These range from primarily economic activities such as service delivery, credit and income generation to radical 'political' approaches seeking 'conscientisation' and 'empowerment' (Hashemi and Hasan 1999). Nevertheless, NGOs in Bangladesh cover only a small proportion of the poor; do not operate in all areas; or saturate areas they do serve (Ahmed, 2000; Clarke, 1998; Hoque, 2002), and they do not always reach the poorest (Turner and Hulme, 1997; Edwards and Hulme 1996). Given the ease of starting an NGO, they have rapidly increased in number, often with little co-ordination and substantial overlap and conflict (Lewis, 2004; White, 1999; Sobhan, 1982, Stiles, 2002). They cannot, therefore, substitute state provision, yet the diversion of donor resources from the state to NGOs, may undermine the state's ability to deliver services nationally. Moreover, NGOs have become polarised between a few big NGOs and many small ones. The latter are often reduced to being subcontractors of big NGOs, which have merged into large corporations. The worldwide recognition they receive gives them legitimacy to exert influence on national politics. The Bangladeshi Government, which often lacks international legitimacy, cannot afford to exercise strong control over such globally recognised entities (Haque, 2002; Sobhan, 1982, 2004).

Civil society is relevant to NGOs, for their power emanates neither from the state nor markets but in their claim to represent, provide services to, and advocate on behalf of civil society, especially poor and marginalized groups. However, the NGO sector can be isolated from civil society discourse and practices (Lewis, 2004) and agents of foreign aid, civil society, and international cooperation simultaneously (Li and Hersh, 2002). Hence they must exercise political integrity and openness, and exhibit 'independence from power (state and politics) and money (the market and economy) to maintain their civil society credentials whilst, especially when delivering services, acting as the agents of power and money.

² Bangladesh has held the number one position in Transparency International (TI) Corruption Index for five consecutive years (see TI website for detail lists).

³ See World Bank report on Poverty Reduction Strategy Papers (PRSP), [http://siteresources.worldbank.org/INTPRS1/Resources/Bangladesh_PRSP\(Oct-16-2005\).pdf](http://siteresources.worldbank.org/INTPRS1/Resources/Bangladesh_PRSP(Oct-16-2005).pdf)

⁴ Multilateral development agencies World Bank, IMF and EC increasingly advocate the NGO model of development and are insisting governments collaborate with them. See World Bank Report on Poverty Reduction Strategy Papers (PRSP), [http://siteresources.worldbank.org/INTPRS1/Resources/Bangladesh_PRSP\(Oct-16-2005\).pdf](http://siteresources.worldbank.org/INTPRS1/Resources/Bangladesh_PRSP(Oct-16-2005).pdf)

Few NGOs, even vigorous advocacy ones, promote a ‘war of manoeuvre’ upon the hegemonic state and the civil society understandings that underpin it, not least because the state retains many powers over NGOs. NGOs tend to be *places of manoeuvre* and their accountability and hegemonic position reflects this. They may consent to the hegemony of dominant groups, e.g. the state or donors, and take ensuing benefits without scruple, or pursue incremental changes by lobbying for and acting on behalf of disadvantaged elements of civil society, i.e. a reformist ‘*passive revolution*’ counter hegemony. However, by consenting, NGOs accede to the hegemonic and institutional structures of power and money. Hence they tend to provide functional, technical-rational accountability. However, such external oversight and control creates anxiety or vulnerability amongst accountees, organisations use tactics and ‘mechanistic’ reports to survive, the vision of their leaders can become short-term and focused on satisfying dominant groups, and consequently NGOs cease to become effective agents of, or accountable to, civil society. Indeed, by becoming subject to a ‘ruling culture’ NGOs’ position may create false consciousness not visible in the short-term but with wider long run consequences.

Hegemonic movements tend to support the status quo, while counter-hegemonic movements call for radical readjustments of the social order (Ibid.). Counter-hegemony is consistent with social views of NGO accountability that focus on the wider context of their impact, accommodate more comprehensive critiques of power, and formulate courses of action akin to counter-hegemony (Carroll and Ratner, 1996; Levy and Egan, 2003; Kebede, 2005). The transition of a hegemonic position to a counter hegemonic position can be compared with the functional and holistic accountability of NGOs. When NGOs play a hegemonic role, their accountability inclines towards functional but when they adopt a counter hegemonic position it shifts to holistic and long-term, and embraces wider contexts.

4. Methods

The pilot study conducted in June 2002 secured future access and cooperation, and got information on BRAC and its accounting system. 7 interviews and a visit to the training centre in Gazipur took place and official documents were collected. Then 61 interviews lasting thirty minutes to three hours with 42 people were undertaken during two visits: the first from December 2002 to May, 2003; and a final short one in July, 2004. As the organisation’s identity would be disclosed, apart from key persons,⁵ respondents’ identities were kept anonymous to protect them from any consequences of participation. The first (pilot) visit sought to establish a rapport and lay groundwork for subsequent visits. The second gathered evidence on accountability practices and internal and external factors affecting them. The final visit concentrated on securing verbal feedback and clarification of emergent issues. The number of interviews was governed by pragmatic reasons, such as time constraints, though a satisfactory theoretical saturation was achieved. After each visit research progress and general findings were fed back to management to maintain relationships, trust and access, and validate data. This was important as the research questions are sensitive in Bangladesh. Interviews with 2 government officials from the NGO Affairs Bureau (NGOAB) helped establish perceptions and expectations of the government and NGO regulators, the Governments’ position on NGOs, and drawbacks of curbing them. Civil society representatives, one of whom had filed a case against BRAC, and prominent business leaders were interviewed about NGO accountability and hegemonic roles. Officials from another big NGO were interviewed to get different perspectives and validate data.

⁵ They include Chairman, Executive Director (ED), Deputy Executive Director (DED), and Governing Body Members.

Data was enriched by moderate participation. The researcher had a desk in the Finance Department at BRAC's head office where he stayed during visits, which enabled him to interact, observe and casually talk with members, and he attended various small, informal social gatherings. 3 internal meetings and 8 field-level weekly Village Organisation (VO) meetings were observed to understand BRAC's programmes and activities. Ensuing social interactions were invaluable for understanding financial record-keeping routines, organisational issues, and their social context. Often unplanned meetings turned into lengthy interviews akin to formal and pre-scheduled ones. Throughout, field notes were taken during or immediately after each session to capture the original thoughts of actors, events that occurred, the situation, contents of discussion/dialogues, and native phrases and terms used.

The research questions were broken down into more specific questions to help target data collected during specific situations and interviews consistent with data reduction (Selltitz *et al.*, 1981; Weber, 1990). When asking questions, key terms e.g. accountability, control, and power, were adjusted to be meaningful to respondents. For example, the term accountability was elaborated by questions on how they dealt with government agencies, business partners, customers, the public, and employees; maintained good relationships with external parties; controlled the effectiveness and efficiency of operations; and ensured employees were motivated. Data was examined to identify repeated issues, explanations, expressions, and the contexts they were raised in. The concern was to identify how members of a corporatized NGO, its clients, and important external actors experienced, enacted, used, and perceived accounting, and to mesh the researcher's outsider perspective with that of insiders to ensure that interpretations made sense to both the researcher and participants.

The study does not claim objectivity in the positivistic sense, i.e. controlling variables and testing quantitatively. As a participant observer, the researcher was involved in, not detached from, activities under study. Objectivity here means openness, willingness to listen to others, see what they do, representing them as accurately as possible, and giving voice to their views. The data analysis techniques helped reduce personal bias while retaining sensitivity to the data but the researcher's understanding was inevitably influenced by his values, culture, training, and experiences, which often differed from those of respondents.

5. BRAC- The Case

Bangladesh Rural Advancement Committee (BRAC) is now the world's largest indigenous NGO, with more than 100,000 employees and hundreds of small and large programmes (BRAC, 2006). Its mission is to provide services for development and empower poor people. During most of its existence BRAC has received considerable funding from donors who have given BRAC substantial flexibility over its use. BRAC started as fully donor-dependent but now combines development and commercial activities – the latter constituting almost 80% of its expenditure. Like other NGOs in Bangladesh, BRAC has grown rapidly with respect to annual expenditure, programme coverage, and people reached (Haque, 2002, 2004; Zaman, 2004) (see Appendix 2). It was chosen as a research site because of its rapid growth, changing roles, efficiency in implementing projects, good relationships and favoured funding status with donors, and, having worked with all governments to date, its ability to handle turbulent socio-political changes.

Donors have funded BRAC because its development philosophy from inception has emphasised women's empowerment and poverty alleviation. This has moral and practical implications, as it implies an openness to 'world views' (Gramsci, 1971) and hence the needs of those it assists, and governments' and donors' development aims. Some link the effectiveness of BRAC to learning (Korten, 1990; Lovell, 1992; Smillie and Hailey, 2001; Mortuza, 2006),

especially from field operators. BRAC now has considerable influence in Bangladesh and, like other NGOs perceived as effective, its pronouncements have considerable rhetorical power and credibility. Indeed, some claim that the pious public image NGOs have created has given them “a blank cheque for an almost unlimited store of trust – which has the advantage that, in cases where there is doubt, [the NGO’s] own information and not that of industrial agencies is believed” (Beck, 1999, p. 44 cited in Unerman and O’Dwyer, 2006b).

BRAC’s top layer of governance includes a governing body, an executive director, an advisor, three deputy executive directors and eleven directors. The Governing Body (GB) has twelve members, all of whom, apart from the chairman, are non-executive. Usually members, who are voluntary, are appointed for one year. GB meetings normally take place every two months.

5.1. Functional Accountability (1972 – 1990)

‘Functional’ accountability is short-term, essentially technical and rational, and concentrates on tangibles, like expended resources and immediate accomplishments (Edwards and Hulme, 2002; Ebrahim, 2003b; Khan, 2003; Najam, 1996). Functional accountability in the NGO sector is often driven the concerns of ‘patrons’, usually donors, governments, and foundation trustees (O’Dwyer and Unerman, 2006). BRAC’s accountability from 1972 to 1990 was functional in design but ceremonial in practice.⁶

5.1.1 Ceremonial and Compliance Accountability,

After independence in 1971, Bangladesh governments faced serious difficulties meeting their population’s basic needs. Then they welcomed all philanthropic assistance (Ahmad, 1999). Although rigid rules and regulations often governed the preparation and approval of public and private sector accounts none controlled NGO activities. Weak monitoring rendered accountability and control difficult generally (Hoque and Hopper, 1994, 1997; Uddin and Hopper, 2001; 2003; Mir and Rahman, 2005). Hence, NGO sector accounting during BRAC’s initial years was lax. A civil society leader commented: “*Political instability in the newly independent country hindered the NGO sector from robust reporting and accountability ... Governments welcomed all sorts of foreign funds without looking at their agendas. The droughts in 1974 pressured governments to become more liberal towards NGO movements. BRAC’s reporting was done on demand to satisfy patrons. According to a founder, “Reporting was very simple. Governments were not that much concerned like now. We used to submit a report to the ministry and that’s all. It was very easy at that time as our programme coverage was limited.” Another member stated: “We used to prepare detailed budgets those days. But they became just things we had to do ... We carefully put what donors wanted to see in the reports. Many cases when we could not meet budgets, we blamed other things for failure like politics, fundamentalism, disasters, bureaucracy, and bribes.” A further founder member commented: “We didn’t know whether would get paid as donors’ funds were uncertain ...we were only concerned to release donor’s funds and therefore we put donor’s priority first. Governments’ regulations sometimes created delays in releasing funds... but you know how to release funds from government officials (indicating bribes to officials!).*

BRAC lacked accounting professionalism in the 1970s. Initially, the account and finance division consisted of only traditional bookkeepers - often the founder (who has an accounting

⁶ Ceremonial accountability gives a facade, or appearance of conformity to accounting rules and routines but has little impact on day-to-day activities or the values, meanings and practices within the organisation (Nor-Aziah and Scapens, 2007, p. 215). It involves organisational rituals used to preserve the status quo and the power or interests of groups or individuals, rather than to aid decision-making (see Siti-Nabiha and Scapens, 2005, p. 47; Yazdifar *et al.*, 2008, p. 408; Hyvonen and Jarvinen, 2006).

background) did the accounts. BRAC controlled operations through unofficial and occasionally informal networking. The budget was seen as legitimate but it was primarily a ceremonial mechanism rather than a tool for controlling and reducing costs (see Siti-Nabiha and Scapens, 2005; Nor-Aziah and Scapens, 2007). Budgets provided some accountability but as a senior officer commented: *“Usually, government officials do not ask about the contents, nor do they monitor the projects effectively. They only ask for their share (indicating bribe!) - so accountability lies mainly on us not by them.”*

The ‘Zia Military Government’ promulgated new ordinances to control and monitor NGO activities. In the mid 1970s, some foreign NGOs were accused of converting poor Muslim people to Christianity (Ahmed and Jahan, 2002; Haque, 2002), or diverting funds to support Islamic fanaticism (Karim, 2004), or propagating developed countries’ policies to domestic political parties (Stiles, 2002; Hossain, 2006). Consequently, Bangladesh governments no longer ignored NGO regulation. In 1978, the Foreign Donation (Voluntary Activities) Regulation Ordinance was introduced to control foreign donor funds to voluntary organisations. The 1982 Foreign Contribution (Regulation) Ordinance extended this regulatory framework.

As a consequence, BRAC’ filed an annual (activity) report, confined to funding and programme goals as per ordinances, with audited accounts to concerned ministries. A founder member reminisced: *“Until the ...new act in 1978, we didn’t have to bother much to report to governments. We only reported ...if we got project funds from ministries. After 1978 we were obligated to report to governments for our other foreign funded projects. ... however [this] didn’t create any challenges ... they were very much technical and rule-based reporting.* No pre 1990 activity and annual reports could be found though BRAC managers claimed they had been done, albeit not as much detail as today, but they had not been kept for future reference.

In 1990 the government established the NGO Affairs Bureau of Bangladesh (NGOAB) to regulate foreign funded NGOs. Accountability to government became exercised through NGOAB’s prior approval of donor funds, their projects and budgets, yearly audit reports (by government approved independent auditors) to the NOGAB, and occasional inspection and monitoring of project activities by the NGOAB. Since then, every annual BRAC activity report has been available at head office. Nevertheless, as the head of finance explained *“Though NGOAB introduced some regulations of how to report to them, it is the donors not the governments or NGOAB that influenced us to prepare and publish annual activity reports. NGOAB instructions were limited with some formats: no detailed activity reports were asked for. So we followed the NGOAB format to report to them but for a wider context we introduced published annual audit reports and annual activity reports.*

The NGOAB concentrated on financial figures and a ‘show results’ view of compliance consistent with financial accountability, i.e. how money is spent, like the Comptroller and Auditor General's (CAG) office: the highest body of government audit. The laws did not require BRAC or other NGOs to publicly disclose their activities or provide for inspection and audit by a government agency, except for complaints and disputes, particularly those to the Department of Social Welfare (Asianphilanthropy, 2003). Thus, government supervision and control were legally blurred, although civil law jurisdictions could provide some resolution through common law. Accountability to patrons is often manifested by creating compulsory visibility through regular “rule-bound” reports “on mechanistic project ends” (Dillon, 2004; Ritchie and Richardson, 2000; Roberts, 1991). BRAC’s accountability was so and it was unchallenged by government.

Government failures created opportunities for NGOs to deliver government services, and NGOs seemed more friendly and accommodating to donors’ (Gauri and Galef, 2005; Haque, 2004; Edwards, 1999; Holloway, 1998, 2004). BRAC was a pioneer here. They anticipated the

‘globalisation dogma’ that incorporated a ‘beyond aid scenario’ for NGOs⁷ in the early 1990s, and their strategy from the late 1980s was sustainability. In 1980, donors gave it funds to educate people about the Oral Therapy Extension Programme (OTEP). Its effectiveness led donors to entrust more projects to BRAC. With donor assistance, BRAC carried out surveys and projects in fields like migration, health, mortality, and education.

BRAC depended on donors’ funds, so fulfilling donors’ demands was prioritised rather than its own development agenda and despite the ensuing paperwork often hampering BRAC’s mission., i.e. it exercised compliance accountability⁸ consistent with guidelines and performance measures set by powerful patrons or resource providers (Edwards and Hulme, 1996); and they transparently documented and reported their mission-based activities (Tandon, 1997). Initially BRAC prepared budgets to get funds from donors but donors wanted to see proven accomplishments. Subsequent uncoordinated donor missions and disparate disbursement and reporting arrangements taxed BRAC’s internal capacity, leading its management to propose changes internally and externally. A founder member recalled: “*We had to compromise with the donors’ agenda as they had money ... Had we not been reactive we could not have survived - at least at the initial stage.*”

In response, during the early 1990s, donors shifted financing projects to programmes through a ‘consortium’ that pooled funds, negotiated jointly with BRAC, and set common reporting requirements (Smillie and Hailey, 2001). BRAC’s accountability focused on this consortium, and extended to negotiation, appraisal, suggestions, adjustments, approval, and follow-up of projects. Once approved, a six monthly donor consortium meeting reviewed each project’s financial, statistical and other progress. Sometimes international auditing firms and government-approved local accounting firms audited and monitored projects. BRAC’s audited reports were submitted to donors and the NGOAB. These funding alterations improved the predictability of resource flows, e.g. the donor consortium financed BRAC’s Rural Development Programme (RDP) for five-years, which helped BRAC move towards self-reliance. Moreover, establishing a ‘Donor Liaison Office’ (DLO)⁹ helped BRAC transform its compliance role to one of agency, where it mediated between donors and governments. Such changes made BRAC rethink their policies. A founder commented, “*That’s why we started thinking on how to sustain without aid. ...To earn revenue from a separate commercial venture was one of the outcomes.*”

5.1.2 Functional Accountability and Hegemony

Before 1990, the NGO sector’s and especially BRAC’s consent enhanced the dominant hegemony. After independence, governments were open to external assistance and support. Governments employed various means (such as sharing foreign funding for development and establishing flexible rules for operations) to retain their authority and hegemony. In 1973, the Government established ‘*Rakkhi Bahini*’ (defence security forces) to recover illegal arms and maintain peace but critics claimed it mainly controlled and repressed opposition politicians. In 1974 the Mujib Government introduced one-party government called *Bakshal* that banned democratic politics. However, within a year, President Mujib and family members were

⁷ See *Third World Quarterly* special issue on Beyond Aid Scenario and NGDO, 2000, Vol. 21:4, for a detailed discussion.

⁸ Also termed ‘formal accountability’ (Khan, 2003; Dixon *et al.*, 2006), ‘horizontal accountability’ (Lloyd, 2005; Unerman and O’Dwyer, 2006b), ‘bureaucratic accountability’ (Wood, 1997; Zafarullah and Siddiquee, 2001; Brown, 1998) or ‘technical accountability’ (Slim, 2002; Hoque and Hopper, 1994).

⁹ The DLO was established in 1990 to create an information flow among donors, and between donors and BRAC, to manage and coordinate technical assistance, evaluations and review missions, track donor funds release, and provide assistance in consortium meetings and their follow-ups.

assassinated and the new Military government introduced so-called ‘democratic party’ politics and welcomed other institutions working with them. Thus, until 1990, most governments were autocratic but BRAC did not criticize them and thus faced no threat. BRAC helped implement the Zia military governments’ (1976 – 1981) multi-million dollar adult education projects but results were unsatisfactory *“Because a countrywide spirit did not develop, hopes for village-wide cooperation were not realized* (Lovell, 1992, p. 28-29). Governments disbursed projects and funds, and relaxed reporting requirements to keep BRAC on their side.

However, BRAC maintained close covert relationships with successive governments for they needed their support to work on donor funded projects. A senior BRAC official explained: *“We wanted to survive in any way we could. We needed funds for that. When donors told us to work with the Government we didn’t think much. We took the jobs. ... It was a learning experience but above all we needed to survive.”* A BRAC founder member attributed BRAC’s consent to state-led creating hegemony thus: *“We worked in a very uncertain environment. Abed Bhai¹⁰ tried his hardest to manage funds to run the programmes. ... We understood the situation. Abed Bhai gave emotional speeches ... that our salaries may not be available from the next month. With that kind of situation how could you expect that we would go against governments and hit our own feet?*

The influence of NGOs was limited then. BRAC was tiny, preoccupied with survival, and ran on a project basis rather than strategies. It initiated projects where funds were available and dominant groups (e.g. governments, donors) backed them. Although BRAC’s early projects encountered problems, due partly to capacity problems and resource constraints, they constituted an important learning phase (Korten 1990; Smillie and Hailey, 2001). Nevertheless, as reported elsewhere (Najam, 1996; Ebrahim 2003a, 2003b; O’Dwyer and Unerman, 2007; O’Dwyer *et al.*, 2005; Khan, 2003; Bala and Mir, 2006), accountability was functional (like the ‘Jelly’¹¹ category of Mitlin *et. al.*, 2005). It focused on short-term accounting for resources, resource use and immediate impacts, in conformity with sponsors’ demands. Accountability is linked with power, authority, and ownership and hence ‘who can call whom to account, and who owes a duty of explanation and rectification’ (Kilby, 2006; Mulgan, 2003). So, pre-1990, BRAC worked closely with autocratic military governments as well as donors, concentrating its accountability on stakeholders with the power and resources to influence its goal attainments (Unerman and O’Dwyer, 2006b, p. 351). It tolerated the government’s coercive mechanisms, consented to the hegemony of dominant groups, and reaped the rewards.

5.2 Counter Hegemony and BRAC after 1990

BRAC’s subsequent development as a hegemonic and social change agent was affected by authority crises in the Bangladesh state. Governments prevailed for short periods and crises invariably followed, which weakened their hegemony and ability to maintain a consensus within the development sector. Donor agencies increasingly preferred working with development NGOs rather than unstable, corrupt, bureaucratic, and inflexible governments (Haque, 2002, 2004).

¹⁰ The Bengali word ‘*Bhai*’ means ‘brother’. In Bangladesh it is common to call the boss ‘Sir’. But in BRAC all staff members call their boss a ‘Bhai’, which is very unusual in a Bangladeshi context but helps employees to feel closer to their boss.

¹¹ According to this category, NGOs accept that they have little power and, align with more powerful groups, social movements, political parties, and rich donors. They seek to respond to opportunities that emerge within these sets of relationships. They have to be a *jelly* because they are dealing with very powerful entities who don’t hesitate to contest the process. The NGO gets pushed and pulled but also, being a jelly, manages to hold something together. NGOs that do this well get acknowledged for this role (Mitlin *et al.* 2005).

Moreover, government failings encouraged international donors to use grants and aid conditions to promote policies consistent with their, rather than governments', agendas (Uddin and Hopper, 2003). For example, in the early 1980s, the IMF and World Bank) advocated privatising public enterprises to reduce losses and improve their effectiveness. Although the ensuing structural adjustment programme failed to achieve the desired results (Uddin and Hopper, 2001, 2003), governments followed donors' instructions, which weakened their hegemony further. Losing consent weakens hegemony, thus hegemony shifted from one dominant group (i.e. governments) to another (i.e. donors) who promoted their agendas using NGOs. How BRAC developed its counter-hegemony, war-of-position, passive revolution, intellectual leadership, and their relationship to accountability are examined below.

5.2.1 Social Accountability

The experience from OTEP helped BRAC 'think large' (Ahmad, 2004). Many attribute BRAC's growth to 'visionary leadership' (Smillie and Hailey, 2001; Edwards and Hulme, 1996; Lovell, 1992; Chen, 1983). As noted, BRAC implemented its strategies by creating a hegemonic position through intellectual and educational means. It initiated a management development programme in 1990; many senior staff undertook higher study in Western countries, oft funded from local and international sources; it established: a training and resources centre in 1978 to develop staff skills development; and a department for internal control to monitor efficiency of services in 1988. BRAC's project outcomes became examined by BRAC's independent Research and Evaluation Division, headed by a Deputy Executive Director (Research), which employs more than twenty PhD holders. BRAC's training division now provides services outside BRAC: every year several foreign institutions send staff for training (BRAC, 2005).

This reinforced positive relationships with donors and governments. Donors remained the focus for BRAC but governments, despite being unable to directly control BRAC as it no longer depended on their funds, they could exercise complex, often unstated, non-monetary, patronage through accreditation, easing operations, and tax breaks (Haque, 2002; Bala and Mir, 2006). BRAC scaled up its programmes and activities, e.g. the 'microcredit' programmes using donors' funds. Moreover, they became more profit-oriented - commercial activities labelled 'Programme Support Enterprises (PSE)', enhanced BRAC's financial security and its international acceptability. Using projects for income generation further encouraged donors and governments to fund BRAC's development projects.

However, BRAC's programmes also began to more explicitly incorporate an ideology for poor and disadvantaged people. Starting with the *Comilla Model* (commonly known as the Grameen Bank or Dr Yunus model), BRAC created its own development model. A senior official commented, "*We tried various models to reach the poor for their empowerment. Our initial model failed but we didn't stop trying new things. The research division worked independently to refine our current model. The recently-launched CFPR – TUP programme for the ultra-poor is the product.*" After 1990 BRAC began to seek better accountability mechanisms and a culture of social accountability (although they did not call it this). It extended its functional accountability with respect to financial reporting and staff performance evaluation to make BRAC's activities and members more open to external scrutiny, making them responsible for shaping and achieving their mission and values; assessing performance against broader goals; and acting as advocates and giving voice to beneficiaries.

5.2.1.1 Functional accounting for transparency

Before the NGOAB was established, the accountability and reporting practices of BRAC were limited, as there was no legal requirement for NGOs to present annual activity reports. A

senior BRAC finance said, *“Before 1990 we were not bound to submit annual reports for our budgets and activities. We submitted customised reports to donor authorities who provided funds, sometimes we submitted reports to governments but we did not have wider activity reports like now.”* After NGOAB’s establishment, BRAC’s accountability to governments primarily covered funding and programme goals. It followed NGOAB reporting guidelines and the NGOAB have never challenged these reports. NGOAB emphasised finance and did not require in-depth analysis or detailed activity reports, though BRAC prepared detailed activity reports for donors.

BRAC improved its formal external reporting and its high standards were often hailed by international agencies. From 2001, its annual reports and activity reports were made generally available on its web-pages, and detailed reports were made available to supporting enterprises. The Head of Finance explained: *“We want to be transparent. Critics say that our supporting enterprises create unparallel competition as they get favours from development funds. But actually they don’t. That’s why we decided to publish [their] reports. ... We understand the contents are huge but at least to answer our critics we will continue publishing. If anyone needs more details we can provide them with whole audit reports which contain more than 200 pages.”* BRAC officials claimed that they provide more information to government than is legally required. Its Finance Division gained the prestigious ‘Consultative Group to Assist the Poor’¹² Award for its reporting (BRAC, 2005) for three consecutive years (in 2006 there were 175 applicants from 57 countries). The Head of Finance commented, *“We were awarded it because we maintain a culture of honesty ... This definitely recognises that we are on track, and ... other organisations should have transparency and accountability in their operations’.*

5.2.1.2 Participation, organizational learning’ and performance accountability

Senior management increasingly realized that poor staff and volunteer training and development were inhibiting transparent accountability. BRAC had formally adopted staff development in the 1980s (HR Manager, 2003) and in the 1990s it instituted annual staff performance evaluation, frequent staff rotation within and between branches, regular field visits by senior management, a strong internal audit team, annual external audits, and self-regulation.¹³ They believed *“good accounting and management information systems ... are indicators of accountability.”* A BRAC executive elaborated: *“We use objective-based performance evaluation systems for our staff. All levels of management are assisted by management information systems (MIS) developed over time by our impact monitoring and evaluation cell. The MIS has been developed ... to monitor programme targets and achievements in line with our core objectives, and to monitor day-to-day management. Every six months we (the staff) ... review the quantity and quality of our work ... we try to follow a bottom-up approach.”*

BRAC’s senior management tried to delegate operational decisions to the field within a participatory approach. Mr. Abed explained: *“We try to inspire and imbue all staff members with our [development] idea and internalize this within the organisation. As a result of our participatory development management style ... regular weekly and monthly meetings at different levels at the head office and the field provides staff members opportunity to discuss and debate any issue and offer new ideas. ... Ideas do not necessarily generate from the top but quite often*

¹² The Consultative Group to Assist the Poor comprises 31 public and private development agencies working to expand access to permanent large scale financial services for the poor in developing countries. Each applicant’s financial statements were scored by reviewers from Latin America, Africa, the Middle East, Europe and North America.

¹³ Self-regulation is an emerging dimension of governance. Most senior officials agreed it is weak presently, owing to a lack of viable enforcement mechanisms.

travel upwards from the bottom. This gives staff members at all levels a sense of involvement and belonging, and makes our policies and programs effective and realistic (Abed, quoted from interview with Countdown, 2005).

However, field-level staff appeared seldom motivated by this mission and vision. Their main objective was to reach their individual targets to render their job safe. One commented, *“If my recovery rate is not good I will be humiliated at the daily coordination meeting and then, if it continues, I will be terminated. Officially they (senior officials) will not accept this if you ask them but we have been pressured from senior bosses to maintain our recovery rate 100%. To maintain [this] sometimes we must go members’ houses four to five times a day to recover weekly instalments. Sometimes we feel sorry for them but ... I don’t want to lose my job’* An ex-BRAC field level officer said: *“Have you heard anything about military training? In military training you will be awarded and commissioned after a certain time; and your training will be ended. But in BRAC, if you join at field level, your struggling is for ever. We used to wake up at 6 o’clock in the morning and had to start work by 7.0 a.m. When we finished our work, in most days, it crossed 9.0 p.m. We had to work during most of the weekend. ... Everyday I wished to leave the job but when I thought about my family who are dependent on me I couldn’t ... Those 2 years were a bad dream to me.*

The Human Resources Department (HRD) recognised the high dropouts at field level. Consequently it downgraded field-level staff positions from 7th (fresh university graduates) to 4th and 5th grade (12-class graduates) as the latter have lower expectations. This gradually reduced turnover and reduced salaries of field staff, which brought allegations of exploiting cheap labour in an uncompetitive market (Ahmad, 2001, 2002; Karim, 2001). DED (II) responded stating, *“It is a wrong accusation ... We pay moderate salaries. If staff face problems living with this salary they would quit but you know I have 29,000 full-time staff as well as another 30,000 part-time staff. Our turnover rate is below 5%, which I think is quite impressive. Well, we can raise the salary structures of our staff but I think it will create an adverse effect on the job market, for other organisations will also face pressures to increase pay scales.*

Accountability is a means of interaction and communication (Mathison and Ross, 2002). When power is delegated within a hierarchy there is an expected return. Those invested with greater power are often obligated to account for their accomplishment of outcomes sought by those in power. However, as Davies (1998) comments, staff members develop ‘an explicit awareness that both values and techniques are at stake and that they face a form of hegemony, and that their own organisation is enmeshed within it.’ BRAC’s formal hierarchical structures of employment security, grade, and education status clarified expectations of appointments and duties but, as will be recounted, they conflicted with BRAC’s development and change ideology.

5.1.2.3 Voice accountability, participation, governance, and consciousness

Before 1990 BRAC had no clear mission and vision statement but then it introduced ‘poverty alleviation’ and ‘women empowerment’ - into activity reports. From 1997 these were regularly publicized and BRAC’s mission and vision expanded. BRAC recently described the latter as, *“A just, enlightened, healthy and democratic Bangladesh free from hunger, poverty, environmental degradation and all forms of exploitation based on age, sex, religion and ethnicity.* (BRAC, 2005) Thus BRAC exhibited signs of incorporating ‘identity accountability’. A programme head stated: *“We have had mission and vision from the start ... it has been updated (I would not say changed!) as the situation demanded ... We started for ‘rehabilitation’ but then we advanced our mission and vision toward wider community development. Now we think we should consider and work for other irregularities in society ... Our mission statements incorporate new problems - Many... are discovered through our field level learning.*

Thus BRAC's management has tried to extend its accountability beyond patrons (donors) to the community, especially beneficiaries, emphasizing empowering the poor: "*We motivate the isolated poor (including women) to form groups to discuss their problems, we teach and support the group members to exert pressure for their own rights against dominating vested interests, for example, demanding access to water from tube-wells controlled by the elite*" (BRAC executive). International institutions lauded BRAC for its mission, e.g. In 2004 its founder and chairperson received an honorary doctorate from the University of Manchester for helping alleviate poverty.

Accountability to beneficiaries helps ensure that an NGO reciprocates and is responsive to people's needs (O'Dwyer and Unerman, 2006). Without 'participation accountability' the impact of programmes on beneficiaries may be minimal. According to Khan (2003, p. 274), "*BRAC's accountability to clients can be ensured by providing them with improved services and maintaining transparency in all its activities. Beneficiaries are encouraged to involve themselves in BRAC's programmes.*" According to its managers, BRAC engaged the marginal poor and encouraged beneficiaries to provide feedback on development activities. One commented that, "*We take fees from our beneficiaries so that they will feel that they have a right to criticize and complain about our services. This in turn makes us more effective.*" However, BRAC's beneficiaries are an amorphous mass. From 1986 they were organised into small groups of five to forty people called Village Organisations (VO). BRAC has 160,197 VOs (BRAC, 2005) and almost 5 million members served by programmes (see Appendix 1). Consultation with beneficiaries at grassroots levels through accessible field-workers is the crux of bottom up empowerment of beneficiaries, field-level staff participation, and thence organisational learning. However, as a beneficiary stated, "*We are seldom allowed to make decisions on programmes or budgets or even to participate in monitoring and evaluation.*" The 'weekly discussion meeting' was used to recover loans not for policy-making participation. Similar comments by other beneficiaries and VO members' were made about accountability.

Field-level staff ignored clients/beneficiaries but consulted with managers, assuming they had better skills and qualifications. Given management's reluctance to foster downward accountability systems to the poor and/or beneficiaries, the latter's participation in key decisions did not occur. Hence they exhibited a lack of consent - their participation in VO weekly meetings had little effect on engaging grassroots segments of civil society. When field workers had targets to recover loans, they lost interest in the advocacy roles intended to enhance their own inclusion in the development process. Paradoxically, the performance evaluation system introduced for laudable aims became perceived by field staff and beneficiaries as coercive and frustrated the participation and giving voice to both parties.

Generally, the rise of NGO power is viewed favourably, as it has the potential to expand civil society and democracy; reduce authoritarian tendencies of governments; increase citizens' political awareness; and improve the economic, educational, and political status of some rural poor, especially women; *inter alia* (Smillie and Hailey, 2001, Lewis, 2001; Lewis, 2008). For example, it is claimed that BRAC's continuous pursuit of long-term non-formal education and training programmes for members has enhanced basic literacy, skills, and socio-political awareness, which has contributed to the 'democratic movement' (Lewis, 1993a, p. 55). However, others claim that the favourable image of NGOs vis-à-vis the pejorative image of government agencies, is often reinforced by global advocacy and publicity by NGOs themselves (Tvedt, 1998; White, 1999; Blair, 2000; Stiles, 2002; Feldman, 2000; Haque, 2002, 2004; Rahman, 2006). The danger is that this creates a false consciousness amongst disadvantaged groups about the potential of NGOs and the state to meet their needs.

The takeover of various socioeconomic activities by NGOs like BRAC, and claims of NGO success, has led governments to avoid their obligations to deliver these services to the rural

poor (Haque, 2002, 2004; Stiles, 2002). The contribution of BRAC and other NGOs to macro-economic development remains a subject of debate: some claim that the success stories of NGOs in poverty-alleviation are over-simplified, as only a limited percentage of the population benefits (Hulme and Shepherd, 2003; Matin *et al.*, 2002; Matin and Hulme, 2003). Often there are serious duplications of functions and services amongst NGOs. The basic services they provide focus on specific target groups and are minuscule compared with actual needs (Haque, 2002). Big NGOs like BRAC may create “pockets of development” rather than comprehensive nationwide development (Chowdhury, 1996, p. 20). Moreover, microcredit benefits only those with the capacity, economic foundation and entrepreneurial fortitude to work for themselves. Others, especially the 25 to 30 million ‘ultra-poor’ Bangladeshis, need more cost-intensive help (Matin *et al.*, 2002; Matin and Hulme, 2003; Waldman, 2003; Hulme and Moore, 2006). Haque claims that the rise of NGOs is ‘deradicalising politics and depoliticizing society’ (ibid, 2002, p. 427), and rather than promoting equality, NGOs like BRAC play a conservative role by preserving class inequality, reducing pressure for radical reforms, and fragmenting the rural poor’s struggle. For Tvedt (1998, p. 209), “the multilevel NGO network contributes to the paralysis of social and political action.” in Bangladesh. Petras (1997) argues that the growing influence of neoliberal donors has made many development NGOs commercial and thus overemphasise individualistic microcredit that tends to depoliticize the poor. Significantly, large NGOs like BRAC lack an agenda to redress rural poverty and inequality through fundamental land reforms, which is crucial for the landless and near-landless classes comprising 65% of rural households (Haque, 2002). Moreover, NGOs’ diverse and conflicting voices may deny and weaken political action by the landless poor (Paul, 2000). Thus, it is a paradox that although BRAC claims to empower people, its activities might often depoliticize and disempower the rural poor.

In summary, BRAC became a new 'patron' for the marginalized poor (beneficiaries) but not necessarily a partner. Without the poor’s involvement, BRAC cannot claim it is accountable to them, or is achieving sustainable participatory development. Assessing their views and accommodating these into policies is no substitute for direct participation (Lewis, 2001; Smillie and Hailey, 2001). The issue of representation in governance is critical here, being the weakest link in the accountability chain between management and beneficiaries, and BRAC, like many other NGOs, has problems here.

5.2.1.4 Governance

Accountability involves governance. Both are pivotal for how policy-making ensues in a democratic political environment (Robinson, 1994, p. 38). An NGO’s Governing Body (GB) plays a dual role in making the entity accountable to stakeholders, and management accountable to the entity. Its basic duty is administering funds and properties consistent with BRAC’s objectives, and exhibiting “a duty of care and duty of loyalty” in good faith, honestly, prudently, reasonably and rationally with vision and avoiding conflicts of interest. BRAC’s GB has the authority to finally approve any project or plan, and the right to comment on project proposals and contents. It can intervene into BRAC’s management - examples of it rejecting BRAC management’s decisions were given – but normally it does not interfere in day-to-day activities.

BRAC’s GB membership changed little from 1990 to 2005. A DED commented, “We look for ... people who believe in our concept. Usually a list of prospective like-minded socially respected people is prepared. The names are then discussed [and] ...after getting a positive response from the General Body, we then approach him/her. If he/she agrees then he/she has to become member of the General Body by paying fees. After that his or her name are proposed for the Governing Body. The General Body members are the ultimate decision-makers regarding this’. A GB member said, “When BRAC approached me to become a GB member, I did not deny

the proposal because I felt proud to become part of it.I had no interest or benefit being involved ... Actually there are very few organisations working in Bangladesh like BRAC. BRAC is doing something different which should have done by Government and the private sectors. They should learn from BRAC (Meeting with Bhattacharya, 2003)."

GB members come from the top layer of civil society. For example, it recently appointed Dr. Timothy G. Evans, Assistant Director-General, World Health Organisation (WHO), a Canadian; María Otero, President and Chief Executive Officer (CEO) of ACCION International; and Ms. Shabana Azmi, former member of the Rajyashava, social activist and film actress, an Indian. Foreign Expert Board Members must attend at least one GB meeting annually. Such professionals can enhance accountability with respect to effective governance of boards, the adoption of self-regulatory measures (like codes of ethics), functional expertise in problem solving, strategic planning, social auditing, and important external contacts (Ibrahim, 2003a; O'Dwyer and Unerman, 2007, 2008). BRAC perceives its GB as important for improving accountability and attracting international agencies. There is no compulsory retirement and though BRAC sometimes requests someone to step down no-one has been forcibly retired. The Memorandum of Articles states that the GB should appoint the chairman but no visible signs of appointing anyone other than the current chairman are apparent. Although the founder chairman has changed his designation several times (e.g. chairman, CEO, ED), mainly because of legislation, ultimate authority always lay with him.¹⁴

In contrast, informal networks¹⁵ surrounding BRAC's governance, often based on, kinship or connections accumulated opportunistically were common. Given the charismatic leadership of BRAC's founders, and the familial nature of Bangladesh society and politics, this is understandable but it provides challenges for transparent, meritocratic governance. Although gaining employment opportunities via personal connections is limited in BRAC,¹⁶ informal kinship and regional networks are important, especially at senior levels. The advisor to Aarong, a sister concern of BRAC, is the wife of the Chairman of BRAC, and a senior staff member of the Aarong design unit was believed to be related to him. Many top officials, including ED, the advisor, a DED, and programme heads are from the same district as the chairman. Given the Bangladeshi context, staff did not regard such connections as unusual but it differs from many other NGOs. The two most influential BRAC executives after the chairman are linked with two main political parties, and the advisor of BRAC is a member of the Advisory Board of the main opposition party, the Awami League. The immediate past Executive Director (ED) of BRAC has close relationships with the current Bangladesh Nationalist Party (BNP) government. Indeed, the Awami League accused the ED of election engineering when he was advisor to the caretaker government in 2001. A senior official of another big NGO commented, "*It has been alleged that we campaigned to cast votes for the Awami League during the last parliamentary election. After taking power, they (the current government) has made our life hell. Our project funds have not been released. Our president was arrested and we (officers) all were under strict scrutiny. Mr Abed is clever in this respect. He appointed Mr. Mued Choudhury as Executive Director of BRAC who developed a hatred relation with AL when they were in power. Mr. Choudhury is in the good*

¹⁴ BRAC's Annual reports reveal that Mr. Abed was designated Executive Director from BRAC's inception until 2000. In 2001, Abdul-Muyeed Chowdhury was appointed as Executive Director however Mr. Abed retained the top post, as he was then designated 'chairman and chief executive officer (CEO)' of BRAC. Mr Abed still holds both the Chairman and CEO posts. See BRAC Annual Reports (1990 – 2006) for more on its organisation structure.

¹⁵ Informal networks can be based on kinship, place of birth, political affiliation, and religion.

¹⁶ Regular employment is difficult to find in Bangladesh. In 2002 the HRD of BRAC received hundreds of unsolicited job applications per week. This is only a small fraction of informal requests made to BRAC staff members to lobby for job opportunities for friends and relatives.

books of BNP. So BNP will not act against BRAC whilst Mr. Chowdhury is there. On the other hand, Mr. Abed's brother is a sitting MP (Member of Parliament) for the Awami League; the BRAC advisor is also a member of the Awami League Central Advisory Committee. So the Awami League will also not go against them. Actually in the Awami League regime they worked more closely with AL than us. And still with this government they are more tied up. We should have also thought that way."

Maintaining good relations with governments via informal networks has positive and negative implications. They provide alternative channels for information flows (Davies, 1998), especially critical views inhibited in formal communication within hierarchies; and help BRAC to work closely with governments and garner their support. However, they defy open, transparent governance, and may produce results inconsistent with stated values and mission. For example, women were under-represented within top-level management and only 9% of female employees have worked in managerial positions.¹⁷ However, more than 95% of BRAC's beneficiaries are women.

5.2.1.5 Mission and vision: identity accountability and negotiation

A commitment to a mission and values, i.e. 'identity accountability', are imperative for NGOs (Slim, 2002; Tilt, 2006) wishing to amplify the voice of the poor, and control their environmental impact and long-term sustainability (Ebrahim, 2003b; O'Dwyer and Unerman, 2008). Negotiation with stakeholders, including government and other NGOs can maintain an NGO's values and foster pluralist democracy.

BRAC has continually negotiated with governments. In his autobiography Abed said, *"In 1979, I met with President Zia and requested him to provide me child immunization vaccine storage facilities in every Upazilla level hospital. Mr President was empathetic but stressed that as power supply was not available in every Upazilla level, freezing facilities wouldn't work. Mr. President advised other alternatives. We also realised the limitations and hunted for simple alternatives to provide basic health facilities. (Martuza, 2006)* From the early 80s Bangladesh governments recognised the complementary role NGOs could play in sustainable development efforts, especially in poverty alleviation and social services' delivery. Consequently, with donor collaboration, BRAC initiated the nationwide OTEP in 1980 - , the first major health programme on oral dehydration to villagers. A BRAC founder member claimed that, *"OTEP helped us gain confidence. After successfully completing this programme, BRAC ... believed that it could go for bigger projects. We received more positive responses from donors and governments to work with them in other collaborative projects.* For example, Abed recalled how, *"The Local Government and Rural Development Ministry distributes wheat/rice to vulnerable people through its Union Parishad Council. But it was found at the field level that this project was not helping to change the lives of vulnerable people. Also irregularities were identified in choosing vulnerable people. We proposed to the government that we wanted to help in the proper distribution of wheat and ... the group's development. Initially we were given a sample of Union Parishads to work with local chairman and members. Because of our success in initial projects, governments have now agreed to allow BRAC to work almost all the districts at the union level. ... Now the BRAC field coordinator sits with government officials and local leaders to finalise vulnerable group lists and closely monitor the distribution of wheat/rice.*

BRAC's efficiency in implementing projects and its transparency gave it leverage to negotiate with governments, e.g. the Income Generation for Vulnerable Group Development project. It also fostered initiatives to improve relations between Government Organisations and

¹⁷ Source: *Shetu* (2002): Internal Magazine of BRAC, April-June (Summer Edition).

NGOs, including the PKSF, NGOAB and GNCC. But BRAC encountered problems. For example, it entered a partnership with the government and donor support, to run failing rural community schools. By 2002, BRAC had 44 schools offering primary education, 27 to all grades. However, the government proved reluctant to pay recurrent costs, despite its insistence that schools should meet government standards and regulations. The BRAC employee involved claimed that BRAC's "*track record in running educational programmes, particularly in non-formal basic/primary education since the 1980s ... and its capacity in developing teaching materials with a suitable curriculum put it in a strong position to negotiate with the government bureaucracy. ...It may sound weird but we really want to train them how to serve nations with quality education.*" Thus BRAC gained considerable influence from its close partnership with governments. For example, in 2001 BRAC pressure, with support from the Donor Club and the World Bank, persuaded a re-elected coalition government backed by the Islamic party to shelve draft laws to control the NGO sector.¹⁸

Some donors and researchers feared BRAC's initiatives with governments might spread government corruption and inefficiency to NGOs (Haque, 2002; 2004; Khan, 2003), reduce NGO's independence, limit their flexibility and innovation (Lewis, 2001; Smillie and Hailey, 2001), and stymie government provision of services. Moreover, most other NGOs lacked BRAC's capacity to deliver many programmes. For example, arguably, BRAC was the only NGO capable of delivering formal education and negotiating curriculum, textbook, and pedagogical flexibility. Consequently, most other NGOs worked independently or in an unequal partnership with the government – implementing programmes as contractors but not influencing state agendas or planning.

BRAC developed adversarial relations with some civil society actors – especially the business community, the labour movement, and the Islamic right wing. For example, BRAC's plan to become the first NGO to raise funds by floating a bond on the stock market received considerable publicity. A high profile businessman commented that, "*This is a world away from charity tin-rattling. It is a whole new development ball game. BRAC has an unfair advantage in business by virtue of whole panoply of formal and informal subsidies and protections. To begin, NGOs are tax-exempt, particularly with respect to land purchases. Thus, when a large NGO purchases land for dairy farms or pisciculture, it automatically experiences savings of tens of thousands of dollars relative to private competitors. Furthermore, while businesses are legally obligated to pay taxes in advance, NGO businesses are exempt from paying taxes on profits since by definition no profits are made. NGOs are also exempt from workplace regulations and their workers therefore do not organise trade unions.*"

Private businesses complained that BRAC had an unfair commercial advantage by virtue of subsidies and protections, e.g. when a large NGO purchases land for dairy farms or pisciculture it saves tens of thousands of dollars over private competitors (Stiles, 2002, p. 841). The issue was highlighted when the supreme tax authority, the National Board of Revenue, instructed BRAC to pay considerable tax on profits from operations that NBR deemed inappropriate for NGOs. This called into question BRAC's financial transparency, and evidence by critics that BRAC's switch from 'conscientisation' to 'service delivery' meant that it had 'retreated from any serious role in addressing structural constraints to poverty and injustice' (Edwards and Hulme, 2002, p. 191). BRAC officials responded by claiming that NGOs receive no special benefit in terms of tax or anything else from government. One stated that "*The benefits we receive from government are the same as for everyone. There is no extra benefit doing business and earning profit as an NGO... the same systems, rates are used... we also pay taxes for the businesses like Aarong.*"

¹⁸ See The Daily New Age, March 13 2004; Daily Jugantor, February, 14, 2004.

Aggressive expansion of BRAC programmes has raised questions among civil society actors. BRAC sought to establish a commercial bank in the mid 1990s to provide financial services for citizens poorly served by Bangladesh's weak commercial and nationalised banks, earn revenue for BRAC, and reduce BRAC's dependence on foreign donations. This was not only opposed by commercial banks and some government regulators but also distinguished civil society figures, including Prof. Mozaffar Ahmed of Dhaka University, one of Bangladesh's most distinguished economists, and a scholar and policy specialist of international standing. He argued that charitable organisations should not engage in such business activities (Sidel, 2004) and he unsuccessfully petitioned the High Court in 1999, alleging that the Societies Registration Act prevented BRAC entering commercial banking. The Supreme Court majority supported BRAC's non-profit but commercial activities, providing proceeds were taxed and devoted to charitable activities. In response to allegations that BRAC has become a corporation that competes with private and public sector enterprises and commercialises development activities, a senior BRAC official stated that, "*The process of conscientization, extension of credit, utilization of credit in productive sectors, monitoring credit utilization, creating opportunities for employment, offering training, together ensure the sustainability of BRAC. Also, to reduce dependence on donors, we started setting up commercial ventures, and obtaining ownership of assets such as office blocks, cold storage, printing press, sales shop, university, tea garden etc. Involvement in revenue generating ventures without sacrificing the main objectives of the organisation definitely ensures the sustainability of BRAC and thus helps achieve wider long term visionary objectives.* Since 1995, BRAC's expenditure has been mostly financed internally (see Appendix 2) - by 2005 only 24% came from donors and BRAC's main programme is donor independent. Nevertheless, commercialization of BRAC's activities has had get unmitigated support from civil society members. For example, a recent government decision to hand over government primary school teachers' training to BRAC was overwhelmingly rejected by the teachers' community, who feared that BRAC was implementing a hidden government agenda of privatising primary education (Daily Star, 28 May 2008).

BRAC's actions also caused concern with other NGOs over environmental issues. In December 2007, *Nayakrishi Andolon*, a movement of 100,000 farmers, and *the Ubinig*, a social policy research organisation, accused BRAC of being "unethical" and "dishonest" in promoting hybrid crops to millions of farmers (Kelly, 2008). Ubinig's executive director claimed "*BRAC was complicit in deceiving farmers about the true production costs of hybrid seeds and inflating predicted crop yields*" (quoted from Kelly, 2008). The two NGOs argued that Bangladeshi farmers had sufficient of their own high-yielding 'aman' and 'boro' rice, which they favoured claiming that an increasingly mono-crop rice culture was causing underground water levels to fall, creating arsenic problems in drinking water, and contributing to desertification. They accused BRAC of exacerbating these problems by linking the purchase of hybrid rice seed, and fertilizer and pesticide, with access to micro-finance loans (Kelly, 2008). The commercialization of big NGOs carries the danger that they reduce poverty issues to being purely economic problems, linked to people's lack of access to credit (Karim, 2001; Rahman, 2006). Such an economic approach may demobilize the rural poor in Bangladesh by diverting their attention from wider political questions (Chowdhury, 1996, p. 164).

Thus, although BRAC is perceived as apolitical, professional, accountable to patrons, and often large and wealthy relative to other civil society actors, they arouse the suspicion of many elites (Ahmed, 2005). Political parties distrust BRAC because it does not offer its loyalty (Head of Finance, 2004); radicals have opposed BRAC as it is eager to work with hegemonic actors; conservatives are often threatened by it because its progressivism disturbs the social status quo, and the private sector sees BRAC as a market rival. Moreover, the monopolistic nature of large

NGOs, such as Proshika, BRAC, and Grameen Bank, may make them too powerful to be accountable to poor and powerless members who are increasingly dependent on them (Chowdhury, 1996; Khan, 2003; Haque, 2002).

5.3 Accountability, hegemony and ‘war of position’

Once BRAC gained prominence its focus switched from survival and from functional to social accountability. It improved its efficiency and effectiveness through leadership, training, education and learning. Its development model has been copied in Afghanistan, Sudan, Sri Lanka and Tanzania, with more cases pending (BRAC, 2006). Such initiatives enhanced BRAC’s hegemonic position by exploiting leadership, professionalism, and organisational efficiency. After 1990, dominant groups, especially donors and governments, recognised this and developed strong relationships with BRAC. BRAC’s exercise of accountability to a broader constituency helped create a ‘historic bloc’, whereby BRAC gradually gained a voice to speak for others. BRAC’s hegemony and leadership, reinforced by developing management skills and excellence, can be likened to Gramsci’s concept of intellectual leadership that helps create counter-hegemony and a new consensus. Trained staff shaped the orientations of millions of BRAC’s members and, through them, other citizens. Compared to governments, BRAC had developed popular support, especially through its development, health, education and training programs; and its proximity to local people, field experiences, and need-based services (Smillie and Hailey, 2001; Halder and Mosley, 2004; Sarker, 2005; Hulme and Moore, 2006; Ahmed and French, 2006). In rural areas, services by development NGOs (e.g. health care, education, agriculture, and microcredit) are more popular than state-provided ones (World Bank, 2002; Gauri and Galef, 2005). BRAC’s favourable image strengthened its social power and influence, in contrast to the negative image of governments and their declining support.

Bangladesh Governments, especially after 1990, tried to control NGOs with little success as they misunderstood the political issues, culture and environment of this sector (Stiles, 2002). In 1992, the newly elected democratic government’s attempts to impose coercive powers over NGOs that had allegedly co-operated with military rulers failed due to donor and media pressure. In 2003, the government withdrew a Bill to regulate NGOs due to a similar lack of consent. BRAC was actively involved in the resistance (Daily Observer, 14 June, 2005).

Donors wanted NGOs like BRAC to work with Governments on public welfare and development policies (World Bank, 1996; Zafarullah and Huque, 2001; ADB, 2005; Gauri and Galef, 2005; Zaman, 2004). The past Prime Minister, Begum Khaleda Zia hailed NGO activities, portraying them as key actors in development. She said, “*We recognise the role of civil society and NGOs in Bangladesh’s development. Many success stories in health, education, micro-credit, women’s empowerment etc. are the result of Government—NGO collaboration and cooperation. NGOs in Bangladesh enjoy adequate operational freedom ... We are committed to maintaining an enabling environment for them.*”¹⁹ Since 1990, governments have recognized the importance of working with NGOs and BRAC has become a significant advocator and negotiator within Bangladesh political and economic domains as (see Smillie and Hailey, 2001; Stiles, 2002; Khan, 2003; Bala and Mir, 2006).

However, its role has been controversial within government and NGO circles. In 2003, the government took action against the Association of Development Agencies of Bangladesh (ADAB) because it believed its president actively worked for an opposition party. According to senior official of another big NGO, Mr. Abed (Chairman of BRAC) played a dual role in

¹⁹Inaugural address by Prime Minister of Bangladesh Begum Khaleda Zia at the Bangladesh Development Forum meeting, Date: 8th May, 2004, <http://www.lcgbangladesh.org/BDF/speech/pmspeech.htm>

resolving the situation. Without concrete evidence of malpractice, some NGO leaders headed by the BRAC chairman tried to dissolve ADAB's elected executive committee and form a committee that the government would trust (Abed, 2003). But the ADAB president and most members disagreed with this.²⁰ Nevertheless, with government support, a counter-umbrella organization, headed by the ED of BRAC was formed in 2003, called the Federation of NGOs Bangladesh (FNB). When asked, about this the BRAC chairman commented that, "*The situation is life threatening for all Bangladeshi NGOs. You know about Bangladeshi politics. If we didn't form a new association of NGOs, the Government would destroy the whole NGO sector. We had to go with the Governments for the sake of the NGO sector.*" However, this did not resolve the problem but divided the NGO community, which lost its strong voice. Although ADAB still operates with supported from aid agencies, there is concern that the split may permanently damage the Bangladesh NGO sector and weaken further collaboration (Daily Star February 18, 2003; Hossain, 2006, p. 245).

These examples illustrate how BRAC developed a 'war of position', strategically avoiding frontal attacks upon the government. Instead it fostered government relationships through negotiation, aided by its credibility, especially with donors and governments, brought about by its successful programmes, effective reporting, professionalism, networking, and collaborations. Developing a tactical 'war of position' can pave a way for counter-hegemony but this should not be confused with creating an alternative hegemony through negotiation and consensus (Kebede, 2005). The question is whether BRAC merely helped replace a state-led hegemony with that of powerful foreign donors.

Foreign donors and aid agencies have increasingly depicted NGOs as civil society substitutes for state agencies that can democratize and alleviate poverty in developing countries like Bangladesh. However, governments often believed they threaten their power (Hulme and Edwards, 1997; Haque, 2002, 2004; Stiles, 2002; Kilby, 2006; Zaman, 2004). Donors and agencies, including the World Bank, International Monetary Fund (IMF), International Finance Corporation (IFC), Asian Development Bank (ADB), World Food Programme (WFP), and United Nations Economic and Social Council (UNESCO), have pressured successive Bangladesh governments to work with NGOs (Edwards and Hulme, 1996; World Bank, 2002; Gauri and Galef, 2005), which has forced Bangladesh governments to reduce their control over NGOs and grant them a greater role in policy. As the largest Bangladesh NGO with worldwide recognition, BRAC became more influential. BRAC's founder, Mr. Abed, was publically admired by corporate leaders like Bill Gates and Sir Richard Branson, and feted by Governments in North America and Western Europe. When the British Prime Minister Tony Blair visited Bangladesh in 2002, he spent more time with BRAC than government officials. The Guardian, UK reported: "*Mr Blair and his wife visited the village of West Kelia, near Savar, the centre of a development programme run by the Bangladesh Rural Advancement Committee (BRAC), the largest aid organisation in the country. Mr and Mrs Blair sat cross-legged on yellow grass mats as they met a group of women, some of whom had been able to buy their own homes thanks to a cheap loan scheme ...run by the BRAC.*"²¹ In September 2006, the former US President, Bill Clinton, announced a USD 250 million commitment for education and health in Africa managed by BRAC, stating that now he could visit BRAC schools not only in Bangladesh but worldwide²². Similarly, the Asian Development Bank (ADB) lauded BRAC's efforts to reduce poverty in Bangladesh (Daily Observer, 14 June 2005).

²⁰ See reports on *Weekly Mredubhason*, (2003) for details of this issue.

²¹ <http://politics.guardian.co.uk/attacks/story/0,,627637,00.html> as retrieved on 6 Feb 2007 08:53:50 GMT

²² <http://www.newagebd.com/2006/sep/23/met.html> as retrieved on 30 Dec 2006 17:06:01 GMT.

BRAC also developed strong relations with foreign NGOs, including Oxfam, World Vision, Save the Children, CARE, Fair Trade, and Transparency International. All lobby for the missions and greater autonomy of local NGOs like BRAC that deal with poverty alleviation, rural development, and women's welfare. Their influence and media access helps them restrain government intervention. Also, influential bilateral agencies from developed nations, including the British Overseas Development Administration (ODA), Canadian International Development Agency (CIDA), Norwegian Agency for Development Cooperation (NADC), Swedish International Development Agency (SIDA), Netherlands Organisation for International Development Corporation, and Danish Agency for Development Assistance (NORAD), that had direct relationships with the Bangladesh government, now prefer to work with BRAC, especially in sectors like primary education, adult literacy, health care, rural banking, family planning, capacity building, gender issues, human rights, and the environment (Wood, 1997; Khan, 2003; Stiles, 2002).

The growing partnership between BRAC, foreign NGOs and bilateral agencies reflects a worldwide trend to channel funds to NGOs rather than governments, with adverse financial impacts on the state in developing countries (Stiles, 2002; Zaman, 2004; Karim, 1996; Hailey and Sorgenfrei, 2003; Kilby, 2006). BRAC's success enabled it to expand geographically, with projects in Afghanistan (from 2002), Sri Lanka (from 2004), Tanzania (from 2006) and Sudan (from 2006). Partly because of external donor pressure over the past two decades, Bangladesh governments have embraced non-interventionist policies that encourage private enterprise and NGOs. This was reinforced by a structural adjustment programme prescribed by the World Bank, the Asian Development Bank, and USAID, incorporating neo-liberal market-based strategies based on privatization, deregulation, and expanding voluntary institutions like NGOs (Kilby, 2006; Zaman, 2004; Karim, 2000; Quazi, 2000). Due to their lack of international legitimacy governments in developing countries have encountered problems controlling NGOs, including BRAC (Choudhury and Ahmed, 2002; Haque, 2002; Rahman, 2006; Hoque, 2002; Kelly, 2008). One of BRAC's first employees, now head of another NGO, *Nijera Kori*, Khusi Kabir, stated: "*BRAC is an incredibly effective organisation but it ... is basically unchallenged. ... Government dependency on its services has grown to the extent that they almost can't run the country without it. (Quoted from Kelly, 2008)*"

An important issue is whether, NGO growth has strengthened civil society in Bangladesh and given it a voice consistent with its needs and desires. Effective advocacy should influence the "worldviews" of people able, either individually or collectively, to change governmental or corporate policies towards those advocated (Beck, 1997, quoted in Unerman and O'Dwyer, 2006b, p. 358). A counter-hegemonic movement must re-appropriate existing myths in society and construct new myths based on rational interpretations of concrete conditions. Initially the counter-hegemonic movement uses myths and symbols of the dominant group to establish trust from the masses: then it creates its own myths from its own interpretation of history. This study suggests that BRAC used myths of the governments and donors to establish trust from them. BRAC proclaimed that they were good listeners, flexible to work with, efficient in delivering services, and transparent in operations. However, BRAC's work often created conflicts with governments and allies, and the tax issues raised by NBR call into question BRAC's transparency.

When BRAC was vulnerable, dependent on external resources, and worked to short-term goals it consented to the prevailing hegemony of dominant groups. But when governments' hegemony weakened, BRAC focused mainly on donors and once it became more resource independent and acceptable, it started creating an alternative hegemony by redefining its strategy, long-term mission and vision, improving its financial and activity reports, introducing

participatory decision making, and appointing renowned local and foreign civil society members to its GB.

However, BRAC's repositioning did not constitute a counter-hegemony, as the portrayal of its potential and actual achievements in serving beneficiaries that maintain its hegemony are questionable, i.e. it may have helped create a new 'false consciousness. For example, BRAC and its supporters purport that it has been a pioneer in alleviating poverty. Undoubtedly it has made major strides here but its activities have hardly dented extreme rural poverty, as it has failed to reach the ultra-poor. It is alleged that BRAC has oversimplified the issue of poverty by reducing it to a purely economic problem, especially a lack of access to credit, which may demobilize the rural poor by diverting their attention from wider political questions. Thus, though BRAC claims to empower people, its activities may inadvertently disempower the rural poor. NGOs like BRAC can realize only "pockets of development" not comprehensive nationwide development.

BRAC's inability to develop a consensus with other members of civil society and failure to develop a 'historic bloc' also contributed to its efforts failing to constitute counter-hegemony. BRAC's activities were criticized by other Bangladeshi NGOs, especially over environmental issues and its relationship with civil society members has also faltered (e.g. BRAC Bank, interest rates on microfinance etc). Hence, the current position of BRAC is termed an alternative hegemony (Kebede, 2005, p. 85). A counter-hegemony is expansive, helps broaden civil society and shrink political society, and is marked by the scope and depth of their demands. In contrast, an 'alternative hegemony' just attacks an aspect of hegemony and its potential for challenging the system is restricted. A crisis in hegemony does not necessarily mean that the "old" hegemony will cease. An alternative hegemony can be created by waging a "war of position" - 'a form of contentious politics which is slowly but surely intended to expand and transform civil society' (Kebede, 2005, p. 85). This process is intricate because, by virtue of their economic, intellectual, and political position, a dominant group equipped with greater speed and agility, 'reabsorbs the control that was slipping from its grasp' (Gramsci 1971, p. 210). However, the 'rupture of the equilibrium of forces' (Gramsci 1971, p. 184) can be permanent or temporary, i.e. either the problem is resolvable within existing hegemony or the rupture in hegemony signals the need for a radical transformation of society, which can be transcended through an alternative hegemony (Kebede, 2005, p. 85). Working for the health, education and economic development of poor people; providing voices for inequalities; and employing participatory management; and public engagement, as Kebede identifies, are essential elements of an alternative hegemony that an NGO should manifest in its discursive formations and practices.

The authors recognize the substantial contributions that leading NGOs like BRAC have made to reducing poverty in Bangladesh and the ethos of development. However, they question whether the current emphasis on NGOs, and relative neglect of (admittedly problematic) state agencies contained in the now fashionable alternative hegemony pursued particularly by external agencies, often with considerable civil society support, can and will effectively reduce poverty throughout all sectors of society. In addition, the authors welcome and laud BRAC's managerial innovations, service delivery, and broadened social accountability, and the altruistic and diligent efforts of all its members operating in a complex and difficult political environment. Nevertheless, the very success of outstanding NGOs like BRAC raise an important question – to whom are they accountable and for what? Despite BRAC's efforts, accountability to beneficiaries and staff, whether formally or informally, appeared low, and their representation in the governance structure was negligible. National and domestic notables were well represented on the GB but major authority in practice lay with the founders and informal networks, often based on kinship or regional affiliations. Accountability to foreign donors was high but state regulation

was problematic. And, as BRAC becomes more commercial and financially self-sufficient, its accountability is slight relative to other organizations it competes with.

6. Summary and Conclusions

We have explored BRAC's hegemonic position, and observed that BRAC worked initially with hegemonic groups like governments and donors. Its accountability was mainly functional then. Accountability to the government was routine and technical, whereas to donors it was more comprehensive and detailed. because then BRAC wanted to survive and had no long term objectives. We then explored counter-hegemonic tendencies, whereby BRAC began to think critically about altering systems based on unequal power-relations between labour and capital and about the means of production, rather than just complaining about the way things were run, and calling for reforms, whilst still embracing the basic beliefs and values underpinning society. The term 'war of position' was used to explain this situation. This refers to subtle contests to transform common sense and consciousness strategically. The main aim is to contest the legitimacy of 'common sense' within an historic bloc fundamentally, by exposing and exploiting its weaknesses, thus destabilising its hegemonic consent (Lester, 1995; Worth and Kuhling 2004). Based on these discussions, an extended theoretical framework is proposed (see Figure 3).

According to the extended framework, the initial accountability (until 1990) was functional, and primarily 'ceremonial' and technical. BRAC seldom reported to Governments unless obliged to do so, although it reported frequently to donors who controlled the use of funds. This period resembles what Gramsci depicted as the creation of hegemony for dominant groups. Here hegemony rests on a broad base of consent, reliant on coalitions and compromises that provide some political and material accommodation with other social groups, and ideologies that convey a mutuality of interests (See Levy and Egan, 2003). BRAC's position, then, was very vulnerable, as it was highly dependent on external resources. BRAC had no voice: it merely consented to dominant groups in order to survive.

In this way, our detailed empirical observations offers a more comprehensive theorisation of accounting and accountability incorporating conflict, consent and contradiction in the wider social context. Previous studies in developing countries suggest that accounting is influenced by individual and class behaviour inside and outside the organisation (Wickramasinghe et al., 2004; Wickramasinghe and Hopper, 2005; Uddin and Hopper, 2003). They have noted that bureaucratic forms of accountability disappear and reappear owing to the politics of regulation (Wickramasinghe et al., 2004; Jayasinghe and Wickramasinghe, 2006; Wickramasinghe and Hopper, 2005; Uddin and Hopper, 2001; 2003). This study extends these observations to the NGO sector.

The advantage of the Gramscian-informed framework is that it considers multiple factors in the interpretation of collective actions. In the tug-of-war between existing hegemony and counter-hegemony, access to resources is critical. Because of its expansive nature, hegemony accommodates the demands of social movements if their objective is limited. On the other hand, counter-hegemonies aiming at a cataclysmic alteration of society must rely on political opportunities that come from elite disunity, political realignments, or demographic changes. The Gramscian approach directs attention to the social psychology of collective actions, since hegemony equates to rule by consent: collective actions that challenge it are directly involved in ideological dynamics. The Gramscian perspective, therefore, paves the way for considering the interplay between macro- and micro-processes in the social construction of collective actions.

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Appendix 1: Total Members and VOs of BRAC (Source: F&A BRAC, 2008)

Year	Total Members	VOs	Year	Total Members	VOs
1972	0	0	1990	398,830	10,495
1973	0	0	1991	598,125	11,391
1974	1,468	20	1992	649,274	20,378
1975	3,023	40	1993	1,029,119	31,300
1976	3,754	60	1994	1,390,000	35,504
1977	4,183	84	1995	1,510,000	44,656
1978	5,978	120	1996	1,840,000	54,238
1979	8,694	174	1997	2,230,000	63,846
1980	10,217	290	1998	2,750,000	73,058
1981	22,500	640	1999	3,300,000	90,250
1982	35,250	1,068	2000	3,864,778	104,754
1983	48,400	1,400	2001	4,138,133	109,288
1984	62,500	1,785	2002	3,531,513	113,756
1985	91,350	2,284	2003	4,065,957	119,836
1986	121,747	3,203	2004	4,858,763	142,117
1987	168,828	4,560	2005	4,960,000	160,197
1988	251,668	6,732	Jun-06	5,070,000	164,107
1989	295,582	8,210	2007	7,370,000	260,285

Appendix 2: Annual Expenditures and Donor Contributions (Million Tk.)

Year	Expenditure	Donor Contribution	Donor Contribution	Year	Expenditure	Donor Contribution	Donor Contribution
1972	2.91	3.19	100%	1991	1,295.58	926.51	72%
1973	1.02	0.88	90%	1992	1,320.32	874.56	66%
1974	1.82	1.67	92%	1993	1,902.97	936.31	49%
1975	3.70	3.88	100%	1994	2,670.91	1,841.30	69%
1976	5.47	5.54	100%	1995	3,287.63	1,372.57	42%
1977	9.00	7.78	86%	1996	3,784.39	1,646.19	43%
1978	10.29	13.48	100%	1997	4,215.00	1,517.40	36%
1979	13.94	7.05	51%	1998	6,283.00	2,010.56	32%
1980	19.65	11.99	61%	1999	7,708.00	2,312.40	30%
1981	28.56	29.17	100%	2000	8,024.00	1,685.04	21%
1982	45.06	52.02	100%	2001	8,135.00	1,708.35	21%
1983	49.24	41.06	83%	2002	9,258.00	1,851.80	20%
1984	68.34	63.26	93%	2003	11,471.00	2,294.20	20%
1985	102.87	62.48	61%	2004	14,487.00	3,332.01	23%
1986	183.15	126.99	69%	2005	16,846.00	4,043.04	24%
1987	228.58	162.00	71%	2006			
1988	327.92	168.93	52%	2007	32,956.00	6591.20	20%
1989	481.53	327.60	68%	2008			
1990	912.74	516.35	57%				