

Cover Story

An estimate by the Central Statistical Organisation in September 2009 put the number of registered not-for-profit organisations in India at 3.3 million. While multiple laws and authorities regulate the sector, its credibility is often questioned by most stakeholder groups.

A few ills plaguing the sector are: lack of information about existence, performance, finances, output and outcome; absence of performance benchmarks; government licenses and permissions not being sufficient indicators of performance or credibility; and media reports being centred on stories of what went wrong and the general lack of awareness of the common man about the voluntary sector.

ACCOUNTABILITY INITIATIVES IN THE VOLUNTARY SECTOR

In the absence of a rigorous statutory framework in India for public accountability, it becomes imperative for the voluntary sector to take steps on its own towards accountability. The last decade has seen the emergence and success of a few such interesting

No single source of information on all voluntary organisations

- Organisations register as not-for-profits under multiple Acts - the Societies Registration Act, 1860; the Bombay Public Charitable Trust Act, 1950; Section 25 of the Companies Act, 1961 and in line with the Indian Trust Act, 1882.
- Voluntary organisations registered as societies in Gujarat and Maharashtra also need to be registered as trusts.
- No uniform accounting policy or reporting framework applies across voluntary organisations.
- Annual returns of income tax filed by voluntary organisations are not subject to public disclosure.

initiatives that hold great promise for greater transparency and accountability in the voluntary sector.

It Pays to be Accountable

IN THE ABSENCE OF A RIGOROUS STATUTORY FRAMEWORK IN INDIA FOR PUBLIC ACCOUNTABILITY, IT BECOMES IMPERATIVE FOR THE VOLUNTARY SECTOR TO TAKE STEPS ON ITS OWN TOWARDS ACCOUNTABILITY, SAYS PUSHPA AMAN SINGH

BUILDING ACCOUNTABILITY

GiveIndia (www.GiveIndia.org), India's first online giving portal founded in 2000, uses the Internet to create a philanthropy marketplace. It:

- Showcases, in the public domain, the work of not-for-profits that meet stringent norms of transparency and accountability.
- Allows individuals to choose the end use of their contributions.
- Guarantees a feedback report within six to eight months.
- Does an annual review to see if the voluntary organisations listed with it continue to meet its criteria.
- Takes those organisations that do not comply off its site until they do so.

- Has emailed over 25,000 feedback reports from voluntary organisations to donors in the last financial year.

In a country of 3.3 million voluntary organisations, why is it that just a little over 240 are listed with GiveIndia? The reasons include:

- Inability to communicate reasonably well in English.
- Access to reliable Internet connectivity.
- Responsiveness.
- Capacity to put in place systems and processes to meet GiveIndia's criteria.
- Need for projects to be unitised into small units.
- Willingness to provide individual feedback reports.

¹ A Survey on Non-Profit Institutions in India – Some Findings by Central Statistical Organisation, Ministry of Statistics and Programme Implementation, India, from a Paper Prepared for the Special IARIW-SAIM Conference on Measuring the Informal Economy in Developing Countries, September 2009



GiveIndia has channelled over 250,000 donations totalling over Rs80 crore to more than 200 voluntary organisations all over India, impacting over 1 million lives. This flow of donations has motivated non-profits to embrace norms that are more stringent than legal requirements. GiveIndia currently enables over 240 voluntary organisations to access funds from donors they are not even aware of, on the strength of their willingness to be transparent and accountable. The criteria used by GiveIndia to appraise organisations are based on norms devised by the Credibility Alliance, another key initiative of India's voluntary sector.

BUILDING CREDIBILITY

Credibility Alliance (CA, www.credall.org.in) is an initiative that emerged from within the sector in 2001. After nationwide consultations for three years, it was formed

as a society in 2004. Its mission is to build credibility of the voluntary sector through creation and promotion of norms of good governance and public disclosure. It is a membership-based body with around 300 voluntary organisations as its members. The members participate in the process of evolving suitable guidelines based on voluntary disclosure of information and adhere to them.



In addition, Credibility Alliance has developed an Accreditation System and a Peer Group Review model based on its norms to strengthen and enhance the legitimacy and credibility of individual organisations in the sector. It has accredited 90 of the 400 organisations that have applied to it. The three-year accreditation helps organisations garner resources with confidence.

Capacity-building initiatives required to equip voluntary organisations to meet the norms are also carried out by Credibility

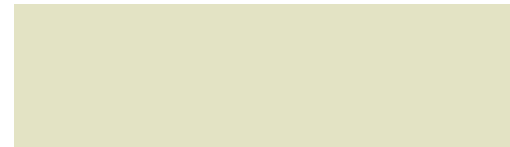
Alliance. In the last one year, Credibility Alliance has been increasing awareness among foundations and CSR teams in corporations about its norms with a view to encourage them to direct their resources to voluntary organisations that meet with the norms. Credibility Alliance is represented on the Planning Commission's (nodal government agency for the voluntary sector) committees for reforms in the sector. It is hoped that Credibility Alliance, as the voice of the sector on issues of transparency and accountability, will influence any governmental initiative to regulate the sector.

BUILDING AWARENESS

GuideStar India (www.guidestarindia.org) is a soon-to-be-launched online platform for voluntary organisations in India to showcase their work, articulate their needs and make their information accessible to donors, policymakers, government, academia, media, foundations, corporations, career seekers, volunteers, voluntary sector leaders, managers, staff and anyone who seeks to make decisions involving voluntary organisations. It is an initiative of Civil Society Information Services India (CSIS India, www.csisindia.org), and implements a three-pronged strategy:



- Train voluntary organisations on what information to provide; how to keep information up-to-date; why and how to make information available on the public domain.
- Create an electronic database of voluntary organisations on a web-based platform that is easy to use and is updated by the organisations themselves. So far, 777 such records have already been validated. Information includes pictures, audited accounts, annual reports, registration certificates and other details that organisations voluntarily share. Search results are ranked based on the volume of information and how recently the record was updated, thus rewarding organisations for constant efforts at transparency and accountability.
- Connect with the government on mapping the voluntary sector, on classification of voluntary organisations and on training these organisations to meet statutory disclosure requirements.



BUILDING GIVING

Joy of Giving Week (www.joyofgivingweek.org) was launched successfully in 2009, becoming the largest philanthropic event in Indian history. It witnessed over 300 registered 'giving events' in over 40 cities all over India, with participation from over 200 voluntary organisations, over 1,000 schools and 100 colleges, over 200 corporate and 20 lakh individuals. Donations of over Rs10 crore in cash & kind were channelled to various causes. Joy of Giving Week is a national movement that aims to engage annually, all Indians in different 'acts of giving' - money, time, resources and skills. How did this event promote transparency and accountability? It allowed every voluntary organisation willing to commit itself to basic public disclosure, to create its own giving event and become a part of a platform of options that the public could choose to connect with.



BUILDING REWARDS

CSO Partners' Outstanding Annual Report Awards (www.annualreportawards.org) is an initiative of CSO Partners in collaboration with like-minded organisations to promote transparency and accountability within the voluntary sector, and recognise outstanding standards in financial reporting and the preparation and presentation of annual reports. In the second year since instituting the awards, it received 216 entries from voluntary organisations of all sizes. The awards with prizes worth Rs5 lakh motivate and reward voluntary organisations using their annual report to demonstrate accountability.

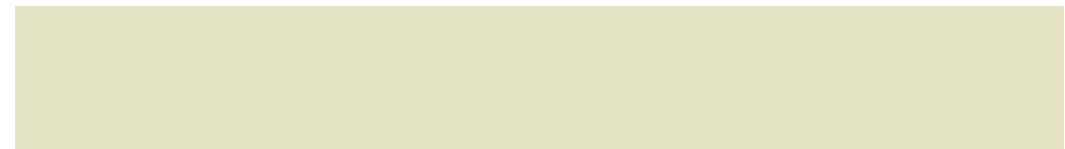
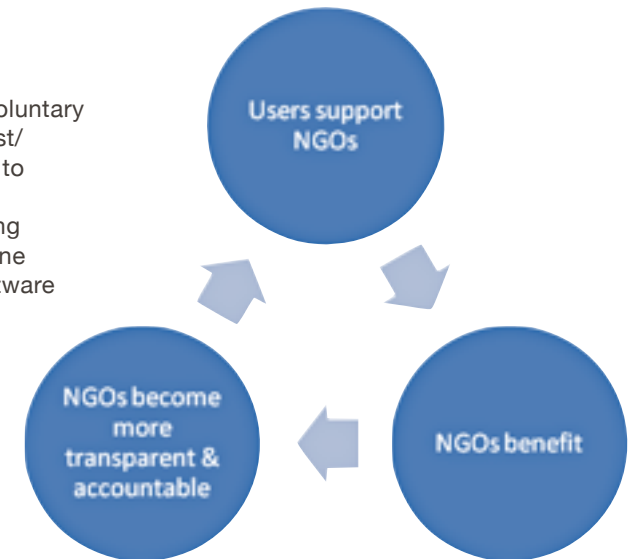


GREAT INITIATIVES, FEW TAKERS

Each of the initiatives mentioned so far has the capacity to be used by thousands of voluntary organisations, yet only a few hundred have taken advantage of them. In remote parts of the country, lack of Internet access, unreliable power supply and language barriers often act as bottlenecks. Two steps are necessary to deal with this and encourage more voluntary organisations to be transparent and accountable.

First, entry requirements need to be lowered. For instance, entry into the GuideStar India site only requires a voluntary organisation to be registered as a trust/society or a section 25 company and to have a verifiable address. Such an organisation could attend an IT training workshop, learn about the use of online media and resources, register for software donations (services provided by organisations like NASSCOM Foundation), become a member of the Credibility Alliance, participate in the Joy of Giving Week, gradually move towards getting listed with GiveIndia, discover that it meets most of Credibility Alliance's norms, apply for accreditation and update all of this on www.guidestarindia.org.

Second, there needs to be available, funding support and a pool of expertise for capacity building. Updating information on a website is made easy by GuideStar India, but at each step - be it getting listed with GiveIndia or getting accredited by CA - the organisation needs training in the areas of governance, financial reporting and performance tracking.



BEING ACCOUNTABLE TO THE TARGET COMMUNITY

Initiatives from within the voluntary sector provide multiple platforms for organisations to reach out to donors, government, media, other similar organisations and networks and the public at large. Currently though, the communities served by voluntary organisations rarely or never access these platforms. How can voluntary organisations demonstrate accountability to the communities they serve?

Some voluntary organisations do read out their annual reports to the community they serve. Intermediary organisations or those that serve other voluntary organisations distribute their annual reports to their member organisations. However, the Indian voluntary sector has not yet implemented a method that includes the voices of beneficiaries and other constituents at every stage.

David Bonbright of Keystone (<http://www.keystoneaccountability.org>) highlights the following issues in creating accountability:

- Does the conversation between the voluntary organisation and the communities served by it reach the donor and other stakeholders?
- Does the organisation report how it has used the feedback from the community?
- Does the community know who the donor is, what the expenses incurred by the organisation are, and what options it had to solve a problem?
- Does the community get to see the report sent by the organisation to the donor?

WORKING WITH THE GOVERNMENT

In India, the Planning Commission is the nodal agency for interface between the government and the voluntary sector. The Planning Commission formulated a National Policy on the Voluntary Sector - 2007 (<http://planningcommission.gov.in/data/ngo/npvol07.pdf>) as the beginning of a process to evolve a new working relationship between the government and the voluntary sector, without affecting the autonomy and identity of voluntary organisations.

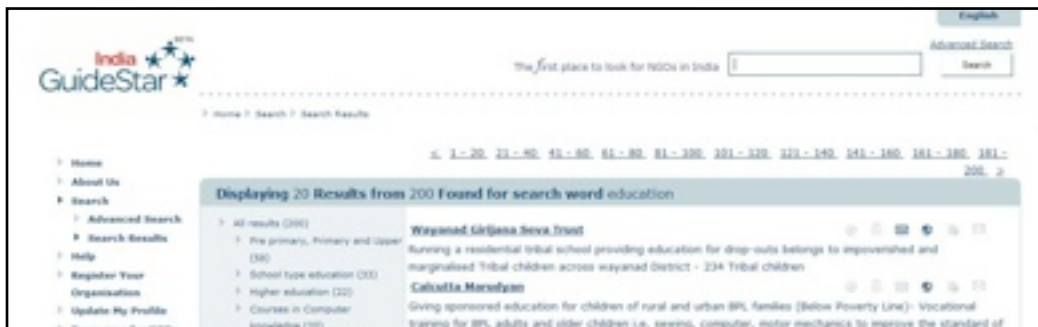
The specific objectives of the policy as stated in the document are:

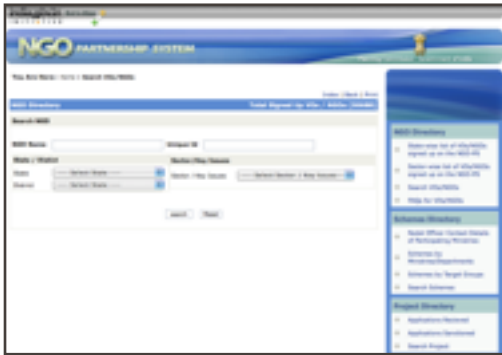
1. To create an enabling environment for voluntary organisations that stimulates their enterprise and effectiveness, and safeguards their autonomy.
2. To enable voluntary organisations to legitimately mobilise necessary financial resources from India and abroad.
3. To identify systems by which the government may work together with voluntary organisations, on the basis of principles of mutual trust and respect, and with shared responsibility.

4. To encourage voluntary organisations to adopt transparent and accountable systems of governance and management.

National Policy on the Voluntary Sector – 2007

- States the need for an alternate central law for the registration of voluntary organisations.
- Proposes the setting up of an independent, national-level, self-regulatory agency for the voluntary sector.
- Expects the sector to set its own benchmarks in good governance.
- Talks about bolstering public confidence in the voluntary sector by opening it up to greater public scrutiny.
- Seeks to introduce norms for filing basic documents in respect of voluntary organisations that receive funding from government agencies, and placing such organisations in the public domain (with easy access through the Internet) in order to inculcate a spirit of public supervision.





grants and track the status of applications for grants. The site has attracted 30,000+ organisations within one year of its launch in 2009.

HEMMED IN BY INCOME TAX PROVISIONS

While the National Policy for the Voluntary Sector - 2007 emphasises the need to make it easier for voluntary organisations to raise national and international resources and improve incentives for local philanthropy, there have been moves to make the provisions of the Foreign Currency Regulations Act (FCRA) and Income Tax Act more stringent. Until now, voluntary organisations could secure a one-time permission without an expiration date to receive international funding under FCRA. But that is set to change to permission for a limited period, subject to renewal. Proposed changes to the Direct Tax Code also discourage voluntary organisations from carrying on income-generation activities, which runs counter to the objective of organisations seeking to move towards self-sustainability.

Even as it grapples with these changes and comes up with a coordinated and constructive response to these counter-productive policies,

The Planning Commission has initiated steps towards implementing the policy. Task forces/committees on the framing of an alternate law and on accreditation norms leading to the setting up of the self-regulatory agency have been formed with representatives from voluntary organisations and initial meetings have taken place.

In July 2009, the Planning Commission launched the NGO Partnership System (<http://ngo.india.gov.in>), an online platform for voluntary organisations to put up a brief profile, get details of other voluntary organisations across India and get details of the schemes of the participating ministries/ departments/ government bodies offering grants to such organisations. It allows voluntary organisations to apply online for

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the voluntary sector needs to realise that the only way forward is to adopt practices to be transparent and accountable to all stakeholders and be proactive in demonstrating the same in the public domain.

The voluntary sector has brought about several electoral reforms to make politicians accountable. It played a key role in getting the landmark Right to Information (RTI) Act passed in 2005, thereby making government machinery accountable. It is now time for the sector to turn the spotlight upon itself, and to enhance its own accountability.



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BABY-STEPS TO BUILDING ACCOUNTABILITY

The success of various initiatives of the voluntary sector, even if limited, indicates that:

1. **Voluntary organisations voluntarily embrace tools of accountability if:**
 - They are aware of these tools
 - The platforms are easy to use
 - There is capacity-building support
 - They are trained to submit information
 - They have the access to update their information
 - They can start slowly and step up
 - They clearly see resources flowing to them as a result of these efforts
2. **Web-based platforms lend themselves well to promote accountability** upwards and sideways but a lot is still left to enable and capture accountability to the community being served.
3. **Educating donors and other resource-providers about indicators of transparency, credibility and efficiency** helps them base their giving decisions on facts rather than hearsay, thus maximising their social returns while also sending out strong signals to voluntary organisations that it pays to be transparent & accountable!
4. **Keeping government informed of the voluntary sector's initiatives** to self-regulate, providing constructive inputs and suggestions are effective approaches to get government interested in inviting the sector's representatives for consultations in formulating its initiatives.