

ACCOUNTABILITY OF NGO OPERATIONS IN BANGLADESH

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ABSTRACT

Since the independence of Bangladesh in 1971, the state has largely failed to assist the poor or reduce poverty, while Non Government Organizations (NGOs) have grown dramatically, ostensibly to fill this gap. There are numerous and bigger NGOs here than in any other country of equivalent size. Regardless of numerous efforts, the amount of poverty in Bangladesh has remained alarmingly high. The moment the state is single-handedly unable to combat poverty, then NGOs comes into the picture to fill in the emptiness. NGOs play a vital role in the overall development process of Bangladesh economy. There is a lot of hue and cry regarding the activities of NGOs in this country. First, Britain as a colonial power, then the East Pakistan Government and finally the Government of Bangladesh have enacted Ordinances and a set of laws as the practical guidelines for NGOs. This paper tries to show the accountability and the kind of initiatives which must be taken to improve the overall performance of NGOs in Bangladesh. It also tries to point out that a better working environment for NGOs could be achieved by modifying and implementing state rules, ensuring accountability, effective state control, and meaningful NGO-state collaboration and cooperation.

Keywords: Government Organization, Non Governmental Organization, Accountability, Micro-credit

INTRODUCTION

Non Government Organizations NGOs play an important role in the development process of Bangladesh. Those cover most of the villages in the country, obtain and spread billions of Taka as micro credit to rural destitute and proceed to pioneer ingenious socio economic programs. Success models of some big NGOs in Bangladesh in the areas of micro credit, non-formal education and primary healthcare being replicated in other developing countries (World Bank, 1996).

Over the last two decades, donors working in the developmental area have increasingly preferred non-governmental organizations over the governmental ones. This has led to competition for grant and equity. The Government has responded in different ways with legislation that can either limit or aid non-governmental organizations.

The change in donor policy towards non-governmental organizations (NGOs) has led to strains between NGOs and developing countries governments. NGOs fear that state intervention threatens their freedom and independence. Governments' inquiry in the responsibility of NGOs development projects, and limit NGOs activities threaten to turn resources from the government or challenge state philosophy (News from Bangladesh, 1999a).

The problem in our country is that we do not know clearly the present activities of various NGOs. In this paper we have tried to find out the accountability and the kind of measures which must be taken to progress the overall conditions of NGOs in Bangladesh. It also tries to point out that an enhanced operational atmosphere for NGOs could be achieved by modifying and implementing state rules, ensuring accountability, effectual state control, and finally significant NGO-state association and collaboration.

Objectives of the research

The objective of this research is to find out the accountability of NGO operations in Bangladesh. We wanted to find out whether the NGOs are completely autonomous in this country or they have some accountability. If they have, what are the extents of that accountability? We have tried to figure out

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whether NGOs are fulfilling their commitments for the citizen of this country.

Justification of the research

Even though sufficient studies have been made in our country regarding NGOs activities, parallel research on NGOs accountability in Bangladesh has been so far very inadequate and insignificant. We know it very well that those NGOs play a very important role in Bangladesh and this has encouraged us to conduct this research.

METHODOLOGY

For the purpose of this study we have used systematic and objective process for gathering, recording and analyzing data. We have tried to avoid distorting effects of personal bias as much as possible. For the purpose of the research first of all we have tried to identify the issues. Then we diagnosed those problems. At the end, we selected and evaluated the courses of actions. It is to be noted that we have depended mainly on secondary data.

For the study most of the information was collected from the following sources:

- Books and annual reports
- Web Pages
- Publications of private research organizations
- Journals
- Mass media
- Information from different government agencies
- Interviews with relevant officials of governmental organizations and NGOs

NGO Activities in Bangladesh

Bangladesh has been perhaps the most important hearth on the globe for non-governmental organizations. There are many types of NGOs in this country, but most of those focus on development or poverty alleviation. Bangladesh is often seen as the birthplace of the micro credit NGO, namely the Grameen Bank. The Comilla District in Bangladesh has also long been the pet project of global developmental theorists and NGOs (Hashemi, S. M., 1995).

NGOs have emerged as an integral part of the institutional structure for addressing poverty as well as rural development, gender equality, environmental conservation, disaster management, human rights and other social issues. The NGOs, in order to support social and economic empowerment of the poor, have vastly widened their activities to include group formation, micro credit, formal and non-formal education, training, health and nutrition, family planning and welfare, agriculture and related activities, water supply and sanitation, human rights and advocacy, legal aid and other areas. These organizations mostly follow the target-group strategy under which the poor with similar socioeconomic interests are organized into groups to achieve their objectives (Haque, 2004).

Major GOs / NGOs Activities

According to Credit and Development Foundation (CDF) statistics, up to December 2004 as many as 721 NGOs are operating micro-credit program in Bangladesh. The total number of beneficiaries during this period was 1.62 crore persons of whom 0.24 crore were males and 1.38 crore were females. During the period the cumulative disbursement of micro-credit among members was Tk. 33,863.56 crore with the rate of recovery being 98.79 percent. Of the total amount disbursed, 40.61 percent was invested in small business, 10.25 in crops, 14.06 in livestock and 3.63 percent in fisheries. Nine NGOs namely BRAC, ASA, Proshika, Swanirvar Bangladesh, TMSS, Caritas, RDRS, BEURO and Shakti Foundation disbursed major share of the total micro-credit. Palli Karma Sahayak Foundation was the source of 24.84 percent of this micro-credit. Up to June 2005 the cumulative disbursement and recovery of micro-credit by these NGOs stood at Tk. 34124.79 crore and Tk. 29817.97 crore, respectively.

BRAC: BRAC disbursed Tk. 14,864.35 crore and recovered Tk. 13,220.76 crore upto June 2005, and total number of beneficiary were 41.46 lakh of which females 40.29 and male 1.34 lakh.

Swanirvar Bangladesh: Swanirvar Bangladesh promoting the spirit of self-reliance providing credit from the Nationalised Commercial Bank. PKSF (Palli Karma Sahayak Foundation) and other sources from the beginning to June 2005, disbursed a sum of Tk. 432.84 crore to 9,68,410 landless people. As a result of this 4,61,880 members of families have been benefited directly or indirectly. From July 2004 to December 2004, Tk. 60.75 crore has been disbursed to 62,915 landless men and women for alleviation of poverty and self employment loans. The rate of recovery of loan is 98.94 percent.

ASA: ASA was established in 1978 for socio-economic development, because special and as a micro-finance service provider during 1991. At the end of December 2004, ASA had 30 lakh active members at the same time active borrower has stood at 27.73 lakh. From 1992 to December 2004 total savings derogates stood at Tk. 2,039 crore, at the same time members savings with drawn and returned Tk. 1,756 crore and total savings balance stood at Tk. 283 crore. End of the June 2005 cumulative total loans disbursed with service charge were Tk. 12,884.45 crore from which Tk. 11,051.95 crore was realised.

PROSHIKA: PROSHIKA was established in 1976, has so far helped more than 11.78 lakh poor households to overcome poverty. Spread in 23 thousand 475 villages and 2 thousand 101 slums in 57 districts, PROSHIKA now works with more than 27 lakh 50 thousand men and women members drawn from 21 lakh 15 thousand rural and urban poor households, and has organized them into 1 lakh 46 thousand 789 primary groups. PROSHIKA provides them with a broad range of programs in education and training leading to income and employment generation, health education, building of health infrastructure, and environmental protection and regeneration, and etc. So far, this NGO has provided micro-credit amounting Tk. 2,893.88 crore through 4.88 lakh projects to the groups and created employment/self employment opportunities for 79 lakh poor people through its micro credit program.

Shakti Foundation: It has already provided services among 1,14,701 project members with an approximate amount of loan Tk. 100 crore in year 2004 and up to June 2005 its total disbursement stood at Tk. 464.32 crore. In addition to that 4,701 project members have received Tk. 1.81 crore as health loan and 24,743 number of patient have got primary treatment and 95,102 members have received health education under health program. 1,14,701 members and 221 staff have received gender training.

NGO Foundation: In FY 2004-05 Tk. 50 crore has been allocated for NGO Foundation for accelerating social development in the rural areas through NGOs.

Grameen Bank: It started its activities in 1976 by organizing the assetsless people and providing them credit support for income generation and capital and assetbuilding. Up to June 2005 it expanded its activities to 47.64 lakh members living in 433 upazilas of 63 districts through 1537 branches. An amount of Tk. 23,504.92 crore was disbursed as credit by June 2005 and the amount of recovery was Tk. 21,157.28 crore during this period. The amount of savings of borrowers stood at Tk. 1,379.31 crore. The bank's operation has covered 51,687 villages in the country. About 55 percent of its borrowers have graduated from poverty. Grameen Bank provides collateral and interest free loan through "struggling members program" to the poorest segment of the society regarded as beggars. At the end of December 2004, 5257 students have received loan at five percent rate of interest for pursuing studies. Members are doing business in Palli Phone with loan for cellular mobile phones. Up to March 2005 members derived benefit from a total of 1, 09,092 Palli Phones.

Bangladesh Rural Development Board (BRDB): Bangladesh Rural Development Board (BRDB) has been implementing programs in the field of rural development, especially in rural poverty alleviation through forming cooperatives and non-formal group network throughout the country with the financial and technical support of the government and development partners. The target groups of the program include small farmers (holding up to 0.50 acre of land), and assetless women and men. Family planning, health and education programs are also included in the credit and training activities. During the period up to June 2005, 21.03 lakh members under 78,278 cooperative societies of 465 upazilas borrowed Tk. 3207.16 crore, of which an amount of Tk. 2442.43 crore was

recovered. In FY 2004-05, BRDB implemented Rural Livelihood Project in 152 upazilas, Rural Poverty Alleviation Project in 123 upazilas and Palli Progati Prakalpa in one union of each 465 upazilas of Bangladesh. Under the revenue budget Integrated Women Development Project in 100 upazilas, side by side Self-employment Project for Women in 349 upazilas, Integrated Poverty Alleviation Program in 139 upazilas and small farmer and share cropper development program in 377 Upazilas has been under implementation.

Palli Karma-Sahayak Foundation (PKSF): PKSF was established in 1990 by the Government of Bangladesh to alleviate poverty through the provision of micro credit through its Partner Organizations (PO). The PKSF POs include cooperatives, voluntary agencies, non-government organizations, semi-government and government organizations. PKSF also provides various supports for the institutional development of its POs. When PKSF was established, there was no apex micro credit funding organization either in Bangladesh or in any other country of the world. Without any experiences to share and precedence to follow, PKSF in its last fifteen years of existence has been able to achieve a remarkable measure of progress, which has been acclaimed at home and abroad. Since its inception, PKSF has been significantly contributing to alleviate poverty by providing micro credit to the poor through its POs. As of June 2005, PKSF disbursed a cumulative amount of loan of Tk. 2,212.42 crore to its 231 partner organization and recovered Tk. 1,144.22 crore. At this time the number of borrowers is 54,94,607, of which 49,86,656 are women. Partner Organizations include small and big NGOs including BRAC, ASA, PROSHIKA and Ansar VDP Bank. More than ninety percent of PKSF beneficiaries are female. PKSF has been able to maintain a loan recovery rate above 98 percent. The micro-credit program of PKSF has been found to have improved the quality of life of poor people; helped diversification and strengthening of their survival strategies; enhanced their security giving them access to assets and rights and augmented their self-respect providing them choice and independence. At the beginning, PKSF disbursed only micro-credit. At present four categories of micro credit programs implementing with mainstream micro-credit activities like a) Rural micro credit, b) Urban micro credit, c) Micro-credit for the poorest of the poor d) Micro-enterprise.

The Department of Social Services (DSS): Any development efforts cannot be achieved without people's participation. From this reality, collaboration and cooperation between Governmental Organization and Non Governmental Organizations are much essential for human resource development and poverty reduction. For the purpose of optimum utilization of resources, improve or enhance partnership and reducing duplication in development efforts, coordination between the NGOs and The Department of Social Services which belongs to Ministry of Social Welfare, Government of the People's Republic of Bangladesh is of utmost importance. The DSS has institutional structures at District, Upazila and even in the Union Parishad level. There are training centers at the Divisional level also. The effective use of this facility may contribute to improve environment for people's participation.

The Government recognizes the role of Non Government Organizations in supplementing the Government efforts for the implement of various social development programs. For community empowerment, project aids and grants in aids are also provided to the voluntary organizations by the Social Welfare Council and National Foundation for Development of the Disabled Persons every year. From time to time the DSS organizes seminar, symposium, workshop and conference etc. to make them aware with the plans and programs of the Government and to get feed back of their activities.

Special attention for alleviation of poverty of the underprivileged and by-passed people will continue in the future. These underprivileged people include the rural and urban poor, unemployed men and women, vagrants, destitute, persons with disabilities, youth offenders, poor patients, older people and other underprivileged segments of the population. The voluntary agencies can come up with small projects to be executed by the DSS and the concerned agency. There are good practices by the DSS in respect of GO-NGO collaborations in the field of health sector projects.

Table 1: Micro-Credit Programs of Three Specialized Institution (In Crore Taka)

Institution	Upto June'99 Cumulative	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05 June 05	Cumulative (Up to June'05)
GRAMEEN BANK								
Disbursement	11672.46	1431.2	1600.79	1436.5	1879.81	233.62	3148.37	2304.92
Recovery	10162.16	1626.32	1601.22	1529.55	1676.33	1980.15	2581.54	21157.28
Rate of recovery	92.28	88.77	89.18	98.29	99.00	99.96	98.95	98.95
No. of branch	1141	10	19	5	7	76	279	1537
No. of village	39395	671	271	356	1918	3298	8113	54022
No. of benefic	2369458	2377872	2389387	2367641	2786748	3626937	4764216	4764216
Female (cum.)	2245762	2254936	2266751	2251040	2657105	3468147	4573681	4573681
Male (cum.)	123696	122936	122636	116601	129643	158790	190535	190535
PKSF								
Disbursement	579.08	247.81	120.43	255.54	304.10	340.56	364.90	2212.42
Recovery	154.85	59.67	79.72	104.47	160.39	243.0	342.12	1144.22
Rate of recovery	98.00	98.20	98.40	98.43	98.41	98.17	97.00	97.00
No. of beneficiaries	182	189	199	205	213	219	231	231
Beneficiaries	1577681	2314378	2629174	3857357	4485832	5104940	5494607	5494607
Female	1441928	2090638	2398082	3389566	3999332	4621260	4986656	4986656
Male	135753	223740	231092	467791	486500	483680	507951	507951
BRDB								
Disbursement	1482.03	345.75	248.92	324.41	355.04	409.30	654.86	3207.16
Recovery	1216.11	276.24	235.61	290.01	312.54	319.66	495.08	2442.43
Recovery	91	89	95	91	90	94	90	94
Samitie			-					78278
Beneficiaries			-					2102936
Female			-					1432324
Male			-					670612

Source: Concerned institutions

Table shows yearly loan disbursement, recovery, number of beneficiaries, male beneficiaries, female beneficiaries, etc of three Specialized Institutions e.g. Grameen Bank, PKSF, and BRDB dealing with micro credit program.

Future Plan of Actions of DSS is;

- The DSS has a long term plan to promote voluntary agencies and volunteers
- Formulate better policy of cooperating NGOs and amend related laws and rules
- Management training for the volunteers
- Prepare database for the NGOs
- Help the Government to establish a National Coordinating Body of these organizations.

Legal Status of NGOs at present and practice to bring about accountability

Since 1860, the state has attempted to regulate NGOs. The most significant steps of the Ershad Government regarding NGOs were the abolition of the NGO Standing Committee, the creation of the NGO Affairs Bureau (NAB) and the appointment of an Advisor for NGO Affairs with Ministerial status (White, 1999). The NAB started functioning effectively from March 1, 1990. It was headed by a Director-General and became the contact point between the state and various foreign and local NGOs receiving foreign donations. As all NGO activities came under the purview of the "President's Secretariat Public Division," NGOs were supposed to be regulated by the NAB instead of the Department of Social Welfare. Within a short period of time, the Bureau had shown promise by its quick clearance of NGO applications. However, the procedures still remain complex and needs further improvement.

Specifically, the state in Bangladesh requires each NGO to register formally with NAB, and to renew this registration in every five years. Each project must be approved in advance by the NAB, as must all foreign funding. Each NGO must receive all funding through a single, specific bank account, and the bank must submit full reports to the central bank, which then reports to the NAB and to the Economic Relations Division (ERD) of the Finance Ministry. The NAB also regulates the use of foreign consultants. For projects and programs of disaster-relief, requirements are similar but the NAB must decide more rapidly. Each NGO must submit annual auditor's reports to the NAB, having appointed its auditors from the list approved by the NAB. Penalties for false statements, failures to submit declarations or other contravention of the law include heavy fines payable by the NGO and/or imprisonment of NGO directors. The transaction costs for NGOs in securing permissions and approvals are very high, in both avoidable delays and unnecessary paperwork. Far too much unnecessary information is required, usually in multiple copies.

State regulations define the term 'Voluntary Activity' as an activity undertaken, with partial or complete support from external sources, by any person or organization to render voluntary services pertaining to agricultural, relief, missionary, educational, cultural, vocational, social welfare and other developmental activities in the country. Although the definition seems to cover almost all kinds of voluntary activities, the state retains the right to include or 'exclude any activity as "voluntary". The state apparently intended to widen the scope of the definition in order to prevent both the donors and recipients from making or receiving grants/donations in contravention of official ordinances.

Ordinances/regulations/circulars vest the NAB with all its responsibilities regarding coordination, regulation and monitoring of foreign and foreign assisted non-governmental voluntary organizations and individuals working in Bangladesh. While considering the application for registration, the NAB is required to seek approval from the Home Ministry.

Projects may be for one or multiple years. NGOs can submit a five-year project proposal, commensurate with an identified priority area of the five-year plan of the state. The NAB arranges approval and release of the funds on a priority basis for such projects. The targets specified in the project proposal, however, must be achieved within the stipulated period. Usually, funds for the following year can be released for the project if its implementation strategy and achievement target for the year is considered to be satisfactory by the Bureau (Circular: Section 7(h): 1993).

Existing NGO regulations make exception for projects for assistance to disaster-affected areas. For disaster rehabilitation programs, NGOs have to submit their project proposal with requisite details on a prescribed proforma FD-6 (Circular: 7.1(a): 1993). The NAB communicates its decisions with 21 days from the day of the receipt of the project proposal and forwards it to the relevant Ministry

for its opinion. The Ministry must send its decision to the NAB within 14 days (Circular: Section 7.1(b):1993).

The state and its machinery have from time to time introduced several rules and procedures, but due to their complexity and the weakness of the state, NGOs can easily evade them. The rules for receipt and use of foreign donations and the banking transactions of NGOs are interesting examples. These are:

Submission of Annual Reports: NGOs are required to prepare annual reports on their activities within three months of the end of the financial year and send copies to the NAB, ERD, the relevant Ministry, Divisional Commissioner(s), Deputy Commissioners and the Bangladesh Bank.

Power of Inspection: The state may, at any time inspect the accounts and other documents of NGOs. The state may require the NGO to submit a declaration as notified in the official gazette (Ordinance No. XLVI- Section 4(1): 1978). Failure to produce any accounts or other documents or failure to furnish any statement or information by the NGO is a contravention of state regulations (Ordinance XLVI: Section 4(3): 1978). The NAB has the responsibility and power to audit and inspect the accounts of NGOs (Circular: Section 10(a): 1993).

The accounts of any NGO must be audited by the persons appointed by the relevant NGO or persons enlisted/approved by the NAB. Audit reports must be submitted to the NAB within two months of the end of the financial year.

From the above discussion we have a clear picture of the procedure regarding the way the state of Bangladesh regulates those NGOs which finance charitable work through foreign donations. The donor agencies led by The World Bank (WB) have strongly supported the formulation of the state's policy on NGOs, particularly in the direction of streamlining the administrative and legal framework within which NGOs operate to increase their effectiveness (Zareen, 1996).

Accountabilities of NGOs

NGOs accountability can be manifold. In reality holding NGOs accountable is not an easy task. Research in this important area has been few. In Bangladesh, NGO accountability has both internal and external proportions. Internal accountability mechanisms include a governing body and an executive committee. A system of downward accountability of the NGOs to the poor has not been developed. Externally, NGOs are accountable to the government and donors. (Zaman, H., 1996)

In Bangladesh, NGOs can be multi-headed creatures. They can be schools, banks, universities, telecom companies - you name it, you will find an NGO doing it. It turns out NGOs have been exploiting certain regulatory loopholes to do their stuff. The World Bank has put together a much-needed review of the NGO sector in Bangladesh. One aspect of the report deals with the commercial operations of non-governmental organizations and suggests that they should stop exploiting their not-for-profit status to subsidize their commercial operations and also be subjected to taxes for their for-profit business ventures. Some of these NGO are nothing but facades for making money through the back door. Some of the Islamic NGO pushes money out to the terrorists and off course the NGO that make profit-lending money to poor people in the name of micro credit are doing great disservice to the nation. These NGOs are not allowed by law to use subsidized capital to enter or operate businesses, and they should pay taxes on their for-profit activities at the same rate as other businesses. (The Daily Star, 1999b)

In Bangladesh both GOs and NGOs compete for donor funds. Partnership between GOs and NGOs in Bangladesh is often not based on trust. There is a need for a clear and comprehensive framework for the allocation of foreign funds to make the GO-NGO partnership based on mutual trust and commitment. Government must lead this process because, unlike NGOs and the private sector, GOs cannot 'walk away' from its responsibilities. Moreover NGOs need to reconcile their conflicting goals of serving the poor versus gaining foreign funding and having to carry out imposed programs and projects. (World Bank, 2001)

The objectives of partnerships between the GOs and NGOs to improve human development and empowerment of the disadvantage have not been achieved in Bangladesh. The incidence of poverty

has barely changed, despite partnership programs between the government and the major NGOs such as the Grameen Bank, ASA and BRAC. In rural areas such partnerships have even hindered and diminished development and empowerment by shifting NGOs focus to fund raising rather than improving conditions for the poor. Interviews with relevant officials of GOs and NGOs reveal that the expansion of GO-NGO partnerships in Bangladesh is not due to effectiveness, but the:

- External influence and pressure exerted by multilateral and bilateral donors, including the incentive of large scale funding.
- Diminishing capacity of the state as a result of pro-market reforms, leading to using NGOs for service delivery.
- Tendency for government to avoid its developmental responsibilities and shift blame for failures onto NGOs.
- Strategy by the ruling political party to use NGOs to expand its support in rural areas.
- Desire of NGO leaders to get close to government in order to escape from state regulations.

And because of all these, there are issues of accountability, taxation and the involvement of NGOs in outright political activity as opposed to advocacy in the development scenario of Bangladesh. (Husain, M., 1998)

Suggestions and Recommendations

The following recommendations would improve the existing legal status of NGOs in Bangladesh, by reducing bureaucracy, removing legal contradictions and making NGOs more accountable. These suggestions are:

1. A complete device for accountability of NGOs is needed given more and more commercial contracts and donor-dependence of Bangladeshi NGOs.
2. The government should not develop partnerships without first analyzing possible harmful impacts. (Reza, H, 1992)
3. An overall development operation must be defined for Bangladesh. At present the nation's development agenda has become disjointed due to diverse foreign, NGO, and government objectives.
4. The present legal frameworks for NGOs in Bangladesh are obsolete, perplexing, and in need of absolute modification.
5. The fiscal structure for NGOs in Bangladesh is not compassionate enough for the sector. Though income tax exclusion is obtainable, there are almost no provisions for deduction of corporate or individual contributions to NGOs. This is conflicting with good global practice. In addition, the taxability of income-generating actions needs explanation, and the law should then be consistently applied to all NGOs.
6. There are at present no provisions in law clearly dealing with the matter of political activities by NGOs. These needs to be remedied by adopting rules that clearly prohibit public benefit NGOs (PBOs) from engaging in partisan political activities. On the other hand, the rules on political activities should also clearly permit PBOs to engage in a wide range of democratic development activities, such as voter education, grass roots lobbying, etc.
7. The endeavor to improve the present legal and fiscal framework for NGOs in Bangladesh should be undertaken by a Law Reform Task Force. This Task Force should be comprised of NGO leaders (including top officials from the two apex bodies), government officials from ministries with a strong interest in NGO activities, parliamentarians, lawyers, and academics. It should be housed in an unbiased secretariat and have a small staff. Technical assistance to the Task Force to structure and inform the process could be provided by the International Center for Civil Society Law.
8. As a part of the legal and fiscal reform efforts, the information technology (IT) capability of government agencies charged with NGO oversight (including the proposed PBO Commission) should be strengthened and modernized.
9. The law improvement process should closely tie into the process of vetting and developing the Bangladesh Enterprise Institute (BEI) standards for NGO governance. Although the anticipated standards are both too intricate and too feeble in enforcement powers, they symbolize a good start in developing good and enforceable standards for NGO inner governance.

CONCLUSIONS

In Bangladesh, NGOs play a pivotal and pragmatic role when the state does not reach the poor and meet their needs. Despite their numbers, NGOs have brought little changes in levels of poverty. Even the largest NGOs in Bangladesh, when taken together cover only a fraction of the population—perhaps only 10-20 percent of landless households. So, alleviation of poverty of the masses should be at the top of the agenda of the NGOs, state and donors in Bangladesh (Kabir, N, 1999).

However, the NGOs umbrella body required to elect its executive committee is not broad-based. Elections to the executive committee are often not properly held and its membership is usually confined to friends and relatives. This nepotism surely frustrates the potentials of NGOs as democratic voluntary organizations. Nevertheless, NGOs cannot function in isolation from the mainstream of political, economic and social life in this country. Those must conform to certain standards, adhere to state regulations and have their works coordinated at the state level. NGOs can only complement the state's activities. Under the current system, the state cannot ask NGOs to become more transparent and accountable or to cooperate more with the state due to donor pressure. The state is weak in this regard. Instead, the state creates undue hindrances, which only increases transaction costs of NGOs without encouraging or forcing the NGOs to respond more to the needs of the poor. But still NGOs need to be transparent to the clients, donors and the state both functionally and financially if those really want to represent the interests of the poor or at least provide services to them. (Chazan, 1998)

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