NGOs in China: Issues of Good Governance and Accountability

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Drawing on interviews conducted among leading local and international NGOs operating in China, this article considers how NGOs understand and implement good governance and accountability principles and practices. It also examines how Chinese constituents and the general public perceive local and international NGOs. The discussion provides a basis on which to assess ways of improving accountability practices for NGOs operating in China.

Introduction

Non-government organisations (NGOs) in China are increasingly becoming an important factor in the changing social landscape. From a macro-perspective, NGOs have a strong potential to improve and widen the space for Chinese citizens to engage in the human and social development of the nation. Charged with such an important responsibility, it is thus necessary to consider the broader issues of good governance and accountability of NGOs operating in China. Such considerations may seem premature at this stage given that the history of the NGO sector in China is relatively young. However, such issues cannot be dismissed or ignored when NGOs in the nation are slowly becoming major actors in addressing certain key institutional gaps in policy and practice.

The Chinese state views NGOs as aiding the delivery of social services such as education (eg, assisting in meeting the “Education For All” objectives), health care (eg, promoting HIV/AIDS awareness), and environmental protection (eg, recycling). NGOs are seen as gap fillers due to the decreasing ability and capacity of the state to provide welfare to many of its citizens.

This article draws on interviews conducted with a dozen NGOs in Beijing in 2006, including four local NGOs and eight international NGOs with projects in China. The focus is on the relationship between NGOs and their constituents, as this provides an insight into how accountability and transparency are perceived, understood and implemented by NGOs. Also considered is how NGOs perceive their constituents and whether these perceptions have changed over time. This is followed by an analysis of the public’s perception of NGOs in China. By considering how the major actors perceive each other, there is an opportunity to determine whether these perceptions coincide with each other. The discussion ends with an overview of issues facing NGOs, their accountability, and their future prospects.

NGOs’ Perceptions of Constituents

The civil society sector in China, while still young, has undergone public scrutiny as a result of several high profile cases of organisations mishandling their finances. For example, Project

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Hope of the China Youth Development Fund diverted 100 million RMB of its finances from donations to operate a business in Beihai city, which was in the red. Similarly, in 1996 the leader of the China Charity Federation was accused of defrauding the organisation by making a loan without the knowledge of the board.

By focusing on the activities of NGOs and on their relationships with their constituents it is possible to see how accountability is understood and implemented by NGOs. The need to institute good practices and good governance among NGOs becomes increasingly important as the delivery of social services is no longer the sole responsibility of the state. While the notion of accountability and good governance of an organisation is still a relatively new concept for many NGOs in China, there is a marked distinction between the behaviour and practices of local NGOs and international NGOs. The difference can largely be attributed to the experiences of international NGOs working in various countries and drawing extensively on the discourse of good governance practices.

Local NGOs

Local NGOs, while achieving some successes in servicing the needs of society, have foundations which are at times questionable. The widening of individual activism in the growth of local NGOs is evident in the start-up of many organisations in China today and this at times has created uncertainties in the path towards accountability. While the work of such individuals as Liao Xiaoyi, founder of the environment group Global Village Beijing, must be commended, Lu (2003) suggests that the motivations behind the start-up of NGOs are often related to personal gains and interests. Therefore, issues of transparency or democratic decision-making are not well-considered in the foundations of the organisations.

Whether an organisation is accountable or not is directly related to its transparency; and the inverse applies to transparency, where it is linked to how accountable the organisation is. Some local NGOs interviewed made the distinction between internal and external transparency. Those that made this distinction believed that internal transparency should be stressed. For one organisation, the representative believed that if the resources were generated from within the organisation, then it would not be necessary to make such information public.

Interviewees from local NGOs equated accountability with that of trust and honesty. There seemed to be consensus amongst the interviewees that accountability should not be an issue because honesty and trust are the basis of NGOs’ work. While trust and honesty are crucial factors to a better relationship with constituents, it would seem naïve on the part of Chinese NGOs to believe that the issue of accountability rests on these two issues alone.

Throughout many of our interviews, we also found that several local NGOs responsible for the care of their constituents did not perceive them as having the right to the best available service. In fact, Lu’s (2005) work in China showed that NGOs in the social welfare sector were far from providing the best available care for their clients. Our interviews with individuals accessing services of like-oriented NGOs echoed a similar sentiment. We found that despite the poor quality of care given to patients or clients in such places as homes for the mentally disabled, parents or guardians were afraid to complain in case this affected the treatment of their loved
Seemingly, there appears to be an unequal relationship between NGOs as service deliverers and the recipients of the services. This relationship may be seen as hierarchical, where the NGOs wield considerable power and where there is restrained apprehension amongst their constituents.

This situation may have developed because of the shaky individualistic foundations of many Chinese NGOs. As already mentioned, the founding of local NGOs is often the result of the work of one individual, leading to questions about the significance of collective benefit. Again, Lu’s (2005) research details the conflicts that trouble so many NGOs and, thus, the ability of these organisations to secure the best possible outcome for their constituents when the interests and credibility of one person are at stake. As Lu (2005: 17) argues: “The skepticism about what can be achieved plus preoccupation with immediate needs make many people reluctant to devote time and energy to any activity which does not promise quick results or concrete benefit to themselves”.

This gloomy outlook for Chinese NGOs is even more strongly emphasised by Yin (2004: 231). For Yin, the future of Chinese NGOs is a negative one, affected by a society plagued by greed, legal violations and corruption, which ultimately taints an embryonic Chinese civil society. As a result, the progress of civil society and more practically the level of advocacy for those marginalised, will have to contend with the tainted seeds of the civil society movement, the politics of the organisations, and the short-sightedness of membership-based groups. Thus, what can be seen in terms of the relationship between local NGOs and their constituents is a general lack of regard for those whom the NGOs should be serving.

Commentators on Chinese civil society have also noted that current legal and political frameworks are important factors in the weak governance of NGOs. The registration process for a NGO is arduous, requiring registration with the Ministry of Civil Affairs and also with a sponsoring government department. The bureaucratic hurdles involved in registering can potentially encroach upon the resources and time needed to build accountable relationships and practices within the organisation. A problem of scaling up for many organisations is that the possibility of establishing medium to large-size projects is largely dependent on government contacts and connections. As a result, the likelihood for transparent dealings in the setting up of projects is therefore further questionable. With the government more concerned with controlling and supervising the work of NGOs to avoid any politically sensitive topics, the financial misdeeds of some NGOs are gone unpunished, thereby affecting efforts for greater accountability and transparency. The perception local NGOs have of their constituents and the ensuing relationship is affected by the immaturity of the Chinese civil society sector, which to an extent is manifested in the foundations and intentions of the organisations, as well as in the lack of institutional support for them.

International NGOs

International NGOs have had an important impact on local NGOs, notably in terms of capacity building and the direction towards greater accountability. The literature analysing international NGOs in China ranges from optimism to caution. The Swedish International Development Agency’s 2004 report on civil society is highly positive at the prospect of change in China, with help from international organisations and donors (Gough 2004). Nonetheless, Greenwood-
Bentley (2003) cautions local NGOs and international NGOs in their cooperation with each other. She believes that there are risks for local NGOs which rush to seek foreign donations, in that the appropriateness of the funds and conditions attached may not be suitable at the local level. International organisations and donors supporting local NGOs and their projects need to be realistic in what their funding will achieve, as local NGOs lack the influencing and bargaining power to affect change in terms of development and policies. As Greenwood-Bentley (2003: 19) puts it: “International donors need to examine critically the extent which their support is using NGOs as a vehicle to try to achieve their own aims, however lofty, without regard for the healthy development of the NGO itself.”

Similar to Young (2004), a few of the NGOs interviewed pointed out that international donors hindered the progress of local NGOs, as their involvement prevented the establishing of local roots. As such, international donors in their eagerness to affect change must also take into account their impact within the local context.

In the context of accountability and transparency, international NGOs working in China have generated not only increased considerations of these concepts among local NGOs, but also fostered some inklings of reform. For example, this has caused a change in perceptions in the way many local NGOs undertake their projects and, to a limited (but growing) extent, are reforming their organisational structures.

International NGOs interviewed tend to agree that accountability has to do with an organisation’s ability to follow systems and procedures. By following such set systems and procedures, the organisation will seek to be answerable in every aspect of its work. Also, the organisation is then ideally accountable at all levels and thus transparent. One international organisation succinctly described its system of accountability as divided into three levels: at the international level there is the board of trustees; at the national level there is the Chinese government which has given the organisation the mandate to operate in China; and at the local level there are the local bureaus and stakeholders relevant to the project. This hierarchy of accountability guarantees upward and downward accountability. In addition, as emphasised by two different international NGOs, there is the auditing system. These two NGOs stressed both the internal and the external auditing system as a significant part of their practice.

Similarly for transparency, representatives of international NGOs interviewed believed it is the ability to follow established systems and procedures that provides the catalyst for creating greater NGO transparency. In addition, transparency according to the interviewees also concerns the availability of the organisation’s materials and information. Questions that they ask themselves in order to assess their accountability include: “Are the materials about our organisation available in various languages?” and “Is the public able to access the information readily and easily?” The difference in how accountability and transparency is conceived between international and local NGOs interviewed suggests that international NGOs have room to influence the manner in which local NGOs operate. However, as a representative of an international NGO noted, the role of the Chinese public in keeping NGOs accountable and transparent cannot be overlooked.
The Role of the General Public

The role of the general public in keeping NGOs accountable has taken various forms. Methods have included community procurement, where communities hold procurement rights or directly manage the money to buy collective services and goods. Participatory budget design and monitoring, where communities make choices on public investment allocations and monitor expenditures, is another method (Reuben 2002). Partly as a result of such methods, the perception of the general Chinese public of NGOs has been mostly positive, where NGOs are seen as working in the community to address social needs and problems.

The SARS epidemic in 2003 reinforced this notion. During this period, NGOs provided counselling hotlines, information dissemination, and basic medical supplies such as masks. The general public viewed these organisations as effective providers of much needed information and social services. Chinese media saw the potential for local NGOs to contribute positively to the fight against SARS by working in a supportive capacity in combination with the government. An Editorial in the Mandarin-language 21st Century Economic Herald (2003) summarized this thought:

In the current fight against SARS, an effective approach to avoiding a crisis of social fragility would be to allow a mature, autonomous society to support an effective government. By encouraging civic participation and consciousness, and encouraging the development of social self-organisation and participation, the support of such a social force in the struggle against SARS can take over some of the government’s load of concerns.

While the Chinese media have often praised NGOs and their potential to afford change in Chinese communities, the awareness of the Chinese public on matters of accountability and transparency is still in its infancy. Hence, some level of maturity is required before public participation can be effective and constructive.

Ding and colleagues (2003: 81) indicate that an understanding of good governance: accountability and transparency is limited to a small group of intellectuals and those who have participated in dialogues on the subject. In their survey, responses on governance ranged widely from knowledge of internal governance to not having heard of the concept before. Nevertheless, an international NGO representative interviewed firmly believed that the partnership between the public and the media is a viable option in monitoring the activities of NGOs in China.

The perception of the Chinese public of NGOs as deliverers of social services coincides with the current role undertaken by NGOs. However, the activities of NGOs involved in the delivery of social services suggests that constituents and the general public alike are not in a position to contest questionable actions of NGOs. There is still some way to go before the general public can be truly effective in maintaining vigilance on the actions of NGOs.
Mechanisms Employed to Ensure Good Governance

The mechanisms that have emerged in recent times to ensure the good governance of NGOs working in China can be attributed in part to the interactions and exchanges between international and local NGOs. While many local NGOs, whether at a local or national level, have arrangements such as a board of directors, there is still a significant gap between their adoption and their effectiveness.

Here, it is useful to consider three mechanisms or arrangements identified by interviewees that are important aspects of accountability and transparency: a board of directors, strategic planning, and direct involvement by key stakeholders. By focusing on the importance of each mechanism, it is possible to understand the relations between local and international NGOs and the level of exchange between the two in creating more accountable systems.

Board of Directors

Having a board of directors for an NGO is a general indication of its infrastructure for accountability, as the organisation is accountable to a group of individuals appointed from beyond the organisation. One of the greatest weaknesses of local NGOs is their governing system. Most local NGOs do not have a board of directors because of the difficulty in establishing one, and also in finding willing and experienced local people to sit on the board.

For local NGOs that have established a board of directors, it is not uncommon for the head of the organisation to preside over the board. The selection of the board members must come under scrutiny to determine the board’s impartiality and objectivity. It is appropriate to query the objectivity of a board in seeking to guarantee that the organisation is free from any wrong-doing or unprofessional practices. In the case of an active Beijing NGO, if viewpoints differed between the board and the management of the organisation, the head of the board, who is also the top manager, seeks to persuade the board in determining what is in the best interest of the organisation. This raises questions about the board’s integrity and degree of control.

The potential significance of having a board is relevant not only for local NGOs, but also for international NGOs working in China. Given that many international NGOs are not yet registered, it is not possible for them to have a local board comprising members of the public. In such cases, a country management team is often a substitute. But, given the shortcomings of the present local legal system for international NGOs, the objectivity of a country management team comprised of an organisation’s staff is somewhat problematic.

The existence of a board of directors does not necessarily mean that it is utilised by the NGO concerned. A prominent local NGO interviewed is a clear example of the failure of the management and board to work effectively. The representative interviewed questioned the independence of the board from the government. The NGO is wary that the board may attempt to influence the autonomy of the work of the organisation and perhaps even move the organisation towards a more government friendly stance in its work.
In essence, having a board of directors is recognised by local and international NGOs interviewed as a likely necessary step towards greater accountability. But there are potential problems concerning the composition, objectivity and effectiveness of boards.

**Strategic Planning**

Strategic planning, the process from planning to evaluation of projects, is another indication of good governance, as suggested by interviewees. Strategic planning allows an organisation’s mission and goals ideally to be attained through the effective implementation of projects. Most of the NGOs interviewed saw that planning is a vital and indispensable part of the organisation, particularly for international NGOs. Yet for local NGOs, there were two contrasting opinions on strategic planning. One NGO saw the process as essential and needing to be public and open to all. Another considered it to have little importance, with the interviewed representative believing that the individual plan of each staff member is much more beneficial in achieving the overall mission and goals of an organisation. It was elaborated that each staff member should be clear in his or her own work before an organisation can come together to devise an overall plan.

**Involvement of Stakeholders**

The thought of including all stakeholders, especially younger members of the population, into the design of projects may seem strange to some, but one international NGO has done exactly that. In its China foster care programme, this particular NGO has used former members of the programme to gather information from current members regarding their views on the programme. The trust placed in people with direct experience of the programme has proved effective in its evaluation. As a result, this NGO was able to suggest new measures to the government for the improvement of the national foster care programme. In a similar way, another international NGO was able to influence the new national education curriculum through its consultation with the government. The new curriculum is now much more student-focused. Including stakeholders in the decision-making process demonstrates that a NGO values the voices of all and is open to challenge. In spite of this, the practice of involving the voices of stakeholders is not an easy road for local NGOs.

Local NGOs are acutely aware of the role of donors in their projects. For NGOs to maintain a strong position in their areas of activity they need to be independent and free-from donor influences. In fact, one local NGO went so far as to say that if a donor dictates how money is to be spent it will refuse the donor’s money. Donor and other partnership challenges are common to both international and local NGOs. An international NGO, in its attempt to be more inclusive by involving its local partner closely in its work, has faced indifference and at times both parties have tended to operate very independently of each other.

Stakeholder inclusion is a process which involves more than just participation; it is the ability to effectively communicate and incorporate. Interviewees indicated that the international NGOs consider stakeholder involvement as essential to ensuring greater accountability and transparency in their work in China. These NGOs see themselves as providing skills and experience to local NGOs in their efforts to improve their capacity. One international NGO has sought to build local grassroots NGOs in their project areas to enable the handover of the
projects once the organisation departs. NGOs involved in training and research are eager to promote cross-sector learning and cooperation between different institutions to include as many as possible in their efforts to promote issues of good governance. Local NGOs which are recipients of the information and knowledge imparted to them by international NGOs believe their role is to localise the knowledge to maintain its usefulness and relevance to the local situation.

Various practices have been employed by local and international NGOs alike to ensure the accountability and transparency of the work undertaken. It is the cooperation between local and international NGOs that will see improvements in local social service delivery and relationships with constituents.

Conclusions

The call for better governance of local NGOs must be heeded as this sector becomes increasingly involved in the provision of social services. The relationships between NGOs and their constituents are a telling sign of how issues of accountability are perceived and addressed. If NGOs are to be the vanguard of social change in China, it is essential that they remain above reproach. Our interviews with local and international NGOs revealed that the forming of a framework that includes technical and ethical considerations to assess good governance will ultimately foster a holistic approach to accountable and transparent practices.

The environment needed for NGOs to mature and begin instituting practices associated with this type of governance is to a degree hampered by a number of issues, ranging from legal and administrative arrangements for the supervision of NGOs at the national level to a more individual level of self-interest locally. However, there appears to be no reason why issues associated with accountability cannot be addressed even in this atmosphere. The present role and capacity of international NGOs operating in China suggests that the experiences of these organisations may prove to be beneficial as learning tools for local NGOs. Thus, the prospect for NGOs in China will require local and international NGOs, the national government and the Chinese public to interact and effectively work together to ensure a future where all stakeholders can experience and benefit from the positive contribution of the NGO sector.
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