



**Report on Wilton Park Conference S06/10  
in association with  
The Ash Institute for Democratic Governance and Innovation,  
Harvard University**

**STRENGTHENING DEMOCRATIC GOVERNANCE:  
THE ROLE OF CIVIL SOCIETY  
Monday 12 to Wednesday 14 June 2006**

**Introduction**

1. With democratic elites in stable or mature democracies becoming disengaged from the publics they are intended to serve, can civil society counter the political apathy currently prevalent to maintain democratic governance and state accountability? Can voluntary associations ensure inclusive decision-making and the space for discussion of public affairs necessary in all democracies? With the growth in power and influence of civil society organisations or non-governmental organisations in recent decades, their legitimacy and accountability are also being challenged. Can civil society strengthen itself and breathe new life into formal democracy? Representatives from some 28 countries, with a range of governmental and non-governmental backgrounds, met at Wilton Park to examine and respond to these questions. The conference underlined civil society's diversity, its greatest strength, which enables it to make a distinctive contribution to democratic governance. It also emphasised the importance of context: how civil society is perceived depends very largely on the environment in which it operates, and many civil society organisations work in increasingly difficult environments.

**What are the sources of legitimacy of non-governmental organisations (NGOs)? Should NGOs become more accountable and transparent? If so, how?**

2. The non-profit sector is coming under closer scrutiny, both from its proponents and those wishing to curtail its activities. Issue arising include: concern among donors wishing to engage with civil society organisations that transaction costs are too high; the relationship between northern and southern NGOs, and between international and national entities, with criticism that larger and northern-based organisations are not able fully to represent concerns of the South and, in some situations, adopt lifestyles inappropriate to local context; and the extent to which organisations can be professional yet able to represent, or facilitate the expression of, grassroots views. Undemocratic governments or emerging democracies are often uncomfortable with or, in some cases, hostile to the activity of civil society organisations.

3. There is overwhelming agreement that if the voluntary sector is to hold governments and business accountable, it needs to ensure its own legitimacy, openness and transparency. Legitimacy stems from several sources: firstly, from a strong moral conviction, through acting on the basis of universally-recognised rights and freedoms of speech, assembly and association to articulate public concerns inadequately addressed by government; secondly, a political legitimacy or credibility, through approval of the community or constituency represented by the voluntary association, asserting people's sovereignty and community control; thirdly, competence or performance legitimacy, by delivering results through being closer to local reality than governmental institutions, helping to bridge a government-community gap and promote social cohesion; fourthly, legal recognition, although in some countries, in the Middle East region for example, laws may prevent truly independent NGOs from functioning, or formal registration may undermine rather than enhance their reputation; and, most importantly, legitimacy comes from accountability and transparency.

4. NGOs should be accountable to a wide range of stakeholders: peoples whose rights they seek to protect and advance; their own members, supporters and staff; to those who contribute finance, goods or services; to partner institutions, both governmental and non-governmental; to regulatory bodies; to those whose policies,

programmes or behaviour they wish to influence; and, more broadly, to the media and general public. They should be able to demonstrate a democratic structure, participative decision-making and non-partisan approach if they claim legitimacy on political grounds. They should focus on whatever is their primary agenda and not be diverted from this by demands of donors or obstacles in their operational environment. Some express concern that, in recent years, some civil society organisations, for example in the Philippines, have veered away from contentious issues like political reform and redistributive justice, with preference for 'doable' programmes such as delivery of social services. While there are urgent basic service needs which civil society organisations are equipped to fill, the need to address structural issues such as ineffectual government, distribution of resources and rampant corruption remains. Civil society organisations should pursue both. They should follow through on projects they undertake, conducting long-term programmes with sustainable results.

5. Fiscal accountability is, of course, vital, with effective reporting and monitoring systems, and sources of funding fully divulged. Some argue against accepting government support and foreign funding if civil society organisations are involved in promoting political and democratic reform; others, acknowledging the potential sensitivity of this, believe assuring a diversity of funding from public and private sources will overcome accusations of undue influence of donors.

6. The evolution towards national and international codes of conduct for voluntary self-regulation is regarded as a healthy development, although given the tremendous difference in size and scope of civil society organisations all cannot be brought under one approach. It will, however, introduce common principles which all can use in their work. The Asia Pacific Philanthropy Consortium has recently completed a financial accounting manual for non-profit organisations in the region. Bringing together seven Asian societies – Bangladesh, China, India, Indonesia, Pakistan, the Philippines and Thailand – civil society leaders, regulatory agency officials, academics and accounting professionals set out guidelines for more responsible accounting in the non-profit sector. Now published, the manual has been submitted to the International Accounting Standards Board with a view to beginning a process of setting international standards for the non-profit sector as a whole. An *International NGO (INGO) Accountability Charter*, drafted by a committee of the

International Advocacy NGOs Workshop<sup>1</sup>, was issued in June 2006 to create common standards for NGOs working across national boundaries. All INGOs are invited to sign the Charter, which, it is proposed, will be overseen by a virtual Secretariat. CIVICUS will host the website that is envisaged as the key point of interaction. Some point out that while moves towards greater conformity of accounting among NGOs are to be welcomed, the donor community should also be requested to harmonise to the greatest extent the reporting procedures they require civil society organisations to follow.

### **Civil society roles as advocate, watchdog and service provider**

7. Although advocacy, monitoring and service delivery constitute three distinct activities, which can be clearly defined, many consider the roles are intertwined. As dynamic and multidimensional entities, civil society organisations may move from one role to another or combine several roles. This can be illustrated by an organisation whose initial role is service delivery; it turns to advocacy to overcome problems it meets in fulfilling its service provision role; and it subsequently becomes a watchdog in trying to prevent the recurrence or worsening of the problems while continuing to provide its original services.

8. The role of service delivery is generally regarded as the least controversial function for civil society; even in the most constrained environments, under authoritarian governments, it is usually tolerated. Many express concern, however, that while civil society is performing a crucial activity, governments can take advantage of this and fail to assume their own responsibilities. In particular, there is an acute dilemma for organisations working in service delivery when a humanitarian crisis is created either through its own government's actions or its neglect, as in Zimbabwe. In a polarised society, NGOs cannot be fully independent. Motivated to respond to a community's humanitarian needs, there is a strong argument for NGOs to collaborate with unpalatable governments in these distressing circumstances; they can mobilise resources for the community by providing a bridge between the government and the donor community. Operational difficulties will inevitably arise, and in the longer-term there is a need to address the structural problems. NGOs

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<sup>1</sup> The Committee included the chief executives of Greenpeace International, Oxfam International, International Save the Children Alliance and Amnesty International. They have worked in consultation with the International Advocacy NGO Workshop, which includes more than two dozen similar organisations.

working in constrained environments should demonstrate solidarity for their own protection against divisive government actions; those involved in service delivery should provide platforms for human rights advocates. There should be agreed legal and public information strategies, for example producing reports, although often media would not provide coverage of sensitive issues. A pro-active rather than reactive approach is needed in constrained environments.

9. Some express concern that the environment in which civil society now operates has deteriorated in the recent past, with the erosion of fundamental freedoms in Western societies providing a cover for repression in other parts of the world. In such circumstances, advocacy organisations are particularly vital, but under increasing threat; they should ensure that, in addition to addressing issues themselves, they mobilise others to exert more pressure, to give their action a broader base and greater sustainability. Many acknowledge, however, that building more awareness about some issues, for example the death penalty, can be very difficult.

10. Most agree that civil society contributes towards both the substance and process of democracy. It promotes better process particularly through its watchdog function, for example in monitoring electoral and parliamentary procedures: voter registration, campaign financing, voter education and review of the parliamentary budget have all been significantly improved in India as a result of civil society action. The Bulgarian chapter of Transparency International (TI) has monitored corruption in the financing of political parties and privatisation initiatives, prompting the government to seek benchmarks from TI to counter such illegal activity. NGOs are, however, only one component of civil society. They sometimes work in silos; the impact of their activity is greatly increased in joining with other civil society actors. Trade unions, for example, are sometimes seen to be in competition with other organisations; but, with their mass membership in some countries, trade unions can be a forceful driver in opening up democratic space when they work in alliance with others. Media can also be critical in engaging public attention.

11. NGOs are operating in an increasingly complex world, which creates new tensions in their role. On the one hand, they need to become increasingly professional in dealing with issues and adapting to free market pressures; this

requires developing strong organisations, with solid structures and career-minded employees. Some question whether, in taking on this institutionalisation, NGOs become a new type of public service. At the same time, they need to carry the public along in support of their work, as well as retain a role as a 'transmission belt' for grassroots social movements. Some express concern that the demands of donors and market competition for funding mean civil society organisations will lose some of the passion and conscience that has marked their earlier development. Related to this, some question whether NGOs block rather than facilitate access for social movements, and in becoming more professional risk losing their links to the communities they seek to serve.

### **How should government, civil society and the private sector cooperate for efficient and effective democratic governance?**

12. Experience shows that the best states for social enterprise are ones that engage with civil society, are open, accessible and active, with civic voluntarism thoroughly intertwined with government activities. Some argue that in rapidly changing societies with diverse communities, as in parts of Europe, successful relations between communities and local or central government can only be built when there is active encouragement given to civil society development. The challenge lies in how to promote involvement, and the style of government engagement is all-important: working alongside civil society in a non-directive way.

13. What can government do to make a sound environment for civil society? On the fiscal front, there are measures that make it as easy as possible for citizens to commit money through improved tax treatment of donations to charities. Hungary introduced a unique piece of legislation in 1996, popularly known as the 1% Law. This instrument allows individual taxpayers to allocate one percent of their previous year's personal income tax to an eligible NGO of their choice that conducts public benefit activities. Hungary sparked a chain reaction, with several other countries, including Slovakia, Lithuania, Poland and Romania, adopting similar percentage laws in different forms and with varying criteria. This experience has reached as far as Japan, where the Ichikawa prefecture introduced a special version of the system. Elsewhere in Asia there has also been success in working with government to obtain financial resources for NGOs, such as the Pakistan Centre for Philanthropy's 'Gateway to Giving' project, which aims to certify NGOs for eligibility to receive tax-

free donations. In the UK, encouragement has been given to developing more flexible sources of independent finance through the Community Investment Tax Credit (leading to a wave of new Community Finance Institutions), through licensing the Charity Bank as a source of cheap capital and through encouraging banks to be less conservative in meeting the needs of excluded communities.

14. On the legal side in the UK, permitting civic organisations to trade, and play a part in public sector partnerships, often with local authorities, is opening up new space for social enterprises. The object is to move from government as provider to a framework where government enables others to compete to make provision, promoting a more level playing field between public, private and non-profit sectors. The image of a three-legged stool is sometimes invoked, with societies requiring balance between the three organising principles. Yet, even in mature democracies, introducing such measures is not unproblematic. Moving from a command and control approach to governments activating networks requires flexibility and transparency. There is a need to train civil servants to manage such networks, since they are often highly specialised and unprepared for contract management. When NGOs provide the delivery system, how does government deal with variable quality of services? Much of the public sector, in particular local government, continues to resist contestability. Tensions between government and civil society are significantly greater in many other parts of the world, where honesty and survival in public office are sometimes seen as incompatible. The effect of obtaining government contracts will result in trade-offs and the loss of critical voices. In rentier economies, such as in the Middle East, the size of government means there is little or no space for civil society. The role of business predominates in the USA, distorting any balance between the three sectors. The metaphor of the three-legged stool is seen by many as too rigid and static. Instead, some see four rivers or tributaries, the state, market, civil society and informal social movements, in flow with varying speeds at different stages yet all contributing values to the public sphere.

15. In some instances, civil society has challenged government by finding creative solutions to problems in areas where government has failed. Faith-based groups in the USA, with no ties to formal religious bodies but working through contact with individual priests or imams, provide a foster care and adoption service throughout 42 states, primarily for African American children whose needs were not met by the

state. Funding is provided through foundations. The principle of the 'One Church One Child' programme has been adapted to programmes providing support for persons undergoing treatment for drug addiction as well as those re-entering society following incarceration. In all three schemes there is constant networking with government agencies, and immense benefits from this collaboration although friction does arise if some government officers are resentful of the entry of faith communities into what they see as their sphere of activity. In cooperating with the government, faith communities must commit to non-discriminatory provision of service, and no proselytising.

15. The Chinese authorities have accepted the development of a third sector in recent years with the advent of 'non-profit organisations' involved in service delivery -- although 'NGOs', perceived as in opposition to the government, are not encouraged. Even in this more favourable climate, however, there is considerable continuing government regulation and constraint. 'Project Hope' is designed to help disadvantaged families in rural areas of China, who are unable to pay the required school fees to educate their children. One programme to build schools in areas where they do not exist raises money with the private sector that is then matched by the local authority, which has formal ownership of the school. The All China Youth Federation, part of the Chinese Communist Party, has provided a channel for dialogue with the government; it enabled acceptance from the authorities for a project, which, essentially, drew attention to a failure in government. The non-profit sector in China is, however, stymied in its activity when it lacks the means for dialogue with government, as is often the case. Some question whether the Chinese authorities will accept a role for the non-profit sector that goes beyond service delivery and aims to contribute to policy formulation. To enable the non-profit sector in China to acquire more space for its future activity, some suggest non-profit organisations should focus on the opportunities which exist for them to invest and earn interest. Mobilising money and becoming self-financing should be an entry point, although this is inevitably a long-term strategy.

16. Civil society has increasingly called the private sector to account, and many believe the 'behavioural audit trail' is for business now more important than the financial one. The era of multinational companies has moved on. Some advocate strongly the need for business within the community: when developing in China,

marketing, research and other functions should be conducted in China and not 'shipped in'. Companies need to be well connected to the social circumstances that surround them. This should provide a role for civil society to exploit and expand. Before creating new installations in Indonesia recently, BP sent employees to live in the locality, leading to a development that took account of local views and was more eco-friendly.

17. In principle, each sector is a powerbase on its own, and the three sectors can hold one another accountable. The reality in many societies is different; there is pressure and competition between sectors rather than collaboration. It is important to try to identify shared values and common interests among sectors, and find leaders who can bridge the sectors, respected in their own constituency and among the others. Building the right skills for effective relations across sectors is what all need to work on.

### **Strengthening civil society: what needs to be done?**

18. A strong civil society is one in which voluntary associations are effective and strategic organisations, and work cohesively in influential networks or coalitions in an environment governed by civil norms such as respect, reciprocity, tolerance and inclusion. Such norms promote open discourse and citizens' engagement in informed dialogue. Flowing from this, there are several important principles to follow in seeking to strengthen civil society. Firstly, it is critical to start where civil society is: measures to strengthen its capacities need to be based on local needs, assets and institutional ecologies. Civil society organisations need to know their own strengths. Outsiders cannot necessarily connect with local society. Secondly, decision-making needs to be in the hands of those undertaking the strengthening measures, so it is informed by indigenous values and concerns. Thirdly, action must be based on sustainable resources, in essence local engagement across sectors and levels. A participative approach is key. Fourthly, action should support and reinforce through compatible interventions. Finally, there should be realistic time horizons since institutional development does not occur instantaneously.

19. Measures to strengthen can be taken at different levels. In the first instance, there is a need to focus on individuals through providing educational opportunities to leaders who are shaping civil society, such as the Asia Leadership

Fellow programme, created in 1996 to provide opportunities for individual research and collaborative group work. Institutionalising leadership can also be achieved by mentoring and skills-building. Developing successive generations of leaders is critical if civil society is to grow and flourish. The Caucus of Development NGOs in the Philippines spearheaded a leadership development programme called the Successor Generation (SUCGEN), some years ago, for young members who had demonstrated not only good leadership but also the intent to build a career within civil society. Long-term efforts should be made to work with a range of educational institutions to develop courses and programmes for those seeking to learn more about civil society, which would also help bridge the gap between academia and civil society.

20. Organisational development can be facilitated by building the capacity of civil society organisations to be strategic and effective through training leaders to think strategically.

21. Building alliances within a sector or domain will support individual sector members or issue-based communities. It leads to improved information, through sharing best practices and avoiding duplication. Through collaborative action in alliances there can be a greater impact at policy level, and a means to set standards in accountability. Alliances and networking also create solidarity: in Iran over 2,000 individuals are linked through yahoo groups, which is considered a safer means to create an alliance than physical structures.

22. Bridge-building across sector boundaries can strengthen both by generating a larger body of interest and also new resources, for example through cooperation with the public or private sector.

23. Transnational or international engagement can also enhance civil society roles in governance. The growing attention paid over the last decade to the NGO meetings held in parallel to intergovernmental summits and conferences bears testimony to the importance of such forms of civil society intervention.

24. The monumental growth of the Bangladesh Rural Advancement Committee (BRAC) provides an illustrative example of organisational advancement and the impact civil society initiative can make to social development and

governance. BRAC began its education programme, one of its core areas of work, in 1985 with 22 one-room schools. Twenty years later, it provides the schooling for approximately 11% of children of primary school age, with girls representing some 65% of the student body. It has achieved growth organically, through building from the bottom up, piloting programmes to learn during the process, by planning, training, and continuous innovation, adjustment and capacity building. It has invested hugely in training teachers, for which prerequisites were training trainers, creating training centres and building capacity in managers. The programme is based on a solid monitoring structure, meeting teachers in the field on a monthly basis, to maintain trust and provide support as necessary. An egalitarian institutional culture has been created with senior managers rotating between desk jobs and positions in the field, and there is an absence of 'special treatment'. While it cannot be claimed that the entire workforce is highly charged with an emotional attachment to the organisation, there is a critical balance of staff who demonstrate that professionalism does not have to erode the passion with which the voluntary sector engages in its activity.

25. The societal enabling environment for civil society initiative varies hugely. In some parts of the world there may be constitutional guarantees of free speech and assembly that are little respected in practice. How to support persons who are trying to bring change under these circumstances remains a major challenge for civil society and others interested in working for democratic governance.

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Wilton Park Reports are brief summaries of the main points and conclusions of a conference. The reports reflect rapporteurs' personal interpretations of the proceedings – as such they do not constitute any institutional policy of Wilton Park nor do they necessarily represent the views of rapporteurs.