

# Samuhik सामूहिक पहल Pahal

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Governance in CSOs

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# Good governance in civil society organizations

## What it means and what can be done

The discourse on good governance is many decades old. Initially, it was used as a framework for understanding public action and for ensuring that governmental institutions function effectively and equitably. It has now been extended to the functioning of civil society organizations (CSOs).

This has sometimes been seen as a creeping bureaucratization of the sector. Despite there being some truth in such an understanding, this move toward ensuring good governance has a large number of positive aspects to recommend it.

What is good governance? The first aspect of good governance is the adherence to all the legal requirements in letter and spirit. The regulatory framework within which CSOs function these days is complex. This includes financial audits, to the need for registration under FCRA to receive foreign funds, etc. It is a difficult terrain to navigate. However, there can be no excuses to not obey the law in a democratic country. The recourse to what may be seen as bad provisions of the laws are in the courts, or in collective advocacy measures to amend provisions and rules that hinder optimal functioning.

The second aspect has to do with accountability, especially financial accountability. Without having to justify impact in a narrow fashion, CSOs must have financial management and auditing processes in place that help in proper utilization of funds. This is important as CSOs are public institutions and must stay open to public scrutiny. Financial transparency is an important part of this process.



A Zapatista Community's Council of Good Governance Building

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The third aspect of good governance lies in running the organization itself in a way that is conducive to human flourishing. This includes managing the organization in an equitable and inclusive fashion, which is also respectful of diversity. For CSOs, inclusion and equity must start at home.

The fourth, and perhaps the most important aspect of good governance relates to community participation. Different CSOs have tried out different models. These include creating processes that enable community members to become team members, to regular community consultations to develop programmatic agendas, and having people from the community as Board members. We must think of innovative ways in which the communities we work with are able to participate in most, if not all, significant governance processes.

Participatory governance is good governance. Transparency, responsiveness, effectiveness and efficiency, and accountability are also all important aspects of instituting good governance processes in CSOs.

# Beyond the meeting

## Transformational approaches to nonprofit Board governance

*Sneha Arora*

**T**he significance of an effective Board in guiding nonprofits in India has been well-documented. Today's [environment is challenging](#). It is marked by reduced foreign funding, complex domestic funding procedures, increasing compliance burdens, and a scarcity of talent. It's crucial for NGO leaders to invest substantial time and effort into cultivating a robust Board.

Nurturing the Board goes beyond simply assembling one. It involves the ongoing work of managing, maintaining and enhancing its effectiveness. This process is essential for fostering a Board that not only supports but actively drives the organization's mission forward.

It is important that NGO leaders not only focus on having a Board, but ensure their Board is an effective one. It must serve their constantly evolving organizational needs as a partner.

I use the word "Board" broadly in this article. Compliances require the presence of Legal Board members from a fiduciary responsibility standpoint. However, most NGOs today have also assembled an Advisory Council. They oftentimes have equal voice and a seat at the table.

My reference to a Board is to that entity which plays the role of governance and stewardship for a nonprofit. It may be legal or advisory in nature, or as is oftentimes the case, a mix of both.

In this article, we will examine the three levels at which most Indian nonprofit Boards

operate. Regardless of an organization's size or sector, these levels are relevant to the journeys that many NGOs take on the path of good governance.

Some Boards advance to the highest levels of effectiveness fairly quickly. Others remain at more basic stages for decades. In our experience as an Accelerator, a key factor contributing to the level of success an NGO achieves, as well as its sustainability and growth, is the effectiveness of its Board.

Toward the end of the article, we will also explore some best practices that we have observed in the sector, that speak to more effective Board behaviors.

### Foundational governance

At the most basic level, an NGO must ensure that its Board has the following characteristics and plays the below mentioned roles for meeting the first level of governance.

**Fiduciary responsibility:** The fiduciary responsibility of a Board member refers to the legal and ethical obligation to act in the best interests of the organization. This responsibility encompasses three main duties: duty of care, duty of loyalty and duty of obedience.

**Independence:** Board members should operate independently, free from conflicts of interest. One of the most common representations of this on a Board is not to have any relatives, family members or close friends of the Founder on the Board, unless justified by a core role that they are playing.

**Regular tasks and meetings:** The Board should carry out its routine responsibilities and hold regular meetings to review progress and address issues. [Regular tasks](#) include approving plans and budgets, approving annual accounts, assessing CEO performance, etc. Quarterly meetings are considered a norm. However, one needs to also ensure that they are documented well in the form of Minutes and Resolutions.

### Strategic governance

As organizations grow and evolve, the Board's role should become more strategic in nature. Key aspects of effective strategic governance include the following.

**Clarity of roles:** Clearly defined roles for Board members are critical. This clarity can be arrived at through well-defined JDs for each member. Candid one-on-one conversations at the time of joining are also key.

Such processes can ensure clarity in roles and responsibilities of each Board member. For example, The Apprentice Project, an Atma Accelerator partner, spent time clearly articulating Board JDs. They defined 3-4 roles. They then looked for individuals in the sector who fit these roles.

**Time investment:** Board members should give time beyond meetings. Meetings oftentimes involve presentations and decision-making. However, the true advisory nature of a Board, where a CEO can consult them and engage them in key decisions, happens beyond meetings.

A good way to do this is by setting up sub-committees for making strategic decisions. These include long-term strategy planning, salary benchmarking and corrections, culture resets, etc.

**Individual performance:** A healthy system of self-evaluations, facilitated by the CEO, should be the norm. For example, at Atma

we conducted a self-assessment for our Board in 2022. In this process, each member reflected on their role, time and contribution to the organization. Decisions to stay on or move from the Board were taken based on the same.

**Risk management:** Proactive identification and management of organizational risks are gaining greater importance. This is especially crucial with the complexities and changes in the external environment. Shifts in the sector, especially those related to FCRA restrictions, CSR laws, and overall accessibility of funding channels to continue the mission of the organization, are adding to the risks that need to be managed.

**Succession planning:** The Board plays a critical role in preparing for future leadership transitions to ensure continuity of the NGO's work. Planning succession for top leadership roles - CEO, COO, etc., - is an activity the Board must proactively undertake every year.

### Transformational governance

Highly successful organizations are those that have scaled, effectively partnered with governments and multilaterals, and thrived over many decades. The Board's role extends to transformational governance that contributes to such success. This advanced level involves the following factors that need to be considered while thinking about governance and Boards.

**Influence and networks:** One of the most crucial roles of a Board is to open doors for the organization's work to reach places of power and influence. Leveraging connections and networks to advance the organization's goals to drive its success is a role very few can play.

**Fundraising:** Given the complexity and criticality of fundraising for nonprofits, driving efforts to secure financial resources goes a long way in ensuring the success of

an NGO. Many Board members are financial contributors to the organization's mission in their personal capacity.

**Brand building:** Enhancing the organization's reputation and visibility helps attract all kinds of stakeholders to its mission. Who one has on their Board, is a big factor of influence regarding the two points mentioned above as well. Having an influential Board member itself signals strong brand credibility for an NGO.

**Capacity building:** Strengthening the organization's infrastructure and capabilities is a lifelong affair. Given the more daily pushes and pulls that a CEO is engaged in, the Board can play a strategic role in driving capacity investments for long-term success and sustainability of an organization. Examples of these include technology investments, establishing a corpus fund, and establishing a marketing strategy, etc.

**Culture custodians:** Holding leadership accountable to the values, beliefs and behaviors the organization stands for is a soft but important role that a Board can play.

There is a saying that "culture eats strategy for breakfast." As nonprofits, where our work centers so heavily around people, culture cannot be ignored.

The Board must be the ultimate culture custodian in a nonprofit, supporting the leader in building and strengthening it. Boards are pivotal to the survival, sustainability and growth of nonprofits.

The success of an organization is the result of many interconnected factors. These include the contributions of the founder, Board, leadership team, staff, volunteers, donors, beneficiaries, and partners.

The CEO is responsible for managing these stakeholders. However, the effectiveness of the Board is crucial for successful succession and continuous change management.

## Best practices for more effective Boards

While this section can include a long list of practices, I have focused on sharing my top five. This list is driven by the consideration of what contributes the most to the success (or the failure) of a Board to play its role effectively. These practices are perhaps not as written about in the sector as needed.

**Strong induction:** When Boards fail, most often we have heard it's due to the Board members not performing their roles. When Board members are asked why, a very common reason is a lack of clarity on what their role was in the first place.

Founders/ CEOs often enthusiastically bring members onto the Board. However, they tend not to invest enough time to align with them on expectations.

A strong induction, across a few days, perhaps weeks, is critical to ensure the effectiveness of what each member brings to the table. The induction should cover context (about the organization and the communities it serves), introduction to team members, an understanding of the NGO's needs, and the roles the member is expected to play.

**Values alignment:** A Board seat comes as a position of power. To ensure this power is not abused, it is important for Board members to operate with a high moral compass.

Adherence to fundamental social values such as fairness, justice and trust is essential. Boards should model the values they wish to see translated into the organization's culture and its end impact on the ground.

**Allyship:** In the hierarchy of where a Board is placed in an organogram for an NGO, it should not be seen at the top, but instead alongside its CEO/ leader. Being a leader is often a lonely journey. Boards can play a crucial role in serving as allies and trusting partners to nonprofit leaders.





Leaders can be undermined if the Board does not recognize their contributions and uphold their rights to be heard and acknowledged. For the CEO, the Board is a crucial stakeholder. Often, the CEO relies heavily on the Board for guidance and mentorship. The ally role is an important one for each Board member to play.

**Open access and communication:** For very long, Boards have been seen as the last step of a proverbial ladder to climb to. However, this dynamic should be flattened to a level playing field. Even employees of an organization must have access to Boards. For example, Population Foundation of India allows team members by rotation to attend and present at Board meetings.

What is equally important is that Board room discussions are shared with the organization at large. This helps break silos and rally all stakeholders, young or experienced, toward the NGO's mission. For example, at Atma, we bring back key decisions made in Board meetings. Every couple of quarters we present the Board deck to the team.

**Diversity:** Boards should not be elitist. Especially in a nonprofit context, a Board should come in with a service mindset and operate with strong values. This must be one of inclusion and diversity. The NGO needs to ask this question to itself - does the Board truly represent its key stakeholders, given the vision and the mission?

## In conclusion

In addition to the roles they play as fundraisers, stewards, capacity builders, the Board must include persons old and young, men and women. They may include non-binary genders as well, if that aligns with who the organization is.

Some representation from the target stakeholder group is also important. Keeping the key stakeholders (women, children, farmers, etc.) at the center of everything an NGO does, including how it constitutes its Board, is crucial. For example, Amnesty International has a beneficiary on its Board to ensure inclusive representation.

A nonprofit Board must not serve only the CEO, but the employees, target populations, donors and the entire community of influence for the NGO. The role of good governance is key in this process of stewardship toward creating a better world and society.

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**Sneha Arora** joined Atma in 2018 and served as its Chief Programs Officer for three (3) years, before transitioning into the role of the CEO in 2021. An MBA from Indian School of Business in Strategy and Finance, she is passionate about applying her skills to enable education NGOs to accelerate their impact.

**Website:** [atma.org.in](https://atma.org.in)

**Email:** [sneha@atma.org.in](mailto:sneha@atma.org.in)

**Connect on:**    

# The evolving landscape of Indian nonprofits

## Governance, professionalism and talent management

Ami Misra and Kavneet Sahni

**T**he Indian non-profit sector has evolved significantly over the past 75 years. It has transitioned from its roots in volunteerism during the early 1950s to a professionalized landscape today. In the West, the nonprofit sector is considered a 'third sector'. However, in India, non-profits play a co-constitutive role with *samaj* (society), *sarkar* (government), and *bazaar* (market). Collaborative movements led by non-profits, along with meaningful market contributions, have laid the foundation for progressive legislations, landmark judgments, and large-scale welfare initiatives. Understanding the governance

structures that underpin these organizations is crucial for exploring the sector's professionalization and talent management strategies.

### **NPOs' organizational structures: modalities of registration**

In India, non-profit organizations (NPOs) are registered under three distinct modalities: Trusts, Societies, and Section 8 Companies. Trusts are typically established by a founder who transfers property to the trustees to manage for charitable purposes. These are regulated by state-specific laws and





the Indian Trust Act, 1882. Trusts are often managed by a Board of trustees, with decisions centralized around founders. This can sometimes limit their ability to attract top talent due to less structured governance and fewer incentives.

Societies require at least seven members. These operate under the Societies Registration Act, 1860. They are governed by a managing committee elected by members. This offers a more democratic decision-making structure and better opportunities.

Section 8 Companies are incorporated under the Companies Act, 2013. These are managed by a Board of Directors and adhere to clear regulatory frameworks aligned with corporate governance standards. These companies are likely to attract professional talent due to their structured governance, transparency, and potential for better incentives and career growth.

Macro-data on the division of non-profit organizations (NPOs) based on these legal classifications is not readily available. However, a survey by Guidestar India two years ago revealed that 60% of a sample of 515 NPOs were registered as Societies, 32% as Trusts, and 8% as Section 8 Not-for-Profit Companies.

Despite the law being a decade old – 8% of the NPOs profiled are already registered as Section 8 companies. This data indicates a shift toward the more structured Section 8 Companies. It also reflects the sector's move toward specialization and professionalism. What does this mean in the context of a non-profit?

## **Talent management and organizational development**

We must revisit our roots to contextualize specialization and professionalism in the non-profit ecosystem. This implies putting people at the centre of our approach. The evolving landscape necessitates a

greater focus on talent management and organizational development.

The sectoral emphasis has been shifting from volunteerism to streamlining recruitment. This means that cultivating long-term leadership, and fostering a culture of continuous growth and accountability is imperative. Establishing a clear organizational identity and values is fundamental to this transformation.

Nonprofits must articulate what it means to be part of the organization. They must also define their core values such as empathy, ethics, leadership and problem-solving. These values help create a cohesive organizational culture, guide staff development and set clear expectations. When employees align their growth with the organization's mission, it fosters a unified, purpose-driven workforce.

## **Common talent management challenges of NPOs**

However, despite the potential benefits of a strong organizational culture, many nonprofit organizations face challenges in talent management. Based on our experience of working with sectoral leaders and practitioners, we share below some of the common talent management challenges that NPOs face.

**Attracting and retaining talent:** The sector often struggles with limited financial resources. This makes it difficult to attract and retain skilled professionals. This is particularly the case with organizations with less structured governance models.

**Governance and accountability:** Maintaining transparency and accountability can be difficult. This is especially so in organizations with centralized decision-making structures. This can potentially lead to reduced donor confidence.

**Sustainability and funding:** Ensuring long-term financial sustainability remains a significant challenge. Many non-profits rely



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heavily on donations and grants. These can often be unpredictable.

**Balancing professionalism and grassroots engagement:** As non-profits professionalize, they must balance maintaining grassroots connections with local communities. They have to simultaneously adopt more corporate governance practices as well.

**Gender-specific challenges:** NPOs must recognize and address the often-overlooked emotional and unpaid labor, especially by women. This is crucial for fostering an inclusive work environment. It is important for comprehensive leadership development too.

**Addressing talent management challenges to better serve communities**

To address these challenges there is a need for a mindset shift. Effective talent management needs to be seen as an organizational priority. Regardless of specific roles, a unified mindset can ensure that everyone understands the organization's expectations and how to meet these.

The private sector offers a valuable perspective on the structuring. The modern non-profit must balance the structuring with the ethos of the fundamental collaborative

culture where every member contributes to the organization's success.

Therefore, in today's context – we are in a place where there is a need to push for continuous learning and development to enhance professionalism within nonprofits. NPOs must establish professional learning communities and utilize diverse formats. They should also promote on-the-job capacity building.

These varied learning experiences encourage continuous improvement and innovation. These also empower employees to make decisions and learn from failures. This builds confidence. It also fosters a dynamic and resilient workforce.

Additionally, effective change management is vital in navigating the complexities of a professionalizing nonprofit sector. Key elements may include clear communication, outcome-focused strategies, and inclusive decision-making processes.

Leadership can articulate a precise vision and employ frameworks. An example of this is RACI - Responsible, Accountable, Consulted, Informed. Such frameworks have the potential to streamline decision-making and avoid paralysis by analysis. This approach

will ensure smooth organizational transitions. It will also align all members with the new direction.

Developing second-in-line leadership through exposure, continuous feedback, and ownership of personal growth is essential for NPOs' long-term sustainability. Encouraging cross-functional collaboration and valuing input from junior staff members builds confidence and leadership skills. This process also creates a pipeline of future leaders.

Additionally, recognizing and valuing emotional and unpaid labor, particularly by women, is crucial for creating an inclusive and supportive work environment. Acknowledging these contributions is essential for comprehensive leadership development. It ensures that all forms of work are respected and valued.

### In conclusion

Nonprofit organizations must focus on creating an open culture. This must celebrate feedback and align with individual aspirations. As the sector becomes more specialized and professional, practices must evolve to include continuous learning and upskilling tailored to individual interests.

Clear leadership and alignment with organizational goals facilitate effective change management. This is a critical need in rural NGOs facing talent shortages. Emphasizing outcome-focused change management, clear communication frameworks, and strong talent pipelines are key to building a well-developed and committed workforce.

Additionally, supporting personal and professional growth through the 70-20-10 learning model and external coaching is critical. Acknowledging the significant emotional labor performed by staff, particularly women, is also an essential components of comprehensive leadership development.

By implementing these strategies, nonprofits can evolve into more professional and specialized organizations. This will also ensure long-term success and sustainability.

**Ami Misra** leads the research and insights vertical at Dasra. As a researcher, she has been promoting evidence-based solutions and convergence across development programs, for over 12 years, across governmental and multilateral institutions, and think tanks. At Dasra, she anchors key flagship reports on underserved sectors and for ecosystem strengthening. She has a background in gender studies and social policy.

**Kavneet Sahni** heads the [Dasra Social Impact \(DSI\)](#) cohort capacity building programs at Dasra. She has worked with over 200 Indian nonprofit organizations focusing on diverse sectors including education, health and livelihoods. She has helped social leaders begin their journeys of self-learning to hone their leadership skills using Harvard Business School's case study methodology and gain exposure to technical skills such as fundraising, effective communication and stakeholder management.

**Website:** [dasra.org](https://dasra.org)

**Email:** [ami@dasra.org](mailto:ami@dasra.org)

**Connect on:**



Dasra



# Governance in the CSOs

Deepak Jain

**T**his article aims to outline the principles and practices of governance for Civil Society Organizations (CSOs). It emphasizes transparency, accountability, and strategic management. The goal is to ensure ethical operations, compliance and efficiency.

Implementing these guidelines will enhance CSOs' credibility and sustainability. It will also help them in enhancing the impact of their mission-driven endeavors.

## What is governance

Governance can be defined as establishing and complying with a set of rules and guidelines to govern an organization's activities. These include the complete gamut of operational, financial and strategic activities. A few examples of these are the following.

**Strategic:** These relate to areas such as fund raising, appointment of strategic advisors, identifying areas of social intervention, etc.

**Operational:** These pertain to hiring team members, procurement of goods and services, etc.

**Financial:** These involve accurately accounting the expenses and the donations received.

In simple terms, governance is, "Doing the right things and to be seen as doing the right things."

## What is good governance

**Clearly defined vision, mission and objectives:** A CSO must have clear and well-defined statements for its mission, vision and objectives. These help in guiding the organization and form the basis of governance. These should be drafted by the board, management, and the CSO leadership.

**Democratic selection of the Board and the leadership:** Policies for appointing the Board of Directors must be transparent and democratic. The process for electing chairpersons, presidents and treasurers should be clearly defined. The goal is to ensure fairness, transparency and accountability. Basic details of the Governing Board should be publicly accessible through annual reports and websites.

**Accountability of leadership:** Policies must ensure leadership accountability, including systems for grievance redressal and issue resolution. The Board should engage in organizational planning, financial planning, and continuous learning. It must also monitor and evaluate the CSO's efforts.

**Audits:** CSOs should conduct periodic independent internal audits to assess policy and process compliance. These help in identifying gaps and in taking remedial actions.

**Annual reports, newsletters and websites:** CSOs must disclose organizational performance. These include financial information and Board details. Disclosures made through annual reports, newsletters and websites help in good governance.

**Compliance with laws of the land:** CSOs must comply to all the applicable laws and legislations. This will ensure that operations continue without any disruptions. Such laws and regulations relate to the FCRA, 12AA, 80G related returns, etc. In addition to uninterrupted operations, compliance will help in preventing any penalties toward non-compliance.

**Defining, publishing and training employees on 'code of ethics/ conduct':** This will serve as a lighthouse in dealing with any unforeseeable situations.

**Segregation of duties:** The concept of segregation of duties (SOD) is based on the principle of collective decision making. As per the concept of SOD, one person will not have all the authorizations for decision making. These are to be spread across several people, who would need to come together to approve of any important decision. An authorization manual is a good example of the same.

**Conflict of interest:** One of the critical factors that can impair good governance is when an employee, officer or leader of the CSO has a conflict of interest in deciding. We share a few examples here.

Purchasing, or recommending the purchase of, goods and services from a family member or a relative is a clear conflict of interest. Hiring a family member or a relative will also constitute a conflict of interest. Any case of using organizational resources for personal use will, similarly, constitute a breach of privilege as well.

**Transparency:** As mentioned earlier, not only CSOs need to follow good governance practices, they need to also demonstrate these to the stakeholders. This is called transparency. For example, if a CSO has selected a supplier, they should provide details of the process that was followed.

## **What good governance means in day-to-day operations**

**Hiring:** Hiring competent and committed team members is critical for the success of any organization. What if the quality of recruitment is compromised? This will lead to significant negative impact on the organization. Certain rules and guidelines around recruitment followed by organizations for good governance are listed below.

CSOs must have clearly-defined, unbiased and objective criteria for hiring. These include skills, experience, etc., for the candidates to be hired. Applications must be invited from multiple sources. The selection criteria and interview process must be unbiased.

The selection panel must not include anyone who has any personal association with the candidates. Complete documentation of the selection process should be undertaken for scrutiny/ audit at any point in time.

**Procurement:** Good governance practices in procurement of goods and services would include the following.

The requirements of the products/ services to be procured must be clearly defined, unbiased and objective. Also, the selection criteria must be defined properly, e.g., 50% weightage to the technical proposal and 50% to the commercial proposal.

Multiple suppliers must be invited for the same. Technical and commercial proposals should be kept separate.

Committees (even if of two people) must be appointed to evaluate technical proposals against pre-agreed objective criteria. The committee then must shortlist proposals that meet the requirements. These proposals then must be ranked.

After the above has been done, the commercial proposals must be opened only for the shortlisted suppliers. A committee (separate from the technical committee) must be appointed to do a complete analysis of the commercial proposals. Their prices quoted, terms and conditions, and payment terms, etc., must be assessed. In turn, the commercial proposals must be ranked.

After completing the evaluation process of the technical and commercial proposals, the supplier must be chosen as per the defined criteria. The entire process must be documented. The technical and commercial evaluation committees should not include anyone who has a personal association with any supplier.

## **Accounting for expenses: good governance practices**

Even the smallest expenses >INR 1,000/- should have proper bills/ receipts.

Appropriate taxes must be paid. Purchases must not be made from suppliers who don't provide proper bills. The bills should clearly mention the services and products procured.

Paying in cash for expense >INR 10,000 must be avoided. The same should be paid through cheques/ digital payment options.

## The benefits of good governance

**Getting donations and grants:** One of the key criteria for grants and donations used by corporates in selecting CSOs for grants, is the level of good governance followed.

**Ability to attract and retain good talent:** Every employee expects good governance by the CSO in people practices relating to hiring, compensation and promotion. Employees prefer to stay in CSOs with good governance processes.

**No penalties or disruption of work:** Timely compliance, as applicable, will ensure zero disruptions and penalties.

**Efficient processes:** Good governance ensures consistency and repeatability. This, in turn, enhances the CSO's overall productivity and efficiency.

**Good reputation:** Good governance enhances the good reputation of the CSO.

**Cost optimization:** With streamlined processes and good governance, operational costs can be optimized.

## Challenges in implementing good governance

The benefits and criticality of good governance cannot be overemphasized. However, there are many challenges in implementing good governance practices. A few are shared below.

**Perceived as bureaucratic:** There are a few people who consider defining rules and guidelines as constraints and hindrances. They believe that this will slow down the organization. This requires education, continuous communication, and driving



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The Jawaja Experiment, an early precursor of grassroots NGOs, led by Ravi Matthai (1975)

change management. The benefits of rules, guidelines and governance must be explained to the employees, and other stakeholders, including suppliers.

**Lack of expertise:** CSOs may not have expertise in defining the various rules and guidelines covering financial, operational and strategic areas. This will require support from experts. They can help the CSOs in implementing good governance practices.

**Need for strong determination and commitment:** Benefits of good governance start accruing only after some time. This may range from a few months to a few years. The organization must be determined and committed to implementing good governance practices. It must stay invested in terms of time and resources to gain long lasting benefits.

## Conclusion

Good governance in CSOs ensures ethical, transparent and efficient operations. It enhances reputation and attracts support. It requires clear policies, democratic leadership selection, accountability, compliance with laws, regular audits, and transparency.

Despite challenges like perceived bureaucratization, and lack of expertise, committed implementation leads to long-term benefits. These include better talent retention, increased access to resources, and optimized processes.



# Compliance or ownership

## Contemporary trends in NGO governance in India

*Dr Rajesh Tandon*

### Early days

When I decided to set up an initiative with a few other colleagues, so that I can continue to do what I was passionate about, I was advised to set up a 'Society'. Thus was born PRIA in 1982. The seven 'Executive Committee' members of PRIA were co-promoters. They were very active in deliberations about the purposes, activities and impacts in the couple of years before and after legal incorporation.

Most continued to contribute professionally to its programming for decades afterwards, as a couple of new Board members were added. A stable composition of Board members of PRIA was in place within three years of its incorporation and continued to guide its directions for the next two decades.

Given my professional training, I was trying to ensure effective management of the programs and resources. In a chance meeting with a senior voluntary sector leader in 1984, I heard him say, "We are non-profits, so no laws apply to us."

I got thoroughly confused because just a week before we had received a notice from the Income Tax authorities. This was for supposedly engaging in 'for-profit' activity, since a couple of PRIA publications were 'priced' Rs 50 each. Not that we made much income at all, 'selling' publications or anything else, for that matter!

In 1985, PRIA organized perhaps the first ever consultation in India on 'Management of voluntary organizations'. Its goal was to deliberate on this issue with founders of 20+ voluntary organizations (or development

NGOs). I gained several insights from those five days.

Management was a dirty word for such NGO leaders. Statutory obligations were assumed to be mostly meant for for-profit organizations, including Income Tax, Sales Tax, Shops and Establishment Act, etc. Executive Committees (or Governing Boards, or called by whatever other names) were 'friends of the founders'. They merely fulfilled the basic requirements of signing the minutes of meetings occasionally held.

Within PRIA's mandate of building human and institutional capacities of development NGOs, we convened several workshops during 1988-1995. Their objective was to deliberate on effective governance of such organizations. The first set of such workshops focused on clarifying "Vision, Mission, Strategy" of such organizations. The goal was to 'refresh' them after 6-7 years of functioning on the ground.

Teams of senior leadership attended these. However, these workshops did not include any Board members. Only founders and a couple of senior managers attended such workshops. We decided to then suggest that some key Board office-bearers, like Chairpersons, Treasurers, etc., should be included in future workshops.

When some key office-bearers joined the next set of workshops, we discovered that founders alone performed most governance functions. Other office-bearers did not demonstrate much of a sense of ownership of, or responsibility toward, the organization. Their affiliation was mostly with the founder. This was because they were essentially friends or family members of the founder.

Some of my professional colleagues and a few donor friends got very upset to learn about this reality. They insisted that friends and family members should not continue as Board members to avoid conflict-of-interest. Little did they appreciate that founders are risk-taking entrepreneurs. They need immediate, local support of several kinds to hedge against the risks they have taken to set up an NGO. Initial needs for various types of material support, like office space, furniture, vehicles, and money are mostly met by family and friends. Likewise, many activities of NGOs require human resources. Family and friends provide free skills and pro-bono work in all such initiatives in the early years.

All new ventures face difficulties, and NGOs more so. Friends and family provide emotional support to founders by holding their hands in the face of difficulties. Friends and family were thus 'early investors' for most NGOs in the 1980s and the 1990s, through their 'sweat equity'. As an NGO matures and its programs stabilize, more professional composition in the governance becomes desirable.

## Next phase

While the previous phase described the identity of such work as 'voluntary development organizations,' new narratives began to emerge in the 21<sup>st</sup> century around conceptualizations of such entities as 'non-profit,' and 'civil society,' etc. These global narratives brought new ways of managing and governing such organizations as well. New approaches to ensure NGOs' good governance have several features. These include fixed terms for Board members, regular rotation of Board composition, and diversity of competencies on the Board (bringing other professionals in). Representation of 'beneficiaries' is also a key aspect.

As most NGOs began to implement these new features of governance, several challenges began to emerge in the Indian context. Periodic (every three or five years) rotation of Board members did not generate enough understanding or ownership of the work of the NGOs. Professional experts with domain knowledge joining the Boards brought in new competencies. However, they had limited



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A workshop being conducted by an NGO at Gurugram

exposure to (or even interest in) local ground realities. Inviting government officials generally meant finding retired ones, since approvals to serve on NGOs' Boards became increasingly restrictive.

Bringing in members of the Board living in places farther away from the location of the NGOs entailed additional expenses. Donor funds for such 'overheads' became less available. In the pursuit of diversity in the composition of the Boards, gender and social inclusion mostly became tokenism. Adequate considerations for such matters in the very design of the programs was not necessarily attempted. Formally structured meetings of NGO Boards were alien to the lived realities of local community 'beneficiaries' (both culturally and linguistically). This made their participation also a mere tokenism.

## **Recent phase**

As India campaigned against corruption (IAC), and Lok Pal Bills began to be discussed, deep investigation of NGO Board members began to be publicly debated by 2012. Further restrictions and scrutiny of FCRA registered NGOs imposed recently have created fears of harassment of Board members by the government machinery.

By the time the COVID-19 pandemic hit, another 'virus' had thus inflicted NGO governance. Professionals from the world of business, academia, and public service were unwilling to get themselves 'exposed and scrutinized' by becoming members of NGO Boards.

One of the practical solutions now being implemented is to invite such diverse professional experts into a non-statutory Advisory Board/ Committee, where legal requirements for serving on NGO Boards are not imposed, and yet, access to diverse expert advice is possible.

Finally, with rise of CSR and corporate foundations in India after 2013, a new phase

of NGO governance has emerged. This is the 'star-ranking' system. Several private consulting firms, having developed their tools in the USA/ the UK, are now 'rating' NGO governance for a fee. This is sometimes greater than other expenses on governance.

Should the above historical sketch suggest that governance of NGOs is a problem best to be avoided, let me clarify the obverse. Effective governance of all organizations is essential for their continued effective performance, whatever their mandates. In today's context, effective governance of NGOs is even more critical since NGOs are change-makers in society.

The following are some key NGO governance functions that need to be effectively performed. Sustaining, refreshing and ensuring the implementation of the NGO's vision and mission is critical. An NGO must continuously reflect on the changes it intends to bring in society and the reasons thereof.

Fiduciary roles with respect to taking care of assets, resources and endowments of the NGO need to be thought through. This is important to ensure that systems and protocols are appropriate and implemented.

Overseeing statutory compliances related to incorporation, fund management, personnel and office/ establishment, etc., are also crucial. External stakeholder engagements (e.g., with governments, resource providers, the media, etc.) also need to be supported.

Periodically reviewing and approving the upgradation of systems and processes of internal management with respect to planning, banking, implementation, monitoring, procurement, inventory, maintenance of assets, human resource management and development, etc., is also important. Systems and processes of performance review and compensation of all functionaries, including the CEO, need to be managed effectively.



The above list may appear complex. However, it is not so once the systems and mechanisms are in place. Our experience suggests that NGO leaders need some guidance in creating a system and culture of governance that is appropriate for them.

At this juncture, only chartered accountants and/or lawyers are advising on issues related to NGOs' governance. This provides for processes more oriented toward mere compliance. It does not necessarily foster a holistic and systemic approach to nurture ownership. Even in well-governed NGOs, certain ticklish issues are difficult to deal with.

What does governance imply in between Board meetings? What processes and systems need to be in place for continued support and oversight in governance, since at most quarterly Board meetings are formally conducted? What mechanisms are in place to periodically review the composition and the functioning of the Governing Board and its office-bearers? Very few Boards review themselves, and their office-bearers, such as the Chairperson, the Treasurer, etc. How can this be integrated into the Board responsibility chart?

What governance practices are followed to ensure the accountability of founder(s)/ CEOs? As charismatic leaders with vision, they took risks to set up the initiative. Board members join because of personal knowledge of NGO programs through the founder. When personal and professional relationships overlap, ensuring regular performance reviews of the founder/ CEO is not easy.

## In conclusion

The environment in which NGOs are operating has been undergoing major changes lately. Stronger and more complicated statutory compliance procedures and laws are now in place. The changing nature of funding, and greater attention to social impact and sustainability from funders is making certain

additional requirements for governance more relevant.

Social composition is changing toward more youthful, educated and digitally active populations, even amongst low-income households. Ensuring continued relevance and effectiveness of an NGO in such a context is an ongoing task for effective governance.

However, the current tendency is to prescribe standard procedures and templates for NGO governance. 'One size should not fit all.' Instead, 'fit for purpose' should be the motto. Early-stage and smaller NGOs, more locally operating, need a more flexible governance model. Large NGOs with larger budgets would need more structured and corporate-style governance procedures and systems.

Legal compliance and donor reporting are crucial pre-requisites for NGO governance. However, a sense of ownership is built through regular deliberations about its mission, strategy and programs, and their impacts. This is where the role of the chief functionary and/or the founder becomes crucial. Facilitating such periodic reflections with senior program staff gives a sense of appreciation of the challenges in the field and the ways in which governance processes can support them.

NGOs are public institutions, anchored in society. Their work is increasingly subject to public scrutiny. Effective leadership and accountable governance of NGOs can go a long way in promoting goodwill toward their contributions.

**Dr Rajesh Tandon** is the Founder-President of PRIA. He is the holder of a PhD from Case Western Reserve University, a degree in Electronic Engineering (IIT, Kanpur) and a postgraduate degree in Management (IIM, Kolkata).

**Website:** [www.pria.org](http://www.pria.org)

**Email:** [rajesh.tandon@pria.org](mailto:rajesh.tandon@pria.org)

**Connect on:**     

# Reflections on GuideStar certification and governance in CSOs

*Iqbal Baig and Rajul Bharti*

## Introduction to Samerth and our work

**S**amerth Charitable Trust is a CSO operating in Gujarat and Chhattisgarh for over 25 years. It is dedicated to improving the livelihoods and well-being of marginalized and vulnerable communities. Our focus areas include education, community support, migration assistance, and eco-restoration in forest and desert regions. These initiatives promote water conservation, forestry projects, and livelihood programs aimed at fostering environmental sustainability and socio-economic resilience.

Over the years, we have emphasized transparency to build trust with stakeholders. We prioritize accountability through transparent financial reporting, stakeholder engagement, regular impact assessments, adherence to governance best practices, and compliance with regulations. We conduct routine external audits and share the results publicly. This helps us foster accountability and trust across all our operational areas.

## Governance journey: a reflection

At Samerth, our journey toward robust governance has been one of growth, learning, and continuous improvement. When we first started over two decades ago, our focus was on delivering impactful programs to uplift marginalized communities. However, as we grew, we realized that true impact requires more than just good intentions. It demands strong governance and accountability.

By the time we approached GuideStar, it was clear that the landscape of civil society organizations (CSOs) was shifting. The sector was transitioning from an era dominated by activism and rights-based approaches to a more holistic model of development,

incorporating policy work and the emergence of MESO organizations.

This evolution brought new challenges and heightened expectations from donors, governments, and the communities we serve. It became increasingly important for us to demonstrate not only our commitment to our mission but also our ability to manage resources responsibly and transparently. We knew we needed more stringent systems for financial management and governance due diligence. The question was, how do we create a framework that ensures we remain accountable and continually improve?



Receiving the GuideStar certificate

Samerth

GuideStar offered an answer. Their platform provided not just a certification but a comprehensive pathway to elevate our standards. It was an opportunity to engage with a broader community of NGOs, learn from their experiences, and benchmark ourselves against the best practices in the sector. The process of obtaining GuideStar certification was thorough and sometimes challenging. It required us to look inward, scrutinize our financial records, assess our programmatic outcomes, and refine our governance structures. Yet, it was precisely this rigor that made the journey worthwhile.

It pushed us to be more transparent and accountable. We learned to embrace

feedback. We started using it as a tool for growth. As Gazala Paul, our Executive Director, says, “GuideStar helped us discipline ourselves and create hygiene for financial and governance processes. Timelines got systematized. We got better at planning...”

This journey wasn’t just about ticking boxes or meeting external requirements. It was about internalizing a culture of excellence. We developed systems that improved our internal processes. These also helped us build trust with our stakeholders. The certification became a symbol of our commitment to good governance. It is a badge of honor that has opened doors to new opportunities and partnerships.

## The impact and benefits of certification

Becoming a platinum partner with GuideStar for nine consecutive years has had a profound impact on Samerth. The certification process elevated our internal processes. It has also significantly enhanced our external credibility. Here are some key benefits that we have experienced.

**Increased trust:** The certification strengthened trust among our donors, partners and beneficiaries. It has served as a testament to our commitment to transparency and accountability.

**Enhanced funding opportunities:** Many funding agencies now prefer working with GuideStar-certified organizations. This opens doors to new funding and collaboration opportunities.

**Improved governance practices:** The feedback and guidelines from GuideStar allowed us to raise our standards. This has helped us continuously improve our governance and operational practices.

**Networking and learning:** GuideStar’s platform has provided us access to a community of over 12,000 members, offering regular updates, capacity-building workshops, and networking opportunities.

## Note on GuideStar certification

GuideStar India offers different levels of certification. These range from the Transparency Key to Advanced Certifications (Silver, Gold and Platinum). These certifications indicate varying degrees of transparency and validation. The higher levels demand more detailed financial and organizational data. The certification process involves a comprehensive evaluation of an organization’s practices. It provides an objective assessment. It also helps organizations identify areas for improvement.

**Support for other certifications:** The GuideStar certification also paved the way for us to obtain the Give2Asia Certification. This has enabled us to receive overseas funds. We have also managed to further enhance our transparency and disclosure practices.

## Conclusion

Our experience with GuideStar certification has reinforced our dedication to good governance. It has helped us position Samerth as a credible and trustworthy organization. We encourage other CSOs to consider such certifications as a valuable tool for enhancing their governance practices and overall impact. The journey may be resource-intensive. However, the rewards—in terms of credibility, trust, and improved practices—are well worth the effort.

**Iqbal Baig** is a founding member of Samerth. He leads the Finance & Governance Team at the organization. He can be reached at [iqbal@samerth.org](mailto:iqbal@samerth.org).

**Rajul Bharti** has been associated with Samerth for over a decade. She supports the Urban Program. She can be reached at [rajul@samerth.org](mailto:rajul@samerth.org).

**Website:** [www.samerth.org](http://www.samerth.org)

**Connect on:**     



# The role of a Board in a grassroots organization: Patang's story

*Dr Rita Mishra*

## Introduction

The idea of Patang had started to take shape in 2003. When the founder decided to commit herself to this journey and register it as an organization, she had a limited understanding of what setting up and making an organization functional entailed. She had previous experience in the youth development sector. She had worked with esteemed organizations. However, this was a different territory altogether. It had numerous technicalities and nuances.

One of Patang's first struggles was deciding on what it would be, its governance structure—a Society or a Trust. Through several consultations with experts, well-wishers and past colleagues, it was decided that Patang was to be established as a charitable trust in 2005. Since the founder was residing in Delhi then, it was agreed that the organization should be registered there.

This was followed by the question of who would be involved. Our founder, originally from Odisha, wanted to give back to her native state. However, having been away from the state for a long time, she was unfamiliar with the civil society landscape. She also lacked connections to potential Board members she could trust.

Additionally, she had a low awareness of the importance of a Board beyond compliance and regulatory needs. She held discussions with other organization leaders. She also did some thorough research. Through this process, she learned that an independent Board would be crucial for fostering Patang into a credible and transparent organization.

## Insights from Patang's journey

In the nascent stages, the Board's input was limited to facilitating the registration and compliance of the organization. Board members were carefully nominated based on



Patang India

Samata Cup, an initiative by Patang in the space of gender

their alignment with the organization's values and mission.

The selection criteria focused on credible faces with a passion for youth development, and diverse skills including expertise in finance and legal compliance. Their willingness to join was discussed. Their consent was requested through a formal process to close the induction process.

Patang's bylaws mandate that meetings occur twice a year. However, we typically organize them three times annually. This ensures regular consultations and engagement. From the outset, the Board has maintained its independence. It interacts with the executive team exclusively through the CEO or the Founder.

In the early years, the Board played a crucial role in mobilizing resources. It connected us with various networks. It also played a crucial role in building capacity and providing strategic direction.

Additionally, in the initial years, the Board of trustees frequently visited Sambalpur to support Patang. They guided us in overcoming the various challenges that we faced. They supported us financially by donating money. They also sponsored certain aspects of the organization's development.

As Patang has evolved into a more structured entity, the Board's role has also evolved. We have tried to nominate members who would aid and support our journey through their values and skills.

Originally, the Board comprised an IIM graduate, a sociologist, and a psychologist with national-level experience. Recognizing the need for local representation, the Board brought in an academic to the Board. However, we decided to part ways with the members as we concluded that our goals and methods were not in alignment for a successful partnership.

## **Learnings and challenges**

The learning from all these years is that there is no specific method to recruit a Board member. It depends on the organization's needs and priorities. An important criterion for selecting a member is their accessibility.

When a Board member resigns, we seek replacements who bring fresh perspectives while ensuring gender and professional diversity. The criteria for selection include expertise relevant to our strategic goals, a commitment to grassroots leadership, and a genuine belief in youth-led initiatives.

Our key learnings over the last two decades have been that a youth-led organization should have Board members who believe in young people leading and being the face of the organization. It is crucial to prioritize Board members who empathize with and value our goals over those who are merely well-known and reputed. Ensuring gender composition is also essential to reflect diverse perspectives and inclusivity.

The challenge is to identify members who align with the vision and can commit time without expecting anything in return. Additionally, potential conflicts of interest, the nonprofit's reputation, and legal compliance requirements hinder potential members from joining a Board. Ultimately, Board members should be realistic in their expectations and be able and willing to contribute meaningfully without promoting their own self-interest.

We maintain periodic engagements with Board members through regular updates, birthday greetings, new year wishes, and other communications. This helps foster a strong connection with the organization.

## **The Board today**

The Board members come from diverse professions. They are not related to each other. They are united by a strong belief



that a robust civil society is essential to strengthening democracy.

They bring in a variety of skills. These include fundraising, program management, and finance. Their roles are divided based on their expertise. For instance, the member with financial expertise approves the organizational balance sheet before it is filed with the Income Tax Department. The program management expert provides inputs on proposals and offers training when required.

During Board meetings, the CEO and senior leadership team are present to discuss organizational issues and programs. Board members also provide support in areas such as compliance, changes in tax regulations, and in filing the necessary forms. Additionally, they are available to meet with funders upon request. All of this helps in ensuring a cohesive and well-supported organizational framework.

The new FCRA regulations require stringent declarations, giving undertakings under Foreign Money regulations, completing KYC, and declaring various personal details to

the concerned Ministry and Departments. Our Board members have been forthcoming. They have supported us in meeting these requirements.

A key advantage of having an engaged yet independent Board is that it provides an outsider's perspective to the organization. This can bring in a bird's eye view. It is invaluable to a grassroots organization often entangled in day-to-day struggles.

**Dr Rita Mishra**, Founder and CEO of Patang, holds a Ph.D. in Psychology and Education from JNU, New Delhi, and has 28 years of pan-India experience. She has conducted research for organizations like Oxfam India, ActionAid India, IPPF and Mobile Creches. She has also been part of the leadership team at Pravah and at Center for Catalysing Change. She has served as the CEO of TAP India Foundation as well.

**Website:** [patangindia.org](http://patangindia.org)

**Email:** [rita@patangindia.org](mailto:rita@patangindia.org)

**Connect on:**   



Patang India



# Reflections on the governance of grassroots development NGOs

*Liby T Johnson*

**G**ram Vikas has been working for the last 45 years on a range of issues relevant to the people in remote rural areas of Odisha and Jharkhand. We are a medium-sized rural development organization, registered under the Societies Registration Act, working in rural India.

Our work has involved responding to the needs of the community partners. It has also focussed on building institutional and technical capabilities to enable them to sustainably address their problems.

To be able to do this, we have had to build and sustain the relevant governance structures and processes. To give a sense of what is entailed in this, I share below my key responsibilities as the Executive Director of Gram Vikas.

## **The responsibilities of an Executive Director**

As the ex-officio Secretary to the Governing Board, I need to ensure that all the Board-related reporting and documentation is done well. The Board reviews programmatic progress, financial utilization, and adherence to statutory matters. The Board meets at least four times a year. Detailed agenda notes must be prepared in advance and circulated. Minutes must be recorded and circulated to the members for their concurrence.

Once a year, the financial statements and annual activity report must be presented to the Board. This must be done before obtaining approvals from the General Body of the Society.

I am the Chief Functionary of an organization registered under the Societies Registration Act. Its activities also come under Section

## **Gram Vikas**

Gram Vikas is a community development organization working with rural communities in Odisha and Jharkhand since 1979, to help them build a dignified life. We do this through building capacities, strengthening community institutions, and mobilizing resources.

We work on issues related to water, livelihoods, sanitation and hygiene, with use of appropriate technology being a key element. Building village institutions to manage village development and participate effectively in the local governance processes is the cornerstone of the approach. Our work over 45 years has benefitted more than 1.2 million households in about 8,195 habitations across 983 Gram Panchayats in 27 districts of the two States.

12 of the Income Tax Act, the Foreign Contribution Regulation Act (FCRA), and more recently, the Goods and Services Tax (GST) Act.

Thus, I am responsible for ensuring that the organization adheres to all the relevant legal provisions. I must also see to it that it files returns and documents on time.

This requires me to work with a statutory auditor. They certify that the accounts are maintained properly and that financial transactions are carried out correctly. Given the size of the organization, an internal auditor is also required. They ensure proper verification and assessment of procedural adherence.

As the key representative of the organization, I must ensure that there are sufficient resources to carry out the work. This involves regular interactions with existing donors and a constant search for new ones.

In recent times, many such interactions happen over email or virtual meetings. However, physically traveling to other places also becomes necessary. Additionally, there are general events that one is expected to attend. This is necessary both to understand emerging trends and to satisfy the interests and demands of the organization's well-wishers.

As the Executive Director, to ensure that all the above responsibilities are carried out well, I need to spend a lot of time with colleagues in the organization. Work plans must be prepared, budgets finalized to match needs with available resources, employee motivation and discipline ensured, and the overall well-being of people in the organization taken care of. We have created a well-delegated system in the organization to ensure that these tasks happen even if the Executive Director is not present in person.

I need to visit the villages where we work to see firsthand what is happening. This is an important part of understanding the opinions of the community partners we work with. It is important to hear from the community partners directly and not rely solely on what is reported through the organizational system.

I chose to start this piece with a long introduction to set the context for a discussion on what good and effective governance means to grassroots, non-governmental development organizations, and what the challenges are.

Grassroots non-governmental development organizations are those that work directly with communities on various development issues without a profit motive. They differ from community-based organizations in that they are likely to have been promoted and run by individuals from outside the communities they serve. They are also distinct from social enterprises in terms of their revenue flow, where internal operations are not the primary source of revenue for the organization.



Gram Vikas/Ajaya Behera

Women attending Mason Training Program to learn masonry skills for a dignified livelihood option with better incomes

## Legal governance

The governance structure of such organizations is determined substantially by their legal form. They could be a Society under the Societies Registration Act, a Public Trust, or a Section 8 Company.

Societies and Trusts are designed as associations of persons who voluntarily come together to serve a common public cause. The Company form does not clearly recognize this aspect. However, it provides for a more controlled nature of public service. This difference becomes starker when other statutory aspects governing the sector are examined.

The Income Tax Act provides for exemption from the payment of tax for organizations that are charitable in nature. The Act clearly defines what 'charitable' means.

The Goods and Services Tax (GST) Act also has provisions for exemption for organizations engaged in charitable activities. However, its definition of what constitutes charitable activity is more limited than that provided by the Income Tax Act.

## Governance beyond the statutory

It is important to address the larger question of governance of development organizations based on an extension of the principle of trusteeship as advocated by Mahatma Gandhi. Gandhiji's position on trusteeship emphasized the equitable distribution of wealth and resources in society. It stipulated that wealth be held not as absolute owners, but as trustees for the welfare of all.

In the case of development organizations, this principle applies as custodians of public resources. Donations are obtained to meet the needs of a larger community, other than those who donated or the ones who collected the donation.

This then requires organizations to be governed with a clear and transparent multi-



Gram Vikas/Ajaya Behera

Women raise saplings in a plant nursery as a part of reforestation efforts

dimensional accountability mechanism. We have to be accountable to the Government through various statutory provisions. We must be accountable to donors who provide us resources to do the work based on assurances of the results that we have given.

We must be accountable to the Governing Board, as the custodians of the organization. Employees in the organization demand certain accountability in terms of material well-being and satisfying the greater agenda of what the organization has set out to do. We also have a moral and ethical responsibility to be accountable to the people on whose behalf we have created our mandate to work.

I believe the greatest challenge in defining good governance in grassroots non-governmental development organizations is determining the order of priority for the accountability structure. Is accountability to the five groups to be distributed equally, or is one expected to be accountable to some groups more than the others?

## Some critical challenges

Over the last seven years that I have been in this position, the time I spend on statutory accountability has increased about three-fold. Given that donor and Board-level accountability cannot be compromised, this has resulted in a substantial reduction in the time I spend on community and employee accountability. These responsibilities get delegated to senior colleagues to handle.



The monetary cost of compliance has also increased substantially during this period. There are a few critical issues that I see in this regard. I share these below.

Changes in the legal systems governing the development sector are increasingly disconnected from the basic legal structures under which they are registered as a Society or a Trust. The procedures demanded for statutory accountability and reporting are determined more by the principles of governance of the Company legal form.

This results in higher monetary costs of compliance. There are also increasing complications in how organizations are managed. Due diligence requirements stipulated by donors are also moving in the same direction.

The lack of sufficient understanding of the nature of development work among many functionaries of corporate donors tends to equate development organizations with contractors or vendors. This results in complicated documentation requirements and often higher monetary costs.

Tightened legal norms and constraints in resource availability drive organizational leadership to prioritize immediate and narrow interests over long-term and strategic ones.

With all this, we put a low priority on the fundamentals of democratic, participatory development processes that give rightful space for the voices of the community partners and their views on how their development needs to happen.

## Corrections needed

The fundamental principles of trusteeship and equal accountability to all stakeholders cannot be just words that we read or write. These must become part of our regular practice. There is a need for concerted action to strengthen the structures and systems of accountability and good governance of

grassroots, non-governmental development organizations.

It is only fair to expect that the legal system will work toward enabling this. Given the limitations and constraints in this regard, immediate steps must be taken internally, by the organizations and the donors.

Donors can play a key role in enabling this shift. They can do this by asking more critical questions from organizations about how they design and operate accountability and good governance. The questions donors ask cannot be limited to only contractual commitments or statutory compliances.

We ourselves, as organizations, need to make more conscious efforts to highlight the value of well-rounded accountability. Our best practices should be better documented and more widely circulated. We need to find ways to spend adequate time with all stakeholders.

**Liby T Johnson** is the Executive Director of Gram Vikas, Odisha. He has led large-scale, impactful efforts over nearly three decades in the community development sector in India with civil society and governments. His experience spans diverse sectors including water, natural resources, migration, livelihoods, local governance, disaster management, and institution development.

**Website:** [gramvikas.org](http://gramvikas.org)

**Email:** [liby@gramvikas.org](mailto:liby@gramvikas.org)

**Connect on:**     



Residents dig staggered contour trenches (SCTs) as part of watershed work

Gram Vikas/Ajaya Behera

# Governance of CSOs: the importance of community, participation and trust

*Aastha Maggu*

In the realm of social impact, effective leadership and robust governance are crucial to the success and sustainability of organizations working with marginalized communities. How these organizations nurture leadership, structure their governance, and engage with their communities can significantly influence their ability to create lasting change.

This ground zero piece explores the leadership and governance models of three organizations—Makkala Jagriti (MJ), Karunar Kheti Trust (KKT), and Adivasi Munnetra Sangam (AMS)—each of which has developed a unique approach to aligning their internal processes with their mission.

By focusing on leadership development, community engagement, and strong, democratic governance structures, these organizations serve as powerful examples of how thoughtful, mission-driven strategies can foster resilience, accountability, and long-term impact in the communities they serve.

## **Makkala Jagriti - Nurturing talent**

Founded in 2003, Makkala Jagriti (MJ) was established to address the educational disparities faced by children in marginalized communities. What began as a single learning center in urban, poor areas quickly expanded as MJ formed strong partnerships with government bodies. By 2017, the organization had launched the Early Childhood Care and Education (ECCE) Program in collaboration with state authorities, while also continuing to empower marginalized youth through its flagship Youth Empowerment Program (Yuva Jagriti).

According to Sunayana Chatrapathy, CEO of Makkala Jagriti, the organization fosters an environment where team members are encouraged to take initiative. When someone expresses interest in taking on more responsibilities, they are asked to draft a job description outlining their primary duties and goals.

This proactive approach ensures greater buy-in from employees. It also aligns their ambitions with the organization's objectives. This sets them up for success.

Transitioning from individual contributor roles to team management can be challenging. Therefore, MJ provides tailored leadership training programs to support these shifts. The organization's team structure is designed with clear roles, starting with facilitators who work directly with children and youth at the field level. These facilitators are overseen by coordinators. Many of them have risen from within the organization.

MJ invests in these coordinators by offering a comprehensive six-month leadership capacity-building program. The program covers critical areas. These include personal effectiveness, self-awareness, self-management, team building, culture setting, and leadership development. The goal is to equip coordinators with the skills needed to become effective leaders and role models, who can align their strengths with the organization's goals.

Above the coordinators are the managers. They typically oversee groups of coordinators and are integral to MJ's mid-level leadership. To ensure that these managers are well-prepared, MJ offers advanced leadership



Capacity building meeting facilitated by a Board member of Makkala Jagriti

development programs. This includes one-on-one coaching sessions with Board members or external mentors.

Recently, MJ introduced the [CliftonStrengths assessment](#) to help team members understand and leverage their natural talents. By focusing on strengths rather than weaknesses, the organization has fostered more effective collaborations and a positive work environment.

Sunayana shares the story of Sarita (name changed), an employee who joined MJ as a facilitator. With consistent mentoring from her manager and participation in MJ's leadership programs, Sarita's outlook transformed. She became one of MJ's top facilitators and a model for best practices.

Supported by the organization, Sarita transitioned into a coordinator's role. She manages several schools now. She has also undergone the six-month leadership capacity-building program. This training enhanced her personal and team effectiveness. It also helped her develop empathy and leadership skills. As a result, she was promoted as a senior coordinator.

When the program manager went on maternity leave, Sarita, along with another senior coordinator, stepped up to manage the program. This challenging role required her to handle donor management, team management, and reporting responsibilities.

Today, Sarita is a mentor within the organization, nurturing and growing other team members. Even after her maternity break, Sarita returned seamlessly to her role. She exemplifies MJ's commitment to leadership development and internal growth.

Sunayana adds, 'Our non-threatening and inclusive approach ensures that there is trust and autonomy in decision-making for facilitators. It helps in leadership development'.

To broaden perspectives and keep the team informed about external developments, MJ exposes its members to other organizations. This could involve visiting organizations in other states and districts, and applying the insights gained to their roles. Investing in capacity building at all levels, especially in leadership, is a top priority at MJ.

A significant aspect of MJ's governance is the Extended Leadership Team (XLT). It consists of all the heads of various functions and programs. This 15-member team is responsible for democratic decision-making and collective thinking. It also ensures accountability across the organization. Decisions made by the XLT are thoroughly discussed and agreed upon before being presented to the Board.

There is a clear governance policy with defined roles and responsibilities for Board members. This structure has evolved over the last three to four years, with a focus on meaningful discussions and empowering the team.

The investment in leadership development directly enhances the effectiveness of these governance structures, ensuring that decision-making is informed, inclusive, and aligned with the organization's mission.

The diverse Board plays an active role in mentoring and guiding the organization. Its activities go beyond regular governance to



provide strategic inputs. Board meetings, held quarterly, are effective and focused on decision-making.

Board members contribute their expertise and mentor program managers. They provide inputs that extend beyond typical governance responsibilities. MJ also ensures that its policies and practices remain compliant with external regulations through regular Board reviews and annual strategy assessments.

Board members Joy Srinivasan, Rangarajan Padmanabhan and Viswanath Gopalakrishnan, all with extensive experience in learning and development, have played key roles in MJ's internal capacity-building initiatives.

Viswanath introduced the strengths-based approach to the organization. This emphasizes the importance of building on individual strengths.

Two years ago, when the team was grappling with managing an expanding workload, the Board facilitated a day-long workshop. It helped consolidate MJ's programs. Instead of running disconnected programs in different communities, the organization decided to implement a strategy of working with every age group in each community to maximize impact. The Board also provides ongoing support in areas like communications and fundraising.

Makkala Jagriti's commitment to leadership development and structured governance has created a resilient and agile organization. By investing in capacity building at all levels and aligning leadership pathways with governance structures, MJ ensures that its mission is upheld through informed, inclusive, and strategic decision-making.

It is their belief that they can deliver the best to children when they harness their own strengths and potential fully. It is a transformative journey for all.

## **Karunar Kheti Trust: building trust in governance**

Founded in 2019, Karunar Kheti Trust (KKT) is a community-based, rural, non-profit organization located in a rural area of Assam. The region KKT works in comprises of tea plantations (where it is rooted) and traditional villages.

KKT's mission is to work at the pace of its rural community for contextually empowering development in the interconnected areas of education, health and livelihood. A guiding principle of the organization is of community participation, thus ensuring that all its staff, leaders, teachers and administrators are from the local area.

Co-founder Arjun Trivedi is aware that being the son of a tea plantation manager has afforded him many exceptional privileges. These include an education abroad. However, he also understands that he and his family are a part of the region's larger community.

He always knew that working in such a place, to build a community-rooted organization in the context of tea-plantations with community participation at its uncompromisable core, was going to be anything but easy. As he says, "Nothing honest and unprecedentedly new is ever easy."

In the early stages, the community was puzzled, curious and skeptical of KKT's



Karunar Kheti Trust

approach, and at Arjun's return from the USA to spearhead the initiative. However, trust gradually deepened between Arjun and the community and developed to include the organization. Simultaneously, KKT transformed into a collaborative experiment.

Arjun considers this to be a foundational milestone and success. People's puzzled curiosity and skepticism began to transform to positive engagement. This spanned an eagerness to probe and question from a distance to directly explore, experience and contribute to what was being done.

A key aspect of KKT's approach is the very intentional formation of its Board of Trustees entirely from the community members. This decision was made despite most advice being against it.

The Board has a diverse group of individuals from the tea-plantation community as members. It includes women who pluck tea leaves, men who work in its tea factory, its clerical staff, and one of its prominent and influential local student union leaders who is highly, and arguably, rightfully, critical of tea-plantations.

Concerns were raised about the Board members' complete lack of not just formal and modern but any leadership experience. However, such concerns were respectfully and humbly set aside as necessary risks for creating a Board that genuinely represents the inordinately larger community beyond the extremely few who have climbed up the dominant socio-political systems.

The inclusion of such community members, particularly the women who pluck tea leaves, in leadership roles was a deliberate choice. They may not have initially viewed themselves as leaders. However, their selection over seasoned governance experts reflects KKT's central beliefs.

A core part of KKT's approach lies in building leadership capacity from the ground up

and from those who are and have been unrepresented. KKT sees such an approach to leadership development as uncompromisable to the organization's mission.

Arjun emphasized that a part of the successes of this experiment has been the commitment to honesty and truthfulness. These qualities are often obscured in rural areas and its public systems, spanning education to political systems.

He noted that honesty is tucked away deep in the hearts of people and is rarely practiced in outward systems. However, when practiced with the resonance of the inner and the outward, it generates true curiosity to know and do more, and fosters genuine community participation.

Although the process of building such trust is slow, at the rate of generations, KKT's approach is, therefore, deliberate and patient. Its focus is on long-term quality and integrity. This, Arjun believes, must become deeply rooted to become a multi-generational endeavor.

Arjun also reflected on the challenges of discussing and working from truth and honesty in Board meetings, spanning inner worldviews to practical systems of accountability. The Board was carefully composed of members with exceptional integrity. Even then members anticipated that their character would be scrutinized and tested within the community.

They knew that they would have to work hard. On the basis of their faith and courage, they had to rise to the challenge.

Today, Board meetings are conducted systematically, with clear agendas, minutes, and follow-ups. The Board typically meets once every three months to ensure ongoing governance and oversight.

Such deliberate little steps to build a community-rooted and participatory

organization still has miles to go, with more failures than successes. However, it's the only way forward. It is giving KKT its uniquely grounded coherency.

This spans its areas of core work in education and livelihood. It also ranges to its administration, management and leadership. Several aspects require gross to finer refinements. However, there is a growing culture of being able to focus on the truth and homegrown knowledge within the organization. This allows for confident discussions spanning KKT's philosophy, to the nitty-gritties of practical action.

KKT's journey exemplifies the power of community-led governance and the importance of integrity in building trust and practical systems. By prioritizing local representation and fostering a culture of honesty, KKT has laid a solid foundation for long-term community development and empowerment.

As the organization continues to grow, it remains dedicated to deepening its roots within the community while spreading its branches across the wide world in a large resonance. This will perhaps ensure that its mission of education, livelihood and health is realized in meaningful and sustainable ways.

### **Adivasi Munnetra Sangam: developing democratic governance structures**

Adivasi Munnetra Sangam (AMS) is a social movement for Adivasi empowerment that emerged in the Nilgiri Hills of Tamil Nadu. It began as a struggle for land rights. AMS went on to significantly impact livelihood, education, health, not to mention legal rights. Institutions working on livelihood, health, education and others have organically grown out of that movement.

B Ramdas from Viswa Bharati Vidyodaya Trust, the education wing of AMS shares, "There was a conscious decision not to centralize power in one large institution.

So, each sector set up different ones, thus avoiding the fate of most NGOs. This meant preserving a culture of grassroots democracy. It was also the express intent of the founders that each of these institutions would be eventually handed over to the community. Thus, it was also important to have smaller manageable structures."

In many other situations, institutions are established first, and efforts are then made to build a community around them. However, in this case, an organized community was already present. The institutions and governance structures then developed in tandem with it.

In Tamil Nadu, AMS operates in over 300 hamlets and villages across two taluks in Gudalur Block. The team has divided these into eight clusters or areas. Each has five community leaders. Together, they form a core group of 40 people who meet regularly. From this group, AMS office bearers are elected.

It's important to note that AMS is not a registered entity—it remains very much a movement. Despite this, it is robust at the village level. From the outset, the team has consistently recruited staff from within the community for schools, hospitals, and other areas of work. For example, when a teacher is needed, the eight areas are informed, and the community finds a candidate.

This dynamic is different from most organizations. It applies across all domains they work in—health, livelihood and education, etc. Some of the founders started as Board members of these organizations. However, over time, they have stepped aside, allowing the community to take over. Today, the majority of Board members in our organizations come from the community itself.

Ramdas shared that decision-making largely happens at the staff level. For instance, in health, there is a working committee composed entirely of community



representatives. They meet monthly and make decisions for the organization, which the Board later ratifies. This structure ensures clear communication, as everyone is involved and informed.

Each cluster or area functions like an independent organization, with leaders from various sectors—health, livelihood, education—working together weekly to plan for their area. Once a decision is made at that level, the Board supports it.

At the village and area levels, everyone collaborates. This ensures no divisions between institutional roles. This collective responsibility is crucial. It represents an ideological stance that drives their work.

Ramdas adds, “The AMS team has always emphasized that these institutions belong to the community, and they must take responsibility for them. The Board’s role is to support and train. However, the ownership lies with the community. This approach has been consistent across all our initiatives from day one, whether in education, health, or any other sector.

“In my case, for instance, I am a founder member of the Vidyodaya Trust. I was its Managing Trustee for some 20 years. Today I am not even on the Board of Trustees. I do not go to the school or office unless they want me there. There is a tremendous reluctance to hand over institutions to community members imagining that they can’t handle things. This is a very colonial mindset.”

Ramdas also discusses the challenge of bringing younger people on Board. The older generation has grown with them. However, many have moved on. The younger generation needs to be integrated into leadership roles.

As laws, funding processes, and management practices evolve, he feels that the younger generation is often better equipped to handle the rapid changes in technology and funding landscapes. AMS is working to bring them

into leadership roles and prepare them for the future.

The team has also shifted focus from merely filling quotas of representation to finding people who can genuinely challenge and contribute to the organization. This is especially challenging within the tribal community, where questioning someone is culturally sensitive. However, it is essential for growth.

While there appears to be an ideological shift away from the concept of community ownership in modern governance structures, it remains the foundation of AMS’s work. The Sangam continues to operate in this manner, uncertain of what the future holds, but committed to its principles.

## In conclusion

Makkala Jagriti, KKT and AMS exemplify diverse yet effective approaches to leadership development and governance, all rooted in community engagement. MJ fosters internal leadership growth through proactive training and a strengths-based strategy.

KKT, on the other hand, emphasizes community-led governance. Its Board is entirely composed of local community members. Its approach values trust, honesty, and long-term commitment to community development.

AMS, operating as a social movement, maintains a decentralized power structure, prioritizing grassroots democracy and community ownership of its institutions. Together, these organizations highlight the importance of aligning leadership and governance structures with the mission and values of their respective communities.

**You may reach out to the organizations featured in this story at:** [headoffice@makkalajagriti.org](mailto:headoffice@makkalajagriti.org) (Makkala Jagriti); [karunarkhetitrust@gmail.com](mailto:karunarkhetitrust@gmail.com) (Karunar Khethi Trust); and [bramrama@gmail.com](mailto:bramrama@gmail.com) (Adivasi Munnetra Sangam).



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