

AccountAble™

111. Alternative Views of Accountability

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The concept of accountability is fairly well understood in grant-making and philanthropy. However, this statement applies essentially to giving for non-religious purposes. People donating to religious organizations seem less concerned with accountability.

For instance, members of a Christian Church may not be very curious as to how the money donated by them is being used. The same applies to *zakat* contributed by many Muslims. We also find a similar carefree attitude when Hindus give *dan*.

These issues of AccountAble are an attempt to understand the philosophical and ethical moorings of this attitude. We then try to correlate this with non-religious giving, in order to see whether there are any lessons for modern grant-makers.

Religious Giving

What is religious giving? Any giving that arises out of one's religious beliefs can

be called religious giving. Such giving may be used for religious, spiritual or secular activities.

We can divide religious giving into two segments: first, that is given for a specific activity, and second, that is given as general charity. There is a third category of religious giving, which can be termed as mandated giving. This is found mainly in monotheistic faiths¹ of Semitic origin.

Then again, religious giving can be divided into two categories according to the receiver. First is direct giving – here the money reaches the beneficiary directly. The second is indirect giving, where the money is entrusted to an intermediary. This intermediary may be a trusted individual or an organization. The intermediary then passes on the money or benefits to the ultimate beneficiary.

Overview of the discussion

In the following issues of AccountAble, we will take a look at how Hindus, Muslims and Christians view charity and accountability. This will help us discover some important aspects of religious giving. We will also make some interesting findings about philosophy of giving.



¹ Faiths of Jews, Christians and Muslims

Hindu *dan*

The ideal of Hindu giving appears to be *tyag* (Tyag) or relinquishment. This approach results in the donor disconnecting himself / herself from the object that is given. The donor is also not expected to indicate how the donation will be used. In such a case, the question of accountability becomes irrelevant.

Hindu giving is discussed in detail in AccountAble 112.

Islamic *Sadaqa*

Islamic giving involves two main types: *sadaqa* (sɔkɔ) and *zakat* (j kɔt). *Sadaqa* is voluntary, direct and not concerned with accountability at all, as it is considered a loan to *Allah* (ALI ah).

Zakat is compulsory and institutionalised in its conception. This calls for proper accounting. However, as it is more like a tax, the question of accountability is not of concern to the *Umma*². It is rather for the Imam or the State to set up proper procedures or *zakat* is collected by them.

AccountAble 113 is devoted to a discussion of Islamic giving.

Christian Charity

Christian giving is also structured in a similar fashion. The *tithe* (qɔ#d) functions like a mandatory tax, though in modern times, it is mostly not enforced under secular law. By and large, church members do not concern themselves with accountability of *tithe*.

Voluntary Christian charity, however, is a different matter. It is mainly given through institutions, and is purpose-driven. This results in some concerns

² %Mmt - Muslim community, as distinguished from the clergy

amongst the donors about proper use of funds.

We discuss Christian charity in detail in AccountAble 114.

Conclusions

Once we have examined the above three streams of religious giving in some detail, we will try to consolidate our findings. We will then see whether there are any useful lessons for modern non-religious giving in the way different religions handle issues of accountability.

We will conclude the discussion with a presentation on *Lekha Yog* (l ɔɔ yɔg), a new way of looking at accountability.

These ideas will be taken up in AccountAble 115, the last issue in this series on religious giving.

Non-religious Giving



However, before we proceed to look at religious giving, let us look at accountability in non-religious giving. This will provide a context for our discussion on religious giving.

Non-religious giving can be divided into three categories:

1. Direct Giving

Direct giving means where the money or materials are given directly to the beneficiary. No intermediary or institution is involved. The selection of beneficiary and transfer of funds etc. is made personally by the donor. In such cases, the concerns for accountability are largely irrelevant.

However, there are some cases, where the donor may expect the donee to use the funds judiciously. This is particularly

the case where the donor remains involved in the donation, after it has been made. In such cases, accountability is also direct and personal.

2. Endowments or Trusts

If the donor does not have the time or opportunity to get involved in each donation, he or she may set up an endowment or a foundation. Such an organization will carry on the mandated work even after the donor has passed away. This is the first form of institutional giving.

It is seen that in such cases, accountability becomes institutionalized. It ceases to be directed to a person (the settlor). Instead it becomes moored to an idea (as contained in the trust deed).

Secondly, when the donor / settlor is no longer present to enforce accountability, it has to be enforced by law. This often takes the form of a regulation such as Bombay Public Trusts Act, 1950. In such cases, the accountability may remain live and functional, or it may become deadened under routine paperwork.

3. Public Fund-raising

The second form of institutional giving is where people come together to raise funds for a cause. In such cases, the people setting up the organisation and those contributing financially to the work are mostly two different sets of people.

Such organisations need to define their attitude to accountability very carefully. If there are significant doubts regarding this, people may stop contributing funds. This may cause the organisation to fold up. For such an organisation, accountability (or public perception of its accountability) may be a matter of life or death.

In most cases, accountability is a response to a demand. This demand may be from an institution, a law, or from the donors. An organisation's accountability procedures are then as strong as the external demand for it. It is only in rare cases, that accountability is a self-imposed virtue.

The DADS Model



Since accountability is mostly an externally imposed virtue, solutions are also turned outwards. Such solutions seek to convince others that an organisation is virtuous, accountable. Sometimes, this leads to more emphasis on appearances, rather than on real enforcement.

Solutions on offer are exemplified by the DADS model. DADS stands for Disclosure, Analysis, Dissemination and Sanctions. This is essentially a for-profit model, which has been adapted for non-profit work.

According to Prof. Regina E. Herzlinger³, the performance of nonprofits and governments is shrouded behind a veil of secrecy that is lifted only when disasters occur. And without information, the public can not know if an organisation is fulfilling its mission effectively and efficiently.

Therefore, the Professor suggests that non-profits should be required to disclose financial and quantitative information about their work. Such information should be analysed professionally.

³ 'Can Public Trust in Nonprofits and Governments Be Restored?', Regina E. Herzlinger, pp. 1-27, *Harvard Business Review on Nonprofits*, 1999.

Once the analysis becomes available to general public, they would be able to make up their mind whether to impose sanctions on the organisation or to support it more enthusiastically.

The model appears to be an elegant one. However, for such a model to work on a large scale, several questions need to be answered:

1. Who would carry out the analysis, and who would pay them to do it?
2. Would general public be also interested in such analysis or only potential donors would use it?
3. What mechanism would be required to protect the donors from biased, sponsored analysis, which is quite common in the for-profit sector?
4. Could such a tool be misused against activist groups, which often challenge powerful interests?
5. Would such a mechanism lead to evolution of mega-charities⁴, as they would be in a better position to deal with a model such as DADS?



The model is also based on the premise that the general public or donors would necessarily be concerned about or would reward more responsible conduct. As we have seen, this premise has failed in the corporate sector, where pursuit of profits has outweighed other concerns for social good.

Such pessimism notwithstanding, it is

⁴ This has already happened in the for-profit sector, where smaller organisations are no longer able to compete with large corporations in terms of media resources or financial muscle.

by and large recognised that accountability is emerging as an important issue for the voluntary sector. This series of AccountAble issues is, therefore, a modest effort to search for alternatives.

References:

1. *Harvard Business Review on Non-profits*, Harvard Business School Publishing, Boston, 1999.

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