

International NGO Governance and Management Structures: Best Practices, Common Pitfalls, and the Path Toward Change

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Key Issues to Consider

- Key considerations in determining an optimal global governance and operational/management structure for INGOs
- “Wholly global, wholly local”
- What is working well and not working well under the status quo?
- Goals beyond the status quo and risks of inaction
- Difference between governance and operations/management
- Respective roles of affiliates and local partners
- Pros and cons of different global governance and operational/management structures
- The path toward change – how to successfully effectuate change? (The *process* is as important as the substantive changes)

Considerations in INGO Governance and Management Structures

- Balancing the governance and operational/management structures
- Control vs. autonomy vis-à-vis local international offices and affiliates
- Empowering local affiliates and encouraging local entrepreneurship while still maintaining a global vision and strategy
- Role of local partners
- Common values and quality control
- Creating a structure that maximizes global strategy over haphazard donor-driven, transactional priority-setting
- Limitation and isolation of local liabilities to protect the parent and other affiliates
- Trademark/brand protection for parent
- Legal, regulatory and ethical compliance (both in the local country and in the donor/funder's country)

Considerations in INGO Governance and Management Structures (cont'd.)

- Administrative and financial burdens on parent and its affiliates
- Risks of overly complex structures
- Potential donor/funding opportunities (e.g., grant/contract eligibility – often requiring local legal entities with certain required governance structures under local control)
- Potential partnership opportunities
- Political considerations
- Importance of local input, control and “ownership”
- Empowerment of local staff vs. potential lack of cohesion and alienation of local staff
- Need to be responsive and adaptive, and the need to embrace change and understand that all structures are and should continue to be malleable, flexible and nimble

Common Traits of Medium- and Large-Sized INGOs

- Most operate as independent registered organizations within a donor country, with their own governance structures and programmatic arrangements
- Most have programmatic management and implementation offices in developing countries
- Most are members of confederations and affiliations; these affiliations generally determine the characteristics of their structures and operations, usually through written affiliation agreements
- The written affiliation is a key, central document for codifying the relationship between the parent and affiliate and the control by the parent over the affiliate
- Each confederation has its own development objectives, priorities and set of operating standards and principles to which each confederation member must agree and is required to follow
- Management/operational arrangements, the way programs are funded and implemented, and the way that offices and programs in developing countries operate can vary widely between (and sometimes within) different international confederations

Common Models for Medium- and Large-Sized INGOs (cont'd.)

- For instance, some are confederations of numerous member country entities, with each being an autonomous member of the confederation, bound by the parent entity's international norms; the programs in each country operate as one single program (rather than as programs of individual members); each country program is implemented by a lead member of the confederation, while other confederation members provide financial and other support for particular aspects of the program
- In other INGO models, the affiliated members of the confederation independently undertake their own development programs, with the result being that there can be numerous affiliates working in the same country and undertaking their own separate programs; this model has fallen on more disfavor in recent years due to its inefficiency
- That being said, for a variety of reasons, care has to be taken to ensure enough local control, autonomy and empowerment

The Middle Ground

- A middle ground between these two models – and one which seems to be coming into more favor these days – involves one confederation member operating programs in each country as the designated managing affiliate, with other affiliates operating in contributing roles, and with more centralized coordination from the parent entity; ideally, there would one INGO office in each country (regardless of its legal form)
- Ideally, a more-centralized role for the parent entity can provide for a more efficient and effective allocation of resources and attracting and leveraging of funding sources (e.g., lining up matching private grants for governmental ones, identifying additional resources to help support and maximize the effectiveness of grants or contracts)
- Examples of levers of parent control over affiliates: board and officer appointment and removal authority, staffing authority and control, approval of major transactions and expenditures, approval of changes to governing documents

Weighing the Options

- There appears to be a trend in the INGO models toward more centralization and coordination, both for efficiency and effectiveness reasons
- For instance, more centralized coordination can help to ensure a more efficient deployment of resources as well as an opportunity to leverage and maximize funding opportunities
- At the same time, an overbearing, heavy-handed centralized approach to INGO global governance and operations can easily backfire
- Parent always needs to pay enough attention to local country/regional considerations and sensitivities and make sure that it is not overbearing and insensitive to the nuances of local needs
- Ideally, parent wants to strike the appropriate balance between the efficiency that comes with more centralized coordination and the attention to local priorities and concerns that comes with local input and decision-making; a balance is possible
- Remember that governance and operational/management structures are separate and distinct; while they are related, be sure to evaluate and make decisions about them separately but in coordination

Lessons from Other INGOs' Experiences

- Safeguard the organization's work on the ground (beyond just security considerations, which are paramount as well)
- Protect the INGO's brand and reputation (including trademark protection)
- Ensure legal, regulatory and ethical compliance globally; it all comes back to the INGO
- People are one of an INGO's key assets
- Relationships with partners (around the globe) must be kept strong
- Top-level vision and governance is critical, in conjunction with local autonomy and decision-making
- Preservation of local affiliates' and local partners' identities is key
- Be wary of overly complex and overly bureaucratic structures
- Ensure convergence with the global vision

Moving Forward with Change

- Current pain points and frustrations?
- Biggest opportunities?
- Potentially diminished funding sources/financial support?
- Biggest risks and pitfalls of inaction and of change?
- The path forward usually should be addressed in stages and not all at once; building buy-in and international support is key; explaining the new global model and goals – and how they benefit everyone – is critical
- Any model which appears to be a U.S.-imposed, top-down model is almost certain to fail
- That being said, there are proven paths forward to successful change
- We are living in a new world for international relief and development; its future is unclear and filled with significant risk; being flexible and nimble will be key

Questions?

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