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Building and Governing a Democratic Federation:
The ActionAid International Story

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Building and Governing a Democratic Federation: The ActionAid International Story[1]

Like many international nongovernmental organizations (INGOs), ActionAid International (AAI) confronts a very different external context than it did when it was founded 41 years ago. Traditional "aid" or "charity" is now widely recognized as being insufficient for addressing persistent poverty and inequality. The role of the state and local ownership in developing countries, as well as the role of social movements, is on the rise. Geopolitical influence is being realigned – away from the United States and Western Europe – in a multi-polar world. Technology is putting more capabilities into the hands of ordinary people to access and share information, and to network and act with others. At the same time, poverty and rights violations still persist. Like its peer INGOs, AAI is confronted by increased competition for resources, intensifying demands for accountability, and heightened scrutiny by governments – all against the backdrop of AAI's own increasing ambitions for impact and growth. To be successful, AAI's business model and governance model must enable agility and efficiency, as well as legitimacy and accountability in the forms of citizen voice and demonstrable results.

This report explores AAI's internationalization journey and the governance model that has emerged in the course of that journey. It describes the evolution of AAI's governance model and draws key lessons for peer INGOs. The paper is based on a governance model review recently commissioned by AAI and conducted by the authors[2] under the auspices of the Hauser Center for Nonprofit Organizations at Harvard University. This review drew from 60 interviews, group discussions, 80 survey responses, desk review of key internal documents and a review of lessons learned from four peer INGOs[3] . While the report of AAI's governance model review (an internal document) articulated specific findings and recommendations aimed at strengthening AAI's governance, this paper seeks to tell the story of AAI's internationalization journey with a view to providing useful insights to individuals and organizations external to ActionAid (and serving as a useful briefing document to new ActionAid staff and new members of ActionAid governing bodies at all levels).

Backdrop to Internationalization

ActionAid was founded in 1972 by British entrepreneur and humanitarian Cecil Jackson-Cole[4] as a charity that assisted with the education and welfare of children in low-income countries. From the outset,

ActionAid's fundraising model centered on child sponsorship. Based in London, ActionAid started country programs in several low-income countries. In the 1980s, ActionAid helped to establish Aide et Action in France, Ayuda en Acción in Spain and ActionAid Ireland as sister organizations. In the 1990s, ActionAid established Azione Aiuto in Italy, ActionAid Hellas in Greece and ActionAid USA under its supervision, expanding ActionAid's presence in high-income countries. These sister organizations raised funds and channeled them through London-based ActionAid, which supervised all country programs. In the late 1990s, an ActionAid Alliance was formed to foster coordination of fundraising (and limited advocacy) among sister organizations, but it was decommissioned in 2003 to make way for a broader internationalization process.

ActionAid's work, and its development approach has evolved in its 41 years of existence – and this evolution has critically influenced the organization's discourse and action in terms of governance and organizational form. In the 1970s, ActionAid's work focused on directing the money of child sponsors toward the education and welfare of sponsored children. This expanded in the 1980s to a broader mission of community development which included income generation, primary health care and agricultural development. A profound redefinition came in the 1990s with the recognition that poverty can and should be eradicated, not merely ameliorated, and that the root causes of poverty must be addressed. This set the stage for the articulation of a human rights-based approach (HRBA) to development, which required the building of new capacities for advocacy at national and global levels. ActionAid combined its embrace of participatory approaches with decentralization of authority within the organization. In every formal sense, ActionAid remained a northern-controlled organization; however, staff throughout the global south, in countries where programs operated, were infused with a passion for confronting injustice, seeking representation of the poor in decision making, and challenging power imbalances internally and externally.

Against this backdrop, Salil Shetty, an Indian national who had served as Country Director of ActionAid India and ActionAid Kenya, was appointed Chief Executive of ActionAid in 1998. This appointment was preceded by an effort to enhance the diversity on ActionAid's Board of Trustees (which until then had been comprised of British nationals). Shetty was among a group of senior ActionAiders who argued that an INGO like ActionAid would never be able to influence global poverty and social injustice only with the financial resources it raised. These financial resources were a tiny part of foreign aid and charity; and the importance of foreign aid and charity as drivers of development were waning. What would matter for influence was moral and intellectual power. This required finding ways to be held accountable by poor and excluded people, and engaging their perspectives and knowledge in the organization's work; it also required enhanced legitimacy so that ActionAid could help hold governments accountable for their responsibilities toward citizens. A British-owned organization (perceived in the south as a "foreign NGO") could not possibly advance ActionAid's ambitious aspirations. The selection of a Chief Executive who was not British was a sign that ActionAid was ready for change.

Crossing the Point of No Return

ActionAid's commitment to HRBA, the appetite for internal democracy and representation that had grown out of decentralization and participatory programmatic approaches, and the discourse of a small group of

influential leaders (staff and trustees) set the stage for a contentious discussion about power-sharing within the organization. Ken Burnett, Chair of ActionAid's Board of Trustees in 1998, when Shetty was selected as Chief Executive, was himself an advocate for change. In addition, the introduction of term limits on the Board of Trustees resulted in the departure of some long-serving trustees and the arrival of new trustees with an openness to change. As "the battle of ideas" heated up at ActionAid, the intellectual firepower of a core group of senior staff (mainly Country Directors[5]) who challenged the organization combined with the willingness of a core group of Trustees to consider the radical notion of giving up control. The following *purposes* animated the discussions that ensued: developing a more democratic system of power-sharing; being more accountable and legitimate in developing countries; enabling expansion and growth of the organization; having more profile and influence in the policy arena; and becoming more efficient and coordinated.

What emerged as the concept of "internationalization" was expressed in a 2003 Memorandum of Understanding (MOU[6]) that marked the founding of ActionAid International. This was not simply to be a structural transformation, but rather a political shift that sought to change where power and control resided in the organization. The first two paragraphs of the MOU's prologue, still reflected in the prologue of ActionAid International's current Constitution, capture the spirit and philosophy of internationalization:

> **"** The origin of ActionAid International's commitment to transforming the ActionAid Alliance into an international organization, governed and managed with vision and leadership and made up of people from the north and the south, can be found in the recognition that in our fight against poverty, we can have greater impact when we are able to act together, in coalition and partnership with others, at all levels from local to national to global.
>
> The structures that reinforce inequity, injustice and poverty are all closely intertwined across geographical and cultural boundaries. Traditionally funded by goodwill from the north, NGO development projects, whilst producing positive outcomes at local levels, are certainly not sufficient to eradicate poverty and often are not sustainable. They have not been able to change the overall pattern of massive and increasing poverty and inequity. The solution lies in a global movement, led by poor and marginalized people, for action against poverty that cuts across national and south-north boundaries. The founding of ActionAid International is our participation in, and contribution to, such a movement. **"**

This decision was not without painful consequences. A critical mass of senior staff and trustees prevailed in pushing forward what they thought was the right and effective thing to do, but others were left behind. Leaders of Aide et Action in France and Ayuda en Acción in Spain strongly disagreed and subsequently

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5   Unlike most other peer INGOs at this time (early 2000s), ActionAid's cadre of Country Directors were either citizens of the country they worked in or citizens of another developing country. This helped fuel the demand for a power-sharing system that was not skewed toward countries in which funds were raised.

6   This MOU was signed by ActionAid Brazil, ActionAid Hellas, ActionAid Ireland, ActionAid UK, ActionAid USA and Azione Aiuto.

declined to sign the MOU. However, the process of internationalization moved forward regardless. Reflecting on ActionAid's decision to support internationalization, Ken Burnett[7] (then Chair of the Board of Trustees) remarked that:

> " trustees… at that time had to give up their control, their ownership of the organization – not just to hand over the assets of ActionAid – but to forego their ability in the future to direct it, and to create a completely new international organization to which they would transfer their powers and responsibilities. "

Moving forward with internationalization was a risky, ambitious decision that launched ActionAid on an unchartered journey – with no turning back.

Building the Boat While Sailing It

With the MOU signed, the work of putting internationalization into practice began. There was implicit agreement among ActionAid's leaders who had championed this change that the details and contingencies did not have to be resolved at the outset; rather, the rules, policies and processes required for internationalization would be developed as the journey proceeded. This is often referred to in ActionAid as "building the boat while sailing it."

Based on an analysis of four organizational forms (i.e. federation, confederation, lead agency model, alliance), ActionAid chose to build a federation, based on the perception that it:

• would enable the most equitable power sharing among northern and southern members
• could absorb new members (from within and outside of ActionAid) effectively
• could bring together members more closely, providing more scope for greater impact

Since ActionAid International (AAI) was a new creation, an International Secretariat had to be constructed and a Chief Executive of AAI had to be selected. However, in many ways, it was ActionAid UK that was the new creation: the original (British) ActionAid that had, until then, served as the center of the "international organization" was now a member of AAI (on the same footing as other members like ActionAid USA or ActionAid Italy) and AAI's International Secretariat had to take on the roles previously played by the center. A deliberate effort was made to separate AAI from ActionAid UK: AAI was registered in the Netherlands and, after consideration of several cities, the International Secretariat was based in Johannesburg[8]. The latter choice was symbolic of ActionAid's commitment to rooting itself in the global south.

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7   Ken Burnett's reflection (video) can be found here.

8   AAI has a multi-locational headquarters, with International Secretariat staff in Johannesburg and London, as well as Nairobi, Brussels, Bangkok and Rio de Janeiro

A small group of senior staff and trustees helped to draft a Constitution, which enshrined a shared vision and values and captured the purposes of internationalization. The fact that the first Board Chair (Noerine Kaleeba, a Ugandan national) and first Chief Executive (Ramesh Singh, a Nepali national and longtime ActionAider who had been part of the core group that helped design internationalization) of AAI were from the south communicated ActionAid's seriousness about advancing a power shift. To guard against governance power being concentrated in the mostly northern members that signed the MOU, a little less than half of the Board consisted of independent Board members. It was envisaged that, as AAI's membership expanded and diversified, a two-tier governance model would become necessary: namely, an Assembly (made up of representatives of all members) and an International Board (that was smaller and more agile).

A key component of internationalization was nationalization of country programs (that up to then had mostly been fully owned subsidiaries of ActionAid); another component was expanding into countries where ActionAid was not present by attracting existing development organizations to join AAI or by setting up a new ActionAid from scratch. The nationalization of country programs was central to the power shift that ActionAid sought: it shifted ownership of the organization's programs and assets to a National Board, which in many countries, was accountable to a General Assembly that included representatives of poor and excluded groups. The intention was to enhance accountability to local stakeholders, deepen legitimacy locally and develop a local identity, all of which would enable deeper and more lasting impact in the fight against poverty. An Affiliation Development Unit (now referred to as the International Governance Unit) was established in the International Secretariat to provide assistance for the development of new members.

The Purpose of General Assemblies

❑ to deepen *legitimacy* and rootedness by giving a diversity of ActionAid's stakeholders supreme governance authority at the national level

❑ to enhance *accountability* by making the National Board accountable to a General Assembly (preventing self-perpetuating Boards)

❑ to build *governance capacity* and enhance Board succession by building a pool of diverse candidates familiar with ActionAid (who can stand for election to the National Board)

Two categories of membership were established: *affiliates* and *associates*. Affiliates were members of AAI with two votes at the Assembly. Associates would obtain membership after passing a review process; associate status is intended to be transitional and developmental, giving the new member an opportunity to orient themselves to AAI membership and develop the capacity to meet the standards to become an affiliate. Associates have one vote in the Assembly. Country programs transitioning to AAI members and external organizations joining AAI first became associates. Each affiliate and associate has on its National Board an AAI Representative (appointed by AAI's International Board – this could be a Board member or senior staffer from another part of the ActionAid world) to link that member to the broader AAI federation and help foster a spirit of dual citizenship.

To implement internationalization, AAI went through two phases of governance development. In 2009, confronting the need for its growing membership to be better represented in the governance of the organization, AAI put into a place a two-tier governance model consisting of a small International Board (meeting three or four times a year) and an Assembly representing all affiliate and associate members (meeting annually). At the national level, most members have National Boards and General Assemblies (with the exception of members like ActionAid UK, ActionAid Ireland and ActionAid USA, which do not have General Assemblies). The International Secretariat is the overall management structure of AAI and is headed by the AAI Chief Executive (currently Joanna Kerr, a leader in the women's rights movement, who joined AAI in 2010), who heads a Senior Leadership Team[9]. In members, the Country Director (or Executive Director, Secretary-General or Chief Executive) heads the management structure, and reports to their own National Board. Country programs report to the International Secretariat via their respective Country Coordination cluster (a variant of regional management).

ActionAid International's Current Governance Structure
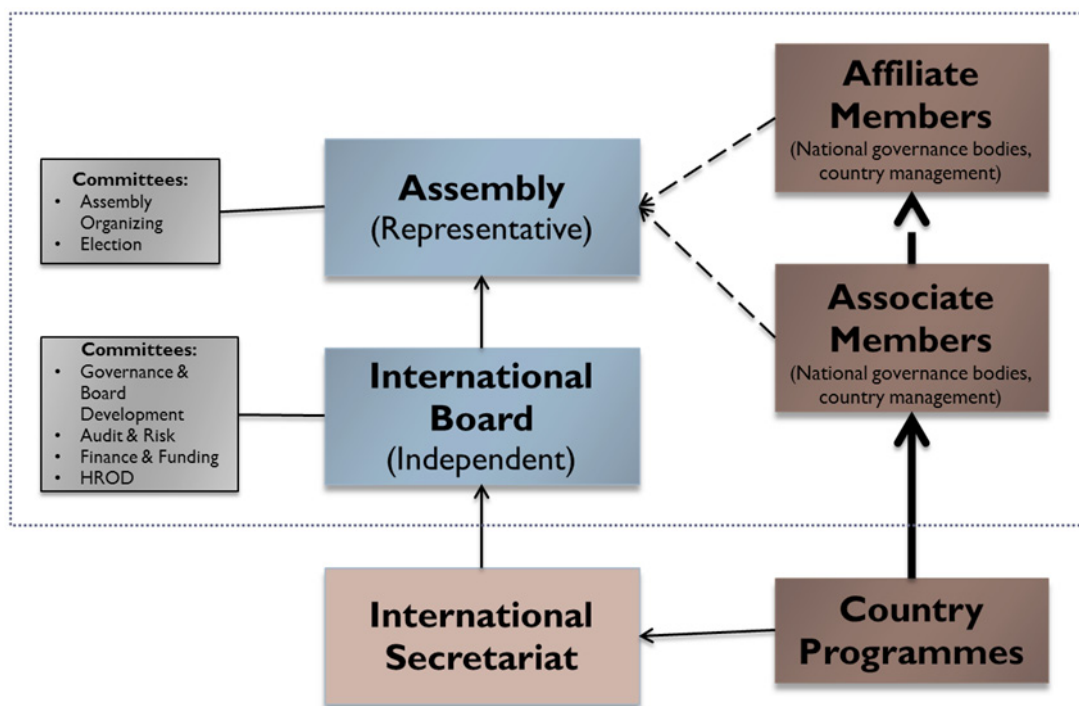
The above diagram, particularly the upper portion of it (bounded by the *dotted-line rectangle*), describes AAI's current governance structure. The *solid-line arrows* illustrate the direction of accountability (i.e. the International Secretariat accounts to the International Board, the International Board accounts to the Assembly, Country Programs account to the International Secretariat). The *dashed-line arrows* indicate that delegates from affiliates and associates are sent to the Assembly and make up the Assembly. The *thick arrows* on the right-hand side signify a progression over time: country programs transition into associate members, and associate members transition into affiliate members over time. The respective committees of the Assembly and International Board are also listed.

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9   The Senior Leadership Team consists of the Chief Executive and the International Directors of Country Coordination, Programs, Fundraising & Communication, Organizational Effectiveness, and Finance & Operations.

The roles of and interplay among the various governance bodies (international and national) and the governance-management interface comprise AAI's governance model. Leadership sits in a variety of spaces within the AAI structure, and a skillful balance of power is required to make AAI's governance model work. The responsibility of advancing internationalization and fostering sound institutional governance is shared broadly across the AAI federation. The two tiers at both international and national levels make for a complex structure that seeks to be democratic.

So What? Results of Internationalization

AAI is distinctive among development INGOs for creating a governance model that seeks to restructure power within the organization, in an effort to align its core values and development model with its formal structure. Just as understanding power relationships and confronting power imbalances is critical to advancing HRBA in programs, AAI's internationalization journey has sought to: (1) acknowledge the power concentrated in northern affiliates as a post-colonial legacy that needs to be addressed; (2) develop a federal model of democratic power-sharing in which power is not linked to money; and (3) establish governance structures that seek to provide poor and excluded people a role in holding ActionAid to account. These three features set AAI's governance model apart from many peer INGOs focused on development and humanitarian efforts. Most ActionAiders feel enormous pride in the organization's commitment to living its core values, and to affirming human rights and confronting power imbalances in its own governance model.

Comparative Snapshot: 2003 vs. 2013

	2003 **(prior to internationalization)**	**2013** **(ten years since internationalization)**
Structure	Unitary organization (leading an alliance of sister organizations)	Global federation (of equal members)
Leadership	Control of ActionAid mostly with British trustees	Control of ActionAid sits with Assembly (from 26 countries); ongoing governance by diverse International Board
Size	€ 116 million (income in 2003) Six founding members of AAI Working in 19 countries	€ 224 million (income in 2011) 26 members Working in 45 countries
Ownership	Country programs are wholly owned subsidiaries of British-owned ActionAid (with the exception of ActionAid Brazil, which is locally governed)	15 country programs have become members (several others in the membership pipeline) and are governed by National Boards and General Assemblies

In terms of the results of internationalization, it is worth returning to how AAI and its governance model have performed against some the original aims of internationalization (expressed in the 2003 MOU).

Expand and diversify membership | Since 2003, AAI has gone from a band of six founding members to 26 members, with a healthy pipeline of potential members. Having an institutional architecture that could absorb and integrate existing development organizations into the ActionAid family was an explicit part of this aim, and AAI's governance model has, in the past several years, welcomed MS (now ActionAid Denmark), NiZA (now ActionAid Netherlands), PSO in France and AustCare (now ActionAid Australia) into the federation. AAI also established a new associate in Sweden. With a membership that is well balanced in terms of north-south origin, ActionAid stands out in terms of diversity compared to peers like Oxfam, Save the Children and CARE. As it stands now, AAI's membership is uneven across regions: it has ten members in Africa, eight members in Europe, four members in Asia and two members in Latin America (plus the United States and Australia). The MOU envisaged all country programs, wherever possible, evolving into affiliates within five years of the MOU being signed (by 2008). This goal, which grossly underestimated the resources, time and capacity required for such a radical transformation, has not been met.

ActionAid International Membership, 2013

Region	Members (affiliates and associates)
Africa	Ghana, Kenya, Malawi, Mozambique, Nigeria, Sierra Leone, Tanzania, The Gambia, Uganda, Zambia
Europe	Denmark, France, Greece, Ireland, Italy, Netherlands, Sweden, UK
Asia	Bangladesh, India, Nepal, Thailand
Americas	Brazil, Guatemala, USA
Oceania	Australia

Expand fundraising | In 2003, AAI's total income was € 116 million; in 2011, it was € 224 million (down from € 231 million in 2010). With joining members such as ActionAid Denmark and ActionAid Australia bringing new bilateral donor funding (i.e. DANIDA, AusAid) and southern affiliates such as ActionAid Brasil and ActionAid India beginning to raise funds locally (in ActionAid Brasil's case, raising Brazilian funds for other ActionAid countries), the sources of AAI's income have become more diverse. However, ActionAid UK remains the largest source of AAI income, and ActionAids UK, Greece, Italy and Ireland continue to dominate fundraising of voluntary (private) income. The proportion of funds raised by child sponsorship is declining; in contrast, official (institutional) income has more than doubled since 2007 (it now represents 31 percent of total income), in large part, due to ActionAid Denmark. In addition, former country programs

that have become AAI members, such as ActionAid Uganda, are able to tap donor funding (e.g. the multi-donor Democratic Governance Facility in Uganda) that is only accessible to national organizations. While it is impossible to know how AAI's total income would have increased (or declined) in the absence of internationalization, there is a plausible link between expanded and more diverse membership (and the enhanced fundraising opportunities that brings) and growing income. Given that local ownership is likely to be ever more essential in international development (and attention and resources will increasingly be focused on national actors rather than international actors), the evolution of country programs into locally-governed affiliates positions AAI favorably in terms of being eligible for new streams of funding that would not be available to "foreign" NGOs.

Strengthen profile and influence | Prior to 2003, various logos were used around the world, and there was little coherence to public positions taken by different parts of ActionAid. In the negotiations that led up to the 2003 MOU that founded AAI, a shared vision, mission and values were articulated. The international strategy (*Rights to End Poverty*), and institutional structure that followed, allowed AAI to develop shared policy analysis and campaigning capacity that has given ActionAid voice and influence globally on issues such as food rights. For example, the multi-year HungerFREE campaign, launched in 2006 in 33 countries, has produced several influential reports, lobbied governments and multilateral bodies, and mobilized hundreds of thousands of people in actions all over the world. From campaigning successfully for the right to food to be enshrined in the Brazilian Constitution to having ActionAid activists grab land in Milan, Paris and Copenhagen to highlight the problem of European companies grabbing African land for biofuels, AAI has been able to harvest the benefits of a shared international platform fed by diverse perspectives and local roots. AAI's international advocacy capacity has, in turn, served as a magnet for joining organizations like MS in Denmark.

Deepen legitimacy and accountability to communities in the north and the south | Successive Chairs of AAI's International Board have been African women (first Noerine Kaleeba and then Irene Ovonji-Odida) and successive International Boards have been extremely diverse. AAI's Assembly is comprised of representatives of each affiliate and associate, which is a well-balanced mix of north and south. National Boards now govern 15 ActionAids that used to be country programs, refocusing accountability nationally. General Assemblies seek to be representative of poor communities. In interviews and consultations, most people felt that the internationalization process has deepened ActionAid's legitimacy and accountability.

Amplify impact in the fight against poverty | ActionAid does not have a monitoring and evaluation system that can provide reliable aggregated data on its global performance and impact over the past decade. Even if such data were available, it would be difficult to tell how much of this performance and impact could be attributed to internationalization (and what might have happened even in its absence). Anecdotal evidence suggests that the nationalization dimension of the internationalization process has better positioned ActionAid to advance HRBA through programs and campaigns. For example, ActionAid Uganda is involved in the Black Monday campaign that shines a light on corruption in Uganda. Arthur Larok, Country Director of ActionAid Uganda argues that corruption could not have been broached in such a public way if ActionAid were perceived as a "foreign NGO". The argument is that a locally rooted identity (with the protection and

legitimacy offered by local governance) provides: more latitude to take up sensitive issues related to root causes of poverty; more ability to engage and collaborate as part of local civil society; more confidence to speak out about politically charged issues; and more access to local policy makers. This combines to enable more effective HRBA programs and advocacy. However, the transition from a country program into an associate (and then an affiliate) does not automatically result in a locally rooted identity: such an identity has to be honestly earned over time, and what typically emerges is a hybrid local-international identity.

Key Recommendations of the Governance Model Review

Over the past several months, we have reviewed AAI's governance model and have provided an extensive report to AAI. We summarize the key recommendations of that report here because these recommendations inform and give texture to the broader lessons that can be drawn from AAI's internationalization experience.

1. **Clarify federal principles** | The AAI Constitution now articulates ten federal principles that many leaders in governance and management are hard pressed to remember. It is worth clarifying the core federal principles in a way that becomes part of the DNA of the organization. We recommend focusing on a set of four federal principles: *equality*, *interdependence*, *accountability* and *subsidiarity*.

2. **Use the federal principles to clarify decision rights** | With two-tier national and international structures, the governance space sometimes feels crowded and a balance of power is hard to achieve. The governance-management and international-national boundaries often blur, leading to confusion and contestation. The federal principles should be used to clarify the purpose of each governance body and articulate decision rights in relation to other governance/management bodies.

Subsidiarity
decision making lies as close as possible to those it affects and is not blocked by bureaucracy

Equality
all members are equal, and financial and non-financial contributions are equally valued

Federal Principles (recommended)

Accountability
parts of the federation are accountable to one another and to external stakeholders

Interdependence
legally independent members cede some powers to the international level for the common good of the federation

3. **Foster an organizational culture that reflects the federal principles** | Every opportunity must be taken to reflect on what federal principles imply for the behaviors of people and groups throughout AAI, to harvest and share learning on internationalization, and to foster interconnections among various parts of the federation.

4. **Strengthen compliance** | At the international level, there is a need to better enforce policies that advance the global mission; at the same time, AAI must strengthen incentives for members to act in the interest of the global organization. AAI needs to address both issues of authority and incentives.

5. **Clarify the International Board's role and strengthen its accountability to the Assembly** | The International Board should focus more on generative issues that can provide a high-level "steer" to the
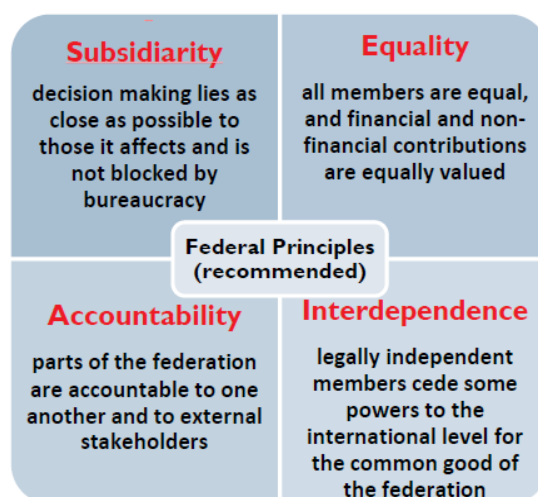
federation. Reviews of Board officers' roles should be part of the International Board review, and should be meaningfully discussed by the Assembly.

6. ***Encourage and support General Assemblies at the national level, but do not require them*** | It is the purpose that should be non-negotiable, not the structure (i.e. General Assembly). This balances the federal principles of equality (all members are expected to act on the purpose) and subsidiarity (members have the power to choose the best mechanism to achieve that purpose in their context).

7. ***Use the federal principles to guide the work of the International Secretariat*** | The federal principles should be meaningful and understandable to staff at all levels, and they should guide the approach and priorities of all the International Secretariat's efforts, from organizational effectiveness to membership development.

8. ***Re-emphasize impact as the goal of internationalization*** | The end goal of internationalization – to increase the organization's impact in terms of mission advancement – must be re-emphasized by leaders, reflected in actions and incentives, and rejuvenated in the federation's discourse.

9. ***Look to the future*** | As the federation continues to grow, the governance model must adapt to provide the right balance between agility/efficiency and democratic process. Although it is too soon to reduce the frequency of Assembly meetings, AAI should experiment with "virtual assemblies" in the future. AAI should also revisit its "one country, one member" rule to allow space for membership of a think tank or advocacy organization in a country in which there already is an AAI member.

Lessons from Internationalization

ActionAid's internationalization journey has yielded valuable lessons that AAI itself must learn from; it also offers useful insights for other INGOs interested in governance, organizational transformation and change management.

Vision & Leadership

1. ***Be courageous and bold*** | Courageous leaders were critical to catalyzing organizational transformation at Action Aid – both those who challenged from below and those who were open to being challenged at the top. In the late 1990s and early 2000s, several leadership opportunities aligned to make possible the decision to internationalize. Years of advancing participatory approaches in the field and decentralizing programmatic authority to the country level had created a critical mass of senior staff (many southern nationals, particularly Country Directors[10]) who challenged the traditional northern-controlled, charity-driven INGO model as neo-colonial and unsustainable. A small group of ActionAid trustees agreed with this perspective and were open to change. The ActionAid Board's selection of Salil Shetty as Chief Executive signaled a mandate for change. Although ActionAids in Spain and France strongly disagreed,

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10   By the end of Salil Shetty's tenure at ActionAid, almost all Country Directors were nationals of countries in which they were working or nationals of other developing countries.

leaders in ActionAid Italy and Brazil were important allies. Analyses that compared ActionAid to other large INGOs showed that organizations like CARE, Oxfam, Save the Children and World Vision already had federation, confederation or alliance structures that organized and coordinated members. This created a sense among leaders that ActionAid was falling behind. However, ActionAid's leaders chose not merely to "catch up" but to create an organization that was truly international (in terms of north-south balance – not linking power and influence with fundraising ability). This was a risky decision, especially because many of the changes were irreversible, and required courage of conviction on the part of ActionAid's leaders.

2. ***Drive reform with core values*** | In many humanitarian and development INGOs, internationalization has been driven by a desire to coordinate more effectively, ensure brand consistency, foster growth, expand scale and amplify collective impact. All of these were true for AAI, but something more profound was the main driver of change. A small but influential group of senior staff (primarily Country Directors) challenged trustees in the UK (and other northern members) to "walk the talk" of HRBA. This infused the discussion about internationalization with a passion for confronting power imbalances, reversing exclusion and fostering equality. In the years that followed, this commitment has translated into deliberate governance reforms that seek to delink power from money (reflected in the Resource Allocation Framework[11]), to ensure diversity (in terms of gender, nationality, race, professional background, etc.) in the highest levels of governance and management, and strengthen election processes at the international level (e.g. giving precedent to Assembly elected Board members rather than independent members). As discussed earlier, in INGOs whose "bread and butter" is fundraising, it is challenging to completely delink money and influence. Regardless, ActionAid's experience underscores that advancing principles of equity and democracy – and confronting power imbalances – in governance reforms is compelling and important for organizations that are committed to rights-based approaches.

3. ***Governance and management must work well together*** | As the beginning of AAI's internationalization story demonstrates, transformative decisions can be made when leaders in governance and management roles come together to advance a shared vision. On a day-to-day basis, the board-management relationship is a complex one in many organizations. AAI is no exception. Some members of the Board feel that the Chief Executive and senior management do not sufficiently acknowledge the mandate of the International Board, while senior management feel that the Board sometimes infringes on management authority and sees its role mainly through a supervision lens. A concrete understanding of "shared leadership" would be very helpful. A healthy board-management relationship is fundamentally important to good governance, especially in a federation like AAI that works on the basis of goodwill and trust, rather than on compliance and sanctions. A problematic board-management relationship could have negative consequences for both the governance and management of the federation. Those in governance and management roles both express a desire to have the International

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11   In 2010, AAI adopted a Resource Allocation Framework (RAF) that sought to bring objectivity and transparency to the process of allocating financial resources among various parts of the organization for the common good of the federation.

Board focus on significant, strategic, future-oriented questions that require high-level governance visioning, generative discussion, and steering.

Power Structures

4. ***Pay attention to politics and culture*** | Broad governance reform efforts are often focused on changing governance structures, and modifying relationships between (and decision rights among) various governance and management structures. These structural changes are often so challenging that they require considerable adaptation and attention (and sometimes spark resistance). Although governance reforms require significant change in the organization's politics (how power is distributed and deployed) and organizational culture, those dimensions are often neglected, perhaps because they are much less tangible than structural aspects. From the outset, ActionAid framed internationalization as a political project: it sought to give power and voice to actors that typically were excluded from membership in and governance of INGOs. However, even though ActionAid stayed true to its intention of developing southern members, the process of transitioning country programs to associates (and then affiliates) – and the policies, reviews and reporting requirements entailed – eventually became a bureaucratic, legalistic exercise. A 2011 review of AAI's association and affiliation processes[12] recommended a more "developmental" process that is as simple as possible. Building a culture that nurtures internationalization has been a challenge. This requires (in AAI members) that staff and members of governance bodies be dual citizens (a good citizen both of the AAI member and of the AAI federation), and that International Secretariat staff and International Board members always act to support the national-international duality of AAI's identity (respecting the "independence" of AAI members).

5. ***Confront the power of money*** | AAI is somewhat unusual among INGOs for embracing equality as a crucial touchstone of the internationalization process. This means that the power and influence that a member has within the AAI federation should not relate to its fundraising success. On the contrary, the principle of equality that underlies AAI's federal governance model seeks to delink money from power. It asserts that each member can contribute to AAI's mission in different and equally important ways (i.e. funds, quality programs and partnerships, evidence for campaigns, mobilization of activists). However, with the fall in unrestricted income from child sponsorship and the rise in institutional donor funds (sometimes accompanied by stringent requirements), northern members who can access those institutional donor funds have the power to identify countries to support. Given the relatively weak grants management capacity in the International Secretariat, northern members are increasingly developing bilateral agreements with (and providing grants management support to) southern affiliates, associates and country programs to ensure that institutional donor requirements are met. "Favorites" seem to be emerging (countries that have proven they can meet institutional donor requirements) and northern members sometimes "cherry pick" among countries. This not only is counter to the principle of equality (because it places northern members in a position of power and southern countries in a subordinate position) but also goes against the spirit of the Resource Allocation Framework which seeks to allocate resources according to objective measures of need.

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12 John Hailey, Review of AAI Association and Affiliate Process, Cass Business School, November 2011.

6. ***Be cautious with structural fixes*** | As discussed above, structural change often becomes the element of reform that receives most attention. Once a specific structure is decided upon (based on a rationale for why that structure is most desirable), building and maintaining the structure itself may become the focus – and questions may not be asked about whether the structure is delivering on its original purpose. For example, General Assemblies at the national level are one of the most distinctive components of AAI's governance model; they embody ActionAid's priority of being downwardly accountable (to poor and excluded people). However, there is unevenness in how General Assemblies are advanced and the role they play in ActionAid's governance. In some members, General Assemblies are the indispensable, supreme governing authority that confers legitimacy on the organization's work.

    ActionAid Denmark is a membership organization in which all members can participate in elections that produce a diverse and engaged *Council* (the Danish equivalent of a General Assembly). The Council, in turn, elects the Board. To strengthen the Council's ability to hold the Board accountable for its performance, ActionAid Denmark has tested a system of *parliamentary auditors* (a small group of Council members elected to conduct an independent review of the Board's activities) to provide a "second opinion" to accompany the Board's own self-review. The Council also has *interest groups* that organize around specific issues (e.g. MDGs/SDGs) and a standing *contact group* between the Board and Council (supported by a staff person) to help Council members stay in touch with the organization's needs and allow ActionAid Denmark to better tap Council members' skills and networks.

    In others, General Assemblies may not be sufficiently engaged to meaningfully deepen legitimacy or accountability (and National Boards may be the more powerful governance body in practice). Many ActionAiders assume that General Assemblies intrinsically make ActionAid more democratic by including poor and excluded people in the highest-level national governance authority, even though the choice of who serves on General Assemblies is made either by ActionAid country management or National Board or by the General Assembly itself (rather than by a truly democratic process). It is the *purpose* of the structure that should be non-negotiable, not the specific structure itself. Where General Assemblies are serving the purpose well, they can and should be exemplars for the broader international development field. If other structures or processes can better advance the purpose, they should be encouraged as well.

Balance & Synergy

7. ***Maximize the value of local and global*** | Transitioning country programs into member organizations (with no requirement to engage in fundraising) that are equals to fundraising members has been a distinctive part of internationalization in AAI. This nationalization process has helped to foster more authentic roots and ownership in developing countries. This has allowed ActionAid to build closer relationships with social movements and local policy makers, and has opened up new ways of leveraging ActionAid's national-to-global capacity. Getting nationalization right is complex and involves

many factors coming together: a *Country Director* who can steer the transition process, motivate staff, foster the organizational culture change required, and effectively support governance bodies; *Board and Assembly members* who will provide strategic guidance, confer local credibility and hold ActionAid accountable for its impact in-country; effective support and facilitation from the *international level* (i.e. guidance from Country Coordination and International Governance Unit, integration into federation life at the Assembly, support and input from the AAI Representative); and a receptive *national context*. The nationalization challenge is not over once a first National Board and General Assembly are in place: developing governance capacity over time (particularly as the initial Board is replaced) is essential. ActionAid has shown a tendency to focus on setting up the initial governance bodies and then standing back. Getting nationalization right does not just mean obtaining associate or affiliate status; rather, it involves becoming an active and contributing citizen of the global organization. Optimizing local presence and global reach is key to achieving the kind of impact that internationalization aspires to.

8. ***Strike a balance between central authority and local autonomy*** | In a federation, autonomous members cede some powers to the center (in this case, AAI's Assembly, International Board and International Secretariat) for the greater common good of the whole. The greater good may be protecting ActionAid's brand, ensuring alignment with the International Strategy or coordinating thematic advocacy, for example. INGOs sometimes go through cycles, in which a period of increasing central authority may be "corrected" by increasing local autonomy, eventually returning to more central authority. The important thing is to find the right balance in terms of what the context demands and what the organization aspires to. ActionAid is still searching for the right balance. Although members have considerable authority in some areas, they feel their autonomy is being undermined in others. For example, the practice of having to submit draft annual plans and budget to the International Secretariat for review after National Boards have already approved these plans – and sometimes having to change Board-approved plans and budgets based on International Secretariat feedback – is often perceived as undermining the sovereignty of National Boards. Likewise, International Secretariat involvement in recruitment and performance management of Country Directors (although National Boards have the final decision) often feels like intrusion into an essential role of National Boards. On the flip side, the International Secretariat does not seem to have strong capacity to ensure compliance with federation policies and rules (and the International Board has been reluctant to impose disciplinary action, seeing non-compliance as part of the developmental process of becoming a stronger member). There is a perception that the International Secretariat is stretched too thin, and should delegate to capable members (in both the north and south) roles that do not necessarily have to be performed by the International Secretariat, and then sharply focus on the roles (monitoring compliance, strengthening the central treasury, providing central grants management capacity, etc.) that only the International Secretariat can play.

Impact & Learning

9. ***Stay focused on impact*** | Most INGOs engage in organizational transformation and governance reform efforts because they believe the changed organization will be more impactful in terms of mission. This was certainly true of ActionAid. In addition to enhancing impact through greater coordination and alignment among various parts of ActionAid, internationalization was built on the premise that a more diverse, democratic federation (with balanced north-south power) would be more legitimate and more accountable to stakeholders in the south and north, thereby increasing the depth, quality, effectiveness and sustainability of its work. Improving ActionAid's impact and performance in the fight against poverty and injustice remains the primary aim of internationalization. With a decade worth of staff turnover, many of the original champions of internationalization have left the organization, and new staff and trustees enter a context in which the history, spirit and politics of internationalization may be fuzzy (and robust induction processes are not in place). These new ActionAiders may conflate internationalization with a certain governance system, rather than understand the governance model as an expression of internationalization – with the ultimate aim being greater impact on poverty and injustice. Given the attention given to putting governance systems in place in the first decade of internationalization, it is now time to recommit to the impact-focused spirit of internationalization – and put in place systems to track impact toward mission accomplishment and make any needed corrections.

10. ***Build strong systems of learning and sharing*** | There has been a tremendous amount of learning within ActionAid as new members have entered the federation, and a new international architecture and governance system have taken root. However, AAI does not have reliable systems for: harvesting this learning while pushing for greater rigor in assessing impact; creating spaces where staff and trustees can share their experiences and learn from others; and, making sense of the collective experience and letting that shape future plans and approaches.[13] A big part of the value of internationalization is being lost as knowledge and experience is not effectively shared across the federation, and frustration grows (and incentives for non-compliance increase) when information is regularly requested by the International Secretariat without benefits seen in return. For example, each member is required to undertake a governance review (can be a self-review) annually. In reality, there is a lot of variation in whether and how members conduct these governance reviews. There is no system for drawing out key lessons, sharing important learning, identifying best practices, and creating spaces for collective reflection and debate. No unit has clear responsibility for being the catalyst for such learning processes.

11. ***Consider the opportunity costs*** | Based on the aims of internationalization, AAI's progress in the past ten years has been quite impressive. However, with any reform effort that draws such a large proportion of leadership time and attention, it is important to examine the opportunity cost of this time and attention. What did not get done because internationalization was advanced and needed so much attention? How much leadership time was spent on stewarding the transition process (i.e. Ramesh

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13 Over the past two years, AAI has been building an Initiative to Strengthen Governance (ISG) that seeks to fill this gap and bring together staff and trustees to share learning and experience.

Singh, Chief Executive from late 2003 to 2009, estimates that he spent half of his time supporting the internationalization process in its first years) and continues to be spent supporting governance at various levels? Does this, in any way, distract from the essential programmatic and advocacy work of the organization? Might the complexity of managing the internationalization process – and the attendant challenges of change, risk and relationships – make ActionAid too inwardly-focused? Do the two tiers of governance at national and international levels slow down the decision making process and make AAI less agile? Will the democratic nature of the AAI federation – and the need to consult on and negotiate positions across a variety of diverse members and interests – inhibit bold, seemingly radical decisions (like internationalization in the early 2000s) from being made in the future? These questions are difficult to answer definitively, but they are important to explore and debate internally.

Conclusion

ActionAiders (past and present) have a palpable pride in the ideals of internationalization, the resources invested in "walking the talk," and the extensive transformation that has taken place. The organization has openly confronted the inequities of north-south power that beset all INGOs. In the space of ten years, ActionAid has transformed itself from a British NGO to a diverse, global federation supported by a multi-locational headquarters with a home base in South Africa. Even though AAI's federal model of governance, and the democratic approach to which it aspires, are still a work in progress, the amount of change achieved in the past decade is inspirational.

ActionAid's journey over the past decade is rich with lessons for the broader development community. The pace of change and growth has been remarkable (going from an alliance of six founding members, mostly northern, to a federation of 26 diverse members) and the accompanying challenges are complex. In confronting these challenges, AAI must be vigilant not to let an inward focus dominate the attention of its leaders. The primary intent of internationalization is impact and performance, requiring an outward-looking, future-oriented perspective combined with an ability to build a federation that is relevant and effective in a rapidly-changing global landscape.