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INTERNATIONAL KNOWLEDGE AND EXPERIENCE EXCHANGE ON THE DEVELOPMENT OF NON-GOVERNMENT ORGANIZATIONS

Ho Chi Minh, 31.07-01.08.2014

Self-Regulation of Nonprofit Organizations

- The imperative of public trust, transparency and accountability – and how that leads us to nonprofit self-regulation
- The motivations for self-regulation: The need for transparency and accountability; Avoiding strengthened direct regulation; Public impact; Increasing media scrutiny and reshaping public perceptions; Increasing nonprofit watchdog/other scrutiny; Improving standards and weeding out weaker actors; Strengthening nonprofit networks; Educating organizations, board members, and staff
- The benefits of self-regulation: Learning/capacity building; Setting standards in the nonprofit sector; Unifying the sector; Improving perceptions of the sector; Defending against more/stricter government regulation; Accessing donor funding or government funding/benefits

The Types of Nonprofit Self-Regulation for Transparency and Accountability

- Is self-regulation voluntary or required?
- The spectrum of self-regulation: From “softer” to “harder,” looser to stronger Guidelines => Voluntary Codes of Conduct => Codes of Conduct with Certification => Standards with Certification => Accreditation => Rankings => Ratings
- National or sub-national (provincial) self-regulation?
- Full sectoral (the whole nonprofit sector) or subsectoral (ie hospitals, elder care)?
- Are there “carrots”? Is donor funding, government funding, tax status, or other benefits dependent on meeting certain codes or standards?

Looking at Country Cases of Nonprofit Self-Regulation

- The Philippines; India; Cambodia; China; the United States
- **Nonprofit self-regulation in the Philippines**
 - One of the earliest models of nonprofit self-regulation in Asia, a society with vibrant NGOs: The Philippine Council for Nonprofit Certification
 - Certification-based self-regulation with government support
 - Government determination of tax status devolved to the nonprofit sector and merged with self-regulation
 - The successes and limitations of the Philippine “model”
- **Nonprofit self-regulation in India**

- Multiple experiments and motivations; collective action for sectoral self-defence to forestall stricter government regulation; also increasing public trust, and quality; the wide variety of typologies
 - “Intranet” self-regulation (donors governing recipients, ie CRY);
 - Voluntary guidelines/codes (ie Credibility Alliance and others);
 - Information provision/transparency (ie Guidestar India);
 - Certification
 - The major problem of standards and enforcement
- **Nonprofit Self-Regulation in Cambodia**
 - Self-regulation as collective action to defend and unify a fractured and attacked sector
 - Earlier efforts within nonprofit umbrella groups
 - *Code of Ethical Standards and Minimum Standards for NGOs in Cambodia*
 - CCC and the struggle for implementation of the standards
- **Nonprofit Self-Regulation in China**
 - A growing and increasingly diverse nonprofit sector including service provision, advocacy and other groups
 - Operating under a highly developed system of differentiated regulation (*fenlei guanli*) and changing government regulation
 - The emergence of philanthropy and newer initiatives, including the China Private Foundation Forum (2009) and China Foundation Center (2010)
 - Private foundation self-regulation initiative 中国非公募基金会自律宣言 (2009)
 - *Self-Regulation Declaration of Chinese Private Foundations* (2009)
 - Compliance with law; public benefit mission; conflicts of interest; role of charters (bylaws) and Boards; financing consistent with mission and values; respect for donor wishes; public financial statements and audits; monitoring and assessment; HR policies; competition and partnerships; information disclosure; supervision/management by authorities
 - Multiple transparency initiatives (2009 – present) and limited success
 - The uncertain prospects for nonprofit self-regulation in China
- **Nonprofit accountability and self-regulation in the United States**
 - Long history, especially sectoral self-regulation (hospitals, higher education, museums, land trusts, legal education, etc.)
 - Growing accountability pressure from Congress and the media
 - *Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations* (2007)
 - Focus points: Legal compliance, public disclosure, effective governance, strong financial oversight, responsible fundraising; the problem of enforcement
 - *The National Standards for Community Foundations*

Key Problems in Self-Regulation for Transparency and Accountability

- What are the key goals? Enforcement? (“Violators don’t obey anyway”), or capacity building and improving standards?

- The problem of “layering” – Multiple systems and major burdens for local, sub-sectoral, and national self-regulation
- The burdens of self-regulation on local, smaller and advocacy groups
- Does self-regulation discourage diversity and innovation in approach, in participation, in advocacy, in goals?
- The problem of “self-regulatory entrepreneurs”
- Nonprofit self-regulation as a market mechanism for exclusion of so-called “unproductive,” “inefficient” actors, and excluding productive actors for the benefit of remaining players