



European Center for  
Not-for-Profit Law

# Good Governance in Civil Society

## General overview

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# SELF-REGULATION OF CIVIL SOCIETY IN EUROPE

Based on the Current Trends in Self-  
Regulation of Civil Society  
Organizations in Europe  
A general overview, ECNL, 2016

Self-regulatory initiatives are adopted by civil society organizations (CSOs) with the aim to establish and agree on a well-defined set of common standards that will have a positive impact on the organization's accountability and effectiveness both internally and externally.

According to the One World Trust, self-regulation may be defined as: “the development and administration of common norms and standards of behavior by and for CSOs that is not fully mandated by government regulation.” Another definition, proposed by Gugerty and Prakash, stipulates that self-regulations are “schemes or initiatives in which participation is fully voluntary.”

Both definitions combine two common elements: (1) cooperation model and (2) voluntary participation.

Self-regulatory initiatives are, hence, driven by the shared will to cooperate on a voluntary basis to achieve better results in CSOs' everyday operation. Common will to cooperate is typically compelled by the common interest/goal of the organizations that brings them together and stimulates them to abide by the same principles of conduct. Also, important underlying approach for any self-regulation initiative is that it is designed through a collaborative process.

# REASON FOR SELF-REGULATION

**Promotion of transparency & accountability** - self-regulatory initiatives typically aim to promote transparency and accountability and improve their internal management, governance and organizational effectiveness

**Increased credibility with donors and public** - commitment to standards on transparent and accountable operation may positively present CSOs in the eyes of grant makers and wider public;

**Participation of stakeholders/coalition building** - considering that self-regulations are developed in a collaborative manner, the process of adoption fosters cooperation among participating CSOs. It enables the participants to identify common principles and values and address potential challenges while building effective CSO alliances;

**Quality management** - application of a system of standard and transparent management processes may help CSOs to achieve their previously determined goals. Detailed evaluation of CSO's operation against a set of indicators reveals the deflections and fosters improvement of the organization's management.

# TYPES OF SELF-REGULATION

1. **By location:** based on the area covered by the self-regulation, we can identify international and world- wide initiatives that are functioning in multiple countries; regional groups that are present in all countries within the group; and country initiatives introduced in one single country.

2. **By models of regulation:** according to the common principles and design of the initiative we can identify several self-regulatory models, including

**codes of conduct/ethics**

**certifications and accreditations**

**information services**

**working groups**

**awards.**

3. **By areas addressed by the initiative:** depending on the goal of a self-regulation, the initiatives may address various areas, for example, communications/advocacy/fundraising; governance and management; human resources; beneficiary/client/supporter participation; monitoring and evaluation.

# EXAMPLES OF SELF-REGULATION MODELS

## National level self-regulation models

According to the common principles and design of the initiative, following models of self-regulation were identified:

1. Codes of Conducts and Ethics
2. Certification and accreditation schemes
3. Information services

# EXAMPLES OF SELF-REGULATION MODELS

## Codes of conduct (“CoC”)

CoCs are the most widespread self-regulatory initiative. They are typically adopted by umbrella CSO organizations and could be both sector-wide codes or with focus on a specific subsector.

A CoC is a set of standards and principles created by a group of CSOs as guidelines to their own behavior and practices. Signatories of the Codes commit to abide by the determined standards and principles and follow them throughout their everyday operation.

Codes typically regulate diverse areas, including governance, transparency and accountability, fundraising practices, and others. Some Codes may focus solely on one area of CSO operation with detailed rules of performance.

## EXAMPLES OF SELF-REGULATION MODELS

**ESTONIA:** Code of Ethics of Estonian Non-profit Organizations, adopted in 2002, provides guiding principles for actions taken by non-profit organizations that aim to increase the overall credibility of the sector. The principles are organized around the following main areas 1) Democratic governance; (2) Civic courage and care; (3) Sustainability and prudence in the utilization of funds and resources; (4) Responsibility and accountability; (5) Openness and transparency; (6) Independence and avoiding conflicts of interest;

**FRANCE:** The Shared Ethics Charter was developed by Coordination SUD, an umbrella coalition of French humanitarian CSOs. The Charter includes financial and programmatic rules that are binding for its signatories. From the financial rules, organizations have to diversify their sources of funding to preserve their financial independence, particularly from the state. In addition, they shall prepare annual financial and narrative reports approved by the General Assembly of the organization.

**UNITED KINGDOM:** Code of Fundraising Practice, developed by the Institute of Fundraising Standards Committee, is an example of a detailed Code that includes standards related solely to fundraising practices. The Code touches upon various issues related to fundraising, such as for example, work with vulnerable groups, the performance of different fundraising methods, handling of donations, and others.



## EXAMPLES OF SELF-REGULATION MODELS

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- The adherence to CoC may send a positive signal to donors that the CSO is committed to certain predictable transparency and accountability rules;
- CoC facilitates cooperation and exchange of experiences among the signatory organizations and is oftentimes developed in consultation with peer members;
- CoC are typically not financially demanding in terms of organization and maintenance.

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- It may be challenging to differentiate between CSOs that fully or only partially comply with the standards if no effective compliance mechanism is in place;
- It may be time demanding to set up and ensure the relevance of the Code.

# EXAMPLES OF SELF-REGULATION MODELS

## Certification and Accreditation Schemes

Certification and accreditation models are based on a process through which CSO's governance, programs, and practices are assessed against a set of written standards and principles. When approved, a CSO may receive a "seal" or mark of compliance, providing sound credibility to the certified CSO.

Certification may involve self, peer, or third-party assessment of compliance with the initiative's standards and principles.

- **Self-certification schemes** envisage an internal assessment of a CSO that results in a formal declaration of compliance with the determined standards by the CSOs themselves.
- **Peer certification** involves a group of CSOs active in the same field of work and compliance is verified by a peer member.
- **Third-party** certification involves a non-peer organization that develops and verifies compliance against set standards.

## EXAMPLES OF SELF-REGULATION MODELS

**FRANCE:** Governance and Responsible Management Label for Foundations and Associations, run by AFNOR<sup>24</sup> is a label available to all types of associations and foundations. This certification mechanism focuses on good governance and financial transparency but also sets standards for other areas, such as human resources. Compliance is verified through a desktop self-assessment and may be complemented by a voluntary audit. Re-certification is required every three years.

**NETHERLANDS:** Seals of Approval and Certificates awarded by Central Bureau on Fundraising (“CBF”) to compliant charities engaged in public fundraising. The mechanism is three-tiered and provides different criteria for starting charities, small charities, and large charities. While the criteria for large charities are strict and cover many areas, including governance, policy, spending, fundraising, accounting, and reporting, the criteria for small and starting charities are less strict. Local authorities grant fundraising permissions based on the information obtained from CBF.

## EXAMPLES OF SELF-REGULATION MODELS

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- Represents a public mark of quality;
- Possibility to ensure that the CSO stays committed to proclaimed standards and principles, as the review is conducted regularly;
- Possibility of peer review and self-check mechanisms;
- Adherence to the scheme compels the organization to seriously abide by the standards and typically results in transparent and accountable practices in the sector.

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- The certification and accreditation procedures are oftentimes lengthy and demanding in terms of finances and human resources;
- Some schemes may not be accessible for small organizations with limited capacities and financial resources.

# EXAMPLES OF SELF-REGULATION MODELS

## Information Services

This type of self-regulation aims to enhance the transparency and accountability of its members through public disclosure of certain data. In addition, information services may be complemented with data from official CSO databases, such as CSO registries, official lists, official journals, tax administration etc.

The scope of information published varies from one model to another and is usually gathered in a searchable database. Information services can benefit particular stakeholders: some are CSO directories providing basic information on active members of the sector, while others comprise more detailed information, including financial reports. These may be used by donors to verify CSO's bona fides.

## EXAMPLES OF SELF-REGULATION MODELS

UNITED KINGDOM + Europe: GuideStar is the first European model of information services introduced in the United Kingdom. The GuideStar country models work on common principles and combine the same data collection methods. It promotes accountability and transparency by enabling direct public access to essential information about CSOs. Firstly, the administering body gathers CSOs data from state registers and databases, and arranges the information in the GuideStar database. This information consists of contact details of the organization and financial information published by the organization. Secondly, it invites CSOs to self-report on its work and activities.

HUNGARY: The NIOK database is an independently run online platform, which includes information from the National Office for the Judiciary and other sources voluntarily uploaded by the participating CSO. The database provides diverse information, such as for example, the organization's purpose, goals, current activities, achievements and indicates whether it is a recipient of 1% tax designations. In addition, the platform allows for credit card donations to some of the organizations.

## EXAMPLES OF SELF-REGULATION MODELS

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- Constitutes a useful tool for enhancing the visibility of CSOs;
- • Information service may be linked to an online donation platform;
- • Helps to promote CSOs' activities and inform donors about results of their partnerships with CSOs.

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- Administration of data and regular maintenance is often time- consuming;
- Information services typically require widespread promotion to provide direct effective benefit to participating CSOs.

# EXAMPLES OF SELF-REGULATION MODELS

## International and Regional self-regulatory initiatives

International/regional self-regulations can establish general rules on transparency and accountability for CSOs or regulate a specific field, such as advocacy/ lobbying, social service provision, or fundraising activities. They may also combine elements of several self-regulation models, for example, code of conduct, certification mechanisms and working group.

International/regional self-regulatory initiatives could be formed through working groups and consultations or by sector experts specialized on certain aspects of CSO operation. Members of such initiatives are typically large international non-governmental organizations (INGOs) and/or large national civil society organizations, while grassroots organizations are rarely members.

Examples of international initiatives: World Association of Non-Governmental Organizations (WANGO) Code of Ethics and Conduct; International Non-Governmental Organizations (INGO) Accountability Charter

Examples of regional initiatives: European Foundation Centre Principles of Good Practice; The European Fundraising Association (EFA)