Nonprofit Self-Regulation in Comparative Perspective

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For Nonprofits, A New Self-Regulation Imperative – Around the World

Why are Nonprofits focusing on Governing Their Own Sector in Addition to Government Regulation?
Why Self-Regulation?

• The Problem – Even Crisis – of Nonprofit Accountability and Legitimacy in Some Countries
• Increasing Government Intervention
• Increasing Media Scrutiny
• Increased Nonprofit Scrutiny of its Own
• The New Context of Counter-Terrorism
The Multiple Motivations for Nonprofit Self-Regulation

• Sectoral Defense Against Encroaching Regulation

• Improving Standards in the Sector and Weeding Out Weaker Actors

• Reshaping Public Perception of the Sector

• Public Education for Nonprofit Organizations, Boards, and Staff
The Multiple Motivations for Nonprofit Self-Regulation

• A Means or Condition for Accessing Government or Donor Funding
• Learning Opportunity for Nonprofits and Networks
• Market Mechanism to Exclude Unproductive Actors
• Market Mechanism to Exclude Competitive Actors, Benefitting Remaining Players
The Multiple Motivations for Nonprofit Self-Regulation

• Competitive Opportunity for Self-Regulatory Service Providers

• An Opportunity for Differential Government or Legislative Preference for Certain Networks or Service Providers
Typologies of Nonprofit Self-Regulation

• Voluntary or Required
• Guidelines, Voluntary Codes of Conduct, Codes of Conduct with Certification, Organizational Certification to Standards, Accreditation, Rankings and Ratings
• National, Sub-Sectoral, Sub-National?
• Carrots? Conditioning of Donor Funding, Government Funding, Tax Status
Nonprofit Self-Regulation in Comparative Perspective: The United States

- Long History in the United States, Especially Sectoral
- Growing Pressure from Congress and the Press
- Senate Finance Committee
- Staff Recommendations
The United States (continued)

• Panel on the Nonprofit Sector and Independent Sector
• The Contours of the Debate over the Principles for Good Governance and Ethical Practice
Key Problems for Nonprofit Self-Regulation in the U.S.

- The Question of Enforcement
- The Problem of “Layering” – Multiple Systems for Local, Sub-Sectoral, and National Self-Regulation: Example: “Iowa Land Trust”
- The Burden on Local, Smaller and Advocacy Groups
- Guarantor of Quality – or of Market Position?
Key Problems for Nonprofit Self-Regulation in the United States

• The Emergence of Self-Regulatory Entrepreneurs
• Does Self-Regulation Discourage Diversity in Approach, in Participation, in Goals?
• Self-Regulation and The Role of Education for Nonprofit Boards, Leaders, and Staff
The Philippines

• Earliest Models of Nonprofit Self-Regulation in Asia, in a Society with a Vibrant NGO Culture
• Self-Regulation with Government Support: A Challenge or Boon to Collective Action
• Government Determination of Tax Status Devolved to the Nonprofit Sector Through Self-Regulation
• The Philippine Council for Nonprofit Certification (PCNC)
The Philippines

- Best Example Worldwide of Government-NGO Collaboration on Self-Regulation
- Standards and Implementation through PCNC
- Issues: Labor Intensive; Easier for Larger Groups?; Conflicts Within the State
- The Merged Model of Collective Action and Government Support
- The PCNC Throughout Asia
India

- Multiple Experiments, Multiple Motivations
- Overall, Collective Action for Sectoral Self-Defense to Forestall Stricter Government Regulation
- Also Increasing Public Trust, and Quality
- The Variety of Typologies
- Voluntary Guidelines; Information Provision, Certification; Standards and Enforcement
India

- From Guidelines to Standards: A Long and Tortuous Process
- Three Models Today
- “Intranet” Self-Regulations: Donors Governing Recipients
- Code of Conduct, Standards, and the Struggle for Enforcement: The Credibility Alliance
India

• Transparency as a Self-Regulatory Tool: Guidestar India (and earlier initiatives)
• The Government’s Attitude Toward Self-Regulation: National Policy on the Voluntary Sector
Pakistan

• Self-Regulatory Initiative Along Philippine Lines: Collective Action and Tax Status

• A Slow Process
Cambodia

• Self-Regulation as Collective Action to Defend and Unify a Fractured and Attacked Sector
• Earlier Efforts
• Code of Ethical Standards and Minimum Standards for NGOs in Cambodia
  – Goals, and the Struggle for Implementation
Advantages and Obstacles to Self-Regulation

- The Educational Function
- The Unifying Function
- The Standard Setting Function
- Utility vis-à-vis Government
- Utility vis-à-vis the Public
Advantages and Obstacles to Self-Regulation

• The Transition to Enforcement
• Financial Sustainability of Self-Regulatory Models
• Scaling Up
• “Layering”: Multiple and Overlapping Self-Regulation Systems in One Country
  – National, Sectoral, and Sub-National
  – Donors, Regulators, and Self-Regulators
Issues in Self-Regulation

• Enforcement
• Outliers Don’t Obey Anyway
• The Burdens on Local and Smaller Groups
• Does Nonprofit Self-Regulation Discourage – Even Prevent – Innovation and Non-Mainstream Practices?
• Is Nonprofit Self-Regulation Unfriendly to Advocacy?
The New Context for Nonprofit Self-Regulation: Counter-Terrorism

• The Collective Action Paradigm: Network Activity to Forestall Stricter Regulation

• The U.S. Example: Layers of New Regulation and Requirements after September 11

• The Sectoral Response in the U.S.: Principles of International Charity

• Fear and Self-Regulation: The United Way
Counter-Terrorism and Nonprofit Self-Regulation

• Principles of Accountability for International Philanthropy (EFC and COF)
• UK Charity Commission: Enhancing Self-Regulation, Preserving Enabling Environment
• Montreux Initiative and Humanitarian Forum
• Self-Regulation as a Real Measure to Prevent Terrorist Financing, or a Tool in Dialogue with Government?
The Complex Future for Nonprofit Self-Regulation

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