

Results of the Study on Recent Public and Self-regulations Initiatives Improving Transparency and Accountability on NGOs in the EU

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Definition of Accountability

- Obligation to accept responsibility of actions before different stakeholders (donors, supervisory agency, etc.) through compliance with legal obligations, reporting on funds, good governance and financial management.

No one definition of accountability for NGOs



Upward: to
Government,
donors, the public



Downward: to
partners and
beneficiaries

Definition of Transparency

Obligation to publish and make available data about programs, operations, finances, etc; through available and open records to the public (founders, beneficiaries, donors, etc.)

Trends: Promotion of Accountability and Transparency

- **140 initiatives:** 65 public regulation initiatives, 70 self-regulation.
- EU member states are increasingly engaging in regulation to promote NGO transparency and accountability.
- European NGOs themselves have recognized the need for increased public trust and undertook self-regulatory initiatives at all levels
- Efforts made as a reflection of the **increased economic and policy importance of the sector;** fighting terror is **not a primary reason.**

Trends: Developing Comprehensive Framework for NGOs

- **Countries with no comprehensive legal framework developed:**

Undertaken steps to the creation of legal framework.

Central and Eastern Europe: Hungary, Slovakia, more recently: Malta and Cyprus.

- **Countries with an existing framework :**

Undertaken comprehensive reform to revise the legal framework and improve it.

Council of Europe: adopted **Recommendations on the legal status of NGOs (2007)**

Trends: Creation of National Registries

Creation of a central registry or integrate already existing registration data into a central, publicly available database.

National level: (Austria, Bulgaria, Hungary, Ireland).

European level (Guidestar Europe). this self-regulation initiative relies on a centralized official database of NGOs.

Trends: Introducing PBO status/ Strengthening Accountability Requirements for PBOs

- PBO: Public Benefit Organizations.

Organizations who have public benefit, and priority to funds, tax exemptions due to their greater public service.

Trends: Improving NGO Governance and Accountability through Self-Regulation

- Self regulatory initiatives take the lead in attempts to improve NGO governance and have succeeded in raising the accountability and good governance of NGOs.
- Eastern European Working Group on NGO governance: the Handbook on NGO Governance (2005)
- The Irish Development of NGOs Code of Corporate Governance (2008).
- The trend is primarily sub-sectoral rather than on a national level, and adopts more concrete standards and more effective compliance mechanisms for a group of NGOs.

Trends: Strengthening Supervision and Investigation Powers

- The roles of supervision agencies and introduction of rules to increase inter-agency cooperation.
- Amendments to the NPO law in Bulgaria increased the ability of the Central Registry, and the Ministry of Justice, to monitor PBOs and increased its role in sharing information with other state agencies regarding PBOs under its supervision.

Increased Focus on Accountability Co-exists with Respect for the Right to Associate

- European Convention on Human Rights protects the right to associate
- European Court of Human Rights has issued leading decisions on the right to associate

Trends: Increasing Transparency in Public Funding of NGOs

- In the new member states, governments have established new public funding mechanisms for NPOs and have developed procedures to govern funding: e.g., a Law on Grants has been introduced in Romania; a Law on Transparency of Public Funding in Hungary.
- France also introduced a series of provisions in 2005 and 2006 to improve governance and reporting requirements of NPOs that receive funding from the central or local governments.
- Another interesting development in this field is the spread of pre-qualification systems introduced primarily in the field of funding international development, under which NPOs who satisfy certain criteria will become eligible for a simplified procedure on administrative checks of the grant applications

Trends: Developing a Practice of Consultation and Inter-sectoral Cooperation

- This trend is slowly developing.
- The European Union promotes consultation widely as a good practice and has developed guidelines for member states to engage in consultation processes.

Findings

- Accountability and transparency can be achieved in a number of ways.
- The success of the initiatives depends to a large extent on the acceptance of NGOs.
- There are national/regional differences between the initiatives.
- Within countries, public and self-regulation initiatives are developing in parallel. (Estonia, UK).

Findings:

- The main trends of public regulation are:
 - **Convergence of standards** on accountability and transparency **at a national level** within countries.
 - **Proportionality**: To require higher accountability standards for organizations that have obtained charitable or public benefit status, as opposed to those which have not.
 - **Expanding the range of** organizations that fall under accountability and transparency regulations.

Recommendations:

- Consider establishing Central Registries: “Centre of Excellence” to promote NGO accountability and transparency, and to serve as an ongoing resource for information and exchange.
- Facilitate ongoing information-sharing, discussion and research:
 - promote different tools,
 - information sharing between stakeholders,
 - promote consultations and cooperation
 - Networking with government officials.
 - Support research in key policy areas.
 - Building capacity of member states.
 - Agree on aspects of policy implementations (general goal, and specific goals.
 - Provide support for NGOs to comply with the regulation (guidelines).Ex. Malta: simpler fundraising requirements for NGOs that follow accountability requirements.
 - Support the development of specific accounting requirements.