Internal Governance and Accountability of CSOs

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When you don’t know what to do, you form a committee.
“Governance”

- Structures & procedures that make policy
  (e.g., board, management, leadership, nomination and voting procedures etc.)

  and/or

- What is included in policy
  (e.g., financial management, fundraising, reporting, communication, planning etc.)
Good NGO Governance

Example of a definition

“A transparent decision-making process in which leadership of a civil society organization, in an effective and accountable way, directs resources and exercises power on the basis of shared values.”

CEE Working Group on NGO Governance
Principles of good NGO governance

- Legitimacy (authorization)
- Transparency
- Accountability
- Participation
- Empowerment
- Credibility
- Effectiveness
BUT HOW TO PUT THEM IN PRACTICE?
Four main governance functions

Mission
Values
Resources
Outreach
Key issues

- Organizational forms & structures
- Leadership & decision-making
- Process of acquiring power in the NGO
- Division of roles and responsibilities
- Conflict of interest issues
- Ensuring proper participation from stakeholders
- Evaluating both process and impact
How can the law help?

Prescribe multiple bodies to govern and manage the organization
Prescribe collective leadership (highest decision-making body)
Minimum requirements for what should be in bylaws
Ensure financial oversight (e.g. supervisory board)
Give general guidance regarding board responsibilities
Require conflict of interest policies
Legal Rules Promoting Good Internal Governance

General Rule: Laws should provide minimum standards for organizational structure and good governance, leaving substantial discretion to the organization to structure its internal governance in the most suitable manner.
Legal Rules Promoting Good Internal Governance

Designation of the Highest Governing Body for each organizational form

Designation of minimum number of members for highest governing body

Rules for organizational decision-making

Rules relating to contents of organization’s statutes
Legal Rules Promoting Good Internal Governance

- Legal provisions regarding content of statutes
  - Name, address, purposes and activities
  - Identification of highest governing body and rules for its selection and perpetuation
  - Powers the highest governing body may delegate
  - Identification and responsibilities of executive officers
- Quorum and voting rules
- Rules for amending statutes
- Rules for dissolution, merger, change of organizational form
- Membership rules
Legal Rules Promoting Good Internal Governance

Rules governing conflicts of interest and self-dealing

- **Conflict of interest**
  - Requirement that individual with a conflict recuse him or herself from decision-making
  - Requirement that organization have procedures for dealing with conflicts of interest
  - Requirement that organization get the benefit of the bargain in any transaction involving a conflict

- **Prohibition on Self-dealing**
Examples of Governance Provisions

Art. 13.1 The highest governing body of an association shall be the Assembly of members which shall consist of all members of the association. All members of the association shall be entitled to participate in meetings of the Assembly.

(Law No. 03/L-134 on NGOs, Kosovo)
Examples of Governance Provisions

Art.13.3 The highest governing body shall have full responsibility for the policies and financial affairs of the organization and shall meet at least twice a year, at which time it shall review and approve the assets, liabilities, income, expenditures, and programs of the organization for the past year as well as the anticipated plans for assets, liabilities, income, expenditures and programs for the upcoming year.

(Law No. 03/L-134 on NGOs, Kosovo)
Examples of Governance Provisions

Ar. 14.1. Any member of a governing body shall not participate in the consideration or decision of any matter in which he or she has a direct or indirect personal or economic interest. A member of a governing body shall be deemed to have an economic interest if he/she or any family member has a direct or indirect economic interest.

(Law No. 03/L-134 on NGOs, Kosovo)
Good governance – if not law, then what?

Self-regulation methods

- Databases
- Codes of conduct
- Certification/accreditation schemes
- Watchdog organisations
- Quality management systems
Dilemmas, challenges

Where is the border of government interference with organizational autonomy?
What to do when existing laws conflict with good governance practices?
How to go about improving governance in a hostile environment?

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Questions for debate:

What do you consider key governance challenges for NGOs today in Egypt?
How can legislation assist in resolving them?
What can NGOs achieve to improve governance practices regardless of legislation?