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NGOS Accountability and Code of Ethics Enforce to Makes Self Regulation

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ABSTRACT

Accountability shows credibility, effectiveness and avoids duplication and achieves greater impact. This article shows the effectiveness of mechanism i.e. self-regulation covers: i) Aspiratinal code of principles/ethics that signatories strive to achieve, ii)s codes of conduct in which more defined standards are set and iii) certification schemes where compliance with clear standards is verified by a third party used by NGOs to achieve greater accountability in operating financial account, defined level of standards and create the legal and regulatory environment within NGOs function etc. it proposes that NGO has a clear policy on accountable to good governance to fulfilling an organization's mission and to maintain its legitimacy, financial management, well reporting and accountability to beneficiaries, who are the reason why NGOs exist? This article also discussed the current practice and internal and external accountability to donors. It states that NGOs and the community develop mechanism ensures NGO accountability to multiple stakeholders. It clears NGOs need to do what stakeholders can expect and hold to account for.

Increasing visibility and increasing criticism, among other factors, have led to growing pressure on NGOs to be more accountable, both from within and outside of the sector. One increasingly prominent means of doing so is self-regulation, but without means of enforcement how effective is this? And how can self-policing codes tilt the balance in accountability procedures away from the powerful (donors and governments) and towards the NGO's beneficiaries – those people on whose behalf an NGO claims to be working and who, after all, provide the rationale for its existence?

The political environment in which NGOs operate has changed irrevocably over the past decade. Good intentions and values used to provide a sufficient basis for NGO legitimacy, but there is now increasing pressure on NGOs to provide evidence that they are having a positive impact and are effectively representing those they claim to support. In recent years, NGOs have gained increasing influence over national and international policy and they are now providing many public services. With growing resources being channelled into the sector, it has become imperative that NGOs, regardless of the sector or country in which they work, are able to demonstrate to whom and for what they are accountable. This article looks at the effectiveness of one increasingly prominent mechanism used by NGOs to achieve greater accountability – self-regulation.

Self-Regulation As An Accountability Mechanism

While some NGOs are addressing the issue of accountability individually, many are also tackling it collectively. Through self-regulation mechanisms such as codes of conduct and certification schemes, a growing number are attempting to develop common norms and standards around to whom and for what they are accountable. Although diverse in form and structure, self-regulation initiatives fall into one of three categories:

- Aspirational codes of principles/ethics that signatories strive to achieve;
- Codes of conduct in which more defined standards are set;
- Certification schemes where compliance with clear standards is verified by a third party.

An inherent weakness of self-regulatory mechanisms is their voluntary nature, though a number of incentives – some more persuasive than others – exist for NGOs to become involved in self-regulation initiatives. Reputation and credibility, for example, play an important role. An NGO could face awkward questions if it fails to sign up to a code that is widely accepted among its peers. Furthermore, in an increasingly diversified NGO market where it is becoming difficult to identify quality, self-regulation is a way of standing out. Perhaps most compellingly, some donors are using membership of a code or certification scheme as a criterion for disbursing funds. Only signatory organizations of the Australian Council for International Development's Code of Conduct, for instance, can apply for Australian Government aid programme funds. In similar cases, governments are also offering the incentive of tax deductions on donations as a way of getting organizations to sign up. In the

Philippines and Pakistan, certification by the Philippine Council for NGO Certification (PCNC) and the Pakistan Centre for Philanthropy's Non-profit Organization (NPO), respectively, are criteria for NGOs being granted tax deductibility for their donations.

Lack of Enforcement Mechanisms

Another key weakness cited in relation to self-regulation initiatives is that they often lack enforcement mechanisms. Once a member of a scheme, it is left to the goodwill and commitment of NGOs to comply. A problem with this approach is that too often organizations underestimate, or give too little thought to, what is needed to comply with the code. Although initiatives such as People in Aid try to get around this by requiring the appointment of an officer responsible for the implementation of the code, the fact remains that without enforcement mechanism compliance may occur only among those most committed to the code. The Red Cross Code of Conduct, for instance, has no mechanisms for verifying whether signatories comply with the code, and no means by which a breach of the code can be reported. This has led the IFRC itself to conclude that 'its contribution to accountability remains weak'.[1] Similar criticisms have also been made of the South African NGO

Coalition's (SANGOCO) Code of Ethics: that it gives no indication of what will happen if an NGO fails to comply, and that there is no evidence of any organization being disciplined to date.[2] However, not all codes of conduct are mere aspirational statements of principle and unenforceable standards. A growing number are starting to build enforcement mechanisms into their structure. These mechanisms take a number of forms. In the case of self-certification, organizations are required to assess their compliance and submit a report, often signed by the Chief Executive (eg the Canadian Council for International Co-operation's (CCIC) Code of Ethics). In some initiatives organizations are also required, if they are not currently meeting standards, to identify and submit work plans for how they will be achieved (eg InterAction's PVO standards). A relatively widespread mechanism is a complaints procedure that allows stakeholders to submit complaints against a signatory if they have evidence that they are not living up to the code's standards (eg the NGO Code of Conduct for Ethiopia). Finally, and most comprehensively, some schemes require third party certification

where organizations are assessed by an independent party (eg Philippine Council for NGO Certification). The table below provides a full list of self-regulation initiatives and their enforcement mechanisms. Clearly the effectiveness of the enforcement mechanisms outlined above will vary greatly. The fact that a code of conduct has a complaints mechanism, for example, does not necessarily mean that stakeholders are aware of it or know how to use it.

Furthermore, in all cases enforcement mechanisms can be effective only if backed up by sanctions, which in most cases means suspension or termination of membership. A commitment to this is crucial for any enforcement mechanism to have teeth. Caveats notwithstanding, there is an increasing acknowledgment from NGOs that merely developing a code of conduct is not sufficient to increase NGO accountability. A supporting institutional structure needs to be in place that ensures the code is enforced. However, even with these structures in place, it is important to ask to whom and for what is self-regulation increasing accountability? The next section will look at how self-regulation is affecting NGO accountability to different groups of stakeholders.

The Complexity Of NGO Accountability

NGO accountability is a complex issue. Organizations need to be accountable to many different sets of stakeholders, which separately and collectively, play an integral part in their operations:

- institutional donors provide funding;
- governments provide legal and regulatory frameworks;
- supporters provide their money and time;
- beneficiaries provide the basis for an organization's purpose and moral legitimacy.

A further complication is that each of these sets of stakeholders has a very different level of leverage and power over an NGO. As a result, the strength and clarity of their different accountability relationships vary greatly. The mechanisms for ensuring accountability between institutional donors and NGOs, for example, are generally strong because of contractual obligations and the dependence of NGOs on donor funds. Similarly, governments create the legal and regulatory environment within which NGOs function, so they too have significant leverage to guarantee accountability. Beneficiaries, on the other hand, despite being the reason why most NGOs exist, generally lack the power to make demands of them. Few organizations have institutionalized means for beneficiaries to make their opinions felt, and as a result the accountability relationship with them is often weak. Effectively balancing the needs of these different stakeholders is the crux of being accountable. The problem for most self-regulation initiatives is that the standards they set are not strengthening and clarifying the relationships with these different sets of stakeholders equally.

How Self-Regulation Influence Different Accountability Relationships

A cursory analysis of the 35 codes of conduct and certification schemes listed below reveals that one particular way of looking at accountability dominates many NGO self-regulation systems. It is defined primarily in terms of setting standards for internal governance, administration and financial management systems so as to ensure compliance with reporting requirements, laws and regulations. This bias is primarily a product of the forces driving the accountability debate within the sector. The majority of NGOs are grappling

with their accountability in reaction to external threats and bad publicity. Consequently, they are establishing codes of conduct largely out of fear that questions about their accountability will damage their image, scupper their fundraising efforts, reduce levels of public trust and/or lead to more intrusive government regulation. The majority of self-regulation initiatives are therefore centred on setting standards that address the needs of, and clarify and strengthen accountability to, those stakeholders that have the ability to affect them the most – governments, donors and the general public. Beneficiaries, as relatively powerless stakeholders, do not exert the same pressure and thus often fail to receive the same level of attention.

Strengthening Downward Accountability

While setting standards on good internal governance, financial management and reporting is important, it is crucial that the accountability promoted through self-regulation systems is not hijacked by a narrow technical understanding of the term. NGO accountability must also be about clarifying and strengthening downward accountability to beneficiaries, who, after all, are the reason why most NGOs exist. Achieving accountability to beneficiaries is thus crucial both to fulfilling an organization's mission and to maintaining its legitimacy. For this reason the issue of beneficiary accountability needs to have a more central position in the standards set through self-regulation initiatives. While in a number of codes beneficiary accountability is not even mentioned, in those where it is, it is often expressed in rather vague terms.

Role of NGO Code of Conduct Towards Accountability

The code of ethics OR NGO code of conduct notes that NGOs need to 'be accountable for their actions and decisions, not only to donors and governments but also to project beneficiaries...' while signatories need to be 'accountable to various publics and stakeholders'. This vagueness makes implementation and enforcement difficult, and contrasts with the level of detail relating to financial management, reporting and public disclosure, for example With regard to standards of public access, it states that NGOs 'should provide members of the public who express an interest in the affairs of the organization with a meaningful opportunity to communicate with an appropriate representative of the organization' while for financial accountability it states: 'Internal financial statements should be prepared at least quarterly, should be provided to the board of directors, and should identify and explain any material variation between actual and budgeted revenues and expenses.' In both cases a detailed description of the standards expected of NGOs is provided. It is clear what the organization needs to do and what stakeholders can expect and hold NGOs to account for.

Some self-regulation initiatives do address this concern, and provide a more detailed description of what increased downward accountability should mean in practice.

For example, the NGO Code of Conduct for Ethiopia, Sphere, and the NGO Code of Conduct for Afghanistan all state that beneficiary accountability means beneficiary involvement at all stages of a decision-making process, from design to implementation to evaluation. Other codes such as the Nigerian Code of Conduct and HAP-I go even further, identifying the need for greater transparency to beneficiaries and the importance of having complaints mechanisms through which concerns can be raised and addressed. The Pakistan NGO Forum Code of Conduct even goes so far as to commit NGOs to communicate financial

information in a way that is accessible and intelligible to beneficiaries. In all of these examples, NGOs are moving beyond notional reference for the need to be accountable to beneficiaries and starting to unpack what beneficiary accountability should look like.

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