

Benefits and Challenges of Self-Regulation for CSOs

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Self-Regulation for CSOs Defined

- Self-regulation is when civil society organizations (CSOs) institute their own regulatory mechanisms and are developed by two or more organizations in the sector. (1)
- It is a means through which CSOs set standards of conduct and/or performance that an organization must meet and practice to demonstrate legitimacy, effectiveness and responsible stewardship of resources under its care.

1(David Kode and Adele Poskitt, Webinar Report: LTA Issues of NAs, August 24, 2011)

Self-Regulation for CSOs

- Some tools used include formal and informal forms: codes of conduct, third party certification schemes, peer/self-assessment tools, working groups or information services. (2)(3)(4)

2 (Webinar Report: LTA Issues of NAs written by David Kode and Adele Poskitt, August 24, 2011)

3 ("Do NGO self-regulation Mechanisms Work?", reported by Laura Lopez Gonzales, Julie Chalifour, Civicus World Assembly 2011 Workshop Report)

4 (Songco, Danilo, The Evolution of NGO Accountability Practices and their Implication on Philippine NGOs, A literature review and options paper for the Philippine Council for NGO Certification)

Benefits of Self-Regulation

- It raises standards across the sector and helps attract funding; donors find this form of regulation attractive; it increases transparency and accountability;
- It helps in building public trust (externally and within the sector between organizations) and defines a clear set of principles and stakeholders;
- It helps weed out 'bad apples' and protects the sector from those with other interests;

(Webinar Report: LTA Issues of NAs written by David Kode and Adele Poskitt, August 24, 2011)
("Do CSO Self-Regulation Mechanism Work?" report written by Adele Poskitt, World Assembly Workshop: Montreal, 10 September 2011)

Benefits of Self-Regulation

- It enables the sector to share good practice and learn from each other
- It pre-empts government regulation and enables CSOs to take responsibility for their actions; helps prevent more draconian forms of regulation from outside the sector.

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Challenges of Self-Regulation

- Attracting members to this form of regulation can be challenging, “what is in it for them?”
- Building capacity for members is also a challenge
- Coming up with standards for different types of organizations (big vs. small, old vs. new, etc)

Challenges of Self-Regulation

- A set of minimum accounting standards for NPOs needed; measures of performance and accountability indicators difficult to establish
 - Avoiding exclusivity (big organizations)
 - Bringing the beneficiaries into the equation
 - Competition for funds, attention and projects can make joint initiatives challenging

Challenges of Self-Regulation

- PCNC's standards and indicators are said to be basics of "good housekeeping", many NPOs find them rigid and they shy away from applying for certification (especially for those that do not need "Donee institution status"); the cost of certification not affordable to small NGOs and difficulty in preparing the requirements;

Challenges of Self-Regulation

- Most NPOs are too engrossed in the delivery of programs and services that they are not conscious of the need to:
 - (a) systematize their operations, monitor and evaluate implementation, put financial management systems and controls and financial sustainability strategies and mechanisms in place

Challenges of Self-Regulation

- (b) comply with registration/accreditation and reportorial requirements of government agencies (SEC, BIR, LGUs, line agencies) under whose purview their existence and operations fall (*to establish their legitimacy as non-stock, non-profit organizations*)
- Shifting from culture of secrecy to transparency and sharing of information
- Weak board governance

Recommendations

- Attracting members: certification awards, access to training and funding, recognition for excellence
- Building capacity: providing tools, training and peer support especially for small non-stock, non-profit organizations; coaching/mentoring, financial management clinics
- Resources: membership fees or external funding

Recommendations

- Ensuring Standards: compliance mechanisms, monitoring and sanctions
- Keeping members: be appropriate to members' needs and context
- Advocacy for good housekeeping; self-regulation to start from the organization; audit committee; Board understands and fulfills its financial responsibilities; PCNC certification required to access funding (PEF)

Recommendations

- Public Accountability System as complaints and grievance mechanism available to their CSOs ;
- Efforts to make small organizations aware of the minimum standards of accountability to enable them to perform their work effectively and sustainably.
- Harmonization of regulatory systems to avoid duplication.

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THANK YOU!
