



CIVICUS

Accountability for Civil Society by Civil Society: A Guide to Self-Regulation Initiatives

INTRODUCTION

For more than three decades now, the number of civil society organisations (non-governmental organisations, local community-based organisations, trade unions, community foundations, civil society platforms, umbrellas and networks bodies) has been increasing dramatically all around the world and at different levels (global, national and local). As their numbers have soared, their roles, responsibilities and activities have continued to increase and their position within their community, society or sector has continued to evolve. The work of civil society spans a wide range of issues in societies; from service delivery to supplement the work of government agencies, to advocacy and raising awareness activities about human rights violations, environmental or trade concerns; to development and aid programmes and emergency responses to natural and human induced disasters. Recently civil society organisations (CSOs) have been acknowledged by the international community as development actors in their own right¹.

While their roles and functions have been evolving, CSOs have also come under increased scrutiny from governments, the private sector, media, the general public and civil society itself. As CSOs often assert that they speak on behalf of minority voices, regularly demand greater accountability from other sectors and manage increasing volumes of public funds, CSOs are being asked to improve their practices internally, among themselves and in their relations with other stakeholders. There have been repeated calls for higher professional standards within the civil society sector, greater information disclosure, increased financial transparency and greater cooperation between CSOs themselves. In recent years, following financial crises, declining donors' resources and new restrictions on civil society space², the focus on value for money pushes CSOs to even more so demonstrate their good use of tax payers' money while managing to be more effective, closer to their constituencies and beneficiaries, and constantly proving their relevance.

In reaction, CSOs have also been working for decades on developing their own initiatives to address these demands, as they understood the importance of finding effective ways of regulating themselves and balancing their rights with their responsibilities. As a result, the three part concept of *legitimacy, transparency and accountability* emerged. The **legitimacy** of a civil society organisation can be defined as the perception by other stakeholders of a CSO's actions as being "justifiable and appropriate."³ Legitimacy needs to be distinguished from 'representativeness,' as an organisation can be deemed legitimate enough to speak about an issue without necessarily being elected or appointed as a representative. **Transparency** refers to the level of openness and the disclosure and dissemination of information concerning a CSO's values, processes and procedures⁴. **Accountability** means the CSO's willingness and its ability to answer and take responsibility for its actions, activities and messages. It also indicates the justification for each of the CSO's activities

¹ Para 20, the Accra Agenda for Action, OECD, 2008. The full text is available at <http://www.oecd.org/dac/effectiveness/34428351.pdf>

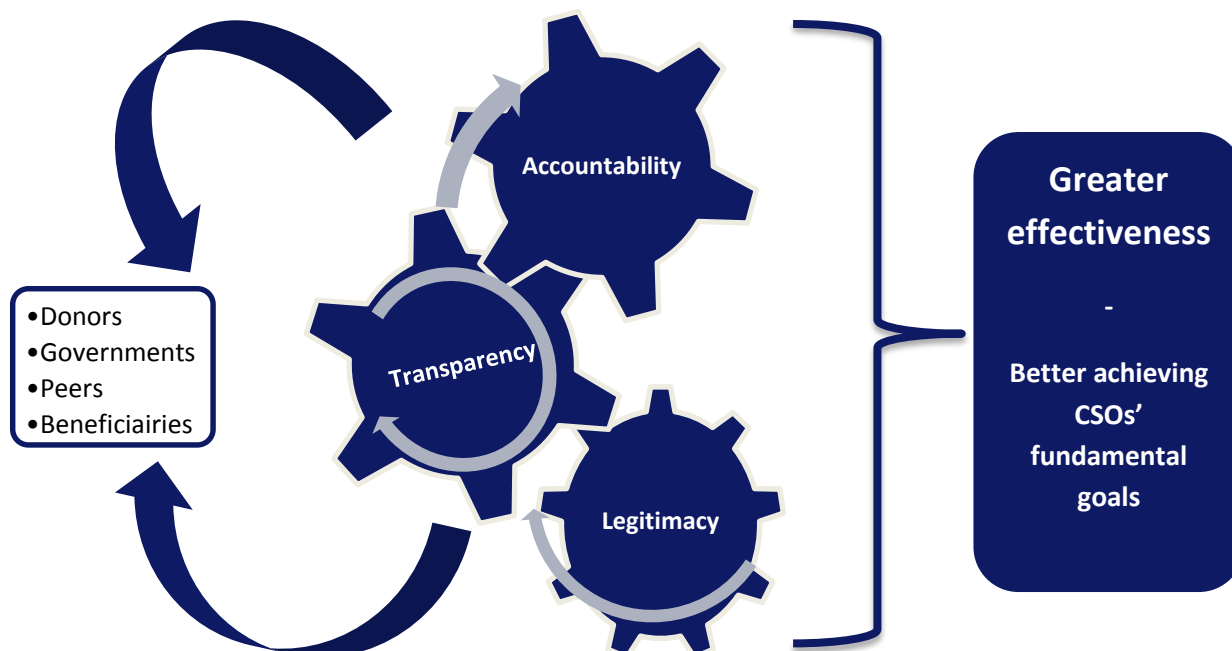
² Restrictions on civil society space have been increasing in the last decade, particularly regarding the access to foreign funding. This has been documented by CIVICUS in various reports including CIVICUS, *State of Civil Society Report 2013: Creating an Enabling Environment*, 2013, 300 p. and CIVICUS, *The 2013 Enabling Environment Index report*, 2013, 32 p.

³ David L. Brown, Jagadananda, "Civil Society Legitimacy and Accountability: Issues and Challenges", Scoping Paper, Hauser Center and CIVICUS, 2007, 43 p.

⁴ Kumi Naidoo, "The End of Blind Faith? Civil Society and the Challenge of Accountability, Legitimacy and Transparency", *Accountability Forum 2*, 2004, p.14-25; CIVICUS, *Turning Principles into Practice – A guide to Legitimacy, transparency and Accountability*, 2010, 44 p.

and communications to all stakeholders. Four levels of CSO accountability have been defined, each one based on the different stakeholders a CSO must be accountable to: upward to donors and regulators, downward to beneficiaries, outward to peers, members and partners and inward accountability to staff, board and volunteers⁵.

[Box 1] Accountability as an on-going learning process



Accountability should be seen as a long term and on-going learning process through which CSOs not only seek to improve their stakeholders' trust but also as a way for CSOs to achieve their overarching goals and mission. Be it the struggle against poverty or authoritarian regimes, social change or environmental questions, all CSOs should embark on this process in order to improve their working practices and thereby increase their impact.

What are self-regulation initiatives?

The three concepts of legitimacy, transparency and accountability (LTA) are very much intertwined. A CSO's legitimacy requires accountability in its processes and decisions and transparency in its actions and promises. There are many ways CSOs can act on this concept, for example by electing a board to guide its missions and review its performance, adopting a core vision, values and missions, or by publishing annual reports⁶. At the sectoral level, these efforts towards greater legitimacy, transparency and accountability have led to the creation and development of **self-regulation initiatives**.

As defined by One World Trust⁷, a self-regulation initiative is a scheme promoting a set of values developed by civil society⁸ for civil society. A self-regulation initiative can be developed by one organisation but more often it will be done by a network of CSOs in order to create joint standards.

⁵ Ibid.

⁶ Ibid.

⁷ Shana Warren, Robert Lloyd, "Civil Society Self-Regulation, The Global Picture," Briefing Paper 119, One World Trust, 2009, p. 2-17

⁸ There are some examples of self-regulation initiatives which haven't been developed by civil society though, and this is mostly the case for awards, often established by other stakeholders such as media.

Self-regulation initiatives are intended to influence the governance, behaviours and practices of participating organisations and are to be applied consistently⁹. Most initiatives are voluntary in nature, but they can sometimes be linked to a government's regulation or tax benefit scheme. Self-regulation initiatives may also be devised for all of civil society, a network of CSOs, a specific sub-sector, or be restricted to the participation of a selected group (usually members of a national platform). In that regard, self-regulation can be seen as an exercise of self-definition for the civil society sector as CSOs are developing their own standards rather than having them imposed by governments or donors.

One World Trust has established a database of self-regulation initiatives between 2009 and 2012 and found more than 300 schemes worldwide. This guide will follow the classification used in this database¹⁰; 5 different modalities of self-regulation are defined:

- **Working groups** refer to a collective of CSOs which organise themselves to discuss their own transparency and accountability, share best practices and direct new initiatives.
- **Information services** are initiatives which require the participating organisations to publish a specific set of required data that is relevant to accountability and transparency. It may also serve as a directory of CSOs.
- **Awards**, which are given in recognition of achievement in transparency and accountability practices through a competitive process. They often aim at rewarding excellence, innovations or good practice.
- **Codes of conduct or ethics** are a set of standards which is defined and agreed on by a group of CSOs as a guide to their behaviour and practices. A code usually attempts to regulate various aspects of CSOs' operations including governance, accountability, fundraising, etc.
- **Certification or accreditation schemes**, which will evaluate an organisation's governance, programmes and practices against a set of standards and norms defined and established by a group of organisations. After proving adherence to these standards the organisation receives a seal of certification or accreditation.

For all 5 categories, the question of **compliance** to the principles and standards of participating organisations is crucial. In the case of awards, information services and certification schemes, compliance to standards will be initially appraised prior to the organisation joining the scheme. Such an assessment will be done either by the applicant itself (*self-assessment*), by another member of the scheme (*peer-assessment*) or by a *third party*. Compliance can also be assessed subsequently when signing a code of conduct, getting a seal of certification or being accepted as part of an information service. In those cases, the compliance mechanisms can include a *complaints mechanism* and several requirements such as the submission of annual reports. Lastly, compliance mechanisms can be linked to **sanctions mechanisms**, which can range from recommendations, financial penalties to the expulsion of the organisation.

⁹ Kernagan Webb, "Chapter 1: Understanding the Voluntary Codes Phenomenon", *Voluntary Codes: Private Governance, the Public Interest and Innovation*, 2004, p. 3-32

¹⁰ The One World Trust classification of civil society self-regulatory initiatives can be accessed at: http://www.oneworldtrust.org/csoproject/cso/general/how_initiatives_are_assessed

[Box 2] Guiding principles for a self-regulation initiative

CIVICUS is the secretariat of the Affinity Group of National Associations (AGNA), a network of national organisations and umbrella bodies, which among other activities advises CIVICUS on its Legitimacy, Transparency and Accountability programme. On self-regulation initiatives specifically, AGNA members has developed 10 key principles to guide the development of a strong, credible and sustainable self-regulation scheme:

1. Establishing the self-regulation initiative must be a civil society-led process.
2. Motivation and commitment of members are crucial.
3. All stakeholders must be involved in the process from the beginning.
4. A flexible self-regulation initiative will attract a diverse group of organisations, irrespective of size, focus and type.
5. Diversified resources are a prerequisite for sustainability of a self-regulation initiative.
6. Using Information and Communication Technologies (ICT) can increase participation of stakeholders.
7. Working in networks facilitates and encourages the implementation of self-regulation mechanisms, mutual learning and problem solving.
8. Members must seek to provide high quality and accurate information during reporting to benefit from learning and recommendations.
9. A compliance system is needed for monitoring and enforcement of a self-regulation initiative.
10. A peer review mechanism can provide credible information about the implementation of the framework.

SECTION 2 - CHOOSING A MODALITY OF SELF-REGULATION

Once organisations or networks have analysed their internal and external context they can begin the two-step process of choosing between the different modalities of self-regulation initiatives.

The first step is to distinguish and establish the **principles and standards** of a self-regulation initiative. This step explores recommendations on how to develop both principles and standards that will guide a self-regulation initiative's conduct and outline the basis for understanding accountability among its members.

The second step is to determine which **modality of self-regulation** best suits the internal and external context of an initiative and will determine the adherence to and application of its principles and standards. This step details those different modalities through a series of case studies, highlighting good practices and lessons learnt.

With this expertise and such examples, this section aims at equipping organisations or networks to undertake the process of choosing themselves the most adequate and appropriate self-regulation initiative for their context, their own organisation and participating organisations.

Step 1: Establishing a self-regulation initiative's principles and standards

The principles and standards of a self-regulation initiative create the moral structure that will help identify the requirements participant organisations will have to fulfil to be more transparent and accountable. Self-regulation initiatives require both principles and standards to ensure that they conduct their activities in an accountable manner. While principles and standards are highly related, to be properly understood they must be distinguished from each other.

Principles – Core Values

Principles are the core values that will guide a self-regulation initiative. They establish the fundamental foundation for desirable and positive CSO's behaviours and decision-making processes. Agreeing on general principles will typically be easier than creating more specific standards. In the context of a self-regulation initiative, transparency and accountability will be key principles but others may include the participation of key stakeholders, quality management, commitment to civil society values and social change, etc.¹¹. Internationally, a number of initiatives have defined key principles for CSOs' behaviour and ethics, which national organisations seeking to improve their transparency and accountability could consider adapting to their own context. One good example of such international principles developed by civil society organisations for civil society organisations are the Istanbul Principles for CSO Development Effectiveness (see the box below).

Standards – Norms and measures

Standards are specific norms or models which serve as guidelines to attain a set of principles and a means to measure how well they are being accomplished. They can be considered as the actual actions which need to be undertaken to fulfil the principles of accountability and transparency.

¹¹ For example see One World Trust research and Global Accountability Report (GAR)'s dimensions: participation, evaluation, transparency and feedback mechanisms. Further information is available at <http://www.oneworldtrust.org/globalaccountability/gar>.

Standards are very often introduced through a breakdown of key dimensions that need to be addressed. Typically standards will address three main domains: the CSOs' financial practices, its programmatic work and its governance.

Financial standards will seek to increase the level of transparency in how funds are managed and used by CSOs. Basic standards may include:

- having a bank account;
- annual financial reporting;
- regular audits;
- having proper financial controls in place;
- using proper accounting standards;
- having a budget system in place.

Programmatic standards will address how programmes are planned and implemented according to the guiding principles. Basic standards may include:

- having a programmatic plan;
- documenting the organisation's work;
- having monitoring and evaluation systems;
- including different stakeholders (particularly beneficiaries) in the development and implementation of the programmatic work;
- applying the organisation's own principles in its day-to-day work (such as respecting the environment, gender equity and fulfilling human rights obligations).

Governance standards will regulate how organisations are run in order to meet the established principles. Basic standards may include:

- being legally registered;
- having a constitution;
- publication of the organisation's vision, mission and values;
- publication of the organisation's address and contact information;
- having a board;
- having responsible policies for governing how board members are selected;
- having systems to avoid conflicts of interest;
- responsible recruitment policies for both staff and volunteers;
- ensuring there are annual reports.

Recommendations for developing a self-regulation initiative's standards

1) Tiered Standards - Considering several levels or a tiered system to standards

While there should be a single set of principles, it can be useful to have different levels of standards. Distinguishing standards amongst different levels will give participating organisations time to adjust and implement standards at their own pace, so that they are not overwhelmed by trying to adhere to an entire set of standards with possibly inadequate capacity. For instance, there can be a tiered system of standards with a first level for core minimum standards and a second one with desirable standards that CSOs can work towards.

A tiered system can more specifically target different types of organisations based on relevant criteria within the internal context (CSOs' size in terms of budget, volunteer and paid staff, elected board or not, etc.). This will allow the self-regulation initiative to better target and outreach to a wider range of CSOs; both smaller and bigger organisations with different capacities, levels of knowledge and practices regarding transparency and accountability.

2) Scope – Tailoring the standards to fit CSOs' challenges

Standards need not be exhaustive but instead should focus on key issues and challenges that participating organisations face. The size, purpose and context of a self-regulation initiative and its leading organisations will have to determine the scope of its standards. The scope should be designed to most adequately respond to stakeholders concerns, and be tailored to the characteristics of other peers and civil society. Also link the scope of the standards to the context so that the standards are relevant to the key challenges. For example, if there has been criticism of CSOs in the past, develop standards that address such incidents (e.g. corruption cases, gender representation, money spent on travel, etc.).

3) Terminology – Using clear, concise and accessible vocabulary for each standard

Standards should be phrased carefully so that they are easily understood and accessible to a wide range of stakeholders. It is more important for the standards to be communicated clearly, in simple language and with clear concepts, than to have a longer or more comprehensive list of standards. Rather than have a large block of text for each standard, distil the standards into a clear and simple idea. Further explanation of each standard can be given below the standard. Avoid using jargon or technical language. All stakeholders, regardless of their level of knowledge about civil society, should be able to read and understand the standards.

4) Presentation – Communicating clearly about the standards

Communicating standards involves having them stated clearly in an accessible document. Standards will be most successful when they are presented in a clear, organised and user-friendly format. The presentation should reflect the phrasing of the standards by having clearly organised sections that distinguish between levels of standards. The language used should be as simple and accurate as possible. Finally, strive to have an aesthetically pleasing document that is enjoyable to read. The presentation of standards is the first exposure stakeholders, peers and participating organisations will have to the entire self-regulation initiative.

Step 2: Selecting a modality of self-regulation initiative

There are many forms of self-regulation initiatives. Selecting the appropriate one means first considering the internal and external context in which it will be developed, and then how it will enable the initiative's participants to fulfil the principles and standards of the self-regulation initiative. The following section presents the most common modalities of self-regulation initiatives¹², introducing basic information for each and providing case studies from CIVICUS' research conducted on different self-regulation initiatives from around the world¹³.

The modalities examined and their subsequent variations are listed following their level of formality:

- Working Group (p.11)
- Information Service (p.13)
- Award (p.14)
- Code of Conduct (p.16)
 - Code of Conduct with Compliance Mechanisms (p.18)
 - Code of Conduct with Sanction Mechanisms (p.20)
- Certification Scheme (p.21)
 - Certification Scheme with Self- Assessment (p.22)
 - Certification Scheme with Peer Assessment (p.23)
 - Certification Scheme with Third Party Accreditation (p.24)
 - Certification Scheme with Compliance and Sanctions Mechanisms (p.25)

For each type of self-regulation initiative, this guide provides a definition, explains how it works, highlights the resources needed to undertake such a scheme and explores the pros and cons of each modality. Specific case studies are also provided for each with attention to the context, best practices and lessons learnt. It is important to keep in mind that each case study is analysed in the context in which it has been developed.

We recommend looking at the modalities which suit best the resources and capabilities at the disposal of an organisation and its internal and external context, as explained in the section 1. Table 2 'Initial considerations when choosing between different modalities of self-regulation' exemplifies the resources needed for each variation of self-regulation and it compares initial considerations needed when undertaking a self-regulation initiative and its potential sustainability. This table can be useful to choose a modality and then consult the relevant section for a more detailed analysis. At the end of this section, table 3 'Comparing outcomes from the modalities of self-regulation' briefly compares the outcomes of different self-regulation modalities in terms of improved CSOs' effectiveness and increased credibility.

¹² As per the classification done by One World Trust in their database of civil society self-regulatory initiatives available at http://www.oneworldtrust.org/csoproject/cso/general/how_initiatives_are_assessed.

¹³ A total of 22 interviewed were realised in 2013. For more information on each of those self-regulation initiatives, consult the list of interviews page 77 and also CIVICUS' website for the full case studies.

An introduction to international self-regulation initiatives is also included because although they don't suit all civil society organisations, international initiatives have developed useful resources for self-regulation and accountability.

Table 1: Initial considerations when choosing between different modalities of self-regulation

The table below compares the initial considerations needed to undertake a self-regulation initiative and the initiative’s potential sustainability. Reviewing this table can guide CSOs or networks of organisations in choosing what modality of self-regulation to pursue based on what they can afford to input into a self-regulation initiative. However, keep in mind that context is more influential than the components of any given self-regulation initiative.

Resources and capabilities Modality of SRI	Short term			Long term
	Efforts for implementation*	Human and financial resources required	Time needed for design and implementation	Potential sustainability
<u>Working Group</u>	Low	Medium	Long	Low to Medium
<u>Information Service</u>	High	Medium to High	Medium	High
<u>Award</u>	Low to Medium	Medium to Low	Short to Medium	Medium
<u>Code of Conduct</u>	Low to Medium	Low	Long	High
[Add on:]** <u>Compliance Mechanisms</u>	Medium	Medium	Long	Medium to Low
[Add on:]** <u>Sanction Mechanisms</u>	Low	Low	Short to Medium	High
<u>Certification Scheme</u>	Medium to High	High	Long	Medium
<u>With Self-Assessment</u>	Medium	Medium	Long	Medium to High
<u>With Peer Assessment</u>	High	Medium to High	Long	Low to Medium
<u>With Third Party Accreditation</u>	Medium to High	High	Long	Medium to High
[Add on:]** <u>Compliance Mechanisms</u>	Low	Low	Short to Medium	High

* The efforts for implementation refer to different elements and the level of work needed to organise a self-regulation initiative, such as the existence of internal expertise or partnerships on self-regulation, the need for promotional tools for the initiative and their existence, if specific documentation is needed, etc. It seeks to describe the complexity of the mechanisms and processes needed to start and implement such an initiative.

** These options that self-regulation initiatives can choose to add to the initial schemes are analysed in this table from the point of view of resources and capabilities needed to implement them once the initiative is already in place and operational.

Working Group

Definition: A working group refers to a collective of CSOs which organise themselves to discuss their own transparency and accountability, share best practices and direct new initiatives.

How it works: Working groups are typically less formalised than other self-regulation initiatives. Essentially, they are a set number of individuals or organisations who meet on a regular basis to work together on toolkits, guides or standards and who might have received funding for that purpose. Less formal compositions would be a loose network of individuals or organisations that are discussing transparency and accountability standards and means of promoting those standards but without meeting regularly or being required to produce a specified output. Working groups may also undertake capacity-building activities through workshops and trainings for their members or non-members. Some working groups may also develop a plan of actions to improve the legitimacy, transparency and accountability of its members and then act as a monitoring body to ensure progress is made along the plan of actions.

Pros and cons

For participating in this type of self-regulation initiative

Pros:

- A working group can help building better relationships between peers on a common and shared challenge and preoccupation.
- It will allow its members to share best practices, knowledge, challenges and resources.
- It can offer a better internal buy-in for organisations than other self-regulation initiatives because its structure is more flexible and accessible.

Cons:

- A working group is a slow and difficult process and does not easily lead to tangible results.
- The credibility of participating organisations may not be improved substantially and in fact, the slow process could even be perceived negatively by other stakeholders.

For initiating this type of self-regulation initiative

Pros:

- The flexible and loose structure is not constricting and may attract many organisations to participate.
- For umbrella bodies or national platforms, a working group can also be a good way to improve coordination and cooperation within the civil society sector or among their membership.

Cons:

- Funding may be difficult to secure for such a loose scheme, and it would therefore require voluntary contributions from its participants (even if in terms of their time).
- It may be difficult to achieve consensus among participants, and coordinating a working group with very diverse organisations represented may be challenging.
- Externally, a working group and its initiator can be perceived negatively by other stakeholders, especially if it doesn't lead to any tangible results.

Resources needed

A working group does not require intensive resources but funding can in fact be difficult to secure for such a slow and loose scheme. Working groups often rely on voluntary contributions and volunteers to undertake the necessary work.

Information Service

Definition: An information service is a scheme which requires the participating organisations to publish a specific set of required data that is relevant to accountability and transparency. It may also serve as a directory of CSOs.

How it works: Typically there is one single organisation acting as a lead and coordinator of the information service. This organisation determines the initiative's standards, the data to be disclosed and the level of disclosure asked of the participating organisations. Information services are usually hosted on one website and made publicly available. Their target audience is often the general public. They may also organise a rating system based on the amount and quality of information disclosed. A rating system can be seen as a compliance mechanism in the sense that it signifies to the public which members are complying with different levels of requirements and it can motivate organisations to meet higher transparency criteria. Information services can also be innovatively linked to donation schemes.

Pros and cons

For participating in this type of self-regulation initiative

Pros:

- An information service can improve an organisation's visibility to the general public.
- It can clarify and demonstrate for an organisation which data is relevant to its own accountability and what data should be made transparent.
- It can be linked to an individual donation scheme via an online platform.

Cons:

- Gathering and processing all the data can be time intensive.
- If the information service is not well promoted and well-known, it might limit dramatically the benefit in participating in such a scheme.
- An information service requires good internet connectivity for ease of submitting and updating data.

For initiating this type of self-regulation initiative

Pros:

- An information service is an innovative tool to promote transparency towards a wide range of stakeholders and it can also be useful for capacity-building on transparency practices.
- It will gather a great amount of data, available for subsequent research on the state of civil society in one country.
- It can potentially have a relatively high impact on both the effectiveness of CSOs' practices and the general perception of civil society's legitimacy compared to the resources necessary to implement and run such a scheme (when compared with other type of self-regulation initiatives).

Cons:

- An information service is resources intensive (especially in its initial set-up) as it needs to compile, organise and submit the collected data online in an accessible and user-friendly way.
- It may be difficult to treat and organise the collected data consistently and accurately, particularly if the participating organisations come from a variety of backgrounds or fields.
- An information service requires good internet connectivity in the country for all organisations and stakeholders to enter or access the information.

Resources needed

The initial stage of setting up an information service adequately requires significant resources in terms of human resources and ICT in both the participating and leading organisations. But keeping the information service up and running requires less overall resources.

Award

Definition: Awards are given in recognition of achievement in transparency and accountability practices through a competitive process. They often aim at rewarding excellence, innovations or good practice.

How it works: Awards entail an open or close call for participants, through which organisations either apply or are nominated. Participating organisations are then evaluated by an independent jury against a set of defined criteria, which for a self-regulation initiative will focus mainly on transparent financial management, information disclosure and innovative practices in accountability. Awards can be organised in different categories based on the size and budget of the participating organisations. They are typically granted annually by organisations which are involved in the civil society sector, but which are not necessarily CSOs themselves. Judges may include multiple stakeholders such as representatives from the CSO sector, the public, academia, media and private sector. Most awards do not publicise participants who do not pass the award criteria but actively promote their awardees. The prizes may be composed of a combination of the following: financial gifts, capacity-building packages, membership in relevant umbrella organisations, and public promotion.

Pros and cons

For participating in this type of self-regulation initiatives

Pros:

- An award scheme often entails publicity that can be used to promote one organisation's commitment to transparency and accountability.
- Participating organisations usually benefit from a free assessment and should therefore seek to get the detailed results of their evaluation.

Cons:

- Award publicity is not guaranteed and depends greatly on the organisers' own image.
- Participating in an award scheme may potentially damage an organisation's credibility if it does not pass the award criteria and this is publicised.

For initiating this type of self-regulation initiatives

Pros:

- Granting awards demonstrates an expertise and a commitment to CSO legitimacy, transparency and accountability.
- An award scheme can be a way of engaging multiple stakeholders on accountability and transparency values including other CSOs, the public, academia, media and the private sector.
- The human resources necessary to run the scheme can be leveraged through the intensity of the judging criteria.
- An award scheme has the potential to reach smaller CSOs.

Cons:

- An awards scheme requires a sustainable source of funding for both the implementation and the actual granting of the prizes.
- Not all CSOs are in the position to start and run an effective awards scheme, as it needs strong financial and human resources, and a good knowledge and reputation in the sector and beyond.
- Based on the resources available, a limitation on the number of participants may have to be considered.

Resources needed

It may take up to a year to start an awards scheme depending on how long securing the funding takes and what expertise is readily available for the design and implementation of the awards. The human resources necessary during the evaluation phase can be substantial depending on how many organisations participate annually, which types of organisations participate, and the accessibility of their information.

Code of Conduct

Definition: A code of conduct or ethics is a set of standards which is defined and agreed on by a group of CSOs as a guide to their behaviour and practices. A code usually attempts to regulate various aspects of CSOs' operations including governance, accountability, fundraising, etc.

How it works: Codes of conduct typically begin with consultations among CSOs on the principles and the set of standards on transparency and accountability they wish to follow. Their agreement on the standards will be formalised through the signature of a code or a charter. A code of conduct is often developed by a national platform or a CSO umbrella body for itself and its members—sometimes it can be mandatory to sign the code to be part of this national network. The Code of Conduct can be sector wide or may target a specific segment of civil society, such as foundations or humanitarian organisations. A code's structure and organisation can vary greatly from being a loose charter of principles to a much more formalised scheme. For instance, codes may include compliance systems through the submission and review of participants' annual reports, complaints procedures or sanctions mechanisms.

Pros and cons

For participating in this type of self-regulation initiative

Pros:

- A code can be the basis of more understanding and greater cooperation with the other signatories.
- It can work as a positive sign to external stakeholders that the organisation and its peers are committed to transparency and accountability standards.
- A code of conduct will be usually more flexible to the needs and challenges of the participating organisations because it is developed in consultation with peers or members, and its structure can be more or less formalised.

Cons:

- Organisations compliant with the code can be unfairly associated with other organisations that do not have the same level of compliance. If the code has no compliance mechanism, it can be seen as insufficient to really serve its purpose.

For initiating this type of self-regulation initiative

Pros:

- It will be typically not financially intensive to organise and maintain a code of conduct.
- A code can serve as the constitution, values and vision for a national network of CSOs and its umbrella body.
- Codes can help reinforce good practices and increase the level of integration within the civil society sector or among members of a network.

Cons:

- There is the possibility of free riders who are not compelled to comply with the code of conduct and their presence may discredit the network, the code in itself and the organisation leading it.
- It can be time intensive and challenging for the umbrella body or the leading organisation to set up and ensure the code of conduct remains relevant.

Resources needed

A code of conduct will require more time and human resources than financial resources to both establish and run it. It can take up to two years to set up such a scheme.

Code of Conduct with Compliance Mechanisms

Definition: A code of conduct with a compliance systems means that some mechanisms have been designed to check if a participating organisation is sufficiently following the code's standards in its governance, operations and programmes.

How it works: A compliance system can take different formats; either it will be a review of the compliance to the code conducted through a self-assessment, externally by peers or a third party, or it will be monitored through a complaints mechanism. The self, peer or third party assessment will usually lead to the compilation of a report done through desk-based research and/or interviews on a periodic basis. These reports will evaluate how well an organisation is applying the principles and standards of the code, and they can also list recommendations for improvement. Compliance reports are often made public. A complaints procedure is a mechanism made available yearlong and for all stakeholders (for whenever they feel an organisation is breaching the code). Such a mechanism usually entails an investigation into the complaint by the Code's lead organisation. All forms of compliance mechanisms are usually more effective when they are well publicised and promoted.

Pros and cons

For participating in this type of self-regulation initiative

Pros:

- A compliance mechanism necessitates a better adherence to the code of conduct, which will enhance further and better transparency and accountability practices in the organisations.
- A code of conduct with a compliance mechanism may improve the credibility of participating organisations because it will be perceived by external stakeholders as a more formal and rigorous self-regulation scheme.

Cons:

- Undertaking the assessment and responding to complaints can be resource intensive in terms of time and staff inputs. This is particularly true when the assessments are to be done frequently and very exhaustively, or when the complaints are not necessarily relevant or applicable.
- If not properly addressed, issues raised through the compliance mechanisms may have a negative impact on an organisation's credibility and image.

For initiating this type of self-regulation initiative

Pros:

- Such mechanisms will commonly improve the compliance and adherence to the code among the code signatories.
- Compliance mechanisms will usually improve the credibility and standing of both the code of conduct signatories and the CSOs' network or group involved.
- Compliance mechanisms can also be a good way to learn what are the difficulties and challenges which are faced by the participating organisations. They may also be useful in gathering best practices on the code's application and enforcement.

Cons:

- Organising and implementing the assessment together with compiling and analysing the reports are resource intensive.

- Compliance mechanisms alone, when there is no sanctioning mechanism, may not be enough to ensure full adherence to the code.

Resources needed

The resources needed to add a compliance mechanism within a code of conduct are not intensive. However, the resources needed to run compliance mechanisms may vary greatly depending how the workload is distributed among the code's signatories and its organisers. Typically, it will require a strong organisation to lead the code.

Code of Conduct with Sanction Mechanisms

Definition: A code of conduct with a sanctioning mechanism will prescribe actions to be taken against participating organisations if they do not comply with the code of conduct's principles and standards.

How it works: Sanctions are an extension of a compliance mechanism which is used to force a code's signatory to correct its behaviour if it is found to be not complying with the code. Types of sanctions range from recommendations for improvement, financial penalties and the suspension of membership or expulsion. Each of these levels of sanctions can be intensified by publicising them, thereby using the threat of damaging the code breaker's credibility. Sanctions mechanisms will work best if they are perceived as independent and impartial. As such they are often handled by an independent committee composed of representatives from both the code's members, the umbrella organisation and CSOs' partners. A code of conduct with the addition of both compliance and sanctioning mechanisms requires a much more formal structure, which will be run very similarly to a certification scheme.

Pros and cons

For participating in this type of self-regulation initiative

Pros:

- A code of conduct with a sanctioning system can even further increase the credibility and positive image of participating organisations.
- Before the sanctions are applied, an organisation will often receive support and advice on how to resolve the challenge faced and to correct its behaviour.

Cons:

- Sanctions, particularly when they are made public, can discredit an organisation not complying with the code.

For initiating this type of self-regulation initiative

Pros:

- It is considered as the most credible form of a code of conduct.
- A code with a sanctioning mechanism gives well-planned means of action for the enforcement of the code.

Cons:

- Sanctioning mechanisms, especially when implemented by an independent committee, will require more resources to be effective.
- If the sanctions mechanisms are used and made public frequently, it may discredit the code and the network as a whole in the long run.

Resources needed

Not much additional resources are necessary to implement a sanctions mechanism once a compliance system is in place. Setting an independent committee to review compliance and take sanctions may incur some costs though (both in terms of time and finance).

Certification Scheme

Definition: A certification scheme is a way to evaluate an organisation's governance, programmes and practices against a set of standards and norms defined and established by a group of organisations. After proving adherence to these standards the organisation receives a seal of certification or accreditation.

How it works: The certification standards are often based on an already existing code of conduct. Standards can be further developed and adapted through a consultative process organised typically by one or several national platforms or umbrella organisations working together. The certification scheme will then be managed by one umbrella body, or more likely an independent secretariat will be formed. The certification process entails an evaluation of each applicant and this evaluation can be undertaken by the applicant itself (through a self-assessment), a peer or a third party. Certification schemes necessarily involve a compliance system through the evaluation process but they may also have complaints and/or sanctions mechanisms. Certification schemes usually require fees for their services.

Pros and cons

For participating in and initiating this type of self-regulation initiative

Pros:

- The existence of a compliance system necessitates applicant organisations to seriously engage with the certification standards, which will in turn improve transparent and accountable practices in the sector.
- A certification scheme will usually increase the level of credibility of the organisations' efforts and commitments to better standards in the sector.

Cons

- Such a formalised scheme results in a resource intensive and expensive evaluation process.
- Fees can be a deterrent for organisations to join the initiative.
- It will be difficult for a certification scheme to appeal to organisations which are far from complying with the standards because of capacities or resources issues.

Resources needed

The resources in terms of time, human resources and finance needed for a certification scheme range from medium to high.

Certification Scheme with Self- Assessment

Definition: A certification scheme implies an entry compliance mechanism, which in this case will be done by the organisations applying themselves. They will have to conduct a periodic auto-evaluation against the scheme's standards and based on the application form developed by the certifier.

How it works: A self-assessment will typically be led by the monitoring and evaluation officer of the applicant, but will call for the involvement of the entire organisation in the analysis and effort needed to complete the assessment. The certification scheme will require conducting a desk review analysis, interviews with staff and sometimes interviews with key stakeholders. Such an evaluation may use a rating scale (points or percentages). The self-assessment may have to be repeated annually or on a longer fixed term. In most cases, a self-assessment will be confidential (and only shared with the certifier) and will form the basis for a plan to address key issues highlighted during the examination.

Pros and cons

For participating in this type of self-regulation initiative

Pros:

- Often the context will determine how positive an impact a certification with self-assessment will have in raising their credibility and public trust
- A self-assessment based certification will encourage ownership of the evaluation process and of the scheme as a whole.
- It is less costly to implement than a peer review or third party assessment.

Cons:

- The self- assessment exercise may not be perceived as accurate or truthful and therefore not credible enough.
- It requires resources, time and a good internal buy-in from all staff to run a self-assessment.

For initiating this type of self-regulation initiative

Pros:

- A self-assessment based certification scheme will minimise the secretariat's costs in terms of the evaluation process.

Cons:

- Participating organisations may not be rigorous or honest enough for the certification scheme to really achieve a high level of accountability and transparency.
- Such an initiative will not allow the certifier to ensure the overall quality, coherence or level of rigour in all the evaluations.

Resources needed

A self-assessment based certification scheme is less costly and resource intensive for the secretariat, but it can be time intensive for the participating organisations. The initial budget necessary to set up the initiative may be high but once it is running, the assessments shouldn't be too expensive.

Certification Scheme with Peer Assessment

Definition: The initial assessment of applying organisations against the certification scheme's standards is done by designated peer(s).

How it works: The secretariat of the certification scheme arranges for a peer organisation or a group of peers to examine the candidate organisation, and analyse its compliance to the standards. Often this peer will be another member of the certification scheme. Peer evaluation will be done through a desk-based research and a field visit to the applying organisation. The evaluating peer will submit a report with recommendations to a committee or the secretariat to decide on the final status of the application. Peer assessment schemes are rare because they require a significant amount of time and also the same level of expertise from members.

Pros and cons

For participating and initiating in this type of self-regulation initiative

Pros:

- A certification scheme based on a peer assessment can foster greater links and collaboration between CSOs and increase the exchanges of good practices among the sector provided there is already existing trust.
- When the assessment is done by peers, it will usually minimise the secretariat costs to run the certification process.
- Such a scheme will probably benefit from more credibility than self-assessment based certification.

Cons:

- It may be difficult to guarantee the overall quality, coherence or level of rigour of all assessments. Peers may not be qualified to conduct assessments for all types of CSOs. Peers may be reluctant to criticise another CSO's work and practices.
- Peer assessments also require a good level of trust within the civil society sector; otherwise CSOs may be uncomfortable with divulging information to peers.

Resources needed:

The secretariat will need to find an appropriate peer assessment mechanism, which may require time and human resources. Overall, the secretariat will bear less financial and human resources cost but it will be more expensive for the candidate organisations.

Certification Scheme with Third Party Accreditation

Definition: An independent third party is responsible for analysing an organisation's compliance to the certification scheme's standards.

How it works: A third party assessment is done by an organisation which is not a peer of the certified organisations; it can either be a professional firm, a rating agency, or a panel of sector experts. Third party certification parties very often examine primarily fundraising practices and financial accountability, with some focused on operational quality. Typically, there will be a desk review based on documents sent to the accreditors and a field evaluation visit. Accreditors will meet with the applicant's board and staff members, sometimes also with the applicants' beneficiaries. A report will be produced by the third party and it will serve as the basis for the final decision, usually taken by another body (board of the certification scheme, another independent committee, etc.). Third party certification will be granted for longer periods of time (commonly around 5 years) and will require a fee to be paid by the applicant.

Pros and cons

For participating in and initiating this type of self-regulation initiative

Pros:

- Participating organisations being assessed by expert third-body party will benefit from its expertise, and therefore a third party assessment can be a good way to learn best practices.
- Third party certification will usually benefit from a greater credibility than other schemes.
- The assessment is done solely by the same entity which can better ensure coherence and quality across all the evaluations.

Cons:

- However, one sole evaluating entity (especially if external to the civil society sector) may not allow for adaptations and flexibility based on the context of each different CSO.
- The credibility of the scheme will mainly rest upon the integrity and image of the third party. It requires finding a relevant and reliable organisation.
- A third party assessment will be expensive.

Resources needed:

This type of certification schemes is expensive for both the candidates and secretariat, but it should require less human resources and time from the secretariat because the evaluation is done by an independent organisation.

Certification Scheme with Compliance and Sanctions Mechanisms

Definition: A compliance system and sanctions mechanisms will activate when certified organisations do not meet the scheme's standards after the first initial certification,

How it works: A compliance mechanism can take several forms, when the secretariat will ask certified organisations to produce an annual compliance report or when it has a mechanism to receive feedback from beneficiaries, donors, government, the general public, peers and staff members. When complaints are submitted, they will be investigated by the secretariat and they can lead to recommendations to address issue at hand, a fine or the possible expulsion especially if the recommendations are not followed through. The severity and timing of compliance and sanctions mechanisms vary from one certification scheme to another. Certification schemes may or may not publicise the reports, the complaints, the recommendations and sanctions.

Pros and cons

For participating in and initiating this type of self-regulation initiative

Pros:

- Establishing compliance and sanctions mechanisms can be a useful source of feedback for the participating CSOs and the certifier.
- They can be extra motivation for complying with the standards for all organisations involved.
- Such mechanisms can significantly increase the public trust in participating CSOs and the credibility of the scheme.
- Once a certification scheme is in place, compliance and sanctioning mechanism are not difficult to add.

Cons:

- It can be cost and time intensive to resolve the complaints, especially if the complaints arise due to a misunderstanding of the self-regulation initiative's standards.
- If there are a high number of sanctions used and publicised, it may undermine confidence in the civil society sector. And it can be particularly detrimental to the credibility of all the organisations involved.
- It may be difficult to evaluate which level of sanctions will resolve the issues raised.

Resources needed

Compliance and sanctioning mechanisms do not require significant resources to set up. Managing such mechanisms depends on how many complaints will be received on average.

Table 3: Comparing outcomes from the different modalities of self-regulation*

The table below presents a brief comparison of potential outcomes and impact that may occur when undertaking and implementing a self-regulation initiative. This table follows One World Trust’s research on the three main outcomes of self-regulation initiatives; sustainability of the initiative, improvement in CSOs’ effectiveness and increases in external and internal credibility¹⁴.

Modality of SRI	Potential sustainability	Improvement in CSO effectiveness	Increased credibility to CSO among multiple stakeholders
<u>Working Group</u>	Low to Medium	Medium	Low
<u>Information Service</u>	High	Low to Medium	High
<u>Award</u>	Medium	Medium to Low	Potentially High (but not confirmed by research yet)
<u>Code of Conduct</u>	High	Low	Low to Medium
[Add on:]** <u>Compliance Mechanisms</u>	Medium to Low	Medium	Medium to High
[Add on:]** <u>Sanction Mechanisms</u>	High	Medium to High	High
<u>Certification Scheme</u>	Medium	High	High
<u>With Self-Assessment</u>	Medium to High	Medium to High	Medium
<u>With Peer Assessment</u>	Low to Medium	Medium	Medium to High
<u>With Third Party Accreditation</u>	Medium to High	High	High
[Add on:]** <u>Compliance Mechanisms</u>	High	Medium	High

* It should be noted that increased CSOs’ effectiveness and the impact on raising credibility in the civil society sector are two areas that require much greater research. This guide’s approximation is based on best available information¹⁵.

¹⁴ Alice Obrecht, “Effective Accountability? The drivers, benefits and mechanisms of CSO self-regulation,” Briefing Papers 130, One World Trust, 2012, p.4-38.

¹⁵ Ibid. And also Catherine Shea, Sandra Sitar, “NGO Accreditation and Certification: The Way Forward? An Evaluation of the Development Community’s Experience,” International Center for Not-for-Profit-Law, Report and Recommendations, p.2-48; John Gaventa, Rosemary McGee, “The Impact of Transparency and Accountability Initiatives,” *Development Policy Review*, 2013, p.3-24.

** These mechanisms that self-regulation initiatives can choose to add to the initial schemes are analysed in this table from the point of view of resources and capabilities needed to implement once the scheme is already in place and operational.

International Initiatives

Definition: These initiatives are international level arrangements that span the five modalities of self-regulation (code of conduct, certification scheme, etc.) and may target one specific sector of CSOs' activities.

How it works: These international initiatives can be formed through international consultations, an international working group or by sector experts particularly when they intend to focus on specific aspects of CSOs' activities. Because they are international, they often do not target grassroots organisations, either in the consultations or as members of their self-regulation initiatives. The most frequent members are large international non-governmental organisations (INGO) or national civil society organisations, and often these international initiatives target the development sector. It is worth noting that when an INGO becomes involved in an international self-regulation initiative, there needs to be clarity on whether both the international secretariat and its national branches/offices are joining the initiative or it is only the international secretariat joining and if the national branches should apply to national self-regulation schemes instead.

Pros and cons

For participating in this type of self-regulation initiative

Pros:

- The international scope of such initiatives means greater visibility and credibility to an organisation. It can be a way to be recognised as part of the international civil society community particularly towards governments and donors.

Cons:

- The international self-regulation initiatives are often based on fees which can be relatively high.
- International standards can be sometimes difficult to access or apply for small, national or local organisations.

For initiating this type of self-regulation initiative

Pros:

- It reaches international non-governmental organisations which are not typically addressed through national self-regulation initiatives.
- The international scope can mean an enhanced credibility for the organisation running it.

Cons:

- It is difficult to reach out and include small and grassroots organisations, and it might be difficult to ensure there is a sufficient global representation then.
- It can be resources intensive to set up the initiative.

- An international level initiative might not adequately factor in the diversity and multiculturalism of the civil society sector.

Resources needed

These initiatives will require significant resources because of the international component.

Analysis of International Initiatives

While these international initiatives have many good resources on self-regulation, the actual schemes may be too costly for most national and local CSOs. These initiatives are worth consulting but are not necessarily recommended for all civil society organisations globally.