

Il monitoraggio indipendente si dará regole globali?

Independent Monitoring of Charities – The International Perspective

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Independent Monitoring?

Independent Monitoring of Charities – the “Third Way”

- 1 - **State Regulation** via
 - Registration,
 - Fiscal Oversight

- 2 - **Self Regulation** via
 - Code of Conducts, issued by umbrella bodies
 - Capacity Building
 - Direct Transparency

- 3 - **Independent Monitoring** via
 - Seals-of-Approval (Accreditation) by independent agencies
 - Donor Advice by “Watchdog” agencies



ICFO - the association of national monitoring bodies

International Committee on Fundraising Organizations



- Founded 1958
- **Members** in Austria, Canada, France, Germany (DZI), **Italy (IID)**, the Netherlands, Norway, Sweden, Switzerland, UK, USA,
- Independent monitoring agencies, not yet ICFO members, in: India, Indonesia, Philippines, Spain,



ICFO's Mission

ICFO and its members are building **BRIDGES OF TRUST**

- **Donors' trust** – a decisive factor
- **"Informed Trust"** instead of "Blind Trust"
- **ICFO Standards** for NPOs working internationally
- Independent Monitoring Agencies are **"Partners"** and "Supporters" of the reliable Charities



International Examples

ICFO and its members are building BRIDGES OF TRUST

- **Comité de la Charte**, France (founded 1989)
(Volunteers + staff, membership based, independent Commission d'agrément et de surveillance, seal)
- **Stiftelsen för Insamlingskontroll**, Sweden (founded 1943)
(90 account (accreditation), staff, auditors)
- **Stiftung ZEWO**, Switzerland (founded 1934)
(Seal, staff, official "Swiss Collection Schedule", donor advisory service)



International Examples

Deutsches Zentralinstitut für soziale Fragen (DZI) Germany

- **Founded** 1893 in Berlin
- **Board:** Senate of Berlin, FedMin Family Affairs., German Association of Cities, German Chambers of Industry and Commerce, Association of Welfare Organizations
- 22 **Staff** members (18 FTE), Annual **Budget** 1million Euro
- 50% public subsidies, 50% own income



International Examples

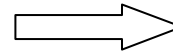
Deutsches Zentralinstitut für soziale Fragen (DZI) Germany

- Library and literature database (social work, social pedagogics)
- Publishings (monthly magazin *Soziale Arbeit*, *Spenden-Almanach*)
- **Seal-of-Approval**: 220 sealed charities (1.3 billion EUR donations)
25% of first applications refused (confidential), annual monitoring, on-site-visits, audit report, also used by government, the media
- **Donor Advisory Service**: 330 non-sealed charities (descriptions, judgements, warnings); individual advice (6,000 requests a year)



International Examples

DZI Seal-of-Approval



- **Fundraising:** truthful, accurate, not misleading, no pressure to donors
- **Finances:** >250,000 € audited by CPA, salary = public service, 35% admin+fundr.
- **Governance:** well functioning planning and supervision, extra control body if family links or paid board member

Deutsches
Zentralinstitut
für soziale
Fragen/DZI



DZI Spenden-Siegel:
Geprüft+Empfohlen



Independent Monitoring

“Watchdogs” worldwide: **STRENGTH BY DIVERSITY**

- membership based <-> charities not being members
- Professionals <-> also: Volunteers
- only accreditation <-> also: information on other charities (sometimes even: warnings)
- 100% own income <-> also: public subsidies
- admin. cost ceiling <-> “reasonable” amount for admin + fundraising costs



Independent Monitoring

“Watchdogs” worldwide: COMMON PATTERNS

- **Independence** from charities as well as government
- Substantial **Monitoring Procedure**
- **Main standards:**
 - ✓ truthful and accurate fundraising,
 - ✓ transparent and audited financial statements,
 - ✓ reasonable admin and fundraising costs,
 - ✓ good governance and no conflicts of interest



Independent Monitoring

TRENDS towards further Common Patterns

- **Quality measurement:** Outcome and effectiveness of the charitable activities
- **Administration and Fundraising costs:** more detailed rules (maybe, more ceilings)
- **Professional** staff instead of Volunteers



State Regulation

Strengths and Weaknesses

- **Charitable activities** and **civil engagement** are **voluntary** and **private** acts of citizens. Therefore, **state involvement** in those activities should be restricted to an **absolute minimum**.
- State can protect and support civil engagement by **prosecuting criminal abuse** of donations and charitable organizations and by leaving further regulation or ruling to independent monitoring agencies and self regulation schemes – in the best sense of **SUBSIDIARITY**.
- State authorities are **not very accustomed** to the special character of public benefit activities, their dynamic development, and the mentality of their leaders. Therefore, a significant degree of state regulation bears a permanent risk of being **not adequate** or **disproportionate**.



Self Regulation

Strengths and Weaknesses

- “Self Regulation is the voluntary acceptance of a code of conduct by the members of a club. This code is usually created by an ‘umbrella’ organization. (...) The main problem with codes of conduct is their reliance on self-reporting, i.e. the organizations are trusted to follow the regulations without any follow-up checks, leaving significant space for abuses and release of false information.”
(Prof. Dr. Andreas Ortmann, 2005)
- Self Regulation can significantly contribute to a **culture of transparency and reliability** in the Third Sector, as well as to an improvement of the sector’s processes and practices (**capacity building**).
- In order to sustainably enhance **DONORS’ TRUST** in charities, self regulation needs to be completed by **INDEPENDENT MONITORING**.



Conclusion

Combination, not Amalgamation

- State Regulation, Independent Monitoring, and Self Regulation: all of them have their special strengths and limitations.
- DONORS' TRUST can be served best if the three methods are properly combined without mixing up their procedures and terminologies.

Thanks, and Arrivederci !

