

# Principles for Non-Governmental Organizations

## Introduction

Persuaded by experience that a person's moral sense contributes to success in business endeavors, in 1994 the Caux Round Table published its *Principles for Business* as a world standard against which business behavior could be measured.

The CRT Principles do not only reflect a concern with the ways business is done, but also with its objectives. Although the prime responsibility for creating a just society does not lie with corporations, it is the firm belief of the Caux Round Table that corporations can and should make a contribution to this objective, reflecting their role and position in society.

In our world it is governments that primarily have a duty to create the fundamental conditions for establishing a better world in terms of the requisite laws, (national) security, health, safety, equity, education, communication, technology, transportation, et cetera. To support governments in this respect and to help them focus on the core elements to do their jobs well the Caux Round Table advocates certain ethical *Principles for Government*.

The reason for developing the *Principles for Government* in addition to the 1994 *Principles for Business* lies in the belief of the Caux Round Table that business and government need to co-operate and co-ordinate their efforts if prosperity is to be created for the benefit of all. The CRT principles derive from two ethical ideals: "Kyosei" and "Human Dignity". The Japanese concept of "Kyosei" means living and working together for the common good while the moral vision of "Human Dignity" refers to the sacredness or value of each person as an end in itself.

### *The rise of NGOs*

Recognizing that while both business and governments are quintessential in the promotion of a better world, the set of responsible global actors is not complete without referring to the role and responsibility of the third major player in a dynamic world: civil society.

Especially in the United States, Canada, Australia, and the European Union, non-governmental organizations (NGOs) are a basic form of participation and representation in the world today. Some are known on a national or international level, such as CARE, Oxfam, Save the Children, Medicins sans Frontières, Friends of the Earth, Greenpeace, Amnesty International, Transparency International, or WWF. A vast majority, however, is and will always be unknown to the general public. There is no way to reliably estimate the numbers of NGOs in the various countries around the world, although one thing is sure: the numbers have vastly grown over the years. Hundreds of thousands of NGOs actively promote their objectives and, as they see it, appropriate objectives for society – be it local or at large.

Many NGOs have become large and financially as wealthy as many corporations. Their management by appropriate ethical principles can be enhanced by experiences drawn from business with regard to the CRT *Principles for Business*. Further, many NGOs seek to partner with businesses, seeking from business both financial contributions and like-minded engagement in remediation of environmental, social, cultural, and other aspects of civil society. Businesses much prefer to partner with those NGOs that adhere to high standards of ethics, transparency, and accountability in the conduct of their affairs. Business expectations of NGO performance can be met by implementation of ethical principles specially designed for NGOs. By following such principles, NGOs can more easily win the trust of business.

In the world of today it is a good thing that civil society has organized itself to counter and balance the dominant economic and political forces of business and government. NGOs – as part of civil society – play an important role in stimulating business and government to become more transparent in their operations and the direct and indirect effects of these operations. In challenging their counterparts it is evident that what NGOs demand corporations and governments to do – that is, become more transparent and accountable – also applies to their own behavior. Based on the notion of reciprocity NGOs may, therefore, expect to be questioned on, for instance, the legitimacy of their causes, the representation of their audiences, or the efficacy of their programs, projects, or actions.

In the United States, recent scandals involving NGO management at reputable NGOs such as The United Way, the Nature Conservancy, the American Red Cross, have led to demands for more regulation of NGO behavior by the federal Congress along the lines of the recent Sarbanes-Oxley regulation of business corporations. Calls for increased regulation of NGOs have been heard in the European Parliament as well. Amnesty International, Oxfam, Greenpeace and 9 other NGOs recently announced their commitment to abide by a set of guidelines for responsible practices.

#### *Definition of NGOs*

The multitude of NGOs and the wide variety of causes they promote make it hard to define what an NGO is. A definition may, however, not be necessary to describe their function in society. It is assumed that NGOs function to serve social or environmental objectives, empower people, engage in advocacy for change, and provide services. In doing so NGOs have formal characteristics aimed at their survival as an organization. They are or aspire to be self-governing on the basis of their own constitutional arrangements. They are private in that they are separate from governments, while at the same time not being focused on profit. Their objectives usually have a time frame of at least a few years. Often the time frame is longer, like in the case of respecting human rights, defending the rain forest or combating poverty.

NGOs combine aspects of government – either through the source of their funding or in their advocacy of specific public goods – with aspects of business – they are privately owned and managed and must respond to the market demands of prospective donors in

securing financial support. NGOs are quasi-public corporations but are free of direct responsibility to the public either as voters or as consumers. Thus, a set of ethical principles reflective of the unique hybrid public/private nature of NGOs is an appropriate complement to ethical guidelines for the use of power by governments and private businesses.

### *Principles for NGOs*

To further dialogue on NGO responsibility – and as a contribution to a wider public debate – the Caux Round Table proposes a set of *Principles for NGOs*. More than a strict set of rules the Principles set out a number of topics that may require attention and reflection from the NGO community and their stakeholders – for the sake of a more just global community.

## The Principles

### Recognition

Business organizations and governments are dominant players in the current world order. The welfare and well-being of society largely depends on their efforts and contributions. Since the world community is so dependent on businesses and governments, the question rises to what extent these organizations are controlled by society. In the world of today the function of non-governmental organizations – as part of civil society – is generally recognized in establishing necessary checks and balances that help to sustain the earth on which we live and the global community that we are all part of.

NGOs play a very important role in serving the social and environmental needs of society both directly and indirectly. Directly they offer relief, for instance in case of emergencies or disasters. Indirectly, it is the conviction of the Caux Round Table that NGOs meaningfully contribute to:

- the awareness of social and environmental needs by business, governments, multilateral organizations, and the public at large,
- the social and environmental performance of these parties to meet the needs, and
- the accountability of these parties to their stakeholders.

In doing so, and based on their principles, convictions and the individual conscience of their members or representatives, NGOs might want to change or get into conflict with the existing national and international laws.

To reinforce NGO recognition in society and to establish credibility and trustworthiness with business, governments and the general public the Caux Round Table has drafted a set of voluntary *Principles for Non-Governmental Organizations*. It is not our intention to prescribe what may be expected from NGOs and what not. Being an NGO and having a tradition in participating in the debate on responsibility in our global society, it makes sense to also address issues around NGO responsibility.

### Fundamental Principle

#### *Integrity*

A non-governmental organization will recognize that it is a quasi-public entity entrusted with resources and reputational prestige in order that it may better seek to achieve meritorious objectives aligned with a common good. The actions of an NGO will be consistent with its core aspirations and its leadership and staff will not use their position for personal advantage of any kind, and especially for inappropriate personal financial gain. Fidelity to their trust and due care in the execution of their mission are the hallmarks of responsible NGOs.

## Derived Principles

### *Public Benefit*

A non-governmental organization will recognize that it and all its actions and endeavors reflect the interests and values of the people who fund, organize, operate, or in any way support the organization, as well as the social, cultural, political, economic, and environmental interests that such people seek to serve. An NGO serves as agent for privately selected but publicly acknowledged common goods and social purposes. An NGO should promote a wider cause than its own continuity by seeking to achieve public goods or contribute to social or natural capital. In doing so it must be aware of how its actions affect the peoples, communities, and natural resources it seeks to promote or preserve.

### *Transparency*

Every non-governmental organization has a mission for which it mobilizes support, influences governments, international organizations and corporations, raises funds, educates the public, dedicates resources, and represents its members, its beneficiaries, its donors or its stakeholders in a wider sense. To the extent that an NGO influences other parties in society to further its objectives it will – as a mark of the quality of its approach – be *transparent* regarding:

- its mission and objectives,
- its values and principles,
- its governance,
- its actions, and
- its means to achieve its objectives.

Scrutiny is only restricted to protect legitimate expectations of personal privacy or to sustain the confidentiality that is required in the organization's daily operations.

In addition, in dealing with governments, corporations, international organizations, a non-governmental organization is always clear and honest about the interests it represents and the extent to which it speaks on behalf of members, donors, beneficiaries, or other stakeholders.

### *Participatory Governance*

A non-governmental organization will recognize that it is an active and participatory process of freely chosen volunteerism through which individuals express themselves and contribute their efforts and financial resources to bring about specified public benefits. The governance of an NGO will, therefore, abide by the highest fiduciary obligations of transparency, accountability, loyalty and due care in decision-making and fund management. An NGO will communicate on a regular basis with those parties it represents, its stakeholders, and will provide those to whom it owes duties of representation with sufficient opportunities to react to its objectives, activities, and communications. Those touched by the actions of an NGO - its stakeholders - must be in a position to take cognizance of, assess and influence, an NGO's constitution, structures and systems, intentions, activities and impact.

### *Independence*

A non-governmental organization will disclose all legal, organizational or financial ties with corporations, governments, or other organizations that may materially affect the intentions, activities and impact of the NGO.

### *Respect for the law*

In its operations an NGO demonstrates a general respect for the law – international as well as national. It takes notice of all legal issues and obligations relevant to its decision making. In case an NGO decides to ignore legal obligations it will be accountable for the decision taken.

### *Care*

An NGO will recognize that its policies and activities are a legitimate subject of public comment and analysis. It is therefore willing to engage in reasoned discourse regarding its mission and objectives, values, principles, governance, actions, and means used to achieve its objectives. When engaging in advocacy, an NGO will always in good faith present accurate facts and truthful information. When planning its actions or executing its policies, an NGO will demonstrate enlightened care and concern for those whose interests will be affected by its contemplated actions. In case an NGO inflicts damage upon a government, international organization, corporation, or other party, it will be accountable for its actions.

### *Accountability*

A non-governmental organization will produce on a regular basis – but no less than once a year – a public (web-based) report on all activities it has undertaken to realize its mission and its stated objectives. The report contains adequate and sufficient information for the stakeholders to take cognizance of and to evaluate the NGO's:

- organization,
- activities,
- programs,
- fund raising, and
- financial performance.