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The Tough Business of Transparency

For quite some time the GuideStar project has been working to establish a database that is expected to provide detailed information on non-profit organisations. The case of Unicef may serve to speed up the process.

By Alex Westhoff.

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The reluctance of German non-profit organisations to make their fundraising practices transparent has been experienced first-hand by those who are in charge of the GuideStar project. Since 2004 they have been working to develop an online database which will provide an overview of the wide range of non-profit organisations in Germany, of their goals, activities, occupational structures and financial data.

The Unicef case – in the German branch of the UN-relief organisation irregularities in fundraising became known – has brought attention and momentum to the GuideStar initiative which is supported by the EU. Martin Vogelsang, its founder and head, said that clearly the event had given new impetus to the project.

The tenacious attitudes adopted mainly by the large organisations and the absence of compulsory disclosure regulations for non-profit organisations had so far been obstacles to the plan of "contributing to more transparency in Germany". Even so the majority of the small and medium-sized organisations asked agreed to reveal information on financial contributions and administrative and advertising expenses, reported Mr. Vogelsang, adding that "this was not to be interpreted as a clear acknowledgement of the need for increased transparency, "because many of them said that they did just because they expected the legislation to soon impose even more draconian restrictions."

Yet political pressure has been growing since the time that the events at Unicef occurred. Lately GuideStar representatives have presented their concept to a committee of the German parliament and Federal Minister Wieczorek-Zeul publicly praised the project. It is the long-term goal for the database to provide information on most of the about 600,000 associations and 15,000 non-church foundations in Germany.

Nevertheless, GuideStar still considers itself as a platform where organisations can give an account voluntarily. The possibility of presenting their activities and of listing their demand for honorary workers and for monetary or material donations, a way of

creating confidence in their work, should be in the best interest of the associations and foundations themselves. In any case this is what the GuideStar project relies on.

The database will differ from usual search engines in that it gives donors the opportunity to compare the data. Someone, for example, who wants to support a project focusing on youth unemployment in Brandenburg will be shown various possibilities. "It is mainly the large quantity of small organisations," said Mr. Vogelsang, "whose internet presence is poor" and who remain "virtually invisible" for this reason.

Since May 2006 GuideStar has been hosted by the German Central Institute for Social Issues (DZI). The DZI is a charitable foundation funded, among others, by the Federal Ministry for Family Affairs, the Berlin Senate, the German Association of Cities and the German Chamber for Industry and Commerce. On Wednesday, the institute revoked its seal of approval for Unicef.

According to DZI, the seal which has been awarded since 1992 gives very clear indications of the integrity attributed to fundraising organisations. Organisations who want to obtain it for advertising purposes have to pay a fee of 500 euros as well as a certain share of the donations received. Unicef, for example, has paid 10,000 euros for the seal.

"We do not however want to provide a second-class donation seal-of-approval but an information portal," said Mr. Vogelsang. He continued that it was important from the beginning to keep away fundamentalist groups so as to avoid any discreditation of the database. At the end of the year GuideStar is expected to be present in the internet, starting with organisations based in the federal state of Berlin. In any case, the "critical mass" of 1000 organisations is to be exceeded from the outset.

Mr. Vogelsang hopes that then a snowball effect will happen soon and will lead to the participation of associations from all of the other federal states. Later, local databases, for example the one of Rhineland Palatinate with its more than 12,000 organisations – providing, however, only rudimentary information – should be integrated step by step.

They will be modelled on the American GuideStar database which has been accessible via the Internet since 1994 and currently stores information on the personnel and financial situation of approximately one million non-profit organisations.

The British version, too, has already been launched and in South Africa, Hungary, Ireland and the Netherlands preparations for similar projects are under way. "We hope that we will be the next to go on-line", Mr. Vogelsang concluded.

Translated by Carola Schuler (DZI).