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### The Internationalization of the Nonprofit Sector, Part II: International Nonprofits

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# The Internationalization of the Nonprofit Sector

## Part II: International Nonprofits<sup>1</sup>

John Casey\*

### Introduction

As you sit and read this Occasional Paper, you are surrounded by dozens of objects that have been manufactured to international ISO standards. The organization that generates and disseminates these standards is an international nonprofit organization. You probably also donate to various international aid, development and advocacy nonprofits; attend meetings run by international professional nonprofits, and connect with people around the world who share your interests through international cultural, educational, recreation or religious nonprofits.<sup>2</sup>

Just as nonprofits have become increasingly influential at national levels, there has been a corresponding escalation of international dimensions of the “third space” that operates between the expanding inter-governmental structures and the global marketplace for transnational and multinational businesses (Anheier 2014; Batliwala and Brown 2006; Boli 2006).

In the past, the focus of the work of international nonprofits had primarily been on generating international communities of common interests, on the “low politics” of the development assistance, environment, human rights, and disaster relief, and on “Track II” international relations between civil servants, professionals and other nongovernmental actors. They now increasingly also work directly with the “high politics” of international affairs and security and help manage “Track I” intergovernmental relations (Ahmed and Potter 2006). The current wave of globalization and deterritorialization has engendered emergent forms of global governance, but intergovernmental organizations are constrained by the shackles of sovereign interests, the limits of diplomatic leverage and a waning faith in governmental institutions. Consequently, international nonprofits are

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<sup>1</sup> This Occasional Paper is based on material from Chapter 6 of *The Nonprofit World: Civil Society and the Rise of the Nonprofit Sector* (Casey 2016). This Occasional Paper is presented in two parts. Part I addresses the internationalization of formerly domestic nonprofits; Part II analyses the growth in the international nonprofit organizations. Part I appeared in the fall 2018 as WCIB Occasional Paper No. 18.

<sup>2</sup> This paper uses *nonprofit organizations* and *nonprofits* to refer to voluntary, non-government, not profit distributing, social mission entities and associations. Other commonly used terms for these organizations around the world include *civil society*, *community-based*, *nongovernmental (NGO)*, *philanthropic*, *social*, *third sector* and *voluntary*. While there are differences in conceptual bases of these terms, they are often used interchangeably and the preferred term in any one country is much a product of linguistic tradition as any precise definition. The laws, regulations, and policies regarding incorporation, governance and key issues such as tax exemptions and the tax deductibility of donations vary considerably between countries and jurisdictions.

seen as legitimate alternative instruments for cross-border service delivery and dialogues, and for the implementation of global agreements and standards.<sup>3</sup>

The combination of the comparative advantage of the nonprofit sector, along with the globalization of professional and epistemic communities has resulted in an explosion of the international nonprofit sector in numbers and salience. This paper is the second of a two-part Occasional Paper focusing on the internationalization of the nonprofit sector. The first part focused on the increasing internationalization of the work of formerly domestic nonprofits. This second part focuses on the organizations deliberately constituted as international nonprofits and explores how their expansion has been both a consequence and driver of globalization.

### International Nonprofit Organizations

There is no “red line” that clearly distinguishes the international activities of domestic nonprofits, discussed in Part I of this Occasional Paper No. 18, Fall 2018, from the deliberately international nonprofits that are addressed in this Part II. Instead of distinct categories, there is a continuum of internationalness, based on the founding intentionality of the organization, its mission statement, and its operations. The formerly U.S. domestic professional association for university public administration programs, the National Association of Schools of Public Affairs and Administration, became in effect an international nonprofit and changed its name to the Network of Schools of Public Affairs and Administration after receiving, somewhat unexpectedly, numerous applications for membership from foreign universities. Teach for America, the U.S. domestic teacher corps, established a new separate international nonprofit Teach for All to promote its model and there are currently 48 national Teach organizations around the world. The International Window Film Association (see discussion below) was created as an intentionally international nonprofit, but does almost all of its work domestically.

International nonprofits operate globally much like multinational business corporations. There is a variety of structural models that combine international headquarters with a network of locally incorporated branches, affiliates or franchises and, like multinationals, they seek favorable legal environments for incorporation. Holland is often the legal home of choice because of its favorable corporate laws and tax environment. Greenpeace, which describes itself as an international nongovernmental organization with offices in 39 countries, was founded in Canada, but now bases its international secretariat in Amsterdam, where it is formally registered as Stichting Greenpeace Council (stichting is the Dutch word for foundation). Oxfam International, which describes itself as an international confederation of 20 independent national Oxfam organizations, was founded in the U.K. and maintains its international secretariat in London, where it operates as a foreign company registered in Holland as Stichting Oxfam International.

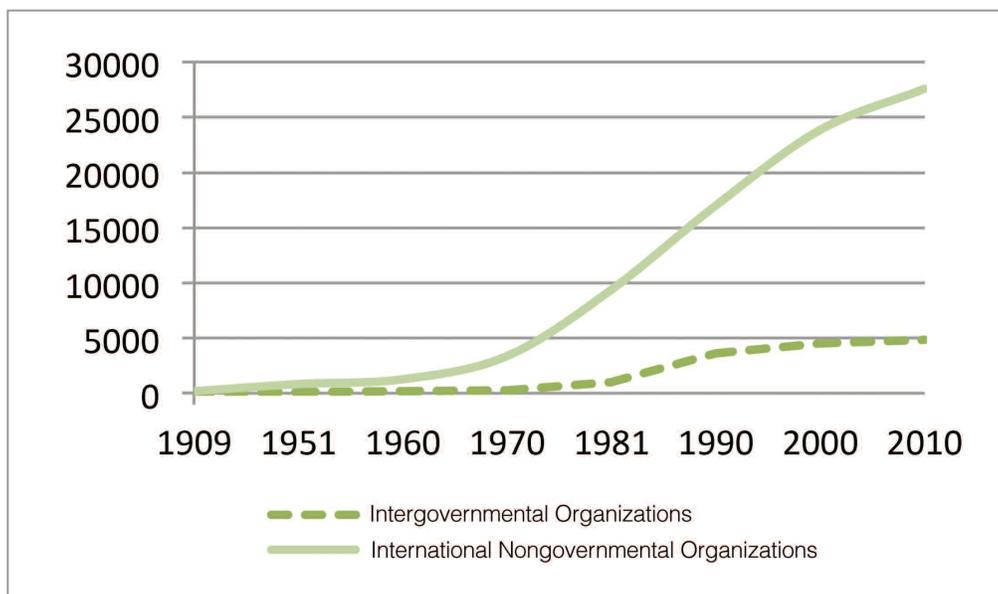
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<sup>3</sup> This paper focuses on organizations that are autonomous, nongovernmental entities that comply with the structural-functional definition of nonprofits outlined in Footnote 2. Excluded are the intergovernmental organizations – the bilateral or multilateral institutions created through treaties or other agreements that have national governments as their primary membership, including global organizations such as the UN, World Bank, and World Trade Organization and regional institutions such as the European Union and the African Union. There are many hybrid organizations that straddle definitions, either in their own legal personality or through affiliated organizations. UNICEF (The United Nations Children’s Emergency Fund) is a UN agency with an executive board comprising representatives of member nations, and as such it is an intergovernmental organization. To support its work, UNICEF has fostered the creation of a network of UNICEF National Committees, which are incorporated as independent local nonprofit organizations in their countries of operations. Currently there are 37 such nonprofit UNICEF National Committees, all in industrialized wealthy countries, which raise funds on behalf of UNICEF and advocate in support of its programs.

In addition to the prominent international humanitarian aid and human rights advocacy organizations, there are thousands of international nonprofits working in a wide range of fields. Given the considerable national variations in political regimes and service delivery models, the nonprofit legal structure has become a “flag of convenience” for international dialogues. The nonprofit form sidesteps many of the constraints imposed on intergovernmental structures by sovereignty and geopolitical tensions. The International Council of Museums (ICOM) was established in 1946 as an international nonprofit under French law as a global forum for national museums and museum associations. Most delegates are civil servants or directly appointed by their respective governments, but some are representatives of nongovernment national museum associations. The General Secretariat is housed at the UNESCO headquarters in Paris (UNESCO, a UN agency, is an intergovernmental organization), and much of the work of ICOM focuses on international intergovernmental agreements about the preservation and display of national patrimonies. Its webpage describes ICOM a “diplomatic forum” made up of experts from 137 countries and territories to respond to the challenges museums face worldwide.

There are also a significant number of nonprofit international professional and trade associations with either individual members from around the world or member national associations. Like most of their domestic counterparts, they function as autonomous nonprofits that foster the commercial interests of members by providing a range of services, including acting as clearing houses for information and research on good practice, and advocacy work to promote policies and practices favorable to members. The International Window Film Association (IFWA) is an industry association of the manufacturers and distributors of window film (the thin plastic sheeting applied to windows to control light, save energy or provide privacy). It promotes the growth of the industry by publishing research, influencing policy and promoting awareness of window film. Registered in the U.S. as a 501(c)6 (nonprofit business association), it has members on all continents, although most of its legislative work has been in the U.S. and Canada.

Figure 1: Growth in International Organizations



Source: Union of International Associations 2015.

Note: does not include inactive organizations registered in the database.

## The Rise of the International Nonprofit Sector

Since 1907, the Union of International Associations has documented the growth of intergovernmental and international nongovernment organizations. The Union was established in Brussels, Belgium, which at the beginning of the twentieth century was host to one-third of the then existing 150 international organizations (primarily intergovernmental organizations dominated by the European powers of that era). The Union was an outgrowth of the International Institute of Bibliography, founded in 1895, which had developed the Universal Decimal Classification system for libraries.

The database of the Union includes only “prominent” nonprofit organizations, which now out-number intergovernmental organizations by a factor of 10. Figure 1 shows the growth of both intergovernmental organizations (IG) and international nongovernmental organizations (INGO) since 1909 as documented in the Union’s Yearbook (Union of International Associations 2015).

The database of the Union records the year of founding of international nongovernmental organizations. The first entry is for the Sovereign Constantinian monastic order founded in 312; the second is the Order of St. Basil in 358. There is a steady trickle of organizations founded in the fourth to eighteenth centuries, almost exclusively religious, including Muslim Sufi tariqas after the ninth century. There were also a few early fraternal organizations, universities, scientific and academic associations, mercantile organizations and performing arts groups. It was not until the mid-1800s that secular international nonprofits – advocacy, social welfare, professional and sports organizations – were founded in greater numbers than faith-based organizations.

The secular independent international nonprofit sector began to emerge in significant numbers through social movements focused on humanitarian and human rights, including anti-slavery and women’s suffrage. While avowedly secular, many of these new organizations had identifiably faith-related roots, particularly in Quaker communities. A number of now emblematic international nonprofits appeared in the mid-1800s, albeit in original forms that do not necessarily correspond with their current focus – the Young Men’s Christian Association (YMCA) was founded in London in 1844 as an evangelical organization, and the Red Cross in Geneva in 1863 to minister to soldiers wounded on European battlefields.

The globalization of the labor movement and radical left also date from this period – the *Universal League for the Material Elevation of the Industrious Classes* was an English political organization established in 1863 primarily to agitate for the right to assembly, labor rights and suffrage of English workers, but its founding mandate also sought to increase recreational and educational opportunities and to promote international fraternity. It was the progenitor of the *International Workingmen’s Association* (1864–1876), also known as the *First International*. This workers’ movement, best known as the ideological battleground that pitted socialism against anarchism, championed many of the human and labor rights agendas currently associated with the nonprofit sector.

While some of the earliest organizations continue to exist, it was the early 1900s that saw the first surge of truly modern international nonprofits, instantly identifiable as such to contemporary observers. Save the Children, was founded in the U.K. in early 1919 by two Quaker social activist sisters, Eglantyne Jebb and Dorothy Buxton, in response to the aftermath of World War I and the Russian Revolution. The organization was controversial as

it sought to aid children in Germany and Austria, the enemies in the war. However, the concept of rights of children quickly found support around the world, particularly from women who were also campaigning for their own suffrage. An Australian feminist and pacifist Cecilia Annie John had been in London when Save the Children was launched and returned to Melbourne soon afterwards, setting up a branch there by the end of 1919. The International Save the Children Union (aka Union International de Secours a L'Enfant) was founded in Geneva in 1920. Also established in the first decades of the twentieth century were the U.S. service clubs such as Rotary (1905), Kiwanis (1915), Lions (1917) and Toastmasters (1924), as well as the large foundations associated with the U.S. barons of industry, Carnegie (1911) and Rockefeller (1913) (the foundations were originally chartered by legislation but later converted to nonprofits).

The importance of the work of international nonprofits was acknowledged in the 1945 Charter of the UN. The term “nongovernmental organization” (and the acronym NGO) is commonly regarded as having come into widespread use through its inclusion in Article 71 of Chapter 10 of the Charter, which established a formal Consultative Status for organizations that were not agencies of member governments. Consultative Status is restricted to international nonprofits and confers legitimacy and prestige to eligible organizations as well as a seat at the table at UN policy discussions. While the application process is fairly simple, having the status can involve considerable transaction costs to maintain a presence at UN deliberations. In the first years of the UN there were only some 50 NGOs with Consultative Status, and now there are currently around 4,000.

The earliest NGOs with Consultative Status reflected both the primarily European, U.K. and U.S. origins of the first international nonprofits, and the diversity of what constitutes the nongovernmental sector – they included the Howard League for Penal Reform, the oldest penal reform charity in the U.K. established in 1866; the International Air Traffic Association founded in the Hague in 1919; the International Association of Schools of Social Work, founded at the First International Conference of Social Work in Paris in 1928; Pax Romana, the international Catholic movement for intellectual cultural affairs, first founded as a student lay Catholic association in Switzerland in 1921; and the International Bar Association, founded at an international meeting of jurists in New York in 1947.

Religious faith continues to be an important impetus in international nonprofits. The modern nonprofit sector may be more secular and universalist than earlier iterations, but religion is still a key part of the sector. Large historic faith-based entities, such as the Salvation Army, Islamic Relief, and Jewish World Service, as well as networks such as APRODEV (the association of development agencies affiliated with the World Council of Churches), continue to be major players in the international nonprofit scene, and the foundation story of a significant percentage of contemporary organizations includes narratives of faith-based inspirations. The YMCA evolved its focus and mission from the aggressive evangelism of its origins to its current focus on social responsibility, and a similar description could be also applied to many of the historic religious nonprofits.

### **International Nonprofits and Global Civil Society**

There is no global government or executive body that legislates and regulates affairs or exercises the coercive powers equivalent to national governments. Yet public and private affairs are increasingly global, so regulation is effected through international governance “regimes” (Karns, Mingst and Stiles 2015), “systems” (Willetts 2011)

or “triangles” (Abbott and Snidal 2009) constructed by a patchwork of processes and institutions that include intergovernmental institutions, for-profit industry self-regulation, and international nonprofits. The treaties and conventions that emerge from the UN and the dozens of other multilateral and regional, combined with the protocols and agreements from global summit meetings and conferences, constitute the dense networks of regulation and oversight that is the basis of international law. But their powers fall far short of those exercised by sovereign nations within their own borders, particularly in matters of enforcement. The global governance organizations that develop and administer the patchwork are continually negotiating their legitimacy and authority and so potentially conferring considerable political space to non-government actors.

Scholars continue to debate whether globalization is leaving nation-states behind as the highest legitimate level of democratic power, a position they have held since the modern concepts of national sovereignty emerged from the Westphalia peace treaties of the 1640s (Sparke 2013; Walzer 1998). For much of the twentieth century, the debates focused largely on intergovernmental relations and the possible emergence and merits of a global government. More recently, however, the focus has broadened to include analyses of the multilayered and multifaceted governance of international rulemaking and the processes of global governmentality. Nonprofits are seen as an integral element of the construction of global governance “from below,” as intergovernmental and multilateral institutions increasingly incorporate a broader range of non-government actors into the processes for policy development and legitimation (Jönsson and Tallberg 2010; Karns, Mingst and Stiles 2015; Sparke 2013; Willetts 2011).

Are international nonprofits part of an emerging global civil society that constitutes a truly new institutional realm with an increasingly autonomous role in global governance, as the “authentic” voice of world public opinion? Or are they unrepresentative artifacts, bound to the donor elites, narrow interests, or national governments that created them and facilitated their growth? Keane (2003) argues that a global civil society is emerging and it is a new “society of societies,” but that it is still evolving and that its salience will depend on its ability to become more democratic, better integrated into governance institutions, and more invested with universal values. However, others argue that international nonprofits continue to primarily represent the interests of their donors and sponsor governments over those of their putative constituencies or beneficiaries, and their authority to represent anyone is often called into question. The mandate of international nonprofits is ambiguous at best given that their combined claimed membership is less than the population of a small country, and the internal governance processes of most organizations are less than democratic. After the mass demonstrations at the meetings of the World Trade Organization and the World Bank in 1999 and 2000, an editorial in *The Economist* (2000) acknowledged the effectiveness of the protests and conceded that they raised important issues, but also posed the question, “Who elected Oxfam?”

The debates around the existence of an autonomous global civil society focuses particularly on the role of nonprofits as opinion-makers and as rule-makers through their work in promoting, developing and supervising international norms, standards and regulations. They perform in these roles in fields as diverse as environmental issues, human rights, the empowerment of women, corporate social responsibility, election monitoring, prison reform, and post-transitional justice. Even though they have limited formal legal standing in the international arena, nonprofits can be advocates for new standards and watchdogs for their implementation and oversight. Nonprofits shape international events by identifying problems that might otherwise be ignored, articulating new

values and norms to guide international practice, building transnational alliances, disseminating social innovations, helping negotiate resolutions to transnational disagreements, and mobilizing resources to intervene directly to address problems.

After the post-Second World War period in which nonprofits “underachieved” (Charnovitz 1997), the policy role of international nonprofits re-emerged post-Cold War in the late twentieth century with high-profile campaigns such as the Campaign to Ban Landmines and the continuing advocacy of the numerous environmental organizations. Perhaps the most durable contributions to global governance structures are the oversight and accreditation function of dozens of international nonprofit professional and trade associations. At national levels, professional associations and advocacy groups may operate in effect as private authorities, regulating individuals and organizations that must, or voluntarily agree to, meet their standards. Some are chartered by their governments to steward the third-party accreditation or certification needed to exercise professions or to meet production standards, while others simply adopt this role through entrepreneurial accreditation or seal of approval schemes (Green 2014). Their international equivalents play similar roles in filling the voids of global regulation. The International Air Transport Association (IATA) is the successor organization to the International Air Traffic Association, which was cited earlier as one of the original nongovernmental organizations given Consultative Status by the UN. It is the trade association for the world’s airlines and is a key player in formulating industry policy on aviation issues and representing the industry in negotiations with the International Civil Aviation Organization, an agency established by the UN in 1947 to codify international air navigation. IATA regulations and seals cover all aspects of air travel from the transport of dangerous goods to the conduct of travel agents. Both IATA and the International Civil Aviation Organization have their headquarters in Montreal.

Arguably, the international regulatory nonprofit that has the greatest impact on the everyday lives of the global population is The International Organization for Standardization. Commonly known as ISO (not an acronym, but short name adopted to avoid confusion between the acronyms in different languages), it is the most widely accepted international standard-setting body. ISO describes itself as an independent, nongovernmental organization made up of members from the national standards bodies of 164 countries. Member associations reflect the political administrative arrangements of their nations – some are government agencies, some are quasi-governmental administrative bodies, while others are voluntary associations.

ISO began in 1926 as the International Federation of the National Standardizing Associations, with a focus on mechanical engineering, but was disbanded during the Second World War. It was reorganized in 1946 under its current name when delegates from 25 countries met in London and the restructured organization began operations in February 1947. The Central Secretariat, now in Geneva, Switzerland, coordinates the system, which comprises some 20,000 ISO standards, in areas as diverse as freight container dimensions, ISBN numbers on publications, the pictograms used to mark “This Way Up” on packages, and the sizes for screw threads. The ISO 9000 series is widely accepted as the standard for quality management in private, public and nonprofit organizations.

The ISO is a nongovernmental organization, so it has no enforcement powers. The adoption of its standards is voluntary. However, many standards, particularly those concerned with health, safety, or the environment, have

been incorporated into the legislation and regulatory frameworks of many countries. Other standards, such as the sizes of connectors for electronic devices, have become so universal that they in effect become gatekeepers for market entry.

The question of whether there is true global “governing without government” built on the relationships between multilateral institutions, nonprofits and other civil society actors, and how sustainable it can be, is an increasing preoccupation of international relations discourses (Karns, Mingst and Stiles 2015). International nonprofits are often not “at the table” when final rulemaking takes place, as that is generally the preserve of diplomats designated by their government and international civil servants, but they may have been instrumental in shaping public perceptions and in pressuring for changes, and they are likely to help ensure that new rules are implemented and adhered to.

### **Conclusion: The Evolving Landscape**

Nonprofits occupy a unique niche in the international political economy. At their best, they are more flexible and responsive than government bureaucracies, more mission-driven and principled than businesses, and they engender a sense of shared ownership by members, donors, volunteers and consumers. Nonprofits potentially tender legitimacy and expediency to the institutional dimensions of global dynamics.

However, it is a challenging time for international nonprofit. The 2018 Oxfam scandal (the organization was accused of not responding effectively to sexual misconduct by its employees in a number of its missions around the world), the arrests for corruption of the executives of international sports associations, and a growing literature that questions the efficacy and impact of NGOs are all symptoms of the greater scrutiny of the operations and outcomes of international nonprofits. For-profit business are now providing service and winning contracts in many interest areas that in the past were considered the exclusive domain of nonprofits.

Moreover, peer-to-peer web sites and social media are substituting the intermediary function of international organizations by easing cross-border interactions, including allowing donors to give more directly to recipients around the world. Nonprofits are yet to fully understand whether these technologies and social media organizing modes are generating new autonomous processes that will compete with, and ultimately displace, traditional nonprofit organizing, or whether they are simply tools that existing nonprofits will use to extend their reach and influence.

Despite such challenges, the activities and salience of nonprofits will most likely continue to expand in the foreseeable future, as seemingly opposing ideologies now concur that they are necessary elements of the institutional frameworks for service delivery and policymaking. The outlook for nonprofits in the international arena will be defined by the evolving equilibriums between the government, market, and nonprofit sectors as they vie for political space, resources, and the trust of their publics. Globalization marches on inexorably and nonprofits occupy a favorable intermediary political, economic and social arena between governments and intergovernmental organizations struggling to maintain legitimacy and multinational corporations focusing on maximizing financial benefits.

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