CONCEPT
PAPER

EVALUATION AND
RATING OF NGOs

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Background

According to the United Nations, a non-governmental organization (NGO) is a not-for-profit, voluntary citizens' group that is organized on a local, national, or international level to address issues in support of public welfare. Task oriented and made up of people with common interests, NGOs perform a variety of services and humanitarian functions. They convey concerns of citizens to governments, monitor policy and programme implementation, and encourage participation of civil society stakeholders at the community level. Furthermore, they provide analysis and expertise, serve as early warning indicators, and help monitor and implement international agreements. While some NGOs are organized around specific issues, such as human rights, environment, or health, others work in multiple domains.

In India, there are more than 2 million NGOs. As indicated by most studies, a governing board is a common dimension of NGO effectiveness. NGO effectiveness is conceptualized as a multidimensional social construct with an ability to achieve an organizational mission through a competent governing board, strong NGO–employee relationship, and efficient financial measures. According to Balser and McClusky (2005), there is no single universal standard definition of NGO effectiveness because NGOs work on diverse themes, issues, scales, and approaches. Therefore, future research on NGO effectiveness should focus on specific cultures and scales of NGOs.

Evaluation of NGOs

The pillars of interest, that is, impact, innovation, and governance, are crucial for the evaluation process of NGOs. In United States and other developed countries, grading of NGOs is conducted by third parties. However, in India, development of a standard model for evaluation is suggested at various platforms. The recent 'FCRA (Foreign Contribution Regulation Act) rules' for NGOs by government of India have mandated capping of administrative expenses to 20% (earlier 50%) for FCRA funds along with many other regulations. In this context, NGOs are of the view that it would create problems for them, whereas the government believes that it would improve the governance and overall functioning of NGOs.

In India, the scoring of NGOs is based on their performance in multiple criteria in the 'scoring and ranking procedure'. Each criterion falls into one or more of these pillars of interest. The three main pillars of interest are weighted in the ranking process: impact, innovation, and governance. The decision to weight impact and innovation more heavily is to recognize recent arrivals to the non-profit scene that are already having a significant impact on the landscape.

Types of NGOs

The overarching clustering of all kinds of NGOs is divided into two main categories: those that serve others and have large financial resources. They are called intermediaries. The other category includes those served by intermediaries. They are called community-based organizations (CBOs) or grassroots organizations (GROs).

Intermediaries are large and usually well-known international NGOs (e.g., Greenpeace, Human Rights Watch, OXFAM, World Relief, and CARE) that originated and usually headquartered in developed countries. However, they largely operate in developing countries.

They have deep infrastructure and have the 'luxury' of setting both long- and short-term goals. On the contrary, community-based organizations are usually smaller in size, scope, and financial resources. They have a large membership corps. They usually receive goods and services from intermediaries and can offer only short-term goals as needed immediately by their members/clients (Ciucescu and Feraru, 2014). CBOs stress on qualitative empowerment indices. These indices vary depending on new versus established GROs/CBOs. New CBOs may focus more on staying afloat. They may be sensitive to reaching long- versus short-term objectives. Established GROs/CBOs can generate spinoffs, broaden financial responsibility, access resources through collaborations, and promote decentralization and local autonomy in a better way.

Global Aspect of NGOs and Evaluation Process

Financial returns cannot be the only measure of an NGO's performance. NGOs argue that they have no straightforward bottom line unlike governments or businesses. NGOs are often accountable to beneficiaries who may be unable to meet the cost of what they receive. Thus, these recipients cannot be called consumers of the services provided to them. Moreover, NGOs cannot solely use feedback from political processes used to legitimize governments. Therefore, measurements of effectiveness must include combinations of both modalities. In his book titled A Framework for Understanding Accountability of International NGOs and Global Good Governance, Michael Szporluk stated that NGOs must be obligated to the principle of democratic accountability. This makes large international organizations accountable to those who are affected by their actions or decisions. Owing to the availability of international funding to NGOs around the globe, there has been an explosive growth of NGOs since 1980s (as per the UN data, there are currently more than 20,000 NGOs). World Association of Non-governmental Organizations (WANGO) was founded in 2000 by international NGOs and individuals. It now has grown into a premier international organization uniting NGOs worldwide for advancement of peace and global well-being. WANGO provides opportunities for its members from 170 nations to connect, partner, share, inspire, and multiply their contributions to address humanity's basic problems.

A revamped application and follow-up review process can help streamline ways in which like-minded NGOs can work together by categories (e.g., human rights, environment, and healthcare groups) or geographical locations (e.g., sub-Saharan, Eastern or Western Europe, Middle East, Latin America, and South Asia). The increasing number of NGOs worldwide may ineffectively bloat civil society if they do not form alliances among themselves to advance their causes. It is especially important for GROs to form alliances locally, regionally, and transnationally. There should also be transparency by the 'United Nations' in the review process with updates at the 'UN' website about compliance by NGOs.

Identification, Grading, and Ranking NGOs

It is imperative that NGOs play a key role in social development. NGOs must be treated as partners of change in achieving several goals that otherwise are unreachable for government or by companies. Owing to an extremely large number of NGOs nationally and globally, it is necessary to identify, grade, and rank them. *As per systematic analysis, knowledge of the following areas is crucial to identify, grade, and rank NGOs:*

- Type of NGO: NGO category, that is, intermediaries or CBOs.

- Number of years of establishment: This information ensures the stability and authenticity of the organization.

- Footprints and linkages: This provides the geographical outreach for an organization and its association/contacts with national and international organizations.

- Profiling: It includes details such as number, work profile and expertise, and organizational tenure of employees, stakeholders, and partners.

- Organization structure: Hierarchical flow in the organization and specific reporting points/authorities.

- Thematic areas covered: Domains covered by an NGO.

- Compliance systems: The integrated system consisting of written documents, functions, processes, controls, and tools helps the organization comply with legal requirements and minimize harm to consumers due to violations of law.

- Issues with NGO: Internal and external barriers in working of the organization.

- Resources: Sources of funding and professional workforce to implement tasks/projects.

- Partnerships: Partnerships with government and various stakeholders.

- Financial turnover: Annual and combined multiple year turnover of the organization to authenticate the financial stability and potential.

- Potential to expand/evolve: In emergency times such as pandemic, the ability of organization to amend, improve, and expand its scope to align with the on-ground situation and government goals.

- Recognition: Successful implementation, efficiency, and potential of the organization as known by the peers.

- Sustaining mechanism of NGO: Roadmap being followed within the organization to ensure continuity, stability, and efficiency.

Conclusion

NGOs are essential warriors to uphold CSR while addressing the SDGs (Sustainable Development Goals). It is important to present the complex and multidimensional role that NGO accountability and the practices embedded within it can play in the rights-based development process. A separate concern is the possibility that efforts to promote 'evaluation' as a means for ensuring accountability, whether to the sources of funding or to the persons served by programmes, can conflict with the objective of sustainability, which is a pre-eminent concern and criterion in many development programmes these days. Evaluation is recommended or required to see that scarce resources are put to their best use, often in the name of sustainability. Yet, the way that evaluation needs to be conceived and carried out can be inimical to sustainable development. The demand for evaluation has pushed NGOs as well as everyone else trying to quantify results to close up the systems under consideration. In sum, there is a need for better understanding of how organizations approach the evaluation process and challenges for the organization as well as the associated stakeholders to have a well-graded recognition.

Acknowledgement

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