NGOs face increasing pressure to demonstrate effectiveness and financial responsibility to the public. Many private donors rely heavily on financial performance metrics like those provided by Charity Navigator to help them decide which charities will use their donations most efficiently. But is this focus on low overheads really the best way to identify effective and high-impact charities? A panel moderated by Tosca Bruno-van Vijfeijken, Project Administrator at the Moynihan Institute of Global Affairs at Syracuse University, examined the current debate about organizational efficiency and effectiveness and discussed how practitioners, academics and ratings agencies can work together to develop more meaningful measures of organizational performance.

Maliha Khan, Director for Program Impact, Knowledge and Learning at CARE, discussed the model CARE uses to evaluate its performance. She stressed that an organization needs performance measures that provide a comprehensive look across the organization. CARE adapted a dashboard approach, known as Ubora, focused on three issues: impact, support, and principles and standards. “Impact” looks at how the organization changes the lives of populations they work with. CARE measures the impact not just of a project but also of the organization as a whole. “Support” measures performance in finance and procurement. Finally, “principles and standards” evaluates how well the organization performs against the values it has articulated, including a focus on questions such as “How are we doing in partnerships?” and “How participatory and inclusive are we in design, implementation and evaluation?”

Undertaking such measurements comes with challenges. Evaluations are expensive and donors are often reluctant to fund them. Ms. Khan also noted that a supportive organizational culture is necessary to effectively implement any complex measurement model.

Charity Navigator’s President and CEO, Ken Berger, discussed the online site’s methodology for rating charities. Its findings are publicly available at www.charitynavigator.org and the site has a significant impact on donations. Mr. Berger listed seven variables Charity Navigator uses to measure organizational performance: administrative expenses, fundraising expenses, program service expenses, fundraising costs to raise one dollar, program growth rate, revenue growth rate, and working capital. Organizations are ranked on a scale of 1 to 10 on each variable, for a total score of 70. Based on their composite scores, organizations receive stars that convey to the public a measure of a charity’s efficiency and financial success. High scoring organizations receive a seal from Charity Navigator that is frequently found on charity websites. Mr. Berger pointed out that more than 66 percent of all charities currently listed on the website receive three or four stars.

Responding to widespread criticism that Charity Navigator ratings do not measure the actual impact of an organization, Mr. Berger outlined ongoing efforts to revise the rating system by moving beyond simple overhead ratios and fundraising numbers based on IRS Form 990 returns. Charity Navigator recently administered surveys to learn more about how organizations measure impact. He was surprised to find that only an estimated 10 percent of charities actually evaluate outcomes in a systematic way and pointed out that a large number of current three- or four-star organizations would lose stars once Charity Navigator includes measures of organizational impact.

Mr. Berger outlined a new rating system based on three major components: financial health, accountability and transparency, and outcomes. He added that Charity Navigator is exploring possible ways to measure outcomes based on a model of “net promoter scores” (www.keystoneaccountability.org) that record positive and negative opinions from
The challenge of meeting immediate needs while also building for the longer term.

BY ELIZABETH BELLARDO, SENIOR PROGRAM MANAGER, HUMANITARIAN POLICY & PRACTICE, INTERACTION

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N THE FINAL DAY OF INTERAction’s 2009 Forum, representatives from governmental, non-governmental and international agencies discussed how and why emergency health programming can support a better transition from relief to development. Steven Commins, Strategy Manager for Fragile States at International Medical Corps, opened the session by encouraging participants to critically examine the flawed continuum of relief to development, the need for disaster risk reduction before, during and after disasters, and what contributes to the health of disaster-affected people and communities.

David Hajjar, Disaster Risk Reduction Advisor at the United States Agency for International Development’s Office of Foreign Disaster Assistance (USAID/OFDA) began the panel with an overview of USAID/OFDA’s disaster risk reduction (DRR) activities. He noted that disasters can provide an opportunity for DRR work during and after a disaster, but the challenge remains to implement DRR programs before a disaster. USAID/OFDA is committed to integrating DRR thinking into all phases of relief interventions. As an example of how a successful DRR program can affect multiple sectors, Hajjar described a waterway cleaning project in Mali. Although this program was primarily focused on livelihoods, its completion also saw a 33-40 percent reduction in cases of malaria and diarrhea. Susan Purdun, Deputy Health Director at the International Rescue Committee, discussed strengthening post-conflict health systems. She noted that although there are tensions between emergency health service delivery and health systems strengthening, to drop one for the other the day a peace agreement is signed is neither practical nor helpful for the affected communities. When providing health services, it is important to understand that during and after a disaster there is a range of resources that organizations should look to maximize. Shortfalls in funding remain significant; and a more flexible and predictable funding mechanism would go a long way to bridge relief and development programming.

Connie Kamara, Director of Technical Services and Program Development at American Refugee Committee (ARC), wrapped up the panel discussion with a presentation of some lessons learned from the recent displacement crisis in Pakistan. She noted that emergency health programming works better when it builds on existing systems and reflects a critical examination of local experience and context. In the Pakistan experience, ARC was able to leverage private resources to fill donor gaps. Small-scale capacity building activities were integrated into service delivery programs in a way that did not negatively affect the provision of services. She urged agencies to focus on fulfilling their missions, which more often focus on responding to the needs of the affected communities, and not just on completing programs. She ended by noting rising challenges to programming: protracted emergencies, urban refugees and remote supervision programming.

The lively discussion that followed the presentations focused on the challenges posed by climate change and frequent staff turnover. It was also noted that social workers play a unique role bridging social and clinical health, although often this work is sometimes undervalued. The discussion concluded with a reminder that efforts can be made to relieve the normal tensions between short-term responses and longer-term issues when done in a thoughtful way that takes into consideration local resources.