Non-government aid – comparing effectiveness

John Eyers, 18 August 2017

The number of non-government organisations contributing to humanitarian relief and development work overseas extends into the thousands, if not tens of thousands. The choices for individuals who wish to support this work can thus be quite overwhelming. This paper results from an effort to answer the following question: how can private citizens who want to contribute to international humanitarian or development efforts obtain a guide to which international non-government organisations (INGOs) are most effective in what they do?

Effectiveness – a range of meanings

A few moments’ reflection on the wide range of activities which INGOs undertake as contributions to humanitarian relief or development – to give a few examples, distributing relief supplies after natural disasters, providing medical services to victims of armed conflict, encouraging community participation in governance and infrastructure, promoting rural livelihoods, lobbying governments, changing attitudes on gender – will indicate how difficult it would be to form a meaningful system for measuring their effectiveness for the purpose of comparison. Measurements and comparisons can make sense only when applied to the effectiveness of limited subsets of INGOs which have common objectives and timeframes for showing results, or else to organisational characteristics which are at one remove from activities and results.

Some kinds of health intervention are clearly suitable for measurements and comparisons of effectiveness, especially where randomized trials are practicable. Again, some aspects of financial management are sufficiently standardized for there to be meaningful measurements through time or across public authorities and private businesses, and in different countries. But assessments of INGOs’ contributions even to these more measurable results need to take account of difficulties in comparing across vastly different contexts, to acknowledge possible distortions of results data, and to guess whether what has been achieved will be sustained after the INGOs finish their work. So the comparability of INGOs’ contributions even of similar kinds is limited.

I know of several efforts to compare ranges of diverse INGOs (along with other multilateral aid channels) from the perspective of official donors: the assessment of multilaterals first published by the United Kingdom (UK) Department for International Development in 2011 and the Australian Multilateral Assessment published in 2012, and the ongoing encouragement of peer reviews of multilaterals’ effectiveness by the Evaluation Network of the Development Assistance Committee of the Organisation for Economic Cooperation and Development. These assessments have necessarily avoided trying to compare effectiveness by directly examining results. Instead they have examined organisational characteristics related to effectiveness, such as the extent of independent evaluations, how promptly evaluation lessons are identified internally, and whether managements monitor efforts to apply these lessons. These organisational features can be seen as denoting capacity or disposition to operate effectively.

One further aspect of effectiveness is worth noting – the tension between, on the one hand, the perspective of donors who want identifiable results and value for money in terms of their purposes in contributing and, on the other hand, that of INGOs’ local partners who have their own ideas about the greatest needs in their communities and the most useful forms of external help. Each INGO deals
with this tension in its own way; those that emphasise respect for the perceptions of local partners say or imply that donors should adapt their expectations of accountability accordingly.

The following sections examine what’s available for comparing INGOs from sources in Australia, the UK and the United States (US).

**Australia**

**Australian Council for International Development (ACFID)**

ACFID is the umbrella organisation for Australian humanitarian and development NGOs, including the Australian affiliates of INGOs. It offers member organisations a voluntary, self-regulatory code of good practice. This code contains both broad principles and more specific obligations for giving effect to them. The section relating to effectiveness sets standards for monitoring and evaluation systems, and for publishing the results of reviews and evaluations.

It has been a requirement of the code since 2011 that organisations conduct periodic self-assessments of their compliance with it, and submit them for review by ACFID. These self-assessments were at first required to be annual, and are currently required to be triennial with reports in the intervening years on any exceptions to compliance.

ACFID’s website says it provides assurance to external stakeholders through:

- reviewing the self-assessments of compliance with the code,
- verifying compliance with selected aspects of the code,
- overseeing an independent complaints-handling process,
- reporting on compliance with the code to stakeholders, and
- conducting spot checks, including compliance checks of emergency appeal websites.

ACFID’s website does not indicate to which stakeholders it reports on compliance with the code. Members of the public do not have access through the website to those reports, nor to any other information about member NGOs provided by ACFID as distinct from the NGOs themselves. They have instead the general assurance that ACFID is satisfied with the compliance of its member NGOs.

**Australian Charities and Not-for-profits Commission (ACNC)**

This regulatory agency of the Australian Government provides on its website only basic information about each NGO registered with it – such as when it was founded, who its intended beneficiaries are, where it operates, whether it is religious, and the names and positions of directors.

**ChangePath**

This is a home-grown organisation which was established a few years ago, apparently with one principal analyst backed by an advisory board. The website says it has assessed 900+ Australian charities for transparency, financial sustainability, and having a privacy policy. Its webpages for individual charities contain the information on which ratings for transparency and financial sustainability are based, and a brief description of the charity’s activities. In other respects, these pages have more limited information than is available on the ACNC website – for example, they list where the charity operates within Australia, but not in what other countries it operates.

**Accreditation of NGOs by the Department of Foreign Affairs and Trade (DFAT)**

DFAT conducts accreditation of Australian NGOs to provide a basis for selecting some of them as channels for official aid funds and for consultation on aspects of the aid program. This accreditation
is conducted through a carefully specified process, with the accreditation criteria and process, and the resulting lists of accredited NGOs, accessible on DFAT’s website.

Presumably DFAT intends this accreditation to be of use principally to minimise the risks of directing official aid funds through NGOs – but also to inform the public about Australian NGOs, and to minimise risks for members of the public as donors to them. DFAT’s manual for accreditation states:

> The process of accreditation is an in-depth assessment of Australian NGOs against criteria that have been developed and agreed by DFAT and ACFID. It evaluates an NGO’s structure, policies, links to the Australian community, partnership arrangements, program, financial and management systems, and how these are applied. Accreditation is not an assessment of the quality or impact of an NGO’s development activities.

Reading DFAT’s criteria for accreditation certainly suggests that the assessments made by its review teams are detailed. Some of the criteria are requirements for policies or systems which, if implemented, would ensure certain aspects of effectiveness in humanitarian and development operations. Others, notably criteria B4 and C2 referring to monitoring and reporting on effectiveness, require NGOs at least to advert to whether they and their partner organisations operate effectively.

DFAT’s system incorporates two levels – base accreditation and full accreditation – with more exacting indicators for full accreditation under most of the criteria used in assessments. A few NGOs with full accreditation are also listed as ANCP partners, reflecting “the scope and scale of their networks and expertise”.

Accordingly, members of the public as prospective donors can find Australian NGOs listed by DFAT in three categories – ANCP partners (numbering 10 according to a DFAT list dated April 2017), those with full accreditation (41 in August 2017) and those with base accreditation (16 in August 2017). I would interpret these, like the features examined in the assessments of multilaterals mentioned above, as indicating at least levels of capacity or disposition to operate effectively, and therefore some likelihood they do so in whatever it is they do. At the same time, I note there is no necessary adverse reflection on the many other members of ACFID which do not have DFAT accreditation.

**Selections of best development INGOs**

Effective Altruism Australia is the Australian website of an organisation based in the US which will be described below. It offers and explains a selection of INGOs which are judged to be most effective in saving lives or reducing the effects of illnesses. At the time of my accessing it in July 2017, it recommended six INGOs – four which make health interventions and two which make or research livelihood interventions.

**UK**

In reconnoitring this subject in the UK, I noticed two features:

- a transparent, apparently collaborative effort by development NGOs to keep improving the evaluation of their activities, through the networks BOND and NIDOS, and
- accountability reports prepared by several large UK-based INGOs (or multi-country INGOs with UK units) – these are accessible online and, even though they are self-evaluations, provide donors with useful indications of the INGOs’ effectiveness.

NIDOS has an Effectiveness Toolkit which enables an NGO to review its work against:
• a set of principles of good practice in international development, and
• benchmarks of good operational practice.

This toolkit is available to download through contact with NIDOS, in two forms: a simple toolkit available to any requesting organisation, and a full toolkit available to NIDOS member organisations.

Presumably this is similar to what ACFID provides for Australian member NGOs; but NIDOS seems to go further:

• on its website it recommends that member organisations use the toolkit to compare their effectiveness with averages,
• it says it can provide effectiveness assessments for member organisations which request them, and
• in 2014-15 it commissioned and published a review of NGOs’ use of BOND and NIDOS effectiveness tools and services.

Among the largest INGOs based (or partly based) in the UK, for example CARE, Oxfam and World Vision, methods of evaluation are sophisticated, and reporting for stakeholders is ample, although it varies considerably in form and content. Their cooperation in methods of evaluation can be observed through the website of Accountable Now (formerly the INGO Accountability Charter). Through this network, both the accountability reports of member INGOs and the detailed comments on them of an international review panel are accessible, including to prospective donors.

Most of the large-scale INGOs which I could think of are members of Accountable Now. One exception is the International Committee of the Red Cross (ICRC), although its annual reports incorporate an evaluation method which seems (to me, a non-professional) apt and rigorous.

One observation I would make about the accountability reports of CARE, Oxfam and World Vision is that because these large-scale INGOs try to address the social and political causes of underdevelopment, and because they work in partnership with both local NGOs and other INGOs, when they identify substantial positive results it remains difficult to distinguish what is attributable to the INGOs themselves as distinct from others. These inherent constraints on attribution are an obstacle to assessing the effectiveness of these and other such INGOs’ work.

US – rating the many

There are four US-based organisations which for decades have provided donors with guides to large ranges of INGOs (among other US charities), making some or all of this guidance available without charge on webpages. These organisations appear to operate separately, with competition and differences among them.

Charity Navigator

According to its website, in July 2017 Charity Navigator had rated 8,359 charities and had 650,000 registered users. Its rating system examines two broad areas of a charity's performance: financial health, and accountability and transparency. It is itself supported by donor contributions – not from charities it evaluates – and does not charge users for its ratings and the data behind them. Accordingly, it seems the source offering the most information about INGOs without subscription.

This information does not include any direct assessments of effectiveness. However, Charity Navigator's website says that during the next five years it will expand the information it collects on
non-profits to include, and eventually evaluate, impact-related data; and that it will create free tools and resources with which non-profits can promote best practices and highlight relative performance.

Charity Navigator’s website has several Top Ten lists – including ten which overpay their for-profit fundraisers (defined as spending more than 50% of their budget paying for-profit fundraising professionals), ten highly rated which rely exclusively on private contributions, and “ten of the best charities everyone’s heard of”.

Charity Watch

CharityWatch, founded about 25 years ago as the American Institute of Philanthropy, according to its website is independent of the organisations which it rates, both financially and in terms of its governing board. The main focus of its analysis and ratings is financial efficiency – the proportion of revenue which is spent on program activities, and the proportion of fundraising expense to the amounts thereby raised.

Its ratings, and some basic financial information about each rated charity, are accessible to all on its website. To obtain access to individual reports, a membership contribution, currently USD50 per year, is required. These reports are in five parts – rating and metrics, governance and transparency, analysts’ notes, salaries, and articles and media. The charities’ evaluation practices do not receive specific attention.

When I accessed it in July 2017, the CharityWatch website had pages and ratings for nearly 600 US-based NGOs, including 45 charities in the category of international relief and development. All of these 45 had ratings of B+, A-, A or A+, although in some cases they were based on financial information for years ended in June 2014 or June 2015.

GuideStar

Since its establishment in 1994, GuideStar has made publicly accessible by internet the information returns which US non-profits provide to the Internal Revenue Service. In the last decade, it has invited non-profits to supplement their entries in its database with additional information, and has graded non-profits according to the amounts of information they provide.

The result is that GuideStar’s profiles allow users to identify an INGO’s geographic reach, results, sources of funding, financial stability, and leadership. These profiles are accessible through a cost-free subscription. However, some information – for example, financial statements and information about senior employees’ remuneration – is available only with a premium subscription.

In respect of results, the profile format includes sections on how program success is monitored and program success examples. However, since these are compiled solely from information supplied by the INGOs, they may be brief and unhelpful for the purpose of assessing effectiveness.

BBB Wise Giving Alliance

This is an arm of the US Better Business Bureau (BBB). It reports on a large range of US-based charities, and determines whether they meet its twenty voluntary standards on matters such as governance, finances, fund raising, and donor privacy. These standards include having an effectiveness policy and publishing effectiveness reports, but BBB Wise Giving Alliance does not evaluate the worthiness of charities’ programs.

BBB Wise Giving Alliance reports are available on its website. They contain, for each charity listed, pages on purpose, programs, governance and staff, fundraising, tax status, financial matters and a
conclusion. The pages which I accessed in June 2017 were informative and concise, and their consistency of style suggested they were drafted or revised by staff rather than simply supplied by each charity. The pages on financial matters included for the most recent year what proportion fundraising costs represented of the funds raised through them. There were also, in some cases, notes on complaints recently processed by BBB Wise Giving Alliance and whether they had been addressed by the charity.

Charities which BBB Wise Giving Alliance assesses to be satisfactory may display a seal indicating this on their fundraising material. In December 2012, USA Today published an article about differences in ratings and approaches between BBB Wise Giving Alliance and Charity Watch. This recounted a suggestion by Daniel Borochoff, the founder of CharityWatch, that the dependence of BBB Wise Giving Alliance for revenue on sales of accreditation seals compromised the independence of its ratings. Presumably in response, in 2013 GuideStar, BBB Wise Giving Alliance, and Charity Navigator wrote an open letter to the donors of America in a campaign to end the “Overhead Myth — the false conception that financial ratios are the sole indicator of non-profit performance”.

US – recommending the few

There are several US-based organisations, apparently established recently and linked cooperatively with each other, which aim to inform philanthropic donors in a different way – by selecting just a few INGOs to recommend, on the basis of stated criteria and analysis of how far their work is informed by evidence of effectiveness.

Effective Altruism

This is an organisation registered as a charity in England and Wales, but also a broader network with members appearing to be mainly in the United States. Its website says:

We find causes important to work on to the extent that they are great in impact (they affect many people’s lives, by a great amount), that they are highly tractable (additional resources will do a great deal to address the problem), and that they are highly neglected (few other people are working on addressing them).

The Effective Altruism website encourages donations to INGOs recommended by the associated organisation GiveWell (see below). The particular contribution of Effective Altruism is, it seems, to put philanthropic giving in a larger framework intended to inform choices among careers, causes, and forms of contributing.

Give Well

GiveWell selects, using a transparent method, a small number of INGOs which it regards as most effective in terms of its priorities – to save lives or prevent their being shortened or handicapped by illness. It does not formulate assessments or ratings for any others. It is supported by a small group of its own donors; it accepts public donations for itself, but not from charities.

GiveWell’s criteria for assessing an INGO include estimated impact, estimated intervention effectiveness and whether it has room for more funding. Some INGOS which it assesses favourably are nevertheless not preferred because their work is done by other charities assessed more favourably.

Its top-rated INGOs (in July 2017) operate in global health and development:

- Against Malaria Foundation, which distributes bednets to protect children from malaria,
- Malaria Consortium’s seasonal chemoprevention program,
- Schistosomiasis Control Initiative, Deworm the World, End Fund’s deworming program, and Sightsavers’ deworming program, which treat people for parasite infections, and
- GiveDirectly, which makes unconditional cash transfers to very poor individuals.

The GiveWell website also listed in July 2017 a group of six “stand-out charities” undertaking health interventions (such as salt iodization or food fortification), about the impact of which GiveWell says it is not as confident because they “may be implementing programs with weaker evidence bases, may have shorter track records, or may collect less monitoring information than our top charities.”

GiveWell’s priorities imply a lesser value for operations directed at results of less tangible or longer-term kinds, such as empowerment of marginalised people and other structural changes. Its website acknowledges this:

Seeking strong evidence and a straightforward, documented case for impact can be in tension with maximizing impact, as argued at this post by the Open Philanthropy Project. (The Open Philanthropy Project was incubated at GiveWell and looks for giving opportunities that can be longer term, harder to assess, and harder to explain. It does not have official recommendations for individual donors.)

**Impact Matters**

This organisation offers to INGOs its expertise in rigorous auditing of impacts, and relating costs to impact per beneficiary. The [website](#) suggests detailed audits have been done for a small range of INGOs, with the resulting audits freely accessible for the benefit of philanthropic donors.

When I searched in July 2017 for audits of INGOs undertaking health, education or livelihood interventions in Asia and Africa, the resulting list was of only five INGOs – BOMA Project, Possible, Samasource, Trickle Up and Village Enterprise. Of these, three have small-scale operations, while two – Possible and Village Enterprise – operate on a substantial scale, and Village Enterprise provides technical assistance to larger aid organisations and government agencies.

The audits of these five INGOs by Impact Matters gave greatest attention to:

- identification and measurement of both impacts and costs, per beneficiary, and
- monitoring, evaluation, research and learning systems, and use of evidence about programs’ effectiveness.

These audits, accessible without charge on IM’s website, are impressively thorough and well explained. They vary in length from twenty to more than a hundred pages. In all cases impacts have been identified as clearly as the available evidence allowed; this evidence came both from the INGO’s programs and from similar programs implemented in similar settings for similar groups. In some cases benefits could be quantified and expressed in ratios to costs, while in others only costs could be quantified.

**The Life You Can Save**

This organisation offers and explains a selection of INGOs which aim to relieve extreme poverty. Its approach reflects the ethical philosophy of Peter Singer, whose book with this title was published in 2009. Its method is to take the recommendations of what it considers the two best charity evaluators – GiveWell and Impact Matters – and have its own panel of four experts provide further scrutiny and select a shorter list.
Its [website](#) listed in July 2017 eighteen “top charities”. Most of these are INGOs providing health interventions, but some – Evidence Action, GiveDirectly, Innovations for Poverty Action (see below), One Acre Fund, Oxfam and Village Enterprise – operate in other ways, especially by financing livelihood improvements.

**US – coaching the INGOs**

Two other US-based organisations are worth mentioning because of their indirect contributions to the ability of small-scale donors to find well-informed assessments of INGOs’ effectiveness.

*Center for Effective Philanthropy (CEP)*

The CEP’s [website](#) says its purpose is to help donor organisations (which it calls “foundations”) to be effective. The CEP’s focus is on how foundations operate, rather than more directly helping them in selecting what to fund or assessing the results of their funding. But the research reports available on its website include a 2012 assessment of foundations’ support of non-profits’ performance assessment, and a 2016 study of foundations’ evaluation practices.

*Innovations for Poverty Action (IPA)*

This is a network of more than 575 researchers who collaborate in designing and conducting evaluations and more than 450 implementing partners – governments, non-profits, academic institutions, foundations and companies. Its website says it is the largest implementer of randomized evaluations in the international development field, combining rigorous evaluation design with high quality research implementation. IPA was founded by Dean Karlan with support from his graduate advisors at MIT, who were early champions of randomized evaluations in development work, and it is closely linked to the Abdul Latif Jameel Poverty Action Lab (J-PAL).

**Conclusions**

The tentative conclusions I’ve drawn are these.

The organisations which select a few INGOs to recommend show a transparency and rigour which are strongly appealing. However, the rigour with which they seek evidence of effectiveness in saving or improving lives disposes them to select INGOs which make health or livelihood interventions, on a limited scale.

Inevitably it’s harder to assess the effectiveness of INGOs which operate in many places and various modes, such as – to name only two – the International Committee of the Red Cross and Médecins Sans Frontières. Similarly, it’s harder to assess the effectiveness of INGOs which devote substantial resources to addressing societal or political obstacles to development, such as CARE and Oxfam, or those which, for example in the water and sanitation sector, must work through influencing public utilities and private companies. I hope that private donors contribute to such INGOs despite the absence or limitation of external assessments of their effectiveness.