ACFOA

Australian Council for Overseas Aid

A Process to Define and Enhance NGO Effectiveness.
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This paper outlines the recent progress by Australian NGOs to define and enhance their effectiveness. It's a story that follows that of the AusAID focus on quality and effectiveness, but diverges from that agenda to suggest that NGOs need to be understood and judged by different criteria than those of the official aid donors.

There is nothing new in suggesting that it is difficult to assess NGO effectiveness (ODI, 1996;), or that few NGOs have been able to demonstrate long-term impact (Oakley, 1999; Roche, 1999; Madon, 2000). It also seems to be well accepted that NGOs are diverse, values driven organisations. They are hard to classify and group and therefore it is difficult to find agreed standards and elements of practice that can apply across all types (Cronin & O'Regan, 2002; Davies, 2002).

Most authors seem to agree that NGOs enjoy a mixed if not fraught relationship with official donors. The relationship is often characterised by misunderstanding and simplistic interpretations each of the other (Kilalo & Johnson, 1999). The funding component of the relationship is usually seen to dominate and often distort the role of the NGOs (Edwards & Hulme, 1996; Davies, 1997; White, 1999). In some cases it is suggested this distortion extends to the relationship between NGOs and their field partners, with the funding process undermining the development partnership (Edwards, 1999; Edwards & Sen, 2000).

All of these views have been applied to Australian NGOs and to their relationship with AusAID[1] (Crooke, 1996). And certainly the relationship has been characterised by scrutiny and a regular search for proof of effectiveness and relevance (AusAID 1995; Australian National Audit Office, 1996; AusAID, 2002). In recent years a conservative political climate has only heightened this scrutiny, with NGOs spending increased time and resources responding to requests related to accountability. The difference, in Australia, is that twelve months ago the NGOs decided to take more control of the situation. They set out to define what makes for effective NGO practice and to identify the strengths and weaknesses in current Australian NGO practice[2].

The most recent review process undertaken by AusAID was the Quality Assurance Group assessment of Australian NGOs (AusAID, 2002). A framework, developed by AusAID for quality assessment of bilateral projects and programs was adapted for NGO assessment, following consultation with NGOs in Australia. The process is described in detail in the first half of this paper. The results were mixed, suggesting that NGOs were reasonable at implementation of projects and programs but poor in design and some areas such as understanding the context of interventions and planning for long term sustainability.

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[1] AusAID is the Australian Government department responsible for management of the Australian official aid program.

[2] There are approximately 150 organisations in Australia that undertake overseas aid and development work. Of these 90 are members of the Australian Council for Overseas Aid (ACFOA), the official umbrella body for the industry; 120 are signatories to the ACFOA Code of Conduct and 52 are accredited to receive funds from AusAID.

Significantly, the Australian NGOs were unhappy with the conclusions reached, even though they had been consulted and involved in the assessment; because they believed the Quality Assurance Group focused on and presented a limited picture of their role. It appeared to capture important elements and even critical areas for improvement, but from the NGO perspective it did not seem to address the full picture of what they were trying to achieve as organisations. The agencies were left feeling that they had been judged once again through an inappropriate instrument. This process became the stimulus for the Australian NGO community to finally take more control over both defining and demonstrating good quality development practice.

Following the Quality Assurance Group review, the Australian Council for Overseas Aid (ACFOA)[3] managed a further process on behalf of its member organisations. The first step in the process was to develop a clear understanding of what made for effective NGO practice. Organisations were strongly committed to developing the theory from real practice situations so a research process was developed using a methodology of appreciative inquiry (Hammond, 1996). The research commenced in 2002 and all ACFOA members from across Australian were invited to participate. The findings of the first stage were tested through focus group discussions and then further examined through a nation wide conference held in mid 2002, both processes enabling a wider group of NGOs to participate. At the conclusion of the conference the findings were circulated among all ACFOA members for comment and a report was developed, outlining what has come to be known as the NGO Effectiveness Framework. Nearly half of the total membership were engaged in this first stage of the research[4], and this rate of participation remained consistent or increased throughout ongoing phases of the process, thus ensuring a high level of engagement in and ownership of the research by ACFOA members. The work-in-progress report of this research was presented to members at the ACFOA Annual Council, who endorsed the findings and supported a further process of ongoing research and action learning. The leadership provided by the ACFOA Development Practices Advisory Committee[5] for the process has been, and continues to be, a vital aspect of the process. They not only provide expert analysis and advice, but ensure the process remains relevant to ANGO programmatic and organisational needs. While it has taken more time, the participatory process has been key to ownership and engagement of the Australian NGOs.

This paper largely reports the findings of the first stage of the research process. For the past 6 months a further stage has been underway, to begin to field test elements of the framework that have been identified as critical to effective development practice. Some of this second stage will be described at the end of this paper.

The findings

The research has identified two important findings:

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[3] ACFOA is the umbrella organisation for the NGO sector in Australia.
[4] The NGOs participating included a spread of large (all but one of the largest eleven agencies participated in the research) and small, those based in Sydney, Melbourne and Canberra and also faith based and non-faith-based agencies. **Significantly, 72 % of agencies accredited with AusAID participated in the research.**
[5] The ACFOA Development Practices Advisory Committee is a sub-committee of the ACFOA Executive Committee and is comprised of ten senior ANGO representatives with extensive experience across the range of development practice issues.

- ▪ Australian NGO effectiveness is more than the result of implementation of designs and plans or other areas of program engagement. It is also a product of the organisational principles, policies and strategies of development.
- ▪ There are a number of practice standards that Australian NGOs agree should apply to field programs or other forms of engagement, in order to promote effective outcomes. However these standards alone are insufficient to describe and explain effectiveness in Australian NGO work, and must be understood in light of the aforementioned principles, policies and strategies.

The results indicated that Australian NGOs are part of an established sector, with shared principles, features and standards and that they are working towards common outcomes. At the same time, each Australian NGO is an autonomous organisation, operating from a particular philosophy and value base and with particular approaches and contributions to make to development[6]. Australian NGO effectiveness therefore needs to be understood as a combination of shared sectoral and individual agency elements. Every organisation does development differently, but they all share common principles, common approaches to programming and common standards of engagement, which in combination make for effective practice.

Increased effectiveness therefore comes from more attention to various aspects of organisational life, from the principles of the agency to the actual activities undertaken in the name of development.

The framework in detail

Australian NGOs as organisations

According to the ACFOA Code of Conduct, Australian NGOs are non-government development organisations that are formed voluntarily and operate on a not-for–profit basis. Australian NGOs chose to specifically define themselves as values-based organisations that are part of Australian civil society.

Australian NGOs have multiple accountabilities to a range of stakeholders and the research indicated that they hold strong values of downwards accountabilities to their overseas partners although these are not well reflected in all organisational systems.

In addition to being part of a sector within the aid industry, each Australian NGO is an autonomous organisation, with a philosophy and values that are unique to that organisation. While many of these values overlap or are shared with other organisations[7], each Australian NGO can point to its own unique contribution to development based upon its philosophy and values and the manner in which it operationalises that philosophy.

All Australian NGOs have principles that flow from their values and philosophy. Some of these are unique to each organisation. The sector also has shared principles, as detailed in the ACFOA

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[6] The existing AFCOA Code of Conduct takes this approach, recognising that various organisations will have different activities and different information to report and account for, yet also draws together some common standards and processes which hold across the entire sector.

[7] For example, the research indicates that many Australian NGOs have as a core value that they work on behalf of or with the most needy or most marginalised within society

Code of Conduct[8]. In addition the research identified a further principle that they hold in common:

> Australian NGOs shall identify their values, communicate them to all key stakeholders and reflect them in their work.

Each Australian NGO has its own set of organisational policies that govern the work and approach of the agency. Some of these are sector wide, as reflected in the ACFOA Code of Conduct[9]. Some of these are peculiar to each organisation and will reflect the different management practices, resources and internal processes of each NGO.

Program Strategies

Every Australian NGO has a program strategy to operationalise their philosophy, values and principles. In other words, each organisation has its own way of 'doing things' to contribute to development. This diversity within the industry is valued, as it allows a wide range of possible responses to the complex issues of development. While program strategies are unique to organisations, Australian NGO programs are characterised by certain common qualities that appear to be key to overall effectiveness.

High quality relationships

One of the critical features of Australian NGO work is that, apart from humanitarian response, most Australian NGOs do not implement directly. Instead, reflecting a commitment to building local capacity and self-reliance, most Australian NGOs choose to work through local implementing organisations[10]. For this process to work effectively, Australian NGOs place a high value on the quality of the relationship between themselves and their implementing partner.

The research found that most often, good relationships evolve over time, based upon trust, mutual learning, accountability and acceptance of difference. The purpose of good relationships is to build capacity of implementing partners and increase the process of self-reliance and/or local ownership.

Long term engagement

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[8] The ACFOA Code of Conduct states: Organisations which are signatories to this Code aim to build creative and trusting relationships with the people of the developing countries and to meet program standards which:
give priority to the needs and interests of the people they serve; encourage self help and self-reliance among beneficiaries and thus avoid creating dependency; involve beneficiary groups to the maximum extent possible in the design, implementation and evaluation of projects and programs; respect and foster internationally recognised human rights, both socio-economic and civil-political; seek to enhance gender equity; and are based on an understanding of the history and culture of the people served.
The research identified that these principles are largely shared across the organisations, with particular emphasis given to those on human rights and gender equity.
[9] The ACFOA Code of Conduct sets out agreed minimum policy standards in areas of governance, management, financial control and reporting.
[10] Local organisations can include local NGOs, community based organisations and community groups, local government and also the local office of transnational NGOs.

Development situations are usually complex and most often require engagement[11] that goes beyond short-term project and program cycles. Australian NGOs seek to work in ways that allow for long term engagement in locations, in sectors and with people, for the purpose of more effective and sustainable solutions to development problems. A common element identified in Australian NGO interventions were programs of 10 to 20 years duration, that changed and developed as understanding and engagement with the local context also developed.

Learning

Given the dynamic nature of development, Australian NGOs and their implementing partners seek to undertake ongoing reflection about their work and the context of that work, for the purpose of improvement. Contrary to the common view that NGOs do not evaluate their work, the research identified a strong culture of formal and informal program assessment throughout the life of interventions.

Adaptation

The research suggested that few NGO programs remained the same throughout their life. Australian NGOs and their field partners seek to adapt to information and try to be responsive to changing circumstances. Original project designs were the starting point for interventions, but rarely did programs continue to follow this design for the entire engagement. Rather, there was an emphasis upon flexibility and responsiveness.

Working together

In many situations Australian NGOs have deliberately tried to bring about increased impact and effectiveness by working together, either in the field, or in coalitions within Australia. The nature of field coalitions varied, sometimes different agencies worked together, more often it was sister organisations from the same international body. Within Australia, however there was evidence that increasing numbers of Australian NGOs were working together, especially in areas of policy change and advocacy.

Risk taking

Australian NGOs often choose to work in situations where outcomes are less certain, in order to meet the needs of people otherwise poorly served by other aid delivery mechanisms. In the short term this could be seen as less effective work, however, when combined with the preceding elements of long term engagement and learning and adaptation, means that many Australian NGOs have developed high quality skills in working with marginalised groups especially at the community level. In one sense this makes them more effective, although it may result in less tangible outcomes from specific interventions.

Standards of engagement

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[11] Engagement is best understood as all the possible activities undertaken by the NGO. Most often they include projects and program in the field (both overseas and in Australia), advocacy and lobbying work and humanitarian relief. They also include community education and information work undertaken in Australia.

The research also identified a series of field based 'standards' for practice. Participating NGOs agreed that not all the work of their organisations necessarily reflected all of these standards. To this extent the standards are **aspirational**. In addition, people noted that these standards required further definition and examples, in order to work towards meaningful assessment of how any particular area of engagement reflected a particular standard.

However there has been agreement among Australian NGOs that these standards should be reflected in Australian NGO work and that together with the preceding elements of the framework, should be the basis for assessment and improvement of that work. The standards include:

1. Australian NGO activities should seek to address the root causes of poverty and marginalisation, therefore interventions are more likely to focus upon empowerment, community development, advocacy and other mechanisms that address peoples' ability to control and benefit from their development.

2. Australian NGO activities should demonstrate high quality gender practice.

3. Australian NGO activities should be based upon and coherent with an analysis and understanding of the situation and context. This includes attention to diversity in communities and groups and to the links between micro and macro conditions. Significantly, this understanding is rarely possible at the beginning of an intervention. It develops over time, based upon relationships and openness to learning.

4. Australian NGO activities should have an appropriate design that identifies people-centred outcomes, and the means and processes required to achieve these. The designs need to be flexible, to enable adaptation to the dynamic situation of implementation. This may not suit the requirements of all donors and therefore requires careful negotiation to ensure that the focus upon people is not skewed by donor accountabilities.

5. Australian NGO engagement should aim for wider impact through various means, including empowerment and capacity building of partners and communities, and by taking a programmatic approach to activities.

6. Australian NGOs, together with their implementing partners, should continue to undertake monitoring and evaluation of their work, both formal and informal, in order to identify areas of success, areas requiring improvement and in order to implement timely and appropriate change.

7. Australian NGOs should be able to demonstrate that costs associated with their engagement are appropriate to the context and the nature of the intervention and reasonable in relation to the proposed outcomes and benefits.

8. Australian NGO activities should have sustainability strategies, based upon long term engagement and high quality relationships, which take into account the wider context and give attention to long-term impact.

9. Australian NGOs should assess and manage risk during their activities, but balance this with their focus upon meeting needs of risky or marginalised people.

10. Australian NGOs should work in ways that include clear and transparent accountability mechanisms to all key stakeholders, including communities and local governments, as well as donors.

11. Australian NGOs will provide appropriate quality technical input, as necessary, in their engagement with others. This input should be cost effective, maximise local input and capacity and utilise appropriate technology.

12. Australian NGO activities should be implemented with an informed understanding of the environmental impact of the activity.

13. Australian NGOs work towards the participation and increased control of people of their development situation. This should include genuine participation of people at all stages of the program cycle and be reflected in the way engagement is undertaken.

While these standards and principles are not new to the debate on effectiveness, what is different is the participatory and NGO sector-wide approach to embed the principles into organisational structures and procedures. The key area for debate is the relative weight given to up-front planning and designs versus a more genuine participatory and adaptive process that truly fosters local ownership and empowerment.

The main tension is, as it always has been to some extent, balancing the need to meet reasonable donor accountability (expressed through detailed up-front design) with genuine participatory process. The very strengths of NGO ways of operating - participatory, long-term relationships based upon mutual trust and learning and acceptance of differences – can often be undermined by the strict requirements of donor accountability. Australian NGOs are seeking to get the balance right. First and foremost so that the work they manage is more effective and, in the process, to pursue dialogue with AusAID and other aid donors as to how more flexible accountability systems can support NGO processes and effectiveness.

Ongoing research

Having adopted this overall framework to explain and define their approach to effective NGO practice, the Development Practice Advisory Committee is working with ACFOA members to develop a three year strategy of ongoing work, involving a four fold plan for the next steps.

Critical to the use of the framework is proof that NGOs with these elements are more effective in their practice. ACFOA is supporting a number of ongoing research processes designed to investigate the applicability of this framework to various ANGO activities, including, importantly, measuring effectiveness in the field. The first of these is now drawing to a conclusion. Three Australian NGOs (varying from very large to one smaller organisation) have volunteered to be part of a field investigation in Papua New Guinea. Using an independent researcher, this research was designed to explore the perspectives of community members and local partner NGOs and their staff. It aims to identify the aspects of practice that contribute to

positive and long term change for people. While the research is not complete, indications suggest strong convergence with the key elements of the framework.

Other research/action learning is due to commence shortly with participating Australian NGOs to test other aspects of the framework. All the results and findings are being shared across the NGO network through a closed website and an agreement among organisations to keep details of other agencies confidential for the purpose of free and frank discussion. One proposal still to be discussed with AusAID, and perhaps other donors, is further field based research that would explore the various advantages of different aid mechanisms. This might compare the relative advantages of NGO aid delivery against that available through aid delivered by commercial contractors or delivery through co-financing arrangements among donors.

Other steps in the process include a two-year training program to assist NGOs to further develop their skills, especially within the practice standards identified as desirable for all organisations. ACFOA is also working with the governing Boards of all agencies to assist them with identification of the critical link between effectiveness and the overall functioning and cohesion within each organisation. This latter feature is in recognition of the finding that NGOs are effective because of who they are as much as because of what they do, and that Australian NGO effectiveness is related to not only development practice strategies and standards but also embedded in organisational values, principles and systems.

Finally the information and learning from the research process is now being shared, within Australia with AusAID and others, and also internationally, to allow further comparison and learning. ACFOA manages this process on behalf of its members.

Conclusions

NGOs are different to other aid delivery mechanisms. While it has taken some coordinated effort to identify the key elements, it has been possible to draw together a framework for Australian NGOs that describes why they are different and what they consider makes them effective. The ongoing research will add weight to that claim. Critical for the relationship between NGOs and official donors such as AusAID is that recognising this difference can lead to making more effective use of NGOs in development and aid. But it also requires an understanding that NGOs have to be assessed from a more sophisticated perspective than many of the previous efforts have allowed. Donor mechanisms for performance review and assessment need to be varied to suit different aid delivery mechanisms. For NGOs in Australia, this means an understanding of how organisations combine their principles and program approaches with practice to lead to effective outcomes.

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