



THE “FOREIGN AID CERTIFICATION” FOR GRASSROOTS NGOS



FULL SPECIFICATION

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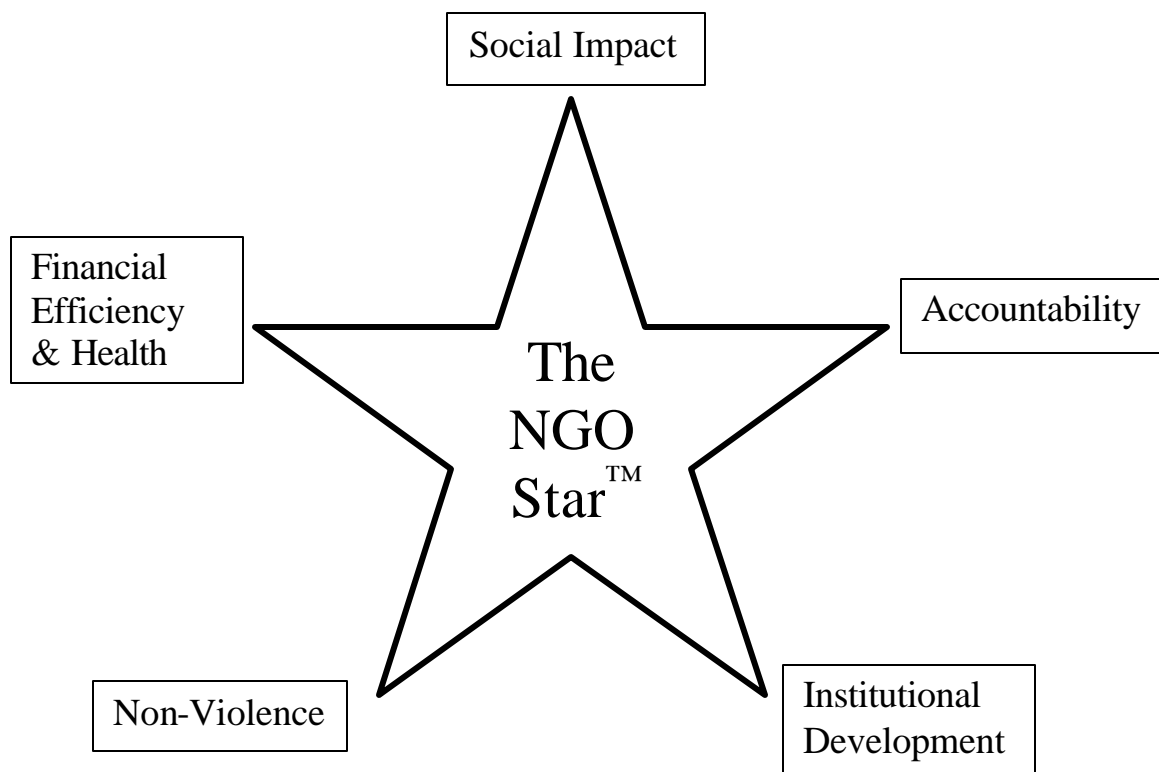
Background

Foreign Aid Ratings provides third party certifications and ratings to eligible non-governmental organizations (NGOs), governments, and businesses around the world. Foreign Aid Certifications and Ratings reflect the social impact, financial health, and organizational integrity of participating organizations. Foreign Aid Certifications and Ratings are administered to small, medium, and large organizations across a variety of sectors, including:

Capacity Building – of NGOs	Information Communications Technology (ICT)
Capacity Building – Other	Law and Advocacy
Capacity Building & Human Empowerment	Media, Arts & Culture
Education – Adult	Micro-finance & Economic Development
Education – Bi-lingual	Philanthropy & Corporate Social Responsibility
Education – Formal	Population
Education – Technical	Research Institutes and Think Tanks
Environment	Social & Humanitarian Services
Health & Reproductive Rights	Water and Sanitation
Housing	Youth Development & Education
Human Rights & Social Justice	Other – Please Specify

Certification Criteria

Based on the NGO Star of Excellence, the Foreign Aid Certification considers the following broad criteria:



Certification Methodology

An organization's certification and rating is determined according to the following three-stage Rating and Evaluation Methodology.

1. Fundamental Analysis

The detailed application requires that applicants provide information about the following:

- Organizational History
- Management Team
- Mission
- Innovation
- Financial Controls and Accountability
- Scalability
- Financial Sustainability
- Environmental Sustainability
- Capital Efficiency
- Transparency
- Planning, Monitoring and Evaluation Systems
- Collaboration & Partnerships

2. Impact Analysis

Many organizations face the problem of "over-organization." Their fundamentals are sound--they are well very well organized and funded--but they lack **impact**. Applicants answer questions about how they have improved the lives of people in their community and country. Interviews of community members and beneficiaries are conducted as needed. In addition, the measured **impact** is compared to the funding received by the NGO. The Social Return on Investment (SROI) is assessed.

3. Reference Analysis

This part of the analysis requires three pieces of information:

(1) References: Organizations provide at least three references to people who can "vouch" for them. Our staff and the local Country Review Panel contacts these references to discuss the NGO's fundamentals and impact.

(2) Press Clippings: We searches relevant magazines, newspapers, and the Internet to find any mention of the organization in question.

(3) Partnerships/Awards: Partnerships with international organizations such as the EU, World Bank, UN, GNZ and USAID; or foundations such as the Ford Foundation and Aga Khan Foundation; or universities such as Ghana University and the University of the Philippines can provide another point of reference.

Also, we look favorably upon participation in the World Bank's Development Marketplace, UNO accreditation, Time Magazine's Heros, and other selective local, regional, and international programs.

Following the detailed application process, organization self-assessment, and interview(s), a detailed score sheet is completed—marking the organization's social impact, financial health, and organizational integrity. The final weighted score determines the organization's Rating Grade.

The Certification Process

Based on the “Plan-Do-Check-Act” process of continuous improvement, there are four steps towards achieving a Foreign Aid Certification for your organization:

Stage 1: Plan/ Prepare

The Foreign Aid Certification Specification outlines the application and documentation requirements for achieving a Foreign Aid Certification.

The first step is nominating someone within your organization who can take the responsibility of completing the rating application, submitting the relevant documentation and materials, and obtaining the commitment of the management team.

Stage 2: Do/ Implementation

Completing and collecting the relevant documentation will be necessary for this implementation. The detailed application should be read carefully and a draft of the application should be completed and presented to the top management of your organization. Finally, the completed application should be submitted on-line to your Foreign Aid Certification Advisor.

Stage 3: Check/ Social Audit and Certification Assessment

Once your Certification Advisor is confident of the depth and clarity of the application, your application will be evaluated by the Foreign Aid Certification Board and our Country Review Panel of experts.

After a two- to five-week social audit—the length of which is dependant on the size of your organization—the preliminary rating grade along with comments will sent to you for your review. You will have one week to appeal this decision after which the final “Foreign Aid Certification”, and seal will be delivered to you.

The Foreign Aid Certification certificate is valid for a period of two years.

Stage 4: Act/ Continuous Improvement

We will schedule periodic visits, semi-annually or annually, to monitor the relevance of your certification. The constructive criticism provided by the Country Review Panel and the Foreign Aid Certification team will help your team achieve continuous improvement. Moreover, your Foreign Aid Certification Advisor will direct you to resources that help your organization achieve an even greater social impact.

The Certification Application

Applying for a Foreign Aid Certification is an information-intensive but simple process.

- ❖ **Step 1: Application Form.** Complete the Application Form which is organized as follows:
 - Part 1: Fundamentals
 - Primary and secondary contact persons
 - Mission statement and statement of activities
 - Thematic and geographic scope
 - Organization size and annual income
 - Part 2: Structure and Activities
 - Physical structure
 - Organizational structure
 - Activities
 - Part 3: Partnerships and Honors
 - Public Advocacy activities
 - Collaborations with other NGOs
 - Umbrella network memberships
 - Awards, honors, and publications
 - International funding sources
 - Part 4
 - Funding and finances
 - References
 - Future goals
 - Part 5: Program Impact
 - Relevance
 - Efficiency
 - Effectiveness
 - Impact
 - Part 6: Program Area Questions (may or may not be required)
- ❖ **Step 2: NGO Self Assessment.** Complete the NGO Self Assessment by indicating how closely your organization satisfies a set of criteria that is organized as follows:
 - 1. Program Planning
 - 1.1 Beneficiaries are participating in all stages of project cycle.
 - 1.2 Local skills, knowledge and practices are mobilized in the program cycle.
 - 1.3 Programs emphasize gender sensitivity
 - 1.4 Systematic process of M&E exists and lesson learned are incorporated in the program cycle.
 - 2. Organizational Structure and Management
 - 2.1. Clarity and consensus exists in organization's vision and goals which are operationalized.
 - 2.2 Decisions are made in a participatory way.
 - 2.3. Delegation of authority occurs.
 - 2.4 Personal Policies and procedures exists, practiced and are gender sensitive.
 - 2.5 Recording and filing system exists.
 - 2.6 Organization is operated under a code of ethics.
 - 2.7 Communications are open and spontaneous.
 - 2.8 A program supportive administration (Procurement, inventory and Admin.) exists.
 - 3. Resource Mobilization
 - 3.1 Financial policies and procedures exists and are followed.
 - 3.2 A strategy for diversified funding exists and is implemented.
 - 3.3 Internal Resource are mobilize. Public relations are given the required importance.
 - 4. Coordination and Networking
 - 4.1 Active coordination with major stakeholders.

- 4.2. Affiliated to other organizations with similar objectives.
- ❖ **Step 3: Documentation.** Provide the following documentation:
- 1. Current IRS form 990 (or equivalent document) including all parts and schedules, except contributors list and amounts, which is protected under the Privacy Act.
 - 2. IRS form 1023 (or equivalent form) which is the organizations' original application for recognition for tax-exempt status
 - 3. Most recent financial audit report
 - 4. List of contributors, at least large contributors (amounts of contributions may be disclosed only with permission of contributor; some organizations list contributors within amount ranges); donor request for anonymity should be honored
 - 5. Annual report (often contains many of the above items)
 - 6. Governing documents: vision and mission statements, code of ethics/statement of values, standards of practice, operation or accountability, including conflict-of-interest and affirmative action or other inclusiveness policies
 - 7. List of board members and officers (usually listed in annual report; form 990 includes compensation of top employees and officers); staff roster
 - 8. Long-range plan outline based on vision and mission statements
 - 9. Any current reports on program accomplishments
 - 10. Any ongoing evaluation procedures for assessing effectiveness for the organization, employees, managers and trustees, or outline for a process of self-assessment which the organization encourages, including summary of ethics audit process.
 - 11. Any recent third-party or internal evaluation reports
 - 12. 5-10 photos with captions of program activities (in a Word Document)
 - Source: IndependentSector: Toolkit on Trust.
- ❖ **Step 4: Interview and Impact Assessment.** An on-site interview with management and beneficiaries will be conducted to assess your organization's financial health, organizational integrity, and social impact.
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Sample Application Questions

Fundamentals

A. Basics

1. Name of Organization
2. Website
3. Primary and Secondary Contact Persons
4. Email Address of Contact Person
5. Phone Number of Contact Person
6. Organization Address
7. Country
8. Phone Number
9. Registration Number
10. Registration Authority
11. Phone Number of Registration Authority
12. Annual Budget (\$USD)
13. Number of Paid Employees
14. Number of Volunteers

B. History, Mission

1. Year Founded (Registered)
2. Mission Statement
3. Target Community
4. Social Sector 1
5. Social Sector 2
6. Key Projects

C. Management Team

1. CEO Name
2. CEO Email
3. Number of Years with Organization
4. Second In Charge Name
5. Second In Charge Email
6. Number of Years with Organization
7. Key Board Members and Officers
8. Key Management Team Members
9. Upload CVs

Impact (Sector Specific)

Education (Sample Questions)

1. What kind of students do you serve (K-12; adults)
2. Do you own/operate schools?
3. What subject areas do you teach?
4. How many students have you educated?
5. Do you offer professional certifications or degree programs?
6. How much do you charge per course?
7. How many teachers do you employ?
8. Where are the classes held?
9. Upload the curriculum of at least one course/program.
10. References for at least 2 students.
11. Which program are you most proud of?
12. Please upload photos with captions from your favorite project.

Health (Sample Questions)

1. What services do you offer. Please check all that apply:
 - a. Hospital(s)
 - b. Mobile Medical Camp(s)
 - c. Mobile Drug Dispensaries
 - d. Permanent Drug Dispensaries
 - e. Local Community Health Training
 - f. Family Planning Services
 - g. Sex Education
 - h. Medicine Donations
 - i. Doctor Training
 - j. Nurse Training
 - k. Midwife Training
2. What is your target community?
3. How many people have you served?
4. How many doctors do you employ?
5. How many nurses do you employ?
6. Which program are you most proud of?
7. Please upload photos with captions from your favorite project.

Research Institutes / Think Tanks (Sample Questions)

1. What subject(s) do you research?
2. How many papers has your organization published in the past year?
3. How do you measure your organization's social impact?
4. Do you actively communicate your research to key decision-makers in your community?
5. Please list the titles of 2 papers/studies that you are more proud of.
6. Please upload photos with captions from your favorite project.

Rating Scale

These rating gradations provide donors with a simple system to measure an organization's social value, financial health, and organizational integrity.

The rating definitions are below, with an "n" modifier signifying the size of the organization, for example, AAA.sma for a small organization with an annual budget less than USD\$100,000; AAA.med for a medium organization with an annual budget of USD\$100,000 up to USD\$500,000; and AAA.lar for a large organization with an annual budget greater than or equal to USD\$500,000.

Not Comparable Across Size Categories

Foreignaid Ratings are not designed for fine comparisons of organizations across different size categories; rather, they address relative social value within a given size class. Comparing a large organization with a small one would skew the weighted average of social value, financial health, and organizational integrity in favor of the larger organization even in the case that the smaller organization is delivering much higher social value per unit of funding than its larger counterpart. Thus, Foreignaid Ratings should be used to compare small organizations with other small organizations, and so on. Crude comparisons across size categories can, of course, still be made.

AAA.n

Organizations rated **AAA.n** deliver exceptional social value per unit of funding. While the financial health and organizational integrity of these entities is likely to change, such changes as can be visualized are most unlikely to impair their fundamentally strong social value position.

AA.n

Organizations rated **AA.n** deliver excellent social value per unit of funding. Together with the AAA group, they constitute what are generally known as high-grade entities. They are rated lower than **AAA**-rated entities because long-term risks—financial and organizational—appear somewhat larger.

A.n

Organizations rated **A.n** deliver good social value per unit of funding. However financial and organizational elements may be present which suggest a susceptibility to impairment sometime in the future.

BBB.n

Organizations rated **BBB.n** deliver adequate social value per unit of funding. However, certain protective financial and organizational elements may be lacking or may be unreliable over any great period of time.

BB.n

Organizations rated **BB.n** deliver questionable social value per unit of funding. Often the ability of these entities to meet their social objectives may be moderate and not well safeguarded in the future.

B.n

Organizations rated **B.n** deliver poor social value per unit of funding. Assurance of organizational or financial sustainability over any long period of time is small.

CCC.n

Organizations rated **CCC.n** deliver very poor social value per unit of funding. They may be in financial distress, or there may be present elements of danger with respect to its organizational integrity.

CC.n

Organizations rated **CC.n** deliver extremely poor social value per unit of funding. Such entities are often in financial or organizational distress or have other marked shortcomings.

C.n

Organizations rated **C.n** are the lowest-rated class of entity. Such organizations are usually delivering no social value and are experiencing financial and organizational turmoil, and potential recovery values are low.

Note: ForeignAid Ratings applies modifiers + and - each generic rating category from AAA to C. The modifier + indicates that the issuer is in the higher end of its letter rating category; no modifier indicates a mid-range ranking; the modifier - indicates that the issuer is in the lower end of the letter ranking category.

Note: Organizations that receive a rating grade of BB or above are considered “ForeignAid Certified.”

Frequently Asked Questions

Q. Is the rating model able to distinguish between underdeveloped NGOs and highly developed NGOs? The first group of NGOs has no procedures, policies, clear plans, while the second group is very business-like and very effective.

A. The Fundamental Analysis questions including the organizational history and the organizational management questions and the documentation requirements, should allow Foreignaid Ratings' evaluators to easily distinguish between NGO start-ups and well-established organizations.

Q. Is it possible to measure impact without doing an expensive (money, time, experts, etc.) survey of the target community?

A. It is possible, but it is not easy. Foreignaid Ratings does not want to re-create the wheel. We rely on recent program evaluations, references, and random sampling of community members to achieve a holistic evaluation of an organization's impact. Our multi-pronged approach allows us to identify social impact without administering a detailed survey of the target community.

Q. In terms of impact assessment, some less developed NGOs with less impressive achievements are much more important players in their (usually small and underdeveloped) communities than some very good NGOs, which operate in big towns, within a quite well developed social environment. Do Foreignaid Ratings do justice to the smaller community-based organizations?

A. Foreignaid Ratings evaluates Community Based Organizations (CBOs) using a different set of criteria. This criteria highlights a CBO's ability to address its target community's needs. In short, this criteria attempts to apply target community's values to rate the organization in question.

Q. We "experts" may think that an NGO should do something (improve internal policy, attract more funds, become more effective) but its constituency (members and beneficiaries) may like the NGO just the way it is--a friendly local institution, which is quite different from a "business-like model NGO."

Even if we think that certain program (when we assess impact) may be improved, the constituency may think that "we want it just like that." This begs the question: What the NGO should be like? Leading its constituency (and be less dependent on it) or following the constituency (and not being "progressive")?

The bottom line: certain factors in evaluation/assessment deal with values and beliefs that differ. There are different ways of being a good NGO (like there are at least 7 types of capitalism and there are at least 9 types of strategic planning). How does Foreignaid Ratings grapple with the differing values of stakeholders?

A. Foreignaid Ratings are administered from the point of view of the target community. Whenever possible, the value system and needs of the target community are used to ask questions and to process information provided by the NGO in question. Also, of course, the values of the larger community-nation are taken into account. Through our local Country Review Panels, we do our best avoid blindly applying Western values to non-Western problems.

Q. How does the rating model compare NGOs in completely different social sectors (e.g. education, health, advocacy)?

A. Foreignaid Ratings use different sets of criteria/questions for different social sectors. An organization educating high school dropouts is not be asked the same questions as an organization with mobile health clinics. The final rating grade, however, is comparable in a general sense. A rating of AAA, for example, indicates that the organization in question is very well equipped to fulfill its social mandate. A rating of

BBB on the other hand indicates that an organization has an adequate ability to fulfill its social objectives, whether it is an education NGO or health NGO.

Q. How does the rating model avoid discriminating against organizations that do not have the funding to have a big impact; if these organizations receive low ratings, they will receive less funding, resulting in a downward spiral (e.g. the chicken-and-the-egg problem)?

A. The rating grade reflects the organization's SROI (Social Return on Investment). This ratio measures not only social impact, but social impact per unit of funding. So, smaller organizations are not discriminated against. The rating model, to the extent that it depends on references and partnerships with international organizations, does run the risk of rewarding more popular NGOs more highly. This risk is mitigated by collecting more detailed program-level information from less well-known NGOs.

Benefits of Being Foreign Aid Certified

There are many benefits of getting a Foreign Aid Certification

For Organizations

First, there's no better way to get **unbiased feedback** about your organization's impact.

Second, getting a Foreign Aid Certification can open up **new fundraising channels**.

Third, getting a Foreign Aid Certification brings about **immediate transparency** without the cost of operating and advertising an expensive website.

Fourth, the rating model is not industry or geographically specific and is useful in all social sectors and locations; it is **common benchmark** with standard interpretations; in other words, it is flexible for wide usage.

Fifth, having a Foreign Aid Certification should **bring international credibility**.

For Donors

Finding a **grassroots social investment** shouldn't be like pulling teeth.

Our international network of organizations and evaluators can make your due diligence efforts **much more cost effective**.

Getting a Foreign Aid Certification or Rating for an entire program area or for your annual operations is the best **unbiased feedback** you can get about your social impact.

Request an Application

To request an application or to submit comments, please email certified@foreignaid.com, call +1 201 993 8727, or visit us at: <http://www.foreignaid.com/ratings/index.php?page=add&cid=11>