4-1-2002

Of Measurement and Mission: Accounting for Performance in Non-Governmental Organizations

Debora Spar
James Dail

Recommended Citation
Available at: http://chicagounbound.uchicago.edu/cjil/vol3/iss1/15

This Article is brought to you for free and open access by Chicago Unbound. It has been accepted for inclusion in Chicago Journal of International Law by an authorized administrator of Chicago Unbound. For more information, please contact unbound@law.uchicago.edu.
Of Measurement and Mission:
Accounting for Performance in Non-Governmental Organizations
Debora Spar* and James Dail**

I. INTRODUCTION

In the last decades of the twentieth century, the world witnessed an unprecedented surge in the number and scope of non-governmental organizations ("NGOs")—formal, influence-minded groups unattached to any state. We see evidence of these NGOs scattered on our streets and our TV sets; in protests and relief activities; in solicitations and annual campaigns. While there are still those who dismiss NGO activity as a passing fad, most observers now realize that the NGOs are here and likely to stay.

Certainly, the available statistics support this anecdotal impression. NGOs registered in the Organization of Economic Cooperation and Development ("OECD") countries rose from 1,600 in 1980 to 2,970 in 1993, and spending by these groups more than doubled during this time from $2.8 billion to $5.7 billion. By 1995, a United Nations report put the number of international NGOs at nearly 29,000; while the Economist estimated that there were 2 million of these groups in the United

---

* Professor, Harvard Business School.
1. Strictly defined, NGO stands for "non-governmental organization" and would thus include any group that does not fall under the purview of the government. Taken to the extreme, this would include private companies, religious congregations, and trade unions. For the most part, however, the term NGO is used to refer to organizations that (1) are tax exempt, (2) have a decisionmaking body separate from the government, (3) consist, at least in part, of volunteers and donations, (4) have a charter or mandate within a specific development arena, and (5) consist of a formal organization (in other words, are registered as organizations). See Andrew Green and Ann Matthias, Non-Governmental Organizations and Health in Developing Countries 25-32 (St Martin’s 1997).
2. See Michael Edwards and David Hulme, Introduction: NGO Performance and Accountability, in Michael Edwards and David Hulme, eds, Beyond the Magic Bullet: NGO Accountability and Performance in the Post-Cold War World 1 (Kumarian 1996).
States alone by 2000. Similar growth rates are reported in the developing world: in Nepal, for example, the number of registered NGOs rose from 220 in 1990 to 1,210 in 1993; and in Kenya, a reported 240 NGOs are created every year.

More critical than the numbers, however, is the influence that NGOs are beginning to exert over other, more established sectors of society. In the United States and European Union, for example, NGOs have become major conduits for development aid, accounting for 67 percent of the EU’s relief aid in 1994 and 5 percent of the OECD’s total aid budget between 1993 and 1994. In Bangladesh, Uganda, and elsewhere, they act in some instances like agents of the state, performing functions that were once reserved solely for local governments, such as education, health, and rural banking. And in the private sector, NGOs exert a strong and growing pull. Corporate giants such as Shell and Nike have altered their commercial practices in response to NGO critics, and hordes of less visible firms are paying new heed to the scruffy activists they once dismissed. In what may be seen as a watershed of non-governmental activity, the 1999 world trade talks in Seattle were effectively paralyzed by NGO protests, causing great embarrassment (and in some cases, significant financial loss) to the firms and states involved.

We know, then, that NGOs have power. What is less clear is precisely how they got this power and how they intend to deploy it. Traditionally, power in civil society has derived from one of three sources: military prowess, social status, or elected position. Rulers rule because they can, because they are born into it, or because their citizens have willingly placed power in their hands. According to the Marxists, power can also stem from the sheer accumulation of capital and the influence that money can

6. In the mid-1990s, for example, church-based NGOs reportedly provided 30 percent of healthcare services in Malawi, while NGOs in Ghana and Zimbabwe covered 40 percent of each of those countries’ health care needs. See Mark Robinson, Privatising the Voluntary Sector: NGOs as Public Service Contractors?, in David Hulme and Michael Edwards, eds, NGOs, States and Donors: Too Close for Comfort? 71-74 (St. Martin’s 1997); Lucy Gilson, et al, The Potential of Health Sector Non-Governmental Organizations: Policy Options, 9 Health Pol and Planning 14 (1994).
Of Measurement and Mission

brings to bear on any political system. NGOs, however, do not fit neatly into any of these categories. They clearly do not employ force. Their members are not born to their posts, nor are they elected. Behind many NGOs there is money, to be sure, but it does not seem to operate in the usual profit-enhancing way. So from where does their power come? And to whom or what does it respond?

Such questions lead inevitably to the issue of accountability. As members of civil society, NGOs would seem to have a built-in proclivity towards representation: working on behalf of some group of people, or for some specific goal. Yet in practice such moments of accountability are rare. Unlike other social agents—firms, for example, or elected officials—NGOs have not yet developed customary mechanisms for reporting on their activities. This gap is almost certainly not due to either oversight or neglect. On the contrary, both NGOs and their observers have argued with increasing vigor over the past decades for some measures of accountability, some way to determine the impact of NGOs and the cost-effectiveness of their behavior. Such measures, however, are inherently difficult to assemble. It is hard to attribute specific achievements to individual NGOs or count the efficacy of non-market based activities; it is harder still to crack the connection between NGOs and either development or democratization. And yet as the NGO sector grows in both scope and power, it is precisely these measurements that become more critical.

II. A Typology of NGOs...

Although it has become commonplace to treat NGOs as an undifferentiated mass, the reality is that they span a wide spectrum of size, purpose, and operation. There are massive and well-funded organizations like Amnesty International and the United Way; smaller and more-focused groups like the Rainforest Alliance and Global Witness; and tiny, one-person shops. Some are based in the rich countries of the North; others come from the southern or less developed states. Some have sophisticated board structures and well-detailed modes of accounting; others rely on informal largesse and live a rag-tag, hand-to-mouth existence. Is it even rational to group these disparate organizations together? Can we really consider NGOs as a type?

Arguably, yes. NGOs do share the common attributes mentioned earlier, attributes linked to a large extent by what NGOs are not: not states or firms; not elected or appointed. Still, the essential differences between various types of NGO activity seem to warrant some kind of typology, some way of grouping NGOs by the functions they perform. US industrial data, after all, is commonly broken down into the Standard Industrial Trade Classification ("SITC") categories such as cars, shoes,
or oil seeds. Why not approach the non-profit sector with a similar set of categories? This would, at a minimum, allow us to approach an individual NGO on its own terms, evaluating the particular organization with regard to its specific purpose. At the same time, by grouping NGOs into related categories, the typology would push analysts away from too much specificity, suggesting (in contrast to current practice) that organizations cannot be assessed solely in terms of their own mission statement. If, for example, an NGO is in the health sector, it seems reasonable to evaluate its performance along some common, health-related denominators, and to compare it, even at a very basic level, to other similarly positioned groups.

Admittedly, such an approach raises the obvious question of accountability to whom? Are we to evaluate NGOs in terms of their service to their clients, or their donors, or to a broader but still vaguely defined notion of society? These are critical questions in any discussion of NGO accountability, questions that have been well-aired in some of the most recent literature. For present purposes, however, such questions are not directly relevant. For if one can create a reasonable way in which to categorize NGOs by function, then this categorization should work equally well for any of the disparate audiences to which NGOs report. The objective is simply to provide some descriptive basis for analysis, some way of defining what a particular NGO does before attempting to assess how well it has done. Exhibit 1 suggests how this typology might be constructed.

Exhibit 1: A Typology of NGOs

1. Health services
   101. Maternal and prenatal care
   102. Infant care and nutrition
   103. Pediatric vaccination
   104. AIDS and HIV prevention
   105. Malaria treatment and prevention
   106. War-related casualties

2. Infrastructural services
   201. Transportation
   202. Water and sewage
   203. Electricity
   204. Telecommunications

3. Development assistance
   301. Microfinance and local lending
   302. Agricultural assistance
   303. Community development
   304. Women in development

4. Education
   401. Early childhood
   402. Primary
   403. Secondary
   404. University
   405. Teacher training
   406. Public health training
   407. Technical skills
   408. Literacy
   409. Civil servant training
   410. Legal education

5. Commercial services
   501. Small business development
   502. Entrepreneurial training
   503. Information access
   504. Trade assistance
   505. Accounting

6. Refugee assistance
   601. Housing
   602. Resettlement
   603. Counseling services

7. Basic needs
   701. Food assistance
   702. Shelter and construction
   703. Clothing

8. Social development
   801. Governance mechanisms
   802. Institutional creation
   803. Conflict resolution

9. Environmental concerns
   901. Wildlife preservation
   902. Forestry and conservation
   903. Oceans and waterways
   904. Pollution abatement

10. Human rights
    1001. Civil rights
    1002. Political rights
    1003. Religious rights

III. ... AND A MATRIX OF PERFORMANCE

Outside the NGO sector, performance metrics are relatively easy to come by. Corporations are judged by their revenues, profits, or share price; elected officials by the decisions they make and the support they receive from voters. Even academics have metrics such as publication records or article citations; and public schools are increasingly being assessed by the performance of their students on standardized
exams. None of these metrics is perfect. Yet all provide at least some measurement of performance, some way for outsiders to begin a process of evaluation.

Within the NGO sector, however, assessment presents a considerably tougher challenge. To begin with, the financial measures that prevail in the for-profit sector are explicitly not useful here, since NGOs are not in the business of increasing revenue or maximizing shareholder value: we cannot judge the Red Cross, for example, simply by how much money it raises. By the same token, organizations such as the Red Cross do not adhere to any professional codes of conduct that might be used to assess them, nor do they have the kind of professional output that can be easily tested or published. One can count basic things, such as the number of meals or tents provided, but that clearly does not tackle the underlying issue of performance: if a hurricane strikes Florida in 2002, and the Red Cross distributes more tents than it did in 2001, does that necessarily mean an improvement of performance? It’s hard to say. Harder still is it to attribute any elements of societal change to the activities of a specific organization. And since most NGOs are, at some level, in the business of societal change, tracing causality is a treacherous endeavor.

Aware of these difficulties, a number of NGOs and outside organizations have tried over the past decade to construct some means of assessing performance in the non-profit sector. What connects many of these efforts is their proclivity to cluster toward the ends of a hypothetical spectrum, either focusing on rigorous financial measurements (and arguably conflating objective with cash flow) or eschewing measurement altogether in favor of open-ended predictions about future rewards. More interesting, in our view, are the studies that settle along the middle of this range; studies that attack the problem of performance by dividing it into pieces.

11. In the wake of the September 11 tragedy, aid groups such as the Red Cross have come under intense scrutiny for how they measure and evaluate their activities. See, for example, American Red Cross News Conference, Major Changes in Liberty Fund (Nov 14, 2001), available online at <http://www.redcross.org/press/disaster/ds_pr/011115transcript.html> (visited Mar 24, 2002).


13. One plausible division is along the receiving line, dividing the NGO’s performance into the various groups who care about it. For work in this vein, see Rosabeth Moss Kanter, The Measurement of Organizational Effectiveness, Productivity, Performance and Success: Issues and Dilemmas in Service and Nonprofit Organizations (Yale 1979); Peter F. Drucker, Managing the Non-Profit Organization: Practices and Principles (Harper Collins 1990).
In a 1996 piece, for example, Alan Fowler divides the assessment of NGOs into three related categories: outputs, outcomes, and impact. Essentially, he argues that performance is a multidimensional arena for NGOs, one that cannot be approached with any single metric. The beauty of the output/outcome/impact divide is that it enables the analyst to frame assessment along a range of criteria, one that tracks closely with the inherent complexity of any NGO's task. Consider first the notion of outputs as a relatively rigorous measure with a quantitative feel. For nearly any NGO, one can identify outputs from the organization's function. In the typology above, for example, an NGO that falls into category 406 (public health training) could be expected to produce certain kinds of easily measured outputs: the number of public health officials trained, the number of programs offered, the extent of citizen outreach. Likewise, an organization in category 702 (provision of shelter) could be evaluated in terms of the number of housing units constructed or the amount of mortgage financing provided. In neither case would the numbers be definitive, but they would at least provide a solid benchmark for analysis. More importantly, this kind of output-based number would be considerably more specific than aggregate figures for resource allocation or administrative overhead, but more objective than simply relating the NGO to its own mission objectives. Organized by category, output numbers would allow analysts to evaluate an NGO's performance over time and in comparison to other similarly positioned groups.

Clearly, though, such measurements can only go so far. They can tell us something about what an NGO did, but not necessarily about how these activities contributed to the group's overarching mission. To approach this larger question, we need to turn next to outcome, examining how the group's outputs affected its target clients or sector. If, for example, an NGO trained five thousand public health officials or built eight thousand housing units, the outcome measurement would evaluate what the officials did with their training or who was living in these new homes. It would provide, therefore, a more nuanced analysis of performance, linked both to the group's operating results and its direct effect. Once again, the beauty of this measure is its ability to be both general and specific, applying across disparate NGOs and NGO sectors, but within a common framework.

The final prong of analysis is the most ambitious and diffuse, striving to capture impact, the ultimate and farthest-reaching effect of a group's activities. In the above examples, for instance, the impact measurement would ask how has the education of public health officials affected the overall health of this community? Or how have these homes affected the lives and communities of the people who dwell in them? Obviously, the answers here will be more vague than those given elsewhere in the framework. Problems of

causality will be endemic, since even if the health of a target community has improved dramatically, it will be impossible to prove that the work of a particular NGO was directly responsible for this result. At the same time, though, even posing the question along these lines is likely to yield intriguing insights. Suppose, for example, that an NGO works for twenty years in a given community, consistently training its public health officials and thus recording high and consistent levels of output. Suppose as well that during this time the health of the local population shows no improvement: infant mortality rates stay constant, disease rages, life expectancy falls. In this case, both the analyst and the NGO would note the indication of a problem. They could then investigate why the macro-level indicators are so disappointing (perhaps there have been exogenous changes in the local situation) and review the NGO's role and mission. In the worst case scenario, the NGO or its sponsors could consider changing or terminating their activities if they are unable to discern any real link between the group's output and its desired impact. This, after all, is what accountability means and what NGOs, like all societal agents, should strive towards.

There are, to be sure, serious problems with the proposed output/outcome/impact framework. Like any attempt to measure the intangible, the framework is incapable of generating hard answers or proving causal links. It imposes a measure of rigidity on what is inherently fluid and yet fails to deliver a firm or objective “bottom line” metric. Moreover, as Fowler notes, the mechanistic application of this framework implies that development is far more linear than it actually is: it reduces the complexity that surrounds any major social process and assumes an unrealistic level of control. In its defense, however, the output/outcome/impact framework at least attacks the problem of accountability from both sides and with a mixture of qualitative and quantitative tests. It measures that which can be measured (patients, students, houses) and provides a fairly solid basis from which to approach the ultimate question of effect. It asks that NGOs deliver results without specifying precisely what those results need to be. And, most importantly, by grouping NGOs into functional spheres, it allows for comparison across time and between organizations. The output/outcome/impact framework will never do for NGOs what the measure of return on invested capital does for firms. It will never provide the dramatic check that elections pose for public officials. But it is at least a way to approach the thorny question of accountability and to evaluate NGOs by some criteria other than their own.

IV. ACCOUNTING FOR DEMOCRACY

We have dealt thus far with accountability in its narrowest and most direct sense: the functional ability of an organization to deliver its stated goals. But there is another aspect of accountability as well, one that has become increasingly important as NGOs have expanded their scope and aims in civil society. According to a small but influential band of NGO theorists, the action of most development NGOs leads inherently to democracy, to the creation of a vibrant and participatory civil society in which all groups, including the poor and dispossessed, play an active role. In this view, the functional mission of a particular NGO blends in over the long run with its own peripheral, one might say osmotic, effect. The argument here is that as NGOs go about their daily business, they inevitably draw members of the local community into their sphere and expose them to participatory practices. Clients are empowered as a result of their interaction with the NGO and they begin to seek this same kind of empowerment in more directly political spheres. A rural woman who has witnessed the benefits of micro-credit, for example, is more likely to seek the vote than one with no experience of independence. A community that won support for its water treatment plant will probably want to replicate this sense of power in more far-flung endeavors. The result of these developments is a new flow of energy into the political process; a new crop of empowered citizens who now see themselves as active members of the state. Insofar as democracy rests inherently on such citizen participation, the growth of civil society should logically facilitate a parallel process of democratization.

The problem with this line of argument, however, is that it overlooks one of the driving elements of democracy. Fundamentally, the NGO-to-democracy loop is about the translation of one kind of participation (economic, social, or civic) to another (political). It is about how people's involvement in an apolitical activity migrates over time to a more distinctly political one—the female entrepreneur gradually yearning to vote. And indeed, in the aggregate, this migration makes sense: as countries grow wealthier, for example, and develop a middle class, they generally embrace more participatory forms of political organization. What drives this transition, however, is the emergence of political rights: the right of expression, the right of association, the right of participation in a particular regime. Such rights are linked to, but not identical with, the civic participation that often surrounds NGO activity. It is not illogical to assume that the growth of civil society will correspond to

---

16. See Harry Blair, Donors, Democratisation and Civil Society: Relating Theory to Practice, in Hulme and Edwards, eds, NGOs, States and Donors: Too Close for Comfort? at 28 (cited in note 6) (“A strong civil society directly supports democracy by widening participation in several ways.”).

17. See, for example, the analyses in Samuel P. Huntington, Political Order in Changing Societies (Yale 1968); Robert Wade, Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization (Princeton 1990).
the emergence of formerly non-existent rights. But neither is it logical to assume that
the two will always develop together. There may well be instances where civil society
can develop in the absence of political rights, just as democracy can exist without a
particularly vibrant civil society.

Rights, moreover, are a distinctly political phenomenon, something which, as
Geof Wood notes, needs to be "legitimated and guaranteed at the level of the nation
state, not handed over to the voluntarism of agencies which are not charged with this
ultimate responsibility." By definition, rights exist as a contract between citizen and
state; even if they derive from some natural condition of humankind, it is still the state
that intermediates these rights and preserves them in the political context. Without
the intervention of a state, society can do little to protect or enforce the rights it
desires, which is why society, on its own, cannot generate rights. The implications for
the NGO-to-democracy school are thus clear. An active civil society may well be
associated with an active or growing democracy, but the expansion of civic
participation does not guarantee the emergence of political rights. Democracy is a
political construct; participation a social one.

At a less abstract level, the extension of civil organizations raises interesting
questions about the relative capacity of both local agencies and the state. On the one
hand, NGOs may be well-positioned to provide the kind of capacity-building that
underdeveloped states need. They may be able to educate their target populations
about the means and modes of civic participation and equip them with basic, critical
skills. The question that logically arises, however, is whether NGO activity
supplements or substitutes for the state's own efforts. If the state is already involved
in expanding its capacity and those of its citizens, then NGOs may well be able to
enhance and facilitate these efforts. Working with the state, they may be able to bring
additional talents and energies to bear, shouldering some of the burden and
quickening the pace of development. In the process, though, as many critics have
noted, the NGO sector risks becoming intimately intertwined with the state, losing its
independence and perhaps some control over the direction of its activities. By
contrast, if NGOs work at arm's length from the state, as a substitute for the capacity-
building or services that the state is unwilling or unable to provide, then their very
success raises the question of long-term impact. What happens to the state if its
function is subsumed by non-state actors? And is a weak state really better than a
strong one?

18. Geof Wood, States Without Citizens: The Problem of the Franchise State, in Hulme and Edwards, eds, 
NGOs, States and Donors: Too Close for Comfort? at 90 (cited in note 6).
19. See, for example, Edwards and Hulme, Introduction: NGO Performance and Accountability at 5–7 (cited
in note 2); Alan Fowler, The Role of NGOs in Changing State-Society Relations: Perspectives from Eastern
and Southern Africa, 9 Dev Pol Rev 53 (1991); Michael Bratton, Non-Governmental Organizations in 
Such questions go considerably beyond the realm of current research. We cannot yet say whether NGOs contribute to democratization, impede it, or inhabit some middle ground of limited real impact. Certainly, the expansion of NGOs across the developing world makes it tempting to presume that the NGO-to-democracy loop is both real and important. Good minds, great intentions, and vast amounts of funding have been channeled in recent years through NGOs, and one can only hope that these resources have flowed in the direction of democracy. But here, as elsewhere, desire does not ensure causation. NGOs may facilitate the growth of participation and democracy. But they could just as plausibly impede democratic growth by drawing resources away from the political process and undermining the development of a fully capable state. Moreover, while states with all their foibles are ultimately accountable to their citizens—through elections, coups, or revolutions—NGOs are not. This gap gives NGOs the freedom to pursue their desired objectives without the constraints that ownership imposes. Yet it also leaves NGOs vulnerable to a quiet but powerful criticism: that they are too free from oversight and more unencumbered than a societal agent should be.

This lack of accountability stems from the inherent difficulties of evaluating NGOs. Bereft of the mechanisms that have emerged in the political or commercial arenas, NGOs have no easy way of measuring their mission or demonstrating their success. But there are things they can do. Like governments and firms before them, NGOs can acknowledge the public benefits of transparency by setting forth their goals in a clear and open fashion and presenting their results for public scrutiny. They can employ the kind of typology that is sketched out above, one that groups NGOs by function and permits comparison both across groups and over time. They can analyze and report on the tiered progression of their work, its output, outcome, and impact, and they can encourage others to join in this analysis. Most importantly, though, NGOs can invite the same kind of scrutiny that many of them have brought to the commercial and political realms. They can start with questions rather than answers about the intricate processes of democratization and development, and with a willingness to suspend their own beliefs in favor of a more rigorous approach.