



CII-ITC Centre of Excellence
for Sustainable Development



Confederation of Indian Industry

NGO ASSESSMENT FRAMEWORK

This document provides CESD's NGO
assessment framework, questionnaire,
and assessment guide

Context

CESD developed this NGO Assessment Framework in response to demands raised by CII members, including CESD's Advisory Council, following the passing of the Companies Act 2013, which mandates companies to incur a given minimum expenditure on CSR activities. Considering this legislation, companies are challenged to identify credible NGOs who can act as partners in their CSR activities.

CESD is aware that several agencies have already created proprietary assessment systems to address the challenges faced by companies in selection of NGOs and in the distribution of CSR funds. They can establish credibility of NGOs, which is a necessary condition to enable companies to invest CSR funds in social activities. Existing services range from listing to rating and accreditation of NGOs. Each service is based on financial and governance parameters of NGOs, thus establishing credibility of organisations. Some services also identify experience of organisations in development areas.

These services do not completely answer the question that all companies are asking. "Does the organisation have capacities and capabilities to deliver my project?" It requires resource intensive due diligence of NGOs. Due diligence are conducted on demand and therefore service only the sponsor. Results are not publicly available despite being useful to many other companies.

CESD's framework is based on two guiding principles:

1. It should answer companies' requirement of "capacities and capabilities of organisations to implement projects"
2. The NGO assessment system will be public utility, without compromising commercial obligations of companies

Aided by these guiding principles, CESD's NGO assessment framework has two unique value propositions:

1. Does not repeat or duplicate most of the work of existing service providers
2. Proposes not to score organisations and instead provide guidance to companies

This could provide value-added NGO assessments to companies.

CESD NGO Assessment Framework

CESD's NGO assessment framework is based on indicators that respond to two necessities of companies, viz., capacities and capabilities. These are covered via four aspects of the framework:

- Human resources
- Projects
- Risk management
- Stakeholder engagement

Each aspect consists of specific questions. Collectively these are 12 questions in addition to information required in Organisation Profile. Each question is designed to answer the point of capacities and / or capabilities to deliver. The questions are also designed keeping in mind that large number of implementing agencies are small and have rudimentary organisational and management processes and systems. However, they might still be good at delivering projects.

The next part of the document is the actual assessment questions grouped as aspects. Assessment aid supports each question. The purpose of the assessment aid is guidance for assessors to understand the purpose of the question and review the answers that solve the purpose.

This NGO assessment is based on guidance and not on scoring. Assessors will offer guidance based on their assessment. The guidance will cover both strength and gap areas of NGOs. The guidance will be specific to the extent of guiding companies whether the NGO should be engaged or not.

Assessment process

CESD is available to help companies with on-demand service. Upon receiving confirmation of assignment, CESD will send out the assessment form to implementing agencies to be assessed. The filled form will be given to a team of assessors for Level-1 assessment. Level-2 assessment or on-site verification will be conditional to outcomes of Level-1. On-site verification will seek to validate claims made by organisations in the form. Final outcome will be presented to the company for their action.

Questionnaire

Organisation profile

Name

Year of establishment

Number of years of operations

Headquarters

Other office locations

Areas of operations

Geography	
Development areas	

3rd-party endorsements

Accreditations			
Ratings			
Certifications			
Awards (please mention development area for which the recognition was awarded)		Indian	International
	Private		
	Public		

Please check as applicable and complied with

	Applicable	Complied
Societies Registration Certificate as per Societies Registration Act, 1860		
Public Trust Certificate as per Indian Trusts Act, 1882		
Private Trust Certificate as per Indian Trusts Act, 1882		
Non-Profit Company as per Section 8, Companies Act, 2013 or Section 25 as per Companies Act, 1956		
Co-operative Society as per Cooperative Credit Societies Act, 1904		
Certificate of Incorporate as per The Multi-state Co-operative Societies Act, 2002		

Trust Deed with the Local Registrar under the Indian Trusts Act, 1882		
Memorandum of Association as per Societies Registration Act, 1860		
Certificate of Incorporation from the Regional Director		
Income Tax Permanent Account No. (PAN)		
Tax Deduction Account No. (TAN)		
Foreign Contribution Regulation Act (FCRA) Registration with a copy of FCRA Balance sheet (For the last three years)		
Registration under Section 12A of Income Tax of Act 1961		
80G Certificate for Tax Exemption		
Form 10B with audited Balance Sheet and Schedules (last three years)		
Income and Expenditure Statement and Schedules (last three years)		
Income-tax returns filed with the Income-Tax department (for last three years)		
Annual Report Disclosures (for the past three years)		
Any other (please specify)		

Human resources

HR1: Board member details

Name	Designation	Qualification	Total experience (in years)	Experience as board member (in years)	Relation to executive head of the organisation*	Political affiliations**
Name 1						
Name 2						
Name n						

*no relation; relation (specify)

**Not affiliated or related to any party or individual; affiliated / related (specify)

HR2: Top management details

Employee turnover (over 5 years)

Name	Designation	Qualification	Total experience (in years)	Experience as top management (in years)	Relation to board members*	Political affiliations**
Name 1						
Name 2						
Name n						

*no relation; relation (specify)

**Not affiliated or related to any party or individual; Affiliated / related (specify)

Assessor aid:

Check if qualifications & experience are relevant to areas of operations and mandate of the organisation.

Look at CEO's affiliation with the board in order to determine whether it is a 'board owned' organisation.

HR3: Staff details (mention absolute numbers)

	Full-time	Part-time / project staff	Volunteers
Total			
Male			
Female			
Annual turnover			Not applicable
Local staff			
Special abilities			

Assessor aid:

Balanced or positive gender diversity is encouraged. However, male-domination may not always be negative. Understand the context or reasons for gender profile.

Annual employee turnover for full-time and part-time staff is important. High turnover means instability and may reflect culture & management of the organisation. Get reasons for turnover.

Local employment should be treated positively; it helps in relations with local stakeholders, improves familiarity with local issues.

Employment of people with special abilities is seen positively.

HR4: Identify skills of staff members

Skill area ¹	Numbers*	Qualifications**
Engineering		
Medical		
Mechanical		
Certification – product		
Certification – process		
Impact measurement		
Baseline survey		
Needs assessment		
General management		

General administration		
Environment		
Biodiversity		
Community mobilisation		
Project management		

¹These are illustrative only; mention actual skill areas

*Zero if applicable but not available; NA - not applicable

**Academic degree and name of institution awarding the degree

Assessor aid:

Staff might have multiple skill sets. In such cases account for the different skills sets. Consequently, sum of people with different skills sets will exceed the number of staff.

People might have acquired skills through on-the-job learning or experience, and not through qualification. This is perfectly acceptable to acknowledge as “acquired”.

Projects

PR1: % of work done in different geographies?

Geographies	% (by number of projects)
Geography 1	
Geography 2	
Geography n	
Total (should add to 100)	

Assessment aid: Geographical spread may be an indication of capabilities and capacities. Relate this question to locational spread of offices. See whether projects done in different geographies were done directly or in partnership or support of local organisation

PR2: % of work done in development areas?

Development area ¹	% (by number of projects)
Education	

Sanitation	
Livelihoods	
Water management	
Climate change	
Total (should add to 100)	

*These are illustrative only; mention actual development areas

Assessment aid: Development area spread may be an indication of capabilities and capacities. Relate this question to specialisation of staff. See whether projects done in different development areas were done directly or in partnership or support of local organisation

PR3: List organisations that have funded your projects in the last five years (mention top 10 sources of funds)

Source of fund (organisation name)	Type of source*	Number of projects funded	Total amount of all projects / source	Types of projects (eg, development areas, etc)	Associated since
Source 1					
Source 2					
Source n					

*Types of source: central or state govt; business; another NGO; foreign development agency; multi-lateral agency; MP / MLA funds

Assessment aid: Check for consistency with a partner in terms of years spent; this might be an indication of a good partnership between the two

Check for financial dependency on certain sources of funds; over-dependence is a risk area and show negatively on capacities of the organisation

PR4: List self-sustaining projects

Project description: should include development area, geographic area, source of funds	Year of completion	Current status	Impact data (supported by reports)	Project cost (direct::overheads)
Project 1				
Project 2				
Project n				

Assessment aid:

Self-sustaining project means a project that is now running on its own without financial or management support of funders or the NGO.

The objective of capturing self-sustaining projects is to understand capabilities of NGO in establishing management and ownership structures and not necessarily financial sustainability.

Look at the ratio of direct::overhead in project cost; overheads should not exceed 20% of total project cost.

PR5: List maximum 10 ongoing projects

Project name & description	Development area	Geographic area	Start date & end date	Project cost (direct::overheads)
Project 1				
Project 2				
Project n				

Assessment aid:

Check for consistency with geographic & development areas, duration of projects - are they short-term or long-term projects.

Look at the ratio of direct::overhead in project cost; overheads should be around 20% of total project cost.

Risk management

RM1: Identify and score the risk that affects smooth functioning / execution of projects

Risk	Low risk	Moderate risk	High risk
Interference from politicians			
Interference / lack of cooperation from local administration			
Interference / lack of cooperation from local government			
Too much monitoring from funding agencies			
Lack of cooperation / involvement of funding agencies			
Resistance from communities / intended beneficiaries			
Lack of funds for projects			
Shortage of skilled manpower			
High employee turnover			
Any other (specify)			

Low risk: does not affect projects / the organisation

Moderate risk: affects the organisation or projects; are usually managed without compromising project objectives or values of the organisation

High risk: risks project execution or existence of organisation

RM2: Please provide details of fines / penalties that various courts / regulators / other stakeholders have imposed on the organisation in the past five financial years

Case	Financial liability (INR) caused	Non-financial liability caused*
Case 1		
Case 2		
Case n		

*examples: loss of potential projects, suspension / cancellation of registration to receive funds / provide tax benefits

RM3: Please provide lists of cases in courts or regulators in the past five financial years

Case	Ongoing (mention "yes")	Resolved (provide details in favour of)
Case 1		
Case 2		
Case n		

Stakeholder feedback

SF1: Feedback to be collected by assessors from stakeholders

Stakeholder group	Category of experience				
	Very bad (would never engage again)	Bad (would engage if no other option)	Average (would engage with specific improvements)	Good (would engage, recommend)	Excellent (would engage, recommend, trust with independence)
Beneficiary – local community					
Non-beneficiary – local community					
Local administration					
Local police					

Politicians					
Funding agency					
Employees					
Reference 1					
Reference 2					
Reference 3					
Any other (specify)					

Reference check

Provide three referees for your work

Name	Designation	Organisation	Email	Phone	Address	Relation

Assessor Guidance

Based on assessments of all aspects, assessors should provide specific guidance keeping in mind the context of the assessment. Guidance should be as brief and clear as possible; avoid any vagueness in writing the guidance. Try not to provide more than three strengths and gaps. Answer to “to engage or not” should also be specific as “yes” or “no”.

Strengths	Gaps
1.	1.
2.	2.
3.	3.
To engage or not?	

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