

**EXECUTIVE SUMMARY**

This section is a summary of the concept note on NEMA. AFF strongly recommends that the entire report be read to understand the basis for the various conclusions.

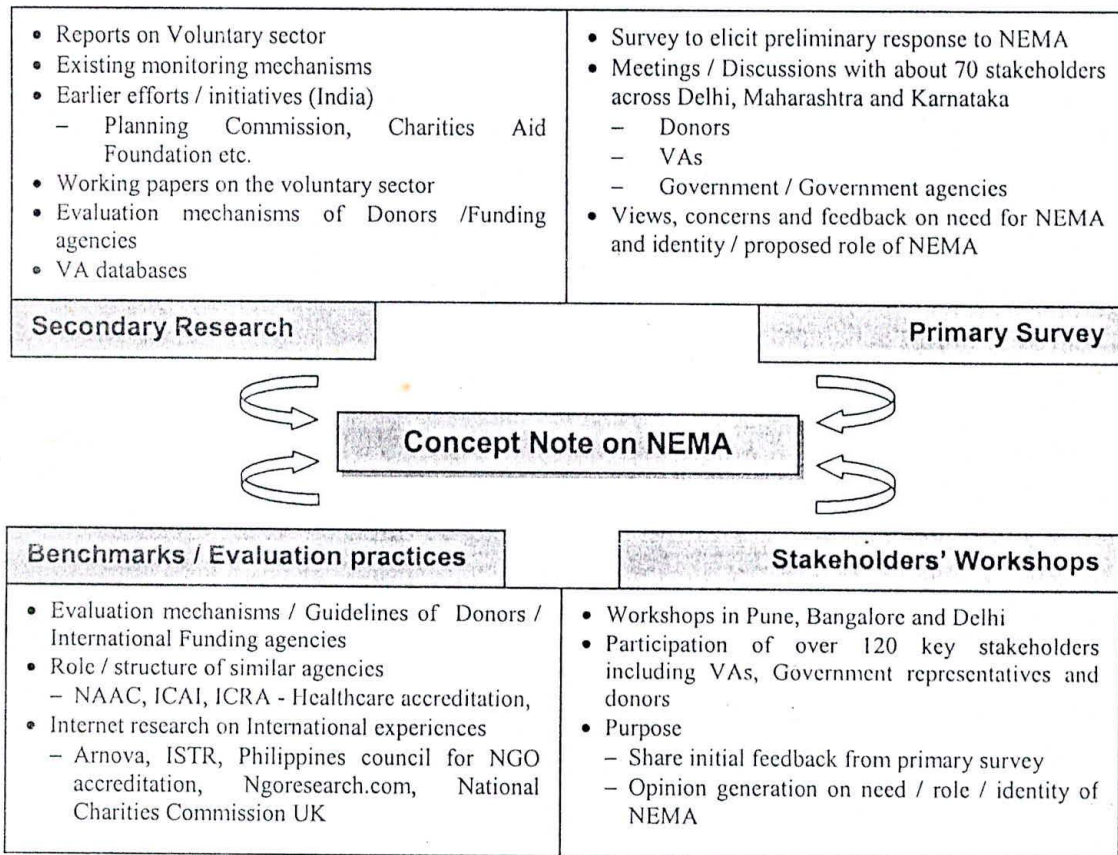
**Background to the study**

1. The Voluntary Sector has been growing fast, with agencies emerging in diverse areas and particularly in the area of socio-economic development. As the Voluntary sector becomes more extensive, it appears increasingly necessary to develop accreditation and evaluation mechanisms. In this context, the Ministry of Health and Family Welfare, Government of India requested Society for Services to Voluntary Agencies (SoSVA) to appoint a consultant to carry out a feasibility study for creating a National Evaluation and Monitoring Agency (provisionally named NEMA) for the Voluntary sector. SoSVA, after a short listing and evaluation process, retained A.F.Ferguson & Co. (AFF) to carryout the study.

**AFF's approach to the study**

2. AFF's approach to conceptualizing NEMA involved four broad steps as shown in Exhibit 1 below

**Exhibit 1  
AFF Approach to the study**



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3. The objective of secondary research was to compile information on the existing monitoring mechanisms and initiatives in the areas of grading / rating in the voluntary sector and in other areas. AFF also reviewed evaluation practices and structure of select organizations that undertake rating, accreditation and related services in areas such as healthcare, education etc. AFF had intensive interactions with stakeholders through a Primary Survey (70 contacts) and Stakeholder Workshops (120 participants) across Maharashtra, Karnataka and Delhi and elicited focused feedback on the need for NEMA, the role and the identity of NEMA, to factor the views of the Voluntary sector in conceptualizing NEMA.
4. The following paragraphs summarize the conceptual outline of NEMA prepared by AFF.

### **NEMA – A Conceptual Outline**

#### **Need for NEMA**

5. The key drivers for setting up NEMA is summarized below:
  - The voluntary sector in India has grown both in size and diversity and its role in the economy has significantly increased. However, growth brings along concerns relating to institutional strengthening, a decline in quality of service delivery that need to be addressed.
  - There has been a perceptible shift in the resource mobilization of the voluntary sector. Today, the voluntary sector receives significant proportion of its funding from public, Government and foreign donors including Multi-lateral agencies, making the sector accountable. This coupled with the general opacity in functioning has put the credibility of the sector at stake. While there is an urgent need to address both the credibility and the accountability issues, the existing legal framework does not address these issues adequately.
  - Paradoxically, the Voluntary sector has to contend with multiple guidelines and additional mechanisms imposed by donors, which has actually made access to funding more difficult. For instance, within Government, different ministries/schemes have different guidelines even on the basic criteria such as years of existence. An accreditation system could enable simplification and streamlining these guidelines.
  - Donors are constrained in the absence of a mechanism to validate the 'genuineness' of VAs and have expressed that an accreditation system could reduce efforts in shortlisting VAs and enable better selection and in meeting funding objectives.
  - While there have been efforts at creating validated VA databases and self-regulatory frameworks, these efforts have limitations relating to criteria for selection as well as comprehensiveness in coverage.
  - The recognition of the need for an accreditation system for VAs is quite clearly evident from some of the self-regulation initiatives within the sector as well as Government initiatives. Internationally too, as in Philippines and Canada, this need has been recognized.
  - A majority of the VAs (about 85%) met during AFF's primary survey have favored creation of NEMA and mentioned "Increased credibility" and "Institutional strengthening" as key benefits for the sector by creating such an agency. This finding has been further validated during the Stakeholder Workshops.

6. Considering the above factors, a comprehensive accreditation mechanism does not only seem desirable but a necessity. NEMA has the potential to further complement and strengthen the sectoral efforts in this direction as well as to facilitate institutionalization of standards and performance norms in the Voluntary Sector.

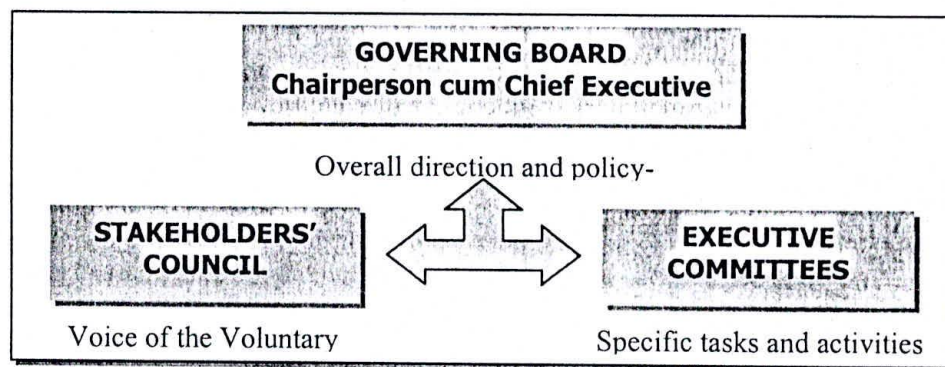
**Role and Coverage of NEMA**

7. AFF recommends that NEMA be set up as an Accreditation agency. This is to ensure that at a start up stage, NEMA has a focused agenda to start with. NEMA should accredit VAs with focus on governance and transparency issues. The objective of the accreditation would be to certify the genuineness of the Voluntary agencies.
8. In the long term, NEMA could play other key roles as well. NEMA could have an important information dissemination mechanism in terms of creating databases, releasing research / working papers, conducting conferences, seminars etc. NEMA could also be involved in standardizing guidelines and evaluation mechanisms for the government in an advisory capacity. Considering that, over a period, NEMA would develop the required skill sets and mechanisms for carrying out detailed assessment such as pre-funding appraisals, project-monitoring etc. on behalf of donors, NEMA could examine this option in the long term.
9. The coverage of NEMA should be phased out and should be initially on a pilot basis (for eg. health sector VAs in 3 or 4 states) over a period of 3 years. This to ensure that the accreditation process is adequately 'tested' before launching the process at a national level. NEMA's accreditation should, in the long term, be available for all VAs requiring access to public funds.

**Proposed Governing Structure for NEMA**

10. The proposed Governance structure for NEMA is shown Exhibit 2

Exhibit 2  
Proposed Governance Structure



*Governing Board*

11. The Governing Board (GB) would be responsible for overall direction and policy-making for NEMA. One of the above members would be nominated as its Chairperson cum Chief Executive

*Stakeholders' Council initially, to be replaced with Regional Councils later*

12. In order to further enhance NEMA's ability to interact with the sector at large in the initial stages, AFF recommends constituting a **Stakeholder Council**. The Stakeholder

Council would be primarily responsible for voicing the concerns in the sector and for fine-tuning the policy making process of NEMA.

#### *Executive Committees*

13. Executive committees should be focused on specific tasks that would form inputs for both the operational as well as policy-making activities of NEMA.

#### **Proposed Accreditation Process**

14. NEMA's accreditation could be done through a three-stage process of Self-Assessment, Peer Review cum Audit and Accreditation. The peer review cum audit would be carried out by a team comprising of NEMA personnel and select members from a Certified Assessor Panel (CAP), which would be nominated from among the VAs. The criteria need to be universal and not sector specific, as the focus of accreditation is on the 'genuineness' in terms of its identity, governance, operations and transparency. Exhibit 3 lists proposed areas for evaluation.

#### Exhibit 3 Accreditation Criteria - Key areas

##### **Identity**

- Should be registered as Trust/ Society/ Section 25 Company with a verifiable physical address
- Should have been in existence for a minimum of 3 years from date of registration

##### **Management structure**

- Appropriate criteria relating to
  - Composition of governing board and details of board members
  - % of the non-executive members
  - Number of Board meetings
  - Documentation and circulation of Minutes of Board meetings
  - Role of the board in terms of programs, budgets and audited financial statements etc
  - Responsibility for organisation's legal compliance

##### **Certificates of satisfaction from current / past Donors**

##### **Operations**

- Should have adequate systems / processes for Project planning / implementation and internal control mechanisms
- Defined operating organization structure with defined roles and responsibilities for personnel
- Appropriateness of qualifications and experience of staff through well defined policies

##### **Financial information dissemination**

- Signed audited statements, balance sheet, income & expenditure statement, receipts and payments account, schedules to these, notes on accounts and the statutory auditors' report available for dissemination
- Remuneration and reimbursements to Board members are to be disclosed
- The organisation's Annual Report be disseminated/ communicated to key stakeholders and available on request every year, within 8 months of the end of the organisation's financial year.

##### **Other areas to be evaluated**

- Mission / Objectives
- Networking
- Program effectiveness / Impact
- HR Policies / Remuneration

15. Key aspects of NEMA's proposed accreditation process include the following

- Accreditation could be in the nature of 'pass/fail' and based on compliance to norms at two levels; minimum and desirable
- All VAs meeting minimum norms could be eligible for accreditation. There would be no grading among VAs who meet minimum norms. Validity of accreditation for VAs meeting minimum norms could be 3 years, after which it needs to be renewed
- Information on compliance to desired norms could be provided as additional information (on the lines of the BBB evaluation) along with the accreditation. The validity of the accreditation for VAs meeting desired norms could be for a period of 5 years.

### **Funding Pattern**

16. Most of the revenue streams such as accreditation fees, membership fees etc. are likely to be substantial only after NEMA gets established and is able to attract a critical size of accredited members. AFF recommends that the Government should support NEMA for expenses relating to its creation as well as part of its annual recurring expense in the initial stages.
17. The accreditation fee for the VAs could be a nominal flat fee or a slab based fee depending on size (could be based on the average annual outlay of the VA for the past three years). However, a better way would be to make the accreditation fee reimbursable by the Government/ Donor to the VA as part of their funding to the VA.
18. In the long term, NEMA should aim to meet all its recurring expenses from its own revenues. This is important to establish and maintain NEMA as a truly independent evaluation agency. NEMA could enhance its revenue generating potential by carrying out specific evaluation exercises for donors. Other sources of revenue could include subscription fees from accredited members who can avail of standard services such as access to publications, newsletters etc.

### **Conclusion**

19. NEMA could be an important first step towards having a formal approach to institutionalizing performance and governance norms in the Voluntary sector. The success in creating and establishing NEMA lies in gaining confidence and acceptability among the sector through a 'bottom up' orientation. AFF believes that some of the recommendations such as the role of a Stakeholders' Council are critical to achieve this.
20. This concept note would be discussed with stakeholders through a final Dissemination Workshop to be held this month. The objective of the Dissemination Workshop would be to share AFF's concept note on NEMA in order to enable fine-tuning of the recommendations. Further to this, AFF would prepare its final report detailing the following for operationalizing NEMA
- Financial feasibility
  - Operating framework covering Evaluation policy and guidelines and Institutional structure and
  - Project Promotion Plan and Funding Strategy