Certification Review Project

What would external verification and certification against the CHS look like from the perspective of different stakeholders?

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Introduction
The Certification Review project’s proposed model, which aims at external verification and certification of organisations’ work in given country contexts against the CHS, attempts to build on and to the extent possible, refer to existing processes to ensure compatibility and streamline the verification process. The project’s field case studies showed the model’s proposed assessment and verification criteria are largely compatible with the information generated by many NGO’s existing quality assurance, monitoring and evaluation processes, with government donors and UN agencies’ funding and partnership requirements and, in the four countries reviewed, with the legal framework for NGO registration and supervision by crisis-vulnerable states. This paper provides an overview of what the verification and certification processes might require from different stakeholders, namely: a HAP-certified NGO; a US-based NGO member of InterAction; a donor government; and, government authorities in a crisis-vulnerable country.

Note: The examples provided here are for illustrative purposes. The exact modalities and requirements can only be defined once the CHS is finalised and new organisations are established to manage the standard, develop and implement external verification and certification protocols.

HAP-certified NGOs
HAP is co-leading the CHS consultation process, together with People in Aid and SPHERE, and has publicly committed to use the final version of the CHS as the basis for its own membership and certification requirements. HAP’s board and management team have also committed to fully consider the outcomes of the SCHR Certification Review project and integrate these into their own reflections on HAP’s future direction. Indeed, throughout the project there has been a healthy exchange of ideas and learning, and many of our findings and recommendations are now incorporated into HAP’s thinking on certification. In this regard, the transition from HAP to two separate and independent organisations, one managing the CHS, and one responsible for external verification and certification against the CHS, should be relatively straightforward.

HAP’s current model asks that organisations become a member by paying membership fees (between CHF 500 – CHF 5000 each year depending on the size of the organisation) and submitting the required supporting documentation (copies of statutes, audited financial statements, etc.). Certification is not a membership requirement, though organisations are required by HAP to “share their key accountability goals and report on achievements, challenges, lessons learned as well as provide any relevant case studies and their accountability objectives for the coming year”. Members must also demonstrate that they have an Accountability Framework that complies with HAP’s six accountability benchmarks: staff competency; sharing information; participation; handling complaints; and learning and continuous improvement.¹

For those organisations that opt for certification, the fees are between CHF 7,500 to CHF 15,000 depending on the size of the organisation, with an additional fee of around CHS 5,000 to CHS 10,000 to cover a mid-term review process. This fee is separate from the membership fee, and includes a headquarters and programme level (field) verification and compliance audit, though local travel costs of the auditors are not covered. Certification is for a four-year period. HAP reports that the fees are much less than many project-level evaluation costs, and in fact are subsidised from its general budget, with actual costs about 25% higher.²

¹ http://hapinternational.org/membership/become-a-member.aspx
The proposed model’s assessment and verification process is similar to the existing HAP process, but with an expanded focus that goes beyond an organisation’s accountability commitments to also assess its capacity and competencies, and its performance and learning, in line with the requirements proposed in the CHS. This includes more emphasis on a field-level verification that systematically engages affected people and other stakeholders in contributing to the assessment of the organisation. As such, it offers a more balanced and comprehensive overview of the organisation than HAP’s current verification and certification requirements.

HAP’s current six accountability benchmarks are reflected in the draft CHS requirements. Most HAP-members and certified organisations will therefore already have systems in place for monitoring, evaluation, accountability and learning, and should therefore be able to produce the information and evidence on how they meet the external assessment and verification requirements under the CHS with existing resources. The expectation is that HAP members would begin a process of aligning their current policies and practices to the CHS as part of the membership requirements under the new CHS organisation, and when ready, would engage in the external verification and certification process.

For currently certified HAP members, we recommend a fast-track process under the new model that recognises the validity of HAP certification. First, the CHS requirements would be compared against the existing HAP benchmarks for compatibility, with the assumption that if the equivalent HAP requirement is met, it would be accepted as meeting the CHS standard. In cases where the CHS requirements go beyond the current HAP benchmarks, the organisation would be required to submit evidence on how it meets those requirements, with specific examples from its field programmes. Following this, the information would be reviewed as part of a light headquarters review.

The HAP certification process currently includes a programme level verification audit, which involves when possible consultations with affected people and stakeholders on the organisation’s accountability commitments. As mentioned above, the new model’s proposed assessment and verification process has an expanded focus to include project results, and more systematically include affected people’s perspectives as part of the assessment. However, as part of the fast track process, the results of a HAP field level audit would be considered as sufficient at this time, and the requirement for a full field-level verification assessment would therefore not be required initially. This is to keep the costs down for organisations that have already conducted the HAP verification audit.

Instead, documentation of previous HAP field verification visits, and up-to-date evidence of how the requirements are being applied at the field level (examples could be monitoring reports, beneficiary surveys, etc.) would be considered sufficient for verification purposes. Provided there are no major issues of non-compliance with the CHS, the organisation would be awarded provisional certification for a two-year period (instead of the normal four-year period), with the expectation that a full verification assessment would take place at the end of this period.

For non-certified HAP members that want to obtain certification under the new model, the assessment process would be the same as that proposed for any other NGO. It would include a review at the headquarters level to assess the organisation’s policies, systems and processes, and field-based verification, with an emphasis on verifying practices and programme outcomes (relevance, appropriateness, timeliness, etc.). This would entail crosschecking this information with stakeholders in the field, including affected people, partners and local authorities (when relevant).

For a national NGO, the process could take as little as two weeks, assuming 3-5 days to compile information, 1-2 days with an external assessor at the headquarters level for document reviews and interviews, and 3-4 days to visit project sites and meet with affected communities and other stakeholders. For large organisations with programmes in multiple countries, this would likely require 1-2 days for a headquarters assessment and 3-5 field visits (each around a week in duration) in order to ensure there is consistent application of the CHS requirements in a cross-section of programming. The entire process could be completed within 45 days – more than half the time currently estimated by HAP for its certification process. This is because the proposed model eliminates several redundant review processes at the headquarters level.
The verification costs would be comparable to the current HAP certification fees, on average €7,500 to cover the verification process for one country programme, perhaps less if cost saving measures can be taken at the field level (such as using trained local consultants, covering local transportation costs, or integrating the assessment with other evaluation activities, etc.). Certification costs would be an additional €2,500. Based on the field case studies, it may take on average one to two staff members up to 2-3 days to prepare the documentation and evidence, and the equivalent of 1-2 staff members to accompany the field assessment and verification team. This could vary, however, depending on how extensively the organisation wishes to use the process as a self learning exercise through, for example, extensive staff and stakeholder focus group sessions, etc.

**InterAction members**

InterAction is a membership-based network of over 180 US-based NGOs (or private voluntary organisations) that work on development and humanitarian issues. InterAction is an influential voice on humanitarian aid issues in the US, and as a member of the IASC. Its members mobilise significant funding and resources to support and implement humanitarian actions around the world. As such, recognition and engagement by InterAction members in any international certification system is important to reinforce the credibility and viability of the proposed model. Accordingly, a fast-track process for engagement of selected InterAction members is proposed.

InterAction has provided input into the project through its representation on the Steering Group, and by facilitating discussions with its members and sharing detailed information on its past experiences on third-party external certification, its membership standards and its “self-certification” process. InterAction's current membership requirements include providing evidence that the organisation is in compliance with its Private Voluntary Organisation (PVO) Standards. One of the reasons for developing the standards was increasing public, media and government scrutiny of NGOs following several scandals around misuse of resources and unethical behaviour of some NGOs, to show that its members are credible and trustworthy and to “set the bar higher” for the NGO sector in general. “Experience confirms that the action of one non-profit with even an appearance of impropriety hurts the whole sector by undermining public confidence. A collective commitment to quality and integrity by coalitions like InterAction is an essential dimension of the overall process of maintaining and enhancing the public trust.”

The standards themselves include detailed requirements around governance, financial management, programme performance, and fundraising. Membership fees are calculated on a sliding scale based on 0.1 per cent of the organisation’s budget for international expenses. This ranges from a minimum of US$2,000 (app. €1,600) to a maximum of US$48,000 (app. €37,500) for most organisations, with a different fee structure for organisations with budgets in excess of US$20 million.

InterAction chose a model of self-reporting and “self-certification” against the PVO standards. The “PVO Self-Certification Plus” process requires member organisation to complete a reporting form every two years outlining how they comply with each standard, explaining any situation of non-compliance, and providing an action plan to work towards future compliance when standards are not met, with supporting evidence of their commitment (for example, policy documents). InterAction validates and crosschecks the information provided by organisations, but there is no systematic external verification process in place, and the information is largely accepted on good faith. InterAction will investigate credible allegations of non-compliance, and may suspend membership if deemed necessary.

The credibility of a self-reporting and self-certification process depends largely on the trust and credibility of the organisation itself, and of the umbrella organisation – in this case InterAction. In the context of the US, for the moment, it appears to be a reasonably cost-effective means of meeting public demands for increased transparency and accountability. However, there is growing government, media and public scrutiny of NGO’s performance, and many well-established charity ratings organisations like the Better Business Bureau (BBB) or

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3 http://www.interaction.org/members/standards
4 http://www.interaction.org/document/membership-dues-policy
Charity Navigator (in which most InterAction members also participate in) are under pressure to increase the level of rigour in how they assess compliance with standards.

InterAction itself experimented with an independent third-party verification and certification scheme to respond to negative media reports and public concerns over child sponsorship programmes. InterAction, along with five of its members, decided to pilot and implement an extensive third-party verification and certification scheme specifically relating to child sponsorship programmes over an eight-year period. The process involved developing standards for child sponsorship, specific, measureable and comparable evaluation criteria, and then a verification framework. Certification (in the US this is often called “accreditation”) was done through a recognised accreditation body, with the actual external audits conducted by two commercial auditing firms. The audits included headquarters reviews and field visits to different country project sites. The audits focused on ensuring systems and processes were in place to comply with the standards, but did not include a specific component to review the quality or outcomes of specific child sponsorship programmes as part of the audit process.

The process, while valuable for learning about the benefits of third-party verification of standards and the need to systematically integrate those standards into all aspects of programming, was quite expensive for participating organisations, with an average yearly cost of around US$30,000 per organisation, and a total cost of nearly US$1 million over the period. Part of the reasons the process was so expensive was working through private sector, commercial auditing firms. Another was the frequency of audits, the number of site visits, and that the process itself did not have enough NGO participation to reach economies of scale.

Another important lesson from InterAction’s experience is that the third-party verification and certification process should build in flexibility and encourage continuous improvement rather than focus on obtaining a certificate of compliance, as summarised here: “Only through sustained work examining their systems of operation and the meaning of the standards did these agencies come to understand and appreciate that accountability to an established set of guidelines cannot and must not be the end in itself. Rather, having standards and subscribing to a more rigorous compliance system must be part of a systemic commitment to transparency and to an ongoing, regular institutional self-examination of the systems, policies and procedures needed for each agency to provide appropriate, consistent and effective service delivery to the children and families, who are their beneficiaries.”

This conclusion about making sure verification and certification is fully integrated into an organisation’s systems, processes and practices, and not a stand-alone activity, is at the heart of design of the external verification and certification approach that the project is proposing.

With regard to the potential comparability – or inter-operability – of the draft CHS and the PVO standards, a preliminary comparison review of the two shows a high degree of alignment in most areas. For example, the PVO’s general programme standards around promoting participation of communities, strengthening local capacity, respecting local culture, or evaluating effectiveness are consistent with the requirements of the draft CHS. PVO standards relating to humanitarian work reference the Sphere standards, and call on the use of best practices and other internationally agreed standards in other programming areas, which is comparable to the draft CHS requirements to apply recognised technical standards in humanitarian work. The PVO standards are much more explicit, however, around governance and management (with an understandable focus on best governance and financial management practices in the US), promoting gender equity, diversity and people with disabilities.

This comparison is only for illustrative purposes, as the final version of the CHS has not yet been adopted and approved. However, at this stage, even this preliminary review suggests that it is highly likely that InterAction members could easily meet most of the policy-related requirements of the CHS, and could readily provide documentation to support such claims. One priority task for the proposed CHS organisation and the certification organisation, once established, would be to quickly engage with InterAction to set out clear protocols to review the content of the two standards and systematically determine the degree of comparability and the process used to recognise the equivalency and validity of the PVO standards against the CHS.

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6 See for example: http://www.usatoday.com/story/money/personalfinance/2012/12/27/better-business-bureau-charity-ratings-donations/1636957/

7 Based on information provided by InterAction.

8 Taken from an analysis report provided by InterAction.
With regard to external verification and certification, InterAction’s process does not include any systematic validation of the evidence provided, nor does it include an element of third-party verification of practices and performance at the field level. Accordingly, the process of integrating InterAction members into the proposed international certification model would need to take this into consideration.

The fast-track process proposed for InterAction members that would want to obtain certification under the new model would be similar to that proposed for HAP members. This would mean recognising the validity of information submitted to InterAction as part of its compliance with the PVO standards. This would first require a review of these against the CHS standard - done in close collaboration with InterAction - to identify areas of compatibility and determine if there is a need for additional information. In the event that the PVO standards include major gaps (this seems highly unlikely at this stage), the verification process could request additional evidence of how the NGO meets this need. Otherwise, the documentation submitted to InterAction would be provisionally accepted at face value, with no need initially for an extensive headquarters review. However, the expectation over the longer term would be that the CHS organisation, the certification organisation and InterAction engage in an ongoing dialogue to determine the best approach to ensure mutual recognition and compatibility of each other’s standards, and the most appropriate process for verification of an organisation’s policies and processes. Nevertheless, the organisation would still need to go through external verification process at the field level in order to obtain certification. This is to ensure the process is fair, objective and transparent for all organisations.

The field level verification process would be the same as for any other NGO – programme document reviews, interviews with key staff and stakeholders, and site visits to projects for direct observation of practices and to engage with affected people and communities. Provided there are no major issues of non-compliance with the CHS, the organisation would be awarded certification for the full four-year period, with a mid-term review assessment taking place every two years. This could be timed to coincide with the PVO Self-Certification Plus two-year reporting cycle to maximise efficiency and reduce costs for the organisation.

In terms of the costs for external verification, the average costs would go from €7,500 including a field-level verification assessment in a single country programme to up to €37,500 to cover up to five country programmes. Costs could be lower if there is no need for a detailed headquarters level documentation review, or if other cost saving measures were taken at the field level (such as using trained local consultants, covering local transportation costs, or integrating the assessment with other evaluation activities, etc.). Certification fees would be an additional €2,500, covering a four-year period.

**Government donors**

The review project has engaged regularly with donor governments to collect their views on the compatibility of certification of NGOs with their own funding and partnership policies. In general, there is interest by donors in NGO certification, with most seeing it as a means to promote greater professionalism and consistency of humanitarian action, with a preference nevertheless, that a system be developed by and for NGOs. Donors also want the focus on increasing accountability to affected people, and not based on improved accountability to donors.

For the most part, all donors consulted already have in place formal funding and partnership selection processes that emphasise adequate management and financial systems, largely as risk management mechanisms, but also to comply with legal and due diligence requirements and increased public pressure for more transparent and objective decision-making on aid allocations. Many donors include specific requirements, such as gender, prevention of sexual abuse and exploitation or others, like anti-corruption policies or mechanisms to ensure resources are not diverted to terrorist organisations. Some donors are limited by their national aid legislation to channel funding to nationally registered NGOs.

Certification is unlikely to fully replace existing donor processes (nor is that the intention), but it could be a complement to these processes by providing additional assurances that an organisation is competent, principled and accountable to affected populations.

Turning to the content of the CHS and the external verification and certification framework, the initial donor scoping study and subsequent field case studies of the proposed model show that in general, there is a high
degree of compatibility with most donor requirements. Indeed, one of the added values of the proposed model is the emphasis on systematically verifying the capacity, accountability and performance of the organisation in different contexts and over time, areas where donors typically encounter significant limitations often because of lack of internal capacity and resources for field-level monitoring and assessments. The verification and certification framework therefore does provide a useful framework for donors that may want to expand the number of partners in the future, or promote that existing partners work through credible and reliable local partners.

In terms of how a donor might use the verification framework, it is difficult to generalise given the diversity of approaches and requirements amongst donors. However, many European government donors have chosen to use the European Consensus on Humanitarian Aid as the framework for their own aid policies, and in some cases, have determined to accept ECHO’s Framework Partnership Agreements (FPA) as a pre-requisite for qualifying for funding. ECHO’s FPA requirements are amongst the most extensive of the GHD donors. As such, it provides a useful point of reference to compare with the proposed verification and certification framework.

The CHS requirements and the proposed verification framework are largely aligned to FPA requirements. The CHS’s requirements for a commitment to humanitarian principles, for a staff code of conduct and policies around sexual exploitation and abuse, ensuring sufficient technical capacity to undertake programmes, engagement with coordination mechanisms, and the use of evaluations and learning are all concepts specifically mentioned in the FPA requirements. The FPA also currently asks organisations to demonstrate if they apply relevant technical standards (in this case Sphere) or accountability standards (in this case HAP) in their work, such as participation and feedback and complaints mechanisms. At the content level both the CHS and FPA requirements are therefore well aligned.

That said, the FPA assessment process is largely a checklist-type (yes or no) application process, though ECHO does do a thorough review of the documentation submitted by potential partners. ECHO Field offices are also consulted whenever possible to confirm the organisation’s programme capacity on the ground and provide inputs on how it engages with relevant authorities, coordination mechanisms and local populations. However, staff turnover, heavy workloads and day-to-day management of partner relations often means that field level verification is limited to the project level, and is not necessarily a systematic, objective, or comprehensive view of the organisation’s systems, processes or performance.

According to many donor representatives consulted, this is precisely where the proposed verification framework can add value. As it is an independent verification assessment, it provides additional assurances to donors that an organisation’s claims about its capacity, accountability and performance can be backed by independently verified evidence. That evidence can provide a more comprehensive answer to the question often posed by donors if an organisation is capable of consistently, reliably meeting the needs of affected people.
Crisis-affected States
The project also engaged with governments in crisis-vulnerable and affected states to collect their views and perspectives on certification through an initial scoping study and in more depth as part of the field case studies. As with donors, governments were clear that they were not interested in any certification system that undermined or diminished their primary role and responsibility to supervise and coordinate humanitarian assistance. Governments were wary of any initiative that might de facto confer powers on NGOs, through certification, to supersede or bypass national laws and priorities in aid – in other words, give the impression to certified NGOs that they have a “carte blanche” to operate without proper coordination and permission of local and national authorities. However, certification as a means to provide information and assurances on an NGO’s capacities, experience and commitment to quality and accountability was fully supported by governments representatives interviewed.

Many NGOs expressed concerns that governments could use certification potentially as a barrier to access (for example, certification as a prerequisite to gain permission to work in a country) or use the certification requirements as a compliance and regulatory tool. However, the review project findings showed little evidence that this would be the case.

Indeed, on paper, government legislation and policies reviewed were very much in line with the model’s proposed requirements, and the current content of the CHS. Government representatives consulted wanted aid actors to act impartially and without discrimination, to focus on needs, and not promote partisan political, religious or commercial objectives, to consult and coordinate with communities and local authorities. Perhaps more than anything else, governments wanted more transparency from NGOs about their plans and objectives, the resources they brought to a crisis response (and the sources of that funding), and that aid actions met technical standards and contributed to resolving the needs of affected people.

The reality for all the governments consulted, however, was that they simply did not have the capacity or resources to collect, track and monitor this kind of information from NGOs, especially in the midst of a crisis situation. For government representatives, the value of independent, third party verification and certification would be that it provides credible and objective information about an NGO and demonstrates an NGO’s level of commitment to good practice. Government representatives appreciated that relevant authorities would be consulted as part of the field assessment and verification process, but understood that this needed to be independent and objective. Governments also wanted to ensure the process is open and accessible to national NGOs, and accepted that the process of continuous improvement and working towards compliance with the requirements is more important than the certificate itself. While verification and certification would not replace due diligence and oversight functions of a government, it makes the job easier for them, and could help distinguish between credible and professional actors, and others that possibly are less committed to following national and international norms and standards.

In practical terms, governments could use elements of the verification and certification framework as part of their NGO registration and reporting requirements, particularly for international NGOs. Similarly, it could request NGOs to demonstrate evidence of how they comply with the CHS through submission of any external verification reports. Another alternative is for governments to pre-approve or fast-track entry visas, entry of relief goods, or other incentives to organisations that can demonstrate that they undertake external verification against the CHS and are working towards certification.